

Lagging behind in Digitalization of Marketing for MSME Actors: Case Study of a *Murni Fashion* Clothing Store in Cibiyuk Village

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ABSTRACT: *Increasing the competitiveness of MSMEs can be done through digital-based marketing aspects, because this marketing media is most familiar to MSME entrepreneurs. MSME entrepreneurs must have marketing competitiveness so that MSMEs can survive in the future market. This research is qualitative research with a phenomenological approach. Data collection methods use observation, in-depth interviews and documentation. The analysis technique in this research uses stages of data reduction, data presentation, and then drawing conclusions. The research results show that MSMEs are lagging behind in digital-based marketing aspects due to a lack of knowledge about technology. MSME entrepreneurs need to be given training regarding implementing and creating attractive and innovative product promotions in the form of content and videos to optimize the use of digital-based marketing to increase the competitiveness of MSMEs.*

Keywords: MSMEs, Digital-Based Marketing, Competitiveness

1. INTRODUCTION

Small and medium businesses (MSMEs) play an important role in the Indonesian economy. Currently, small and medium enterprises (MSMEs) are one of the new job opportunities available to reduce the impact of unemployment in Indonesia. Apart from that, MSMEs play an important role in driving Indonesia's economic growth. This is based on the large contribution that MSMEs make to Indonesia's regional and state income. Community small businesses, or MSMEs, are a type of small business founded by individual initiative and have the potential to reduce unemployment rates in Indonesia by creating new jobs. Small initial capital requirements and a high level of human resource absorption make it easy for MSMEs to adapt to changing market needs (Rahmat, 2023).

The regulations made by the government at that time to prevent the spread of the Corona virus changed the way people shop. When physical interaction is limited due to the Corona virus, online shopping becomes the safest necessity. Digitalization reduces direct contact, reducing the risk of spreading the Covid-19 virus. As a result, one of the big challenges that needs to be faced is increasing knowledge about the benefits offered by MSMEs by including them in the digital ecosystem and incubating to see how ready MSMEs are. This habit continues today because online shopping is considered cheaper and also more practical, fast and effective.

The impact of the industrial revolution 4.0 is starting to be seen in many industries, especially in MSMEs. Small and medium business owners are starting to use digital systems to remain competitive when operating online. Those who make bold efforts to make changes in various areas. Systems such as marketing and transactions are already digital-based. However, of the 56 million MSMEs in Indonesia, only 17.1% use digital systems in their business. The rest, they continue to run business in conventional ways. It is not surprising that growth feels slow (Hadion, 2020).

Technology failure is one of the reasons why Indonesia has a low level of digitalization. This is caused by an imbalance in the distribution of infrastructure (internet

and devices) so that progress is only visible in central areas. Apart from that, the age range of MSME players can also cause technological gaps. On average, MSME entrepreneurs come from generation X (1965–1980), so they find it difficult to use devices quickly. Lastly, people are still hesitant to implement digital systems due to lack of law enforcement.

Digitalization has been applied in various parts of business, especially in the areas of operations and marketing. Small and medium businesses (MSMEs) utilize digital marketing systems to reach more people through websites and social media platforms. Small and medium enterprises (MSMEs) can get lots of customers with affordable funds. They can also experience convenience by implementing digitalization in their operations. Everything can be managed by one centralized system, which makes it more practical, effective and cost-effective.

Previous research that discussed similar things was research from (Achmad, 2019) entitled "Digitalization of Small Industries and Regional Agricultural Products Efforts to Empower the Community in Karangbendo Village, Rogojampi District, Banyuwangi Regency". In this research, apart from problems in the village MSME sector, BPS Banyuwangi data shows that there are several potentials and problems in Rogojampi District, especially in Karangbendo village, which need to be developed through community empowerment. The Karangbendo village MSME digitalization program is very important to support the Banyuwangi government's development plans to create smart villages throughout the district. Training and support are needed to increase village human resource capacity. It is very important to prioritize the use of MSME websites as administrators and actors.

Next is research from (Delis, 2023) with the title "Development of Digitalization for MSMEs in Clothing Stores and Packaging for Vegetable Traders at Playen Market". In this research, market digitalization has the potential to change the way businesses work, increase efficiency, increase the accessibility of goods and services, and create a better customer experience. However, it brings issues such as data security and privacy that must be handled carefully. Researchers want to help MSMEs in the Playen market in Gunung Kidul Regency because, based on the data they collected, there are MSMEs who don't know what an online shop is, business actors have limitations in maximizing digital technology such as e-commerce, and food packaging is very lagging behind compared to the market. modern. Thus, several programs that will be carried out will help people understand technology and digitalization, such as business actors who do not yet understand marketing digitalization to encourage a wider level of marketing (online stores), and food packaging which is still very lagging behind in the modern market.

