



# Utilization of E-Commerce and Digital Marketing to Increase Value-added Products for MSMEs and Home Businesses in Kerinjing Village

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**Abstract:** This community service aims to help business actors, both MSMEs and home-based businesses in Kerinjing Village, in the use of E-Commerce and Digital Marketing in order to increase the added value of a product. In the face of increasingly difficult business competition, especially in this COVID-19 pandemic situation, business players need a creative and innovative idea in marketing their products, so that their business can survive. Therefore, this service activity is carried out to provide assistance and training to business players in Kerinjing Village in utilizing E-Commerce and Digital Marketing. Service activities are carried out starting from the introduction and providing an understanding of E-Commerce and Digital Marketing, followed by training on the use of E-Commerce where results of the activities will be monitored and evaluated further. This Community Service activity was attended by 35 participants, consisting of business players and MSMEs in Kerinjing Village.

**Keywords:** MSMEs, E-commerce, Digital Marketing

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## 1. INTRODUCTION

The development of micro, small and medium enterprises (MSMEs) is one way that can be done to reduce poverty. The development of MSMEs makes a major contribution to employment, which is 99.45% and 30% of GDP (Suci, 2017). Efforts to increase MSMEs are also actively carried out by the Service Activity Team from the Faculty of Economics, Sriwijaya University by making the community of business actors and MSMEs in the village a place for implementing PKM activities.

Kerinjing Village is a village located in Tanjung Raja District, Ogan Ilir Regency, South Sumatra. Kerinjing Village actually has a lot of potential that can be used by the community to increase income. Judging from the location, many residents sell kemplang and jeruk kunci on the roadside around their homes. This buying and selling activity is still carried out in the traditional way, because business actors are not familiar with digital marketing. The obstacle currently faced by the community in running a business is marketing. The reason for this is because access to locations is quite difficult to reach, product information is not yet widely spread, and marketing techniques are still minimal. Whereas the product promotion system is an important effort in attracting consumer interest (Poetra & Christantyawati, 2017).

In running their business, MSMEs players in Kerinjing Village tend to still use the conventional

way by selling at shops or stalls in the village and along the edge of the main road. Products are still sold by displaying their products and have not used online methods through social media. Thus, the income generated is limited by relying on direct purchases from villagers or buyers who pass through the village. This service activity is motivated by our desire to help MSMEs in Kerinjing Village promote their products through social media. It is hoped that the products sold are not only sold directly in stores but can also be done online through social media.

Social media has a very important role as a place to sell products, namely increasing online sales (Manik, 2020). Marketing communication through social media aims to foster consumer buying interest (Indika & Jovita, 2017). However, the lack of knowledge and assistance for the community causes the minimal use of existing technology. The people of Kerinjing Village do not understand the uses and benefits of social media and digital marketing as an effort to increase the marketing of the products they sell. In addition, they also do not understand the stages of creating social media accounts starting from creating email, Facebook, and Instagram, and other online marketing platforms.

One of the advantages of social media is that it has a lot of potential for the progress of a business. Social media can be used to communicate in business, help market products and services, communicate with customers and suppliers, complement brands, reduce costs and for online sales. After 2015, with the presence of Whatsapp social media, the use of this media as a social networking tool can improve family relations and educational media. Social media can also have seven potential functions in business, namely identifying customers, conducting reciprocal communication, sharing information to be able to find out objects that customers like, encouraging customer presence, customer relationships based on location and interaction patterns, company reputation in the eyes of customers, and forming groups between customers.

## **2. LITERATURE REVIEW**

### *2.1 Small and Medium Enterprise (MSME) in Indonesia*

As the coronavirus spreads across the globe, businesses across Indonesia face a huge challenge. Companies feeling the impact of the Covid-19 pandemic are finding it difficult to adapt, and many are struggling to protect employees from losing their jobs. Unprecedented financial measures have also been announced to ensure that businesses and people continue to function.

The micro, small and medium enterprise (MSME) industry in Indonesia is one of those affected by the Coronavirus pandemic. Based on data from the Ministry of Cooperatives and SMEs, MSME actors have complained about various things due to the outbreak of the corona virus. These complaints mainly concern matters relating to declining sales, difficulties in obtaining raw materials, difficulties with capital, until production is hampered (Reswari 2020). If the spread of the corona virus and its impact is not handled quickly, it is feared that the MSME sector will suffer. In fact, based on data from DEPKOP (2020), the MSME sector has so far been able to absorb up to 97 percent of workers or 116.98 million people. The number of MSMEs in 2018 was recorded at 64.19 million units (99.99 percent). Facing the various complaints from MSME actors, the government took appropriate action by relocating the budget and refocusing policies in order to provide economic incentives for MSME actors and the informal sector. In this regard, the government said that micro and small business customers would be given a delay of up to one year in installments as well as a reduction in interest (Kurniati, 2020).

