

## The Role of Digital Marketing and Online Branding as an Effort to Create Market Opportunities in the Covid-19 Pandemic Period (A Study Case on MSMEs in Bandung)

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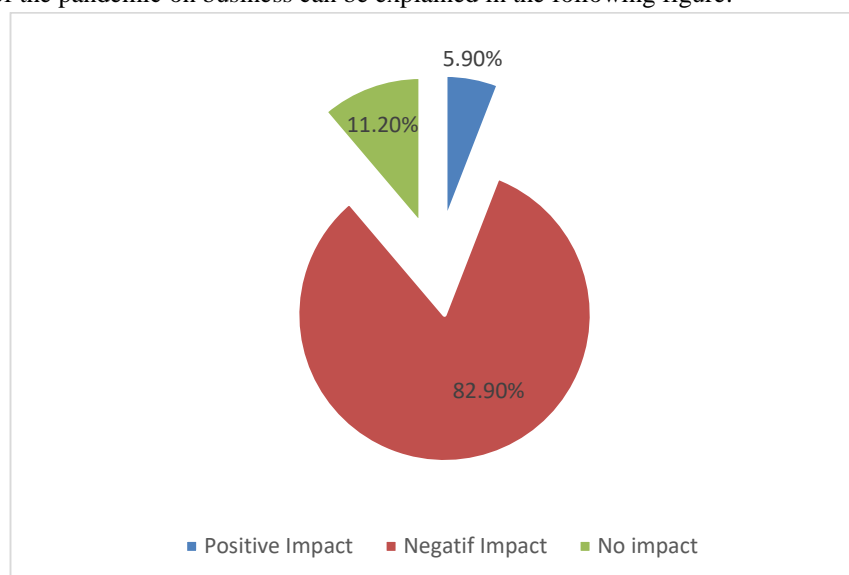
**ABSTRACT:** The purpose of this study is to determine the role of digital marketing; online Branding carried out by MSMEs on Market Opportunities during the Covid 19 Pandemic. The research method used is quantitative research with a questionnaire research instrument distributed to 100 MSMEs in the city of Bandung using simple random sampling technique. The results of this study obtained the role of digital marketing and online branding has an effect on efforts to create market opportunities during the Covid 19 pandemic.

**KEYWORDS:** Digital Marketing, Online Branding, Market opportunities

### INTRODUCTION

The Covid-19 pandemic has affected all sectors, one of which is the economic sector. This is felt significantly by Micro, Small and Medium Enterprises (MSMEs) perpetrators who are experiencing an economic crisis. The Ministry of Cooperatives and SMEs noted that 45% of SMEs could only survive for three months during the pandemic. Meanwhile, the Asian Development Bank (ADB) survey showed that 88% of micro-enterprises had to 'hold their breath' because they ran out of cash or savings due to the pandemic. More than 60% of these micro and small businesses have reduced their workforce. The decline in people's purchasing power due to the Covid-19 pandemic has also greatly affected the sustainability of MSME businesses.

Based on Katadata, the impact of the pandemic on business can be explained in the following figure:



**Figure 1.** The Impact of the Covid 19 Pandemic on MSMEs

Source: katadata.co.id 2020

Figure 1. describes the majority of MSMEs, or as many as 82.9% experiencing negative impacts from this pandemic. Only a tiny percentage of 5.9% of the perpetrators experienced a positive impact. The Covid 19 pandemic has an impact on the turnover obtained, as depicted in the image below:

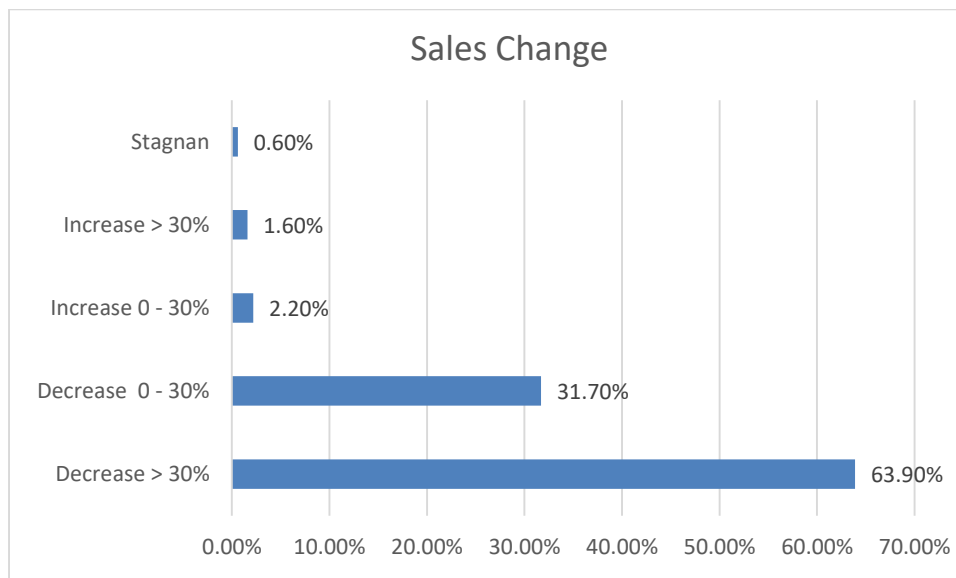


Figure 2. COVID 19 impact to MSMEs

Source: katadata.co.id 2020

Micro, Small and Medium Enterprises (MSMEs) have an important role in the pace of the Indonesian economy, especially in job creation and household empowerment that supports household income. The existence of MSMEs is expected to be able to spur the economy in the midst of the current economic slowdown. The use of digital technology-based marketing concepts (digital marketing) provides hope for MSMEs to develop into economic powerhouses.

The development of the number of internet users who experience this growth every year shows that with technology there is a change in consumer behaviour. This needs to be addressed with changes also from the MSME side to make changes in marketing from conventional (offline) to digital (online). However, internet access and the digital readiness index of these business actors indicate that these MSMEs are not fully ready to immediately switch to digital. Below are some of the obstacles associated with using digital marketing.

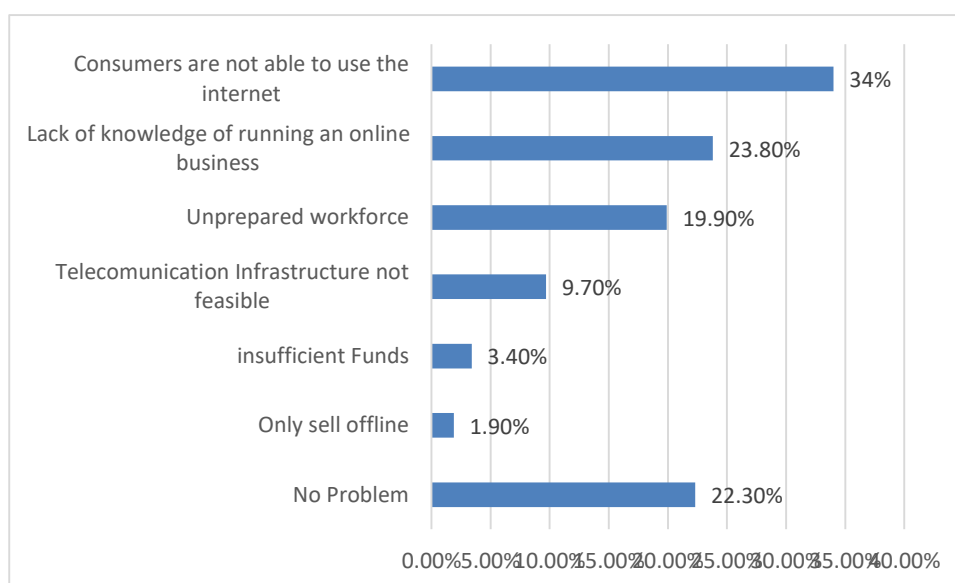


Figure 3. Marketing Barriers of SMSEs on online business

Source: katadata.co.id 2020



Based on Figure 3, MSMEs often experience problems running a business using digital technology. One of the main problems for MSMEs is that consumers have not been able to use the internet and the lack of knowledge to run a business online.

