

## **The Effect of Macro Marketing Environment Information Factors on MSME Marketing Strategies in Pandemic Times**

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**Abstract.** Micro, Small and Medium Enterprises (hereinafter referred to as MSMEs) are one of the drivers and motors of the Indonesian economy. In its management, it faces various marketing obstacles due to limited access to information, markets, and technology as well as government policies regarding health protocols during the COVID-19 pandemic. This study aims to analyze the influence of the level of management consideration in responding to macro-environmental marketing information including: economics, technology, socio-culture, government policies, business regulations and government policies, and population on the marketing strategy of MSMEs in the manufacturing sector. Analyzing the influence of the level of management consideration in responding to micro-environment marketing information, including: suppliers, competitors, public, intermediaries and customers on the marketing strategy of MSMEs in the manufacturing sector. This research was conducted using a survey method using a marketing management science approach. The research location was conducted on the MSMEs in the processing industry sector around the city of Bekasi starting from March 2021 to July 2021 with a sample size of 115 respondents as business owners/managers. Data was collected by interview technique using a list of questions to the selected respondents, using the "Stratified Random Sampling" method. Data analysis using Path Analysis test (Path Analysis). The results show that the marketing strategy of MSMEs in the manufacturing sector is influenced by macro-environmental information in the form of socio-cultural, business and population regulations as well as government policies on health protocols. on determining the marketing strategy of SMEs. These factors are considered by MSME entrepreneurs to have supported the slow growth of business so that other strategies must be sought for sources of marketing opportunities. To overcome various obstacles for MSMEs, the development efforts of various government agencies or other related agencies need to be improved through guidance towards providing easy and up-to-date market information.

**Keywords:** macro environment, marketing strategy.

## INTRODUCTION

### Background

Entering the era of the COVID-19 pandemic in early 2020 in the Indonesian region, business people in Indonesia, both large and small businesses, are required to pay more serious attention to anticipating environmental changes. Including MSMEs as one of the driving forces of the Indonesian economy has played a dominant role in economic growth, especially in West Java Province. It aims to support efforts to reduce poverty and inequality and increase job opportunities in Indonesia.

For example, in 2018, the growth of the Gross Regional Domestic Product (GRDP) of West Java Province was 5.6 percent in terms of business fields which contributed the largest growth to the Manufacturing Industry Business Field which contributed 1.75 percent and slowed down in 2020 which grew by 5.15 percent. West Java's economy contracted by 1.45 percent compared to the previous year.

The Regional Government (Pemda) of West Java Province continues to strive to re-encourage the economic activities of 37,000 Micro, Small and Medium Enterprises (MSMEs) affected by the Covid-19 pandemic. The five efforts are, first, to facilitate the presence of raw materials that are difficult to obtain during the pandemic. Second, facilitate capital affairs. Third, launch production and distribution which were hampered during the pandemic. Fourth, stimulate to increase purchasing power. And fifth, help increase sales turnover. In this pandemic period, it is undeniable that there is a shift in consumer behavior that arises due to limited movement or mobility due to concerns about health threats which are certainly business opportunities for MSME actors.

The digital ecosystem is important to strengthen MSME marketing. We may be surprised by the disruption, but we must be prepared for the disruption to come, whether by the disruption of health, technology, or social government policies. MSME actors in West Java should be able to adapt to the era of disruption, especially the disruption in the digital technology sector, by using digital systems in their business ecosystem. As a result of this pandemic, economic growth in all regions has decreased and West Java is trying not to fall below minus zero. MSME actors in West Java must be ready and have resilience to the disruption, which post-Covid-19 will show, those who are close to technology will have an easier life and those who are far from technology will have a harder time surviving.

In Law Number 20 of 2008 in Article 1 paragraph 3 concerning Micro, Small and Medium Enterprises, it includes: (1) Micro Enterprises, namely productive business groups owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises as stipulated in the Law; (2) Small Business, which is a group of productive economic businesses that stand alone, which is carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become part of either directly or indirectly from a medium-sized business or business. large that meet the criteria for Small Business as referred to in the Act; (3) Medium Enterprises productive economic business groups that stand alone, which are carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled or become part of either directly or indirectly with small or large businesses with total net assets or sales proceeds. annually as provided for in this law. Berdasarkan uraian di atas, dapat mengelompokkan kategori UMKM sebagai berikut: (1) *Livelihood Activities*, merupakan

Usaha Mikro Kecil dan Menengah (UMKM) yang digunakan sebagai kesempatan kerja untuk mencari nafkah, atau biasa so-called informal sector, for example street vendors: (2) Micro Enterprise, is a Micro, Small and Medium Enterprises (MSMEs) that have the characteristics of craftsmen but do not yet have entrepreneurial characteristics; (3) Small Dynamic Enterprise, is a Micro, Small and Medium Enterprise (MSME) that already has an entrepreneurial spirit and is able to accept sub-contract and export work: (4) Fast-moving businesses are micro, small and medium enterprises (MSMEs) with an entrepreneurial spirit and will be transformed into a large business entity (UB).

Based on data collection on the potential of small processing industries in Bekasi, West Java, 60% has the potential to be developed, including the food industry; fresh beverage industry; handicraft industry, building material industry and furniture/furniture industry; 30% has the potential to be developed into other small industries and only 10% is less potential to be developed.

The results of the basic research on the economic potential of West Java Province show that MSME products in West Java are dominantly oriented to meet the local market (46%), inter-local (37.33%), outside the province of West Java (15%) and only 1.67%. for export. This description means that the potential for market development towards a wider market reach is still very open.

Through the development of marketing strategies for SMEs in the manufacturing sector, it is hoped that they will strengthen the performance of SMEs with business linkages as a supplier function, production function, distributor function and marketer function. Therefore, in developing a marketing strategy for SMEs, it is necessary to obtain market information accurately and periodically, especially those relating to the marketing environment, both macro and micro.

