

# Food Sales Strategy by MSMEs During the Covid-19 Pandemic in the Jabodetabek Region

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**Abstract:- Corona virus disease 2019 or known as Covid-19 is currently a hot topic discussed in various media, both online media including television, radio, newspapers. The news search engine Google search noted that in June 2021, news about "Covid 19 in Indonesia" was very large, with more than 3.2 billion news stories. The Covid-19 that is hitting the world today has an impact on various aspects of life, especially health, the social and economic environment. Covid-19 has made the economy in almost all countries in the world experience a sharp decline. The impact is a decline in purchasing power in the community, both because people refrain from buying only basic needs, but also because of the lockdown or Large-Scale Social Restrictions (PSBB). This has a significant effect on people's consumption patterns from initially making direct purchases to online purchases. The purpose of this paper is to find out how entrepreneurs, especially SMEs, make changes to their marketing patterns from direct marketing to online, including the efforts made to increase their business. The research method used is the inductive (qualitative) paradigm of 3 informants who are MSMEs in the food sector in the Greater Jakarta area.**

**Keywords:** *Impact of Covid-19, MSMEs, MSME Strategies, Online Marketing.*

## I. INTRODUCTION

Corona virus pollution or known as Corona virus disease 2019 (Covid-19) has hit the world for more than 1 year, since the discovery of the first case in Wuhan, China in December 2019. In Indonesia, cases of Covid 19 patients continue to continue every day. experienced a serious increase, as of May 31, 2021, there were more than 1.8 million people infected with the Covid-19 virus since it was announced on March 2, 2020, as many as 1.7 million patients were successfully cured and as many as 51,000 patients died ("covid19 .go.id", June 5, 2021). While worldwide, more than 171 million people have contracted Covid-19 and 3.6 million people have died.

The large number of Covid-19 victims has forced all countries affected by Covid-19 to implement a policy of closing the area or commonly known as a lockdown. The impact of the implementation of the lockdown has certainly made the world economy decline drastically. The world economy in 2020 contracted by 3.3%, much lower than in 2019 which was 2.3%. Many large institutions including banks were forced to make corrections to their business growth. Due to the economic slowdown, the first thing that

appears is the massive layoffs from various industrial sectors. A decrease in the amount of production or even a complete stop makes the company forced to lay off or lay off its employees, to minimize business losses. Furthermore, in addition to the impact of layoffs, other things that the impact of Covid-19 on the economy is the disrupted stock market and the tourism industry which has been badly hit.

Based on a report from the Central Statistics Agency (BPS), the Indonesian economy in 2020 experienced a growth contraction of 2.07%. In the first quarter of 2020 Indonesia's economic growth was still positive because at that time Indonesia had only experienced the Covid-19 pandemic condition in early March 2020, so the economy was still growing, although it was quite far when compared to the same period, namely March 2019 of 5.02%. Meanwhile in the second quarter it was minus 5.32%, in the third quarter it was minus 3.49% and in the fourth quarter it was minus 2.19%. So that Indonesia officially entered an economic recession due to the contraction of economic growth in 3 quarters which experienced negative growth.

PSBB also has consequences on people's consumption patterns, being urged by limitations to make people change their buying patterns from those who previously came directly to sales locations such as markets, shops, shopping centers to become online or online, so selling and online shopping developed into a new trend. Even this online shopping decision and trend has penetrated to a larger and massive scale. In the business industry, meetings, meetings and training have been carried out through online media such as zoom, google meet, whats app group and others, including teaching and learning activities in schools.

Micro, Small and Medium Enterprises (MSMEs) are the ones most affected by Covid-19, the PSBB has limited the movement of goods and people, thus slowing economic activity. Financial fragility is one of the dominant issues for MSMEs during the pandemic. Alexander W. Bartik in his research underlines that financial fragility occurs a lot in small businesses and their businesses are affected by COVID-19 (Bartik, et.al, 2020). In this pandemic condition, the ones who feel the most impact are small entrepreneurs or MSMEs because the financial conditions of MSMEs are very fragile. The fragility of these small businesses becomes more complex when they are in big cities, especially Jabodetabek, apart from the massive number of Covid-19 victims, the purchasing power of the people has also decreased.

The impact of the Covid 19 pandemic on the MSME sector has greatly affected the condition of the Indonesian economy where the contribution of MSMEs to the Indonesian economy is very large, including the number of business units in Indonesia as of 2018 totaling 64.2 million business units, with the number of MSME units being 64.1 million (99, 9%) (Abdurrahman Firdaus Thaha, 2020).

