

IMPLEMENTATION OF DIGITAL MARKETING IN SME'S: OPPORTUNITIES AND CHALLENGES DURING THE COVID-19 PANDEMIC

Sudarmiatin^{*)}, Fitriana^{*)}, Nurul Hidayati^{*)}

^{*)}Departement of Management, Faculty of Economics and Business, Universitas Negeri Malang
Jl. Semarang 5 Malang, East Java, Indonesia

Abstract: During the Covid 19 Pandemic, the survival of Small and Medium Enterprises (SMEs) was threatened with bankruptcy due to the decline in people's incomes, and the implementation of Large-Scale Social Restrictions (PSBB). This study aims to (a) Identify the problems faced by SMEs in running their business during the Covid 19 Pandemic (b) Analyze the opportunities and challenges of SMEs in implementing digital marketing, and (c) develop digital marketing models to improve the performance of SMEs during the Covid 19 Pandemic. This research is a case study, which is a study that aims to help solve problems faced by the community including Small and Medium Enterprises. The subjects of this study were 12 SMEs in 3 cities and regencies in East Java which are engaged in retail, food and beverage and handicrafts. Research data collection was carried out using in-depth interviews, observation and documentation methods. Data analysis uses SWOT analysis to analyze digital marketing strategies during the Covid 19 pandemic. The results of the study show that the Covid 19 pandemic has greatly impacted the survival of SMEs. At the beginning of the Covid 19 pandemic, the sales turnover of retail and food and beverage SMEs decreased by 40%. But a few months later, SMEs began to rise and adjust to changes during the pandemic. By utilizing digital-based marketing strategies, retail and food and beverage SMEs are able to survive during the pandemic. However, for handicraft SMEs, there was a decline of up to 80%. In the new normal era such as today, marble handicraft SMEs have not recovered, some of them have even gone out of business because they are unable to bear operational costs. It is suggested that the local government should intervene to solve distribution problems to the export market.

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Keywords: digital marketing, Covid 19 pandemic, SMEs, SWOT

Abstrak: Di masa Pandemi Covid 19, kelangsungan Usaha Kecil dan Menengah (UKM) terancam bangkrut akibat penurunan pendapatan masyarakat, dan pemberlakuan Pembatasan Sosial Berskala Besar (PSBB). Kajian ini bertujuan untuk (a) Mengidentifikasi permasalahan yang dihadapi UKM dalam menjalankan usahanya di masa Pandemi Covid 19 (b) Menganalisis peluang dan tantangan UKM dalam menerapkan pemasaran digital, dan (c) mengembangkan model pemasaran digital untuk meningkatkan kinerja UKM di masa Pandemi Covid 19. Jenis penelitian ini adalah studi kasus, yaitu penelitian yang bertujuan untuk membantu memecahkan permasalahan yang dihadapi oleh masyarakat termasuk Usaha Kecil dan Menengah. Subyek penelitian ini adalah 12 UKM di 3 kota dan kabupaten di Jawa Timur yang bergerak di bidang ritel, makanan dan minuman serta kerajinan. Pengumpulan data penelitian dilakukan dengan menggunakan metode wawancara mendalam, observasi dan dokumentasi. Analisis data menggunakan analisis SWOT untuk menganalisis strategi pemasaran digital selama pandemi Covid 19. Hasil kajian menunjukkan bahwa pandemi Covid 19 sangat berdampak pada kelangsungan hidup UKM. Di awal pandemi Covid 19, omzet penjualan UKM ritel dan makanan minuman turun hingga 40%. Namun beberapa bulan kemudian, UKM mulai bangkit dan menyesuaikan diri dengan perubahan di masa pandemi. Dengan memanfaatkan strategi pemasaran berbasis digital, UKM ritel dan makanan minuman mampu bertahan di masa pandemi. Namun untuk UKM kerajinan mengalami penurunan hingga 80%. Di era new normal seperti saat ini, UKM kerajinan marmer belum pulih, bahkan ada yang gulung tikar karena tidak mampu menanggung biaya operasional. Disarankan agar pemerintah daerah turun tangan untuk mengatasi masalah distribusi ke pasar ekspor.

