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# **1** THE INFLUENCE OF LOCAL CONTENT TOWARDS THE SALES OF SMEs' PRODUCT THROUGH MEDIA OF MARKET PLACE

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## **Abstract:**

The transformation from traditional marketing into digital marketing brings changes to all aspects of human life, including economic aspects for Micro, Small and Medium Enterprises. Local SMEs fail to compete because the product is not really well-known and is not marketed digitally. The digitalization era forced SMEs to use social media for promotion. On the contrary, East Kotawaringin Regency SMEs are primarily unfamiliar with digital marketing. As a consequence, many SMEs are not able to survive. This research is carried out to help SMEs survive this Covid-19 disaster by implementing Digital Marketing to see how vital the SME sector is for regional income. It is a quantitative study to know the influence of selling products through the marketplace and how the local cultural content of the product influences the sales increase. The total population is 83 SMEs aged 18 to 25 years. The population is depreciated according to age, culinary sector and education. It obtained 31 samples. Questionnaires are distributed for data collection and are analyzed with SPSS 16. The finding of this research is that there is a correlation between local content in social media toward sales increase, as the independent shown by the t-count for each item is higher < 0.05. SMEs promote their products on social media based on local culture content linked to a local government website or other businesses such as hotels and tourist attractions.

**Keywords:** MSMEs, Local Content, Market Place.

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## **INTRODUCTION**

Marketing plays an essential role in succeeding in selling the product of an enterprise. Marketing is the process by which companies engage customers, build strong customer relationships, and create customer value to capture value from customers in return (Kotler Philip 2021). The system of marketing management has been through an evolution era. Marketing in Era 01 until Era 0.3 were carried out conventionally. On the other hand, Marketing in Era 04 until 0.5 changed into digital marketing. The acceleration of technology growth forces humankind to be able to use technology in every sector of life, including economic sectors. In Marketing management, we call it online marketing or digital marketing. Digital marketing is a blanket term for the targeted, measurable, and interactive marketing of goods or services using digital technologies to reach and convert leads into customers and preserve them. The main objective is to promote brands, shape preferences and boost sales through several digital marketing techniques (Toddler, 2016) in (Ari, 2019).

The use of digital marketing is not only for big companies but also for micro, small and medium enterprises called MSMEs. It cannot be denied that MSME supports a country's income and economic growth or even a region. The Minister of Cooperatives and MSMEs at the ISEI plenary session in Bandung on July 21, 2010, stated that the number of MSMEs in Indonesia in 2009 reached 51.257 million units or 99.99% of the total number of business actors, which reached 51.261 million.

MSMEs in Indonesia contribute to GDP of Rp. 2,609.36 trillion or 55.56%, with total exports of Rp. 183.76 trillion or 20.17% of the total non-oil exports. The number of workers involved in MSMEs is 90.9 million, or 97.04% of the total workforce. Meanwhile, the investment made by MSMEs reached Rp. 222.74 (Hartono and Hartomo 2014).

The definition of entrepreneurship is the creative and innovative abilities used as bases and resources to look for opportunities for success (Susanto, 2018). SMEs in East Kotawaringin Regency is mainly dominated by food or drink traders. They have small stalls on the sides of the roads. They do not have offices. Hence, the definition of SMEs in this research comes into the following categorizations:

1. In terms of capital, Micro-scale MSMEs are people's businesses in East Kotawaringin Regency with a small capital value and capital even often used for household needs.
2. In terms of personnel, Micro-scale MSMEs are businesses that are often done independently (self-employment).
3. In terms of place, Micro-scale MSMEs are businesses carried out at home without business and business made using 1 (one) stall and 1 or 2 people as traders (business actors).
4. Viewed in terms of marketing. Micro-scale MSMEs use social media such as F.B., I.G. and W.A., but some do not use social media at all.
5. In terms of facilities and technology, Micro-scale MSMEs use simple technology. They take photos of their products and upload them. The photos are included photo or video editing elements and even exciting content.

