

## DIGITAL MARKETING COMPETENCE OF MIDDLE-MEDIUM BUSINESS PLAYERS (UKM) IN KECAMATAN LEMBANG WEST BANDUNG DISTRICT

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### Abstract

The economic development and digital marketing provide opportunities as well as challenges for SMEs in Indonesia. This especially provides an opportunity for SMEs to promote at a low cost while penetrating the market by cutting the product distribution channel to the final consumers. The presence of ICTs needs to be coupled with the ability of human resources (HR), in this case SMEs in Lembang District, West Bandung Regency. The digital marketing competence of these SMEs is important in developing small and medium businesses that enable potential customers to obtain information about products as well as transact through the internet. The research method was carried out by means of a survey with data collection techniques through questionnaires, interviews, and secondary data sources. The questionnaire was distributed to SMEs in Lembang District, West Bandung Regency with a sampling technique, and interviews were conducted with informants which were conducted selectively. The results of the study showed that the knowledge, attitude skills of SMEs are competencies that need to be improved. Digital marketing competence of SMEs in Lembang District, West Bandung Regency requires strengthening to encourage increased knowledge, attention to new knowledge through technology and media, making innovation and creativity in running their business through digital marketing skills, so that SMEs can optimally carry out their business by utilizing digital marketing. Digital marketing competence of SMEs in West Bandung Regency, especially in Lembang District does not yet have the level of ability needed to improve business performance, because the ability of adaptation and the ability to take advantage of opportunities, especially in technological development needs to be provided facilitation and retrieval from related parties, such as the government, universities, and other related organizations.

**Keywords:** *Competence, Digital Marketing, Small and Medium Enterprises (SMEs)*

### 1. Introduce

The development of Information and Communication Technology (ICT), especially the internet as one of the drivers of changes in the level of life. The development of internet technology that provides a lot of convenience in communication has been able to change people's behavior, especially in making purchases of certain products. The use of the internet has provided opportunities for businesses to design their marketing strategies. Thus, business people are encouraged to take advantage of these development opportunities. One of them is small and medium businesses (SMEs) who support the economy in Indonesia. The majority of Small and Medium Enterprises (SMEs) do not yet benefit from digital technology. In fact, the economic potential of SMEs in Indonesia is huge. Most MSME actors are not fully literate in

digital technology. Most MSME actors are not fully literate in digital technology. Quoting Delloite Access Economics data, shows that more than one third of SMEs in Indonesia (36%) are still offline, another third (37%) only have very basic online capabilities such as computers or broadband access. Only a small proportion (18%) have medium online capabilities (using the web or social media) and less than one tenth (9%) are advanced online businesses with e-commerce capabilities. Data from the McKinsey Global Institute shows that only 5% of SMEs have been able to transact online. Digital SME involvement can increase economic growth by 2%. In fact, it is predicted to have revenue growth of between 23-80% if skilled in utilizing digital technology.

<https://www.beritasatu.com/ekonomi/5002-55-mayoritas-umkm-belum-dapatkan-manfaat-dari-teknologi-digital>).

The presence of ICTs needs to be coupled with the ability of human resources (HR), in this case SMEs. So that the digital competence of SMEs is important in developing small and medium businesses in Indonesia. The rapid development of technology, the digital world and the internet, has changed marketing trends that were conventional (offline) to digital (online). Digital marketing allows potential customers to obtain information about products as well as transact through the internet.

The Go Online SME Program nationally, specifically the West Java region, one of which is the West Bandung Regency SMEs, has 564 Small Businesses and 53 Medium Businesses spread in 16 sub-districts with 12 types of business sectors (Office of Cooperatives and UMKM KBB, 2019). As many as 300 people have received Go Online training and 25 have received e-commerce training. Even the SMEs each have an online store account in collaboration with Blanja.com. However, how many SMEs are able to continue using the account cannot be known with certainty. What is the process of adopting their digital business and what factors are hampering the adoption process. Moreover, whether they have gotten the most out of the e-commerce platform is still an important question.

*E-commerce* is a technology that makes many companies does digital transformation. Digital transformation underlines the impact of information technology on organizational structure, routine work, information flow (Dehning, Richardson & Zmud, 2003; Orlikowski, 1996), and the ability of organizations to accommodate and adapt to information technology (Cui & Pan, 2015).

