

# THE INFLUENCE OF ONLINE MARKETING STRATEGY ON MSME SALES IN MEDAN CITY DURING PANDEMIC COVID-19

Muhammad Zuardi<sup>1)</sup>, Rini Indahwati<sup>2)</sup>, and Sulaiman Ahmad<sup>3)</sup>

<sup>1,2,3)</sup>Politeknik Negeri Medan

Email: muhammadzuardi@gmail.com

## ABSTRACT

The spread of the Covid-19, virus has an impact on decreasing turnover of entrepreneurs, including small entrepreneurs who partner with online applications. An online marketing strategy is needed that can increase sales volume during a pandemic.

This study aims to recommend the right marketing strategy to increase sales. Selling is an integrated effort to develop strategic plans aimed at satisfying the needs and desires of buyers, in order to get sales that generate profits.

The results showed that the online marketing strategy did not significantly increase the sales of MSMEs in Medan City during the Covid-19 Pandemic. 10.5% of MSME sales in Medan City During the Covid-19 Pandemic can be explained or influenced by the Online Marketing Strategy, while the rest is explained or influenced by other variables.

**Keywords:** marketing strategy, sales, MSME

## INTRODUCTION

The virus outbreak known as Corona Virus Deasease (Covid) began to develop in December 2019 in Wuhan, China. Initially, this outbreak was only a local epidemic suffered by the people of Wuhan. However, unexpectedly, this epidemic began to spread throughout the world. Starting from the closest countries to China and finally arriving in Indonesia at the end of February 2020.

The spread of this virus is so fast, causing people to be unable to carry out activities as usual, because social distancing & physical distancing must be carried out. Where, the community is not recommended to crowd or carry out activities that involve large numbers of people.

This of course also has an impact on the economic activities of the community. People limit themselves to carrying out consumption activities such as shopping and going to markets, malls, restaurants

and other places. Even big entrepreneurs have decreased their sales turnover. As we have seen, some companies reduce their employee cause sales turnover is unusual.

This impact is certainly felt by small and medium enterprises. The Serang City Trade, Industry, Cooperatives and Micro, Small and Medium Enterprises Office recorded around 70% or 10,238 MSMEs in Serang City were affected by the Coronavirus or Covid-19 outbreak. The City of Serang Disperindagkop has collected data on all MSME business actors. As a result, from 14,238 MSMEs in Serang City, around 70% were affected by Covid-19. Head of Disdagperinkop Kota Serang Yoyo Wicahyono said the results of the data collection were only about 4,000 MSMEs that could survive in the midst of this Coronavirus outbreak. About 70% or 10,238 MSME actors are affected [1].

The condition of MSMEs in Medan and North Sumatra is not much different.

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MSMEs have really felt the impact of this outbreak, which resulted in their sales turnover also dropping dramatically. Acting Head of the North Sumatra Province Cooperatives and SMEs Service, Ridho Haykal Amal, revealed that as many as 672,000 Micro, Small and Medium Enterprises (MSMEs) and 7,700 cooperatives in North Sumatra were affected by the Covid-19 pandemic. This number is spread across all districts/cities in North Sumatra. "The total number of MSMEs affected in North Sumatra is 672,000 from a total of 960,000 MSMEs in North Sumatra and 7,700 cooperatives out of 11,000 existing cooperatives".

Ridho said there were several problems that resulted in the deterioration of MSMEs and cooperatives in this area. First, public demand has decreased. Second, these MSMEs and cooperatives have difficulty finding raw materials, because many companies have closed or are not carrying out their activities. Third, disruption of production and distribution raw materials, and fourth, access to finance. It is difficult to find access to finance for MSMEs.

This situation forces MSMEs to be more creative, so that a decrease in sales turnover can be found a solution. The Ministry of Cooperatives and SMEs or Kemenkop & UKM has prepared eight special programs as an effort to anticipate the economic impact of the COVID-19 outbreak on cooperatives and MSMEs in the country. One of them is, the Ministry supports the effectiveness of "social distancing" or maintaining a safe distance for SMEs by starting an online business so that at the same time the stalls can run well again.

A culinary businessman in Medan City, Rico Waas said that he was using technology to keep running his business. He admitted that since the Indonesian government appealed to social distancing & prohibited people from crowding in an effort to fight the corona virus or COVID-19, he

has switched to an online sales system. "Business actors can start aggressively doing business via online and accepting online payments. Or they can collaborate with an available online delivery system," he said, who is also the owner of Warung Ijo Excellent.

