Optimization of Promotions in Palembang Digitally and Its Effect on Sales Turnover during the Covid-19 Pandemic

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INTRODUCTION

Technology is one of the best resourceful centers that every human being has used. With the best sense of this technology, of course it is very closely related to today's technology. Advances in technology go hand in hand with advances in science (Ngafifi, 2014). Covid-19 is one of the most influential phenomena in today's environment. With the Covid-19, of course there are regulations that require not to conduct gatherings, going anywhere must wear a mask. Then, if you visit a crowded place, you must continue to carry out what is called health care. This effort was made to
break the chain of the spread of the Covid-19 virus (Kominfo, 2020). With the Covid-19 virus, everything related to activities for the community includes office work, or the teaching and learning process is transferred using online/distance methods (Aji, 2020). Digital marketing is a process that serves to disseminate information, influence, educate, and entertain. Digital marketing goes hand in hand with various web-based media such as blogs, websites, e-mail, or other social networks (Chaffey, 2016). Micro, Small and Medium Enterprises (MSMEs) are one of the businesses that cannot be eliminated, because these MSMEs are very useful for distribution or income for the community. Based on another point of view, MSMEs are one of the centers for creating creativity which is in line with efforts to maintain culture in the local environment (Ekawarti, 2021). Digital marketing is a process that serves to disseminate information, influence, educate, and entertain. Digital marketing goes hand in hand with various web-based media such as blogs, websites, e-mail, or other social networks (Chaffey, 2016). Micro, Small and Medium Enterprises (MSMEs) are one of the businesses that cannot be eliminated, because these MSMEs are very useful for distribution or income for the community. Based on another point of view, MSMEs are one of the centers for creating creativity which is in line with efforts to maintain culture in the local environment (Anggraeni, 2021). Digital marketing is a process that serves to disseminate information, influence, educate, and entertain. Digital marketing goes hand in hand with various web-based media such as blogs, websites, e-mail, or other social networks (Chaffey, 2016). Micro, Small and Medium Enterprises (MSMEs) are one of the businesses that cannot be eliminated, because these MSMEs are very useful for distribution or income for the community. Based on another point of view, MSMEs are one of the centers for creating creativity which is in line with efforts to maintain culture in the local environment (Anggraeni, 2021). The development of information technology is one form of responding to changes that occur in the business world. With this, there is a slight difference which is treated offline and is now skilled at being online which runs in harmony with digital marketing (Akbar, 2018). Digital marketing is one step of the improvement model by continuously improving it. Digital marketing discusses several aspects, such as markers and consumers (Gumilang, 2019). Based on current marketing patterns that have shifted to the virtual world which is one of the fastest steps with today's technology, many people are skilled at focusing on sophisticated devices such as the internet and local social media (Zuhroh, 2020).

Micro, Small and Medium Enterprises (MSMEs) are one of the elements to increase public interest and save the community from the monetary crisis. MSMEs can be interpreted as one of the businesses that covers all business fields so that it can increase people's income. MSMEs are often referred to as a fairly good poverty alleviation process, with these MSMEs being able to accommodate workers and reduce unemployment. However, with the existence of MSMEs, of course, one must pay attention to several aspects such as the weaknesses faced by one of the MSME entrepreneurs. The weaknesses are capital, lack of managerial ability, skills and competition between the surrounding business scope (Suci, 2019).

According to Sholhuddin (2013), it can be seen based on the role of the government, especially in Islamic banking to help SMEs, quantitatively including the following: (1) Financing Strategy Innovation, (2) Linkpage Program, (3) Pilot Project, (4) Utilization of Social Funds, (5) Technical Assistance Cooperation. The mapping process is quantitative, which of course has the...
main challenges, namely the interest-based system process, the instability of currency standards and the mindset of the surrounding environment.