However, the problem appears when Micro, Small and Medium Enterprises (MSME) cannot adapt to digitalization, especially for MSMEs in small regions. Micro, Small and Medium Enterprises in small regions or regencies are usually unfamiliar with online marketing. It is because not all regional or regency areas have a good internet connection. Although there have been many SMEs in Indonesia that have applied information technology to their business activities, there are still many SMEs that have not implemented information technology, especially using social networking media and do not understand how much benefit and the role the use of social network media.

If this issue is not well- handled by the local government's attention or respective local offices, unemployment issue, crimes and decreasing in local government's incomes will occur. However, MSME needs media to promote and market their products efficiently to their customer or even to get new customers. Market Place can be a place for MSMEs to promote their products. Hence, this research is carried out to encounter this issue by bringing digital marketing, especially Market Place, as one of the one-line marketing media to promote MSME's products based on local cultural content to attract buyers and to get an easy link to respective offices such us Tourist & Cultural Office.

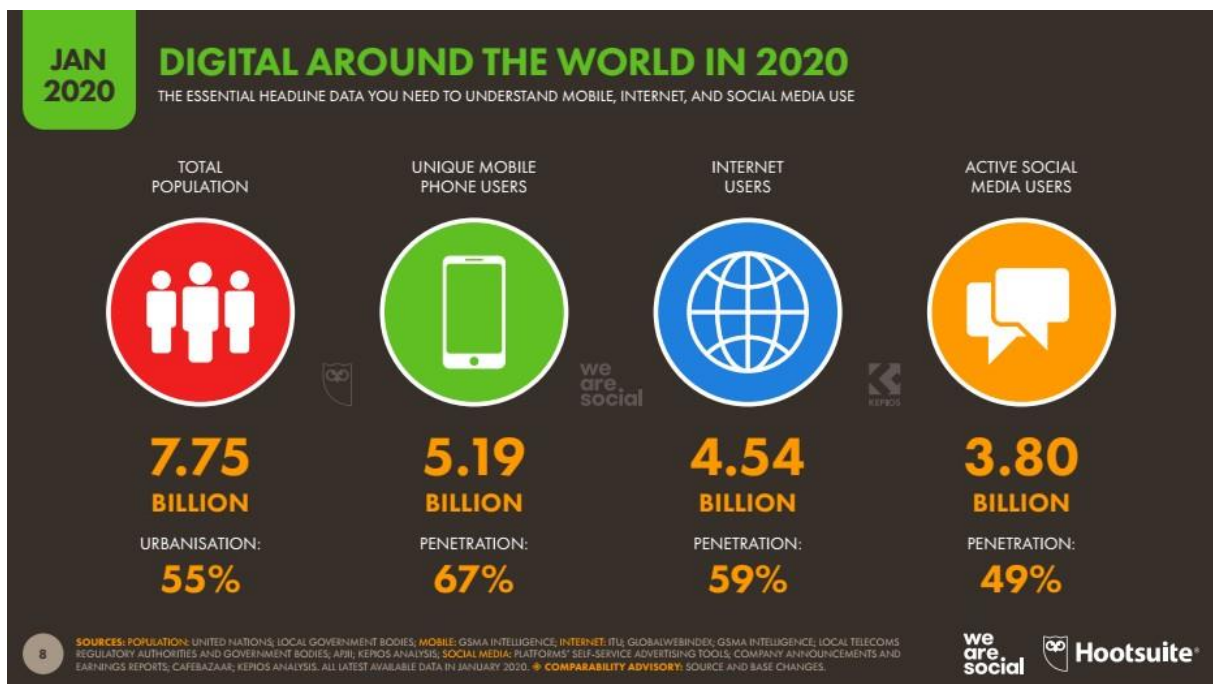
**Transformation Of The Marketing Era.** Marketing 1.0 is where the origin as a prototype puts the core competence of Marketing on a product and its distribution, while marketing 2.0 focus on shifts to the consumer. Companies further differentiate from each other as consumers become more self-confident. Marketing in era 3.0 focus on people. They are determined by values that depend on their environment. In the era of Marketing 4.0, the focus is on digitalization and thus the convergence of technologies without losing sight of the previous stage. The evolution of marketing will continue. The next version, Marketing 5.0, is already in discussion. Marketing 5.0: Expectations regarding further developments include current popular discussions like blockchain and platform marketing as a part of the blockchain economy (Lies, 2019).