There are many factors that affect the ability of companies in the process of adopting information technology to then enter the digital business. Fan (2016) mentioned the factors that influence the adoption of digital businesses in the MSME group in Greater Western Australia are the lack of

understanding of the relevance of digital business to organizations, the absence of digital strategies, lack of expertise, and perceived cost and risk of change. Another study revealed that the lack of skilled employees was the biggest obstacle to the low adoption of MSME e-commerce (Maguire, Koh & Magrys, 2007). Almost the same as the results of the above research, other obstacles related to security and privacy, the cost of implementing digital business, the lack of digital strategies and relevant resources, and the lack of skilled staff to implement the digital business (MacGregor & Vrazalic, 2008; Maguire, Koh & Magrys, 2007). There is a general consensus that knowledge and competencies are needed to develop information technology capabilities, although it is not clear exactly what competencies are needed (Eikebrokk & Olsen, 2007).

In this case, one factor that always appears to influence the adoption of digital businesses is the ability or skills of MSME entrepreneurs. Moreover, the digital divide (digital divide) has now shifted not only to physical access, but rather to the inequality of skills (skills) and the use of information and communication technology (usage) (Dijk, 2012).

According to Kotler, Kartajaya, and Setiawan, said that marketing has evolved from what was originally product-oriented (marketing 1.0), customer-oriented marketing (marketing 2.0), and human-oriented marketing (marketing 3.0). then in the current era, the Marketing 4.0 era is a marketing approach that combines online interactions with offline interactions between companies and customers.

Small and Medium Enterprises as one of the people's economic sectors, contributes greatly to development in Indonesia. With various problems faced by UKM in Indonesia, marketing problem is one of the classic problems faced by UKM. The problem of marketing access and other marketing problems, through digital marketing, is a new strategy that must be utilized and adapted quickly and appropriately by SMEs in Indonesia, especially in the West Bandung district of Lembang. This research was conducted to describe digital marketing competence and reveal the level of digital marketing competence of the actors SMEs in West

Bandung Regency, specifically about "Digital Marketing Competency of SMEs in Lembang District, West Bandung Regency.

## 2. Theoretical Framework Digital Competencies and Competencies

Human resources be it entrepreneurs, leaders, employees or small and medium business actors, can survive in their position, position or job because they have managerial abilities, skills or competencies, namely the ability to formulate a vision, mission, corporate strategy and the ability to obtain capabilities in various other skills that continue to be adaptive.

Following are the competencies intended in this study, according to Gordon in Sutrisno (2011 204), as follows:

### 1. Knowledge

Awareness in the cognitive field. For example employees know how to identify learning and how to do good learning according to the needs that exist in the company effectively and efficiently.

### 2. Understanding

Is the cognitive and affective aspect of the individual. For example, someone in carrying out work must have a good understanding of the characteristics and conditions effectively and efficiently.

### 3. Skill Ability (skill)

Something that is owned by an individual who carries out the task or works which is assigned to him. For example the ability to choose work methods that is considered more effective and efficient.

### 4. Value

A standard of behavior that has been believed and psychologically has been integrated in a person, for example a person's standard of behavior at work such as honesty, openness, and others.

### 5. Attitude

Feelings (happy - not happy, like-dislike) or reaction to a stimulus that comes from outside. For example the reaction to a pandemic crisis, economic crisis and so on.

### 6. Interests

The tendency for someone to do something. Digital competence is the capacity of individuals to use and combine knowledge, skills, and attitudes from three related competency areas, namely: technology, cognitive, and social, using existing and new ICTs to analyze, select, and

evaluate information critically to examine and solving work-related problems and developing a collaborative knowledge base while using organizational experience in the context of specific organizations (Vieru et al, 2015). At the conceptual level of MSME actors, the definition of digital competencies identifies key competency areas and indications with specific context specificities according to individual / organizational environment. **Digital Marketing**

Khan & Siddiqui in his journal quoted from Purwana ES et al that the concept of digital marketing comes from the internet and search engines on the site. When the peak use of the internet in 2001, the market was dominated by Google and Yahoo as search engine optimization (SEO). And the use of internet search grew in 2006 and in 2007 the use of mobile devices increased dramatically which also increased the use of the internet in communities from all over the world began to relate to each other through social media.

