

## DIGITALIZATION AND MARKETING STRATEGIES ONLINE BASED ON BAGIO GROCERY STORE MSMEs

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**Abstract:** In this era of globalization, technological developments significantly impact the world of marketing. This has resulted in a shift from a conventional (offline) approach to a digital (online) approach in marketing strategy. Digital marketing promises more opportunities because it allows potential customers to obtain product information and transact online. Price transparency and discounts provided by marketplace platforms make online shopping more popular with consumers. It cannot be denied that consumers today are familiar with making transactions online. This community service activity aims to provide insight and training to the MSMEs of Bagio Grocery Stores about digital marketing strategies, which help expand product marketing and simplify the transaction process. The research methods used involved online surveys, interviews with shop owners, and analysis of transaction data. The implementation flow of this program consists of several activities, namely: (1) Problem Observation, (2) Program Planning, (3) Program Socialization, and (4) Monitoring. The results of this activity will likely make the MSMEs of Bagio Grocery Stores more efficient in marketing their products and making it easier for consumers to shop and make transactions.

## INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are essential in the global economy, especially in developing countries. MSMEs are often considered the backbone of the economy because of their significant contribution to job creation, increased income, and local economic development. With a broad scope, MSMEs cover various sectors, from creative industries and agriculture to small manufacturing. The existence of MSMEs provides opportunities for entrepreneurs to start their own businesses, create innovation, and positively impact economic growth. MSMEs, or Micro, Small, and Medium Enterprises, refer to independent economic activities that operate on a small scale and are managed by community groups, families, or

individuals (Purba, 2019). The vital role of MSMEs in national economic development is significant because their activities can open up many job opportunities for the community (Muljanto, 2020). Micro, Small, and Medium Enterprises (MSMEs) are essential in increasing a country's Gross Domestic Product (GDP), especially Indonesia, amidst the changes in the Industrial Era 4.0. (Amri, 2020).

One of the advantages of MSMEs is their ability to promote their economic activities by involving various levels of society. By offering job opportunities to residents, MSMEs can help reduce unemployment levels and improve community welfare. In addition, MSMEs often act as agents of social development and provide opportunities for groups who may be marginalized to engage in economic activities. However, MSMEs face various challenges, including limited access to resources and markets, lack of access to technology, and lack of understanding of sustainable business practices. Therefore, the government, financial institutions, and other related parties must continue collaborating to develop strategies supporting MSMEs' growth and sustainability. It can be concluded that MSMEs not only contribute to the national economy but also have a significant impact on human survival. One of the MSME sectors vital in meeting people's basic needs is the primary food MSMEs.

Staple food or Nine Basic Ingredients are nine types of necessities for society according to the Decree of the Minister of Industry and Trade no. 115/mpp/kep/2/1998 dated February 27, 1998. Necessities have become a basic necessity in everyday life. The following is a list of essential basic food ingredients: rice, corn, vegetables, meat, milk, sugar, salt, oil, and LPG gas. The vital role of basic foodstuffs in maintaining people's welfare and food security is emphasized because these ingredients are essential for meeting daily nutritional and energy needs. Its significance is increasingly felt in situations of economic uncertainty or in crises, such as the global pandemic that has hit the world. Basic food becomes a top priority in difficult times as a reliable and long-lasting food source. Basic food prices can be an indicator of a country's economic prosperity. An increase in basic food prices can directly impact people's purchasing power, especially for those with low incomes. Therefore, the government often takes steps to control the prices of necessities so that they remain affordable for all levels of society. Primary food distribution is often part of government social assistance programs or charitable organizations to support needy people, especially those facing challenging economic conditions.

Despite the importance of necessities, there are still challenges related to price, availability, and distribution. Therefore, collaboration between the government, private sector, non-governmental organizations, and Micro, Small, and Medium Enterprises is essential to ensure that necessities remain affordable and easily accessible to all levels of society. By maintaining the stability of basic food supplies, we can ensure that essential food needs are met, thereby providing food security for all citizens.

MSME Bagio Grocery Store is a micro, small, and medium enterprise (MSME) that focuses on selling various essential food products and household necessities. The word "bagio" in the shop's name is taken from the shop owner's name, Mr Subagiyo. Bagio Grocery Store UMKM was founded in 2020; this essential food business started in 2019, the Covid-19 pandemic when the business he had been running for a long time experienced financial failure, resulting in his inability to meet his family's needs. Therefore, he tried to start over by establishing the Bagio Grocery Store. The UMKM Bagio Grocery Store is at Jalan Raya Manang, Dusun II, Manang, Sukoharjo district. Open daily to serve purchases starting at 08.00 am and closing at 9.00 pm. This shop provides all necessities, wholesale and retail, with its slogan, "Guarantee the scales will fit."



