

Alternative Digital Transformation of UMKM's to Survive in the Covid-19 Pandemic

I Wayan Gde Yogiswara Darma Putra¹, I Gst. B Ngr. P. Putra²,
A.A. Pt. Agung Mirah Purnama Sari³

^{1,2,3}Faculty of Economics and Business, Warmadewa University, Denpasar, Bali, Indonesia
Email address: yogiswaradarmaputra(at)gmail.com

Abstract— *The Covid-19 pandemic, which until now, continues to spread and spread, it is certain that if it does not end soon, it will lead to an economic crisis in this country. maintain and develop their business. Especially after the entry of the industrial revolution 4.0, the Government hopes that UMKM actors can compete on a large scale with digital transformation efforts in the UMKM business even though in fact there are many obstacles faced by micro and medium businesses. With the Covid-19 pandemic, the moment of digital transformation is increasingly unstoppable and unavoidable. In the midst of declining economic performance, the shift in interaction between humans that prioritizes cleanliness, healthy and safety factors has actually accelerated the integration of a digital-based economy in Indonesia widely. There are several recommended survival strategies that UMKM's can do to be able to maintain their business, namely making sales through e-commerce because many people are now turning to online shopping and doing product marketing by utilizing digital technology (digital marketing) to be able to reach more consumers. .*

Keywords— *Covid-19, industrial revolution, digital marketing*

I. INTRODUCTION

The Covid-19 pandemic has had a significant impact on the life of the world community, including in Indonesia. In addition to the health impact, the pandemic also has an economic impact. The Covid-19 pandemic, which is still spreading and spreading, can be ascertained if it doesn't end soon, it will lead to an economic crisis in this country. The existence of an economic crisis will automatically make it more difficult for micro, small and medium enterprises (UMKM's) to maintain and develop their businesses. The economic crisis due to the Covid-19 pandemic has had an impact on the sustainability of micro, small and medium enterprises (UMKM's). The pandemic raises the anxiety of UMKM actors. The decline in purchasing power causes their turnover to decrease.

UMKM's are one of the driving wheels of the Indonesian economy, even one of the leading sectors because it always grows and increases in number from year to year. In the current era of rapid development of information technology, transformation efforts in digital form are one of the steps that can be taken by the government to help UMKM actors to adapt and survive in the current era. Especially after the entry of the industrial revolution 4.0, the Government hopes that UMKM actors can compete on a large scale with digital transformation efforts in the UMKM business even though in

fact there are many obstacles faced by micro and medium businesses.

Towards the digitization of UMKM's is certainly a target that is not easy to achieve. There are many obstacles to be overcome. The obstacles that arise can be from a variety of reasons. One of them, before the pandemic, many patterns of consumption of goods and services were carried out offline. Meanwhile, during the pandemic, the pattern of consumption of goods and services is mostly done online. This reality, at least serves as a reference that consumption patterns have actually undergone a change.

Seeing this reality, actually raises various problems. One of them is from consumers themselves regarding the ability to use online applications. Then, continued by UMKM actors, it is certain that it will be difficult to achieve the targets that must be achieved when the economy is disrupted. This change in pattern is followed by Micro, Small and Medium Enterprises (UMKM's) in order to survive and develop so that they are able to face new normal conditions.

However, we cannot deny that digitalization is not without its problems. One of them is internet access for remote areas and human resources (HR) consumers, as well as UMKM actors themselves. More broadly, the problem or obstacle in the existence of UMKM's lies with UMKM actors with respect to technology, limited online marketing, production processes and online market access are still not optimal enough. Furthermore, consumers still feel insecure in conducting digital transactions.

Facing all that, the existence of UMKM's must be able to increase literacy to be able to enter the digital ecosystem. Adequate knowledge will increase motivation for UMKM actors to prioritize everything to be connected to the digital ecosystem, including turning their cellular phones and internet packages into digital.

The current COVID-19 pandemic has actually kept a veil of revival for UMKM actors. So, if UMKM actors are able to read opportunities, the current situation is the right momentum for Indonesia to accelerate the digitization of UMKM's. Furthermore, UMKM actors need to understand the factors that cause Indonesian UMKM's to experience a slowdown in business growth. Starting from market access, capital and strengthening Human Resources (HR).

With the Covid-19 pandemic, the moment of digital transformation is increasingly unstoppable and unavoidable. In the midst of declining economic performance, the shift in

interaction between humans that prioritizes cleanliness, healthy and safety factors has actually accelerated the integration of a digital-based economy in Indonesia widely.

II. LITERATURE REVIEW

UMKM digitization

The development of digital-based UMKM's is an alternative to saving the UMKM sector during the Covid-19 pandemic. However, so far the government and the Ministry of Cooperatives and UMKM's have been trying to encourage digital transformation. In this way, the Covid-19 pandemic has made the digital entrepreneurship ecosystem grow. In this context, digital entrepreneurship is a form of business that utilizes the sophistication of digital technology, both processes to marketing products and services. In other words, all types of businesses that sell their products online, whether using websites or applications, are included in the realm of digital entrepreneurship. The use of e-commerce applications and the use of social media in digital marketing includes the realm of digital entrepreneurship. Thus, the future of digital entrepreneurship can be one of the sectors that will make a lot of positive contributions to strengthening the Indonesian economy. This can be traced from the strengthening role of information technology in the business world. Digital technology has changed all the character and nature of a more digital-based entrepreneurial model

