MSMEs Marketing Strategy During The Covid 19 Pandemic To Achieve Competitive Advantage

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Abstract

During the COVID-19 pandemic, in general, some small entrepreneurs otherwise known as MSMEs experienced quite difficult conditions, in addition to a decline in people's purchasing power, as well as increasingly fierce business competition, both nationally and internationally. Even so, it cannot be denied that MSMEs have contributed a lot to economic growth in Indonesia, especially in the Probolinggo Region. The purpose of this study is (1) to analyze how small and medium-sized enterprises cope with environmental changes due to the COVID-19 pandemic, (2) to find out the marketing strategies used by Small and Medium Enterprises related to current digital technology support. To achieve this goal, The research uses a case study method or design with a SWOT analysis to assess and help SMEs determine the right marketing strategy and anticipate changes in the business environment. From this research, it was found 4 marketing strategies for MSMEs to increase competition or competitiveness, namely SO MSMEs Strategy to innovate, create product characteristics and utilize digital technology as a promotional and sales medium. W-O Strategy. MSMEs actors are required to always pay close attention to any demand for market share and also consumers who want MSMEs to continue to innovate in product value. The ST strategy, products produced by MSMEs actors should have a distinctive value and provide protection for products by creating their own trademarks. While the W-T strategy, introduces products that are superior outside of product clustering in the region, and has products that are packaged innovatively.

Keywords: Marketing, Competitive, MSMEs, SWOT, Strategy

INTRODUCTION

Organizational resources are the basis for achieving and maintaining competitive advantage (Alimin et al., 2012). So to increase the company's competitive advantage, the company must be able to manage existing resources in the company. Competitive advantage is a business concept that describes the attributes that enable an organization to outperform its competitors. These attributes can include access to natural resources, such as high-grade ore or low-cost resources, highly skilled personnel, geographic location, high barriers to entry, etc. New technologies, such as robotics and information technology, can also provide a competitive advantage, either as part of the product itself, as a product manufacturing advantage, or as a competitive aid in business processes (e.g., better customer identification and understanding) and the country's economy. A firm is said to have a competitive advantage when it implements a value creation strategy that is not simultaneously applied by current or potential players” (Barney 1994 cited by Clulow et al. 2003, p. 221). Competitive advantage is a company formulation strategy designed to achieve opportunities that cannot be imitated by competitors to maximize profit and profit (Pakaya, 2011). Meanwhile, according to Porter in Wilantara & Susilawati (2016) competitive advantage makes a major contribution to strategic planning and management. The theory proposed by Porter in 1985 focused on productivity growth as the focus of national strategy. SMEs must focus on two very important resources, namely managerial competencies, human capital and relational abilities (Ismail, D., Ahmad, K., Azwardi, M. (2013).
During the Covid-19 pandemic, it had an impact on changes in the order of social life and a decline in economic performance for most countries in the world. The Indonesian economy has also experienced a significant impact, various Micro, Small and Medium Enterprises (MSMEs) have experienced business congestion. Learning about surviving in business during this pandemic must be patient and see opportunities first, don't be rash and easily tempted by things that seem very easy and quickly profitable. However, the pandemic must be faced by doing several things so that the MSME business can survive and even grow, namely by means of product innovation, preparing for the worst scenario, same day delivery, utilizing e-commerce and its features, as a form of carrying out a marketing strategy. Innovation is necessary for a business, because of its very strategic role in achieving competitive advantage. Innovation is a phenomenon that is completely dependent on human control. Even though it starts with creative ideas and ideas, these ideas and thoughts must be able to be transformed effectively (Lestari, 2016). Santono (2020) suggests the characteristics of successful entrepreneurs, including; (1) finding business opportunities, (2) selecting business fields and developing business ideas, (3) firmness in the aspects of production, production costs, production processes and production control. Santono (2020) stated that the characteristics of successful entrepreneurs include; (1) find business opportunities, (2) select business fields and develop business ideas, (3) firmness in aspects of production, production costs, production processes and production control. Santono (2020) suggests the characteristics of successful entrepreneurs, including; (1) finding business opportunities, (2) selecting business fields and developing business ideas, (3) firmness in the aspects of production, production costs, production processes and production control.

Most of the small entrepreneurs in Indonesia are currently experiencing quite a difficult situation in the midst of a changing business environment. Competition is getting tougher in connection with the large flow of free trade on a national or international scale which indirectly creates trade competition coming from all aspects.

