



Influence of Social Media and E-Commerce on MSME Income

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Submission: 16 Agustus 2024

Accepted: 3 September 2024

Published: 20 September 2024

Abstract

In this current era, the role of social media is very important for the sustainability and success of MSMEs, Currently, the marketing process has a short time to penetrate new market shares due to social media, when Indonesia has become very large using social media. By exploring the phenomenon of social media as a marketing medium, this paper aims to provide a brief explanation of the use of social media for regional community empowerment and can increase the income of MSMEs. However, during the Covid-19 pandemic, all sectors felt the turmoil, including MSME players who felt the impact the most. This study aims to determine how the impact after the Covid-19 Pandemic on MSME players utilizing social media and e-commerce in marketing their products after the Covid-19 pandemic. The method used in this research is descriptive qualitative method. Data collection techniques carried out by interviews, observations, focus group discussions and literature studies, key informants in this study are culinary MSME players in several cities in Medan account executives Gojek and academics. The results showed that MSME players in the culinary sector have started using social media such as Instagram and e-commerce such as Gofood and GrabFood to market their products, some MSME players have even mastered various features on social media such as Instagram which are intended for business, the resources owned by MSME players are one of the factors that determine how social media and e-commerce can be managed properly which has implications for the possibility of an increase in turnover, good social media and e-commerce management is also recognized by MSME players to increase sales turnover after the Covid - 19 pandemic. This study aims to determine the effect of social media implementation on the development of MSMEs and, the effect of social media on increasing MSME income.

Keywords : Social media and E-commerce, MSME income.

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INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have a strategic role in supporting national economic stability and growth, especially in dealing with the impact of the Covid-19 pandemic. Data from the Ministry of Cooperatives and Small and Medium Enterprises (KUKM) shows that in 2018, MSMEs contributed 61.1% to the national Gross Domestic

Product (GDP) and absorbed up to 97% of the workforce (KUKM, 2018). However, this contribution cannot be separated from various challenges, such as constraints in management, marketing, mastery of technology, and limited capital. The Covid-19 pandemic has exacerbated this situation by having a significant impact on the MSME sector.

Large-scale social restrictions (PSBB) and changes in consumer behavior during the pandemic have forced MSME players to adjust their business strategies. Declining economic activity directly affects MSME turnover, especially for those that rely on daily sales. On the other hand, the pandemic has also accelerated digital transformation, which opens up opportunities for MSMEs to utilize social media and e-commerce as a key marketing strategy (Sugiri, 2020; Diez-Martin, 2019). This underscores the importance of technological adaptation in dealing with post-pandemic market dynamics.

Social media has become an important instrument in overcoming the limitations of conventional marketing. Kaplan and Haenlein (2010) define social media as a collection of internet-based applications that enable information exchange, interaction, and content creation by users. In Indonesia, the number of social media users increased sharply from 150 million in 2019 to 191 million in 2022, reflecting the huge potential for MSME players to expand their market reach. In addition, e-commerce provides a platform that supports transaction efficiency and increased accessibility of MSME products, as shown in Santoso's study (2020).

Despite this promising opportunity, not all MSME players are able to optimally utilize digital potential. Technical barriers, limited resources, and low digital literacy are the main challenges. Prameswari et al. (2017) noted that only 25% of MSMEs have maximally utilized social media and e-commerce to improve their product marketing. The success of digital marketing relies heavily on the ability to manage social media features such as Instagram and e-commerce applications such as GoFood and GrabFood. This gap suggests the need for a more in-depth approach to understanding and overcoming these barriers.

Furthermore, previous literature shows significant differences in the level of digital technology adoption among MSMEs. Astuti (2019) highlighted the importance of training and education as key factors in improving the digital literacy of MSME players. Maulida (2021) adds that government support in the form of subsidies and easy access to digital infrastructure can accelerate the digital transformation process. However, these studies have not specifically addressed how the application of social media and e-commerce can have a direct impact on the income of MSMEs in certain sectors.

In this context, this study aims to fill the gap by focusing on analyzing the impact of the use of social media and e-commerce on the income of MSMEs in the culinary sector, particularly in Medan City. Medan City was chosen as the research location because it is one of the economic centers in Indonesia that has great potential in the culinary sector. This research offers scientific novelty by integrating academic and practical perspectives in evaluating the effectiveness of post-pandemic digital marketing strategies.

Using a descriptive qualitative method, this research analyzes data from interviews, observations, focus group discussions, and literature studies. The results of the study are expected to provide applicable recommendations for MSME players and policy makers to optimize the role of digital technology in supporting local economic growth. This research

not only provides an overview of the level of adoption of digital technology by MSME players, but also offers practical solutions to overcome existing barriers.

