

Utilization of Digital Marketing to Increase Sales in Small and Medium Industries In Cirebon Regency, Indonesia

Y Yanah¹, R M Ariyani S² and S Sugiyarsih³

^{1,2,3}Universitas 17 Agustus 1945 Cirebon, Indonesia

¹yanah@untagcirebon.ac.id

Abstract. This research aimed at identifying the sales differences between small and medium industries (SMIs) in Cirebon Regency that use conventional marketing and digital marketing in promoting their products. The research employed a quantitative method and used SMIs in Cirebon Regency as the subject. The data obtained were secondary data containing the production cost of SMIs in Cirebon Regency. They were analyzed using Wilcoxon. The findings of the research showed that the negative ranks between sales with conventional and digital marketing were $N = 24$ and mean rank = 29.33. Those values represent the sales decline of 24 SMIs that used digital marketing with an average sales decline of 29.33. Furthermore, the positive ranks between sales with conventional and digital marketing were $N = 50$ and mean rank = 41.42. This means that there were 50 SMIs that achieved an average sales increase of 41.42. Therefore, it can be concluded that digital marketing had the ability to increase and decrease sales, so SMIs should be careful and meticulous when it comes to utilizing digital marketing to promote their products.

1. Introduction

Small and medium industries (SMIs) play an important role in the Indonesia's economy due to their ability to create jobs for people of productive age, hence reducing unemployment in the regions such as Cirebon Regency. In their attempt to maintain growth, SMIs face challenges in different aspects, including marketing. The lack of marketing-related knowledge makes SMIs limit their production because higher production might not come together with higher sales, which eventually can cause loss due to the imbalance between production cost and sold goods. According to a research conducted by [1], one of the strategies to increase the competitiveness of micro, small, and medium enterprises (MSMEs) is to establish partnership with parties that are relevant to the MSMEs. According to the data from the Department of Industry and Commerce of Cirebon Regency, the performance of SMIs in Cirebon Regency increased in the period of 2016 to 2017, as can be seen in the table below.

Table 1. Development of small and medium industries in Cirebon Regency in 2016 and 2017.

No	Description	Total		Growth	
		2016	2017	Total	%
1	Business unit (Rp)				
	-Small and medium industries	13,614	14,048	434	3.19
	-Large industries	132	132	0	0.00
	Total	13,764	14,180	434	3.16
2	Labor (Rp)				
	-Small and medium industries	70,240	72,844	2,604	3.71
	-Large industries	19,800	21,120	1,320	6.67
	Total	90,040	93,964	3,924	10.37
3	Investment value (Rp)				
	-Small and medium industries	426,075,693.53	448,231,629	22,155,936.06	5.20
	-Large industries	2,811,029,812.57	2,811,029,812.57	-	0.00
	Total	3,237,105,506.10	3,259,261,44.16	22,155,936.06	5.20
4	Production value (Rp)				
	-Small and medium industries	2,181,063,273.50	2,251,592,796.95	70,556,523.45	3.24
	-Large industries	4,458,798,015.68	4,518,991,788.89	60,193,773.21	1.35

codes will not work in other places. This way, the use of discount and voucher codes is effective to increase sales but the customers still feel appreciated.

[7] Found in their research that, in recent years, some companies have adopted QR (quick response) code to promote their products because studies showed that there was a positive relationship between smartphone possession and the use of QR code. QR code is a trademark for an optical label containing information about an item that can be read by a machine. QR code has four standard encoding modes, namely numeric, alphanumeric, byte/binary and kanji. QR code allows companies to share information with their customers quickly and easily because of its capacity to contain different kinds of data.

According to the study by [8], e-mail is the most popular and economical marketing channel in an integrated multi-channel campaign. Sellers can adjust the style, content, and tone of their e-mail to generate highest involvement possible and attract the receivers to read the e-mail, which can be complemented with a phone number or a link to a webpage should they deemed necessary. In this modern world, people can check their e-mail through different platforms as long as they are connected to the internet. The subject lines, pre-headers and form names can be displayed differently depending on the platforms. For example, g-mail shows a hundred characters collectively in the subject line and pre-header, while iPhone shows about a hundred and forty characters in a traditional vertical display. With this in mind, to make the e-mail displayed properly on both devices, it is important to limit the subject line and pre-header to about eighty to a hundred characters. Before broadcasting the e-mail, it is also important to send test e-mails to some ESPs, like Litmus, to ensure proper display. In addition, HTML e-mail and e-newsletter are good ways to maintain communication because they allow clickable call-to-action button.

[9] Has discussed the role of technology in transforming businesses. In recent years, companies have been changing their business strategy from Business to Consumer (B2C), where marketing relates to consumer, to Business to Business (B2B) strategy that aligns marketing and sales. Technologies like Customer Relationship Management (CRM), especially Salesforce, have started disrupting the 10-year stability and changes are made faster with more tools like marketing automatization and the migration to digital marketing.

[10] Have studied the effect of social media on wine sales in wineries in the United States using an online survey that involved samples of 375 wineries. The results showed that 87 percent of the wineries were able to improve their sales with social media. Wine sales in the United States will benefit from the adoption of social media in their marketing strategy. According to the results of this research, it is advisable to start with Facebook and ensure that winery owners are responding to comments on TripAdvisor and Yelp.