**Table – 1**  
**Number of Micro, Small and Medium Enterprises**  
**Cities in West Java, As of December 31, 2018**

| No.       | City        | Business Classification |        |        |       | Total   |
|-----------|-------------|-------------------------|--------|--------|-------|---------|
|           |             | Micro                   | Small  | Medium | Large |         |
| 1         | Bandung     | 46,331                  | 11.007 | 632    | 179   | 58.146  |
| 2         | Banjar      | 110,325                 | 10.286 | 461    | 34    | 121.103 |
| 3         | Bekasi      | 7.040                   | 369    | 2      | -     | 7.408   |
| 4         | Bogor       | 121,639                 | 7.445  | 321    | 28    | 129.430 |
| 5         | Cimahi      | 144,032                 | 16.266 | 904    | 62    | 161.261 |
| 6         | Cirebon     | 14,901                  | 1.651  | 84     | 19    | 16.652  |
| 7         | Depok       | 40.623                  | 6.661  | 231    | 40    | 47.552  |
| 8         | Sukabumi    | 26,561                  | 2.019  | 69     | 11    | 28.657  |
| 9         | Tasikmalaya | 48,955                  | 4.535  | 107    | 17    | 53.611  |
| T o t a l |             | 582,677                 | 62.952 | 2974   | 414   | 648.987 |

Source : Diskop UMKM Jawa Barat

**Table - 2**  
**Data on the Development of Micro, Small and Medium Enterprises (MSMEs)**  
**In Bekasi City 2016 – 2020 (in units)**

| No. | Indicator                            | 2016 | 2017 | 2018  | 2019  | 2020  |
|-----|--------------------------------------|------|------|-------|-------|-------|
| 1   | Productive MSMEs                     | 881  | 945  | 1.134 | 1.226 | 1.502 |
| 2   | Number of micro and small businesses | -    | 615  | 566   | 671   | 966   |
| 3   | Total number of SMEs                 | -    | 623  | 491   | 555   | 905   |

Source: Bekasi City Development Database Information System (data processed)

**Table -3**  
**Annual Production Growth of the MSME Sector in Several Villages**  
**In Bekasi City (in percent)**

| Sub Sector     | 2016  | 2017  | 2018  | 2019  | 2020  |
|----------------|-------|-------|-------|-------|-------|
| Convection     | -1,89 | -7,71 | -8,82 | -8,65 | 0,68  |
| Furniture      | 2,68  | 10,02 | -6,13 | 3,45  | 0,15  |
| Service Sector | -0,26 | -8,25 | 7,20  | -4,57 | -6,59 |

Source: Bekasi City Statistics Center (data processed)

### **Formulation of the problem**

Marketing Management is a tool of analysis, planning, implementation, and control of programs designed to create, build, and maintain profitable exchanges with the target market with a view to achieving the company's main goal of making a profit.

Based on this description, the problem is formulated as follows: "To what extent does macro-environmental marketing information (economic, technology, socio-cultural, government policies, business and population regulations) influence management considerations in formulating MSME marketing strategies".

This study aims to examine and examine the extent to which macro-environmental marketing information (economic, technological, socio-cultural, government policies, business regulations and population) influence management considerations in formulating MSME marketing strategies.

### **THEORY OVERVIEW**

According to Scarborough (2002), with stronger competition in the future, MSMEs are increasingly being challenged by their competitors. Therefore, small entrepreneurs must be able to anticipate market developments and interpret information on the marketing environment, both the micro marketing environment and macro marketing as well as market information, both information from consumers and competitors.

This is in accordance with the theory put forward by Kotler (2000) that the marketing information system is a process of collecting, processing and presenting data into information that is carried out systematically to be used as input in making marketing strategy decisions. To obtain marketing information, producers are required to analyze and consider the macro

marketing environment in the form of economics, technology, socio-culture, business regulations, government and population policies and the micro marketing environment in the form of suppliers, competitors, customers, intermediaries and the public. Information about the macro and micro marketing environment has characteristics that are rapidly changing in line with the development of the business world. Therefore, producers who want a targeted marketing strategy can consider changes in these environmental factors.

Analysis of the marketing situation (Craven, 2000) is the identification of marketing opportunities as the basis for designing marketing strategies. Marketing strategy design includes: market targeting and placement analysis, marketing strategy selection and product development and placement. The target market strategy identifies how an organization/company connects the market with the product. To select the target market, consider: the attractiveness of the segment and the company's business resources/strengths in a segment. The product-market decision is the “focal point” of the marketing strategy because market targeting is the basis for goal setting and the development of a placement strategy.

A marketing program placement strategy is a combination of product mix, price mix, distribution mix and promotion mix strategies chosen by management to place the company in the midst of competition in finding the needs and wants of the target market. To choose a marketing program placement strategy, it is influenced by: segment attractiveness, company's business resources/strength in a segment, competitors' marketing strategies and management performance criteria. This strategy can also be called the marketing mix or marketing program. Marketing strategy selection aims to identify the right type of strategy for the situation facing the company.

Positioning (Lautman, 1998:12) can be done through three components, namely Attributes, Benefits and Claims or called ABCs. The first approach is the placement in the identification of the intrinsic attributes of the product. The second approach benefits derived from attributes and can be obtained from three main forms, namely functional, physical and psychological. The third approach is to meet the buyer's demands for the promised product. Thus the three components put more emphasis on product placement.

Marketing strategy is an effort to market and introduce a product or service to the public. According to Rudjito (2003), MSMEs are one of the most important parts of the national economy and development. Considering that the MSME sector is a driving factor for the economy and national development, a strategy to increase the capacity of the MSME sector is needed.

As an entrepreneur, products and services must be decided specifically, and it must also be determined where and how we can distribute the product. In addition, how to get other people to know the products offered is also part of the marketing mix. Product, Price, Promotion, Place and People – are the main marketing elements used to strategically position a business. Also known as the marketing mix, is a variable that managers and business owners control to satisfy customers in their target market, add value to their business, and help differentiate their business from competitors.

The marketing mix also known as the 5P of Marketing is Product, referring to the products and services offered by the business. Price refers to pricing strategies for products and services and how they affect customers. Promotion (promotion) refers to activities that make a business better known to consumers. Place refers to where a business's

products/services are viewed, made, sold, or distributed and People, refers to the staff, salespeople, and those who work for the business.

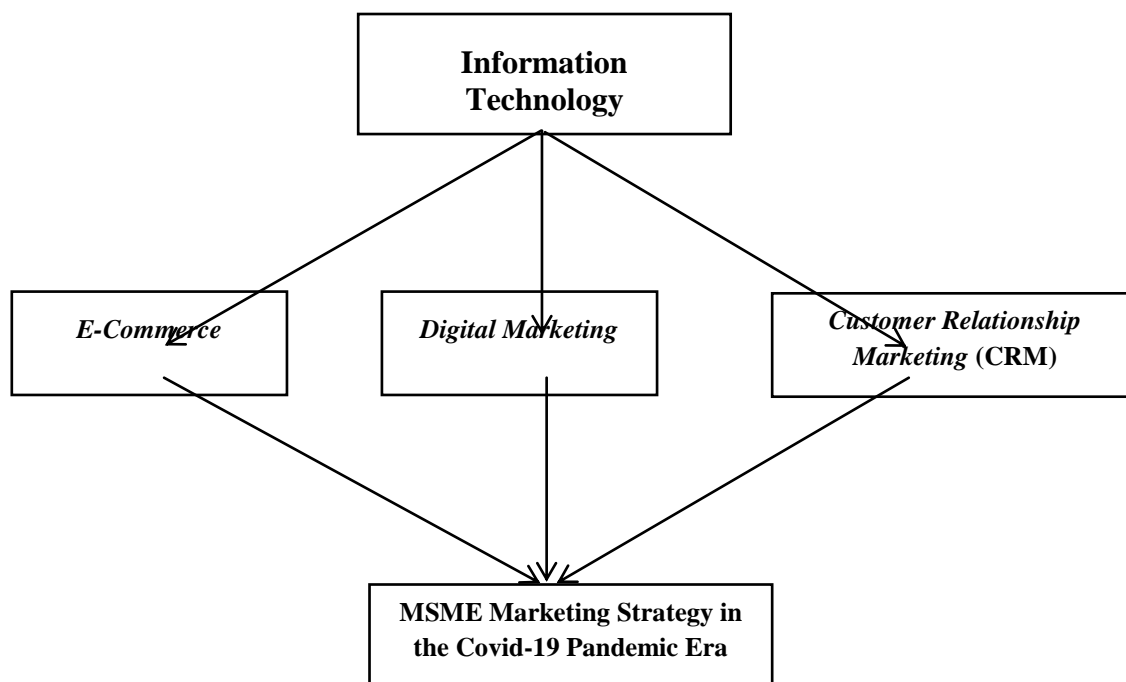
The formulation of a product mix strategy (Craven, 2000) includes; development of new product plans, program continuity for product success, and management strategies in overcoming product problems. The selection of a price mix strategy should consider the role of price in the placement strategy including expectations from product placement and margin achievement. The distribution mix strategy formulator includes decisions on: channel type, channel management development and distribution intensity. The promotional mix strategy must be informative, easy to remember and persuade buyers to influence the buying process.

