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## **MARKETING STRATEGY IN MAINTAINING THE CONTINUITY OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES) DURING THE COVID-19 PANDEMIC IN PEKANBARU CITY**

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### **Abstract**

This research is a literature study on marketing strategies for MSME owners in Riau. This study aims to analyze what marketing strategies are used by MSME owners in an effort to maintain their business continuity. The research method used in this study is a qualitative descriptive method. The type of data used in this study is qualitative data, which is categorized into two types, namely primary data and secondary data. Sources of data obtained through library research techniques (library study) which refers to sources available both online and offline such as: scientific journals, books and news sourced from trusted sources. The results of the study conclude that the marketing strategies carried out by MSME owners in maintaining their business during the Covid-19 pandemic are; Product Strategy, during the Covid-19 pandemic, MSME owners in Riau also created innovations in their respective products. Price Strategy (Price), during the pandemic, MSME owners in Riau also carried out a price strategy in the form of discounts or price discounts to attract consumers and be able to maintain business. Promotion Strategy (Promotion), The forms of promotion used are: (1) Advertising (Advertising) (2) Personal Selling (Personal Selling) (3) Sales Promotion (4) Place Strategy (Place/Distribution).

**Keywords:** Marketing Strategy, Micro, Small, Medium Enterprises, Covid-19.

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### **INTRODUCTION**

At the end of 2019, in December, a suspected case of pneumonia from Wuhan, China shocked the world. On January 7, 2020, China identified pneumonia as a new coronavirus. In early 2020, March 11 to be precise, WHO declared that the rapidly growing epidemic had now become a global pandemic. The spread and increase in Covid-19 cases occurred in a very fast and short time and has spread to various countries including Indonesia. Transmission of COVID-19 can occur anytime, anywhere through physical and non-physical contact (Astuti & Rusdi, 2021).

The COVID-19 pandemic has not only impacted the health sector, but other sectors such as the social and economic sectors. The government has implemented a policy in the form of mass social restrictions or PSBB to limit movement in places where people gather. This causes a decrease in the purchasing power of consumer goods which is detrimental to producers and sellers (Khaeruddin, Nawawi, Devi, & Ibn, 2020), with a decrease in the trade sector by 8.32 percentage points in 2020 compared to the previous year. However, the trade sector remains the third largest contributor to Indonesia's gross domestic product (GDP), after agriculture and manufacturing, with a contribution of 12.93% (Purwahita, Wardhana, Ardiasa, & Winia, 2021).

Indonesia is officially on the brink of recession after two consecutive quarters of growth, according to the Central Bureau of Statistics (BPS). In the second and third quarters of 2020, the annual growth rate of Indonesia's gross domestic product (GDP) was negative 5.32% and negative 3.49% (year-on-year). In general, if a country's GDP experiences two consecutive quarters of negative growth each year, it can be said that the country's economy

is in recession (Sholahudin, 2021). According to the Big Indonesian Dictionary (KBBI), a recession refers to a decline in trade, industry, etc. (as if it had stopped); decrease in trade (industry) activity (exit, decline) (Astuti & Rusdi, 2021).

One of the effects of the recession is that many companies are laying off workers, causing unemployment to increase. High unemployment affects people's consumption patterns (Sukmaraga & Hayati, 2011).

In such an uncertain situation, MSME actors must also adapt their product marketing strategy. This research will involve SMEs in the city of Iau to become the object of research. The main focus in this study is to analyze what marketing strategies are carried out by Riau MSME players in maintaining their business.

## **METHOD RESEARCH**

The research method used in this study is a qualitative descriptive method. The type of data used in this study is qualitative data, which is divided into primary data and secondary data. Sources of data obtained through literature study are sources that are available online and offline, such as scientific journals, books, and news from trusted sources. These resources are gathered from discussions and links from one message to another.

Data collection techniques used in this study were observation, interviews and research. Analyze data and draw conclusions. Researchers chose several key informants at the research location, namely MSME owners in the Riau region. Researchers interviewed MSME owners about the impact MSME owners had during PPKM and how they designed their marketing strategy to keep their business afloat.