According to Law Number 20 of 2008, Micro, Small and Medium Enterprises are divided into 3 differences, (a) Micro Enterprises are productive businesses owned by individuals or individual business entities with a maximum wealth of IDR 50 million and a maximum turnover of IDR 300 million, (b) Small Businesses are productive economic businesses that stand alone or individual business entities that are not subsidiaries or branches of other companies that have assets of Rp. 50 Million - Rp. 500 Million with a turnover of Rp. 300 Million - Rp. 2.5 Billion, (c) Medium Enterprises is a productive economic business that stands alone with assets of Rp. 500 million - Rp. 10 billion and turnover > Rp. 2.5 billion - Rp. 50 billion.

Effort MSMEs play a role as a supporter of Indonesia's economic growth which has the role of economic turnover. So that the existence of the Small and Medium Enterprises sector has certainly given its own meaning to efforts to increase economic growth and in efforts to reduce the poverty rate of a country. Therefore the growth and development of the MSME sector is often used as a measure of the success of a country's development, especially for countries that still have low per capita income.

In addition, MSMEs also have a role and are quite large in job creation and employment and also contribute to the formation of gross domestic product (GDP) (Bismalah; 2014). The large role of MSMEs provides an explanation that MSMEs must be able to improve even better in the future, MSMEs can survive and compete if they are able to implement good management, especially marketing management.

One of the obstacles for SMEs is environmental factors, both internal environmental factors and external environmental factors. Ignorance for MSME actors in anticipating
environmental changes and not having a marketing strategy cause SMEs do not have competitiveness. Changes in the business environment is a situation that is very difficult to predict, it is estimated that it will also be confirmed in the future. MSMEs are inseparable from various kinds of changes originating from the internal environment as well as the external environment. These environmental changes have a negative impact which will be a barrier for MSMEs and positive impacts will encourage the sustainability or development of the MSME business itself (Rahmana, Y. Iriani and R. Oktarina: 2012).

To achieve competitive advantage, a business strategy is needed, one of which is marketing. The American Marketing Association in Kotler & Keller (2016) states that marketing is an activity, a set of institutions and processes for creating, communicating, delivering, exchanging offerings that have value for customers, partners, clients, and society in general.

The marketing management strategy for dealing with changes in the external as well as internal environment can be seen with strengths, weaknesses, threats and opportunities. SWOT analysis is the right way to solve problems in marketing management. SWOT analysis in dealing with environmental problems divides into 2 stages, namely the External Environment by knowing what threats and opportunities are faced by MSME implementers, the Internal Environment knows the strengths and weaknesses possessed by MSME implementers. By using swot analysis, knowing the factors of the external and internal environment can be used as a reference for MSMEs to determine the marketing strategy that will be used to increase the competitiveness of MSMEs.

In the research that has been carried out, it is stated that the factors that influence MSMEs include the procurement of materials, the ability of labor, price stability, assets, the amount of production and the period of business (Ramadhan and FR Sofiyah: 2013). Arif Rahmana, Yani Iriani, and Rienna Oktarina found that the results of the SWOT matrix analysis with quantitative model analysis to obtain an effective formulation, namely the ST strategy, namely the strategy of using strength to overcome threats (Satria Bangsawan: 2015).

Porter in his writing quoted by Marci Martin (2022) revealed; One way to analyze your competitors and understand your business' position in the industry is to use Porter's Five Forces model, where five specific factors determine whether or not a business is profitable in relation to other businesses in the industry. If Porter's model is equipped with a SWOT analysis, it will help you to better understand the position of the business in the industrial landscape.

So based on the problems as well as the description above, this study aims to determine marketing management in order to increase the competitiveness of SMEs, where the marketing management process uses SWOT analysis. As for the strengths in this study, most of the analytical tools used by previous researchers to determine market strategies were marketing mix consisting of: product, price, place, promotion, and people or often abbreviated as 5P. In its development, now the marketing mix has increased to 7P with the addition of two other components namely physical evidence and process.

**RESEARCH METHODS**

This research is a field research conducted using a descriptive method, in which the research is carried out by describing and identifying the weaknesses, strengths, threats as well as opportunities that are owned by SMEs. This field research was carried out by examining the object directly at the location to be studied in order to get maximum results. In this case the object and location of the research are Micro, Small and Medium actors in Probolinggo
Regency who have businesses with local wisdom production results. Data collection techniques through interviews, and literature studies from various sources such as books, the internet and research journals that have the same topic as the researcher discussed. After the researcher has obtained the necessary data, the researcher processes the data and analyzes the data using qualitative analysis, so that it becomes a discussion result in the form of an explanation of SWOT analysis and conditions in the field, using inductive thinking.