Figure 1. Map of MSME Locations for Bagio Basic Food Stores

Two employees perform daily activities at the Bagio Basic Food Store, and the shop owner assists. The daily transactions he carries out are large and busy with buyers. Currently, the sales system at the Bagio Grocery Store is still conventional, where merchandise is displayed in a window waiting for prospective buyers to come to the store and then transact using cash. Purchase reports and stock data processing are also made in outline, namely by how

much money is earned daily. The Bagio Grocery Store's marketing reach still needs to be deeper to improve, and only the people around the store are customers.

In the context of globalization and technological developments, the MSMEs of Bagio Grocery Stores must also adapt to deal with the above problems. Social media, marketplaces, and digital marketing are the keys to expanding the reach and increasing the competitiveness of basic food MSMEs in an increasingly competitive market. Digital marketing is a media platform now widely used by the public to promote products to potential customers. (Susanto *et al.*, 2020). Social media has the advantage of real-time; this can open up opportunities for entrepreneurs to directly observe the interests and responses of their target markets, allowing them to quickly determine strategies for adjusting advertising content to achieve more effective results. (Hendriadi, 2019). Media promotion is more than just creating pages or other social information. However, it is also a process for establishing impact, reputation, and items in potential customers, visitors, and supporters (Sajid, 2016). Social media now popularly used include Instagram, WhatsApp Business, Facebook, Youtube, TikTok, Twitter, *et cetera*. Using social media for marketing can reduce promotional costs and reach a broader range of consumers (Hardilawati, 2020).

A marketplace or online market is an electronic product marketing platform that brings together sellers and buyers to carry out transactions with each other (Apriadi, 2017). Marketplaces are increasingly becoming consumers' leading choice for shopping for daily needs. The rapid development of digital technology will impact the world of marketing. Marketing is mainly done digitally, whereas, in the past, marketing was usually done directly or offline. A digital marketing approach has more promising potential compared to offline marketing strategies. This is caused by the demands of modern society to interact and be in contact with technology. Therefore, potential customers can quickly get information about the various products they need or want and make payment transactions online without having to come directly to the sales location. (Sasongko *et al.*, 2020). Based on findings from research conducted by Deloitte Access Economics (2015), consumers have developed the habit of making decisions based on digital information in the current digital age. It cannot be denied that consumers today are familiar with making transactions online. Price transparency and discounts provided by marketplace platforms make online shopping more popular with consumers. Several marketplace platforms that are currently popularly used include Shopee, Tokopedia, Lazada, BliBli, Bukalapak, *et cetera*. The existence of a marketplace has a positive impact not only on consumers but also on business actors themselves. This is the case for basic

food MSMEs. With a marketplace platform, basic food MSMEs can present their products more widely, not limited to physical locations. They can reach potential consumers in various regions and make transactions easier.

## RESEARCH METHODS

Implementation of the community service program carried out at the Bagio Grocery Store MSMEs through several resolution methods in the form of problem observation, program planning, program socialization, and monitoring. The activity will last one month, from October 2, 2023 - October 31, 2023, at the Bagio Basic Food Store.

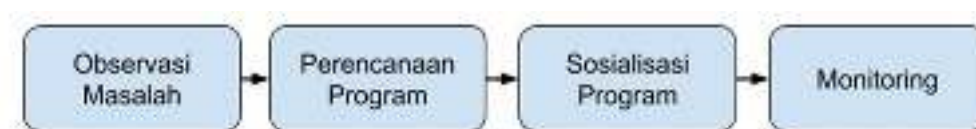


Figure 2. Flow of the MSME Digitalization Program for Bagio Grocery Stores

The first stage was problem observation carried out with the owner of the MSME Bagio Grocery Store, namely Mr Subagiyo. Activities will be carried out in the first week of October 2, 2023 - October 7, 2023, at the Bagio Basic Food Store, Manang Village, Sukoharjo Regency. This observation includes direct monitoring of the sales process, customer service, transaction process, stock management, and marketing strategies being implemented. This activity aims to discover the obstacles or constraints that may be faced in daily store operations.

The second stage is program planning, which is carried out in the second week of October 8, 2023 – October 14, 2023. Some of the programs that will be proposed are the creation of social media and marketplace accounts for the MSMEs of Bagio Grocery Stores. The social media that will be used is the WhatsApp Business application, where the public widely uses this social media. The Shopee marketplace is the platform of choice because the partnership system is easy, and the payment models vary.

The third stage is program socialization, which is carried out in the third week of October 15, 2023 – October 21, 2023. This activity is an implementation of the previous stage, namely program planning, where the author designed several programs that will be socialized to the owners, employees, and customers of the Bagio Grocery Store. Socialization is done by conveying understanding to partners regarding online-based marketing strategies using WhatsApp Business social media and selling on the Shopee Marketplace.