To deal with the Covid-19 pandemic, in the midst of sluggish purchases of goods and services by consumers, entrepreneurs are required to think creatively by changing their usual marketing strategy, namely changing their sales pattern from selling directly (selling products in shops or houses of business) to selling online. One is through sales using social media such as WhatsApp including WhatsApp app group, Facebook and Instagram. Although the use of social media to sell has been carried out by the community for quite a long time, with the Covid-19 pandemic, the use of social media for selling has increased quite significantly. The Central Statistics Agency (BPS) noted that in March 2020, online sales jumped by 320% compared to sales at the beginning of 2020. The jump was sharper in April 2020, which was 480% from January 2020. The highest sales were in food and beverage products, and lowest sales on sports equipment. (Kontan.co.id, 2 June 2020)

There are several problems from these MSMEs in running their business during the pandemic, namely the decline in people's purchasing power and consumption, limited financial capital because banks and other financial institutions limit and are very careful in lending, limited intellectual capital, namely the ability to understand business conditions and how to develop it, as well as the limitations of social capital, namely how entrepreneurs can build and expand their business networks. This will be the research focus of this paper.

The purpose of this study is to analyze how MSMEs, especially the food sector in the Jabodetabek area, have changed their marketing strategy during the Covid-19 pandemic and the efforts made by these MSMEs in running their business.

## II. LITERATURE REVIEW

### A. Grand Theory

Theories about marketing strategies and theories about change have continued to evolve over the decades along with the development of the world's economy. The most famous theory of marketing strategy comes from Philip Kotler. According to Kotler (2000:93) in Dewi Untari (2018), marketing strategy is marketing logic and based on that business units can achieve marketing goals. The marketing strategy consists of making decisions about the marketing costs of the company. Theory of change is a dynamic factor that determines the external macroeconomic environment, which in turn affects the organizational strategy formula (Kotler; 2017). In the book *Re-thinking Marketing: Sustainable Market-ing Enterprise in Asia*, Kotler concludes that the anatomy of change consists of five elements, namely technology, legal politics, socio-cultural, economic and

market. According to Kotler, technology is the main change factor of the five elements. Change can create new markets and erase old ones.

In relation to the Covid-19 pandemic, many MSMEs have to do to save their business, namely by changing their business strategy or marketing. The old marketing concept, namely selling by relying on marketing in stores or places of business, must be modified by selling online or using technology. Changes in marketing strategies need to be carried out by MSMEs considering the ongoing COVID-19 pandemic conditions and the continued development of technology, so that online sales and relying on technology are conditions that must be done if consumers don't want to be left behind. Consumers themselves are currently so picky and smart in comparing products or services available on the market because they are assisted by technology, namely through social media and e-commerce or market places. The need to know changes in consumer behavior towards the era of disruption is needed by an entrepreneur in order to be able to follow the very diverse rhythm of consumer change (Dea Farahdiba; 2020).

### B. MSMEs Business Strategy

The development of MSMEs in Indonesia continues to grow because the economy continues to increase. MSME business actors are required to continue to be creative and innovate in their business, to develop effective marketing strategies, especially in the midst of the current Covid-19 pandemic. According to Gregorius Rio Alfrian, et al (2020), there are 5 strategies that need to be carried out by MSMEs to prevent and save MSMEs from the current pandemic condition based on the results of their studies in several journals, namely (1) Learning about digital marketing such as creating promotional media through social media. (2) Strengthening human resources by embedding learning about the era of globalization and technology. (3) Creative innovation to make consumers interested in buying a product during a pandemic. (4) Improving service to consumers in more detail and ensuring product cleanliness and safety. (5) Government policies towards MSMEs / government assistance such as providing social assistance or financial assistance to keep MSMEs running.

### C. Consumer Behavior

To implement its marketing strategy, an entrepreneur needs to first understand consumer behavior. Consumer behavior is the action that is directly involved in obtaining, consuming, and disposing of a product or service, including the decision processes that precede and follow these actions. (Consumer Behavior ebook, Nugroho J. Setiadi, SE, MM, 2013). Three important ideas in consumer behavior are (1) consumer behavior is dynamic, (2) involves interactions between affect and cognition, behavior and surrounding events, (3) involves exchange.

### D. Online Marketing

According to Kotler, online channels (e-marketing) are channels that a person can reach through computers and modems. Modems connect computers with telephone lines so that computers can reach various online information services

(Kotler, 2008). E-marketing is doing business online whose most obvious form is selling products to consumers online. Simply put, it is to create, manage and expand commercial relationships online (Kienan, 2001).