RESULTS AND DISCUSSION

MSMEs generally form their own clusters based on heredity by their predecessor families. Establishment of MSME business locations based on ease of obtaining raw materials. For example rattan or bamboo wood craftsmen for woven mats and table chairs are in areas that have lots of plantations. Many types of convection, embroidery, batik or other craftsmen are located in big cities, because they are close to sources of raw materials.

In general, MSMEs do not use a special marketing management system. Marketing has so far been carried out using conventional methods by only displaying products in stores that are owned or occasionally at exhibitions held by agencies or agencies that foster MSMEs. This is understandable due to the lack of knowledge possessed by MSME actors. In addition, the guidance provided by agencies for MSME actors is also uneven, because there are still many MSMEs that do not open up and also the little information they get.

MSME marketing strategy is significantly influenced by MSME environmental information in the form of competitors, communities and customers. Thus the consideration of the MSME environment in determining marketing strategies is very important such as product strategies, promotion strategies, pricing strategies and distribution strategies. Marketing strategy in business is a way to get the results as expected. This strategy is implemented to anticipate problems - problems as well as opportunities in the future in the right conditions in a systematic, rational, critical way. The marketing strategy articulates the plans used in the resources as well as the advantages of MSMEs to realize the expected goals.

The advantage that MSME players get depends on these MSMEs knowing their business. MSMEs realize that there are always changes in the environment, so MSMEs must be able to adapt to the changes that occur. The business environment is divided into two environments, namely the external environment in the form of a remote environment and the industrial environment, and the internal environment in the form of aspects contained in companies or SMEs. To overcome the problem of this marketing strategy, it is necessary to empower MSMEs, where this strategy is a tool used by MSMEs to compete with other MSME actors. Strategy is a matter of choice determining where and how to compete, prioritizing which markets, customers, brands and products to focus on.

Business owners can create this perception in many ways. Small companies sometimes try to create a competitive advantage by offering the lowest price. This approach may work for a variety of products and services, especially those that customers view as a commodity, but price can be a dangerous criterion for building competitiveness. To build competitiveness, companies or business actors must use special advantages through four levels of customer involvement, namely customer awareness, customer sensitivity, customer alignment, customer partnership. In addition, in order to get good customer satisfaction, many small entrepreneurs look to important sources to increase competitiveness, namely (a) focus on customers; (b) loyalty to quality; (c) attention to comfort; (d) concentration on innovation; (e) dedication to service; and (f) pressure at velocity. Knowing marketing strategies and business strategies for

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competitive advantage is important for the success of marketing strategies. To improve marketing strategy, marketing experts are involved in three important things: (1) participate in the analysis process for determining strategic planning; (2) Contribute to the business unit team together with others serving consumers; and (3) improve and implement strategic marketing plans in the market.

Competitive analysis is also comparative useful for small businesses to know competitors and know their strengths and weaknesses. Knowing and understanding the activities of business competitors, makes small businesses understand better what products or services are appropriate for marketing to consumers, including how to market them. Competitor analysis can be started by collecting information about them. Information can be obtained from product or service brochures offered to consumers which are distributed on websites, trade fairs or digging from customer opinions about products from competitors in similar businesses. There are four levels that can be carried out to analyze competitors in depth, namely:

1. Get to know competitors. As is known competitors have major competitors (first level), secondary competitors (second level) and indirect competitors. Major competitors are those that directly enable them to become barriers to acquiring new customers. Competitors like this take or even control the market for small business products and services, while secondary competitors and indirect competitors are competitors who sell specific products.

2. Analyze the strengths and weaknesses of competitors. After knowing who the competitors are, then determining the strengths of the competitors and knowing the weaknesses of the competitors. Analysis can begin by finding answers to the questions: Why do customers buy from them (competitors)? Is it because of the price? Score? Service? convenience? Reputation? Skills? Personnel (employees)? Or anything that is considered important and useful for small entrepreneurs. This kind of analysis is very necessary considering that customer perception may be more important than reality.

3. Observe opportunities and threats. In contrast to strengths and weaknesses, opportunities and threats are more unpredictable. This is because opportunities and threats are placed in a broad category of technological developments, regulatory or legal actions, economic factors or even a possible new competitor.

4. Establish a small business position. After analyzing the strengths and weaknesses as well as opportunities and threats, small entrepreneurs are required to formulate their business position by ranking competitors. If this is done carefully, a clearer picture will be seen of the position of small businesses in the midst of competition.

Destination market analysis is to see the competitiveness of each company in an industry. Therefore, market share is the ability of a company to control the number of sales in an industry. If the controlled market share continues to grow, it means that the company wins the competition and vice versa if the company's market share decreases, it means that the company has lost the competition (except for companies that have a market niche strategy).