The Central Bureau of Statistics of Indonesia has recorded that with the economic crisis the number of MSMEs has no sign that it will decrease, instead it has increased. Based on 2012 data, MSMEs were able to absorb 85-107 million workers, in the same year Indonesia had a total of 56,539,560 units of business. Of this number, 56,534,592 MSMEs or equivalent to 99.99%, the remaining 0.01% or 4,968 units are large-scale businesses. With this, it can be explained that MSMEs are productive businesses, both macro and micro. Based on the growth of MSMEs ± 30%, MSME businesses use operational capital from banks. From this, many parties have high hopes for micro-to medium-scale businesses (LPPI & BI, 2015). Based on data from the Ministry of Small and Medium Enterprises Cooperatives (KUKM) in 2018, which was represented by MSMEs, which amounted to 61.1% of Gross Domestic Product (GDP) with a total of Rp. 14,837.4 Trillion. Based on another point of view, MSMEs have the ability to absorb a workforce of 117 million or equivalent to 97% absorption in the business world. Based on data from the Palembang City Cooperatives and SMEs Office, there are 37,000 registered MSMEs, the majority of which are engaged in the culinary field (Palembang Cooperatives and SMEs Office, 2019). The Covid-19 pandemic is very influential, especially in the culinary field, one of which is the Small and Medium Enterprises Sector (UMKM) which is important because it directly affects the MSME sector which can make the MSME sector experience a fairly large scale setback (Permadi, 2018). MSMEs must have a strategy to maintain the established business so that the survival process is maintained conducive. With the Covid-19 pandemic, in fact online has a very high level of consumers who prefer to use food delivery (Kong et al, 2021).

According to Yogi Tri Prasetyo et al. (2021) which examines various factors that affect customer satisfaction and loyalty in ordering Food Delivery during the pandemic. However, the usability factor related to technical food delivery problems proved insignificant. The results of the study can be used as a reference for developers and food delivery providers to improve the quality of their services. Furthermore, this study suggests that food delivery providers must pay attention to hedonic motivation (HM), price (P), information quality (IQ), and customer promotion (Pro). But until now, food delivery is still the main choice for people, especially in the city of Palembang. This is in accordance with research conducted by Purnomo (2019) which states that based on the facts, the Covid-19 pandemic greatly affects the attractiveness of the community. Due to the restrictions imposed in order to break the Covid-19 chain, many consumers are keeping their distance and shifting everything to digital buying methods.

SMEs in Palembang City consist of Culinary MSMEs and other specialties by 45% (Welte, 2016). The city of Palembang is a city that will be rich in its culinary, so that many people make the culinary of the city of Palembang as a souvenir (Iskandar, 2015). However, with the Covid-19 pandemic, it is very influential, especially in the MSME sector where if MSMEs are not able to compete, they will experience continuous losses on a very large scale, resulting in bankruptcy (Fernanda, 2016). Therefore, to improve the culinary industry in Palembang City, a form of entrepreneurship is needed that is in line with current technological advances, so that it will give birth to digital entrepreneurial business modeling. The modeling is derived from a combination of advances in digital technology and business that refers to the latest characteristics in the business world (Giones, 2017).

**LITERATURE REVIEW**

Marketing is one of the stages to form individuals or groups to achieve the desired goals, and is needed by fulfilling steps such as creating, offering, and exchanging products by maintaining selling value. Therefore, marketing targets are needed to process products easily and promote them effectively and efficiently (Mahalaxmi, 2016). One of the marketing concepts states that to achieve the desired goal is to obtain a more adequate effectiveness than other competitors which is to
determine and satisfy the needs of the target market. Therefore, in this case, marketing systematics is more focused on customer satisfaction by emphasizing a sense of customer satisfaction related to exchange.

**Figure 1. Basic Marketing Concepts**

| Basic Marketing Concepts | Target Market | Customer Needs | Integrated Marketing | Income from Customer Satisfaction |

Source: Lestari & Saifuddin, 2020

From these four concepts, it can be seen that these concepts are external and internal. The concept begins by describing the market well, focusing customer attention, integrating customer activities and generating customer satisfaction (Firmansyah, 2019). Before carrying out the initial stage procedure, the steps taken are to determine the target market and group buyers by combining marketing strategies which in this case can be called market segmentation. After determining the target market, the thing to do is evaluate the effectiveness and efficiency of the segment and select the desired segment. There are two steps used in determining the target market, namely: Market Segment Evaluation; Selecting a Segment. Customer needs are one of the same needs as human needs in general. Customer needs can be seen from several aspects such as, importance, nature, time, and subject. Based on its importance, needs consist of three, namely primary, secondary and tertiary needs. Based on its nature, there are two types of needs, namely physical and spiritual needs. Based on time, needs consist of present needs and future needs. Based on the subject, it consists of three, namely individual needs and group needs (Fitri, 2016). And the last is the marketing concept that includes customer satisfaction, customer satisfaction can be seen from how much customer expectations are for the products offered (Warmayana, 2018).