According to Ridwan Sanjaya and Josua Tarigan<sup>47</sup>, digital marketing is a marketing activity including branding that uses various web-based media such as blogs, websites, e-mails, ad words, or social networking. And of course digital marketing is not just talking about internet marketing but more than that.

As for many online communication techniques that must be reviewed by marketers as part of a digital business communication strategy or as part of a company's online marketing campaign planning. Digital media channels (digital media channels) are online communication techniques used to achieve the goals of brand awareness, familiarity, pleasure, and to influence buying intentions by encouraging digital media users to visit websites to engage with brands or products and ultimately to buy online or offline through media channels such as by telephone or in stores.

### Marketing

- a. According to Kotler (2000: 9) "Is a societal process by which individuals and groups obtain what they need and want thought creating, offering, and freely exchanging products and services of value with others. What is meant is a social process in which individuals and groups get what they need and want by creating, offering, and freely exchanging products of value with others".
- b. Marketing is the process of determining consumer demand for a product or service, motivating the sale of the product

- / service and distributing it to the final consumer by making a profit.
- c. As a business strategy, marketing is the act of adjusting a market-oriented organization in dealing with business realities, both in a micro environment and a changing macro environment. The marketing process is expected to create value for customers and build customer relationships. There are 5 marketing processes (Kotler, 2009) including:  
Understand the market and customer needs and desires. Human needs are a state of feeling of lack, desires are human needs that are formed by a person's culture and personality, while demand is a human desire that is supported by purchasing power.
  - d. Designing customer-driven marketing strategies. To design a good marketing strategy the marketing manager must be able to answer the customer what must be served and how to best serve this customer that is in proportion to our value.
  - e. Building an integrated marketing program that provides superior value. Marketing programs build customer relationships by transforming marketing strategies into action.
  - f. Build profitable relationships and create customer satisfaction. Customer relationship management is the whole process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.
  - g. Capturing value from customers to create profit and customer equity. The customer's perceived value is the customer's evaluation of the difference between all the advantages and costs of market bids compared to competitors' offers the marketing mix is a tactic in integrating offerings, logistics, and product or service communication. Marketing mix is the most visible aspect (tangible) of a company in marketing activities.

According to Philip Kotler (2011: 181) the marketing mix can be classified into 4P (Product, Price, Place and Promotion), namely:

#### 1. Product

Product is a complex set of satisfaction values. The value of a product is determined by the buyer based on the benefits they will receive. Manage product

elements including product planning and development.

#### 2. Price (Price)

Pricing is a critical point in the service marketing mix because prices determine the income of a business. Management must determine the strategy regarding price discounts, freight costs, and various related variables.

#### 3. Place

Place is defined as a place of service. The location of the service used in supplying services to the intended customer. The place is also important as the environment in which and how the service will be delivered, as part of the value and benefits of the service.

#### 4. Promotion (Promotion)

Promotion is to inform, contact and persuade and remind target customers about the company and its marketing mix.

#### **Small and Medium Enterprises (SMEs)**

Small and medium businesses (SMEs) are the economic drivers of society in Indonesia through employment, and economic growth in Indonesia. The development of SMEs is an important concern for improving the economy in Indonesia.

According to Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs) it can be distinguished based on the number of assets and the total sales turnover. Meanwhile according to BPS, the classification also includes the number of employees.

#### a. Micro / Household Business Category

Micro businesses are productive businesses owned by individuals and / or business entities. Micro business criteria are:

- Has less than 4 employees
- Assets / net worth up to Rp 50 million
- Annual sales turnover of up to 300 million

#### b. Small Business Category

Small-scale business is a productive economic business that is stand-alone which is carried out by individuals or business entities that are not or are not a branch of the company that is owned, controlled or become a part either directly or indirectly of medium-sized businesses or large businesses that meet the criteria of small businesses. Small business criteria are:

- Has less than 5-19 employees
- Assets (net assets) from Rp 50 million to Rp 500 million



- Annual sales turnover from IDR 300 million to IDR 2.5 billion

**c. Medium Business Category**

An independent economic productive enterprise which is carried out by an individual or business entity that is not a subsidiary or branch of a company that is owned controlled or becomes a part directly or indirectly with a small business or large business with an amount of net assets or annual sales results. Medium business criteria are:

- Has employees between 20-99 people
- Assets (net worth) between Rp 500 million to Rp 10 billion
- Annual sales turnover between Rp 2.5 billion to Rp 50 billion

**3. Methodology**

**a. Types of research**

This study uses a quantitative approach to look at the digital competency picture of SMEs in West Bandung Regency, especially in Lembang sub-district. Quantitative research was conducted by survey technique with a sample of the population of SMEs in Lembang District, West Bandung Regency.