Next is research from (Hadion, 2020) entitled "Digitalization of Micro, Small and Medium Enterprises (Mumkm) in the Era of the Covid-19 Pandemic". This research discusses the solution for micro, small and medium enterprises (MSMEs) to survive and support the Indonesian economy during the current Covid-19 pandemic, namely the digitalization of those who switch to online sales through marketplaces. Digitalization of MSMEs has become inevitable and is one solution for the many small and medium enterprises (MSMEs) in Indonesia. MSME players must utilize a SWOT analysis strategy, which includes strengths, weaknesses, opportunities and threats. Apart from that, the government fully supports it through regular training and outreach to help economic recovery during the COVID-19 pandemic.

This research aims to analyze to find out what factors are behind MSMEs in digitalizing their business products. In this case, digitalization is a marketing process that relies on gadgets or the internet or what is usually called digital marketing. And to discuss how appropriate solutions can be provided to overcome the problem of digitalization of lagging MSMEs, in this case it is the Murni Fashion clothing store located in Cibiyuk village.

Based on the description above, researchers are interested in studying a research entitled "Lagging behind digitalization of marketing for MSMEs: Case study of a pure fashion clothing store in Cibiyuk village".

2. METHOD

2.1 Types of research

In this research, the method used is descriptive qualitative because it aims to describe phenomena, events and attitudes of a group. According to Afrizal (2015: 173), qualitative is a scientific procedure to produce knowledge about social reality and is carried out consciously and using a qualitative approach as a step in conducting research which is expected to discover social reality, namely the reasons why customers choose a bank. The research method used in this research is a descriptive method which aims to describe and explain how the digitalization of marketing is lagging behind in pure fashion clothing stores in Cibiyuk village. According to Sukmadinata (2010:72) descriptive is the most basic research aimed at describing or illustrating existing phenomena, whether natural phenomena or human inventions. This activity examines forms, activities, characteristics of change, relationships, similarities and differences in other phenomena.

2.2 Research Approach

Judging from the type of data, the research approach used in this research is a qualitative approach. What is meant by qualitative research is research that intends to understand phenomena about what is experienced by research subjects, for example behavior, perceptions, motivations, actions, etc. holistically and by means of descriptions in the form of words and language, in a special context. natural and by utilizing various natural methods. (Moleong, 2011: 6)

3. RESULT AND DISCUSSION

Digitalization, according to the Gartner IT Glossary, is the process of changing analog form into digital form. It involves the transformation of printed, audio, and video media into digital form, and also produces digital document archives. Digitalization requires equipment such as computers, scanners, source media operators, and supporting software. Digitalization is starting to develop in many industries. One of the improvements to the digital economy. The digital economy is the place where actual business is conducted, value is created and exchanged, transactions occur, and people connect with each other using the internet as a medium of exchange. The development of the digital era provides benefits for human life, such as helping to create, change, send and disseminate information quickly, with quality and efficiently. Business actors can take advantage of available platforms such as online stores to reach customers from various regions at affordable prices. Apart from that, the use of social media as a tool to market or advertise their products so that many people know about them.

Marketing is one of the important activities that must be carried out by companies that sell goods or services to survive. This is because marketing is one of the company's activities that is directly related to consumers, so it can be defined as a human activity that takes place in the market. In the world of digital marketing, companies can use various tools to carry out marketing and work together to promote and display their products. One tool that can be used by these companies is a website, which is a form of collaboration between various websites, which allows companies to increase the distribution of their products by using more websites. Digital marketing has many features that allow it to be used effectively in terms of disseminating information

interactively, fostering trust in the company and its products, collecting data and conducting market research, creating the desired image, and encouraging experimentation (especially through stimulation and free trials).

Micro, small and medium enterprises (MSMEs) have a strategic role and position in the Indonesian economy. The aim of MSMEs is to create jobs, encourage the Indonesian economy, and spread the results of economic development. Small and medium businesses (MSMEs) are one of the types of businesses that are most resistant to shocks and crises. This was proven when Indonesia experienced a monetary crisis in 1997-1999, but MSMEs continued to survive and even grew. Micro, small and medium enterprises (MSMEs) are very important for Indonesia's economic growth. This was evident in the Indonesian monetary crisis of 1998, when MSMEs played an important role in driving economic growth after the crisis. At that time, the large-scale real sector faced challenges in developing its business. In Indonesia, small and medium enterprises (MSMEs) have developed into an important pillar in the economic ecosystem.