## **RESULT AND DISCUSSION**

### **MSMEs during the Covid-19 pandemic**

According to data from the Central Statistics Agency (BPS), Indonesia's economic growth rate remained in the range of 2.97% in the first quarter of 2020, and fell to -5.32% in the second quarter, still in the negative range of -2.8% in 2020 third quarter and 1%. Responding to these conditions, the government has taken various steps, especially in the areas of fiscal, monetary and financial policies. The government takes economic policies according to the current situation.

The Covid-19 pandemic in Indonesia has caused a decline in global demand, export production and FDI (Foreign Investment), reducing foreign funding sources. The impact of the Covid-19 pandemic has also had an impact on the tourism industry, impacting SMEs in it. The MSME sector has a strategic role in supporting the economic situation in Indonesia. For example, when Indonesia experienced an economic crisis in 1998, many large companies went bankrupt as a result of the economic crisis that occurred at that time (Aisyah, 2020). However, it turns out that the MSME sector can survive and save the Indonesian economy. However, the current situation is different, the Covid-19 pandemic has not only reduced MSME sales turnover, but the policy of limiting social activities has also contributed to the decline in the MSME industry.

The number of Termination of Employment (PHK) throughout the country (PHK) has caused a socio-economic downturn, so that the government has taken various steps to save the industry. According to data from the Central Bureau of Statistics for 2020, the MSME sector contributes 61.7% to Indonesia's GDP. Therefore, the government pays more attention to this area. The government through the Ministry of Finance has prepared a policy package in the National Economic Recovery Plan (PEN), such as Government Regulation Number 23 of 2020. The government is prioritizing the MSME sector so that it can recover so that the economy can recover slowly. Government programs to assist MSMEs include: Microfinance, KUR (People's Commercial Credit), Management of Revolving Funds, Interest Subsidies,

Tax Incentives and Guaranteed Working Capital Loans. The government has also invested heavily in PEN schemes so that MSMEs can survive (Soleha, 2020). The Covid-19 pandemic has become a global business continuity emergency. The pandemic has hampered global economic growth broadly and rapidly (Blandina, Fitriani, & Septiyani, 2020).

According to a World Bank report (2020), the emergence of Covid-19 has brought about a global recessionary trend, and all countries without exception have been unable to withstand its devastating impact. According to the 2020 World Bank report, the global economy contracted by 5.2%. This also means that SMEs have become victims of the outbreak and have caused a long-term decline in business conditions (Safitri & Dewa, 2022). The Covid-19 pandemic has also had a major impact on MSMEs in affected areas. Compared to before the pandemic, China had 4,800 MSMEs in the worst post-pandemic situation (Lu, Wu, Peng, & Lu, 2020). The commercial sector is experiencing problems in several ways, such as supply shortages, decreased demand, and layoffs. (Bartik et al., 2020) analyzed more than 5,800 MSMEs related to cyberspace and found that the Covid-19 pandemic had a negative impact on individual businesses and their partners. The scarcity of resources leading to corporate bankruptcy is the main impact of the epidemic (Rohmawati, 2022).

As a result of the Covid-19 pandemic, MSME owners, especially those in Riau Regency, have felt a huge impact (Ramadhan, 2020). Restrictions on community movement (PPKM) imposed by the government have had a negative impact on business continuity, such as not allowing residents to gather, closing roads that hamper the distribution of raw materials and consumer demand, as well as determining opening and closing times (Safitri & Dewa, 2022). The Covid-19 pandemic has become a complex challenge for all MSME owners, or even went bankrupt because they couldn't afford it. Pay production costs. Months after Indonesia's first case of Covid-19, the pandemic is far from over, with affected populations forced to endure the challenge of survival. Small and medium business owners in Riau feel the same way. To survive the pandemic, they must be creative in product innovation and marketing strategies.

