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Medium, Small and Medium Enterprises and Digital Platforms

Introduction

Indonesian economy experienced deflation of 0.1% in July 2020 claimed Central Bureau of Statistics of the Republic of Indonesia. The food, beverage, and tobacco group experienced deflation of 0.79% and contributed to deflation of 0.19%. Foodstuffs that contributed to deflation included shallots, broiled chicken, rice, garlic, cayenne pepper and sugar. This deflation in food and beverages indicates a decline in demand for food.

The down was in demand for food was correlated with a decrease in the exchange rate of agricultural food crops by 0.25%, or to be 110.17. Likewise, there was a decrease in the exchange rate of horticultural agricultural products by 0.74%, or to be 99.77; including deflation in the Household Consumption Index of 0.13%. In terms of the contribution of public expenditure, it appears that the 20% group (upper class) reaches 45.49% of the total national consumption, the 40% group (middle class) contributes 36.78%, and the 40% group (lower class) only contributes 17%

Here, people whose income is not disturbed tend to choose to save rather than spend their money, considering that no one knows when the Covid-19 pandemic will end and when the situation will return to normal. The tendency to save in the middle to upper class is increasing, as seen in the growth in the amount of money in circulation and deposits above IDR 1 billion. The same can be seen in the number of visits to shopping centers with a range of only 30-40%.

It is problematic coming from Covid-19 pandemic, which further decreased people's income and their purchasing power. People's savings are increasingly drowning for consumption needs, especially for those who experienced forced termination of employment or were laid off, resulting in an increasingly depleted source of household funds. Deflation in July and August 2020 was triggered more by falling prices for a number of food, beverage and transportation groups, indicating the large demand in the midst of the Covid-19 pandemic. Trends in other countries show that there is a slowdown in inflation and deflation that is hitting supply and demand.

Their ability in purchasing is mainly triggered by the weakening of the purchasing power of the lower class and the tendency of the upper middle segment to withhold spending resulting in further pressure on the income of small and medium enterprises. People tend to only spend on basic necessities, while unplanned purchases are getting lower. In fact, under normal conditions, unplanned purchases tend to be greater than planned purchases. The results of a survey conducted by the Central Bureau of Statistics of the Republic of Indonesia (September 2020) explained that there was a decrease in the income of micro and small businesses by 84% and 82% in medium and large businesses. The sharpest declines were in the accommodation, food and beverage, other services, transportation and warehousing services, construction, manufacturing, and trade sectors.

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era and also changes in incumbent businesses with new business platforms. This research aims to determine the competitive climate change in the digital era in carrying out company transformation programs and also the problem of technology disruption in new business platforms for the development of educational revitalization.

Research Discussion

Empowerment and comprehensive support for small businesses must be one of the government's priorities when carrying out transformation by restructuring the national economy in an effort to boost economic growth, prevent the recession and crisis of the Covid-19 pandemic, and significantly reduce unemployment and poverty. The number of micro and informal businesses is so massive that the empowerment of ultra-micro businesses such as hawkers and street vendors seems to significantly boost the national economy. Ultramicro enterprises are the lowest strata in micro and small businesses which are carried out by only one or two people with a capital of IDR 1 million - IDR 2 million, and are classified as low-income or poor people. This group includes hawkers, street vendors, small stalls, traders in markets, and stalls with a daily income. In general, they have never had any contact with financial institutions and banks. In this regard, the government has prepared a budget of IDR 28 trillion to help business capital to 12 million small and ultra-micro entrepreneurs by 2020.

Principals must send their products to distributors, and then the distributors send the products to the stores or retailers. In the future, it is necessary to establish a customer journey through an omni channel, integration between offline and online, where consumers can buy online and take their goods offline, as it is now taking place in developed countries, such as Alibaba. With the integrated pattern, there will be many things that can be developed. In the future, stalls and MSMEs will become part of the ecommerce ecosystem and the mainstay of sales for fast moving consumer goods (FMCG) producers.

The business actors who have entered the digital ecosystem is still relatively small. This means that solutions and innovation are urgently needed for digitizing MSMEs. However, the process of digitizing MSMEs cannot take place immediately and it is best to join electronic trade providers, such as Shopee, Tokopedia and Bukalapak. Efforts to digitize MSMEs need to be maintained in various ways, including consistent and routine mentoring by ecommerce companies. Digital technology-based financing for ultra-micro is indeed intended to accelerate penetration and inclusive finance, considering that ultra-micro business actors still have difficulty accessing bank financing due to various factors, such as not having a bank account, location that is difficult to reach, or very small business scale.

Conclusion

All components involved in the business environment (producers - consumers - suppliers - distributors - banking - insurance - local government - associations) are no longer possible to deal with it alone. Synergy between business actors is a determinant of success in doing business and shaping relationship marketing. Commitment and trust are two things that are central to the success of relationship marketing in order to develop marketing productivity and increase profitable shared value.

Digitalization and electrification of services can actually support economic recovery programs, such as the distribution of social assistance and financing for MSMEs. Electrification makes the distribution of social assistance more targeted and timely, in turn, it will have an impact on improving domestic consumption as the main support for national economic growth. This pattern has long been applied in Japan, China and South Korea. Several regions in Indonesia have domestic advantages, such as a wealth of unprocessed marine

products, agriculture, plantations, and others. Thus, MSMEs need to develop these unprocessed products into special products to fill the global market.

Reference

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