Digital transformation in the MSME sector reflects interrelated challenges and opportunities. The main challenge of low digital literacy can be overcome by collaboration between the government, educational institutions and businesses. A comprehensive digital training program can provide MSME players with the necessary knowledge and skills to effectively utilize social media and e-commerce. In addition, the success of digital transformation also requires policy support that supports easy access to technology, such as tax incentives for the purchase of digital devices or the provision of affordable internet networks.

In the context of culinary MSMEs in Medan City, the use of social media and e-commerce is not only a marketing tool, but also a means to increase customer engagement. The use of social media such as Instagram allows businesses to visually promote products, create engaging customer experiences, and build brand loyalty. Meanwhile, e-commerce platforms such as GoFood and GrabFood make it easy for customers to make transactions, which in turn increases sales.

However, the success of this digital strategy largely depends on the ability of MSME players to understand market needs and manage digital platforms well. MSME players who are able to identify market trends and adjust their marketing strategies tend to be more successful in utilizing social media and e-commerce as tools to increase revenue. In this case, the role of data analytics becomes very important to understand customer preferences and evaluate the effectiveness of digital marketing campaigns.

The research also underscores the importance of an evidence-based approach to digital marketing decision-making. By analyzing data from various sources, such as interviews with MSME players and customers, this research provides a more comprehensive insight into the challenges and opportunities in digital technology adoption. The results are expected to serve as a reference for MSME players in designing more effective and sustainable marketing strategies.

In conclusion, this study aims to identify the extent to which social media and e-commerce affect the increase in revenue of MSMEs in Medan City post-Covid-19 pandemic. This research is expected to make a significant contribution to the academic literature while offering practical solutions to strengthen the MSME sector in Indonesia. Thus, this research is not only relevant in the local context, but also has broader implications in supporting digital transformation in the MSME sector globally.

METHODS

This study uses a descriptive qualitative approach to explore the influence of social media and e-commerce on the income of MSMEs in the culinary sector after the COVID-19 pandemic. This approach allows researchers to describe phenomena in depth based on the experiences and practices of MSME actors.

Data were collected through in-depth interviews, observations, focus group discussions (FGDs), and literature studies. Interviews were conducted with 15 MSME players, 2 account executives from e-commerce platforms, and 2 academics in the field of

digital economy. Observations covered digital marketing activities, such as the use of the Instagram for Business feature and promotion through GoFood or GrabFood. FGDs were conducted to discuss collective experiences related to digital marketing strategies. Literature data was used to strengthen the empirical findings.

Data analysis was conducted thematically, including data reduction, categorisation, and descriptive narrative presentation. Triangulation of methods was used to increase the validity of the results. The research subjects were selected by purposive sampling with the following criteria: MSME players who actively use social media and e-commerce, and operate before and after the pandemic.

The research prioritised ethical principles, including participant consent and data confidentiality, to ensure a transparent and meaningful process. The method was designed to generate a comprehensive picture of the digital strategies that MSMEs use to increase brand revenue.

RESULTS OF FINDINGS

This study aims to assess the impact of the use of social media and e-commerce on the income of MSME players, especially in the culinary sector in Medan, after the COVID-19 pandemic. Data were collected through interviews, observations, and literature studies, with the main respondents being MSME players, academics, and representatives of e-commerce applications such as GoFood and GrabFood.

Use of Social Media as Marketing Media

The results show that social media, especially Instagram, has a significant role in marketing MSME products. As many as 50% of MSME players have utilised social media to market their products. Of these, 25% have used special features such as 'Instagram for Business' to increase marketing reach and efficiency. This is consistent with Kaplan and Haenlein's (2010) view that social media can strengthen direct interaction between businesses and consumers.

The promotional strategies used include regular uploads, use of relevant hashtags, and collaboration with local influencers. For example, MSME 'Salad Kembar' managed to increase their brand visibility through consistent promotional campaigns on Instagram. Promotions such as postage discounts and menu bundling have also proven effective in increasing sales, as stated by Kurnia et al. (2015) that digital strategies can create appeal to consumers. Proper utilisation of social media and e-commerce can reduce costs such as promotional costs, advertising costs, employee operational costs, and of course increase sales.