Based on data from the head of the Bandung City Micro, Small and Medium Enterprises (UMKM) Cooperative Agency, Mr Priana Wira Saputra, based on data obtained from the Central Statistics Agency, the city of Bandung has 300 thousand MSMEs, the high number provides opportunities for economic growth in the city of Bandung, by, Therefore, the MSME Service encourages MSMEs to market their products online, with digital marketing their products will be much better known to the broader community. With online Branding that carried out on various digital platforms, it can be a solution to create purchases that will be able to create market opportunities not only with offline marketing but also online marketing.

The purpose of this study was to determine the role of digital marketing and online Branding in creating MSME market opportunities in the city of Bandung.

## LITERATURE STUDIES

### 1. Digital Marketing Concept

Sawicky (2016) defines digital marketing as exploiting digital technology used to create a channel to reach potential recipients to achieve company goals by meeting consumer needs more effectively. Online marketing is also known as digital marketing, web marketing, digital marketing, search engine marketing and marketing promotion. Types of digital marketing can be categorized as email marketing, search engine marketing, social media marketing, many types of display advertising (including web banner ads), and mobile advertising (Pawar 2014). Kotler (2016) defines Online Marketing as a company performance system that focuses on selling goods, services or promotions that use internet media to support the system. Digital marketing is considered adequate to be applied by MSMEs in marketing their products. Digital marketing can be an opportunity for MSMEs to get consumers' attention. Purwana et al. (2017) further state that digital marketing is a promotional activity and market search through digital media online by utilizing various means, such as social networks. Digital marketing is also defined as marketing activities that use internet-based media (Wardhana, 2015). The internet is a tool that is quite influential for business.

### 2. Online Branding Concept

Keller, (2016) Branding is a name, term, sign, symbol, design or a combination of them intended to identify the goods or services or a group of sellers and differentiate them from those of competitors. Digital Branding is essential because digital Branding can build bonds with customers. Because we live in the digital era, almost everyone uses the internet for communication and fulfilling their needs. Digital Branding is discussing how design works and to build your digital existence. For example, through websites, applications, social media or something else. Building a brand for an online business is one of the most important things to grow. Over time, a new trend in Branding has emerged, namely digital branding. According to Hawangga (2020), during this COVID-19 pandemic, online marketing strategies and digital Branding must be implemented optimally, because at this time, many workers have been laid off, and the opportunity to carry out this online marketing strategy is wide open.

### 3. Market Opportunity Concept

According to Kotler (2016), market opportunities will be formed when there is market penetration, market development, product development, and diversification. Meanwhile, according to Edy Wahyudi (2010), market opportunities can be formed when product innovation, administrative innovation and strengthening market access. According to Hendro 2006, market opportunities form when making it better than making it different, innovating than the meeting, and making your skills a specialist. Finally, Ahmad (2016) will create market opportunities when service excellence, distribution strategy, and stock storage.

## RESEARCH METHODOLOGY

This research method uses quantitative research, namely verification descriptive research with research instruments in questionnaires distributed to SMEs in Bandung. The digital marketing media studied were adopted from Husein Guven (2020) in this research centred on Email marketing, mobile marketing, SEM and SEO, Influencer marketing, Gamification, Social Media Marketing and Viral marketing. The Online Branding variable uses indicators of Social Media Platform, blogs, websites and other online channels, as stated by Robert (2018). For market opportunity variables, the dimensions adopted are market penetration, market development, product development and diversification. The questionnaire made using an ordinal scale of 5, where one



strongly disagree, and five strongly agree (Sekaran and Bougie, 2016). Validity test using moment product and reliability test using Cronbach alpha The data sources obtained are secondary and primary data. Sources of primary data information obtained from SMEs in the city of Bandung. While secondary data is information collected from government publications, BPS and the results of media analysis, websites, report from international and national survey institutions. The unit of analysis in this study were 100 MSMEs in the city of Bandung. Quantitative data analysis using descriptive analysis and verification analysis. This descriptive data analysis was applied to obtain an overview of the variables to be studied from the questionnaire results. Verification Data Analysis using SEM analysis.