Online marketing strategies have a positive impact on the increase in profits of MSMEs [2]. Ecommerce has a significant impact on increasing MSME income [3]. Digital marketing is proven to be able to increase the sales volume of the home industry [4]. The use of social media has a significant influence on the online marketing of goods and services offered by Micro, Small & Medium Enterprises, both those engaged in services, trade and manufacturing production, especially in the Central Java region, so they can increase sales turnover and profit [2].

### **Research Objectives**

This study aims to see how much influence online marketing strategies have on increasing MSME sales during the Covid-19 pandemic in Medan.

## **LITERATURE REVIEW**

### **Description of the Theory**

#### **Definition of Sales**

The notion of sales is a managerial social process in which individuals and groups get what they need and want, create, offer and exchange products of value with other parties [5]. Sales are all activities that aim to facilitate flow of goods & services from suppliers/producers to consumers most efficiently with a view to creating effective demand [6].

Sales are human activities that direct to fulfill and satisfy needs & desires through an exchange process [7]. Sales are an amount of money that is charged to buyers for goods or services sold [8].

#### **Marketing Relationship with Sales**

Sales is an integrated effort to develop strategic plans aimed at satisfying the needs and desires of buyers, in order to

get sales that generate profits [9]. Sales are the lifeblood of a company, because from sales can earn profits and an effort to attract consumers who are endeavored to find out their attractiveness so they can find out results of the products produced.

The relationship between marketing and sales is [10]:

- Sales is one of the marketing functions
- There will always be a need for sales, but the goal of marketing is to make sales abundant
- Marketing includes the planning, application and final stages where sales are one part of the final stages of marketing.

Sales indicators are as follows [11]:

- Price
- Promotion
- Quality
- Distribution channel

#### Definition of Marketing Mix

Marketing is a social process and with that process individuals and groups get what they need and want by creating, offering and freely exchanging products and services of value with other parties [5]. Marketing strategy is marketing logic and based on that business units are expected to achieve marketing goals, marketing strategy consists of making decisions about the marketing costs of the company. The marketing strategy used by companies is the result of combining various marketing elements called the marketing mix [10].

The marketing mix is a combination of variables or activities that are the core of the marketing system. These variables can be controlled by the company to influence the reactions of buyers or consumers. So the marketing mix consists of a set of variables that can be controlled and used by the company to influence consumer responses in its target market. These variables or activities need to be combined and coordinated by the company as effectively as possible in implementing or

marketing activities. Thus, the company does not only have the best combination of activities, but can coordinate the various marketing mix variables to carry out effective marketing programs. Marketing mix is marketing variables consisting of product, price, distribution or product placement (place), and promotion. These four kinds of actions are often referred to as the marketing mix or 4Ps [10].

Description of the elements of the marketing mix

Marketing strategy is a set of principles that are appropriate, consistent, and loyal to be implemented by the company in order to achieve the target market (target market) in the long term. In this marketing strategy, there is a reference strategy or marketing mix, which determines the best composition of the four marketing variables. To be able to achieve the target market as well as achieve the goals and objectives of the company. All company activities are directed at fulfilling the desires and satisfying the needs of consumers starting from product design, determining material composition, shape, packaging, price, promotion, and so on.

#### Product

Products are goods or services offered in the market to get attention, demand, use, or consumption that can fulfill wants or needs [10]. Buyers will buy the product if they feel it is suitable. Therefore, the product must be tailored to the wishes or needs of the buyer, so that product marketing is successful. In other words, product manufacturing is better oriented towards market desires or consumer tastes, for example in terms of packaging quality, and so on. Therefore, the task of the marketing department is not easy, it must adjust the company's ability to market (consumer) desires.

A product is a set of tangible and intangible attributes, including color, price, packaging, factory prestige, retailer prestige and services from factories and retail-

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lers that may be accepted by buyers as something that can be satisfy his craving. The products in this study are manufactured products namely products that go through a manufacturing process [5].

### **Price**

Price is the amount of compensation (money or goods, if possible) needed to get a combination of goods and services [5]. At this time, for most members of society, price still occupies the top place as a determinant in the decision to buy goods and services. Therefore, pricing is an important decision for company management. The price set must be able to cover all costs that have been incurred for production plus the percentage of the desired profit. If the price is set too high, it will generally be less profitable, because buyers and sales volumes are reduced [5]. As a result, all costs that have been incurred cannot be covered, so that in the end the company suffers a loss. So, one of the principles in determining the price is to focus on the willingness of the buyer to a predetermined price in an amount sufficient to cover the costs incurred along with the desired profit orientation [5].

### **Distribution (Place)**

Distribution is one element of the marketing mix which has an important meaning. If a product has advantages and excellent quality, very competitive prices or a massive promotion, but if it does not have the right distribution channels, the marketing success of a product will not be maximally achieved. In other words, the distribution process is one of the important marketing elements to support the successful marketing of a company's product so that it reaches consumers [12].

