THE EFFECT OF DIGITAL MARKETING ON THE PERFORMANCE AND SUSTAINABILITY OF FOOD MSMES IN JAKARTA DURING THE COVID-19 PANDEMIC

Reny Fitriana Kaban¹, Ilfatul Hania², Hidajat Sofyan Widjaja³, Zurlina Lubis⁴

¹Perbanas Institute, Jakarta, Indonesia, reny.fitriana@perbanas.id
²Perbanas Institute, Jakarta, Indonesia, ilfatulhania24@gmail.com
³Perbanas Institute, Jakarta, Indonesia, sofyan@perbanas.id
⁴STIE JIC, Jakarta, Indonesia, zurlina.lubis@gmail.com

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ABSTRACT
The Covid-19 pandemic had an unexpected impact to the global economy, especially in the marketing sector. In the digital era that currently dominates with the help of devices or network technology devices, MSME operators adopt the use of marketing online as a solution for government regulation to minimize direct contact during pandemic. Unfortunately, not all MSMEs have taken advantage of digital tools business, especially in marketing. This study aims to determine the effect of digital marketing on the performance and sustainability of food MSMEs which are comprehensively reviewed. The population in this study were 100 Food MSMEs in DKI Jakarta Province with a maximum turnover of Rp. 10 billion and maximum assets of Rp. 5 billion. This study uses a quantitative method with a type of association study that aims to determine the effect or relationship between variables. By using Partial Least Square as a data processing and analysis technique. The research results show that online marketing contributes 40.3% to SMEs performance and 33.6% to MSMEs sustainability. It is recommended for MSMEs actors to maximize the use of digital marketing in any available platforms in order to increase their performance and maintain their sustainability.

Keywords: digital marketing; performance; sustainability; SMEs; Covid-19

INTRODUCTION
The Covid-19 pandemic era has had a worldwide impact that is not good for the economy at all. The order issued by the government considers two things, namely fighting the virus while maintaining the stability of the country's economy. In the face of the digital era that currently dominates with the help of network technology devices or tools, MSME operators are adopting the use of online marketing as a government regulation solution to minimize direct contact during the pandemic. Unfortunately, not all MSMEs have utilized digital means in their business, especially in the field of marketing. In contrast, previous research has proven that social medias, websites and online marketplaces have positive effects as digital tools to encourage people to buy online, so they can be indicators to
optimize the sustainable performance of MSMEs. The lack of financial literacy and digital infrastructure must be addressed by business players, as the Indonesian economy continues to grow in the industry 4.0 Era, which means that competition with large companies is getting more difficult every day.

There are many types of MSME businesses in Indonesia. MSMEs in the food sector are one of them. This type of MSME business is the most popular MSME, because food is called a business, which has never been eroded by the times. The types of food MSME businesses also vary, ranging from snacks, food, drinks side dishes, or other heavy foods. Based on the results of a survey conducted by SMESCO, it was stated that MSMEs in the food sector experienced a decline of 43.09% during the Covid-19 pandemic. To overcome this, it is recommended that MSMEs, especially the food sector, do digital marketing.

Digital marketing is a strategy to promote products that greatly affects sales. Because digital marketing is done through a platform on the internet. Digital marketing can be done with paid advertising or other media. The purpose of digital marketing is to introduce online products to consumers and increase their buying interest. However, until now there has been no survey that measures the effectiveness of digital marketing to increase the turnover of MSMEs in the food sector (Dotnext, 2022).

In basic sales, it takes good digital marketing or promotion, where every promotion certainly has a goal to increase sales. For this reason, effective digital promotion is needed. Because not a few, sometimes digital promotions make potential customers reluctant to buy them. For this reason, the right promotion is needed. Digital business strategy development can be one of the survival strategies for MSMEs during the pandemic (Setiawan et al., 2019). Performance is a measure of success for a business entity in achieving its goals (Mujianto et al., 2022). Performance is usually related to the procedure for doing work, the results achieved from the work, what is done, and how to do it. The success of performance can be measured by several factors, namely working capital, sales volume, profit or profit, and debt (Prapanca et al., 2022).