Digital Marketing in Industry Era 5.0 use technology and the internet to promote and market products. Digital technology has changed how humans speak, communicate, act, and make decisions. Digital marketing can be defined as marketing activities, including branding using

various web-based media. Strategy Digital Marketing is known as online marketing, Internet marketing or web marketing (Ari 2019). Marketing through digitalization can reach many people all around the world. Therefore there are several things to be underlined while using digital marketing.

Product and promotion are essential parts of digital marketing. Fundamental concepts about the marketing- mix elements, i.e., product, promotion, pricing, and distribution (Gitleman, 2014). Digital transformation is about organizing around the current customer. It is about putting the customer at the center of the universe (Alan Charlesworth 1967). More recently, however, digital transformation has become the term that indicates how the entire organization has adopted, adapted or ignored the changes brought to society by the digital revolution (Alan Charlesworth 1967)

**Digital Marketing Users.** Data from WeareSocial and Hootsuite on the world's digital landscape. This 2020 data reveals some interesting things related to the development of the digital world, including data about Indonesia. Based on Digital 2020, it was revealed that internet users around the world had reached 4.5 billion people. These figures show that internet users have reached more than 60 percent of the world's population or more than half of the earth's population.



Source: <https://teknoia.com/data-pengguna-internet-dunia>

Figure 1. World Internet User Data

Of the world's 4.5 billion internet users, 3.8 billion already use social media. This number is fantastic because, with this comparison, social media users are like ten people gathered, and eight people have used social media.



Source: <https://teknoia.com/data-pengguna-internet-dunia>

Figure 2. Social Media Behaviors for The Year 2020

Marketing on the internet is often called web marketing, online marketing or e-marketing. Online marketing can be done through media such as Instagram, WhatsApp, Facebook and Market Place. Previous research stated the importance of digital and online marketing innovation to increase sales. Some titles of previous research are *"The Effectiveness Marketing Strategy for Ride-Sharing Transportation: Intersecting Social Media, Technology, and Innovation"* (Yunus et al. 2019) published in 2019, *"Factors Influencing Competitiveness of MSMEs in East Java (Susanto, 2018)"* published in The 3rd International Research Conference on Management and Business (IRCMB) in 2018, there 17 (seventeen) variables in this research, *"The Influence of Product Innovation toward Marketing Performance at Furniture Companies in Pasuruan Regency"*(Nasir, 2017) and *"Design of Digital Marketing Communication Strategy for the Hospitality Industry to Answer the Postmodern Era Challenges"* (Teguh & Setiawati, 2020).

Placing content products based on local culture in Market Places is an innovation for MSMEs in East Kotawaringin Sampit. Some previous research stated how vital innovation and social media, in this case, Market Place, are to online marketing (Gitleman, 2014). Innovation product is needed. Kasper et al. (2006) explain that innovation can be defined as a conversion of knowledge and ideas into commercial and social benefits evident in new or revised products. (Fay 1967) Innovation means creativity. Creating something new to meet the needs of consumers in a given country (Kotler Philip 2021). To be creative to make new-interesting designs or label for the product. Local content of the local people, or what we call the native and the culture, can be used for exciting design and labels.

There are several indicators for Market Place with local creative content. The Indicators are:

1. Accessible. As the media to market MSMEs' products, accessibility is indeed needed. Data storage capacity and internet connection also need to be highlighted. Inappropriate software or applications can also be a source of barriers to internet-based marketing communication. Besides, marketing communication is often hampered because internet service providers experience disruption for various reasons (Indrasari et al., 2020).
2. Building Trust, (Susanto JFX Soekiman et al. 1967), (Kustini, 2011).
3. Facilities (Ramadhani & Dirgahayu, 2020).
4. Informative (Fay, 1967). Kohli & Jaworski (1990) in Fay (1967) stated that Market orientation is a search for information about the market related to the current and future desires of the customers. Market orientation also deals with the distribution of information about the market (all information about the customers, competitors, government policies, and others that are still related to the designated target market (Fay, 1967).