Distribution channels are channels used by producers to distribute products to consumers or various company activities that seek to get products to consumers [5]. The process of moving a product from producer to consumer can be called a distribution channel. The marketing function

is to move goods from producers to consumers. Distribution channels address major gaps in time, place, and ownership that separate goods and services from those who will use them.

### **Promotion**

Promotion is part of the marketing mix that plays a big role. Promotion are activities that companies actively carry out to encourage consumers to buy the products offered. Therefore, promotion is seen as a one-way flow of information or persuasion designed to direct a person or organization to make exchanges in marketing. Activities in this promotion in general are advertising, personal selling, sales promotion, direct marketing and public relations from publicity [5].

Promotion is an activity that is intended to influence consumers so that they can become familiar with the products offered by the company to them and then they become happy and then buy the product [5].

Definition of online marketing strategy

E-marketing is the marketing side of ecommerce, which is the work of the company to communicate something, promote and sell goods and services via the internet [13]. E-marketing as a special interest by marketers, namely a strategy for the process of making, distributing, promoting and pricing goods and services to the internet market share or through other digital tools [14].

Online marketing is marketing that is done through an interactive online computer system that connects consumers and sellers electronically [15]. Online marketing is the use of the internet and related digital technologies to achieve marketing goals and support modern marketing concepts [16].

There are two types of online channels, namely [15]:

- Commercial online channels. Online channels provide subscribers with five main services: information (news, dia-

logue opportunities (bulletin boards, forums, chat boxes), and e-mail.

- Internet. The internet is a global network of approximately 45,000 computer networks that enable instant and decentralized global communication. The Internet, originally created to support academic research and exchange, is now available to a much wider audience of about 25 million people. Users can send e-mails, exchange ideas, shop for goods, and access news, food recipes, art information, and business information. The internet itself is free, although users have to pay for commercial services in order to connect to it.

#### Definition of purchase decision

Decision means choice, which is a choice of two or more possibilities. However, it is hardly a choice between right and wrong, but what often happens is a choice between "almost right" and "maybe wrong". Although ordinary decisions are said to be the same as choices, there are important differences between the two. Decisions are "real choices" because choices are defined as choices about goals including choices about how to achieve those goals, whether at the individual level or at the collective level. The decision in relation to the process is the final state of a more dynamic process, which is labeled decision making. Decisions are seen as processes because they consist of a series of related activities and are not only considered wise actions.

Furthermore, decision making is a process of appraising and selecting from various alternatives according to certain interests by determining an option that is considered the most profitable [17].

Decision making has important meaning for the back and forth of an organization, especially because the future of an organization is largely determined by current decision making. The decision-making process as an important activity in consumer behavior needs to be understood

in order to formulate the right marketing strategy, which able to influence any ongoing decision-making process [18].

#### Purchasing decision process

A consumer will carry out a number of processes that underlie decision making. The following are the processes before and after purchasing decision a product, namely [5]:

##### **Problem Introduction.**

It is a process where consumers will buy a product as a solution to the problems they are facing. Consumers cannot decide what product to buy, if no recognition of the problem has arisen.

##### **Information Search.**

It is an advanced process of problem recognition, in which the consumer will be motivated to seek information to solve the problems he is facing. The process of searching for this information can come from the memory (internal) or based on the experiences of others (external).

##### **Evaluating alternatives.**

It is an advanced process of information retrieval, where after the consumer gets various kinds of information, the consumer will evaluate what strategic alternatives will be chosen to overcome the problems it faces.

##### **Buying decision.**

It is a continuation process of evaluating alternatives, where consumers will make purchasing decisions for a desired product. Sometime consumer need a long time before these consumers decide to buy the product they want, because there are things that still need to be considered..

##### **Post-purchase evaluation.**

It is a process after consumers buy a product, where consumers will evaluate whether the product is in accordance with their wishes. In this process, consumer satisfaction and dissatisfaction can occur. Consumers will feel satisfied if the product that has been purchased is in accordance with their wishes and will further

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increase demand for the product brand in the future. But on the contrary, consumers will feel dissatisfied if the goods that have been purchased are not in accordance with their wishes and this will reduce consumer demand in the future.

## PREVIOUS RESEARCH

Online marketing strategies have a positive effect on the increase in profits of MSMEs [2]. E-commerce has a significant impact on increasing MSME income [3]. Digital marketing is proven to be able to increase the sales volume of the home industry [4]. The use of social media has a significant influence on the online marketing of goods and services offered by Micro, Small and Medium Enterprises, both those engaged in services, trade and manufacturing production, especially in the Central Java region, so that they can increase sales turnover and profit [2].

