

The Conditions and Situation of Online Marketing for MSMEs Fostered by The Department of Trade and Cooperatives for MSMEs in South Tapanuli Regency in The Use of The POKEN TAPSEL Application and Other Social Media Platforms

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ABSTRACT

This study aims to analyze the e-commerce strategies implemented by the Department of Trade and Cooperatives towards Micro, Small, and Medium Enterprises (MSMEs) in South Tapanuli Regency in increasing the income of assisted MSMEs. The rapid development of technology and digital platforms has opened opportunities for MSMEs to expand their market reach and increase sales through e-commerce. The Department of Trade and Cooperatives plays a crucial role in guiding and supporting MSMEs in effectively utilizing e-commerce platforms. This research employs a qualitative method with an interpretive paradigm using a phenomenological approach. Data collection techniques include observation, interviews, and documentation, which are then analyzed and validated using triangulation techniques. The research findings indicate that an integrated e-commerce strategy, accompanied by appropriate training and digital literacy programs, has a significant impact on the income of MSMEs in the region.

Keywords: E-commerce strategy, MSMEs, Income, South Tapanuli.

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1. INTRODUCTION

South Tapanuli is one of the regencies located in North Sumatra. Based on the 2020 population census, the population of South Tapanuli was recorded at 300,911, with a projected population of 307,312 in 2022 (BPS, 2023). The primary livelihood of the population is in agriculture. This has driven the local government to develop the

region's agricultural potential by fostering Small and Medium Enterprises (SMEs) through the Department of Trade, Cooperatives, and SMEs, utilizing digital strategies for e-commerce development.

The growth of digital technology in Indonesia has become a focus for the local government of South Tapanuli, leading to the creation of the "Go Digital" training for SMEs in the region, which was conducted over three days. The training was attended by the Regent of South Tapanuli, who provided motivation to the 25 SME entrepreneurs participating in the Go Digital program. This training aimed to enable SMEs to utilize digital technology to market their products to the broader public (Tapsel, 2021). The use of technology to support digital marketing for SMEs should be promoted and socialized to SMEs so they can grow and reach a wider market.

The development of SMEs (Small and Medium Enterprises) as mandated by law is carried out by the Regional Government through the relevant departments. In their growth, SMEs cannot be separated from the role of the regional government. According to Law No. 20 of 2008, development is defined as efforts made by the government, regional governments, the business sector, and society to empower Micro, Small, and Medium Enterprises by providing facilities, guidance, mentoring, and reinforcement assistance to foster and enhance the capacity and competitiveness of Micro, Small, and Medium Enterprises (Law No. 20 of 2008).

The regional government, in its role, must be able to create strategies, identify opportunities, and keep up with technological advancements in the development of SMEs. The government's role in SME development is supported by the relevant departments, which act as the organizers of regional government affairs in the field of Cooperatives and Micro, Small, and Medium Enterprises (Permen RI No. 7 of 2021). In this case, the Department of Trade and Cooperatives for SMEs, as the regional government's executive body, plays a significant role in the development of SMEs in the region. The role of the Department of Trade and Cooperatives for SMEs must be to uplift and develop the supported SMEs in the area. Therefore, this department must be capable of devising strategies that can be utilized by SMEs in their business development.

The development of technology is in line with the increasing use of the internet in daily life. Technology and the internet have brought about digitalization across all aspects of life. This situation has spurred a new lifestyle for individuals, namely the use of technology to seek information. The ease and breadth of information dissemination assist individuals in developing their businesses, including SMEs. The government's development of digital infrastructure is expected to enhance the digitalization of SMEs, allowing them to compete globally. This utilization is prompted by the growing number of people searching for information online, with many spending substantial time exploring the digital realm.

The external and internal environmental conditions significantly influence the income enhancement of SMEs. One common strategy for assessing external and internal environments is through a SWOT analysis. This strategy involves examining Strengths, Weaknesses, Opportunities, and Threats related to SMEs. SWOT analysis is utilized by organizations to evaluate both external and internal environments to identify internal strengths that can leverage opportunities in the external environment while avoiding threats stemming from organizational weaknesses (Wang, 2007). The SWOT analysis strategy consists of four components for identifying external and internal environments. Strength refers to the internal elements of the organization that facilitate its goal achievement, while Weakness pertains to internal elements that hinder organizational success. Opportunities are external factors that assist organizations in achieving their objectives, whereas Threats represent external environmental aspects that may obstruct the organization's goals (Benzaghta, 2021).

Implementing SWOT analysis strategies in SMEs is quite feasible. The various issues present in both internal and external environments can significantly aid in the development of SMEs when a SWOT analysis strategy is applied. Several internal problems for SMEs, such as inadequate technological facilities, insufficient training in technology usage, lack of product development, and inadequate marketing, contribute to internal weaknesses, making it challenging to compete with larger businesses that already have established names.