**Digital Marketing Concept**

Digital marketing is marketing that involves technology as a medium. Digital marketing is of course very helpful for pioneers of Micro, Small and Medium Enterprises (MSMEs), this is in line with the community that follows the flow of current technological developments. With this technology, communication and transaction processes can run well and can be accessed very easily. For example, consumers can see the desired product through the internet or other social media. Broadly speaking, the availability of products has been listed on the internet, making it easier for consumers to compare one product with another. According to Kotler (2018), e-marketing is one of the most affordable measures, as well as mobile phones can very easily reach various information or products. This is in accordance with research conducted by Bala (2018), e-marketing is the clearest and most transparent online business.

In the current era of globalization with the development of increasingly sophisticated Information and Communication Technology. With the existence of MSMEs that are directly running together with the current Covid-19 pandemic, the founders of these businesses are shifting their products to
social media to attract consumers’ attention. Social media is one of the online media containers that includes blogs, wikis, etc. which is one of the most frequently used social media by the public (Achmad, 2012). With the development of today’s technology, of course it has changed the scope of the marketing world, especially in one of the MSME sectors (Ascharisa, 2018). According to (Purwanta et al, 2017) with the current technology the marketing process can change by utilizing current technological sophistication in other words, namely digital marketing.

Digital marketing is considered very productive in the online market world, one example is Google Business. Google Business is one of the applications used in the MSME sector which can be seen in various Google products such as Maps and other search accounts (Ridwan et al, 2019). In addition, there are other media that are often used by digital marketing that are often found in everyday life, namely social media features, one of which is Instagram. Instagram is one of the developer applications in the technology world that is useful for making it easier for business people to create profiles and optimize and implement the benefits of social media. With this feature, the company is very easy to introduce the background of the business that was started with the Instagram social media intermediary. So that,

MSME Strategy in the Midst of the Covid-19 Pandemic

The MSME strategy in the midst of this pandemic has several things that need to be done, including the following: (1) E-commerce is a process of buying and selling products through electronic media from one company to another. E-commerce is one form of digital marketing that has been created with a clear and more transparent method, has better access and has a very adequate selling value. E-commerce that can be utilized by the MSME sector such as shopee, tokopedia, open lapak, OLX, lazada, gojek, etc. Through industry 4.0 e-commerce has fought very well, coupled with the Covid-19 pandemic so that e-commerce is one of the best choices for the MSME sector in order to survive with rampant competition and current potential; (2) Digital marketing is one of the processes of distributing advertisements or promotions through digital media online by utilizing social media networks as a forum. Business pioneers, of course, really take advantage of social media as their market media, including Instagram, Facebook, etc. Along with the development of current technology, of course the founders of MSMEs take advantage of this so that the business they start can develop very well.

In addition, the MSME sector has other strategies to market its products, such as combining videos and photos of the products to be marketed, utilizing social media Instagram, Facebook as an intermediary, and conducting live promotions to attract consumer interest; (3) Improving product and service quality. With this, of course, the MSME sector must do so in order to maintain and increase consumer interest in the quality of the products to be marketed. With the Covid-19 pandemic, of course, it has an impact on the products you want to market. Therefore, to overcome this, the MSME sector must pay attention to product quality so that it can maintain consumer confidence in the products that they want to be marketed. Based on the level of service, things that need to be improved are delivery messages mediated by online media such as Gojek, Grab, etc. In addition, of course, MSME actors are very concerned about consumer trust and satisfaction by ensuring product tidiness and cleanliness;

Based on current conditions, the MSME sector is required to pay attention to and maintain relationships with consumers in order to show sympathy to consumers for this Covid-19 pandemic. One form to maintain harmony between the MSME sector and consumers against the Covid-19 pandemic is by providing discounts or free shipping for products that deliver services. The procedure can be the initial achievement of consumers. Therefore, the MSME sector of course does not think about personal gain, but the MSME sector is more directed to the form of product marketing to create trust and care by spurring positive things. From the explanation above, the framework of thinking can be arranged as follows:
RESEARCH METHODS

This type of research is quantitative-descriptive. The population and sample in this study amounted to 100 and 40 people. The data used in this study are secondary data and primary data. The analytical methods in this study are Binary Logistics Analysis, Simultaneous and Partial Parameter Significance Test, Model Suitability Test, and Model Classification Accuracy Test.