## RESEARCH METHODS

### Research Sites

This research will be located in Medan City, with MSME as the sample.

### Measurement Scale

The variable measurement scale used is the Likert scale. The Likert scale is a psychometric scale commonly used in questionnaires, the Likert scale is included in the interval scale group [19]. Usually this proposed scale is done by dividing:

- The answer strongly disagrees point 1.
- The answer to disagree gets a point of 2.
- The neutral answer gets a point of 3.
- The answer agrees to get a value of 4.
- Answer strongly agrees get a value of 5.

### Operational Definition of a Variable

To explain the variables that have been identified, it is necessary to have an operational definition of each of them as an effort to understand the research. The definitions of variables studied are in Table 1.

Table 1. Variable Operational

Variable	Operational Definition	Measurement Scale
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Online Marketing	Use of the internet and related digital technologies to achieve marketing goals and support modern marketing concepts	Likert Scale
Sales	Managerial social process where individuals and groups get what they need and want, create, offer and exchange products of value with other parties	Likert Scale

## Research Model

The type of research in this research is action research, which is a study conducted to obtain practical findings or for the purposes of making operational decisions because the objective is to make operational decisions to develop new skills or new approaches [20].

The research model can be described in Figure 1.

Figure 1. Research model



## Population and Sample

The population is all individuals who are the object of research [21]. The population of this study is MSMEs in Medan City that partner with Go Food or Grab Food. Determination of the sample using purposive sampling technique. This technique is used to determine samples intentionally according to the requirements or sample criteria required. The sample criteria in this study are MSMEs that have partnered with Go Food or Grab Food for 1 year, which are also owners. In this study, the sample size was based on Roscoe's opinion, if the research was related to multivariate analysis (correlation analysis or multiple regression), the sample size should be several times, usually at least 10 times the number of variables studied [20]. Based on the operationalization of the variables in table 1, there are five variables, so that the number of research subjects is at least 51 respondents. In this study, 80 questionnaires were distributed via Google Form, this number can

meet the predetermined requirements because the minimum number of respondents is 51 people.

**Data Collection & Analysis Techniques**  
 Data Collection Techniques

- The questionnaire is a list of questions to be filled in by respondents, namely owners or sellers of MSMEs.
- Documentation studies, collect data and information from books, journals and the internet related to research.

Data Analysis

To analyze the magnitude of the relationship and the influence of the independent variables with the dependent variable, a simple regression test was used [22]. To get more targeted results, the SMART PLS software is used. The regression equation is:

$$Y = \alpha + \beta_1 X_1 + \epsilon$$

Y = Sales

$\alpha$  = Constant

$\beta$  = The regression coefficient to be searched for

X = Online Marketing Strategy variable score

$\epsilon$  = Error

Simple regression analysis also results in hypothesis testing. This test is also known as the simultaneous significance test. Test basically shows whether the independent variables used in the model have an influence on the dependent variable [22]. Decision Making Criteria:

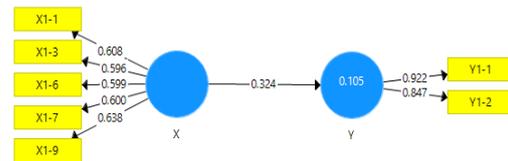
- $H_0$  diterima jika  $\alpha \geq 5\%$
- $H_a$  diterima jika jika  $\alpha < 5\%$

Simple regression analysis produces the coefficient of determination, which is a measure to determine the suitability or accuracy of the relationship between the independent variable and the dependent variable in a regression equation. In other words, the coefficient of determination shows the ability of variable X which is the independent variable to explain or explain variable Y which is the dependent

variable. The greater the coefficient of determination, the better the ability of variable X to explain variable Y. Simple Regression Analysis was processed with software SMART-PLS

**RESEARCH RESULT**

**Figure 2.** Results of data processing



The level of significance of the online marketing strategy for sales is 0.324 or greater than 0.05. This shows that the online marketing strategy did not significantly increase the sales of MSMEs in Medan City during Covid-19 Pandemic.

**Figure 3.** Result Value R-Square

	R Square	R Square Adjusted
Y	0.105	0.087

In Figure 3, it can be seen that the value of R-Square shows the number 0.105, this shows that the sales of MSME in Medan City during the Covid-19 Pandemic of 10.5% can be explained or influenced by the Online Marketing Strategy, while the rest is explained or influenced by other variables.

**CONCLUSION**

From the results of the analysis and discussion, it is concluded that online marketing strategy does not significantly increase MSME sales in Medan City during the Covid-19 Pandemic. 10.5% of MSME sales in Medan City During the Covid-19 Pandemic can be explained or influenced by the Online Marketing Strategy, while the rest is explained or influenced by other variables.

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