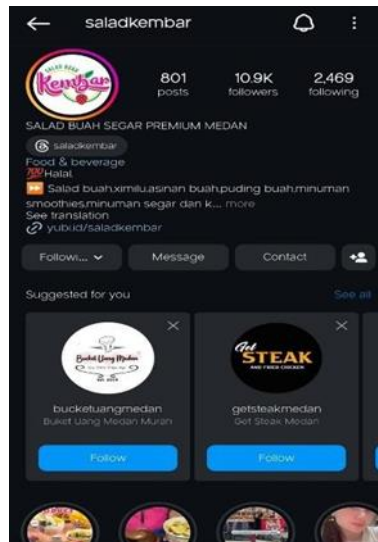


Figure 1. Screenshot of @saladkembar Instagram Account

Source: Instagram, 2024

Salad Kembar is one of the MSME players who use social media to market their products. Salad Kembar facilitates potential customers with an application, they can buy twin salads with menus that have been made in the application, consumers can freely choose what to order according to their individual tastes. Through the Go Food and GrabFood applications as well as through social media such as Instagram. Efforts to do branding on Instagram accounts must be consistent, because the more often consumers or the public see these products, especially MSME product brands, besides being easily recognised and remembered, are for consumer confidence. Moreover, currently consumers will be very dependent on the 'brand' when searching for product information online.

Digital marketing can also help build a good MSME business brand name. An online presence with your brand is very important because people will check online before buying MSME business goods. Currently, users of social media such as Instagram often see reels or videos about food, so it is likely that the business accounts of twin salad MSMEs appear on Instagram search pages. Instagram can also be a medium of interaction between sellers and buyers. If the saladkembar business account posts a photo on the Instagram account with a promo in the current month, interested consumers can comment on the comments page and can be replied to with good comments by the account owner, namely saladkembar.



Figure 2. Photo upload @saladkembang

The advantages of using social media over conventional media include:

1. Easy to use is a characteristic of social media, so now almost all people have it easily.
2. As a means of friendship and social networking, therefore social media is widely used in building relationships or communication with other people even at a distance.
3. Having a wide reach is a characteristic of social media, this reach is not limited by time and geographical location, people can interact with each other even though they are on different continents.
4. According to Wijaya (2013) states that in social media, promotions that are carried out do not take a long time and the delivery of messages and their tracking can be known.

E-commerce as a New Distribution Channel

In terms of e-commerce usage, around 25% of MSMEs in the culinary sector have optimally utilised applications such as GoFood and GrabFood. These platforms make it easy for consumers to order products online, especially during the pandemic. Data shows that sellers who actively use the app's features, such as promotions and customer rating analysis, experience an increase in revenue of up to 30% compared to those who rely solely on direct sales.

Evaluation from e-commerce partners is also one of the factors that drive product and service improvements. For example, monthly reports from GoFood help businesses to evaluate product quality based on customer reviews, as emphasised by Prameswari et al. (2017) in their study on e-commerce and the transformation of online shopping culture.

Barriers and Challenges

While social media and e-commerce are proven to increase marketing efficiency and revenue, the study also identified a number of challenges. As many as 25% of MSME players have not optimally utilised these two platforms. Barriers include limited mastery of technology, limited human resources, and a lack of understanding of digital marketing strategies. According to Wardhana (2015), businesses that are unable to adapt to technological changes risk being left behind in market competition.

Increased Brand Awareness

Other results show that brand presence on social media contributes greatly to building consumer trust. With consistent promotion, consumers are more likely to recognise and trust MSME products. For example, MSME players who actively utilise Instagram and upload product photos, customer testimonials, and reviews from public figures, are able to significantly increase the number of followers. This is in line with Kotler's (2014) findings, which state that promotion and brand image are key elements in attracting consumer attention.

DISCUSSION

This study discusses the effect of social media and e-commerce use on the income of MSME players, especially after the Covid-19 pandemic. The results show that social media such as Instagram and e-commerce applications such as GoFood and GrabFood have provided new opportunities for MSMEs to survive and even grow amidst changing consumer behaviour. Thus, good management of social media and e-commerce is one of the important factors in determining the success of marketing and increasing MSME revenues.

In the context of digitalisation, social media provides a platform that allows MSMEs to reach a wider range of consumers at a relatively low cost. These platforms provide access to various features that support marketing, such as paid advertising, user analytics, and direct communication with customers (Kaplan & Haenlein, 2010). The results of the study support the view that social media is not only a communication tool, but also a strategic element in building brands and increasing customer engagement. For example, MSMEs in the culinary field that use Instagram as a promotional tool not only increase brand awareness but also drive sales conversions through attractive visual strategies and consistent promotions.

The Covid-19 pandemic has changed people's consumption patterns, with more consumers turning to online shopping. This research found that e-commerce is an effective solution for MSME players to overcome the challenges during the pandemic. E-commerce makes it easy for consumers to access products without having to leave their homes, while allowing businesses to continue running their businesses despite social restrictions (Diez-Martin, 2019). The study also highlights that platforms such as GoFood and GrabFood have played a significant role in helping MSMEs reach consumers more effectively. Features such as discount promotions and free delivery have proven to be successful strategies in increasing customer loyalty.

