IMPACT OF SOCIAL MEDIA MARKETING TOWARDS BUSINESS PERFORMANCE OF MSMES IN MANADO DURING COVID-19 PANDEMIC

DAMPAK PEMASARAN SOSIAL MEDIA TERHADAP KINERJA BISNIS UMKM DI MANADO DI MASA PANDEMI COVID-19

by:
Omega Pingkan Joseph¹
Joy Elly Tulung²
Shinta Wangke³

¹²³Faculty of Economics and Business, Management Department
Sam Ratulangi University, Manado

E-mail:
¹omegajsph@gmail.com
²joy.tulung@unsrat.ac.id
³shintawangke@unsrat.ac.id

Abstract: The increasing use of the internet and social media today could be a good opportunity for MSMEs to market their products or services. Especially during the pandemic covid-19. MSMEs cannot directly interact with customers, whether to market products or to sell products because government required some community activities to be done from home. The purpose of the research is to find out deeper and further about social media marketing role on the business performance of SMEs in Manado during pandemic covid-19. This research used descriptive qualitative methodology and samples used in this research is 15 respondent who run culinary MSMEs. The results shows that Social Media Marketing has positive impact towards Business Performance on Micro Small and Medium – Sized Enterprises (MSMEs) in Manado. Recommendations concluded for this research are to use and utilize social media in marketing products and a business. For the government can provide seminars or training about social media marketing so that MSMEs in Manado can continue to grow.

Keywords: social media marketing, content creation, content sharing, interaction, accessibility, credibility, MSMEs, business performance.


Kata Kunci: pemasaran media sosial, pembuatan konten, berbagi konten, interaksi, aksesibilitas, kredibilitas, MSMEs, kinerja bisnis.
INTRODUCTION

Research Background

Micro Small and Medium – sized Enterprises has a big role for the Indonesian Economy, in terms of employment created and in terms of number of business. MSMEs has opened employment opportunities for 97% workforce in Indonesia, and contributed 60% of the GDP (Gross Domestic Product). When the monetary crisis of 1997, when many companies collapsed, MSMEs still survived and even became backbone at the time. Based on Badan Pusat Statistik (2016) data, shows that the existence of MSMEs in 1997 – 1998, in the number of MSMEs and the number of MSMEs workers has not decreased. Even absorbing 65 to 114 million workers until 2013. And for the number of unit of MSMEs from 1997 – 2013 is 39 to 57 million. As well as in North Sulawesi, especially in the Manado city, the existence of MSMEs is growing rapidly. The number of MSMEs in December 2019 is 16.803 units with 110.294 workers. So, regarding the performance and existence of very many MSMEs, MSMEs is considered capable of increasing people’s income, reducing unemployment, and also reducing poverty level because MSMEs open employment opportunities for many people who have not found a job. Indonesian population who use the internet is 175.4 million and 160 million used mobile. The development of social media and the large number of social media users in Indonesia has a great opportunity to be used as a place for business people to market their products or services. Pandemic covid-19 is also very influential for the economic sector, especially for MSMEs. Not only economic in Indonesia, but also in the world. MSMEs are one of the sectors most affected by the pandemic covid-19, In Databoks (2020), MSMEs in the culinary sector have the greatest impact at 27% and in the souvenir sector at 17.03%. Even though MSMEs are a very influential sector for the Indonesian economy, because they open up new jobs, reduce unemployment and even increase people's income and can also reduce the poverty level, and also contribute as much as 60% to GDP. Pandemic covid-19 has an impact on MSMEs because, government protocols encouraging people to stay at home and large-scale social restrictions to slow the spread of the coronavirus. Therefore, MSMEs cannot directly engage with customers to market and sell their products or services. To be able to survive in pandemic covid-19, MSMEs must be able to better utilize existing technology, requiring social media that can be used without having to interact directly with consumers but still be able to run a business. In accordance with the descriptions presented therefore this research is to find out deeper and further about social media marketing plays a role on the business performance of SMEs in Manado during pandemic covid-19.