### **Marketing strategy**

According to (Assauri, 2008), a marketing strategy is a comprehensive (holistic), integrated and integrated plan in the field of marketing that provides guidelines for the activities of a company to achieve its marketing goals. Still according to Assauri (2019: 169), environmental factors that influence companies to formulate their marketing strategy are market conditions or competition, technological advances, economic conditions, government regulations and policies, socio-cultural and political situations.

Handika and Darma in their research explain the concept of marketing strategy, measurement methods, and considerations used by company owners in making decisions regarding marketing costs, marketing mix, and marketing allocations which will be adjusted to market condition factors this place (Emiliani et al., 2021).

(Assauri, 2008) argues that one of the elements of marketing strategy is the marketing mix, and the purpose of the process determines how a company can segment certain products. The market showcases and offers their products. market. Marketing mix is a combination of variables or core activities of the marketing system that is controlled by the company to influence the response of buyers or consumers. These variables require companies to integrate and coordinate as effectively as possible so that companies can carry out their marketing plans effectively (Muttaqin, Kosim, & Devi, 2021). The marketing mix is a marketing strategy, a method in which businesses exchange goods and services to meet consumer demand. The marketing mix is designed to integrate to produce the desired response in the target market, including product, price, distribution, promotion, participants, process and physical evidence (Pondia, 2018).

#### **1. Product**

According to (Tjiptono & Chandra, 2012), product conceptually is a producer's subjective understanding of goods and services that can work as a company effort to satisfy consumer needs and desires based on the capabilities and capabilities of the company and purchases. market power. Products can also be interpreted as consumer perceptions carried out by producers through production.

2. Price

(Armstrong, 2013) define price as the amount customers have to pay to get the product they want. (Tjiptono & Chandra, 2012) states that the price strategy is one of the most important things in marketing. Price is the only marketing mix variable that generates revenue or income for the company.

3. Distribution (Place)

According to Kotler and Armstrong, distribution is a company's activities to make its products accessible to target customers. Kotler from Qaira added that distribution is all the means used to distribute a product and transfer its ownership status from producers to consumers. Location is synonymous with location and distribution channel. Distribution channels are important decisions in marketing because they affect other marketing decisions. Location is an important component because a company is useless if it offers quality products at affordable prices, but cannot make up for it by providing customers with easy access to locations (Muttaqin et al., 2021).

4. Promotion (Promotion)

According to Baswir Qaira, promotion is an activity that informs potential customers about the specifications of a product, especially its comparative advantage. In a promotion, you must place the product according to the actual situation, try to attract as many consumers as possible, and make consumers interested in the product being promoted. Tjiptono added, broadly speaking, promotion consists of five integrated elements, each of which has advantages, namely: (1) advertising; (2) promotion; (3) public relations; (4) private selling; (5) direct sales and the Internet Marketing.

5. Participants (people)

Participants (people) from Zeithaml et al. In (Martjiono, Santoso, Aprillia, & Remiasa, 2016), namely people involved in providing services that can influence consumer perceptions. According to Grewal and Levy Martjiono (2016: 486), the knowledge and ability of people to work according to company goals is a very important capital for success.

According to Kotler and Armstrong in Rinaldi (2009:710), people, employees in an organization understand their role as a company in dealing with customers. Marketing success requires education, training, and employee motivation.

6. Process (process)

According to Kotler in (Tantra & Marcelina, 2017), process is how companies serve their customers, starting from consumers placing orders until consumers get the desired product. Kotler and Armstrong in Rinaldi (2009: 710) define process as the whole process, mechanism, and habits of creating products or services and delivering them to customers, including policy decisions regarding customer involvement issues and employee policies.

7. Physical evidence

Physical evidence according to Kotler and Armstrong in Rinaldi (2009: 710) is the physical form of the products being sold, including rooms, buildings, atmosphere, etc., which consumers perceive as a certain strength of the products offered. (Wulan, Mawardi, & Pangestuti, 2016) Physical evidence is defined as the environment or place where products and services are created that can directly affect consumers.

