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### THE ROLE OF DIGITAL MARKETING WITH CREATIVITY AND INNOVATION FOR SUSTAINABLE MSMEs

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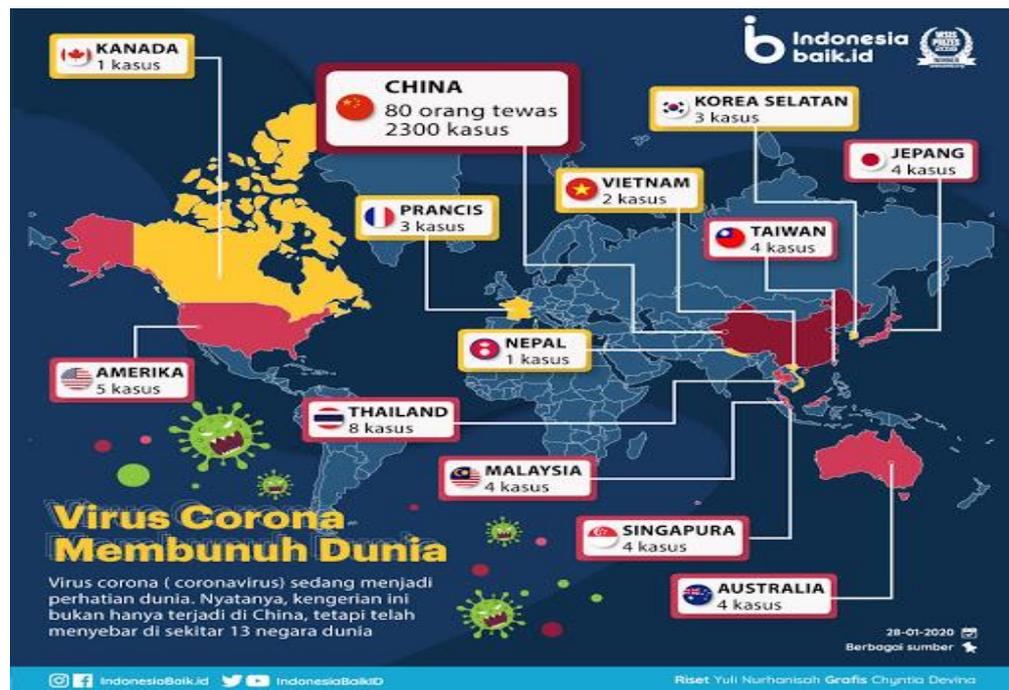
**Keywords: MSME, Pandemic, Sustainable, Digital Marketing And New Normal.**

#### **ABSTRACT**

The impact of the Coronavirus disease (COVID-19) pandemic on SME and MSME businesses is enormous. With its implementation, you must wear a mask and keep your distance and reduce activities outside the home. This has in many companies being closed so that many companies are dismissed. This has an impact on the people's purchasing power of MSME products, which has decreased significantly. Many MSMEs have to close their businesses or go out of business. The purpose of this research is to find out the role of digital marketing for MSMEs to be sustainable and sustainable. This research method is descriptive and verification with a total sample of 405 SMEs and MSEs in the city of Bandung. The analytical tool used to analyze research data is to use SEM Amos. The results of this study state that digital marketing with creativity and innovation is very important for MSMEs to survive and be sustainable in the New Normal era.

#### **INTRODUCTION**

The world does not think Pademi Covid 19 that struck China at the end of the year 2019 until the beginning of the year 2020 with a quick hit of all countries in the world. It can be seen from Figure 1.



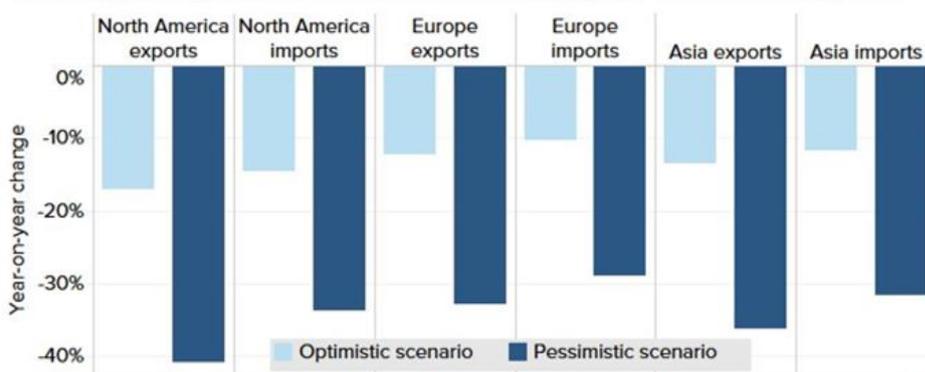
**Figure 1** Pandemic Covid 19 Devastate World

The figure above shows the very fast spread of the Corona Virus. Until the whole world including Indonesia also did not escape the spread of the Corona Virus.