THEORETICAL REVIEW

Marketing

Marketing is advertising to advertising agencies, events to event marketers, knocking on doors to salespeople, direct mail to direct mailers (Burnett, 2010: 11). In other words, to a person with a hammer, everything looks like a nail. In reality, marketing is a way of thinking about business, rather than a bundle of techniques. It is much more than just selling stuff and collecting money. It is the connection between people and products, customers and companies.

Social Media Marketing

Social media marketing is a form of direct or indirect marketing that is used to build awareness, recognition, memory, and actions for brands, businesses, products, people or others and is done using tools from social web such as, blogging, social networking, social bookmarking and content sharing (Gunelius (2010: 10).

Business Performance

Successful firms or business represent a key ingredient for developing nations. Performance is a set of financial and non-financial indicators that offer information on the level of accomplishment of objectives and results (Lebas and Euske, 2006). And to report the performance level of a firm or business, it is necessary to measure the results. Regular indicators used in measuring business performance are profit, return on investment (ROI), turnover or number of customers

Micro Small and Medium – Sized Enterprises

Micro Small and Medium – sized enterprises are engaged in trading or related to entrepreneurial activities and owned by individuals and/or individual business entities that meet the criteria for MSMEs as stipulated in law.
Kwartono stated, MSMEs are economic activities based on annual sales turnover. That said MSMEs is a business that has a net worth of less than 200,000,000.

Previous Research

Lapian, Lapian, and Tulung (2020) study aims to examine if there are significant effect of social media and word of mouth on purchase decisions at coffee shops in Manado, the object of this study are local coffee shops in Manado. This study is a quantitative research by distributing questionnaires using Likert Scale. The sample in this research is consisting of 100 respondents. This research is a comparative test which are social media and word-of-mouth has simultaneously effects on consumer purchase decision as the dependent variable and social media and word of mouth as one of independent variables partially affects consumer purchase decision in Local Coffee shops positively. Local Coffee shops need to create a competitive advantage in order to win market of Local Coffee shops.

Tangkudung, Tulung, and Saerang (2019) Digital marketing is a way to promote brands and products online. The aim of this study is to know how is the utilization of digital marketing in MSME’S and what the impact to them is. In order to achieve these objectives the researcher got information from 10 respondents using qualitative study which is in-depth interview and uses purposive sampling. The results showed that Digital Marketing has a good and positive impact to the business’s owner or the MSME’S and also digital marketing become an important role for those who using digital marketing to promoting and selling their product, digital marketing also help all the business’s owner to sell a product, through digital marketing also it easy to reached the customer, cost effectively, and measurable way. Digital Marketing has so many benefits, easy to use, very helpful, and useful for the newbie. The recommendation, for the owner of small medium enterprise/business they can learn more about digital marketing.

Mbwana (2019) analyze social media marketing effects on business performance on SMEs in Nairobi County using descriptive survey design with 204 samples, getting the results that social media marketing has a specific impact on company performance in Nairobi County. According to the majority of respondents, social media marketing also impacts their business in dealing with customers, in making images or content and delivering and communicating to customers and significantly influencing business performance.

Conceptual Framework

Figure 1. Conceptual Framework

Figure 1 explained that Social Media Marketing has an impact towards Business Performance on Micro Small and Medium – Sized Enterprises (MSMEs) in Manado.

RESEARCH METHOD

Research Approach

This research used descriptive qualitative methodology with case study research to analyse the impact of social media marketing towards business performance on MSMEs in Manado during Pandemic covid-19. This research were conducted in Manado on MSMEs in culinary sector in Manado. The time of the research during July to September 2020. The population of this research are referring to North Sulawesi Central Statistics Agency in 2019 which are 461.