### Information technology

In dealing with the pandemic, the government has implemented Large-Scale Social Restrictions (PSBB) including business closures, reducing public transport operating hours and others. So that one way to keep running a business and reach more consumers and expand market share that can be done by MSMEs is to expand the network by utilizing Information Technology. A networker is a person or businessman who has a very wide network and has an optimistic nature in running a business.

Currently, all kinds of business ventures require the role of a website to promote their products. In addition, the website is also the most optimal medium to provide information to potential consumers about the products offered. This is because 60 percent of consumers who use products get information from the internet.

**Picture - 1**  
**Information Technology in MSME Marketing Strategy**



#### 1. E-Commerce

By utilizing e-commerce, businesses have the opportunity to reach a broad and even global market. E-commerce in the business world can support cutting the distribution chain, so that

consumers can get a product at a low price. Product marketing with e-commerce has several benefits, including being cheap and efficient, having unlimited access, and shortening product distribution distances.

E-commerce is the process by which consumers buy and sell goods electronically, and companies use computers as intermediaries for commercial transactions via computers. E-commerce which was originally an online retail mechanism, now has a broader meaning. (Laudon & Traver, 2016) show that e-commerce has formed a new digital market with more transparent prices, easy access, and a global market with efficient warehouses.

According to Hardilawati, 2019, e-commerce has a positive but not significant role in improving marketing performance. In this case, it is recommended that business actors can conduct e-commerce transactions, but require assistance and education from the government or practitioners in order to provide guidance to business actors so that they have sufficient knowledge and can take full advantage of it. Knowledge of electronic commerce in the Industrial Revolution 4.0 era, with changes in trade patterns and consumer consumption, traders must switch to e-commerce trading.

. Studies (Hanum & Sinarasri, 2017) and (Ningtyas et al., 2015) show that e-commerce has a positive and significant effect on improving the performance of MSMEs and can survive and even have the potential to enter new market areas.

According to research by Hoffman and Fodor in (Pradana, 2016), e-commerce can operate normally based on the 4C principles (namely: connect, create, use and control). This principle can motivate and improve the measurement of the company's return on investment (ROI) through active participation (such as feedback or consumer reviews).

## **2. *Digital Marketing***

The digital marketing method that is often used by business people is to use social media, such as marketing products, through Instagram, Facebook, Twitter, and others. In addition, digital marketing can also be done in e-commerce and many other media. Rapid technological developments also allow MSMEs to understand and learn about digital marketing.

Research (Hendawan et al., 2019) shows that digital marketing has a positive and important role in improving MSME sales performance. Seventy percent of creative entrepreneurs say that digital marketing can be easily achieved and can attract more consumers, digital marketing will become the main communication platform for marketing, and offline stores will be complementary. This is also in line with research conducted by (Purwana et al., 2017) which shows that business people must dare to try new things (such as digital marketing) in order to continue to develop their business.

MSME participants can carry out various forms of digital marketing for product marketing, including: (1) Publish videos and product photos on social media accounts; (2) Using Facebook ads, Instagram ads, and Twitter ads. (3) Creating product marketing videos through social media broadcasts or product promotions in real-time, : (4) Allowing consumers to participate in product selection, conducting in-depth education and product quality introductions on social media accounts, as well as using creative words and tags to make it easier for consumers to find them, in this way brand awareness will be formed and can influence consumer purchasing decisions.

Studies (Lestari & R, 2019) and (Tripayana & Pramono, 2020) show that improving product quality and service quality has a positive and significant effect on building customer satisfaction and building consumer loyalty among MSME participants. Therefore, during the COVID-19 pandemic, business actors need to pay attention to the dimensions of product quality and improve their products in order to further increase consumer confidence.

Product quality is defined as the ability of a product to meet consumer needs and expectations. Therefore, it is important for MSMEs to regularly improve product quality by adjusting to the needs, expectations and consumers. According to (Garvin, 1998) the perception of product quality includes brand reputation and other factors that can affect consumer perceptions.

### **3. Customer Relationship Marketing (CRM)**

One way for MSMEs to survive the decline in business activity is to establish marketing relationships with customers. It is a marketing strategy concept designed to establish long-term relationships with customers, i.e. to build strong and mutually beneficial relationships between service providers and customers, Thus establishing relationship transactions. Replay and build customer loyalty. Improving the quality of relationships and entrepreneurial orientation has a positive and significant impact on improving the marketing performance of MSMEs. The better the quality of the relationship between MSME participants and consumers, suppliers and other members, the better their ability to improve marketing performance.

This method can also build consumer confidence during the MSME pandemic. Business people not only pay attention to themselves, but also build consumer marketing relationships by expressing concern and positive attitudes towards business actors. In addition, MSME participants can also communicate with customers through various promotional media and intensive e-commerce, such as answering sales complaints or responding to good consumer responses, which can also form positive customer engagement.

