

MSME Marketing Strategy in Rural Areas During The Covid-19 Pandemic

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Abstract: The COVID-19 pandemic is impacting all areas. At the global economic level, the COVID-19 pandemic has a very significant impact on the domestic, state and MSME economies. In order for MSMEs to survive must be able to determine their strategies in order to survive, one of which is the marketing strategy. The condition of MSMEs in the middle of the pandemic continues to decrease in capacity, ranging from production capacity to decreased income, this is also the case in MSMEs in rural areas of Jember Regency. MSMEs in this rural area absorb a lot of labor and as the lifeblood of the economy in the village. So it is necessary to immediately determine a suitable marketing strategy to stay afloat and develop during the covid 19 pandemic. This research uses qualitative type method. The research was carried out in jember regency with research object in the form of MSMEs in rural areas. Collecting data using participation observation techniques with explorative steps is to perform one of the qualitative data collection techniques recommended to obtain descriptive data. The data sources used are primary data in the form of MSME observations in rural areas of Jember district and secondary data in the form of data collected, processed and presented by other parties in the form of books and the results of previous research on MSMEs. After participatory observations and reviewing existing documents, it will be analyzed in the field data related to the theory, opinions of experts and the results of previous research. Based on the SWOT Matrix, S-O strategies that can be recommended include: 1) Conducting product innovations in accordance with market needs and desires, 2) Forming their own brand image without supporting other brands. Recommended W-O strategies include: 1) Introducing products to other regions by utilizing information technology, 2) Differentiation to improve product life cycle, 3) Finding marketing systems other than contingency systems. S-T strategies that can be recommended are: 1) Strengthening / accentuating regional characteristics, 2) Establishing good relationships with customers. Recommended W-T strategies include: 1) Product packaging innovation with brand specificity, 2) Introducing business areas through product clusters.

Keywords: strategy; marketing; msme; rural; covid-19

INTRODUCTION

The COVID-19 pandemic is impacting all areas. At the global economic level, the COVID-19 pandemic has a very significant impact on the domestic, state and MSME economies. The Organisation for Economic Co-operation and Development (OECD) report said the pandemic had an impact on the threat of a major economic crisis as evidenced by the cessation of production activities in some countries, falling levels of public consumption, reduced consumer confidence, falling stock exchanges which ultimately led to uncertainty. In order for MSMEs to survive must be able to determine their strategies in order to survive, one of which is the marketing strategy.

Marketing strategy is the logic of marketing in generating value and profiting from its relationship with consumers Kotler [1]. The accuracy of marketing strategy determination is the company's foundation in surviving and competing. Micro Small and Medium Enterprises (MSMEs) can still absorb labor and can survive in times of economic crisis Sudaryanto [2]. However, during the Covid-19 pandemic, many MSMEs experienced a shake-up in their efforts, this was due to the decrease in the level of public spending caused by the necessity to always be indoors, leave the house only when there is an urgent interest, should not crowd and must keep a distance so that the Covid-19 pandemic ends soon. This resulted in a decrease in the level of public consumption as well as a large reduction in working hours and termination of employment. Covid-19 has an impact on the economy of all countries in the world, including Indonesia, which is experiencing a huge economic impact. MSMEs are also an affected part Thaha [3]. MSME conditions in the midst of the

pandemic continue to decline in capacity, ranging from production capacity to decreased income Amri [4]. This is also the case with MSMEs in rural areas of Jember Regency.

Jember has 31 sub-districts, 22 sub-districts, and 226 villages Semiawan [5]. MSMEs in rural areas absorb a lot of labor and as the lifeblood of the economy in the village. So it is necessary to immediately determine a suitable marketing strategy to stay afloat and develop during the covid 19 pandemic.

METHODS

This research uses qualitative type method. Qualitative research method is research with the most appropriate type of method in explaining human assessment only by direct contact and open mind and through inductive process and symbolic interaction of human beings can know and understand something Laudon [6]. The research was conducted in Jember Regency with research objects in the form of MSMEs in rural areas. Collecting data using participation observation techniques with explorative steps is to perform one of the qualitative data collection techniques recommended to obtain descriptive data. The data sources used are primary data in the form of MSME observations in rural areas of Jember district and secondary data in the form of data collected, processed and presented by other parties in the form of books and the results of previous research on MSMEs. After participatory observations and reviewing existing documents, it will be analyzed in the field data related to the theory, opinions of experts and the results of previous research.