**The marketing strategy for MSME owners in Riau in maintaining their business**

The marketing strategies carried out by MSME owners in maintaining their business during the Covid-19 pandemic are:

1. Product Strategy

The tenacity and commitment of Riau MSME owners can provide maximum customer satisfaction. product of this company. Riau MSME owners also innovated their respective products during the Covid-19 pandemic. Good product, good price. This is in line with Philip Kotler's marketing theory that a product must be structured not only by considering solutions for customers, but also with the benefits of flexibility and creative innovation. Producers no longer play the role of satisfying customer needs, but play the role of creating customer demand.

2. Pricing Strategy

Price is one element of the marketing mix which plays an important role for a business because price has a special place in the marketing mix and is closely related to other elements. Some of the factors that need to be considered in implementing pricing policies are determining the cost of products, setting discounts, financing transportation costs, and other factors related to price. In order for products to compete in the market, entrepreneurs can set prices in relation to the market, namely following prices below or above market prices. Setting the right price allows marketing campaigns to run smoothly and optimizes the content offered. During the pandemic, MSME business actors in Riau also implemented a pricing strategy in the form of price discounts to attract consumers and be able to maintain their business. The price discount innovation by MSME business actors in Riau is by giving discounts of 10% to 35% depending on the type and quantity of goods purchased.

3. Promotion Strategy

Promotion is an activity of the marketing mix that is just as important as above, in which entrepreneurs try to promote all their service offerings, directly or indirectly. Without promotion, customers will not be able to identify the products or services offered. Therefore, promotion is the most powerful means of attracting and retaining consumers. Although in a sharia perspective, promotion is an effort to convey correct information about goods or services to potential customers or customers. The forms of promotion used by MSME owners are:

- a. Advertising Advertising is a very effective means of promotion to introduce and explain certain aspects of a product to the general public.
- b. Personal sales presentations with or more prospects Answering questions and taking orders The marketing department plays an important role in executing individual sales campaigns as it is responsible for taking orders and interacting with potential customers.
- c. Personal promotions help communicate and explain product benefits to buyers through marketing.
- d. Location/Distribution Strategy The location in question is not a place of business or a location, but rather a location where offers or transactions occur between consumers and products. In this regard, more emphasis is placed on distribution and channel strategy. Distribution systems or product distribution can create a competitive advantage for a business. As Kotler and Armstrong say, localization strategy includes company activities to deliver products to consumers. The delivery strategy (location) no longer considers delivery routes that can create convenience and comfort for customers, but goes a step further, namely delivery flexibility that customers expect, such as product delivery accuracy, payment methods, etc. The COVID-19 pandemic situation has created challenges and opportunities for MSMEs to survive and maintain their business.

Challenges are defined as SMEs that need short-term solutions. Opportunities are certain, and short-term solutions need to be followed by long-term solutions, especially in the digital era that supports economic activity. Some of the solutions are:

- a. Maintaining a healthy cash flow, one of the most important factors in running a business. Therefore, business actors must be able to manage cash optimally and well. Otherwise, the business risks going bankrupt. Therefore, maintaining a balanced cash flow position is very important.
- b. Demand-based product innovation. On-demand product innovation is one of the solutions to survive the pandemic.
- c. Maximizing the social distancing conditions that are currently enforced by the business social media community, the most crowded places visited by many people in an effort to suppress the spread of the corona virus. Therefore, it is necessary to maximize the use of business social media to introduce products. Starting with your account name, resume information, content, headlines, hashtags, you need to think about increasing visibility and engagement.
- d. Maximize same-day delivery services Small, medium and micro merchants must request online or online delivery services. Small, medium and micro businesses can use the same day delivery service so consumers can receive goods quickly.

## CONCLUSION

Product strategy Riau MSME owners innovated their respective products during the Covid-19 pandemic. Price Strategy During the pandemic, MSME owners in Riau have also implemented a pricing strategy in the form of price discounts to attract consumers and be able to maintain their business. Promotion Strategy The forms of promotion used are: (1) Advertising (2) Personal Marketing (3) Promotion (4) Location/Distribution.

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