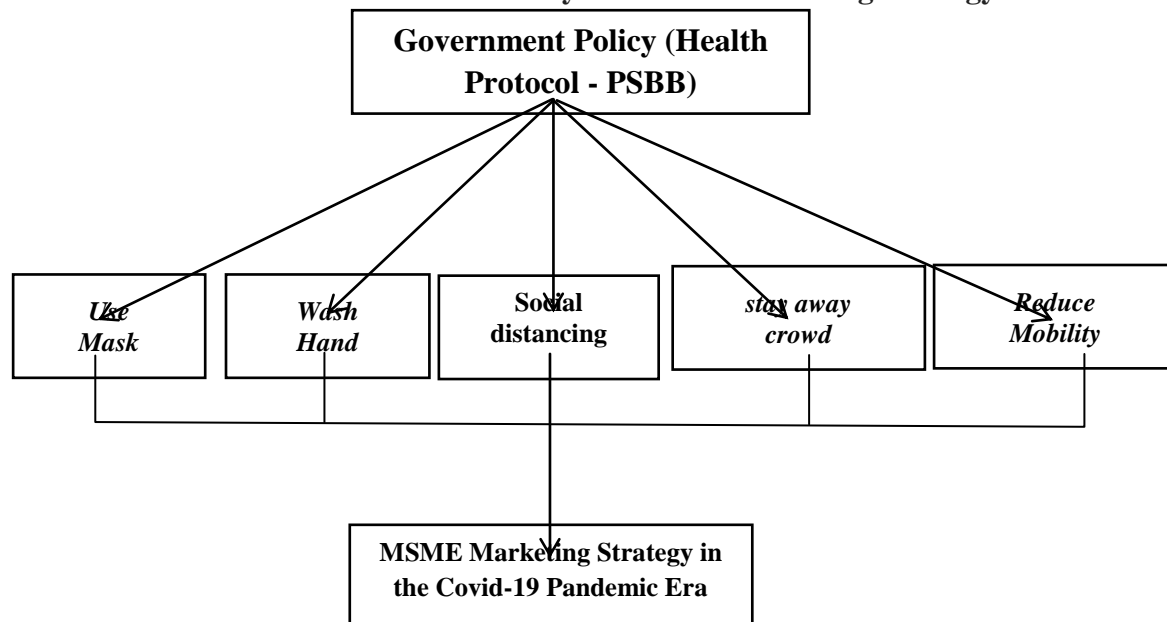
### **Government policy information**

The MSME empowerment program cannot be carried out partially, but a comprehensive program scheme is needed that includes the development of macro and micro aspects. Handling macro aspects, among others, by creating an industrial structure and a conducive climate for the development of MSMEs. Programs that have been carried out for this purpose include the implementation of the Negative Investment List (DNI) by BKPM through a reservation scheme, which is to protect MSMEs from competition with larger businesses. Business sectors which are currently superior products for MSMEs are prohibited from being entered by large businesses, let alone PMA. Meanwhile, the micro aspect is carried out through institutional arrangements and business management of MSMEs. Institutional development, among others, is through strengthening business centers, promoting business linkage programs between small-micro companies and large companies (mainly SOEs), through the foster father-son program. While fostering business management related to product quality improvement programs, marketing and so on. In contrast to large businesses, for example, if the problem faced is marketing, the focus of improvement can be directly



directed at improving marketing management. So actually, the MSME development program is more complex than the big business development.

**Picture - 2**  
**Information on Government Policy in MSME Marketing Strategy**



Health protocols are established with the aim that people can continue to carry out activities safely and do not endanger the safety or health of others.

Decree of the Minister of Health of the Republic of Indonesia Number HK.01.07/MENKES/382/2020 concerning Health Protocols for the Community in Public Places and Facilities in the Context of Prevention and Control of Corona Virus Disease 2019 (COVID-19). In the health protocol, it is explained the rules that need to be carried out by all parties who are in public places or facilities. One of them is the places and facilities mentioned: Markets and the like Shopping centers/malls/shops and the like Hotels/inns/homestays/dorms and the like Restaurants/restaurants and the like.

### **Business Regulatory Information**

The marketing management function is an activity to analyze to find out the market and its marketing environment so that it can be obtained how big the opportunity to seize the market and how big the threat to have.

Segmenting, targeting, and positioning (STP) are three things that are interconnected with each other, in determining the MSME Marketing Strategy. To market MSMEs, we must determine market segmentation, namely by placing consumers in sub-groups in the product market. So that buyers have a response that is almost the same as the MSME marketing strategy in determining the company's position. If we have determined the segmentation, we must determine the market (targeting). Where we have to evaluate the various segments to decide who is your target market. After determining segmenting and targeting, now we determine product positioning which is a combination of marketing activities carried out by

management to meet the needs and desires of each target market. These three strategies must be done well to achieve successful marketing.

Thus, in order for the formulation of the MSME empowerment model to be effective, it is necessary to carry out an external audit at the macro level (industry level) from upstream to downstream for each MSME sector. This audit is carried out to track and identify which value chain points in a particular industrial sector are suitable for SMEs to work on (white areas), as well as which sectors still have opportunities for SMEs to work on (grey areas), and which sectors are completely it is impossible for MSMEs to enter (black area). Simultaneously, internal audits were also carried out at the micro level (corporate level/company level), this is important because even though the MSME sector is already in a white area position, small companies are still required to have the ability (strategy) to take advantage of existing opportunities. .

Within the framework of the SWOT analysis (Strength, Weaknesses, Threats, Opportunities), a map of the position and capabilities of small businesses in certain Industrial Sectors can be described as follows:

**Picture - 3**  
**SWOT analysis**  
**Comprehensive Model for Micro, Small and Medium Enterprises Empowerment Program**

|                   |  |   |
|-------------------|--|---|
| <i>Strenghts</i>  | <b>WHITE<br/>AREA</b>                        | <b>GREY<br/>AREA</b>                    |
| <i>Weaknesses</i> | <b>GREY<br/>AREA</b><br><i>Opportunities</i> | <b>BLACK<br/>AREA</b><br><i>Threats</i> |

**Source:** Aaker, David A., *Developing Business Strategy*, Fourth Edition, Canada, John Willey and Sons, 1995, dimodifikasi.

- *White Area*, namely the business sector is suitable as an arena/business area for MSMEs, because there are opportunities and capabilities to enter the business. The characteristics of this business sector are: the market is small/limited and specific (*market niche*); is a handicraft business with traditional cultural arts value; does not require certain economies of scale; labor intensive; means of production rely on individual abilities and skills.
- *Grey Area*, that is, the business sector still has opportunities for MSMEs to enter, the types of businesses in this area include small businesses that produce '*complementary*' products for large businesses. In general, the form of business cooperation (*alliance strategy*) is the right choice of strategy for small businesses in entering the business sector.
- *Black Area*, which is a business sector that is not suitable for SMEs to enter.

In order to know the position of MSMEs in the white, gray, or black areas, it is necessary to carry out a comprehensive audit (holistic) on macro aspects (industrial level) and micro aspects (corporate level and company level).

At the macro level, it is necessary to carry out an external environmental audit, namely an audit at the industry level. The aim is to develop criteria and develop an area mapping model for small-micro businesses into black, gray, and white area classifications. The results of the mapping are used to formulate portfolio strategies for small companies to determine products and markets (as well as competitors) in accordance with their competency base.