In order to be able to compete, small businesses must have an advantage over competitors by offering greater value to consumers, at lower prices or providing greater benefits due to higher prices. There are at least four models of identification of competitive advantage that can be carried out by small entrepreneurs against competitors, namely:

1. Product difference, a company can differentiate its product physically based on attributes such as consistency, durability, reliability or repairability.

2. Service difference Besides being able to physically differentiate the product, small entrepreneurs also need to differentiate the services that accompany the product. Some entrepreneurs gain a competitive advantage through fast, convenient or careful delivery.

3. Personnel differentiation, companies can gain a very competitive advantage by hiring and
training people who are better than those working in competing businesses. So, small entrepreneurs enjoy an excellent reputation in large part because of their friendly, courteous, professional and knowledgeable employees, as well as friendly and passionate employees. Personnel differentiation requires that small entrepreneurs carefully select the people who will deal with customers and properly train them.

4. Image differentiation, when competitors offer similar forms, buyers may perceive differently based on the image of the company or brand. Thus, companies seek to uphold an image that distinguishes them from competitors. A brand must convey something useful and position the advantages of the product. Developing a strong and different image requires the creativity and hard work of an entrepreneur, especially small entrepreneurs.

To determine marketing strategies and find out the competitiveness of MSMEs, SWOT analysis is one of the recommendations used where SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) can be used to evaluate opportunities and challenges in the business environment and in the company’s internal environment. To facilitate the implementation of the SWOT analysis, it is necessary to construct a SWOT matrix, by combining the strengths, weaknesses, opportunities and threats. The SWOT matrix is presented in table 1.

**Table 1. SWOT Analysis Matrix**

<table>
<thead>
<tr>
<th>External Factors</th>
<th>Internal Factors</th>
<th>STRENGTHS (S) (List of all strengths possessed)</th>
<th>WEAKNESSES (W) (List of all weaknesses)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPPORTUNITIES (O) (List all opportunity which could be identified)</td>
<td></td>
<td>SO (Growth) Strategy</td>
<td>WO (Stability) Strategy</td>
</tr>
<tr>
<td>THREATS (T) (List all threat identifiable)</td>
<td></td>
<td>ST Strategy (Diversification)</td>
<td>WT Strategy (Defend)</td>
</tr>
</tbody>
</table>

Referring to the SWOT analysis matrix above, it can be described through 4 (four) strategies; First, the SO strategy is a strategy to use all strengths to take advantage of opportunities. Second, the WO strategy is a strategy to improve all weaknesses by using opportunities. Third, the ST strategy is a strategy to utilize all capabilities to avoid all threats. Fourth, the WT strategy is a strategy to suppress weaknesses and prevent all threats.

**Table 2. SWOT Analysis**

<table>
<thead>
<tr>
<th>Internal factors</th>
<th>STRENGTHS (S)</th>
<th>WEAKNESSES (W)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have Segmentation and Target Market</td>
<td></td>
<td>Limited Marketing Area</td>
</tr>
<tr>
<td>Has a Strategic Location</td>
<td></td>
<td>Lack of Utilization</td>
</tr>
<tr>
<td>Competitive Prices</td>
<td></td>
<td>Technology as Marketing</td>
</tr>
<tr>
<td>Promotion Product</td>
<td></td>
<td>Packaging Product Not</td>
</tr>
<tr>
<td>Allamong</td>
<td></td>
<td>Enough Interesting</td>
</tr>
<tr>
<td>Have Permanent Customers</td>
<td></td>
<td>Lack of Understanding of</td>
</tr>
<tr>
<td>Product Invotion</td>
<td></td>
<td>Marketing Strategy.</td>
</tr>
<tr>
<td>Product Recognition</td>
<td></td>
<td>Lack of Coaching</td>
</tr>
</tbody>
</table>
Based on the SWOT matrix, it can be formulated SO strategies that can be recommended:

1. Carrying out product innovation and creating new products to strengthen competitive position
2. Forming the Characteristics of the Product.
3. Conducting Promotions and Sales by Utilizing Technological Developments

Product innovation is the main strategy for MSMEs, because consumers want products whose functional value is constantly evolving. MSME actors must be able to conduct market surveys and prepare for changing consumer desires. Product innovation should be done regularly. Much can be done to get ideas on product innovations. Currently the use of information technology such as the internet is not new. By utilizing the internet, MSME actors can access information available around the world. MSME actors are advised to spend a little money to conduct research and development with the aim of successful product innovation activities. In this activity, quality and meet consumer needs. In addition, using information technology can be used as a medium for promotion and product sales, so that areas outside the MSME cluster can access the products offered. The existence of MSMEs can also be used as a source of learning for tertiary institutions, so that students can apply the knowledge gained for the advancement of MSMEs.