Sustainability does not have a fixed definition. However, according to previous research, sustainability can be measured from the economic dimension. Namely, the company is able to earn profits in the long term and the extent of the profit growth trend from investment activities carried out over time to time. If in the long term the company is able to profit stably, then this indicates the company has good sustainability (Supriyadi, 2013).

Previous researches have been discussed about the effective of digital marketing to the performance of business, instead of empirical research, those researches still in descriptive analytical stage. Moreover, specific type of culinary small business related with this topic also has not been emerged, mostly in scope of general business type. Other aspect that differentiates this research with the previous one is about discussing the effect of digital marketing to the sustainability of the small business and particularly in the period of pandemic Covid 19.

To find out whether the digital marketing effect to performance and sustainability of food MSME in the Covid pandemic is the objective in this research. At the beginning of the article the background and the literature are presented, followed by the method and the discussion and findings. At the end, the conclusion and implication also recommendation are available to complete it.
LITERATURE REVIEW

According to Kotler, marketing is a managerial social process where demand and supply occur among individuals or groups to fulfill their respective needs or desires (Priangani, 2013). For business actors, promotion as a form of effort in marketing products is important to attract people's interest in buying so that it affects the level of demand and supply. The success or failure of these business goals depends on the company's expertise in the field of marketing (Hulu et.al, 2021). Success gives birth to profit, turnover, profit, which means that the greater the profit, the better the company's performance, and vice versa.

Kotler et.al (2017) explained the indicators of consideration to assess buying and selling behavior in the connected world into five A elements, namely: 1) Aware includes knowledge, awareness of digital assets, how far they are utilized, and their applications in any form. 2) Appeal, which means how much business people like to use digital assets as a means of promotion. 3) Ask (Curiosity), which means exploration of the digital world, which is broad in scope so that it believes that using the internet in promotion is effective. 4) Act, which means using or trying digital assets directly for gradual business development. 5) Advocate (Recommendation), which means after feeling the influence, how far someone will recommend digital assets as a means of promotion.

Online marketplace or commonly known as e-commerce as a form of digital marketing has become a popular business trend where the production, advertising, sales, payment, delivery, and ordering processes are all carried out in the same online application platform. Another meaning of e-commerce is a transaction between sellers and buyers through a fast and secure exchange of information when needed (Riswandi, 2019).

In Indonesia itself, there are many online marketplaces as e-commerce models that provide intermediary services between sellers and buyers, so that sellers who trade on the market place only serves purchases without other functions, such as website management, collaborative expeditions, providing payment methods, etc. In addition to the proliferation of various types of existing platforms, Lazada is the first online marketplace in Indonesia that is under the control of the world’s largest online store Alibaba. After that, other platforms such as Tokopedia, Shopee, BliBli and others were born. Competing by running many ads on TV media, paid social media, or even pop-up ads to attract more people to register as customers on the platform (Wijaya & Yulianti, 2020).

The word performance stands for work energy kinetics whose equivalent in English is performance (Setiawan & Hamdan, 2019). One of the efforts to improve the performance of MSMEs is to do digital marketing in one way is to use social media. A study by Romdonny & Rosmadi (2018) concluded that social media plays an important role in improving business performance. The application of social media marketing is very important in understanding market needs, wants and demands. Practically, improving the business performance of the MSME sector is not only influenced by entrepreneurial orientation and the use of social media but can also be influenced based on the market orientation applied to the marketing system (Heryadi et.al, 2023).

Optimal business performance can be achieved by implementing a market-oriented culture, the wants and demands of that market (Andiyanto & Sufian, 2017). Businesses can assess their internal or external performance by determining the market achievement of their products. Externally, company performance can be improved with a market-oriented
approach (Jatra & Giantari, 2019). Therefore, market orientation has an important role in improving the business performance of a business. However, research by Solikahan & Mohammad (2019), produced different research related to market orientation which did not have a significant influence on the development of the company's business performance. Market orientation that does not pay attention to consumer wants and needs is not able to encourage an increase in business performance.