One important finding in this study is the importance of human resources in social media and e-commerce management. MSME players who have the skills to utilise digital

features tend to be more successful in managing their business. In addition, digital literacy is an important aspect in ensuring MSME players can compete in the digital era.

Branding is also an aspect that is widely discussed in this research. A strong brand not only differentiates MSME products from competitors but also builds a positive image in the eyes of consumers. In the context of social media, branding is done through consistency in visual communication and messaging. For example, MSMEs such as Salad Kembar use Instagram to post product photos and promotional videos, which not only attracts consumer attention but also builds trust. Consumers' decision to buy is strongly influenced by the quality of promotion and brand image built through social media (Kotler, 2014).

In addition, this study shows that e-commerce not only helps MSME players increase sales but also provides data that can be used for evaluation. Features such as customer reviews and monthly ratings are a valuable source of feedback for businesses to improve product and service quality. Prameswari et al. (2017) stated that e-commerce technology facilitates cultural transformation in online shopping, which ultimately benefits MSMEs.

However, not all MSME players are able to utilise social media and e-commerce optimally. The research found that around 25 per cent of MSMEs have not utilised digital technology, either due to limited resources or lack of knowledge. This challenge underscores the importance of government and other stakeholder support in providing training and access to technology for MSME players. Programmes such as Sakanwira in North Sumatra, which aims to promote technology adoption among MSMEs, are examples of relevant efforts in this context.

The research also identified that promotion is a key element in utilising social media and e-commerce. Promotions conducted through digital platforms allow MSMEs to reach a wider audience at a more efficient cost compared to conventional methods. Wardhana (2015) stated that digital marketing has advantages in terms of speed, wide geographical coverage, and cost effectiveness. In this case, MSME players who utilise social media such as Instagram can use features such as hashtags and paid advertising campaigns to increase the visibility of their products.

While social media and e-commerce have provided many benefits, this research also underscores the need for a well-planned strategy to ensure success. MSME players should understand the characteristics of the platforms they use and tailor their marketing strategies to the target audience. For example, Instagram is more suitable for visual promotions, while e-commerce such as GoFood focuses more on transaction efficiency. Thus, a deep understanding of digital platforms is the key to success in utilising this technology.

The impact of the Covid-19 pandemic on MSMEs also brings important lessons about the importance of adaptation. Many MSME players who have managed to survive are those who are able to change their business models to adapt to consumer needs. For example, culinary entrepreneurs who reduced production but increased their online presence through social media and e-commerce managed to maintain their revenue. This shows that flexibility and innovation are decisive factors in dealing with the crisis.

Overall, this study provides valuable insights into the role of social media and e-commerce in supporting MSMEs, especially in the post-pandemic context. The findings show that digitalisation is not only an option but also a necessity for MSME players to remain

relevant and competitive in the market. Therefore, collaboration between the government, businesses, and technology providers is crucial to encourage the adoption of digital technology among MSMEs. With the right approach, social media and e-commerce can be a catalyst for economic growth, especially in the MSME sector.

Through the results of this study, it can be concluded that social media and e-commerce have great potential to increase MSME revenues. However, this success requires good management, technological support, and a planned marketing strategy. Thus, this research not only provides an overview of the influence of digital technology but also offers practical recommendations for MSME players to capitalise on the opportunities available.

CONCLUSION

This research shows that social media and e-commerce have a very significant role in supporting the sustainability and growth of MSMEs, especially post-Covid-19 pandemic. Through the use of digital platforms such as Instagram, GoFood, and GrabFood, MSME players have managed to expand their market reach and increase revenue. This digital transformation provides ease of promotion, wider access to consumers, and the ability to build a stronger brand.

However, not all MSMEs are able to utilize this technology optimally. Barriers such as lack of digital literacy, limited access to technology, and capital constraints are still major challenges. Many businesses need support in the form of training and coaching to improve their ability to use social media and e-commerce effectively. Utilizing social media and e-commerce is not only about marketing products, but also a tool to build relationships with consumers. Interesting and interactive content can increase consumer awareness of products and strengthen customer loyalty. In addition, e-commerce provides evaluation features such as reviews and ratings, which can be utilized to improve product and service quality.

The government, academia, and the industry sector need to work together to create an ecosystem that supports the digitalization of MSMEs. Initiatives such as technology training, access to capital, and pro-MSME policy support are essential to ensure the sector continues to grow and contribute to the national economy. With the right digital strategy, product innovation, and consistent promotion, MSMEs can not only survive in the local market, but also compete at the global level. Sustainable implementation of digitalization is the main key to optimizing the potential of MSMEs as the driving force of the economy.

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