

CHAPTER I

INTRODUCTION

1.1 Background of the Project

The development of information technology, which is marked by the development of computer technology, communication technology and transportation technology, makes every business actor required to have information technology infrastructure as a demand for the times. The touch of digital marketing is currently increasingly widespread, of course in this case it is proven by the transition of time that has entered industry 4.0 which has entered the realm of MSMEs.

MSME stands for Micro, Small, and Medium Enterprises. Basically, MSMEs are businesses carried out by individuals, groups, small business entities, or households. Indonesia as a developing country makes MSMEs the main foundation of the community's economic sector, this is done to encourage the ability of independence in developing in society, especially in the economic sector. The existence of MSMEs is expected to be able to spur the economy amid the current economic slowdown. the use of digital technology-based marketing concepts (digital marketing) gives hope to MSMEs to develop into an economic force. The utilization of digital technology has significantly changed the business landscape in recent years. One of the sectors affected is Micro, Small, and Medium Enterprises (MSMEs). Micro, Small, and Medium Enterprises (MSMEs) play an important role in advancing the country's economy. According Margareth . A.M in article with the title '*MSME Digitalization Trends in Indonesia 2023: Challenges and Opportunities*' mentioned that, MSMEs have become the backbone of the country's economy because they have given a significant role in advancing the country's economy. Based on data from the MSME Empowerment Report (2022:38), there are 83.8% of MSME players who digitize or utilize technology to support their business operations. Digitalization has caused many MSMEs to start promoting their products and services through digital platforms, both in the form of images and videos. Then, they also create online stores in the marketplace to make it easier

for customers to find their products. In addition, in the MSME Powerment Report(2022:12), the Head of the Micro Business Ease Division of the Ministry of Cooperatives and SMEs, Berry Fauzi, said that MSMEs are utilizing marketplace networks to market their products during the pandemic. As many as 40% of MSMEs use social media, 38% use instant messaging, use e-commerce 13%, and ride hailing 5%. This shows that only some MSMEs have adapted to digitalization. This is because MSME owners still encounter several obstacles in developing their businesses into the digital era.

Based on a survey conducted by DS Innovate to 1,500 MSME owners, several obstacles experienced by MSMEs were found. MSMEs often face challenges in increasing sales and accessing a wider market. Generally, 70.2% of MSME owners have problems when marketing their products. The next problem is related to access to capital (51.2%). The presence of digitalization in the realm of MSMEs plays an important role and provides many opportunities for MSMEs so that they can dominate the domestic market. First, because digitalization can help MSMEs to increase their efficiency and productivity. By applying digital technology such as marketplaces, digital wallets (Ovo, Gopay, etc.), and other digital applications, MSMEs can simplify their processes and save time and resources or costs needed for manual tasks. Second, digitalization can help MSMEs open up new markets and customers.

According to a report from the Indonesian Internet Service Providers Association (APJII), internet users in Indonesia will reach more than 210 million by 2022 (MSME Empowerment Report 2022). With more internet users, MSMEs can reach a wider audience and sell their products or services outside their region. Furthermore, digitalization can enable MSMEs to compete better with larger companies. From here, MSMEs can offer services and products that are on par with their larger competitors because they are helped by the digital tools and technology they use. Lastly, digitalization can help MSMEs to improve their financial stability and sustainability. MSMEs can use digital tools to manage their finances, which can help MSME owners better manage their cash flow and reduce the risk of economic instability. The presence of the term Digital along with the

development of modern technology and changing times gave rise to the term digital marketing or what is often known is digital marketing.

According to Diwyarthi (2022) Digital Marketing is very important to be applied in efforts to market and sell products, due to the advancement of technological developments that produce increasingly varied business trends.

Digital Marketing is a marketing or promotional activity for a brand or product using digital media or the internet. Digital marketing includes promotional activities and market search through digital media online by utilizing various means such as social networks. Various social media platforms such as Instagram, Whatsapp, Twitter, Tiktok and so on have unique features that make it easier for businesses to promote and sell their products and services.

The purpose of digital marketing is to attract consumers and potential consumers quickly and precisely. In the industrial revolution 4.0 and society 5.0, people have the ability to accept digital technology which is truly extraordinary. This makes business actors have to carry out digital marketing and sales activities as the main choice because various business actors are competing with each other to create content that attracts the interest of the wider community, increases awareness of the existence of the company's brand or product, and develops efforts to sell company products.

Martabak Mandor is an MSME founded by Mr. Darta Eka Saputra in 2018 and located on Gatot Subroto Street, Bengkalis. Martabak Mandor MSMEs offer various types of Martabak flavors. At the beginning of its establishment, Martabak Mandor was considered quite in demand where very many consumers made purchases and wanted to feel the taste of the products offered by Martabak Mandor MSMEs.