So, the empowerment program for Micro, Small and Medium Enterprises (MSMEs) should be carried out by selecting targets for MSMEs that have prospects for growth. Because in the era of increasingly fierce competition and increasingly globalized environmental changes, in the end they are required to become strong and professional Micro, Small and Medium-scale enterprises. Thus, MSMEs should be chosen as the target of the program, namely small-micro-scale businesses engaged in the white area business sector, or at least in the gray area position.

However, considering the growth of the business world and economic development in each region are different from one another. in addition, the external environment of small-micro companies in each region is also different. Thus, the position of the product portfolio and market that can be used as the MSME sector is also different for each region. As a consequence, the anticipation strategies and institutional models that will be developed for each region are different.

A generic and comprehensive program scheme is required so that it can be applied in every region, as follows:

**Picture - 4**  
**Development Scheme**  
**Micro, Small and Medium Enterprises (MSMEs) in Indonesia**

| <b>Hierarchy<br/>of Study</b><br><b>Level<br/>Analysis</b> | <b>Business Mapping</b>  | <b>Classifying</b>  | <b>Developing<br/>Strategy</b>  | <b>Action Plans</b>  |
|--|--|---|---|--|
| <b>Industry</b>  | Mapping :<br>Ext-Int E'ment<br>Small Business<br>Position<br>↓ | Classifying for<br>Small Business :<br>→ White area<br>Grey Area<br>Black Area<br>↓ | Institutional<br>and Policy<br>Arrangement<br>↓                         | Study of:<br>Small Business<br>Position/Competitio<br>n<br>Inst-Policy arr.<br>↓ |
| <b>Corporate</b>   | Mapping :<br>Portfolio of<br>Business (BCG<br>Matrix)<br>↓     | Classifying Core<br>Competencies must<br>be owned<br>↓                              | Internal Act.<br>Merger & Acq.<br>Contract' or JV's<br>Market Dev.<br>↓ | Facilitative Act. :<br>Str. Planning<br>(Visioning)<br>Strategy Bulding<br>↓     |
| <b>Company</b>   | Mapping :<br>Competitive                                       | → Classifying<br>Fungsional Skill :   | → Joint of business<br>Internal Act.                                    | Training :<br>Operation & Mng  |

|  |                           |   |                                    |                                  |
|--|---------------------------|---|------------------------------------|----------------------------------|
|  | Advantages (Value chains) | Core product<br>Core platform must be owned | Contractual<br>Product Dev.<br>Etc | HR & Marketing<br>Finance<br>Etc |
|--|---------------------------|---|------------------------------------|----------------------------------|

**Source:** Results of the FIAKON Discussion Group, PAU-IS-UI, 1998

### MSME Marketing Goals and Systems

The MSME marketing system consists of various marketing subsystems that are interconnected and organized to achieve certain goals. The marketing system shows various internal and external subsystems, such as sellers, buyers, goods / services, suppliers, public, government, economic system, government policies, culture, and other factors that are interrelated and affect the relationship between organizations and organizations. market. Marketing activities have various impacts on society, therefore the objectives set by the marketing system tend to be different, as described below:

1. **Maximizing Consumption**, is with the basic assumption that the more consumers buy and use the product, the better, because maximum consumption will ultimately create production, employment opportunities and the welfare of the whole society.
2. **Maximizing Consumer Satisfaction**, is the level of a person's process after comparing performance (results) with expectations. Generally, if the performance/result is lower than expected, the consumer will be disappointed or dissatisfied. If the performance / results are the same as expected, it means that consumers are satisfied, and if it exceeds expectations, it means that consumers are very satisfied.
3. **Maximizing Options**, The marketing system will produce many products, including products and manufacturers, as well as products and competitors. For various products, consumers or buyers have higher bargaining power. Consumers have the right to choose the preferred product according to their wishes and purchasing power.
4. **Maximizing Quality of Life**, The purpose of marketing to improve the quality of life is an important goal of the marketing system. With a marketing system, the quality, supply and price of goods will be more developed so as to improve the welfare or quality of life of the community.

### Population Information

Economic development is a process of increasing total income and per capita income by taking into account population growth and accompanied by fundamental changes in the economic structure of a country and income distribution for residents of a country. Economic development cannot be separated from economic growth (economic growth); Economic development encourages economic growth, and conversely, economic growth facilitates the process of economic development. What is meant by economic growth is the process of increasing the production capacity of an economy which is manifested in the form of an increase in national income. A country is said to experience economic growth if there is an increase in real GNP in that country. Their economic growth is an indication of the success of economic development. The difference between the two is that the success of economic growth is more quantitative in nature, namely an increase in the standard of income and the level of production output produced, while economic development is more qualitative, not

only an increase in production, but also changes in the structure of production and the allocation of inputs in various sectors. economic sectors such as institutions, knowledge, social and engineering.

There are several factors that influence economic growth and development, but in essence these factors can be grouped into two, namely economic factors and non-economic factors. One of the economic factors that influence economic growth and development is human resources which determine the success of national development through the number and quality of the population. A large population is a potential market to market the products of production, while the quality of the population determines how much productivity there is. Other economic factors that affect economic growth and development are natural resources which include land and natural resources such as soil fertility, climate/weather conditions, forest products, mining, and marine products, which greatly affect the industrial growth of a country, especially in terms of supplying raw materials. production. Meanwhile, expertise and entrepreneurship are needed to process raw materials from nature, into something that has a higher value (also known as the production process). Meanwhile, human capital resources are needed to process these raw materials. Capital formation and investment are aimed at exploring and processing wealth. Capital resources in the form of capital goods are very important for the development and smooth development of the economy because capital goods can also increase productivity.

## RESEARCH METHODS

### Methods And Sampling

This research was conducted using a survey method. The research location is in Bekasi City, West Java, with the target population being MSMEs in the manufacturing sector. In this study, the sample size is determined by the form of statistical test that will be used. The statistical test used is Path Analysis, which is basically a correlation test. Iteratively (repeated calculations) the formula used is:

$$n = \left\{ \frac{Z_{\alpha} + Z_{\beta}}{U_{\rho'}} \right\}^2 + 3$$

Information:

$n$  = Sample size

$\rho$  = The smallest expected correlation coefficient

$\alpha$  = Level of meaning (*level of significance*)

$\beta$  = Test power (*power of test*)

$Z_{\alpha}$  = dan  $Z_{\beta}$  obtained from the normal distribution table

For the sample size of SMEs in the processing industry, by taking  $\alpha = 0,10$ ;  $\beta = 0,95$ ;  $\rho = 0,30$ , then obtained a minimum sample size of 115 respondents.