RESULTS AND DISCUSSION

Binary Logistics Regression Analysis

Binary logistic regression is one of the methods used to show the relationship between the response variables that are binary and the results of binary logistic regression analysis variables. These variables are used to determine the effect of Digital Marketing (X1) and Promotion (X2) on Increasing Turnover (Y).

Simultaneous Parameter Significance Test

Simultaneous parameter significance test was conducted to find out how much influence the predictor had on the response. Based on the results of the parameter significance test simultaneously obtained as follows: Based on the equation H0: 0 = 1 = 0 it can be seen that Digital Marketing (X1) on Promotion (X2) does not have an effect on increasing turnover (Y), while based on the equation H1: 1 0 = 0, with i=1,2 where the provisions are, Digital Marketing (X1) and Promotion (X2) have an effect on Increasing Turnover.

Table 1. Parameters of Significance Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>$\chi^2_{0.05;2}$</th>
<th>$\chi^2$</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26.064</td>
<td>5.991</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: Primary data processed (2021)

Table 1. Shows that the value of X2 is 26.064 greater than X20.05;2 is 5.991 with a P-value of 0.000 the value is less than of 0.05, so the decision H0 has one variable, namely Digital Marketing (X1) and Promotion (X2) which has an effect on the increase in turnover (Y).
Partial Significance Parameter Test

The partial parameter significance test is one of the tests that involves one variable on the response variable. The results of the partial parameter significance test are obtained, as follows:

- **H0**: $\beta_1 = 0$ (Digital Marketing (X1) has no effect on Increasing Turnover (Y)).
- **H0**: $\beta_1 \neq 0$ (Digital Marketing (X1) has an effect on Increasing Turnover (Y)).
- **H0**: $\beta_2 = 0$ (Promotion (X2) has no effect on Increase in Turnover (Y)).
- **H0**: $\beta_2 \neq 0$ (Promotion (X2) has an effect on the increase in turnover (Y)).

### Table 2. Partial Significance Test Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
<th>Wald</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital Marketing (X1)</td>
<td>0.851</td>
<td>5.974</td>
<td>0.015</td>
</tr>
<tr>
<td>Promotion (X2)</td>
<td>0.413</td>
<td>6.138</td>
<td>0.013</td>
</tr>
<tr>
<td>Constant</td>
<td>-35,088</td>
<td>8054</td>
<td>0.005</td>
</tr>
</tbody>
</table>

Source: Primary data processed (2021)

Table 2. Shows that the Digital Marketing coefficient (X1) is 0.851 with a P-value of 0.015, the value is less than 0.05, so it can be concluded H0, meaning Digital Marketing variable (X1) has a significant influence on the variable Increase in Turnover (Y), considering that the coefficient is positive indicating that the higher the Digital Marketing (X1), the higher Increase in Turnover (Y) is also higher. Promotion (X2) with a coefficient value of 0.413 with a P-value of 0.013 the value is less than 0.05 so that the decision H0 is taken where the Promotion variable (X2) has an influence on the Increase in Turnover (Y), considering the coefficient with a positive sign indicates that the higher Promotion (X2) so Increase in Turnover (Y) is also higher. The logit model is as follows:

$$g(x) = -35,088 + 0.851 X1 + 0.413 X2$$

Model Fit Test

The model suitability test is one of the tests carried out to determine whether the processed data is appropriate or not. The results of the model suitability test are obtained as follows:

- **H0**: The model fits (there is no significant difference between the observed results and the possible predictions of the model)
- **H1**: The model does not fit (there is no significant difference between the observed results and the possible predictions of the model)