RESULTS AND DISCUSSION

With the government's appeals and regulations not to leave the house, of course it affects many things, including MSMEs. The government, through the official website of the Ministry of Cooperatives and MSMEs, states that the spread of Covid-19 has the potential to have a direct impact on the economy, including the sustainability of cooperatives, micro, small and medium enterprises (KUMKM) (depkor.go.id). Based on the results of observations, the average MSME experience a decrease in turnover during the covid-19. This happened because of the decreasing activities carried out outside the home, difficulties in obtaining raw materials due to transportation problems, and the decline in public confidence in a product, especially the culinary sector. MSMEs, which are one of the pillars of the economy because they also provide many jobs, with the covid-19, some have also started layoffs or laying off temporary employees because their companies / businesses have to close temporarily.

Other findings are based on observations, not all MSMEs feel a decrease in sales turnover or have to close their businesses, there are MSMEs that are still stable and experience an increase in sales turnover because they make adjustments in terms of products and carry out several marketing strategies to survive. There are several things that can be done by MSMEs, including choosing to open new product lines or updating their marketing systems, because businesses that can survive are businesses that are responsive to changes in their environment. MSMEs have not implemented a marketing system and management in their business. Marketing is done traditionally, which only displays the goods produced in the storefronts that are owned and occasionally participates in exhibitions held by agencies and agencies that foster the relevant MSME. Coaching that is carried out is not evenly distributed among all MSMEs, because there are still many MSMEs that do not want to open up and the lack of information they get.

The application of marketing systems and management in MSMEs is carried out by determining the marketing strategy first. Determining the marketing strategy to suit MSMEs is done by creating a SWOT matrix. The SWOT matrix for MSMEs is detailed in Picture1.

Internal	Strength 1. Has a segmentation and target market 2. The customer already exists 3. Prices are affordable and can compete 4. Simple distribution 5. Items are easily available around the UMKM area 6. Word of mouth works well 7. Sufficient sales force and reach remote areas	Weakness 1. The scope of the marketing area is not yet wide 2. Do not understand information technology for marketing 3. The innovations that have been carried out are still modest and unplanned 4. Products are packaged simply 5. Do not understand the product life cycle 6. Most products do not have their own brand 7. The consignment system is quite detrimental when the product does not sell well 8. Capital turnover is hampered by the consignment system
External		
Opportunity 1. The community is familiar with the products that are produced and used as products typical of certain regions 2. Information technology that is increasingly open provides wider marketing opportunities 3. Differentiation allows consumers to have several choices	SO strategy 1. Innovating products according to market needs and desires 2. Selling products with their own brand	WO strategy 1. Introducing the product to other areas by utilizing information technology 2. differentiate to increase the product life cycle 3. Look for a marketing system other than a consignment system
Threat 1. Other regions produce similar products 2. Less able to compete with products from other regions 3. Using foreign product trademarks, has an impact on good name and self-distrust	ST strategy 1. Strengthening and accentuating regional characteristics 2. 2. Maintain good relationships with customers	WT strategy 1. Innovative product packaging with brand distinctiveness 2. Introducing business areas through product clusters

Picture 1. MSME SWOT Matrix

From the SWOT matrix, it can be formulated an S-O strategy that can be recommended including:

1. Innovating products according to market needs and desires.
2. Forming your own brand image without using other brands.

S-O strategy, namely by doing:

1. Innovating products according to market needs and desires

Product innovation according to market needs and desires is a strategy that must be carried out by MSMEs, because consumers always expect products to meet their needs and wants. Companies must carefully conduct market surveys and anticipate changing consumer desires. Product innovation should be carried out regularly. Many things can be done to get ideas for product innovation. Information technology is growing rapidly even in remote villages, this is an opportunity for rural MSMEs to be able to access information from all over the world. This information can be used as a basis for MSMEs to innovate their products. In this activity, there is a need for cooperation with government and private institutions and universities to transfer technology so that MSME players are able to innovate quality products and meet consumer desires. MSME can also be a place for learning activities for higher education, so that students can apply the knowledge gained for the advancement of MSME.

2. Forming your own brand image without using other brands

The weakness of MSMEs is that many of the products they produce do not have their own brands, so the products are sold without a brand. This is because MSMEs have several reasons. One of the reasons is because they want their products to sell immediately and buyers prefer to buy their products instead of buying elsewhere, so that the invested capital is rotating. In these circumstances, the government and society should support MSME products, so that they have the courage to produce using their own trademarks. Kabupaaten Jember is rich in local resources which are often exported as raw materials for imported products. If only these local resources were processed in Jember district to be sold inside or outside the Jember district and for export abroad, it would increase the income of MSMEs in Jember Regency.