**b. Data collection technique**

Primary data collection techniques are done through questionnaires and interviews for supporting data. The primary data collection in the form of a questionnaire was conducted to respondents of SMEs in Lembang District KBB through sampling. While interviews are conducted with selective SME informants. Secondary data collection techniques are done through searching journal sources, documents, media clippings, and the like related to research problems (Sugiyono, 2014)

**4. Result and Discussion**

**Digital Marketing Competency of SMEs in Lembang District, West Bandung Regency**

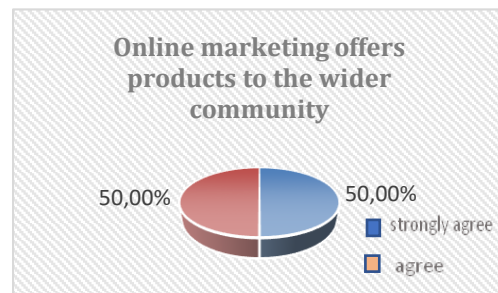
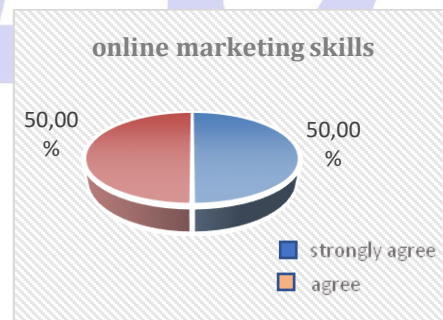
**a. Characteristics of Respondents**

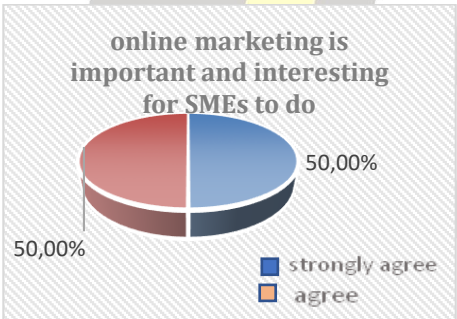
Of all the Small and Medium Enterprises (UKM) actors in Lembang District, West Bandung Regency, who were taken as respondents in this study, showed that they had never participated in digital marketing training, this shows that in Lembang District, West Bandung Regency, the Small and Medium Enterprises (UKM) Digital marketing training has never been held even though there are 70.0% respondents of

SMEs who use digital marketing in marketing their products even though only using social media Whats App and Facebook because they still do not understand how to use marketing using digital marketing methods.

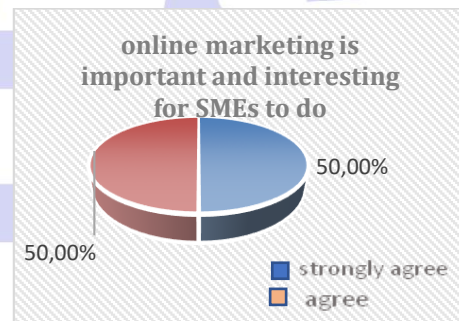
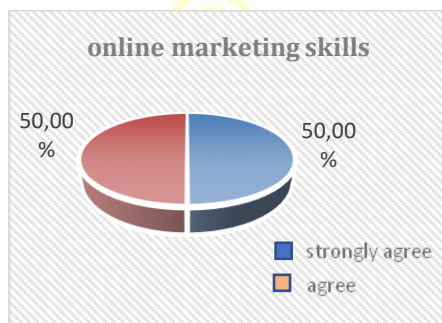
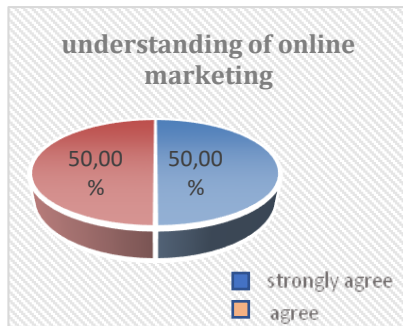
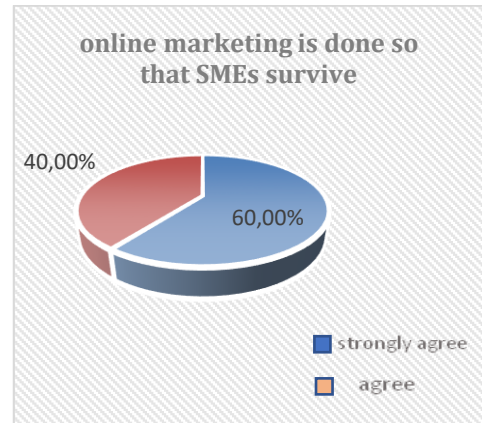
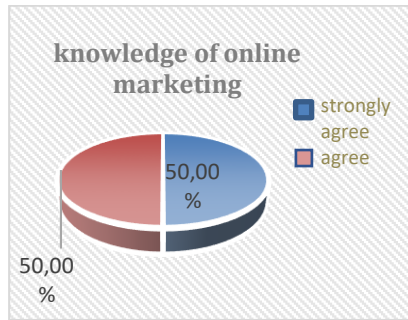
**b. Digital Marketing Competency of SMEs in the District of West Bandung Regency of Lembang**