Many shopping centers, restaurants and other industries having to close due to large-scale social restrictions to break the spreading chain of the Covid-19 virus, many industry players, both the MSME industry, have switched to selling through digital e-commerce. Electronic commerce (e-commerce) is related to the internet in terms to buy, sell, transport or exchange information, products or services. There are many advantages of e-commerce, including operational benefits such as global reach, cost reduction, supply chain optimization, and opening up business opportunities (Turban, 2015).

The rise of online selling platforms like e-commerce from year to year makes offline business players try to rack their brains so that their products can still be sold. Moreover, technology that is

developing more rapidly makes these business actors inevitably become more open and adapt to the online realm. The presence of e-commerce is now considered as an aid for Micro, Small and Medium Enterprises (MSMEs) in Indonesia. With the help of various innovative programs, MSMEs players can market their products more broadly, even to international markets effectively and with maximum performance. So it is not exaggerating if e-commerce is said to be one of the factors for the rise of Indonesian MSMEs, as well as the growth of the digital economy in Indonesia.

Companies are encouraging their employees to work from home and people are refusing to go to public places and crowds. But people need to meet their daily needs, and this is where Covid-19 impacts e-commerce. E-commerce has many benefits for MSMEs by expanding the company's opportunities in the market, increasing sales, improving communication, improving company image, speeding up processes, and increasing employee productivity (Rahayu, 2017). Sales of food and beverage products increased by 260%, including an increase in online transactions for other products (Kominfo, 2020). Almost all people's needs are met by shopping using digital e-commerce or online. Until now, e-commerce transactions are still dominating in Indonesia.

There are several benefits for MSMEs in Indonesia from the presence of e-commerce, namely making it easier for them to communicate with potential customers. Clear communication and information from the seller will open up bigger market opportunities with a wider reach. This Community Service activity is carried out with the aim of helping MSMEs and also homeworkers to be able to maintain their business in the midst of the Covid-19 pandemic by developing MSMEs using broader marketing strategies through digital e-commerce media, namely using online platforms, social media, market places, Google Business, and others. The large users' number of search engines such as Google, e-commerce sites and social media like this can be used as a good marketing opportunity to market the desired product (Harto & Komalasari, 2020).

## 2.2. E-Commerce

E-Commerce is a type of electronic business mechanism that focuses on individual-based business transactions using the internet (digital network-based technology) as a medium for exchanging goods or services between two institutions (business to business) and direct consumers (business to consumer). There are several opinions regarding the definition of Electronic Commerce or E-Commerce. E-commerce is defined as the process of buying and selling products or electronic data network services via the internet and the world wide web (Grandon and Pearson, 2004). According to McKay and Marshall in Ramanathan et al. (2012), e-commerce is the use of computer networks (including the internet) to conduct business such as buying, selling, exchanging products, services and information.

Nowadays, buying and selling activities do not have to transact and choose goods directly with cash payment methods only. The use of e-commerce as a place for buying and selling online will encourage changes in business activities from the old economic era to the new economic era. The following is a comparison table of business activities between the old and new economic eras. The entry of MSMEs into e-commerce can increase Indonesia's economic growth because it is one of the ways that MSMEs actors can market their products in addition to expand market access. In 2011, the contribution of MSMEs to the Indonesian economy was around 58.05% of GDP, which was Rp. 4,311 trillion. In 2012 the contribution of MSMEs reached Rp. 4.868 trillion. Meanwhile, from Deloitte and Google survey data in 2015, only about 9% of the 56.5 million Indonesian MSMEs already sell online or have an online store. Micro, Small and Medium Enterprises (MSMEs) are required to be part of the global community by utilizing information technology through e-Commerce, if they do not follow the development of information technology, they will be left far behind and lose in the competition (Bashir et al., 2020).

MSMEs players must carry out various innovations in creating quality products that can be marketed through e-commerce. Automatically, if a product is of high quality, it will encourage consumer buying interest through e-commerce so that electronic payments from time to time will become a habit and can create a cash-less society, which was previously a cash payment system

that has efficiency constraints, because the procurement and management costs are classified as expensive, have the risk of being easily lost, stolen or counterfeited.

