The Effect of Multi Channel Marketing Strategy and Market Logistics toward the Improvement of MSMEs’ (Micro, Small and Medium Enterprises) Sales during Covid-19 Pandemic (Research Study on Food and Drink Accommodation MSME in East Java)

Maria Goretti Wi Endang NP a, *, Sri Mangesti Rahayu b, Zahroh Z.A c, Gunawan Eko Nurtjahjono d, Dewi Noor Fatikhah Rokhimakhumullah e

a – e Brawijaya University, Malang, East Java, Indonesia

ARTICLE INFORMATION

Article history:
Data submission : 1 December 2021
1st revision: 1 February 2022
Accepted: 7 April 2022
Available online: 8 June 2022

Keywords: Multi Channel and Logistic Market; Increase Sales; MSME; Covid 19 Pandemic

ABSTRACT

MSMEs have a large opportunity for Indonesia state revenue. The momentum of covid 19 pandemic can be used by MSMEs to digitally transform, so they can enter the digital marketplace and become part of national and global supply. MSMEs must be able to adapt to existing business developments and they will be more directed to digital. They no longer playing at a conservative level but must be able to see digital opportunities so that they can target a wider market. This study uses a quantitative analysis that has never been proposed, as well as being the novelty of this research. The sample was taken from MSMEs that had the most impact during the Covid-19 pandemic, which is the business of providing food and beverage accommodation located in the city of Surabaya and the city of Malang. Multi Channel and Market Logistics have a positive and significant impact to increase MSME sales in the Covid-19 Pandemic Era.

1. Introduction

The decentralization policy aims at the effectiveness of governance in all regions of Indonesia. The essence of decentralization is increasing authority for regional governments to manage their territories. The ministry of regional government is expected to be able to improve the quality of public services and facilitate public access to public services. In addition, it can also improve the quality of participation, democracy and regional equality. The effectiveness of the government administration leads to the realization of public welfare. In accordance with the objectives of the formation of the regional government launched by State Administration Agency (LAN) (1960:1) that the purpose of establishing regional governments is to facilitate and guarantee the success of government administration to the regions so that public welfare can be realized throughout the territory of Indonesia.

Every enterprise has both a micro and a macro environment. The micro environments (stakeholders) such as consumers, owners, employees, suppliers, government regulations and local communities. While the macro environment such as economic, political, social, cultural, defense and security. Changes in the micro environment will directly affect the company's goals, while changes in the macro environment are difficult to predict. Changes in the macro environment can create threats and opportunities that cannot be avoided, so companies must be able to anticipate or prepare themselves to face these changes.

Limited physical contact and at the same time was driving the wheels of the economy, digital business can be one of the solutions. The large opportunity for the
The role of MSMEs, the pandemic become the momentum by MSMEs to digitally transform, so that MSMEs can enter the digital marketplace and can become part of national and global supply. According to data from the Ministry of Cooperatives and SMEs, of the 64 million MSMEs, only about 8 million or 13% are already using digital in their business. MSMEs must be able to adapt to existing business developments and will be more directed to digital, no longer playing at the conservative level but they must be able to see digital opportunities so that they can target a wider market.

Digital marketing is type of marketing that is implemented with internet access, utilizing social media and other digital devices. Digital marketing helps companies or business actors to promote their products and services and it is able to strengthen new markets that were previously closed or limited due to limited time, distance and ways of communicating. The results of the study (Awali, 2020) stated that E-Marketing had a positive and significant effect during a pandemic.

E-Marketing will encourage traditional companies to carry out a Multi-Channel (MC) strategy by including online sales in their business. The MC strategy is a combination of traditional channels and business sales (Marchet et al., 2018) that also support (Verhoof, et al, 2015). Several studies show that proper integration of multiple channels will show competitive advantages such as sales growth and revenue increase (Li et al., 2010).

Logistics is an important role in business, basically logistics is managing the movement of materials and goods, both in terms of production and marketing. The role of logistics is to distribute goods from the company to consumers, the excellence and sustainability of the company is determined by how the company manages logistics effectively.

Market Logistics includes planning to meet demand then implementing and controlling the physical flow of materials and final goods from point of origin to point of use to meet customer requirements and earn a profit. Study of Larici & Abdul (2019) stated that Market Logistics affect customer satisfaction.

Logistics variables are more focused on specific logistics problems, such as pick-up location, integration, inventory, mode of delivery (Bendoley et al. 2007; Bhatnagar and Syam, 2014) and are supported by Marchet et al., (2018) who has revised and expanded the logistics variables into four such as delivery services, distribution arrangements, fulfillment strategies and return management.

Based on the research background, research problems are:

a) Does the Multi-Channel Marketing Strategy have an effect on Increasing MSME Sales in the Covid-19 Pandemic Era?

b) Does Market Logistics have an effect on Increasing MSME Sales in the Covid-19 Pandemic Era?

The research purpose of this study is to analyze multi-channel, logistics and sales increase. This study using quantitative analysis that has never been proposed, as well as being the novelty of this research. For this reason, this research is entitled The Effect of Multi-Channel Marketing Strategy and Market Logistics toward the improvement of MSME Sales during Covid-19 Pandemic (Research Study on MSMEs of Food and Drink Accommodation in East Java).