Information for the customer or buyer is supposed to be available. SMEs need to put contact numbers on their product labels so that the customers or the buyers can convey their complaints if they feel unsatisfied with our products. It is essential to encounter destructive issues created by the customers if their dissatisfaction is not overcome well. Inappropriate software or applications can also be a source of barriers to internet-based marketing communication. Besides, marketing communication is often hampered because internet service providers experience disruption for various reasons (Indrasari et al., 2020). Contact Numbers of the Sellers (SMEs) are attached to the product to support communication between the buyer and the seller.

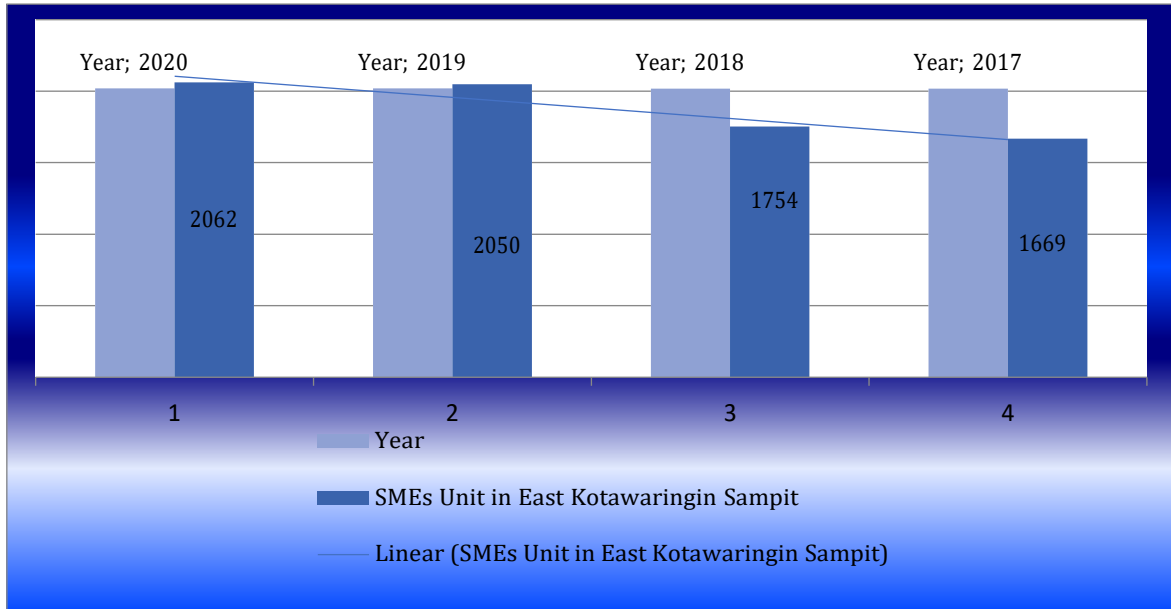
**Table 1.** The Growth of MSME in Indonesia

| No. | Indicators                            | Total of SMEs (Unit) 2018 | Total of SMEs (Unit) 2019 | The Growth |
|-----|---------------------------------------|---------------------------|---------------------------|------------|
| 1.  | <b>SMEs Enterprises</b>               |                           |                           |            |
|     | Micro, Small and Medium Enterprises   | 64.194.057                | 65.465.497                | 1.271.440  |
|     | -Micro                                |                           |                           |            |
|     | -Small                                | 63.350.222                | 64.601.352                | 1.251.130  |
| 2.  | <b>Empowerment</b>                    |                           |                           |            |
|     | Micro, Small and Medium Entrepreneurs | 116.978.631               | 119.562.843               | 2.584.212  |
|     | -Micro                                | 107.376.540               | 109.842.384               | 2.465.844  |
|     | -Small                                | 5.831.256                 | 5.930.317                 | 99.061     |
|     | -Medium                               | 3.770.835                 | 3.790.142                 | 19.307     |