To determine the research sample unit used “*Stratified Random Sampling*” based on the processing industry subsector. The size of the sample unit for each stratum is determined proportionally based on the number of MSMEs in each sub-sector of the processing industry in West Java, using the following formula:

$$n_i = \frac{N_i}{N} \times n$$

Where:

$n_i$  = strata sample size – i

$N_i$  = strata population size – i

$N$  = population size

$n$  = overall sample size

Based on data obtained from the Central Statistics Agency for Bekasi City, West Java, the number of productive MSMEs in the manufacturing sector in 2020 is 905 businesses consisting of convection and clothing entrepreneurs, furniture entrepreneurs, culinary industry entrepreneurs, and other industrial entrepreneurs, as well as services. So that the research sample sizes for each sub-sector are: 30 sub-sectors of the culinary industry (food/beverage), 30 sub-sectors of convection and clothing; 30 sub-sectors of the furniture industry; 15 other small industrial sub-sectors.

### Analysis Model

Analysis of the data using a path analysis model, mathematically the regression analysis and its correlation are expressed in the following equation:

$$Y = \beta_0 + \beta_{YX1}X_1 + \beta_{YX2}X_2 + \beta_{YX3}X_3 + \beta_{YX4}X_4 + \beta_{YX5}X_5 + \beta_{YX6}X_6 + E$$

Information:

$Y$  : MSME Marketing Strategy

$X_1$  : Economic Information

$X_2$  : Information technology

$X_3$  : Socio-Cultural Information

$X_4$  : Government Policy Information

$X_5$  : Business Regulatory Information

$X_6$  : Population Information

$E_i$  : Other Causing Factors

The magnitude of the effect of the causal variable on the effect variable is calculated by the formula, (Sitepu :1994) :

$$P_{YiXi} = b_{YiXi} \sqrt{\frac{\sum X^2 h}{\sum Y^2 h}}$$

Testing the significance of  $X_i$ 's influence on  $Y_i$  using the formula:

$$t_i = \frac{P_{YiXi}}{\sqrt{\frac{(1-R^2_{YiXi})C_{ii}}{n-k-1}}}$$

Testing other causal variables ( $E_i$ ) is calculated by the formula:

$$P_{Eyi} = \sqrt{1 - R^2 Y_i X_i}$$

The amount of correlation between variables is calculated by the formula:

$$r_{x_i x_i} = \frac{n \sum X_{ih} X_{ih} - \sum X_{ih} X_{ih}}{\sqrt{[n \sum X_{ih}^2 - (\sum X_{ih})^2][n \sum X_{ih}^2 - (\sum X_{ih})^2]}}$$

The Xi and Yi correlation significance test used the formula:

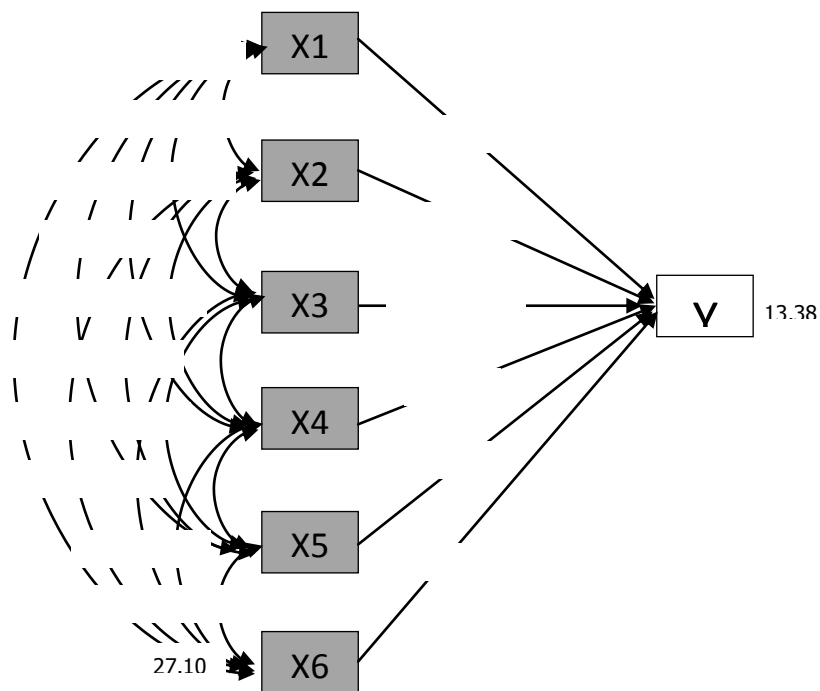
$$t_i = \frac{r_{XiXi}}{\sqrt{\frac{(1-r^2_{XiXi})}{n-2}}}$$

Path analysis techniques require data support that has a measurement level of at least an interval. Therefore, the variables of marketing information (macro environment) and marketing strategies that have an ordinal level of measurement are increased to an interval scale through the methods of successive intervals. (Hays: 1989)

## RESULTS AND DISCUSSION

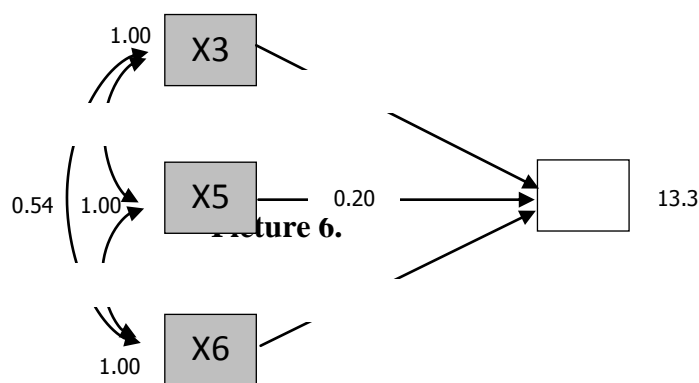
### Research result

The causal relationship between X1, X2, X3 X4, X5 and X6 based on the calculation results can be seen in Figure 5.



Source5.  
Diagram Path Analysis

The results of the calculation and testing of path analysis using the t test, obtained t count for the path coefficient  $Y-X_1 = -0.31$ ;  $Y-X_2 = -0.93$ ;  $Y-X_3 = 2.56$ ;  $Y-X_4 = 1.86$ ;  $Y-X_5 = -7.14$ ; and  $Y-X_6 = 5.06$ . When compared with the t table at  $\alpha = 0.05 = 1.98$ , only variables  $X_3$ ,  $X_5$  and  $X_6$  are significant to variable  $Y$ . While variables  $X_1$ ,  $X_2$ , and  $X_4$  are not significant, so the structure must be corrected with Trimming Theory. The results of the correction can be seen in Figure 6.



### Path Diagram of Kausan Relationship Analysis Results

Statistically, economic factors ( $X_1$ ) and government policies ( $X_4$ ) have no effect on determining the marketing strategy of MSMEs due to the unstable and unpredictable economic situation and government policies in Indonesia. While the technological factor ( $X_2$ ) is the result of the work culture of MSMEs which is relatively traditional and difficult to adapt to technological developments that change very quickly, making MSME management less considerate in determining marketing strategies.

