The Role of Digitalization in MSME Marketing

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MSMEs or Micro, Small and Medium Enterprises are business units that make a major contribution to the Indonesian economy. MSMEs themselves according to Law Number 20 of 2008 are divided into criteria, namely micro, small, and medium. The empowerment of MSMEs in Indonesia itself is indeed very much proclaimed by the Indonesian government, this can be seen through MPR TAP NO. XVI/MPR-RI/1998 concerning Economic Politics in the context of Economic Democracy, Micro, Small and Medium Enterprises need to be empowered as an integral part of the people's economy. which has a position, role, and strategic potential to realize a more balanced, developing, and just national economic structure (Suci, 2017).

The importance of the role of MSMEs must be harmonized with the role of the government in it. This is because there are still many MSME actors in Indonesia who experience several obstacles to develop, especially competing in the international market. Barriers that are often encountered, namely the lack of raw materials which are still widely imported, marketing of goods, capital, availability of energy, infrastructure and information are also frequent problems. Several programs have been launched by the government to support the development of MSMEs through the People's Business Credit (KUR), Food and Energy Security Credit (KKPE), Agricultural Agribusiness Program (PUAP), Cattle Breeding Business Credit (KUPS), and the National Program for Independent Community Empowerment. (PNPM) (Sudaryanto, Ragimun, & Wijayanti, 2013).

In the face of increasingly open and competitive market competition, it is necessary to change the MSME strategy in accordance with advances in information technology. One of them is by utilizing the digitization of MSMEs. Especially with the pandemic *Covid-19* in Indonesia, it is very important for MSME actors to use digital. As reported by the results of a survey by the Central

Bureau of Statistics of the Republic of Indonesia which explained that in September 2020 there was a decline in the income of micro and small businesses by 84% and medium and large businesses by 82% and a survey from ADB which stated that 6.1% of MSMEs in Indonesia experienced a large-scale decline in income and employment. The depression affected the accommodation, food and beverage, transportation, manufacturing & construction sectors as well as the trade sector. Utilization of digitalization in the current pandemic, apart from being a solution to support the resilience of MSMEs, digitization is also a form of recovery, so that owners can survive in the midst of the pandemic *Covid-19* which cannot be separated from the various benefits of using information technology (Tayibnapis, Wuryaningsih, & Gora, 2021).

So far, the number of MSME actors who have entered digital marketing is still relatively small. This means that solutions and innovations are urgently needed for the digitization of MSMEs. However, the process of digitizing MSMEs cannot happen immediately and it is best to join an electronic commerce provider, such as Shopee, Tokopedia and Bukalapak. Even so, the use of digital marketing during the pandemic did show an increasingly rapid increase compared to before. This is due to restrictions on interacting outside the home that make MSME actors choose digital marketing to maintain their business. A number of start-up and e-commerce players, such as Bukalapak, Tokopedia, Kudo, Warung Pintar and Kiosan have contributed to supporting MSMEs in the economic recovery program through digitalization (Tayibnapis, Wuryaningsih, & Gora, 2021).

Digital technology has a big role in MSME business and marketing today. The use of digital technology in the digital marketing concept is a combination of online and strategies *offline*, where marketing with media *online* must also be supported by offline content that has a *human-to-human touch* so that it becomes relevant to be able to create engagement with consumers. Digital technology can facilitate MSME business development in Indonesia. With optimal use of digital technology, MSMEs can build businesses and achieve big profits with small

capital. Digital technology can also help MSMEs expand their business reach, from what was previously only around the environment where the MSMEs stand to become even wider (Krisnawati, 2018).

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