Sample

The sample in this research were 15 culinary MSMEs. 15 respondents, because the 15 respondents in this research answered the same answer that social media marketing has an impact towards business performance on MSMEs in Manado during pandemic covid-19.
Sample Technique

In this research, the sample technique used non-probability sampling with purposive sampling technique. Purposive sampling is the technique of taking a group of subjects based on certain characteristics that are considered to have a close connection with the characteristics of the population that have been known previously (Martono in Hidayat, 2017). The informant of this research are from MSMEs in Manado in culinary sector, with the following criteria, First one is the MSMEs is in culinary sector in Manado, second one is the MSMEs uses social media, and the third one is the MSMEs has been established for more than 2 years.

RESEARCH METHOD

Research Approach

This research used descriptive qualitative methodology with case study research to analyse the impact of social media marketing towards business performance on MSMEs in Manado during Pandemic covid-19. This research were conducted in Manado on MSMEs in culinary sector in Manado. The time of the research during July to September 2020. The population of this research are referring to North Sulawesi Central Statistics Agency in 2019 which are 461.

Sample

The sample in this research were 15 culinary MSMEs. 15 respondents, because the 15 respondents in this research answered the same answer that social media marketing has an impact towards business performance on MSMEs in Manado during pandemic covid-19.

Sampling Technique

In this research, the sample technique used non-probability sampling with purposive sampling technique. Purposive sampling is the technique of taking a group of subjects based on certain characteristics that are considered to have a close connection with the characteristics of the population that have been known previously (Martono in Hidayat, 2017). The informant of this research are from MSMEs in Manado in culinary sector, with the following criteria, First one is the MSMEs is in culinary sector in Manado, second one is the MSMEs uses social media, and the third one is the MSMEs has been established for more than 2 years.

Data Collection Method

Primary Data

Primary data is the main data used in research that is obtained directly by researchers from the respondents, and will be gain using in-depth interview and observation.

Operational Definition of Research Variable

Table 1. Operational Definition of Variables

<table>
<thead>
<tr>
<th>No</th>
<th>Variables</th>
<th>Definition</th>
<th>Indicator</th>
</tr>
</thead>
</table>
| 1  | Social Media Marketing | Marketing that uses social web platforms such as blogging, bookmark and social networking such as online social media in order to attract others to see and get information, build awareness and actions as well as the intention to buy | - Content Creation  
- Content Sharing  
- Interaction  
- Accessibility  
- Credibility |
| 2  | Business Performance | Depiction of the level of MSMEs achievement.                               | MSMEs performance by profit |

Source: Author’s Note, 2020
Data Analysis Method

![Diagram of Data Analysis Method](Source: Miles, Huberman and Saldana, 1994)

a. Data Collection, is the process by which the researcher finds information from any kind of sources like books, internet, journal, articles and from the informant itself.

b. Data Reduction, the process of selecting, focusing on simplifying, abstracting, and transforming data that appears to be more easily managed and understood, and which takes place continuously during data collection.

c. Data Display, helps to make it easier and understand what is happening, helps to tidy up the information obtained so that it is easy to make conclusions that are grounded and impartial.

d. Drawing and Verifying, drawing conclusion involves deciding which is the essence of the findings in research, but not a summary of the research. And verification involves double checking the data to ensure the initial conclusions are relevant and valid.

Testing of Research Instrument

Validity and Reliability as one of the concepts for evaluating quality in qualitative research that must be completed in order to claim a study as part of true research (Stenbacka, 2001)

Reliability

Reliability is a concept used for testing or evaluating quantitative research, and this concept is most often used in all types of research. Reliability test in qualitative research, also called the Dependability test, by conducting an audit of the entire research process.

Validity

Validity testing is needed to evaluate the results of the study. According to Creswell and Miller (2000) states that validity is influenced by researchers' perceptions, and validity in research depends on the research paradigm that is built.