Analysis using the Balanced Scorecard method helps SMEs measure their performance from four perspectives: financial, customer, internal business, and learning and growth. This method may make it easier for entrepreneurs to evaluate their performance and develop effective strategies (Alimudin et.al, 2019). The advantage of the Balanced Scorecard is that it can produce an assessment information system product that is likely to be suitable for the development of MSME performance (Witanti & Hadiana, 2016). However, in assessing the development of company performance using the Balanced Scorecard, it is necessary to consider the following points: 1) Financial outlook: Increased business revenue. 2) Customer perspective: Number of customers and response to complaints become more efficient. 3) Business perspective: Anticipate production / demand growth so that business can be planned better. 4) Learning and growth perspective: Learning from the employee side is increased training and solutions to employee complaints. Sales growth over time.

Some previous studies related to digital marketing of MSMEs are first, the effectiveness of e-commerce empowerment on increasing santri entrepreneurship has been proven (Kaban et.al, 2020). Second, it was found that digital assets such as social media, websites, and online market places contributed to the performance of MSMEs during the COVID-19 pandemic (Apriani et.al, 2021). Third, effective online business strategies that can be carried out by food industry MSME players are using social media marketing including Whatsapp, Facebook and Instagram, and using the business features provided which can help make it easier for business actors to market, manage and analyze their businesses (Zafirah & Tandos, 2021). Fourth, there is an increase in MSME performance during the Covid 19 pandemic through the application of product innovation and online marketing (Hanifawati & Listyaningrum, 2021). The five strategies that can be implemented by MSMEs are changing the sales model from conventional to online or e-commerce, doing digital marketing and build a branding to introduce their products, improve the quality of products and services for convenience and create relationships with the public and customers so that the level of consumer confidence increases (Ainia & Samiatus, 2021).

Research Hypothesis

H0 : Digital Marketing does not affect the performance of MSMEs.

H1 : Digital Marketing affects the performance of MSMEs.

H0 : Digital Marketing does not affect the sustainability of MSMEs.

H2 : Digital Marketing affects the sustainability of MSMEs.

METHOD

In this study, the population used is food MSMEs in DKI Jakarta Province with a maximum turnover of IDR 10 billion and maximum assets of IDR 50 billion. As well as registered in E-commerce such as Go- Food, Grab Food, Shopee-Food and others. The sample
used was 100 MSME owners/managers from all sectors in DKI Jakarta Province, with a
distribution of 20 MSMEs in North Jakarta, 20 MSMEs in East Jakarta, 20 MSMEs in South
Jakarta, 20 MSMEs in West Jakarta, 20 MSMEs in Central Jakarta. The location was chosen
based on considerations to facilitate the search for samples during the research. The
purposive sampling technique was used in this study, where the samples were business actors
with certain criteria.

This research uses primary data, data taken directly from the field through several
processes involving multi-stakeholder interactions in an exploratory and descriptive manner.
The data source is MSME business actors, both owners and managers. The data collection
method used a questionnaire filled out by respondents online or offline. Survey questions
were scored using a Likert scale.

This research has one independent variable (digital marketing) and two dependent
variables (MSME income and MSME performance). Data processing and analysis used
Partial Least Squares (PLS) as a Structural Equation Modeling (SEM) method. Some of the
tests carried out are Validity and Reliability Tests, Evaluation of the measurement model
(outer model), Evaluation of the structural model (inner model) and hypothesis testing.