From the SWOT Matrix, the W-O Strategies that can be recommended include:

1. Introducing the product to other areas by utilizing information technology
2. Differentiate to increase the product life cycle
3. Look for a marketing system other than a consignment system

W-O strategy, namely by doing:

1. Introducing the product to other areas by utilizing information technology

Although there are many products with traditional characteristics (handicrafts, batik, bird cages) that are well known to people in other regions. Lack of promotion outside the region causes people from other parts of Indonesia to be less familiar with these products. Few of the MSMEs already have coaching partners. For MSMEs that are under the guidance of certain agencies, this is an advantage, because they can participate in various promotional activities, both at home and abroad, in the form of exhibitions. The event is a big advantage, in addition to providing many facilities. However, it is not necessary for these MSMEs to be discouraged, because there are still many opportunities provided, with the note that these MSMEs must be willing to seek more information about various activities that can be followed to introduce themselves to a wider area.

MSMEs in introducing products to other areas by utilizing information technology, namely by using e-commerce in their activities. E-commerce is a process of buying and selling products electronically by consumers and from company to company with computers as an intermediary for business transactions Hanum [7]. E-commerce, which was originally an online retail sales mechanism, now has a broader meaning. E-commerce has created a new digital market with more transparent prices, easy access, a global market with highly efficient trade Hanum [7]. Even though it is not yet perfect, e-commerce has a direct impact on the relationship between companies or business actors with suppliers, customers, competitors and can easily market products and adopt other marketing methods of business people. Examples of e-commerce that are already in Indonesia and can be used by MSMEs are shopee, tokopedia, open stall, OLX, motorbike taxi, lazada and others.

Business actors must have traded in e-commerce during the era of the 4.0 industrial revolution because the trading and spending patterns of consumers have begun to shift, plus the covid-19 pandemic has made e-commerce trade a good choice for all. MSMEs in order to continue to survive even to gain new market share.

E-commerce has a positive and significant influence on improving the performance of MSMEs Purwana et all [8]. E-commerce conducted by MSMEs is related to reduced transaction costs and closer coordination of economic activities between business partners. In addition, the use of technology in the implementation of business can reduce costs and can support the achievement of the company's goals. E-commerce can be run well based on the principles of 4C, namely: connection, creation, consumption and control. This principle can be a motivation and increase the return of investment (ROI) of the company that can be measured by active participation such as feedback or consumer reviews, and share or recommend to other users.

The main purpose of the use of e-commerce by MSMEs is certainly to be able to increase their profits, but in addition there are other objectives that can be utilized by businesses including being able to reach a wider market share that was previously only limited to selling only in certain areas, with the presence of e-commerce can reach new consumers. MSME actors can not only make e-commerce as a selling portal, but can build relationships and build new market concepts and use more effective

marketing systems and make e-commerce also a learning medium. MSMEs can also see and observe sales made by competitors and adopt them.

2. Differentiate to improve product life cycle

The tendency of the product life cycle is increasingly shortening, consumer boredom towards products that do not undergo much change, causing manufacturers to be observant thinking about how to extend the life cycle of the product. MSME actors should think about differentiation of their products, so that consumers have more choices.

3. Looking for marketing systems other than contingency systems

In addition to using a contingency marketing system, MSMEs are also expected to conduct digital marketing. the covid-19 pandemic has reduced the turnover of MSME sales. The number of consumers who fell in several sectors and industries demanded MSME actors to be able to market products optimally and innovate. The use of the internet during the covid-19 pandemic has been like a necessity including in running a business and one of the efforts in cooking products that can be adopted by MSMEs is by conducting digital marketing.

Today's rapidly growing digital age is impossible to avoid. Digital marketing is a promotion and market search activity through digital media online by utilizing various means such as social networks Hendrawan et all [9]. The way digital marketing is often utilized by businesses is to use social media such as marketing products through instagram, facebook, twitter and many more. In addition, digital marketing can also be done in e-commerce and many other media. The rapid development of technology also makes digital marketing must be understood and studied by MSMEs. Digital marketing has a positive and significant effect in improving the sales performance of MSMEs. [10] 70% of creative entrepreneurs say digital marketing will be the main communication platform in marketing, and offline stores will be complementary, due to the ease and ability of digital marketing to reach more consumers. This is also in line with research conducted by Hendrawan et all [9] which stated that businesses must cultivate courage in trying new things such as digital marketing to be able to continue to grow their business.

MSME actors can also start by creating social media and routinely conduct promotions so that they will be more confident and hone creativity in marketing. There are several forms of digital marketing that can be done by MSMEs to be able to do product marketing are as follows:

- 1) Publish product videos and photos on social media accounts intensively using social media that corresponds to the product segment.
- 2) Utilizing facebook ads, instagram ads, twitter ads, google display network and others that can be easily accessed through social media and can reach consumers with the criteria that we have specified before.
- 3) Create marketing product videos that are aired through social media or do live product promotion. This strategy if done correctly will have a positive effect on the business.
- 4) Involve consumers in product selection, intensively educate and identify product quality on social media accounts and use creative words and use hastags (#) to make them easier for consumers to find. brand awareness and may influence consumer purchasing decisions.