RESULT AND DISCUSSION

Result

Informant 1: Zefanya Mokodongan

Brownice was established on 2016 at innovation and entrepreneurship center (IEC) University of Sam Ratulangi, Now Brownice located at Jl. Kampus Barat, Bahu, Kec. Malalayang, Kota Manado, Sulawesi Utara. Brownice itself is a MSMEs that sells drinks with a variety of flavors and sizes. In pandemic covid-19, growing and maintaining the trust of customers, brownice makes tighter production systems, such as double wrapping, always washing hands and using a handsanitizer, and also a label that states this product is sterile. The use of social media as a platform to market products in pandemic covid-19, according to Anya, it has a positive impact after the pandemic covid-19, Brownice's profit just only 20% and after using more social media to market products, Brownice's profit increased by 20%-40%.

Informant 2: Mouritz Karel

Ommo Klappertart was established on 2018, and now located at Jl. Bengawan Solo Perum wale lestari indah, Manado, their main dishes is klappertart. In growing customers trust in the current pandemic covid-19, according to mouritz, ommo klappertaart explained the advantages of their products, clear descriptions of their
products, and most importantly ommo klappertaart use a direct delivery system so that customers immediately knew the state of the product they are clean and safe, using social media as a marketing in the pandemic covid-19 era is very impactful because even though profits of Ommo Klappertaart just only 30% in pandemic covid-19, but when Omo Klappertaart marketed his products on social media in the midst of the pandemic covid-19, Ommo Klappertaart's profit increased by 50%, and it makes ommo klappertaart still survive, in sales and in profits.

Informant 3: Briando Walangitan
Kopi Boxx was established on 2016, their main dishes are drinks but focus more on coffee. Kopi boxx located at Jl. Santo Yosep Nomor 47, Kleak, Manado. In the pandemic covid-19, to maintain and grow the trust of customers according to briando, the kopi boxx store is always sprayed with disinfectant and the activity is shared with customers through social media, also sharing and informing customers about protocols for maintaining distance, using masks and so on when it comes to kopi boxx store. The use of social in this pandemic covid-19 for kopi boxx has a positive impact and is very influential because there is still sales, profit increased by 50% after dropping 30% from 100% during the pandemic covid-19, and kopi boxx can still survive and not close.

Informant 4: Kyrie Wenur
The mango was established on 2018, located at Jl. Bethesda No 40, Manado. In the pandemic covid-19, the mango also made content in the form of product sterilization videos and the mango store, and also the mango made standards according to government protocols for customers who wanted to dine in, such as checking body temperature, compulsory hand washing, and keeping a distance. In addition, Kyrie also reposts from customers who have already bought as to maintain the trust of customers in Pandemic Covid-19. The mango access and convenience features for customers, namely connect with gofood and grabfood, and provide support for small business features. In sharing content, the mango more often shares on instagram stories with a frequency every day because according to kyrie diligently and up-to-date in sharing content during the pandemic covid-19 period is important so that customers know that the mango is open. By using social media to market the mango products, it has a positive impact in profit of The Mango increased 60-70% from just 50% in pandemic covid-19 and there is no reduction in employees.

Informant 5: Gilbert
Halu coffee was established on 2017 and now located at Jl. Babe Palar no 10, Manado. The main dishes of halu is beverages, but more dominant with coffee. In growing customers trust, Halu use a system that is always friendly with customers, repost reviews from customers who have already bought. In pandemic covid-19, Halu made a video about sterilization in production and Halu store. According to gilbert, during the pandemic covid-19, Halus profit was only 50% of 100%, but after using more social media to market products, Halus profit increased by 50-60%. Also the use of social media to marketing products makes Halu still survive, it still opens store, there are still buying and selling.

Informant 6: Joan
Porkbowl Manado was established on 2017, which started from online sales and a physical branch in Ruko Megamas. When there is an interaction between customers and Porkbowl, 50% of the purchase decision occurs and 50% are just asking questions. In terms of growing customers trust, Porkbowl always fast response, maintain quality, services of the products, and also repost reviews from customers who have already bought. In Pandemic covid-19 to growing customers trust, Porkbowl informs to customers that they always followed the covid-19 protocol. When Porkbowl use social media to marketing products during pandemic covid-19 has positive impact, because in terms of sales and profit, it does not have a significant effect because it has decreased by 50% but increased by 80% due to the influence of social media marketing. So, the porkbowl can survive in running business.