Data shows that 99% of business actors in Indonesia come from the MSME sector. This sector contributes 97% to the absorption of labor affected by the COVID-19 pandemic and 60% to national GDP (Arianto, 2020). However, only 16% of MSMEs have currently joined the digital economic system. However, MSMEs still face problems in the current digital era, such as unequal access to technology and poor human resources. MSME business actors who want change must receive assistance and training to face these challenges. In 2020, the Ministry of Cooperatives and MSMEs reported that 10.25 million MSME business people were connected to digital platforms.

There are several reasons why Micro, Small and Medium Enterprises (MSMEs) can lag behind in digital marketing strategies, including limited digital knowledge and skills, which are, Many MSMEs may not have sufficient knowledge or skills in terms of digital marketing. They may not understand how to use digital platforms or online marketing tools effectively; lack of access and digital infrastructure. In some areas, access to digital infrastructure such as fast internet may be limited. This can make it difficult for MSMEs to implement effective digital marketing strategies; Limited resources: Many MSMEs have limitations in terms of resources, both funds and workforce. They may not have enough budget to invest in an effective digital marketing strategy or not have employees with sufficient digital knowledge; lack of awareness of the importance of digitalization. Some MSME players may not fully realize the importance of digitalization in the current business era. They may feel that conventional marketing methods are still quite effective, without realizing the potential and benefits they can get from digital marketing; Intense competition, In the digital world, competition can be very tight. MSME players who are unable to adapt their marketing strategies well can fall behind competitors who are digitally stronger; fear of risk and security, Some MSMEs may be afraid to enter the digital world because they are worried about security risks such as online fraud or data privacy violations; Lack of Integration between Online and Offline. Sometimes, MSMEs face difficulties in integrating their online marketing strategies with offline marketing activities. This can result in a lack of synergy between the two types of marketing. Overcoming the lag in digital marketing strategy requires a commitment to learning and adapting to technological changes, investment in digital resources, and awareness of the importance of digitalization in maintaining and growing a business (Kannan, 2017).

Business people face problems due to current developments in digital technology. Due to the automation of the use of digital technology, business actors must be patient in facing changes that occur rapidly. Currently, the winners in business competition are companies that are able to adapt, be creative and innovative by taking advantage of technological advances. Millennials who run businesses must be ready to face international and domestic competition. As a business actor, there are challenges that must be faced wisely as well as being able to take advantage of existing opportunities. These challenges are caused by intense competition spread throughout the world. There

are several things that need to be considered to face challenges, such as education, adaptability, collaboration, and the ability to create and innovate. In this context, digital entrepreneurship is defined as a type of business that uses digital technology in various aspects, from processes to marketing products and services. In other words, all types of businesses that sell goods online, either through websites or applications, and use e-commerce applications and social media in digital marketing are included in the realm of digital entrepreneurship. Therefore, the future of digital entrepreneurship may be one area that will really help improve the Indonesian economy. All aspects of a more digitally based entrepreneurial model have been changed by digital technology (Nambisan S: 2017).

In observing the digitalization phenomenon, it can be seen that Micro, Small and Medium Enterprises (MSMEs) are often left behind in adopting effective digital marketing strategies. Limited digital knowledge and skills, as well as access to digital infrastructure, are the main obstacles in their efforts to adapt to digital transformation. To overcome this digitalization lag, joint efforts are needed between the government, the private sector and educational institutions to increase digital literacy, provide better access to digital infrastructure, provide training and technical assistance, and create a supportive business environment for MSMEs to develop digitally. In this way, MSMEs can optimize digital potential to increase their competitiveness and business growth in this digital era.

4. CONCLUSION

Lagging behind in digitalization is one of the main challenges faced by Micro, Small and Medium Enterprises (MSMEs) in the current digital era. Even though the potential and benefits of digitalization for MSMEs are enormous, there are still many factors that hinder their ability to adopt effective digital marketing strategies.

The main causes of lagging behind in digitalization for MSMEs include limited digital knowledge and skills, lack of digital access and infrastructure, limited resources, lack of awareness of the importance of digitalization, intense competition in the digital realm, fear of risk and security, and lack of integration between online and offline marketing.

To overcome this lag, MSMEs need to strengthen their digital knowledge and skills, improve digital access and infrastructure, allocate sufficient resources for digitalization, increase awareness of the benefits of digitalization, adapt to competition in the digital realm, improve security and risk mitigation, and integrate strategies. effective online and offline marketing.

With the right steps, MSMEs can overcome the digitalization lag and take advantage of the opportunities that exist in the digital world for the growth and success of their business. Thus, collaboration between government, industry and related institutions is very important in providing support and facilitating digital transformation for MSMEs towards a brighter and more competitive future.

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