The fourth stage is monitoring or evaluation, carried out in the last week of October 22, 2023 - October 31, 2023. Monitoring will be carried out in stages after all the stages have been conveyed and understood by the MSME partners of the Bagio Grocery Store. This final stage is expected to provide an overview of MSME partners' readiness to implement digital marketing strategies.

## RESULTS AND DISCUSSION

The first step in this Community Service Program was problem observation with the owner of the MSME Bagio Grocery Store, namely Mr. Subagiyo, and several employees. This activity will be held from Monday, October 2, 2023, to October 7, 2023, at 08.00 - finish at the Bagio Basic Food Store, Manang village, Sukoharjo district.



Figure 3. The atmosphere of MSMEs in Bagio Grocery Store

In a conversation with the shop owner, the first thing is to discuss the current condition of the shop. He explained why he chose the essential food business and the reasons for choosing the location of the business. In the following discussion, he explained the sales process at the Bagio Grocery Store. Sales of goods to customers are still carried out conventionally, where the merchandise is displayed in the shop window. The customer chooses the item to be purchased, then the waiter picks up the item, and if the customer is suitable, the transaction continues. This sales process could be more efficient because it takes a long time.

The problem with the MSME partners of the Bagio Grocery Store is the lack of a marketing strategy, which results in marketing activities not being optimal and just waiting for customers to come to the store without looking for new consumer targets. Another problem is

the transaction process, where payments only accept cash; they cannot serve digital payments. Stock management at the Bagio Grocery Store is still straightforward, only recording outgoing goods and not incoming goods.

The second stage in this Community Service is to discuss program planning, which will be carried out in the second week of October 8, 2023 – October 14, 2023. The first plan is to create a WhatsApp Business social media account and Shopee Marketplace for the MSMEs of Bagio Grocery Stores. The Whatsapp Business application was chosen because many people are already used to using the Whatsapp application, so they do not need to install additional applications or have to adapt to new applications. Whatsapp Business provides excellent features such as automatic messages, sorting messages, and replying to messages quickly. The second plan is to register the MSMEs of Bagio Grocery Stores with the Shopee Marketplace. This Marketplace benefits partners in implementing online marketing strategies to increase marketing coverage and reach more consumers. A marketplace also makes it easier for consumers who want to shop without leaving the house. They can choose products offered by partners through the marketplace, place orders, and pay using the COD or transfer method.

The third stage is program socialization, which is carried out in the third week of October 15, 2023 – October 21, 2023. Socialization is done by providing partners with an understanding of online-based marketing using WhatsApp Business social media and selling on the Shopee Marketplace.

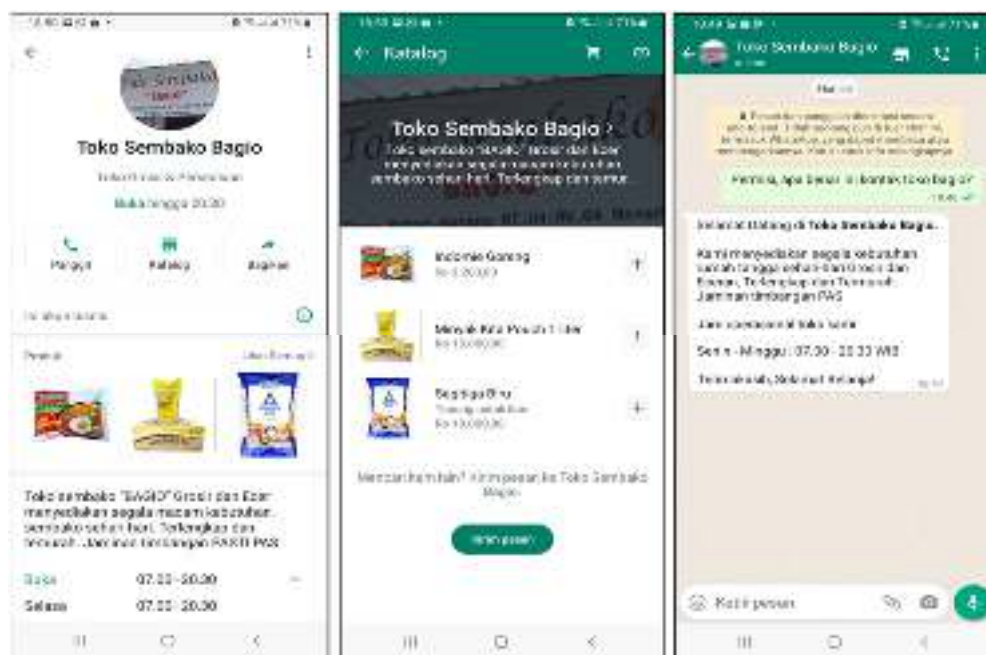


Figure 4. Profile, Catalog, and Quick Reply Display on WhatsApp Business at MSMEs, Bagio Grocery Store