Informant 7: Pamela
Contour was established on 2017 located at Jl. P. Miangas, Bahu, Manado. Contour creating content in the form of images, there are also words but only as a complement. In growing customers trust in pandemic covid-19, Contour makes sterilization videos in stores, and also uses disposable cups, and provides a place for washing hands following the government protocol. Although it was closed for 3 months, and profit decreased and only had a 20% profit, but with the use of social media as a platform for marketing products and business, Contour profit
slowly increasing 50%-60% and Contour can still survive in doing business. So, according to Pamela social media has a positive impact.

**Informant 8: Imanuel**

Van Ommen Coffee was established on 2015 located at Kawasan Megamas, Café Container Blok 3D, no 12, Manado. VOC create interesting and creative content in the form of product images and product descriptions, picture of store conditions, also unique templates and are also equipped with interesting words, also provide promos. VOC also provides access and features such as, support small business features on Instagram, free delivery around Manado, and connect with gofood and grabfood. Social media marketing has positive impact on VOC because even though the level of sales and profit has declined to 70%, but then VOC profit increased to 85% and also VOC can still survive, in the sense of not going bankrupt.

**Informant 9: Ringga**

Moffee Coffee was established on 2018, the main dishes is beverage. Moffee located at Jl. Politeknik Perum Kairagi Permai no.3, Kairagi Dua, Mapanget, Manado. In growing and maintaining customers’ trust in the pandemic covid-19, Moffee do the recommended protocol, then made a video of the process of making drinks that are sold using a complete personal protective equipment. Also, repost reviews of customers who have already bought, so they can convince customers who haven’t bought. Social media marketing very impactful for Moffee, during pandemic covid-19 Moffee can still run a business, Profits increase gradually 15% -50% after decreasing 70% in pandemic covid-19.

**Informant 10: Chelya**

Babi Goreng Pidis was established on 2017, their main dishes is pork. Babi Goreng Pidis located at Malendeng, Camar II, Manado. In growing the trust of customers in Pandemic Covid-19, Babi Goreng Pidis make double wrapping in product packaging, also reposting reviews from customers who have already purchased. Social media marketing very impactful because sales and profit are increasing and Babi Goreng Pidis experienced no decrease in sales as well as profits in pandemic covid-19.

**Discussion**

**Content Creation**

From fifteen respondents, their opinions are the same, the results of fifteen respondents stated that with interesting and creative advertising content can attract customers to see and even buy the products being marketed. It is supported by the results of research from Mileva and Fauzi (2018) that content creation has a significant and positive influence on purchasing decisions.

**Content Sharing**

Just as Geurin-Eaglemen and Burch (2015) in Bahtar and Muda (2016) said that because there are many users on Instagram social media, it attracts many businesses to do promotional activities on Instagram. Also according to fifteen respondents in this study, it is important to always be diligent and up-to-date in sharing advertising content because according to respondents it is a reminder to customers. Supported by research from Mileva and Fauzi (2018) and also business people believe the content shared on social media will help others in making purchasing decisions (Bahtar and Young, 2016).

**Interaction**

In this study, most of the respondents (12) showed the largest percentage of purchases rather than just asking questions, for Moffee Coffee and Porkbowl it has a 50% percentage of direct purchases when interacting and 50% is just asking.

**Accessibility**

All respondents in this study provide access and attractive features to facilitate customers, also some respondents such as Kopi Itu, Van Ommen Coffee, Babi Goreng Pidis and Kopi Boxx provide easy access in the form of free delivery.