The weakness that often occurs in MSMEs is a lack of trust in the products they produce, which causes them to tend to use foreign brands for their products. This is not entirely wrong for MSME actors alone, but this is also a part of consumers' contribution in understating the value of MSME products. This situation is getting worse with increasing competition for foreign products which provide foreign imitation products with better quality than local product quality but the prices offered are quite minimal. In situations like this, the government and society are encouraged to support MSME products, so that MSME actors have the courage to produce using their own trademarks.

WO strategies that can be recommended:
1. Doing Marketing and Introducing Products Outside the Region by Utilizing Technology.
2. Observing and Fulfilling Market Desires Also Consumers.

MSME products tend not to have competitiveness with products from other regions.

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outside of clustering, and have their own consumers. Although some products have their own characteristics that are known to people in other regions. However, the lack of promotion in other areas causes people from other regions to be less familiar with these products. Not many MSMEs have or receive coaching. For MSMEs that are under the guidance of certain agencies, it is an advantage, because they can participate in various promotional activities carried out both at home and abroad. This activity is an advantage, apart from providing many facilities. But don't be discouraged by these MSMEs, because there are still other opportunities, provided that these MSMEs are required to try to obtain more information about activities that can be followed to introduce products to other regions. Apart from promoting the product, another thing that needs to be considered is knowing what the market and consumers want for the product being marketed. Changing market share and consumer desires cause the tendency of product life cycles to shorten, consumer boredom with products that don't change, requiring producers to be keen to think about how to extend the product life cycle, this is what causes producers or MSME actors to always innovate. on the product you have. Another thing that needs to be considered is knowing the market and consumer desires for the products being marketed. Market share and changing consumer desires cause the tendency of product life cycles to shorten, consumer boredom towards products that do not change, requires observant producers to think about how to extend the life cycle of these products, this is what causes producers or MSME actors to always innovate. on the product you own. Another thing that needs to be considered is knowing the market and consumer desires for the products being marketed. Changing market share and consumer desires cause the tendency of product life cycles to shorten, consumer boredom with products that don't change, requiring producers to be keen to think about how to extend the product life cycle, this is what causes producers or MSME actors to always innovate. on the product you have.

ST strategies that can be recommended are:
1. Make Characteristics That Stand Out On The Product
2. Doing Innovation in Product Promotion
3. Protecting Products

Many MSME players' products have characteristics based on MSME clustering and the area of origin of MSME. Many MSME actors produce products that are characterized by their respective regions, should be able to further highlight the characteristics of the region. In addition, innovating on promotions made to consumers by presenting attractive promotions will later attract consumers to buy. And don't forget to protect products for MSME actors by creating trademarks, where this is useful to prevent their works from being plagiarized by other MSME actors.

WT strategies that can be recommended include:
1. Introducing products to Regional Clusters
2. Creating innovative packaging and products based on product characteristics.

MSMEs always create clusters for several reasons, such as activities carried out for generations in the area, the availability of raw materials with sources and other things. The cluster is an advantage, because consumers know the area by the icon or characteristic of the product. MSME actors in collaboration with the government must be able to take advantage of these advantages so that they can be known more widely. In general, consumers buy a product based on the value of the packaging on the product. This requires SMEs to be able to create attractive and innovative packaging to attract consumers to buy these products. So by looking at the
product packaging, consumers know that it is a particular MSME production. But still do not rule out the quality of these products.

**CONCLUSION**

Based on the research that has been done above, so that conclusions can be formulated to determine the marketing strategy for MSMEs to increase the competitiveness of these MSMEs, including:

1. SWOT analysis can be carried out to carry out an analysis of external environmental factors as well as the internal environment for MSME actors. In addition, SWOT analysis can also be used to determine marketing strategies for MSMEs.

2. MSMEs can implement marketing strategies SO by innovating products, creating product characteristics based on regional clusters and utilizing technology to promote and sell products to be better known by consumers outside the regional cluster.

3. The WO strategy includes MSME actors to always pay attention to market desires and consumer desires, changing market and consumer desires require MSME actors to innovate at a certain time. There is no innovation in the product, it will cause the selling value of the UMKM to decrease and even have no value.

4. Carrying out the ST marketing strategy provides a prominent characteristic of the products produced by MSME actors and also protects the product by creating a trademark so that the product is not plagiarized by other MSME actors.

5. Marketing with the WT strategy, MSME actors demand to introduce their products to other areas outside the cluster so that the product is known not only in the cluster environment. Then innovative product packaging will make the product more valuable.

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