The results of the correction of the influence of the macro marketing environment (social culture, business regulations and population) on the marketing strategy of MSMEs are presented in Table 1;

**Table 1.** Path Analysis Test Results The Effect of Macro Marketing Environmental Information on MSME Marketing Strategies

| PathCoefficient                     | t count | t table | Conclusion  |
|-------------------------------------|---------|---------|-------------|
| Y with $X_3 = 0,19$                 | 2,56    | 1,98    | Significant |
| Y with $X_5 = 0,51$                 | 7,14    | 1,98    | Significant |
| Y with $X_6 = 0,36$                 | 5,06    | 1,98    | Significant |
| Y with $E_1$ (residual path) = 0,27 |         |         |             |

Table 1 shows that statistically the socio-cultural variables ( $X_3$ ); business regulations ( $X_5$ ) and population ( $X_6$ ) significantly affect the marketing strategy of SMEs ( $Y$ ) with the correlation coefficient of each research variable is  $Y - X_3$  of 0.19;  $Y-X_5$  is 0.51 and  $Y - X_6$



is 0.36. The total effect of each independent variable on the dependent variable can be seen in Table 2:

**Table 2.** Effect of Total Variables X3, X5, and X6 on Y

| Effect Between Variables                   | Influence Value | Percentage |
|--|-----------------|------------|
| Total Effect of X3 on Y                    | 0,0846          | 8,46       |
| Total Effect of X5 on Y                    | 0,3726          | 37,26      |
| Total Effect of X6 on Y                    | 0,2674          | 26,74      |
| The simultaneous effect of X3, X5, X6 on Y | 0,7246          | 72,46      |
| Effect of other factors on Y               | 0,2700          | 27,00      |

In total, the direct and indirect effect of the X3 variable on the Y variable is 8.46%. This means that the total marketing strategy of MSMEs in the manufacturing sector in terms of determining product, price, distribution and promotion strategies is influenced by considerations of the macro-marketing environment in the form of socio-culture of 8.46%, Path coefficients X3 and Y variables are 0.19 in Table 1, indicating that there are positive relationship between socio-culture and the marketing strategy of MSMEs in the manufacturing sector. This means that the higher the socio-cultural information obtained by management, the higher the information is considered in determining the marketing strategy of MSMEs in the manufacturing sector.

The socio-cultural information factor (X3) directly affects the marketing strategy of small businesses (Y) is 3.61%. The indirect socio-cultural influence (X3) through the relationship/correlation with regulations (X5) is 1.16% and through the relationship with the population is 3.69%.

In total the effect of the X5 variable on the Y variable is 37.26% or 0.3726 with details of 26.01% or 0.261 being a direct effect and 1.16% or 0.0116 through correlation with X3 and 10.09% or 0.1009 through correlation with X6 means that in total 37.26% of MSME marketing strategies are influenced by macro marketing environment information in the form of business regulations. The direct influence of business regulations on the marketing strategy of MSMEs is 26.01%. While the influence of business regulations on determining the marketing strategy of MSMEs through social culture and population is 1.16% and 10.09%, respectively.

The path coefficient between the variables X5 and Y in Table 1 shows that there is a positive relationship between business regulations and the marketing strategy of SMEs, meaning that the higher the acquisition of information on business regulations considered by management, the higher will be considered in determining the marketing strategy of SMEs in marketing their products.

Population information (X6) directly affects the determination of the marketing strategy of MSMEs (Y) amounting to 12.69%. The indirect effect of population (X6) on the marketing strategy of MSMEs (Y) is 3.69% and 10.09%, respectively. In total, the direct and indirect influence of the macro environment in the form of population information on the determination of the marketing strategy of MSMEs in the manufacturing sector is 26.74%.

Based on the previous description, it can be interpreted that the marketing strategy of MSMEs in the processing industry sector is dominantly influenced by information on business regulations compared to the influence of socio-cultural and demographic information. This is in accordance with the results of the study which showed that 47% of respondents said that information on business regulations was easier to obtain than socio-cultural and demographic information through mass media, both electronic and print. This information is more often used by MSME entrepreneurs in determining marketing strategies, especially pricing strategies. For example, to determine the selling price of a product, entrepreneurs not only pay attention to the production costs that have been incurred but also pay attention to other operational costs such as levies or taxes (brands/advertisements) set by the government or local regulations.

Some of the obstacles faced by MSME entrepreneurs are 39% of respondents said that it is difficult to access population information (population development, age and gender) so that it becomes an obstacle to determine marketing strategies, especially in determining segmentation and target market of a product. In addition, 71% of respondents said that it is difficult to access information on socio-cultural developments in a society, especially those related to the development of globalization and technology that affect people's lifestyles, beliefs and pleasures, so that it is also an obstacle for MSME entrepreneurs in determining product strategies (type, design, size, packaging) and distribution strategy (location and area size to sell the product).

### **Research Discussion**

The marketing strategy of MSMEs in marketing their products is significantly influenced by information on the macro marketing environment in the form of socio-cultural, business and population regulations. By understanding community culture, MSME entrepreneurs can plan marketing strategies, for example in product creation, segmentation and promotion. According to (Sutisna 2001, 232) the implications of understanding the culture of a society and its cultural rituals will help MSME entrepreneurs in segmenting the target market only, to be effective and efficient. In terms of cultural understanding, it can also be used as a basis for positioning products through advertising.

The results showed that 45.69% of MSMEs as respondents considered enough; 21.55% consider it and 14.66% really consider the socio-cultural environment in determining marketing strategies. According to Prasad in Sutisna (2001:237) social class can also differentiate in the information search process before the purchase process. Consumers with the upper middle class tend to require more information seeking before purchases are made, for example before buying household products, consumers first reading magazines, newspapers, brochures, and others. On the other hand, consumers from the lower middle class prefer to base their purchasing decisions based on displays in stores or trust sales officers. In general, lower social class groups have less information. Middle class consumers use price less as an indicator of quality, but tend to judge products and product benefits rather than based on price.

Path analysis test results show that there is a correlation between socio-cultural factors with regulations and population of 0.12 and 0.54, respectively. This is in accordance with the opinion of Swastha (1999:17) that the socio-cultural environment actually includes economic

factors, government policies, law and technology which are largely determined by humans and their culture. Social consequences, such as pollution, can encourage the government to make the necessary regulations. Some of the factors that need to be considered by marketing managers in terms of the cultural pattern of a society are the way of life, social values, beliefs and pleasures.

The diversity of cultures in society, for MSME entrepreneurs has become a very good opportunity. In a certain culture, there are many cultural rituals that require items that are used as certain symbols. The culture of the wedding procession/reception in West Java, for example, requires a lot of items needed to support the event, such as tapis cloth, lunkhead, lapis legit, ground coffee, palm sugar and other supporting foods. The culture of going home for Eid, requires the items needed by travelers starting from new clothes, cakes and household furniture (furniture). The culture that develops in society is a fact and phenomenon that can be studied, so that MSME entrepreneurs can see and consider it to create various products needed by the market. Likewise, cultural rituals carried out by a community can constitute a separate market segment.