**Credibility**
In growing and maintaining the trust of customers in Pandemic Covid-19, fifteen respondents in this study conducted maintain and even improve the quality of their products. Supported by the statement from Jonas (2020) in Bahtar and Muda (2016) that the content produced by other users is more credible than the content provided by the seller. Consumers will usually buy items after they have read all the personal information generated by other users on other platforms and are quite convincing with what they have analyzed.

Performance

Performance here can be defined as the SMEs performance based on the SMEs profits and the existence of the SMEs itself during pandemic covid-19. Omno Klappertaart profits during pandemic covid-19 decreased just only 30%, but when marketed products on social media increased to 50%. Kopi Boxx profits dropping to 30% and then increased 50% after using more social media to marketing products and there are still sales. The Mango profits increased 60-70% from a decrease of 50%. Halu profit decreased 50% from 100% in pandemic covid-19, and then increased 50%-60% when using more social media in marketing products. Porkbowl profits increased 80% from a decrease of 50%. Contour profits increased 50%-60% after being closed for 3 months, and only had a profit of 20%. Van Omnen Coffee profits increased 85% after decreasing by 70%. Moffee Coffee profits increase gradually 15%-50% after decreasing 70%. Babi Goreng Pidis profits still increasing. Dcendol77 income decreased 20% from 100%, but began to increase 70%. Shmily profits still increase 98%. Spicilycious sales and profits are remained consistent. Manglows sales and profits more increasing to 100% from 95%. Kopi Itu sales and profits increased 70% from only 20% in pandemic covid-19. Brownice profits during pandemic covid-19 just only 20%, after using more social media to marketing products, increased 20%-40%.

Social Media Marketing on Business Performance on MSMEs during Pandemic Covid-19

Social media marketing is very influential and very impactful for every respondent in this research. Social media that is widely used or almost all respondents use is Instagram. Because all of the respondents in this study, their target market is young people, and in this current era many young people are using Instagram. In addition, Instagram also provides filters that can help and support MSMEs to be able to continue to market and sell their products or services digitally, especially in pandemic covid-19. Just as Borgman and Ulusoy (2015) in Srirejeki (2019) said, one of the biggest advantages of using social media for business is that it can attract the attention of customers widely at very minimal cost. So, that MSMEs can continue to run the business, and their performance remains.

CONCLUSION AND RECOMMENDATION

Conclusion

This research is conducted to find out the impact of social media marketing on MSMEs performance in Manado during pandemic covid-19. The fifteen respondents in this research were micro enterprises. MSMEs that utilize social media marketing inside it pay attention to content creation, content sharing, interaction, accessibility and credibility as a dimension of social media marketing can maintain the performance of MSMEs in Pandemic Covid-19. The results are defined that social media marketing has a positive impact on MSMEs, especially fifteen culinary. Even though profits did not increase significantly as before the pandemic covid-19, with more use of social media in marketing products, sales from MSMEs who were respondents in this study still existed, trading activities or buying and selling remained, and the percentage of profits showed an increase after a decline when the pandemic covid-19. Demerged, and culinary MSMEs who were respondents in this study, were still able to run a business and did not close even went bankrupt.

Recommendation

MSMEs play an important role in the Indonesian economy, also in Manado. Through social media in any circumstance and situation, MSMEs can still run a business, conduct sales and profits, and even interact with customers. When ignoring the use of social media and MSMEs are faced with a pandemic covid-19 as it is today in 2020, MSMEs might not be able to run a business, profits will decline, and eventually it will go bankrupt. That is why knowing the impact of marketing through social media for MSMEs in the face of the pandemic covid-19 or other circumstances to maintain performance and continue to be able to do business.

For the government it is also important to develop and support MSMEs in Manado in the use of social media as a marketing platform, the government can provide seminars or training about social media marketing so
that MSMEs in Manado can continue to grow. Hopefully, this research can help and recommend future researchers to have more information to improve theories about the impact of social media marketing on business performance on MSMEs, especially when there are situations that might be similar to the pandemic covid-19 and help them as a guide in choosing their research methods.

REFERENCES