[11] have discussed in their research the importance of customer co-creation through customer participation, which was an ad creation campaign by PepsiCo India. The roles of digital/social media marketing in this front-end innovation consist of customer creation and branding, personalization and product design, innovative products and new service offers. Customer innovation became an interesting field because the market became a forum where customers can play an active role in creating value and compete. The company developed various competitions with interesting prizes to encourage customer innovations. Based on the objectives of the research, the hypotheses of this research were as follow:

$H_0: \mu_1 = \mu_2$: There is no significant difference between the sales of SMIs that use conventional marketing and those that use digital marketing

$H_0: \mu_1 \neq \mu_2$: There is a significant difference between the sales of SMIs that use conventional marketing and those that use digital marketing

3. Methods

This research employed a quantitative method. The data obtained were secondary data containing the production cost of SMIs in Cirebon Regency, which was obtained from the Department

of Industry and Commerce of Cirebon Regency. The data were collected using observation and documentation study and analyzed using Wilcoxon because the analysis involved comparing two related samples.

4. Results and Discussion

Kampung UKM Digital (Digital SMEs Village) is a comprehensive and integrative utilization of information technology to support businesses in small and medium enterprises (SMEs) centers or centralized SMEs in a certain area to create millions of developed, independent and modern SMEs. Through Information and Communications Technology (ICT), SMEs are expected to have a global-level of competitiveness and give contribution to the growth of Indonesia's economy. Below is the list of Kampung UKM Digital in Cirebon Regency.

Table 2. Kampung UKM Digital in Cirebon Regency.

No	Name of Kampung UKM Digital	Village
1	Kampung UKM Digital Batik Trusmi Cirebon	Plered
2	Kampung UKM Digital Masterbu Suciayumajakuning	Losari Lor
3	Kampung UKM Digital Batu Alam Duku Puntang	Balad
4	Kampung UKM Digital Gincu Manunggal	Panongan
5	Kampung UKM Digital Mebelair Cikeduk	Cikeduk
6	Kampung UKM Digital Sendal Kebarepan	Kebarepan
7	Kampung UKM Digital Grosir Tegalgubug	Tegal Gubug
8	Kampung UKM Digital Konveksi Perbutulan	Perbutulan
9	Kampung UKM Digital Rotan Galmantaro	Tegal Wangi
10	Kampung UKM Digital Winangun	Purwawinangun
11	Kampung UKM Digital Gerabah Jamblang	Sitiwinangun
12	Kampung UKM Digital Keramik Plered	Plered

Source: <https://www.kampungukmdigital.com>

Table 3. Descriptive statistics.

	N	Mean	Std. Deviation	Minimum	Maximum
Conventional marketing	74	3,720,215.12	15,757,784.259	21,000	132,000,000
Digital marketing	74	5,217,151,202.08	13,200,176,524.450	30,000	75,237,120,000

From Table 3, it can be identified that the average value of sales with digital marketing was more increase than with conventional marketing. The minimum value of sales with conventional marketing and the maximum value of sales with conventional marketing was more lower than with digital marketing, so that digital marketing more potential to create revenue.

Table 4. Ranks.

	N	Mean Rank	Sum of Ranks
Digital Marketing - Conventional marketing	Negative Ranks	24 ^a	704.00
	Positive Ranks	50 ^b	2071.00
	Ties	0 ^c	
	Total	74	

a. Digital Marketing < Conventional marketing

b. Digital Marketing > Conventional marketing

c. Digital Marketing = Conventional marketing

The negative ranks between sales with conventional and digital marketing were N = 24, mean rank = 29.33 and sum of ranks = 704.00. Those values represent the sales decline of 24 SMIs that used digital marketing with an average sales decline of 29.33 and a sum of negative ranks of 704.00.

The positive ranks between sales with conventional and digital marketing were $N = 50$, mean rank = 41.42 and sum of ranks = 2071.00. This means that there were 50 SMIs that achieved an average sales increase of 41.42 with the sum of positive ranks of 2071.00.

The ties, which means the value similarity between sales with conventional and digital marketing, was 0. Therefore, it can be said that there was no similarity in terms of the sales value between conventional and digital marketing.

Table 5. Test statistics.

Digital Marketing - Conventional marketing	
Z	-3.682 ^b
Asymp. Sig. (2-tailed)	0.000

a. Wilcoxon Signed Ranks Test

b. Based on negative ranks.

According to Table 5, it can be identified that the value of Asymp Sig (2-tailed) was 0.000. Since $0.000 < 0.05$, it can be said that the “ H_0 was rejected”, which means that there were differences in the sales value of conventional and digital marketing in SMIs in Cirebon Regency. Therefore, it can be concluded that digital marketing affected the sales of SMIs in Cirebon Regency. In other words, the utilization of digital marketing had the ability to increase and decrease sales, so SMIs should be more careful and meticulous when it comes to utilizing digital marketing to promote their products.

5. Conclusion

According to the findings of the research, it can be concluded that the utilization of digital marketing to promote products in small and medium industries in Cirebon Regency had the ability to affect sales value by ways of increasing or decreasing them. Therefore, SMIs should be more careful and meticulous in utilizing digital marketing to avoid negative reputation that can be made by unsatisfied customers.

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