Kata kunci: pemasaran digital, pandemi Covid 19, UKM, SWOT

¹ Corresponding author:
Email: sudarmiatin.fe@um.ac.id

INTRODUCTION

The industrial revolution is expected to be able to increase productivity which has an impact on improving the quality of human life, including Small and Medium Enterprises (SMEs). In the era of the industrial revolution 4.0, SMEs have a great opportunity to develop through digital marketing. For this reason, in the last five years, Indonesian SMEs have been trying to adapt to the development of marketing technology so that they are not left out of the competition. Various efforts have been made by local governments to improve the ability of SMEs in mastering technology. However, since early 2020, the world has been shocked by the arrival of a virus that attacks human respiration and can cause death. The virus is called SARS-CoV-2 or Coronavirus.

The impact of the Coronavirus pandemic on the world economy has been tremendous. In the first quarter of 2020, economic growth in a number of Indonesia's trading partner countries grew negative: Singapore -2.2, Hong Kong -8.9, the European Union -2.7 and China decreased to minus 6.8. Some countries still grew positively but decreased when compared to the previous quarter. The United States fell from 2.3 to 0.3, South Korea from 2.3 to 1.3 and Vietnam from 6.8 to 3.8. Indonesia experienced a fairly deep contraction from 4.97 in the fourth quarter of 2019 to 2.97 in the first quarter of 2020.

In Indonesia, the virus was only discovered in early March 2020. As with other countries that are equally affected by the Corona virus, the Indonesian government has imposed restrictions on the activities of its citizens, including prohibiting the holding of mass and crowd activities. This prohibition of course has an impact on a number of public activities such as the closure of companies, schools, campuses and offices, ports, airports, stations, restricted terminals, hotels, shopping centers, business centers, tourist attractions, sports stadiums, and even houses. worship is also not allowed to hold mass activities that invite crowds. Gradually, the local government has also closed access roads to and from outside the city, and even the alleys of each community unit area, are locked and chained together with notification of the status of activity restrictions, which as a whole aim to suppress the spread of this virus. For most people, conditions like this will make stress and depression. People cannot carry out their activities as usual, and as a result, the

wheels of the economy cannot run. Theft happens everywhere because of stomach business. The PSBB was implemented to inhibit the spread of the Corona virus, but on the other hand it also had an impact on the weakening of the economic sector.

Business developments in the SME sector during the Coronavirus pandemic are also very concerning. The results of the preliminary study show that many SMEs are out of business because they are no longer able to bear the high operational costs. Why are SMEs operating costs higher than usual during the Coronavirus pandemic? One of the contributing factors is the lower amount of income, while operational costs such as taxes, employee salaries, electricity, water, must still be paid. Frozen business capital due to low turnover of goods or services also has an impact on declining income. Not to mention if SME players do not master digital marketing technology in an effort to turn the wheels of the economy back during this Coronavirus pandemic.

Digital Marketing is a marketing strategy that has a broader scope because it not only refers to digital media such as web, e-mail and wireless media, but also includes managing digital customer data, and also using the internet together with traditional media to obtain and provide services to customers. . Through digital marketing, a company can reach millions of customers through a global approach (Chaffey & Mayer, 2009). Meanwhile, Coviello, Milley and Marcolin (2001) state that digital marketing is the use of the internet and the use of other interactive technologies to create and connect a dialogue between companies and identified consumers. The magnitude of the economic impact will depend on the length and severity of the health crisis, as well as the length of the lockdown period.

To support the implementation of this research, the following are some of the relevant research results. Mogos (2015) in his research results stated that the use of digital is not only to form the branding of a product but is also useful for identifying consumer preferences. Meanwhile, Taiminen & Karjaluoto (2015) showed that communication with resellers can be done effectively using digital marketing. Pradhan et al. (2018 and Foroudi (2017) in their research results stated that digital marketing is able to keep records of long-standing sales history. Bartik et al (2000) state that the impact of the Coronavirus pandemic on the sustainability of small businesses in the United States

is as much as 43% of retailers temporarily closed their businesses, and employment fell by 40%. While the results of research by Dev and Sengupta (2020) state that with a prolonged lockdown, there will be a global economic downturn and disruptions related to demand and supply chains, the economy is likely to face a period of slowing down. Gregori et al. (2015) showed that for SMEs, digital marketing is a necessity because it can be a tool to support SME marketing.