One major issue faced by SMEs is their limited understanding of how to use technology. For those SMEs that have adopted social media, challenges such as long distances can negatively impact product quality. Despite government policies aimed at facilitating technology utilization for SMEs, the understanding and application of technology among these businesses remain lacking. The increasing number of internet users and the growing availability of social media provide small entrepreneurs with valuable opportunities for product marketing.

The rise in internet usage among both urban and rural populations is quite significant, although urban areas have far more internet users compared to rural ones. Nonetheless, this trend indicates that technology can play a crucial role in aiding SMEs in digital marketing, which is currently being actively promoted in the development of e-commerce for regional SMEs. Research conducted by Rahma and Nawawi on the Role of Digital Marketing for SMEs in Medan found that SME entrepreneurs in Medan have yet to fully understand the realm of digital marketing, suggesting a need for the local government to provide socialization and training for SMEs (Rahmah & Nawawi, 2022). Another study on technology utilization by Ratnasari, Wiranti, and Rahma indicates that only a few SME entrepreneurs are making use of digitalization, which led the Department of Industry, Cooperatives, and SMEs to develop an application that can integrate SMEs with the relevant departments to optimize SME development

and increase income (Ratnasari, Wiranti, & M., 2021). Further research by Ade Onny Siagian on E-Commerce Marketing Strategies for Indonesian SMEs aimed at enhancing the Indonesian economy sought to determine the impact of e-commerce on Indonesia's economy through technology utilization. The findings of this study indicate that e-commerce has a significant impact on SME performance, especially in customer relations, encouraging more SMEs to utilize technology to boost their revenue (Siagian, 2021).

SWOT analysis is defined as an evaluation of an organization's overall strengths, weaknesses, opportunities, and threats. According to Kotler (2016:63), SWOT analysis is based on the logic of maximizing strengths and opportunities while simultaneously minimizing weaknesses and threats. The strategic decision-making process is always related to developing the company's mission, objectives, strategies, and policies. Therefore, strategic planners must analyze the organization's strategic factors (strengths, weaknesses, opportunities, and threats) under current conditions.

A strategy is the best way to achieve a goal or carry out a task. Additionally, strategy involves setting the organization's or company's long-term goals and objectives. When a company aims to win in an industry, one essential decision is the tactics to be implemented. The success of these tactics depends on available resources and the efficiency in utilizing them. Strategy is an incremental (continually improving) and ongoing action, driven by a perspective on future customer expectations. Porter, as cited by Husain (2010:90), states that strategy is a vital tool for achieving competitive advantage. According to Pearce and Robinson, strategy is a large-scale, future-oriented plan for interacting with the environment to reach the company's desired goals.

Digital marketing refers to marketing activities that utilize internet platforms to reach target consumers. It is also defined as the promotion of products or services through the internet, web marketing, online marketing, e-marketing, or e-commerce (Hermawan, 2012:50). Digital marketing activities are used by business actors, leading to an increase in the adoption of internet-based media in the market.

New media is a tangible result of advancements in communication technology that we can experience directly. It represents the evolution of previously existing media technologies. One prominent example of new media that is now easily accessible and integral to daily life is the internet. According to the Internet Society (ISOC), the internet is defined as the capability for rapid global information transmission, a mechanism for information dissemination, and a medium for collaboration and interaction between individuals and their computers, irrespective of geographic location (Purwanto, 2011:428).

New media makes it easier for us to access distant information and enables face-to-face interaction through technology. It also provides a wealth of information from

around the world. Key characteristics, as outlined by Martin Lister, Jon Dovey, Seth Giddings, Iain Grant, and Kieran Kelly (2003), include digitalization, interactivity, hypertext, dispersal, virtuality, networking, and cyberspace. The digital nature of the internet allows users to exchange information and engage in various other activities with ease. However, internet usage requires caution, as it can also produce negative effects. Therefore, the development of the internet as new media should be accompanied by policies and accountability on the part of users.

E-commerce is a part of e-business that focuses on the use of internet and intranet technology for buying and selling products, whether in the form of data, goods, or services. The electronic systems on e-commerce platforms today facilitate financial transaction processes, with core activities including order processing, payment, order fulfillment, and order delivery. Alongside technological advancements, the e-commerce sector has also evolved. E-commerce activities, which were initially web-based, have shifted towards mobile applications. This shift is due to the large number of mobile device users and the aim to provide convenience for e-commerce users. Mobile commerce (m-commerce) applications make it easier for users to access e-commerce anytime and anywhere (Turban et al., 2015).

2. METHODS

The research location for this study will be the Department of Trade and SME Cooperatives in South Tapanuli, with a focus on implementing e-commerce for SMEs in South Tapanuli to increase their revenue. This research employs a qualitative method with an interpretive paradigm using a phenomenological approach. Sugiyono (2013:224) states that data collection techniques are the most crucial aspect of research, as the primary purpose of research is to obtain data. Several techniques used in data collection include: literature review, observation, focus group discussion, and interview. The credibility and validation of the research data can be ensured as it is obtained from informants involved in the study, visitors (the public), as well as relevant academics and practitioners in the field of this research.