III. RESEARCH METHODS

The type of research used is a qualitative method. According to (Semiawan, 2010) states that qualitative research methods are the most appropriate types of research methods in capturing human perceptions only with direct contact and an open mind and through inductive processes and symbolic interactions humans can recognize and understand something. The research was conducted in Pekanbaru with the object of research in the form of UMKM's. The data collection technique used in this study was participatory observation with an exploratory step, namely carrying out one of the recommended qualitative data collection techniques to obtain descriptive data (Gunawan, 2017). Sources of data used are primary data in the form of observations and secondary data in the form of data collected, processed and presented by other parties in the form of books and results of previous research related to UMKM's. After conducting participatory observations and reviewing existing documents, data analysis will be carried out in the field which is linked to theories, expert opinions and the results of previous research. Furthermore, it will be abstracted into research findings and issue recommendations for research results that can be adopted by UMKM's.

IV. RESULTS AND DISCUSSION

Observations show that not all UMKM's feel a decrease in sales turnover and have to close their business, there are UMKM's that are still stable and have increased sales turnover because they have made adjustments in terms of products and carried out several marketing strategies to survive. There are

several things that can be done by UMKM's, including choosing to open a new product line or updating their marketing system, because a business that is able to survive is a business that is responsive to changes in their environment.

Research (Helmalia & Afrinawati, 2018) and (Setyorini et al., 2019) state that e-commerce has a positive and significant effect on improving the performance and income of UMKM's. However, different results were obtained in research (Hardilawati, 2019) regarding small businesses, e-commerce has a positive but not significant effect in improving marketing performance. In this case, business actors are advised to be able to trade e-commerce but need assistance for the government or practitioners and education to be able to provide guidance to business actors so that they have sufficient knowledge and can use e-commerce optimally. Research (Hendawan et al., 2019) states that digital marketing has a positive and significant effect on increasing UMKM sales performance. 70% of creative entrepreneurs say digital marketing will be the main communication platform in marketing, and offline stores will be a complement, due to the convenience and ability of digital marketing to reach more consumers.

There are several forms of digital marketing that can be done by UMKM actors to be able to do product marketing, as follows: (1) Publish videos and product photos on social media accounts intensively. (2) Utilizing facebook ads, instagram ads, twitter ads, google display network, etc. which can be easily accessed through social media and can reach consumers with the criteria that we have previously determined. (3) Making marketing product videos that are shown through social media or doing live product promotions. (4) Involving consumers in product selection, conducting education and introduction to product quality intensively on social media accounts and using creative words and using hashtags (#) to make it easier for consumers to find them. With this, brand awareness will be formed and can influence consumer purchasing decisions. In doing digital marketing, UMKM actors are required to always learn and think openly towards developing technology. Of course, digital marketing also considers using the right media and the right way of communication that is tailored to the selected market segment or share. So that marketing will be more effective and not misdirected.

V. SUGGESTIONS

The COVID-19 pandemic that occurred in Indonesia had an impact on instability in the economy, especially for UMKM's. These UMKM actors felt a direct impact in the form of a decrease in sales turnover due to the government's appeal and the implementation of the PSBB which urged the public to stay at home so that quite a lot of UMKM's had to stop operating for a while. For this reason, UMKM actors must have a strategy to be able to survive in the midst of this pandemic and are required to be able to adapt to the conditions that occur. There are several recommended survival strategies that UMKM's can do to be able to maintain their business, namely making sales through e-commerce because many people are now turning to online shopping and doing product

marketing by utilizing digital technology (digital marketing) to be able to reach more consumers.

REFERENCES

- [1] Gunawan, I. (2017). Metode Penelitian Kualitatif. In Bumi Aksara (5th ed.
- [2] Hardilawati, W. L. (2019). Model Pemasaran Hubungan Pelanggan, Inovasi Dan E-Commerce Dalam Meningkatkan Kinerja Pemasaran Ukm Di Pekanbaru. *Jurnal Akuntansi Dan Ekonomika*, 9(2), 213–222.
- [3] Hardilawati, W. L.(2019).The Role of Innovation and E-Commerce in Small Business.373,83–87
- [4] Helmalia, H., & Afrinawati, A. (2018). Pengaruh E-Commerce Terhadap Peningkatan Pendapatan Usaha Mikro Kecil Dan Menengah Di Kota Padang. *JEBI (Jurnal Ekonomi Dan Bisnis Islam)*, 3(2), 237.
- [5] Hendrawan, A., Suahyowati, H., Cahyandi, K., Indriyani, & Rayendra, A. (2019). Pengaruh Marketing Digital Terhadap Kinerja Penjualan Produk UMKM Asti Gauri di Kecamatan Bantasari Cilacap. *Jurnal Administrasi Dan Kesekretarian*, 4(1), 53–60. <http://www.jurnal.stiks-tarakanita.ac.id/index.php/JAK/article/view/189/136>
- [6] Setyorini, D., Nurhayati, E., & Rosmita. (2019). Pengaruh Transaksi Online (e-Commerce) Terhadap Peningkatan Laba UMKM (Studi Kasus UMKM Pengolahan Besi Ciampea Bogor Jawa Barat). *Jurnal Mitra Manajemen (JMM Online)*, 3(5), 501–509.
- [7] Semiawan, C. R. (2010). Metode Penelitian Kualitatif: Jenis, Karakteristik dan Keunggulannya (Arita L (ed.)). Grasindo <https://doi.org/10.15548/jebi.v3i2.182>