Foroudi et al. (2017) showed the extent to which digital technology affects marketing capabilities that lead to company growth. There are two key components of digital technology as quality of information and convenience of service. The relationship between digital technology, tangible/intangible assets, and marketing capabilities plays an important role as a facilitator of company growth. Jokonya and Mugisha (2016) showed that social media adoption is influenced by technological factors, organizational factors, and environmental factors. The study reveals that although efforts have been made to study social media adoption in retail SMEs; there are still areas that could be investigated further. Erlangga (2021) suggests that social media-based digital marketing has a significant influence on purchasing decisions for SME products. The results of the Govender survey (2013) of 388 South African SMEs showed that SMEs do not fully utilize the internet to promote their products.

The general objective of this research is to assist small and medium enterprises (SMEs) in solving practical marketing problems for business continuity during the Coronavirus pandemic. While the specific objectives of this research are to (a) Identify the problems faced by SMEs in running their business during the Coronavirus pandemic (b) Analyze the opportunities and challenges of SMEs in implementing digital marketing during the Coronavirus pandemic (c) Develop digital marketing models to improve the performance of SMEs during the Coronavirus pandemic.

METHODS

The approach used in this research is descriptive qualitative. While this type of research is a case study, which is a study that aims to help solve problems faced by the community including Small and Medium Enterprises (SMEs). The research subjects included

managers and employees of 12 SMEs engaged in retail, food, beverage and handicrafts. The determination of research subjects was carried out using the snowball sampling method, namely determining research subjects based on recommendations from previous SMEs.

The research locations are three cities and regencies in East Java, namely Malang city, Malang district and Tulungagung regency. Research data collection was carried out using in-depth interviews, observation and documentation. To answer the research problems, data analysis was carried out using SWOT analysis. As stated by Rangkuti (2010) that SWOT analysis can be carried out through internal factors analysis (IFAS) and external factors analysis (EFAS). Internal factors can be grouped into strengths and weaknesses, while external factors are grouped into opportunities and challenges. Through the SWOT analysis, it is expected to be able to answer relevant digital marketing strategies for the three groups of SMEs that are the target of this research.

The research procedure starts with identifying the problems faced by SMEs, conducting studies of relevant theories and research results, compiling a research design, determining research subjects, compiling instruments, collecting data, analyzing data, and finally compiling a research report. To improve the accuracy of research data, triangulation was carried out which included method triangulation, data source triangulation and theory triangulation.

RESULTS

Description of SME Problems during the Coronavirus Pandemic

This study took the subject of research managers and employees at 12 SMEs in East Java which includes the city of Malang, Malang district and Tulungagung district. Malang City is one of the cities that has the largest tourism potential in East Java as well as being a city of education. Therefore, in the Malang City, many culinary businesses are very large in number as a result of the predicate of the city of education and tourism. The research subjects taken from the city of Malang are 4 SMEs consisting of 2 retail businesses and 2 food and beverage businesses. Four SMEs were taken as the research subjects from Malang District, namely 2 retail

SMEs and 2 food SMEs. Meanwhile, in Tulungagung district, 4 SMEs engaged in the craft sector were taken. The development of retail businesses during the Covid 19 pandemic in the city of Malang did not experience a significant decline. As for the culinary business, at the beginning of the Pandemic there was a significant decline in demand. As stated by the manager of Nelongso Fried Chicken in the city of Malang, during the Coronavirus pandemic there was a decline in sales turnover of up to 40%. Consumers prefer to buy take away compared to eating in place. Purchases using digital media are mostly used by the people of the city of Malang through the gojek or grab platform. As for the culinary business, at the beginning of the Pandemic there was a significant decline in demand. As stated by the manager of Nelongso Fried Chicken in the city of Malang, during the Coronavirus pandemic there was a decline in sales turnover of up to 40%.

