

CHAPTER I

INTRODUCTION

1.1 Research Background

The digitalization phenomenon this year in two thousand and twenty two (2022) is close to the word 'perfect'. The shift of some activities from the real world to the virtual world marks the phenomenon of digitization itself. More than half of people around the world with digital access do most of their activities through smartphones. And overall, 70% of the time spent in the digital space happens through those same tools (Reed, 2019, p. 62). This is one of the factors that support business actors to bring their business to digitalization. One of the activities that is quite significant in business to be digitized is marketing.

The deeper it is, the more indisputable the fact that business is inseparable from digital. One of them is the transition from the broad market generation, where generation Z and millennials already dominate the market. To group generations by age range, beresford's research sources classify the following generations:

	Born	Ages
Gen Z	1997 - 2012	10 - 25
Millennials	1981 - 1996	26 - 41
Gen X	1965 - 1980	42 - 57
Boomers II*	1955 - 1964	58 - 67
Boomers I*	1946 - 1954	68 - 76
Post War	1928 - 1945	77 - 94
WWII	1922 - 1927	95 - 100

Figure 1.1 Generation Classification By Age Range

Source: Beresford Research, 2022

One of the articles released by the Ministry of Communication and Informatics of the Republic of Indonesia stated that from the results of the 2020 Population

Census, BPS noted that the majority of Indonesia's population is dominated by generation Z and millennials. The proportion of generation Z is 27.94 percent of the total population and millennials 25.87 percent. Where most of the second generation is included in the productive age category which can be an opportunity to start economic growth (Kominfo, 2021).

This condition changes the order in the marketing activity itself. Old-school marketing strategies can no longer be used to attract generation Z as a new target market. The use of billboards carried on large billboards in the middle of the city or maybe the delivery of 30-second advertisements has not succeeded in making generation Z interested in watching – or even – just looking at it. Such marketing and advertising strategies will probably work in millennials or generations before generation Z. But in this digital era, where the majority of digital natives are part of generation Z, business actors are required to follow their developments.

One possible method to reach the millennials and gen Z market is through social media. There are three different ways to use social media channels for marketing purposes, namely by sharing social content; create traffic for your own website; and advertising through social media (Digital Business Academy, 2021). As already mentioned that one way to use media channels for marketing purposes is to share content, it is clear that content marketing is an integral part of media marketing. It is a method for businesses to educate, inform, entertain and inspire existing and potential customers. Content marketing promotes a product or service by increasing brand awareness and by shaping consumer perception (Braun, 2017).

However, this method is not necessarily understood and applied in the business practices of business actors. Even though it is widespread and familiar, it turns out that the weak adoption of digital content is still a problem. This is based on various factors of course. Some of the possible ones include, the age / generation factor of the business actor, educational background, and even geographical location can also influence.

Every business actor needs to develop digital responsive behavior to be able to follow digitalization optimally. Even the President of the Republic of Indonesia Joko Widodo asked the Indonesian people to be able to bring benefits in using the

internet. So that it not only uses, but gets added value both intellectually, culturally and economically, so that it should be an additional factor that can support people to be more responsive and aware of digital (Kemdikbud, 2021). The internet must be able to increase people's productivity, make MSMEs upgrade, expand MSMEs on e-commerce platforms so that the internet can provide economic added value for all levels of society (Sugiarto, 2021).

But in fact, even in this digital era, there are still a lot of people who refuse to join the digitalization and they just close their eyes about it. One of the reasons is that there is a sense of distrust from within the person towards digital. This crisis of trust has made the situation even more complicated, people no longer trust each other. The impact has been tremendous. For this reason, building trust that has undergone changes, from traditional-based to digital society is very important (Agung, 2017). If people, especially business actors, continue to be reluctant to believe and be responsive to digital, then economic progress both personally and broadly will not be achieved.

Digital trust and responsiveness in itself is not something that should be achieved without a basis. Over time, competition in the business world is not getting less and less, but vice versa. The MSME business must begin to digitize and this gives rise to new demands, namely marketing that must cover the widest market, or in short, globally. The purpose of global marketing is to increase the profit potential as well as the growth of the company. If business actors have succeeded in developing their marketing strategies globally, then in addition to these two goals, on the other hand, market prey will continue to expand.