Digital marketing competencies / online marketing of these SMEs, shows the following conditions:





JEES



The results of the above study indicate that 50.0% of respondents of the Small and Medium Business Entrepreneurs (UKM) in Lembang District, West Bandung Regency, are aware of online marketing, and they state that digital marketing is needed for SMEs. SMEs in the Lembang District KBB, they have enough knowledge about online marketing, even though it is only limited to social media such as Facebook, Whatsapp and Instagram.

Furthermore, SME respondents also stated that using online marketing or digital marketing was a method that was felt to be more practical and economical. And they have understood about its use through social media in a simple way. In this case their understanding is not yet fully related to digital marketing technology.

The data shows that 50.0% of respondents of the Small and Medium Enterprises (UKM) in Lembang Sub district, West Bandung Regency, they stated that online marketing or better known as digital marketing is needed for SMEs, in developing their businesses today. So they expect to be able to acquire more skills in doing online marketing, which they have not yet obtained.

The UKM actors in Lembang Sub-District, West Bandung Regency, further stated that they have important values in their business activities, because online marketing has practical and economical value in operating.

The picture above also shows the results of research on digital marketing competency that the Small and Medium Enterprises (SMEs) in Lembang Sub district, West Bandung Regency agree they even strongly agree with the statement stating that online marketing or digital marketing is done because this method is felt to be practical and economical, for done in business or promotion and sales. So they wish to use online marketing optimally because they believe it can increase sales and business development.

The results of the above study also indicate that each of the 50.0% respondents of small and medium businesses (SMEs) in Lembang Sub-District, West Bandung Regency, they agreed and even strongly agreed with the statement stating that online marketing / digital marketing can offer products to the wider community honestly, so that SMEs can survive in the current situation.

Furthermore, the results of the above study indicate that 60.0% respondents of small and medium business operators in Lembang Sub

district, West Bandung Regency, they answered strongly in agreement with the statement stating that online marketing or digital marketing is carried out so that SMEs are able to compete with other business actors. Also with 40.0% of other SME respondents, they agreed with the statement. Next is the results of research on important and interesting statements about online marketing carried out for SMEs, that each of the 50.0% respondents of the Small and Medium Enterprises (SMEs) in Lembang District, West Bandung Regency argues that they agree even strongly agree with the statement stating that online marketing or digital marketing is important and interesting to increase the profitability of its business. So they have a strong enough interest to also use online marketing, in addition to the strength of off line or conventional marketing.

Furthermore, in this study it can be seen about the level of digital marketing Competency of Small and Medium Enterprises (UKM) in Lembang District, West Bandung Regency.