Slightly different from the city of Malang, the development of retail and food and beverage businesses in Malang district experienced a significant decline, for retail businesses it decreased by around 30%, while for food and beverages it decreased by 40%. Local government policies that treat micro PPKM have an impact on reducing people who shop at markets or supermarkets. The people of Malang Regency prefer to shop sparingly from mobile vegetable traders in order to maintain their health. The use of digital media is less attractive to the people of Malang district.

Next is a description of the problems of SMEs in Tulungagung Regency. So far, Tulungagung district is known as the city of marble, because it produces the largest marble handicrafts in East Java and even in Indonesia. For this reason, the research subjects taken from the Tulungagung district were 2 marble handicraft businesses and 2 batik businesses. Based on the results of interviews with marble shop owners in the Campurdarat sub-district, Tulungagung district, it was stated that during the Covid 19 pandemic, there was an extraordinary decline in demand for marble handicrafts. As a result, some marble craftsmen stopped production because they could not pay the operational costs. Marble sales decreased during the pandemic by up to 60%. However, the craftsmen are still trying to get up by utilizing digital media such as websites and Instagram to market marble crafts. The reduced number of tourists visiting Tulungagung district also has an impact on decreasing demand for marble handicrafts.

As for the batik craft business in Tulungagung district, the condition is still running during the pandemic by utilizing digital media. As stated by the Satrio Manah batik manager, batik marketing through the marketplace can cover the decline in offline buyers who come directly to the store.

The pandemic period has lasted for about two years, and now we have entered the New Normal period where people can carry out their daily activities while still adhering to the 5M health protocol (wearing masks, maintaining distance, staying away from crowds, washing hands with soap and reducing mobility). At this time people began to dare to go out of the house to shop to meet the needs of their family. The economy has started to run although the turnover is slower than normal conditions.

Based on the results of the research, it can be stated that the impact of the Coronavirus pandemic on MSME business performance is extraordinary, especially for MSMEs that operate outside of basic needs. The decline in people's purchasing power was caused by the income crisis as a result of the sluggish economic sector. This is relevant to what Bartik et al (2000) stated that the impact of the Coronavirus pandemic resulted in 43% of retailers in America temporarily closing their businesses, and decreasing employment by 40%. Meanwhile, Dev and Sengupta (2020) stated that a prolonged lockdown had an impact on the global economic downturn and supply chain disruptions.

SME opportunities and challenges during the Coronavirus Pandemic

By looking at the description of the MSME problems above, the question arises, is this Coronavirus Pandemic an opportunity or a challenge for MSMEs? All Indonesian people do not think that in 2019 and above there will be a Coronavirus Pandemic period. Almost all sectors including education, tourism, and business slumped. Kotler and Keller (2013) suggest that two factors affect business performance, namely the internal and external environment. The internal environment is an environment that can be controlled by business actors such as the quality of human resources, capital, service quality, and others. While the external environment is an environment that cannot be controlled by business actors, such as tax increases, natural disasters, and the occurrence of the Coronavirus

Pandemic. The recommended behavior for all business people is a survival strategy, namely maintaining a source of income and not expanding that has a high risk.

Rangkuti (2010) stated that the analysis of internal and external factors that affect the running of the business can be done through a SWOT analysis. Internal factors can be grouped into strengths and weaknesses, while external factors can be grouped into opportunities and threats. This study will conduct a SWOT analysis for 3 groups of MSMEs, namely (1) the retail group, (2) the food and beverage group and (3) the handicraft group. The following are the results of an analysis of the opportunities and challenges of 3 groups of MSMEs, namely retail, food and beverage and handicrafts in implementing a digital marketing strategy during the Covid 19 pandemic.