In conducting digital marketing, MSME actors are encouraged to always learn and think openly about the growing technology. Of course, digital marketing also considers using suitable media and the right way of communication tailored to the selected segment or market share. So that marketing will be more effective and not wrong target.

Recommended S-T strategies based on the SWOT Matrix are:

1. Strengthen / accentuate regional characteristics

Jember regency characterizes the peculiarities of Jember, namely pandalungan. Many MSME actors produce products that are characterized by a combination of Javanese and Madura cultures or known as Pandalungan and are expected to highlight these characteristics. As we know, other countries greatly appreciate the culture of Indonesia. Surely this can be used as a momentum to introduce such peculiarities, through various media.

2. Establish good relationships with customers.

During the covid 19 pandemic, we must establish good relationships with new and old customers, attract new customers, maintain products and maintain existing customers, creating customer satisfaction and ultimately creating customer loyalty. Loyal customers will be loyal to our products

because they already believe. One way for MSMEs to stay afloat during this pandemic is through building good relationships with customers. Establishing good relationships with customers is a marketing strategy concept that seeks to establish long-term relationships with customers, namely maintaining a strong and mutually beneficial relationship between service providers and customers that can build repeat transactions and create customer loyalty.

The better the quality of MSME actors' relationships with consumers, suppliers and others, the better the ability to improve their marketing performance. In addition, businesses that dare to take risks, already have experience in business and are flexible with businesses, can improve networks and grow the trust of consumers, so that consumers will survive. The results of different research obtained in the research that obtained CRM results had a positive but insignificant influence on the improvement of MSME performance. This is because MSMEs have limitations and are not yet maximal in running CRM. In the current condition, to establish marketing relationships with customers, businesses are also advised to be able to show concern for consumers who are experiencing difficulties during covid-19. Businesses can show concern that also aims to market products. Examples of ways to build customer relationship marketing by increasing empathy for this outbreak such as providing promos or free product schemes for couriers who do delivery service, setting aside a portion of revenue from the sale of product products to people in need. This way can also build consumer trust and the presence of customer bonding. So MSMEs are not only thinking about themselves, but building consumer marketing relationships by showing concern and positive things that businesses do. In addition, MSME actors can also establish communication with customers in various promotional and e-commerce media that are intensively owned, such as answering sales complaints or answering good responses from consumers.

W-T strategies that can be recommended based on the SWOT Matrix include:

1. Product packaging innovation with brand peculiarities
2. Introducing business areas through product clusters

W-T strategy, namely by doing:

1. Product packaging innovation with brand peculiarities

Consumers will assess the packaging before purchasing a product. MSME actors can make more attractive and innovative packaging to attract consumers. So that by looking at a glance, consumers know that it is the production of certain MSMEs. But still maintain the quality of its own products.

2. Introducing business areas through product clusters

MSMEs tend to form clusters for various reasons, such as hereditary activities in the region, proximity to raw material sources and others. This cluster is an advantage, because the public knows the area with certain product icons. Local communities assisted by the government should be able to manage these benefits so that they can be known more widely.

CONCLUSION

Conclusions that can be drawn from the results of the study are:

1. MSMEs experienced a decrease in turnover during the covid 19 pandemic
2. MSMEs do not yet have an effective marketing strategy during the covid 19 pandemic

Recommended strategies based on SWOT matrix results are:

- a. S-O Strategy
 - 1) Innovate products in accordance with market needs and desires
 - 2) Forming your own brand image without brand other
- b. W-O Strategy
 - 1) Introducing products to other regions by utilizing information technology
 - 2) Differentiate to improve product life cycle
 - 3) Looking for a marketing system other than consion system
- c. S-T Strategy
 - 1) Strengthen / accentuate regional characteristics
 - 2) Establish good relationships with customers.

- d. W-T strategies that can be recommended based on the SWOT Matrix include:
- 1) Product packaging innovation with brand peculiarities
 - 2) Introducing business areas through product clusters

Advice

1. Using a combination of S-O, W-O, S-T and W-T strategies in running a business.
2. Establish partnerships between government, private sector and universities to foster MSMEs
3. MSMEs need to cooperate with the Government in order to continue to get coaching and training on work skills and the use of information technology (IT), and utilize the local government web as a communication center for MSMEs in rural areas.

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