**RESULTS AND DISCUSSION**

*This section presents the results of a survey on the characteristics of 100 SMEs in Bandung and SMSEs profile which describe gender, age, duration of business, and income per month.*

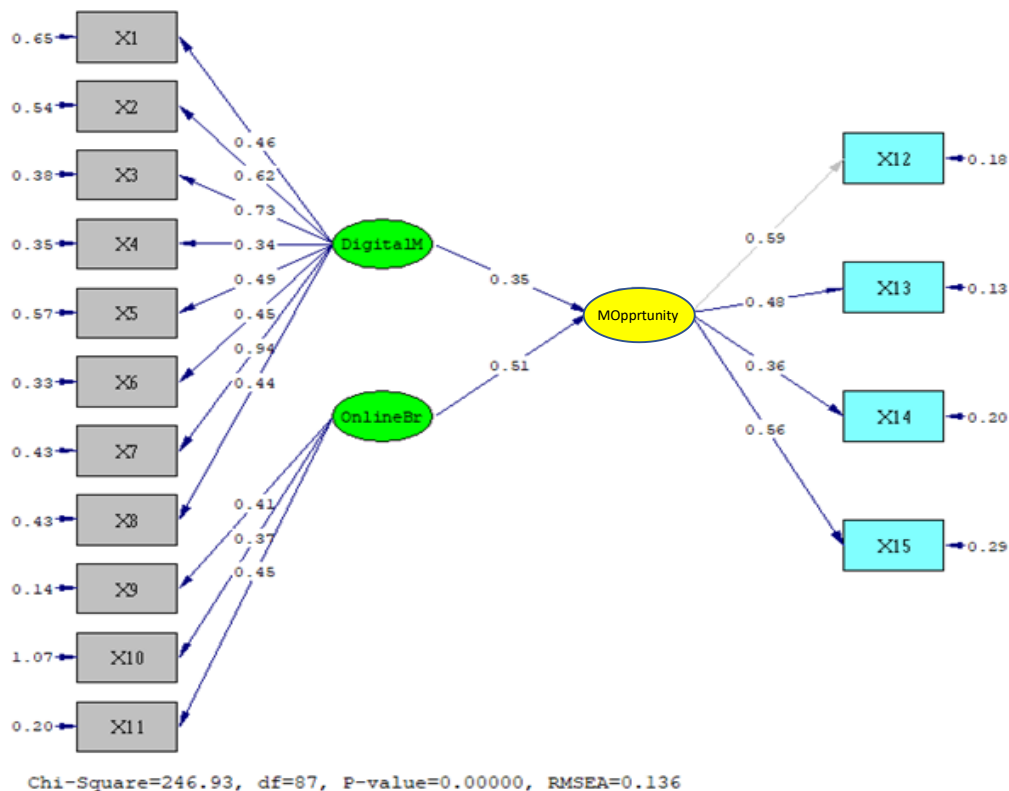
No	Description		Quantity	Percentage
1	<b>Gender</b>			
	a.	Male	44	44,0%
	b.	Female	56	56,0%
2	<b>Age</b>			
	a.	17-24 year	54	54,0%
	b.	25-30 year	18	18,0%
	c.	31-37 year	15	15,0%
	d.	38-50 year	12	12,0%
3	<b>Duration of business</b>			
	a.	< 2 year	58	58,0%
	b.	2 - 5 year	28	28,0%
	c.	> 5 Year	14	14,0%
5	<b>Income (IDR)</b>			
	a.	500.000 -2.000.000	52	52,0%
	b.	2.000.000 - 5.000.000	32	32,0%
	c.	5.100.000 - 10.000.000	13	13,0%
	d.	> 10 million	3	3,0%

Source : Primary Data Processing Results, 2020

Based on the data from table 1, it can be seen that MSME ownership is clarified that more women are involved, most of the MSME owner are 17-24 years old and have a monthly income of 500,000 – 2,000,000.