Based on the results of the analysis of opportunities and challenges in Table 1, it can be seen that the three SME groups all need to improve their mastery of technology in order to survive the Covid 19 pandemic. The distinguishing factor from the three SME groups above is market segmentation. For retail SMEs, the target market is the community around the store location. To be able to reach a wider market, retail SMEs can partner with the Gojek or grab platform. However, the effectiveness of using grab or Gojek is also influenced by the culture of the people who are the retail SME segment.

Food and beverage group SMEs can expand their target market by utilizing social media such as whatsapp, instagram, tiktok, and face book. In addition, they can also form partnerships with Gojek and Grab. As for the handicraft business, the market reach can be even wider, covering the national and international markets. For that they can cooperate with the marketplace so that they can survive during the pandemic. Thus, the use of digital marketing is expected to help SMEs get back on their feet despite the Covid 19 pandemic. This is relevant to what was stated by Govender (2013) and Foroudi et al. (2017) that SMEs need to improve the capabilities of their employees in mastering technology so that their business can develop significantly. While Gregori et al. (2015) showed that for SMEs, digital marketing is a necessity because it can be a tool to support SME marketing.

Implementation of Digital Marketing Strategy for SMEs during the Covid 19 Pandemic

To answer the third problem, namely a digital marketing strategy to improve the performance of SMEs during the Covid 19 pandemic, a SWOT analysis was carried out. Because each SME has different strengths and weaknesses, a SWOT analysis is carried out on all SME groups, namely (1) retail group, (2) food and beverage group and (3) handicraft group. The following is a SWOT analysis for retail groups.

Table 1. Analysis of SME opportunities and challenges during the covid 19 pandemic

| MSME group | Opportunities | Threats |
|-------------------|---|---|
| Retail | Can expand the target market by doing offline and online marketing simultaneously | Increase mastery of technology |
| Food and beverage | Have a chance to get a bigger profit | Taking Gojek or Grab as a marketing partner |
| | Can expand the target market by doing offline and online marketing simultaneously | Increase mastery of technology |
| Craft | An online business shop does not have to have a shop | Taking Gojek or Grab as a marketing partner |
| | Can sell online and offline at the same time to expand the market | Increase mastery of technology |
| | Can pioneer the export market through the media marketplace | Collaborating with millennials to help operate a digital marketing |
| | Optimizing the online market through e-commerce | Partnering with marketplaces (Shopee, Bukalapak, Tokopedia, and others) |

Based on the results of the SWOT analysis in Table 2 above, it can be seen that the use of digital media used by retail SME groups in East Java is only WhatsApp. However, retail managers always respond to all customer questions related to the products sold. The answers submitted by retail business actors through social media must be easy to read without offending customers' feelings. Even some retail SMEs provide delivery orders during the Covid 19 pandemic, because the average customer's house is not far from a retail store. Customers want delivery services on the grounds of reducing mobility and avoiding crowds. Thus, when viewed in terms of sales turnover, retail SMEs are barely affected by the Covid 19 pandemic. This is relevant to what Fitriyani (2020) said that SMEs need to increase the capacity of their employees in mastering technology in order to survive the Covid 19 pandemic. The following are the results of a SWOT analysis of food and beverage SMEs.

Based on the SWOT analysis in Table 3, it can be seen that the use of digital technology has a very large influence on sales turnover. At the beginning of the Covid-19 pandemic, many food and beverage SMEs experienced a decline in sales. However, after approximately 4 months of the Covid 19 pandemic, food and beverage SMEs began to adjust to the changes and partnered with Grab food. Even digital literacy is taught by grab food managers to make it easier for SMEs to run applications. While carrying out online sales using Grab food, food and beverage SMEs continue to serve offline sales. The slump in sales was only felt

for the first 4 months during the Covid-19 pandemic. Furthermore, the food and beverage business slowly bounced back after partnering with Grab food. Even some food businesses can be done from home, without having to have a stall. This is in accordance with the results of research by Mogos (2015) which states that the use of digital marketing in SMEs can be a force to create competitive strategies. Meanwhile, Taiminen & Karjaluoto (2015) suggest that digital marketing can raise the spirit of SMEs in competing with manufactured products. Erlangga (2021) stated that the food business actually experienced an increase in sales during the Covid 19 pandemic because of implementing digital marketing. The following are the results of a SWOT analysis for handicraft SMEs.