Presidential Decree No. 19 of 1998 explained that the oldest definition of MSMEs is small-scale economic activities that need to be maintained and the people from unfair competition. Here are 3 types of businesses that include MSMEs, namely culinary businesses, fashion businesses, and agribusiness businesses. (Sukorejo.GO.ID, 2022). In addition to food and agribusiness, MSMEs in the fashion sector are also in demand. Every year new fashion trends are always present which certainly increases the income of fashion business people. Businesses in the field of fashion are not only about or something made from

fabrics. A wide variety of handicraft trinkets such as brooches, hair accessories, etc. are also included in the fashion.

In this study, researcher take place in West Java. The reason underlying this location selection is because West Java is the area that has the largest digital users. Regional Secretary of West Java Province Setiawan Wangsaatmaja revealed, based on data from the Indonesian Internet Service Providers Association in 2020, West Java Province was at 35.1 million people. This high number of internet users has implications for economic growth in West Java (Ripaldi, 2022). Therefore, with the potential of a digital society and a high number of business actors in West Java, researchers decided to focus on the province.

Researchers conduct this research in a location under the auspices of the government, namely RKB or Rumah Kreatif BUMN. RKB is one of the SOE initiative programs to empower MSMEs, as a form of implementation of SOE goals based on Law Number 19 of 2003. To help MSMEs, RKB was formed with a function as a forum for BUMN cooperation to facilitate MSMEs to improve their own capabilities and performance. RKB not only functions as a data and information center, but also as a center for education, development, and digitalization for MSMEs. The main objective of RKB is to improve the capacity and performance of MSMEs so that they are able to realize quality Indonesian MSMEs (BUMN, 2020).

Based on the results of the pre-interview, there are 10 RKB-assisted businesses that are included in the innovation diffusion program with Telkom University, namely:

Table 1.1 Pre-interview research informants

NO	Business Name	Business Type	Instagram Username	Total Followers
1	NCR Food	Culinary	@rendangkangkungbandung	50
2	Sambal Asap Bandung	Culinary	@balsap.bandung	109
3	Rincraft	Craft	@rincraft_rinrin	459
4	Cabijab	Accessories	@cabijab2018	236
5	Kembang Kamonesan	Craft	@kembang.kamonesan	699

6	Hasan Batik Bandung	Batik	@hasanbatik	4338
7	Gryaraditya	Muslim Fashion	@gryaraditya	68,6K
8	Puriutami	Fashion	@puriutami_mukena	1802
9	Kebab Factory	Culinary	@kebabfactory.id	694
10	Umin Corner	Culinary	@umincorner	964

Source: Researcher's discussion with supervisor lecturer

Of the various types of businesses under the auspices of RKB, researchers decided to focus on the knick-knacks craft business, namely Cabijab MSMEs. The reason researchers chose this type of business is because the opportunities for crafts in the market continue to increase over time. This is evidenced by data published by the Ministry of Trade of the Republic of Indonesia, which states that the export of Indonesian handicraft products has a large share spread throughout the world. The figures that appear for the share of the United States are 58.89 percent, Malaysia 7.54 percent, the Netherlands 3.86 percent, Japan 3.70 percent, and Germany 3.64 percent (Kemendag, 2022). The figures shown from the data certainly support this research. Market demand and convincing opportunities from various countries, make MSME entrepreneurs in the craft sector must further develop their marketing methods to reach the global market.