### Table 3. Model Conformity Test Results

<table>
<thead>
<tr>
<th>Hosmer and Lemeshow Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

Source: Primary data processed (2021)

Table 3. Shows that the X2 value is 3.418 with a P-value of 0.905 which is greater than 0.05 so that the conclusion is H0 with the results of the appropriate model test which states that there is no significant difference. The goodness of the model or the accuracy of the model in the analysis process is used to determine how effective the R square value is formed.
Table 4. Results of Model Goodness Test

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>Step</th>
<th>-2 Logs likelihood</th>
<th>Cox &amp; Snell R Square</th>
<th>Nagelkerke R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>24,383</td>
<td>0.479</td>
<td>0.668</td>
</tr>
</tbody>
</table>

Source: Primary data processed (2021)

Table 4. Shows Increased Turnover (Y), Digital Marketing (X1) and Promotion (X2) with an R square value of 66.8% while the rest is influenced by other factors, one of which is outside the model.

Model Classification Accuracy Test

The percentage of classification accuracy is the ratio between the number of observations correctly classified by the model and the total number of observations.

Table 5. Model Classification Accuracy

<table>
<thead>
<tr>
<th>Classification Table</th>
<th>Predicted</th>
<th>Turnover Increase</th>
<th>Profit Down</th>
<th>Profit Up</th>
<th>Percentage Correct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Observed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Step 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turnover Increase</td>
<td></td>
<td>profit down</td>
<td>10</td>
<td>3</td>
<td>76.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>profit up</td>
<td>3</td>
<td>24</td>
<td>88.9</td>
</tr>
<tr>
<td>Overall Percentage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>85.0</td>
</tr>
</tbody>
</table>

Source: Primary data processed (2021)

Table 5. Shows the accuracy of the model classification, it is known that the accuracy of the binary logistic regression is good, because it is able to classify accurately for 85% of the conditions that occur. Based on data analysis, it can be seen that digital marketing, promotion and increasing the turnover of the SME sector have a good classification. This is in accordance with research conducted by Dwanto (2014) which states that SMEs are one of the business sectors that are still under government monitoring, this is a reference that the more businesses built by the community, the better the community’s economy.

According to Hendrawan (2019) To develop the market cycle of the MSME sector, it is required to reach consumers widely by using digital media as intermediaries. The function of digital media is to market the resulting product. According to Kemp (2017) states that the platform is one of the media that is a very good intermediary in today's market world, which reflects that the surrounding community is increasingly following the path of the increasing digital world.

Based on According to data from the Ministry of SME Cooperatives, there are several strategies that can be used to maintain the economy during Covid-19, including doing marketing online, by spreading promotions and maintaining good relationships with consumers. The MSME sector can be restored in other ways, namely re-managing the business that has been built by simplifying the process of each step that has been achieved, by recognizing consumer needs, and designing new products so that they can be sold easily. Besides that too. During this pandemic, the things that need to be maintained are the economy of the MSME sector, including 1). Focus on products by holding take-away delivery, and being able to use digital payments, 2). Maintaining products that have been marketed by paying attention and considering total quality management, 3). Serving consumers by using the platform, and 4). Expanding MSME capital. According to Setyano et al (2015) stated that another strategy that can be used to maintain the economy during the pandemic is by updating old products to make them look more attractive. Through social media about products being marketed where consumers see products marketed online so they feel interested so consumers place an order online. With today’s technology, when consumers are interested in these products, they make orders online. and payments for products sold will be paid.
using applications such as OVO, GoPay, Dana, and M-banking.

**CONCLUSION**

Based on the results of research and data analysis, it can be concluded that SMEs in Palembang City use a digital marketing marketing system to support and maintain their business. And based on the analysis of the test data, the accuracy of the classification model achieved is 85%, it can be categorized as good from the conditions of SMEs in Palembang City.

**Limitations and further studies**

This research, of course, has limitations, namely:

1. The sample only focuses on one sector, namely the culinary sector,
2. The research area is only in the city of Palembang.

Further research is expected to be able to examine more varied SMEs so that the comparison can be seen and SMEs if they are focused on developing businesses, especially products and perspectives.

**REFERENCE**