Electronic Commerce (E-Commerce), better known as Online Shopping, is the implementation of commerce in sales, purchases, orders, payments, and promotions of a product of goods and/or services carried out by utilizing computers and digital electronic communication facilities or data telecommunications. In addition, this form of commerce can also be done globally by using the internet network.

As for marketers, online services have the following benefits:

- Quick adjustment to market conditions.
- Companies can quickly add products to their offerings as well as price change.
- Lower cost.
- Prevent store management costs, rental costs, insurance, and infrastructure.
- Creating digital catalogs at a lower cost.
- Improved relationships, as online marketers can talk to customers and learn a lot from them.
- A great measure of market interest, as marketers know how many people are visiting their online sites where this information can help marketers improve their offers and advertising.

### *2.3. Digital Marketing*

Digital marketing is one of the most widely applied strategies by various companies in carrying out promotions in the era of the Industrial Revolution 4.0. Coupled with qualified supporting features will make digital marketing more effective. Then, why is digital marketing essential for the success of your business? Here is the review. Why digital marketing is essential, the main reason is to facilitate communication with consumers. Consumers will feel appreciated when served well and quickly by the company. Likewise, if the company releases a new product, it can do promotions directly to consumers.

The main purpose of marketing is to expand market share and ultimately target new potential customers. If these consumers are interested in the products offered, it will sell well and increase revenue for the company. The old or conventional marketing strategy can reach a particular market share only. It would be even better if you use digital marketing through the company website, social media, and email marketing.

The benefits of online marketing include: cheap and efficient, not limited by time, reaching a wider market, improving the company's image in the eyes of consumers, providing more value to face existing business competition, reducing marketing costs, more targeted and relatively lower costs than offline marketing costs, making it easier for business actors to establish relationships with consumers through the suggestion box or comment space, and increasing consumer loyalty.

### *2.4. Utilization of E-Commerce and Digital Marketing*

In many cases, an e-commerce company can survive not only by relying on the strength of the product, but with a reliable management team, on-time delivery, good service, good business organizational structure, network infrastructure and security, website design good, as well several factors including Provide competitive price, responsive, fast, and friendly purchasing services, complete and clear information on goods and services, many bonuses such as coupons, special offers and discounts, Give special attention, such as proposed purchase, Provide a sense of community for discussion, customer feedback, etc and Facilitate trading activities.

By implementing e-commerce information technology, manufacturers can choose to develop their target market to the global market or only focus on certain market segments. For small and medium-sized businesses, e-commerce can offer something affordable and with quality and have the confidence to face competitors. Cost is not then the main obstacle, but the most important thing is how small and medium businesses can show the products or services offered through their website and can be done through online sales.

By using e-commerce, manufacturers can change the price list or customize the products or services offered and be informed quickly through the website. Something that would normally

take a long time to implement or integrate, but will be going faster with e-commerce. Doing innovative business models or reengineering, carrying out specialization with a high degree or increasing productivity and customer attention, is not something that is impossible with e-commerce.

E-commerce is also beneficial in building a comprehensive customer database. Manufacturers can have information about customer order patterns and manage it as valuable information. The database will help producers when conducting marketing and promotional strategies so that they can be right on target. In the context of relationships with business partners, e-commerce helps in reducing inefficiencies that may occur in the supply chain, reduces the need to create inventory and avoids delivery delays. So that producers have confidence about the business they are running in cooperating with suppliers and service companies.

E-commerce will inherently simplify and automate supporting business processes, combining speed and efficiency in business activities. In relation to customers, e-commerce helps in facilitating convenient buying activities. E-commerce can save customers time compared to if the customer makes an offline purchase. Often customers pay less for the price of a particular product than if the customer bought it offline. Although it has several advantages, the use of e-commerce also faces obstacles. Conducting transactions online means that customers will be forced to provide a number of personal information required by the seller.

E-commerce demands competence, commitment, creativity, and flexibility of employees in adapting to any changes in the environment that are lean, characterized by empowerment and decentralization of authority, consisting of knowledge-based workers, able to adapt quickly to new technologies and changes in the environment (learning organization), able and willing to experiment with new products, services and processes, and able to manage change strategically. Meanwhile, in terms of organizational redefinition, e-commerce has created a new business model based on online services in the market space.