The business regulation factor for MSMEs provides a direction on whether or not marketing opportunities are available. The results showed that as many as 34.48% considered business regulatory factors. These factors have been considered important by MSME entrepreneurs because there are 28.45% who are very considerate. Business regulations are more directed to support business growth so that it becomes a source of marketing opportunities. On the other hand, there are also 5.17% of MSMEs that do not consider regulatory factors as a source of marketing opportunities or threats.

Based on the previous description, it can be said that the growth/development of small businesses in a region/country is quite influenced by the prevailing business regulations. This is in accordance with the opinion of Swastha (2000:17) which says that the increasing number of companies and their attitudes are strongly influenced by the framework of government policies and laws that apply in society. Regulations that affect marketing activities do not only come from government institutions, but also from associations/associations of entrepreneurs, regulations and the state of government policies in general; special regulations in the field of marketing aimed at regulating competition and protecting consumers.

The population factor in the marketing strategy provides the direction of market segments and potential market demand. The results show that 33.62% of MSMEs "consider" and 25.86% really consider population in determining marketing strategies. This is in accordance with the opinion of Stanton (1999) where population is a factor of special concern for marketing executives because population is identical to the market.

The marketing strategy of MSMEs in the manufacturing sector is simultaneously influenced by the macro marketing environment in the form of socio-cultural information, business regulations and population of 72.46%. While 27.54% influenced by other factors that require further research. Determination of marketing strategies carried out by MSMEs in the processing industry include: (a) Product Strategy, for example determining the number, type, size and color of the product; (b) Promotion Strategy, for example considering the type of promotion or media that will be used in introducing the product to be sold; (c) Price Strategy, in the form of considerations in determining the selling price; (d) Distribution

Strategy, which includes where or where to sell the product in order to reach the target consumer (target market).

The products produced by MSMEs in West Java are directed to meet market demand in certain community groups according to the type of product produced. From the results of field observations, the marketing targets for these MSME products are the lower class, middle class and upper class community groups, namely 26.92% are upper class people; 38.08% of the middle class people; and 35.00% of the lower class community. The marketing target for MSME products in the processing sector in West Java is generally quite good, because it can reach foreign markets.

The promotion strategy carried out by MSMEs in marketing their products is 27.3% using advertising, 10.91% using pamphlets, 5.45% by partnering to participate in national and international scale exhibitions; and 80.91% by other means such as personal selling, carried out orally in a conversation with one or more prospective buyers and giving samples (product samples). From the data above, it appears that in how to promote their products, MSMEs do not experience significant obstacles.

In determining the selling price strategy, in general (45%) MSMEs in West Java consider the cost of selling products (BPP); 36% consider BPP and competitor prices; and 19% consider BPP, ask price and competitor price.

In an effort to increase the volume of product sales to consumers, some MSMEs have provided convenience for consumers to buy their products. Among these conveniences are by way of credit payments, giving discounts, providing transportation facilities (delivered to the place), and in other ways. The results of the study show that 71.30% of MSMEs in West Java have provided these facilities, and 28.70% have not provided such facilities. Furthermore, 22.43% of MSMEs as respondents provide credit payment facilities to consumers for purchasing their products, 39.25% by providing price discounts; 19.63% by providing transportation facilities, and 18.99% by other means.

The distribution channel strategy used by entrepreneurs in marketing their products is 35% using direct distribution channels, namely from producers to consumers and 65% using indirect distribution channels, namely using retailers as intermediaries. However, the obstacle in marketing MSME products is the lack of good marketing channels. Based on the results of field observations of all MSMEs in West Java, 56.48% are well available, 16.67% are available but not good, and 26.85% are not available at all. From these data, it appears that in supporting the development of MSMEs in West Java, it is still necessary to improve and revamp the marketing channels for their products.

The perception of MSME entrepreneurs on constraints in marketing, based on the results of the study, showed that 31.48% said they did not exist, and 68.52% said they did. The obstacles that arise in the marketing of MSME products are generally quite complex, and the most prominent of them are the existence of unfair competition, the quality of the product is still low so that it does not attract the interest of consumers. In addition, the high selling price is still an obstacle that is generally found in MSMEs. This is as a result of the inefficiency of the production process, resulting in a high cost economy. From some of the main marketing constraints, it was obtained data that MSMEs facing market competition constraints reached 62.86%, while low quality constraints reached 23.86%, and high selling prices reached 13.28%. Efforts to overcome this obstacle are to take advantage of market

opportunities that are still broad and coupled with coaching efforts to improve the quality of their products.

This article discusses the effect of macro marketing environment information factors on MSME Marketing Strategies In Pandemic Times. This theme relates to variables: MSME Marketing Strategy, Economic Information, Information technology, Socio-Cultural Information, Government Policy Information, Business Regulatory Information and Population Information. This article has been studied by many previous researchers, including: (Desfiandi et al., 2019), (Yacob et al., 2020), (Sutiksno et al., 2017), (Prayetno & Ali, 2020), (Ali et al., 2016), (Widodo et al., 2017), (Richardo et al., 2020), (Widayati et al., 2020),

## **CONCLUSIONS AND SUGGESTIONS**

### **Conclusion**

1. The marketing strategy of MSMEs in the manufacturing sector is influenced by information on the macro marketing environment in the form of socio-cultural, business regulations, and population. When compared with socio-cultural and demographic influences, business regulations are the variables that have a greater influence on determining the marketing strategy of MSMEs. These factors have been considered by MSME entrepreneurs as a source of marketing opportunities to support their business growth.
2. Information on business regulations, especially those related to government policies or regional regulations (perda) compared to socio-cultural and population information, is easily obtained by MSME entrepreneurs through mass media, both electronic and print which can be accessed every day so that MSME entrepreneurs can use it to determine marketing strategy, especially in determining the price strategy.
3. In general, the obstacles faced by MSMEs in marketing are the existence of unfair competition even though information on business regulations is relatively more accessible than socio-cultural and demographic. The products produced by MSME entrepreneurs are less attractive to consumers because the product strategy is not well planned due to the lack of information about the socio-cultural community and population, so that the products produced are not in accordance with the wishes of the segment and target market.

### **Suggestion**

1. The determination of the marketing strategy of MSMEs in the manufacturing sector should pay attention to information on the macro marketing environment, especially socio-cultural, government policies, business and population regulations so that the products offered are in accordance with the needs of the community/consumers. In an effort to develop MSMEs, large-scale companies need attention to help with capital and management in the production process.
2. Guidance efforts from various government agencies and other related agencies need to be improved, especially guidance towards providing market information, especially information on the development of the number of workers and the socio-culture of a society through information books or bulletins published by relevant agencies which are then distributed to MSME entrepreneurs which can be utilized in determine marketing strategy.

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