**A. The Influence of Digital Marketing and Online Branding and Their Influence on Market Opportunities**

To find out and test the effect between Digital Marketing and Online Branding research variables on efforts to create market opportunities in the Covid 19 Pandemic Period, statistical analysis was carried out using Structural Equation Modelling (SEM) using the Lisrel 8.80 program.



**Figure 4.** Structural Model (Standardized) Effect of Digital Marketing and Online Branding on Efforts to Create Market Opportunities during the Covid 19 Pandemic

The structural equation explains the influence of Digital Marketing and Online Branding on Market Opportunities as follows  
 Market Opportunity = 0.348\*DigitalM + 0.513\*OnlineBr, Errorvar.= 0.337 , R<sup>2</sup> = 0.663

The formula above shows that the coefficient of the influence of Digital Marketing on Market Opportunities is 0.348 with a t-count value for statistical tests of 1.750 and the coefficient of Online Branding on Market Opportunities is 0.513 with a t-count value for statistical tests of 2.450.

To test the effect of the hypothesized variables, the t-test was used with the test criteria for research of  $\alpha = 0.05$ . The value for the limit stated to be significant was 1.64. The results of the comparison between  $T_{count}$  and  $t_{table}$  for the partial test can be seen in the following table:

**Table 2.** Hypothesis Testing the Partial Effect of Digital Marketing and Customer Relationship Management on Online Branding

No	Hypotheses	Path coefficient	t-count	t-table	Result	Conclusion
1	Digital Marketing Affects Market Opportunities	0,348	1,750	1,64	Significant test	H0 is rejected, there is an influence of digital marketing on Market Opportunities
2.	Online Branding on Market Opportunities	0,513	2,450	1,64	Significant test	Ho is rejected, there is an influence of Online Branding on Market Opportunities

Source: Lisrel Output according to the research data



To test the above hypothesis, hypothesis testing is carried out with the procedure written below.

Test Hypothesis 1:

$H_0 : \gamma_{21} = 0$  There is no influence of Digital Marketing on Market Opportunities

$H_1 : \gamma_{21} \neq 0$  There is an influence of Digital Marketing on Market Opportunities

The obtained test statistics calculations are:

$$t_1 = \frac{\gamma_{11}}{se(\gamma_{11})} = \frac{0,348}{0,1750} = 1,988$$

Criteria for acceptance and rejection of the null hypothesis

- Reject the null hypothesis if t-count > t-table
- Accept the null hypothesis if t-count ≤ t-table

The value of  $t_{count} = 1,750$  is more excellent than the value of  $t_{table} = 1,64$ , so that it can be concluded that there is an influence of Digital Marketing on Market Opportunities. This means that the high and low in creating Market Opportunities during the Covid 19 pandemic can be explained by Digital Marketing that is currently being carried out. This means that the better the role of digital marketing

will be to create new market opportunities. The influence of Digital Marketing in creating market opportunities in this pandemic period because, the process that must be carried out by everyone where they are not crowded so that to meet their needs buyers use online means so that by increasing digital marketing facilities will create new markets

**Test Hypothesis 2:**

$H_0 : \gamma_{22} = 0$  There is no influence of Online Branding on Market Opportunities

$H_1 : \gamma_{22} \neq 0$  There is an influence of Online Branding on Market Opportunities

The obtained test statistics are

$$t_2 = \frac{\gamma_{22}}{se(\gamma_{22})} = \frac{0,513}{0,2450} = 2,093$$

Criteria for acceptance and rejection of the null hypothesis

- Reject the null hypothesis if t-count > t-table
- Accept the null hypothesis if t-count ≤ t-table

Value of  $t_{count} = 2,450$  is greater compared to the value of  $t_{table} = 1,64$  so it can be concluded that there is an influence from Online Branding on creating Market Opportunities during the Covid 19 Pandemic.

The findings from the research result in the influence of Online Branding on Market Opportunities, meaning that the better the Online Branding, the greater the tendency to create market opportunities during the COVID-19 pandemic.

The direct and indirect effects of Digital Marketing, Online Branding variables on Market Opportunities, are seen in Table 3.