Based on Table 4, it can be seen that the production process of marble handicrafts in SMEs in Tulungagung district has utilized technology, so that it is able to serve large amounts of demand. However, during the Covid 19 pandemic, sales turnover for marble handicrafts decreased dramatically by up to 80%. The application of digital marketing in the marble craft industry has no significant effect on increasing sales turnover. As a result, many marble SMEs went bankrupt because they were unable to pay operational costs. Some SMEs prefer to stop the production process and only sell products that are available in the warehouse. However, this is not the case with batik, which can still survive through the Shopee and Bukalapak marketplaces. The involvement of millennial employees can help batik SMEs in operating digital-based marketing.

Table 2. SWOT Analysis Matrix for Retail MSME Group

| | | |
|---|--|--|
| | <p>Strength (S)</p> <ul style="list-style-type: none"> • Serving end consumers directly • Can know the tastes of consumers who are targeted correctly | <p>Weakness (W)</p> <ul style="list-style-type: none"> • Low mastery of technology • Limited amount of capital |
| <p>Opportunity (O)</p> <ul style="list-style-type: none"> • Can expand the target market by doing offline and online marketing simultaneously • Opportunity to earn bigger profits | <p>SO Strategies</p> <ul style="list-style-type: none"> • Providing community needs during the pandemic • Using WhatsApp social media for information on goods and services | <p>WO Strategies</p> <ul style="list-style-type: none"> • Improve mastery of technology through training or self-study • Utilize cheap credit (KUR) |
| <p>Threats (T)</p> <ul style="list-style-type: none"> • If you want to survive, you must dare to change technology • Taking Gojek or Grab as a marketing partner | <p>ST Strategies</p> <ul style="list-style-type: none"> • Serving the purchase of delivery messages • A pioneering partnership with Gojek or Grab | <p>WT Strategies</p> <ul style="list-style-type: none"> • Improve mastery of technology through training • Engaging millennial employees in digital-based marketing |

Table 3. SWOT Analysis Matrix for Food and Beverage SME Group

| | | |
|--|--|--|
| | <p>Strength (S)</p> <ul style="list-style-type: none"> • Can find out consumer tastes easily • Have a unique product that is different from competitors | <p>Weakness (W)</p> <ul style="list-style-type: none"> • Low mastery of human resources on technology. • Limited capital |
| <p>Opportunity (O)</p> <ul style="list-style-type: none"> • Can expand the target market by doing offline and online marketing simultaneously • Can set up a business without having a shop | <p>SO Strategies</p> <ul style="list-style-type: none"> • Partnering with Gojek/Grab to reach a wider market. • Always innovate finding new things to meet customer needs | <p>WO Strategies</p> <ul style="list-style-type: none"> • Increase mastery of technology • Utilize cheap credit (KUR) |
| <p>Threats (T)</p> <ul style="list-style-type: none"> • Increase mastery of technology • Taking Gojek or Grab as a marketing partner | <p>ST Strategies</p> <ul style="list-style-type: none"> • Serve offline and online sales simultaneously to optimize revenue | <p>WT Strategies</p> <ul style="list-style-type: none"> • Human resource assistance in the application of technology • Engaging millennial employees in digital-based marketing |

Table 4. SWOT Analysis Matrix for Craft SME Group

| | | |
|---|---|--|
| | <p>Strength (S)</p> <ul style="list-style-type: none"> • Have a unique product that is different from competitors • The production process already utilizes technology | <p>Weakness (W)</p> <ul style="list-style-type: none"> • Handicraft products are not included in basic needs • Limited capital |
| <p>Opportunity (O)</p> <ul style="list-style-type: none"> • Can sell products online and offline to expand the market. • Optimizing the online market through e-commerce | <p>SO Strategies</p> <ul style="list-style-type: none"> • Can pioneer the export market through the media marketplace • Keep innovating and trying new things | <p>WO Strategies</p> <ul style="list-style-type: none"> • Optimizing the use of marketplaces (Shopee, Tokopedia, Bukalapak, etc.) • Utilize cheap credit (KUR) |
| <p>Threats (T)</p> <ul style="list-style-type: none"> • Entering the export market through the marketplace channel. | <p>ST Strategies</p> <ul style="list-style-type: none"> • Pioneering partnerships with marketplaces (Shopee, Bukalapak, Tokopedia, and others) | <p>WT Strategies</p> <ul style="list-style-type: none"> • Improve mastery of technology with training • Collaborating with millennials to help operate digital marketing. |