RESULT AND DISCUSSION

Characteristics of respondents based on gender, 50% are women and the rest are
men with ages between 18 to 30 years. Based on the education of business owners, Bachelor
(S1) has a percentage of 40%, junior high school graduates as much as 25% and high school
graduates as much as 35%. Based on business assets, all respondents are categorized as micro
businesses (maximum assets of 50 million and maximum turnover of 300 million per year).
Based on the length of time the business has been running, 73% of respondents claimed to
have been running their business for 2 years, while the remaining 27% of respondents stated
that they had been running their business for 1 year. Based on the online platform used, 43%
of respondents claimed to use GoFood and 40% of respondents claimed to use GrabFood.
While the remaining 17% of respondents stated that they used ShopeeFood.

Outer Model Evaluation

The external model test aims to determine the relationship between latent variables
and their indicators. This external test uses the PLS Algorithm procedure. measurement
models are evaluated based on reliability and validity which can be measured by the
Cronbach's Alpha value. This value reflects the reliability of all model indicators with a
minimum value of 0.7 while the ideal value is 0.8 or 0.9.
Discriminant Validity is to see and compare between discriminant validity and square root of average extracted (AVE) (Ghozali & Latan, 2015). If the AVE square root value of each construct is greater than the correlation value between the construct and other constructs in the model, it is said to have good discriminant validity value and the expected AVE value is > 0.5.

Based on the data presentation in the table above, it is known that the variables of digital marketing, MSME performance and MSME Sustainability have an AVE value > 0.5. Thus it is stated that each variable has good discriminant validity.

Composite Reliability is an index that shows the extent to which a measuring device can be trusted to be reliable (Ghozali & Latan, 2015). Data that has composite reliability > 0.7 has high reliability. Composite reliability has indicator blocks that measure a construction can be evaluated with two types of measures, namely internal consistency and Cronbach's Alpha.

**Table 2. Composite Reliability**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Marketing (X)</td>
<td>0.962</td>
</tr>
<tr>
<td>Performance (Y1)</td>
<td>0.953</td>
</tr>
<tr>
<td>Sustainable (Y2)</td>
<td>0.925</td>
</tr>
</tbody>
</table>

Based on the data presentation in the table above, the composite reliability value of all research variables is > 0.7. These results indicate that each variable has met the composite reliability so that it can be concluded that the overall variable has a high level of reliability.
The reliability test with composite reliability above can be strengthened by using Cronbach’s alpha value. Cronbach’s alpha is a measuring tool for the lower limit of the reliability value of a construction (Abdillah & Hartono, 2015). A variable can be declared reliable or meet Cronbach’s alpha if it has a Cronbach’s alpha value >0.7.

### Table 3. Cronbach's Alpha

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach's Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Marketing (X)</td>
<td>0.951</td>
</tr>
<tr>
<td>Performance (Y1)</td>
<td>0.943</td>
</tr>
<tr>
<td>Sustainable (Y2)</td>
<td>0.879</td>
</tr>
</tbody>
</table>

Based on the data presentation in the table above, the Cronbach’s alpha value of each research variable is > 0.7. Thus, these results can show that each research variable has met the requirements for the Cronbach’s alpha value, so it can be concluded that all variables have a high level of reliability.

### Inner Model Evaluation

Based on the inner model scheme that has been displayed, it can be explained that the largest path coefficient is shown by the effect of digital marketing on MSME performance of 0.403. Then the second largest influence is online marketing on the sustainability of MSMEs of 0.336. So, if presented in tabular form, it is as follows:

### Table 4. Path Coefficient

<table>
<thead>
<tr>
<th>Variables</th>
<th>Digital Marketing (X)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance (Y1)</td>
<td>0.403</td>
</tr>
<tr>
<td>Sustainable (Y2)</td>
<td>0.336</td>
</tr>
</tbody>
</table>

Based on the data presentation in the table above, the $R^2$ value for the performance variable is 0.162 and for the sustainability variable is 0.113. The value of $R^2$ is included in the weak category.