**Table 3.** Results of the Effect of Digital Marketing, Online Branding on Market Opportunities

Variable	Influence (%)				
	Equation	Direct	Indirect	description	Total
Digital Marketing	$\gamma_{Y_2X_1}^2$	12,11%,			26.01%
	$\gamma_{Y_2X_1} \times \phi_{X_1X_2} \times \gamma_{Y_2X_2}$		13,90 %,	through X <sub>2</sub>	
Online Branding (X <sub>2</sub> )	$\gamma_{Y_2X_2}^2$	26,3 %			40,2 %
	$\gamma_{Y_2X_2} \times \phi_{X_1X_2} \times \gamma_{Y_2X_1}$		13,90%	through X <sub>1</sub>	



Variable	Influence (%)			description	Total
	Equation	Direct	Indirect		
Simultaneous effect of $X_1$ $X_2$ on $Y_2$				$R^2_{Y_2..X_1X_2Y_1}$	66,21%
External Variable against $Y_2$				$\zeta_2$	33,79%

From Table 10, it can be seen that simultaneously the influence of Digital Marketing and Online Branding on efforts to create Market Opportunities during the Covid 19 pandemic is 66.21%, which means that Market Opportunities during the Covid 19 pandemic are significantly influenced by digital marketing and Online Branding. Because better digital marketing and online Branding are applied in business, it will lead to new market opportunities being form.

While the value of the external variable on Market Opportunity is 33.79.%, this indicates that the market opportunity during the covid 19 pandemic that was formed there was also the influence of other factors, for example from the image formed, the performance of the marketing mix which is currently often carried out.

Partially obtained the influence of Digital Marketing on Market Opportunities by 26.01% and the influence of Online Branding on Market Opportunities by 40.43%. From this information we can examine that the influence of Online Branding on efforts to create market opportunities is greater than the influence of Digital Marketing on Market Opportunities, This is because MSMEs in the city of Bandung are very concerned about the efforts made so that their brands are known in the community, for example MSMEs already have a logo, already have a website, already use social media to market their products.

Judging from the magnitude of the direct and indirect influence, it can be studied that the influence of Digital Marketing on the creation of passer opportunities during the covid 19 pandemic is lower than Online Branding on the creation of market opportunities during the covid 19 pandemic, this is because Digital Marketing carried out by MSMEs is still not meet the expectations of customers so that it has a more negligible impact than online Branding. Meanwhile, online Branding has a higher value because MSMEs have applied the items in online Branding. Namely, MSMEs already have a logo, have a website, and have used social media to market their products. Therefore, the Indirect Effect of Digital Marketing on the Creation of Market Opportunities through Online Branding and Online Branding Creation of Market Opportunities through Digital Marketing has positive results. This means that the interrelationships between Digital Marketing and Online Branding variables on the creation of market opportunities will increase Influence on Market Opportunities It is necessary to pay attention to where this indirect influence also affects Market Opportunities.

**CONCLUSIONS**

Based on the research results that have been carried out on the perception of MSME Owners regarding Digital Marketing in improving Online Branding and Its Effect on Market Opportunities (Survey of SMEs in Bandung City). Produces the following findings:

The influence of Digital Marketing and Online Branding on Market Opportunities is as follows:

- Digital Marketing and Online Branding simultaneously affect Market Opportunities.
- Partially the influence of digital marketing performance is lower than the influence of online Branding on market opportunities.
- The direct effect of Digital Marketing on the influence of Online Branding is smaller than the direct influence of Online Branding on Market Expansion.
- The existence of an indirect influence explains the relationship between Digital Marketing and Market Expansion through online Branding and from Online Branding to Market Expansion through Digital Marketing.

**RECOMMENDATION**

Based on the research results that have been carried out with the title The Role of Digital Marketing and Online Branding in Market Expansion Efforts during the Covid 19 pandemic. Several things are suggested as follows:

1. To find out the results of a comprehensive study with a similar research title, it is recommended to conduct further research on a national scale.



2. For the Digital Branding variable, SMEs need to aggressively play games in an effort to increase sales turnover. For the online branding variable, it is necessary to have a logo for product packaging to distinguish one product from another. For market expansion variable, SMSes need new market penetration aggressively.

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