The research objectives based on the problem are as follows:

a) Identifying and analyzing the influence of the Multi Channel Marketing Strategy to increaser MSME Sales during Covid-19 Pandemic

b) Identifying and analyzing the influence of Market Logistics toward the improvement of MSME Sales during Covid-19 Pandemic.

2. Theory

2.1. Traditional Channel/Offline

Offline/traditional marketing is the process of direct sales of goods and services where producers and consumers meet in the process of buying and selling transactions. In terms of marketing costs, it is quite expensive, because they have to multiply brochures, advertisements as well as energy (Kotler et al., 2016).

2.2. Online Channel

A good marketing strategy today is a network-based system, which mean that the marketing system is online (Vedamani, 2008). The benefits of this system can be felt for both parties, the seller and the buyer (Fadly & Sutama, 2020).

2.3. Logistic

Definition of Logistics is the management of the flow of goods movement from a point of origin that ends at the point of consumption to meet certain demands, the types of goods that exist in the logistics sector consist of physical tangible objects such as food, building materials, animals, equipment and fluids.(Li et al., 2010).

2.4. Market Logistic

Jabeen (2015) defines that Market logistics is part of Supply Chain Management (Supply Chain Management) which plans, implements and controls the flow of goods effectively and efficiently, including transportation, storage, distribution and services as well as related information from the place of origin of goods to delivery, to the place of consumption to meet customer needs (Adis & Jublee, 2010).

2.5. Delivery Service
Delivery service is defined as the activity of distributing producer goods and services to consumers (Kohli & Jaworski, 1990).

2.6. Distribution Management

Distribution is one aspect of marketing. Distribution can also be interpreted as a marketing activity that facilitate the delivery of goods and services from producers to consumers, so that the good is used in accordance with the necessity (type, quantity, price, place, and when it needed. (2016).

2.7. Sales Increase

According to Darmadi & Latief (2013), Sales is an activity that result in the flow of goods out of the company and the company receives money from customers. Sales volume is the number of units or product that the company is able to sell.

3. Research Methods

3.1. Population and Sampel

3.1.1. Population

Population is a generalization area consisting of objects/ subjects that have certain qualities and characteristics that are determined by researchers to be studied and concluded (Supranto, 1987). The population in this study is MSME’ actors in the field of Accommodation, Food and Drink Service Providers in the City of Surabaya and Malang. The total population included in this category is 139,952 MSMEs (Source: East Java Province Union and SMEs Office, 2020).

3.1.2. Sample

The sampling technique in this case uses the Slovin formula (Sugiyono, 2010), which is:

\[ n = \frac{N}{1+N(e)^2} \]

n = number of samples required
N = total population
e = sample error rate

The sample error rate is 10%, so the number of samples in this study is:

\[ n = \frac{139,952}{1+139,952(0,1)^2} = 99.93 \text{ (rounded to 100).} \]

Therefore, the sample used in this study is 100 respondents consisting of MSMEs providing accommodation, eating and drinking services in the city of Surabaya and the city of Malang.

3.2. Research Site

Researchers conducting research in MSMEs that have implemented SNI standards and have an export orientation. The research was conducted on MSMEs located in Surabaya and Malang city.

4. Result

4.1. Descriptive Analysis Results

This study aims to know the description of each variable. Through the results of the research that has been done, it can be obtained an overview of each variable they are Multi Channel line, Market Logistics and Sales Increase that stated as follows:

4.1.1. Multi Channel Marketing

Through primary data that has been obtained by distributing questionnaires to 100 respondents, where the respondents in this study were SMEs providing Food and Beverage. The result stated that SMEs providing food and beverage providers used online channels and traditional channels in conducting transactions marketing activities. This can be seen by the average score of respondents’ answers on the multi-channel variable of 4.11.

4.1.2. Logistic Market

Through primary data that has been obtained by researchers through distributing questionnaires to 100 respondents, where the respondents in this study were SMEs providing Food and Beverage. The result stated that SMEs providing Food and Beverage using Market Logistics, this can be proven by the average score of respondents’ answers on the multi-channel variable of 3.99.

4.1.3. Increase Sales

Through primary data that has been obtained by the researchers through distributing questionnaires to 100 respondents, where the respondents in this study were SMEs food and beverage providers. The increase in product sales as the first indicator and customer satisfaction as the second indicator, this can be proven by the average score of respondents’ answers on the sales increase variable of 4.45.

4.2. Inferential Analysis Result

In this study, there is an inferential analysis that is tested on each of the variables studied which consist of Multi Channel marketing (X1), Logistic Market (X2) and Increase Sales (Y1) that stated as follows:

4.2.1. The Effect of Multi Channel marketing (X1) on increase sales (Y1)

Based on the results of the warp pls test, it can be seen that the value of the warp pls test listed that the p value of the influence between multi channel marketing on increasing sales is <0.001. The test results show that the p value < level of significance (alpha = 5%). This
shows that there is a significant effect of multi-channel marketing on the subsequent increase in sales based on the measurement model formed as follows: Y = 0.365 X1 + 0.343 X2. From the above equation, it can be informed that the coefficient of the influence of multi-channel marketing on increasing sales is 0.365 which states that multi-channel marketing have a positive and significant effect on increasing sales. This means that the better the multi-channel marketing, the better it can have an impact on increasing sales.