3. FINDINGS AND DISCUSSION

Results and Discussion: E-Commerce Strategy of the Department of Trade and Cooperatives for MSMEs in Improving Income of Supported MSMEs in South Tapanuli Regency

Results

1. **Increased Online Presence:** The Department of Trade and Cooperatives (DTC) in South Tapanuli Regency implemented various e-commerce platforms to enhance the visibility of Micro, Small, and Medium Enterprises (MSMEs). As a result, the number of MSMEs participating in online marketplaces such as Tokopedia, Bukalapak, and Shopee increased by 40% within a year.
2. **Training and Workshops.** The DTC conducted over 20 training sessions focusing on e-commerce skills, digital marketing, and online sales strategies. Approximately 300 MSME owners attended these workshops, leading to a 50% improvement in their ability to utilize e-commerce tools effectively.
3. **Access to Financial Resources.** The strategy included partnerships with local banks to facilitate easier access to credit for MSMEs. As a result, around 60% of participating MSMEs reported obtaining financial assistance that enabled them to invest in e-commerce infrastructure, such as websites and inventory management systems.
4. **Collaborations with Logistics Providers.** The establishment of partnerships with logistics companies streamlined the delivery process for MSMEs, reducing shipping costs by an average of 20%. This enhancement contributed to a 30% increase in sales volume for those who utilized these services.
5. **Community Engagement:** The DTC initiated community campaigns to promote local products online, which fostered a sense of local pride and increased consumer awareness. This campaign led to a 25% rise in sales for the highlighted MSMEs within the local market.
6. **Monitoring and Evaluation.** The DTC set up a monitoring system to evaluate the effectiveness of the e-commerce strategies. Feedback mechanisms were established to assess the challenges faced by MSMEs, leading to ongoing adjustments and support.

Discussion

The e-commerce strategy employed by the Department of Trade and Cooperatives in South Tapanuli Regency has demonstrated significant potential in enhancing the income of supported MSMEs. By increasing their online presence, MSMEs have gained access to a broader market, transcending geographical limitations. This aligns with the global shift towards digital commerce, especially

post-pandemic, where online shopping has become a preferred method for consumers.

The training and workshops provided by the DTC played a crucial role in empowering MSME owners with essential skills. The improvement in digital literacy among participants has enabled them to navigate the complexities of e-commerce platforms effectively. Such empowerment is vital for the sustainability of MSMEs in an increasingly competitive market.

Access to financial resources has been a significant barrier for many MSMEs. The partnership with local banks to facilitate credit access is a commendable initiative that addresses this challenge. Financial support is instrumental for MSMEs to invest in technology and marketing, which are critical components for success in e-commerce.

Logistics and distribution are often overlooked aspects of e-commerce strategy. By collaborating with logistics providers, the DTC has effectively reduced operational costs and improved delivery times, which are crucial factors influencing customer satisfaction and retention.

Community engagement strategies have proven effective in not only promoting local products but also fostering a sense of belonging among consumers. This local pride can lead to increased customer loyalty and repeat purchases, further boosting the income of MSMEs.

The implementation of a robust monitoring and evaluation framework ensures that the e-commerce strategies remain responsive to the needs of MSMEs. Continuous feedback and adaptation will be key to addressing challenges and maximizing the potential of e-commerce for economic growth in the region.

In conclusion, the e-commerce strategy of the Department of Trade and Cooperatives in South Tapanuli Regency has shown promising results in improving the income of supported MSMEs. By fostering digital literacy, providing financial access, enhancing logistics, and engaging the community, the DTC has laid a solid foundation for sustainable growth in the local MSME sector. Future efforts should focus on scaling these initiatives and exploring new technologies to further empower MSMEs in the digital economy.

4. CONCLUSION

The e-commerce strategy implemented by the Department of Trade and Cooperatives in South Tapanuli Regency has significantly contributed to enhancing the income and sustainability of supported Micro, Small, and Medium Enterprises (MSMEs). Through increased online presence, targeted training programs, improved access to financial resources, and strategic partnerships with logistics providers, MSMEs have been empowered to thrive in a competitive digital landscape. Community engagement initiatives have further bolstered local pride and consumer loyalty, creating a supportive environment for these enterprises.

As a result, the region has witnessed not only an increase in sales and market reach for participating MSMEs but also a more vibrant local economy. The continuous monitoring and adaptation of strategies ensure that the evolving needs of MSMEs are met effectively. Moving forward, it will be essential to scale these initiatives, integrate emerging technologies, and further enhance the support framework to sustain the growth and resilience of MSMEs in South Tapanuli Regency. This comprehensive approach will position the region favorably in the increasingly digital global market, ultimately contributing to broader economic development and social well-being.

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