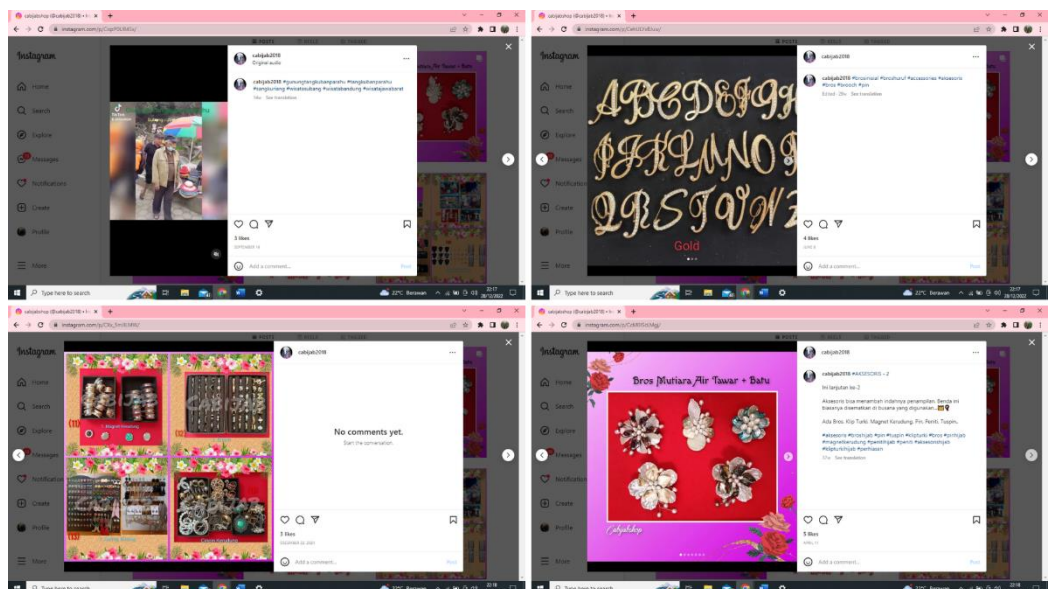


Figure 1.2 Cabijab SME's Instagram Contents

Source: Cabijab SME's official Instagram

In addition to these reasons, the author also chose Cabijab as the object of research, due to issues in the content of marketing communications that have so far been carried out by Cabijab SMEs. As shown in Figure 1.2 where there are several screenshots of the content uploaded by UMKM Cabijab. In connection with the increasingly rapid digitization process, as well as consideration of increasing competition in the MSME business world, the content of marketing communications carried out by Cabijab is still too simple, and does not contain elements of marketing communication content that can support the progress of the Cabijab brand itself. This is the author's value from the lack of consistency in uploading content (judging by date), integrating personal content with products in one business account (such as Tangkuban Parahu reels), and the absence of copywriting in captions that are qualified or at least contain appropriate information for all posts. Even though so far, the main selling of Cabijab SME is still came from another marketing platform such as WhatsApp or old school marketing, he author decided to focus on the Instagram content because Cabijab itself, as a SME and the owner as a business actor, aware that they have to follow the development of technology, and the transition of target market that is happening widely, forces them to push themselves to their maximum capacity as a business. They want to change their target market as well, which mean they'll be targeting gen Z that most of them are Instagram users.

The urgency itself in this research is that the fact in Indonesia, MSMEs are one of the business groups that are the main livelihood and economic activity that are able to support the majority of its citizens. Economic development in Indonesia depends on the development and improvement of MSMEs. Not to mention that Indonesia is currently in a period of economic recovery, after being affected by the Covid-19 pandemic in the last 4 years. It was also stated in the government's official press conference that UMKM is the most important pillar in the Indonesian economy. The number of MSMEs in Indonesia alone is 64.19 million, in which the composition of Micro and Small Enterprises is very dominant, namely 64.13 million or around 99.92% of the entire business sector. The COVID-19 pandemic has had a negative impact on MSMEs. According to the release of the Katadata Insight Center (KIC), the majority of MSMEs (82.9%) have felt the negative impact of this pandemic and only a small number (5.9%) experienced positive

growth (Kemenko Perekonomian, 2021). MSMEs will be helped by improving their marketing performance through digital content that can be uploaded via social media. The use of social media content will create easy, inexpensive and fast access.

Researchers carry out the development of the 'State of The Art' to avoid plagiarism, as well as to have a research focus that differs from similar topics. The researcher reviewed the literature in the last 5 years (2018-2023), which was carried out with the search engines 'Taylor and Francis' and 'Google Scholar'. The literature review that the researcher focuses on is marked by the keywords 'communication', 'marketing communication', 'digital marketing', 'social media', 'marketing content', 'social media content', and 'MSMEs'.

In an international journal entitled '*Identifying the effect of Digital Marketing channels on the growth of SME in South Asia: A Case Study on Faheem Haydar Dealzmag*' focusing on the fact that marketing has become a huge obstacle for MSMEs around the world due to the high costs. The purpose of this study is specifically to evaluate the effect of digital marketing on the growth of MSMEs in South Asia. Some of the digital marketing channels that were the focus of this study were, email marketing, social media, web advertising, etc. The idea of growth in this study is measured in terms of revenue and market share (James, 2020).

Furthermore, researchers found another study entitled '*A Causal Influence Model of Innovation and Digital Marketing on the Small and Medium Enterprise (SME) Performance in Thailand*'. Broadly speaking, this study aims to (1) study and analyze the components of innovation and digital marketing that affect the performance of MSMEs (2) study the performance development model of MSMEs. This research succeeded in producing several discoveries, namely that innovation has a direct influence on the performance of MSMEs, innovation has a direct influence on digital marketing, digital marketing has a direct influence on the performance of MSMEs, and innovation has an indirect influence on the performance of MSMEs (Boonmalert & Phoothong, 2021).