### **3. METHODS**

The target audience for this dedication is the people of Kerinjing Village, especially SMEs and home-based businesses in Kerinjing Village. The method of implementing the service will be carried out using the lecture, tutorial and discussion methods. The systematic implementation of this service activity, firstly Lecture Method. Participants are given the material on understanding related to e-commerce and digital marketing, functions and forms of social media as well on how to obtain (install) and use social media optimally in marketing products. Step 2, Mentoring MSMEs participants are asked to install and fill in the product features that they will market through e-commerce and digital marketing. Step 3, Discussion. The training participants were given the opportunity to discuss the problems they faced with regard to the social media they had created and in maximizing the use of e-commerce and digital marketing in marketing their products. And Lastly Evaluation. Socialization and assistance on the use of e-commerce and digital marketing for MSMEs in Kerinjing Village are carried out by monitoring social media applications that have been assisted to be used by MSMEs players. Evaluation can be carried out periodically per month for six months to see the development of MSMEs turnover obtained from social media applications. The utilization of e-commerce and digital marketing in the MSMEs business sales in Kerinjing Village can be said to be successful when MSMEs players consistently and continuously update the application features that can expand the market for the products sold.

### **4. RESULTS AND DISCUSSION**

The entire process of this service activity is carried out from September to November 2021. Starting from the process of submitting proposals to the completion of the final report of service activities. Service activities start from coordination between service members consisting of 3 (two) lecturers and 8 (six) students through WhatsApp chat groups. Socialization and assistance activities regarding the use of e-commerce and social media are carried out in order to assist business players and MSMEs in Kerinjing Village in order to increase the added value of the products

produced. After both parties have agreed on the time for the implementation of service activities, the next agenda is to carry out through socialization and direct assistance for business players and MSMEs in Kerinjing Village.

The enthusiasm of the participants for organizing this event was very good. It is unfortunate that this activity was carried out still in the atmosphere of the Covid-19 pandemic, therefore the number of participants was limited to comply with the health protocol rules. Participants who took part in this service activity were 35 people, consisting of business players, MSMEs and residents of Kerinjing Village. Service activities began with an initial visit from the service members to the Village Head of Kerinjing Village, namely Mr. Faisal Kimi, AM.d. Then, on the following day, Thursday, October 07, 2021, the service activities are carried out face-to-face with the participants.



**Figure 1.** Opening Speech by the Head of Service Activities

The Socialization and Assistance in the Utilization of Social Media and E-commerce began with an opening by the Head of Service Activities, namely Drs. H. Burhanudin, S.E., M.Acc, Ak, CA. The service activity was continued with the presentation of material on the use of e-commerce and social media by students of the Accounting Student Association, the Financing And Business division who have experience in managing social media and e-commerce as a marketing medium for products produced and sold by students in the Faculty of Economics, Universitas Sriwijaya.



**Figure 2.** Presentation of Materials from Speaker

The participants seemed very enthusiastic about wanting to know more about Social Media and Digital marketing and how to use them and how to optimally utilize e-commerce and digital

marketing in order to provide added value to the products they produce and sell. The use of e-commerce will have a positive or negative impact on MSMEs. The most positive impact felt by MSMEs players is that their income is increasing, besides that the products marketed will be more easily recognized by consumers, making it easier to get customers. Other perceived impacts include saving promotion costs and increasing transaction speed, where this will ultimately increase competitiveness.



**Figure 3.** Materials Delivery Process

The application of e-marketing using conversation-based social media is starting to be widely used in Indonesia. The application of e-marketing applications will provide product information for customers so that customers can easily view product descriptions. The use of e-marketing applications will provide information for companies to improve customer service and company marketing performance. The use of e-marketing applications allows interactivity and two-way communication with customers so that it will improve service and satisfaction for customers. The use of e-marketing applications to market products and services can help reduce telephone and facsimile communication costs and sales force or customer service costs to handle marketing (Irianto, 2015).

Community Service Activities, especially business actors and MSMEs in Kerinjing Village were closed with a photo with the activity participants.



**Figure 4.** Photo Session with the Participants

## 5. CONCLUSION

This community service activity is carried out with the aim of helping business players, both MSMEs and home-based businesses in Kerinjing Village, in the use of E-Commerce and Digital Marketing to increase the added value of a product produced. In the face of increasingly difficult business competition, especially in this Covid-19 pandemic situation, business players need a creative and innovative idea in marketing their products, so that their business can survive. The series of activities began with a site survey, namely the Kerinjing village, Ogan Ilir. The service activity was carried out on Thursday, October 07, 2021. This activity was attended by 35 participants from business players and MSMEs in Kerinjing Village. The result of this service activity is an understanding for the participants about the importance of using social media and digital marketing in marketing their products, so that the market reach becomes wider and digital marketing can also be used to add value to the products sold.

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