This can strengthen the results of previous research conducted by Marchet, et al. (2018) which examined how companies determine logistics variables in the Omni-Channel management strategy and the most widely used business logistics model today by using qualitative survey research methods on businesses, food, food and non-food retail. The results show that the traditional manufacturing and retail business models have changed significantly with the arrival of an omni-channel management strategy, and Hawangga's research (2020) which analyzes online marketing and digital branding and describes online marketing and Digital Branding in the midst of the Covid-19 pandemic. The focus of this research is to build online marketing and digital branding in the midst of the Covid-19 Pandemic. This study strengthens the results of previous studies which show the positive effect of multi channel line on increasing sales.

4.2.2. The Effect of Logistic Market (X2) on Increase Sales (Y1)

Based on the results of the warp pls test, it can be seen that the value of warp pls on the test result that the influence of P value between the P value of the market logistics on increasing sales is <0.001. The test results show that the p value < level of significance (alpha = 5%). This shows that there is a significant effect of the logistics market on increase sales, while the coefficient of the influence of market logistics on increasing sales is 0.343 which states that the logistics market has a positive and significant effect on increasing sales. This means that the better the logistics market, it can have an impact on increase sales. This result can strengthen the previous research that conducted by Azizah, et al. (2020). They examine strategies to improve the MSME economy when the new normal is implemented due to the impact of the Covid-19 pandemic. The method used is descriptive qualitative method, the results of this study indicate that there is a need for quick, precise and real steps from the government and business actors to cope with losses that occur due to the covid-19 pandemic and carry out updates and evaluations of the business cycle following the current situation, to be able to continue to survive and develop, and research by Larici Research. (2019) which examines how much influence logistics management has on customer satisfaction levels. The results of this study indicate that logistics management has an influence on customer satisfaction. This research reinforces previous research which shows the positive influence of market logistics on increasing sales.

5. Discussion and conclusion

5.1. Conclusion

Based on the research problems that have been formulated and the results of the analysis that has been done on the Effect of Multi Channel marketing and Market Logistics on Increase Sales (Studies on Food and Beverage Provision SMEs in Surabaya and Malang City), the results of the research conducted can be concluded as follows:

a) Multi Channel marketing have a positive and significant effect on increase sales, it is shown based on the results of the warp pls test, it can be seen that the value of warp pls on the test results listed is known that the p value of the influence of multi channel channels on increase sales is <0.001. The test results indicate that the p value < level of significance (alpha = 5%), then based on the measurement model formed is as follows: Y = 0.365 X1 + 0.343 X2. From the equation above, it can be informed that the coefficient of the influence of multi-channel marketing on increasing sales is 0.365 which states that multi-channel marketings have a positive and significant effect on increase sales. It means that the better of multi-channel marketing, the higher the sales of MSME food and beverage providers.

b) Logistic Markets has a positive and significant effect on increase sales, this is shown based on the results of the warp pls test. It can be seen that the value of warp pls on the test that the p value of the influence of logistic market on increasing sales is <0.001. The test results show that the p value < level of significance (alpha = 5%), this indicates that there is a significant effect of the logistic markets on increasing sales, while the coefficient of the influence of the logistics market on increasing sales is 0.343 which states that the logistics market has a positive effect. Significant increase in sales means that the better the logistic market, the better the sales of SMEs for food and beverage providers.

5.2. Suggestions

a) This research is expected to be used as consideration for the importance of online channels in the current Covid-19 pandemic era, such as using website media, social media, such as WhatsApp/Facebook/Instagram and Marketplaces such as Shopee/Tokopedia/Bukalapak, in conducting marketing activities for food products and beverages for Micro, Small and Medium Enterprises (MSMEs) that provide food and beverages in the cities of Surabaya and Malang.

b) In the current Covid-19 Pandemic conditions, it is hoped that Micro, Small and Medium Enterprises (MSMEs) providing food and beverage providers will prioritize in providing services to online customers through Go Send, Go Jek, Maxim in
providing food and beverage product delivery services.

c) This research is expected to contribute to the development of research related to the resilience of Micro, Small and Medium Enterprises (MSMEs) providing food and beverage in the city of Surabaya and Malang, and also be a reference for further research interested in Micro, Small and Medium Enterprises (MSMEs).

d) For further researchers, they can conduct research with the object of Micro, Small and Medium Enterprises (MSMEs) using variables that are not used by researchers such as consumer behavior variables, this aims to add to the discourse in research related to Micro, Small and Medium Enterprises (MSMEs) food providers and beverages and Micro, Small and Medium Enterprises (MSMEs) in other fields.

References


UMKM, Kementerian Koperasi dan UMKM