### Table 5. R Square value

<table>
<thead>
<tr>
<th>Variable</th>
<th>$R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSME Performance (Y1)</td>
<td>0.162</td>
</tr>
<tr>
<td>Sustainable (Y2)</td>
<td>0.113</td>
</tr>
</tbody>
</table>

Hypothesis testing in this study was carried out by looking at the $T$ Statistics value and the p-value, which if the p-value <0.05, the research hypothesis can be accepted. The following hypothesis test results have been obtained:
Table 6. Hypothesis Results

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Influence</th>
<th>T Stat</th>
<th>p-value</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Digital marketing affects MSME Performance</td>
<td>5.325</td>
<td>0.000</td>
<td>Hypothesis Accepted</td>
</tr>
<tr>
<td>H2</td>
<td>Digital marketing affects Sustainability MSME</td>
<td>4.053</td>
<td>0.000</td>
<td>Hypothesis Accepted</td>
</tr>
</tbody>
</table>

Source: PLS, 2022

Based on the table above, it is known that the hypothesis stating that digital marketing (X) has an influence on the performance of MSMEs (Y1) in the Covid-19 pandemic era is accepted because the p-value < alpha (0.05). Likewise, the hypothesis stating that digital marketing (X) has an influence on the performance of MSMEs (Y1) during the Covid-19 pandemic can be accepted because the p-value < alpha (0.05).

Discussion

Based on the results of hypothesis testing, it can be concluded that the digital marketing variable has a positive influence on the performance of MSMEs with a coefficient value of 0.403. This means that 40.3% of the increase or decrease in MSME performance can be explained by digital marketing. This value is in the weak category, but it can be stated that digital marketing has contributed to the performance of MSMEs, especially in the era of the Covid-19 pandemic. This is in accordance with the results of research conducted by Zuhri, Nawawi, & Gustiawati, (2021) on the implementation of digital marketing in ornamental fish businesses in the Depok area which states that the use of digital marketing has a positive influence on increasing MSME profits. The results of this study also prove the digital marketing theory according to Heidrick & Struggles in Ardani (2022) where access to promotions via mobile devices connected to the internet, especially social media, greatly affects buyer interest. Especially for pandemic conditions that also hit the DKI Jakarta province, where activities to offer products and buying and selling are recommended without face-to-face or meeting directly to prevent transmission of the Covid-19 virus.

Based on the research results, digital marketing has an influence on the sustainability of MSMEs with a coefficient value of 0.336. This means that 33.6% of the increase or decrease in the sustainability of MSMEs can be explained by the digital marketing variable. This value is in the weak category. However, it is certain that digital marketing also has an influence on the sustainability of MSMEs. The results of this study are consistent with research conducted by Arnova (2022) which states that the use of digital marketing is very effective for increasing sales and introducing products and for developing businesses in a sustainable manner.

CONCLUSION (S) AND RECOMMENDATION (S)

This study provides empirical evidence regarding the contribution of digital marketing to the performance and sustainability of MSMEs in the era of the Covid-19 pandemic. This study used a sample of 100 respondents who are owners/managers of MSMEs in DKI Jakarta Province. The research results obtained are first digital marketing is proven to have a contribution to MSME performance and MSME sustainability, therefore
any efforts to escalate the digital marketing by the small business should be supported by any stakeholders.

There are still some limitations in this study that still need to be revised in further research, first, the Covid-19 situation is not used as a variable or moderation that affects performance. However, statements about Covid-19 are in the Digital Marketing and MSME Sustainability variables. Second, the research model only tests the effect of variables/constructs linearly, so the results still allow for research by testing the relationship between variables and describing the overall effect.

Some suggestions that can be considered are, for MSME players, especially in the DKI Jakarta province, it would be better if they maximize the use of digital marketing which can help facilitate customers. Because of the ease of information, the number of alternatives and feel free to choose the desired products and services without feeling any pressure from the seller. And recommend it to other business actors so that every business can feel the positive impact of digital marketing. For further researchers, it is expected to conduct research with the Covid-19 situation as a moderating variable that affects the performance of MSMEs. One way that can improve the sustainability performance of MSMEs is to do it in the digitalization era by enriching MSME actors. and conducting tests with more developed models, so that the research results can provide a better picture.

REFERENCES