To find the standard weight value, it is done by searching the length of the three classifications of weighting above. The formula is as follows:

Maximum Score = 5 x number of items x number of respondents

Minimum Score (Minimum Weight) = 1 x number of items x number of respondents

$$\text{Range} = \frac{B_{\max} - B_{\min}}{3}$$

Information:

R = long range

$B_{\max}$  = the maximum answer weight (5)

$B_{\min}$  = minimum answer weights (1)

After that the weighting is divided into three (3) levels based on the above classification which starts from the minimum score. From the data score of the respondents' answers to the digital marketing competence variables above, it can be done a data analysis by calculating the average answers based on the scoring of each respondent's answers. Based on a predetermined score can be calculated as follows:



**Table 1**  
**Resume Answer Questioners for Digital Marketing Competency Variable Questionnaire**

Answer	1	2	3	4	5	6	7	Total
SS	5	5	5	5	6	6	5	37
S	5	5	5	5	4	4	5	33
KS	0	0	0	0	0	0	0	0
TS	0	0	0	0	0	0	0	0
STS	0	0	0	0	0	0	0	0
								70

Source, Calculation Results for 2020

The number of scores for answering SS	=	37	x	5	=	185
The number of scores for answering S	=	33	x	4	=	132
The number of scores for answering KS	=	0	x	3	=	0
The number of scores for answering TS	=	0	x	2	=	0
The number of scores for answering STS	=	0	x	1	=	0

The total number of scores	=	317
The ideal score (B <sub>Max</sub> )	Variable X = 5 x 10 x 7 =	350
Minimum number of scores (B <sub>Min</sub> )	Variable X = 1 x 10 x 7 =	70

$$\text{Range} = \frac{B_{\max} - B_{\min}}{3}$$

$$= \frac{350 - 70}{3} = 93,3$$

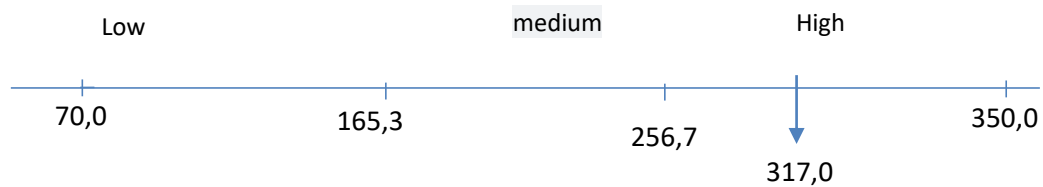
After that the weighting is divided into five (3) levels based on the above classification which starts from the minimum weight of 70. The resulting standard weight classification is as follows:

**TABEL 2**  
**Standard Weight Value**

Weight Value	Competency level
70,0-163,3	Low
163,4-256,7	medium
256,8-350,0	High

Source: Data processing, 2020

The continuum can be described as follows:



**Figure 8**  
Digital Marketing Competency Variable Continuum Line

The total score obtained from this study was 317.0. Based on this score we can find out that the level of digital marketing competency held by Small and Medium Enterprises (UKM) performers in Lembang District, West Bandung Regency is at a high level. Thus it can be concluded that the level of digital marketing competence of the small and medium business (UKM) Lembang District of West Bandung Regency is at a high level.

#### **Constraints faced in digital marketing SMEs in Lembang District, West Bandung Regency**

In the study there were obstacles or obstacles faced by Small and Medium Enterprises (UKM) actors in Lembang sub-district, West Bandung regency, specifically in marketing activities, including:

1. Accessibility of information received by SMEs in the Lembang District KBB is quite limited, so they have never received an offer to attend training on digital marketing.
2. Lack of strong determination or mental attitude of SMEs in Lembang District to increase knowledge, abilities, and skills about digital marketing.
3. Lack of socialization from the government related to programs related to go online SMEs, especially in Lembang District, West Bandung Regency.

#### **5. Conclusion**

1. Digital marketing competence of SMEs in Lembang District, West Bandung Regency,

shows that the knowledge, skills and understanding of SMEs are still limited, that is, they only know social media, such as Facebook, Whatsapp, and Instagram.

2. As for their understanding is not yet fully related to digital marketing technology such as through the Website or how to work together with market place, go-food and grab food.

3. SMEs in the Lembang District of West Bandung Regency in general already have the view that online marketing has an important value for their business activities, because online marketing has practical and economical value in operating it, desiring to use online marketing optimally because it believes it can increase sales and development of their businesses., online marketing / digital marketing can honestly offer products to the wider community, so that SMEs can survive in the current situation, and be able to compete.

4. Generally, small and medium Usaha (UKM) actors in Lembang District, West Bandung Regency have interests, desires, and are open to adapting to technological developments, namely digital marketing, but there are still obstacles encountered, such as access to information, mental attitudes, and government attention.

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