Data Source: <https://www.kemenkopukm.go.id>



**Table 2.** The Growth of MSME in Indonesia for The Year 2018 till 2019



Source: Cooperative and Micro Small and Medium Office in Central- Kalimantan

Content of the products means the information that we make for our customers. Information might be the ingredients, composition, persuading words, sequences of utterances and many more. Content in Marketing has been part of the digital marketing strategy. Content marketing is a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly-defined audience and, ultimately, to drive profitable customer action.”(Vinerean 2017). “Digital content marketing is the management process responsible for identifying, anticipating, and satisfying customer requirements profitably in the context of digital content, or bit-based objects distributed through electronic channels” (Rowley, 2008).

According to Neuendorf, Shalski and Cajigas (2017) in (Yunus et al., 2019), content analysis design aims to describe a message's aspects and characteristics. Younger populations are heavily addicted to social media and fragmented into artificial communities on social media (Yunus et al., 2019). Local content is the breakthrough in marketing MSME's products in East Kotawaringin Regency. What is meant by the local content herewith is the characteristics of a region, namely Central-Kalimantan. It will be more straightforward and helpful since this content can be linked to government institutions such as Tourism and Culture Office. It also helps to increase regional income.

**Local Content As Msme's Product Design And Labelling.** Below are examples of product design based on local content with creative names taken from the Dayaknese language.



Figure 3. Design for Market Place Local Content Local Snack Kerupuk Ikan Pipih.

Traditional costumes were worn by the model show characteristics of local cultural content. The model wears a traditional headband decorated with Bulu Burung Tinggang (The feathers of Tinggang birds). Tinggang birds are bird species that are only available on Borneo Island.



Figure 4. Design for Market Place Local Content Traditional Herbal Drinks of Huma Bawin Dayak

Huma means house. Bawin means woman. Dayak is the tribe on Borneo Island. Huma Bawin. By giving a picture of a shield called Talabang in the product packaging, people will know that Talabang is the traditional tool of Borneo Island. Borneo island has efficacious products.





Figure 5. Design for Market Place Local Content Drinks Indu Kuh

Names of Indu Kuh means My Mother's Name. This product by Micro Enterprises not only promo and sell the product but also promotes Dayaknese words.



Figure 6. Design for Market Place Local Content Tea Herbal Drinks

Borneo island has efficacious products. It is called *Bajakah*. *Bajakah* is like trunks or tree branches that grow in the Borneo island's forest.

Local content as an independent variable in this research has indicators as follows.

1. According to Munandar (2012), creativity is the ability to create something new, giving the idea new that can be applied in solving problems or seeing the relationship between the previously existing elements. According to Ghufon and Risnawita (2011), creativity is an element of the power of reliable human resources to drive human progress in exploring, developing, and discoveries in the fields of science and technology, as well as in all fields of

human endeavor. According to Sternberg (1999), creativity is an ability to produce a work that contains an element of novelty (including authenticity and not unexpected) and appropriate use (including such help and can be adapted to the demands of the task) (Dora & Saudi, 2020).

2. Brands or trademarks. Trademark deposits are likely to be related to marketing innovations, that is, changes in marketing. In practice, trademarks are used by individuals or firms to distinguish their products from other similar products on the market. Trademarks enable them to build customer loyalty so that people will always buy the same brand for a product. They also enable them to advertise widely and attract new customers. Trademarks are alternatively called "brands", which are more commonly used in the marketing literature. The term trademark refers more specifically to the legal object. In contrast, the terms "brand" and "branding" are more related to the commercial use and the customer's perception of the mark, reaching new customers and improving sales (Mendonça, Pereira, & Godinho, 2004). Joel Desgrippes in Gobe (2001) stated that brand is not only a matter of ubiquity, visibility and function, but it does not either concern emotional attachment with the society in their everyday life (Kustini, 2011).
3. Consumer Needs. The most basic concept underlying marketing is that of human needs. Human needs are states of felt deprivation (Kotler Philip, 2021).