The image above displays the Whatsapp Business account from the MSME Bagio Grocery Store, created and activated in the application. Previously, shop owners only did marketing using personal WhatsApp accounts by spreading sales messages to their groups. However, now shop owners can provide information about products, prices, and promotions quickly and efficiently to customers without needing to reply to messages one by one because the messages will sent automatically even if it is not during shop operating hours. The Whatsapp Business profile page contains information about the Bagio Grocery Store and the store's operational hours every day. On the catalog page are products sold by the Bagio Grocery Store; the products sold are equipped with brand names, product images, product descriptions, and product prices. Products displayed in the Whatsapp Business catalog can be asked about their availability first by potential customers, who can be answered directly by the WhatsApp Business social media admin from the Bagio Grocery Store.

In the WhatsApp Business application, there is a status feature that can be used to inform customers about the latest products or this week's promos. WhatsApp Business also provides an analytics feature that allows partners to view statistics about messages received, read, and sent. This can help partners gauge what customers want and need. Another feature is that WhatsApp Business uses "end-to-end encryption," which helps protect message privacy to provide a sense of security to customers, especially if they make orders or share personal information. These were done to attract potential customers to shop at the Bagio Grocery Store via the WhatsApp Business application. With WhatsApp Business, it is hoped to provide better customer service by responding to customer questions and complaints to increase customer trust and build better relationships.

The second means of online-based marketing is the Shopee Marketplace. Shopee is a popular online marketplace among the public and can also provide great business opportunities for grocery store owners.





Figure 5. Display of the MSME Profile of the Bagio Grocery Store on the Shopee Marketplace.

In the picture above is a display of the Shopee UMKM Marketplace, Bagio Basic Food Store. The Shopee marketplace offers various features, from promotions to sales, that can help grocery stores increase their application ratings. One of the features offered by the Shopee company is Shopee Mall; through this feature, grocery stores can build customer trust by showing that the products sold have been verified and have good quality standards. Store rating and review features can help build trust for potential customers. Shoppe also provides another interesting feature in the form of free shipping. It is very profitable for grocery store owners because it makes it easier for customers to get the needed products without additional shipping costs. With the free delivery feature for consumers, the Bagio Grocery Store MSMEs are expected to be able to reach more consumers, especially in areas far from the city center. This increases competitiveness between grocery stores and positively impacts community welfare by facilitating access to basic food needs.

Using the Shopee Marketplace for grocery stores can provide several advantages. The Shoppe application provides an easy product management program where shop owners can easily add, change, and delete products in real-time according to the goods' condition.

The Shopee marketplace has a safe and diverse payment system, including bank transfers, interbank transfers, supermarket outlets, credit cards, and electronic money.

Customers can choose payment methods according to their preferences. Shopee Marketplace also has a capable logistics network. Shopee Express is an official logistics company explicitly established to serve consumers from Shopee Marketplace and speed up the process of sending goods. The Shopee marketplace provides data analysis tools and sales reports that can help the MSMEs of Bagio Grocery Stores understand sales trends, customer behavior, and product performance so that they can help increase customer satisfaction.



Figure 6. Outreach activities for customers of the Bagio grocery store.

The fourth stage is monitoring or evaluation, which will be carried out in the last week of October 22, 2023 - October 31, 2023. Mentoring activities for the MSMEs of Bagio Grocery Stores are critical; this mentoring and evaluation process includes analysis of online sales performance, customer satisfaction, and online store operations. By carrying out regular evaluations, the MSME owner of the Bagio Grocery Store can identify problems that need to be corrected and improved.

## RESULTS AND DISCUSSION

Community Service Activities at the Bagio Grocery Store MSMEs have been carried out in 4 stages: Problem Observation, Program Planning, Program Socialization, and Monitoring. The use of digital technology-based marketing strategies through social media and marketplaces will overcome difficulties in implementing digital marketing strategies and a lack of understanding of the initial steps in developing broader marketing. Digital-based grocery stores have great potential to meet consumer needs. More efficiently and practically. The online

platform allows customers to easily access essential food products without going to a physical store. This digital system benefits shop owners in terms of management and marketing.

However, the success of a digital grocery store also depends on several factors, including providing quality products, digital platform management, and customer service. Tight competition in online businesses requires owners to be competent in implementing marketing strategies to attract customers.

The suggestion from this Community Service activity is that training and mentoring should be held regularly to see the results of developments every month so that you can find out whether there are still things that need to be utilized optimally.

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