In another study with the title '*A Study On Digital Marketing and SME Performance During Covid-19: A Case Saudi SMEs*', aimed at investigating which marketing strategies are appropriate for MSMEs in Saudi, what factors influence those strategies, and what effect those strategies have on MSME performance. Based on the results of this study, it is known that most MSME players believe that the social media marketing approach is most relevant for their operations and beneficial for improving the performance of MSMEs. In addition, the study found that e-marketing orientation, and perceived simplicity of use positively influenced social media marketing, which affected the performance of MSMEs. In other words, social media marketing mediates the relationship between perceived usefulness, perceived utility, e-marketing orientation, and MSME performance (Alqasa & Afaneh, 2022).

The research use qualitative methods, which means that in the process it involves questions as well as procedures. Researchers use interpretive paradigms with Miles and Huberman's analysis of data models to obtain data in depth. Miles and Huberman's data analysis is used because it is interactive, which includes three simultaneous activity streams: (1) condensing data, (2) data display, and (3) inference/verification (Miles et al., 2014, p. 31).

Based on the background that has been presented, accompanied by valid data that supports it, digital marketing should be the focus of a new strategy for MSMEs. Especially MSMEs under the RKB, which have officially become businesses under the auspices of the government (BUMN). From the various problems and opportunities that have been described in this background, then take the title "DIGITAL MARKETING CONTENT OF 'CABIJAB' MICRO ENTERPRISE THROUGH INSTAGRAM"

1.2 Research Purposes

- 1) This study aims to find out and describe what Cabijab's content focuses on in marketing through their Instagram social media account.
- 2) This study aims to find out and describe how the digital marketing strategy by Cabijab MSMEs is implemented through their Instagram social media account.

- 3) This study aims to find out and describe what are the reasons behind the lack of content marketing strategies, measured from the unit analysis, from Cabijab MSMEs through their Instagram social media account.

1.3 Research Questions

- 1) What does Cabijab's content focus on in marketing through their Instagram social media account?
- 2) How is the digital marketing strategy by Cabijab MSMEs implemented through their Instagram social media account?
- 3) What are the reasons behind the lack of content marketing strategies, measured from the unit analysis, from Cabijab MSMEs through their Instagram social media account?

1.4 Research Benefits

In this study there are two uses of research, namely academic use and practical use as follows:

A. Academic Use

This research is expected to contribute to adding information and knowledge in the field of communication science majors. Especially in digital marketing communication in the MSME business sector, so that it can be used by subsequent researchers who use the same theme regarding communication, marketing communication, digital marketing and MSMEs as reference material in further research. Advanced research can use qualitative or quantitative methods.

B. Practical Use

(1) For Cabijab MSMEs

This research is expected to contribute as material for evaluation and consideration of Cabijab MSMEs in digital marketing. Especially in the process of advertising through social media which is favored by generation Z which is the latest potential target market for Cabijab MSMEs. Thus, the effectiveness and creativity of the messages contained in advertising and the entire marketing process carried out by Cabijab MSMEs in the digital realm, will continue to increase.

(2) For the researcher

This research is also expected by the researchers themselves, to better understand about digital marketing strategies and effective advertising communication. And researchers can learn and understand about the behavioral analysis of generation Z as a target market, as well as what kind of messages and strategies can actually reach the target market. In addition, researchers can also find out the obstacles to delivering or receiving messages through social media platforms to the target market, so that researchers can provide advice as evaluation material and considerations that are useful for the marketing of Cabijab MSMEs in the city of Bandung.

1.5 Research Timeline and Location

1.6.1 Research Timeline

Table 1.2 Research Timeline

No	Information	Month						
		Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
1	Determine the topic and title of research and literature review							
2	Working on chapters 1-3 of the DE proposal (thesis)							
3	DE submission							
4	DE revision							
5	The process of interviewing, collecting data, and preparing chapters 4 and 5 of the thesis							
6	Thesis defense							

Source: Researcher's personal source

1.6.2 Research Location

The location of this research was carried out at the West Java BUMN Creative House (RKB) located on Jl. Jurang No.50, Pasteur, Sukajadi District, Bandung City, West Java 40161. This research was conducted directly because the location is easy for researchers to reach.