Figure 7. Theoretical Conceptual

This hypothesis will appear if the null hypothesis is proven to be incorrect or, in other words, the hypothesis is rejected. This hypothesis stated a relationship between variables (X) and (Y) under study. This research hypothesizes that the cultural content of local products directly affects the increase of product sales for Small, Micro and Medium Enterprises. Based on the description described above, the researchers chose to conduct a study entitled "The Influence of Local Content Towards the Sales of SMEs Product through Media of Market Place".

## METHOD

The research carried out both primary and secondary data. The primary data was collected structured questionnaire. The primary data was collected through a structured questionnaire from samples of 31 respondents from the specified area. The samples were considered using a non-probability technique (convenient sampling method), which was validated and taken for further analysis. Secondary data is also being collected from articles and journals. The researcher has determined specific characteristics to study so we can draw a conclusion existing through regional generalization, which is the meaning of population.

In contrast, the characteristic specifications amount to a part of the characteristics and the number of the population (Sugiyono, 2014). Based on data from the Office of Cooperatives and SMEs of East Kotawaringin Regency, it is found that there was 83 population range 18 years old up to 25 years old (based on Respondent is the identity cards) and with the last education namely Senior High School up to university (fresh graduates). Population signed with N is equal to 83 population, and e is equal to 5% or 0,05. Therefore, the samples in this research will be calculated based on Solvin's theory is 34 samples. The researcher chose the questionnaire as a method of collecting data.

Likert scale measures product innovation, cultural content, and the local native towards the influences on increasing sales of MSME products. There are 4 (four) answer choices, namely: "always or strongly agree", "often or agree", "sometimes or disagree", and "never-never or strongly disagree."

## RESULTS AND DISCUSSION

**Validity test and reliability test for Local Content Variable (X1).** A validity test is a test that is conducted to know whether or not the instruments are valid. t-table with error tolerance 0,5% is (Gozali Imam n.d.) = 0,204. T-table is > 0,204 (Valid).

**Table 3.** Data Validity for Local Content Variable

| Item    | t-count | t-table | Conclusion |
|---------|---------|---------|------------|
| Item-1  | .276    | >0,204  | Valid      |
| Item-2  | .909    | >0,204  | Valid      |
| Item-3  | .759    | >0,204  | Valid      |
| Item-4  | .947    | >0,204  | Valid      |
| Item-5  | .703    | >0,204  | Valid      |
| Item-6  | .719    | >0,204  | Valid      |
| Item-7  | .693    | >0,204  | Valid      |
| Item-8  | .773    | >0,204  | Valid      |
| Item-9  | .698    | >0,204  | Valid      |
| Item-10 | .901    | >0,204  | Valid      |

Items starting from number 1 to number 10 have a significance of < 0,05. It means Valid.

**Table 4.** Reliability Statistics

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .803             | 10         |

Cronbach's Alpha is .803, showing the data are reliable. Data are reliable if Cronbach's Alpha is > 0.6 (Heckman, Pinto, & Savelyev, 1967).

**Table 5.** Data Validity for Market Place Variable

| Item    | t-count | t-table | Conclusion |
|---------|---------|---------|------------|
| Item-1  | .374    | >0,204  | Valid      |
| Item-2  | .912    | >0,204  | Valid      |
| Item-3  | .899    | >0,204  | Valid      |
| Item-4  | .969    | >0,204  | Valid      |
| Item-5  | .764    | >0,204  | Valid      |
| Item-6  | .625    | >0,204  | Valid      |
| Item-7  | .753    | >0,204  | Valid      |
| Item-8  | .808    | >0,204  | Valid      |
| Item-9  | .382    | >0,204  | Valid      |
| Item-10 | .931    | >0,204  | Valid      |

Items starting from number 1 to number 10 have a significance of < 0,05. It means Valid.

**Table 6.** Reliability Statistics

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .879             | 10         |

Cronbach's Alpha for variable Market Place is .879, showing reliable data.

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