The results of interviews with handicraft SMEs show that the nature of the handicraft industry is indeed different, some are primary needs and some are secondary. The position of handicraft products is more secondary, experiencing a decline in sales during the crisis. With the increasingly difficult economic conditions during the Covid-19 pandemic, the community prioritizes meeting primary needs rather than secondary. However, this problem must be solved immediately because after all, life must go on even during a pandemic. Marble craftsmen still hope that the export market can revive as it was before the

Covid 19 pandemic. Finally, at the end of 2020 the craftsmen began to contact the European market again and received a very large number of sink orders. This is of course burdensome to the craftsmen, so the delivery was forced to be postponed first so that the cost of the container returned to stability. As stated by one of the following marble craftsmen.

“I chose to postpone the delivery of goods to Europe because the export cost is more expensive than the price of the goods themselves. So that while I store my goods in the warehouse until export costs stabilize again”

This is relevant to the results of research Gregori et al. (2015) that the use of digital marketing does not always have a positive impact. Sometimes there are problems that cannot be predicted beforehand.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Identify the problems faced by SMEs in running their business during the Coronavirus pandemic. In general it can be stated that almost all types of SMEs experienced a decline in demand during the Coronavirus pandemic. Among the three groups of SMEs that are the subject of this research, namely retail, food and beverage and handicraft businesses, the ones that have suffered the most as a result of the Coronavirus pandemic are handicraft SMEs, especially marble. The status of marble handicraft products in the eyes of consumers is as a secondary need, so that consumer shopping behavior prioritizes primary needs such as food and health. The export market for marble products has also been affected by the Covid-19 pandemic.

The Corona virus came suddenly not only in Indonesia, even almost all countries in the world were affected by this virus. Various efforts by the Indonesian government to inhibit the spread of the Corona virus such as PSBB (Large-Scale Social Restrictions), avoiding crowds and an appeal to stay at home have an impact on changing people's behavior in shopping to meet family needs. For this reason, increasing the ability of SME managers to operate online marketing through digital media is very necessary and evens a must so that the business can continue to run. Some SMEs consider the pandemic period as a disaster that destroys their business. But on the other hand, there are also SME players who actually rise and get bigger during the Pandemic. The perspective of SMEs towards the pandemic and the ability of SMEs to innovate are the keys to the rise of the economy.

Digital marketing strategy to improve the performance of SMEs during the Coronavirus pandemic through SWOT analysis. The results of the analysis of internal and external factors show that the position of SMEs in these three cities and districts in East Java is aggressive. This shows that the position of SMEs still has the opportunity to rise and develop even during the Pandemic. Efforts that can be made by SMEs to be able

to rise and develop during the pandemic are to take advantage of strengths to seize opportunities, reduce weaknesses to overcome threats. The form of activity to implement these recommendations is to improve the ability of SME managers in mastering technology and continue to strive to improve service quality so that they can compete with similar products both locally, nationally and internationally.

Recommendations

Even though the Pandemic is not over yet, life must go on. For this reason, as entrepreneurs, SMEs must remain enthusiastic about facing the future. Increase the ability to be able to operate an online business either by self-taught or by participating in various trainings that have been prepared by Department of Cooperatives, Industry and Trade or other resource persons. If existing businesses have sluggish growth during the Pandemic, then SME players should not hesitate to switch to other more prospective businesses during the pandemic. This does not mean that the old business is abandoned, because if one day things return to normal, the old business can run again. Although currently digital-based marketing is more recommended, if things return to normal, offline and online-based marketing strategies are more recommended.

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