#### E. Theoretical Framework

Based on these theory above, it could be described a theoretical framework for these titles as follows:



Fig 1: -Theoretical Framework

### III. METHODOLOGY

This research uses descriptive qualitative research. Qualitative research is unique and can be used to explore issues in public relations and marketing communications (Daymon & Holloway, 2002). The results of qualitative research are contextual and caustic, where the research produced is valid at a certain time and place when the research is carried out. The time of the research was carried out for several months, namely from March 2021 to July 2022. In this study, the study of literature or documentation carried out was to collect various kinds of library data, published news, digitally stored archives, related to the driving factors changes in MSME strategy and economic conditions during the Covid-19 pandemic. In this study, researchers have not been able to conduct Focus Group Discussions because of the difficulty in uniting the time of 3 informants, so that research data collection from informants is carried out only by direct interviews with informants one by one and at different times.

### IV. RESULTS AND DISCUSSIONS

Based on the results of the researcher's interviews with 3 informants and the literature study conducted, the researchers tried to integrate some of the research that had been done. The condition of the covid-19 pandemic that has lasted for almost 2 years has forced MSMEs to have to think about strategies that must be done to be able to survive and develop their businesses. because banks and financial institutions limit their lending due to the sluggish economy during the pandemic, banks prefer to keep their money in SBI which is considered safer than being channeled as credit to the public, the public's purchasing power is reduced due to people trying to restrain their consumption in shopping for necessities that are only deemed necessary, including the existence of some people who have been laid off due to the impact of covid-19, reduced supply of raw materials due to restrictions on movement in several areas, resulting in raw materials being expensive.

Based on the results of interviews with 3 informants and field studies conducted by researchers, there are several strategies carried out by MSMEs, especially 3 informants in their strategy to survive during this covid-19 pandemic, namely:

1. Continue to improve skills or expertise in producing products that are sold.
2. Dare to innovate on the product. Buyers will usually be attracted to new products even though the products are actually the same as the old ones, but with a little innovation, for example in terms of shape, taste or raw materials, it will look like a new product. In this case, the informant as a cake producer often innovates by trying new recipes that produce new products.
3. Marketing products on social media as often as possible (continuously) so that it is hoped that followers will continue to remember our products and will order when they want it.
4. Make the packaging or product packaging as beautiful as possible, neat, attractive and clean. This is also one of the innovations, namely how to package products differently from competitors or what other manufacturers usually do. With attractive packaging, which are usually ordered by customers as hampers or delivery or gifts for friends or relatives on birthdays or other events, make customers happy and will re-order. On the product packaging, the seller's name card is usually affixed with the product name and mobile number, which has an attractive design.
5. Always prioritize the taste or quality of the product, so that customers will continue to be reminded of the quality of the products sold, even though the products sold are expensive, because customers already feel comfortable with the products purchased.
6. Focus on the target market, when we dare to sell products that are different from most products on the market, we must focus on our target market, lest we have premium products but are sold in bulk or the same as most products. Focusing on the target market is adjusted to our efforts in capturing customers and the data base we have.

Related to research questions about what things must be owned by MSMEs to be able to run and develop their business, capital is needed. Working capital for MSMEs is very important. Sources of capital can be obtained from own funds, such as savings, reserves and retained earnings, if you already have a business, and capital from loans, either bank/non-bank loans or personal loans. In essence, the capital is used to develop the business. According to Atmaja (2003) in Mentari et al (2017), working capital is the funds used to finance the procurement of assets and operations of the company. In addition to working capital, an entrepreneur also needs intellectual capital and social capital. According to Bontis (1998) intellectual capital includes all knowledge of employees, organizations and their ability to create added value and lead to sustainable competitive advantage. While social capital according to Lang & Hornburg (1998) in Fathy (2019) is social capital generally refers to the availability of mutual trust in society (stock of social trust), norms and networks that can be utilized in order to solve common problems. . So that Usman (2018) in Fathy (2019) states that economic or financial capital is associated with efforts to manage, increase, allocate and use owned funds as monetary

resources to obtain economic benefits or social benefits through productive activities. Human capital, which is commonly associated with efforts to utilize intelligence, skills, level and diversity of education and individual experience. Social capital focuses on efforts to utilize social relations

## V. CONCLUSION AND SUGGESTIONS

### Conclusion

Based on studies and data collected by researchers, it is concluded that the strategy carried out by food entrepreneurs during the covid-19 pandemic is to carry out strategies: (1) Increasing skills or expertise. (2) Dare to innovate products. (3) Conducting promotions on social media continuously. (4) Make product packaging or packaging as attractive as possible. (5) Prioritizing the taste or quality of the product. (6) Focus on the target market. The things needed by MSMEs in running and developing their business are 3 basic capital, namely: Financial capital, intellectual capital and social capital.

### Suggestions

Based Suggestions that can be given for future research are to increase the number of informants not only 3 people, focus group discussions to get more in-depth information from sources.

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