Figure.1.1 Product Martabak Mandor MSME
Source: Martabak Mandor MSME, 2023

The problem is that the marketing strategy has not been carried out optimally so that sales are not in accordance with the owner's target, one of which is the admin or business owner who is less active in marketing products as promotions and others. In addition, marketing is carried out offline and only uses promotional media, namely word of mouth and product purchases made at the sales stall directly. Therefore, an appropriate marketing strategy is needed by implementing digital marketing to increase sales of Martabak Mandor MSME businesses so that they can reach a wide market and be recognized by many potential customers.

Digital marketing is seen as the best media in its use as an effective and efficient promotional and marketing tool and is able to significantly increase sales volume. This shows how important digital marketing is in the success of business owners in increasing sales and reaching a wider range of consumers.

Based on the above background, the authors are interested in conducting a final project with the title **“Utilization of Digital Marketing in Increasing Sales of MSME in Bengkalis Regency (Case Study on MSME of Martabak Mandor, Gatot Subroto Street, Bengkalis City)”**.

1.2 Identification of the Project

How to utilize digital marketing to increase sales of MSME Products in Bengkalis Regency at MSME Martabak Mandor, Gatot Subroto Street, Bengkalis City.

1.3 Purpose of the Project

The purpose of this project are divided into 2(two), namely general purpose project and specific purpose project. The purpose of the project to utilize digital marketing to increase sales of MSMEs in Bengkalis Regency (Case Study on MSME Martabak Mandor, Gatot Subroto Street, Bengkalis City) namely:

1.3.1 General purpose of the Project

The general purpose of this Project is to help promote and do marketing MSMEs Martabak Mandor products using digital marketing so that it can increase sales turnover.

1.3.2 Specific Purpose of the Project

The specific purpose of utilizing digital marketing to increase sales of MSMEs in Bengkalis Regency (Case Study on MSME of Martabak Mandor, Gatot Subroto Street, Bengkalis City) are as follows:

1. To find out the utilization of digital marketing at Martabak Mandor MSME.
2. To find out implementation of digital marketing projects at Martabak Mandor MSME use E-mail Marketing and Social Media Marketing.
3. To find out obstacles of implementing digital marketing projects at Martabak Mandor MSME.
4. To find out solutions of implementing digital marketing projects at Martabak Mandor MSME.

1.4. Significance of the Project

This project is expected to be used as material for thought and consideration or related parties. The benefits of this project are as follows:

1. Institution studied

This project Can be used as material for consideration and development for entrepreneurs in making decisions regarding digital marketing strategies in increasing MSME sales in Bengkalis Regency (Case Study on MSME of Martabak Mandor, Gatot Subroto Street, Bengkalis City) so that they can get more profit and be better known by the public. Both people who are in the bengkalis area and people who are outside the bengkalis area.

2. Writers

This Final Project can be used as additional experience, insight and as a guide for the completion of a project which is one of the requirements for completing an Applied Degree in the Department of Business Administration

and can be used as a means to increase the development of creativity and innovation of writers.

3. The Community

This project is expected to be used as additional information, knowledge about the various benefits of MSME Martabak Mandor products and references in the preparation of the next proposal or similar project.

1.5 Time and Place of Project Implementation

The implementation of this project was carried out from October-November 2023. While the location of create and implementation of the project is in the location of Martabak Mandor's own business which is located on Gatot Subroto street, Bengkalis City. Meanwhile, promotion are done through the internet.

1.6 Writing System

The writing system of this project Utilization of Digital Marketing in Increasing Sales of MSME in Bengkalis Regency (Case study on MSME Martabak Mandor, Gatot Subroto Street, Bengkalis City) is as follows:

CHAPTER I : INTRODUCTION

In this chapter describe the Background of the Project, Identification of the Project, Purpose of the Project, Significance of the Project, Time and Place of Project, and Writing System.

CHAPTER II : LITERATURE REVIEW

In this chapter explains the theoretical basis of the project and the framework in this project.

CHAPTER III : METHODS AND ACCOMPLISHMENT PROCESS

In this chapter describes the Project Preparation, Project Implementation Plan, Project Completion Plan and Project Reporting Plan.

- CHAPTER IV** : **RESULT AND DISCUSSION**
In This Chapter describe the Profil of Business Activities, Project Activity Implementation Reports, which include Project Preparation, Project Implementation, Project Completion, Project Reporting Plan, Obstacles and solution of the project implementation.
- CHAPTER V** : **CONCLUSION AND SUGGESTION**
In This Chapter contains a summary of the writing results in the previous chapters written in a conclusion as well as suggestions as recommendations for improvement in the place of writing.