Pandemic Virus Covid 19, if not be dammed its spread, thus forcing all countries should implement the WFH, ODL and Lockdown and PSBB. It is done to prevent transmission of the Corona virus which is so fast. As a result, the economy of the world suffered a blow very great.

### Expected decline in global merchandize trade

World Trade Organization forecasts exports and imports volume to fall in 2020

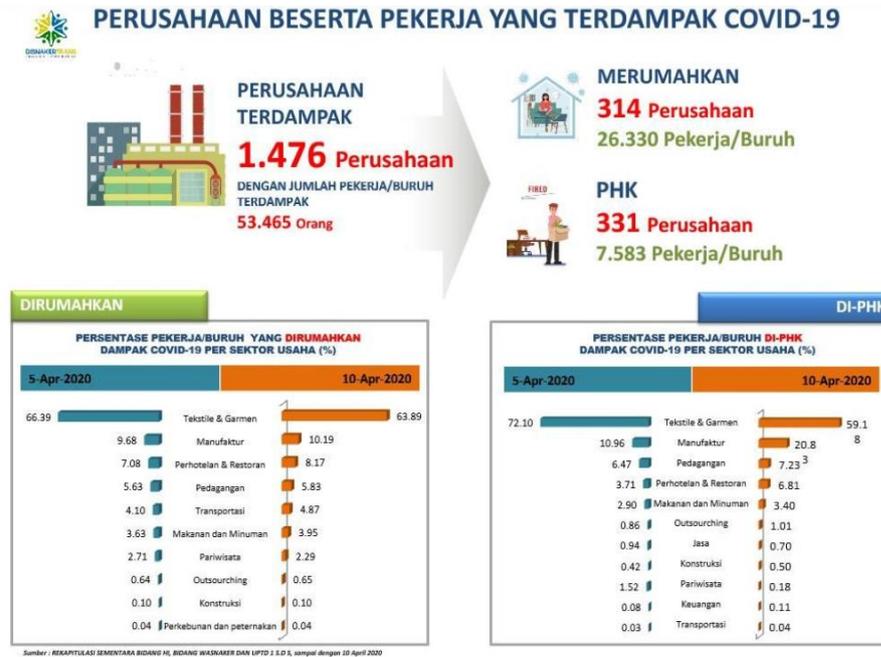


SOURCE: World Trade Organization forecasts (April 2020)



**Figure 2** the Impact of the Covid 19 Pandemic on the Global Economy

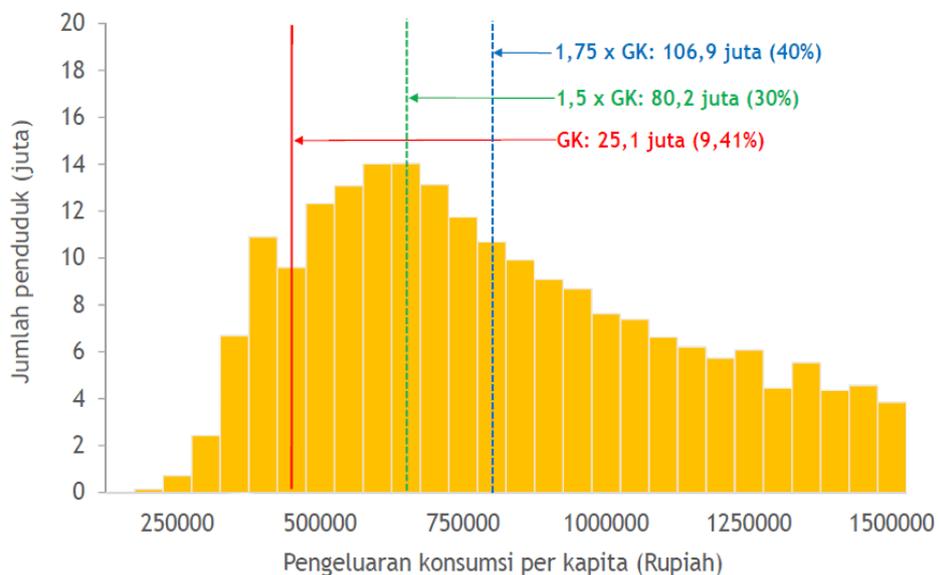
The figure above shows the consequences of the Covid – 19 pandemics that hit the world economy. All countries exposed to the corona virus are experiencing an economic crisis with a very large impact. With the implementation of WFH, PJJ, Lockdown, and PSBB, many companies were forced to stop operating and lay off their workers. Figure 3 shows the companies and workers who were sent home.



Data buruh yang terdampak Covid-19.\* /DISNAKERTRANS JABAR

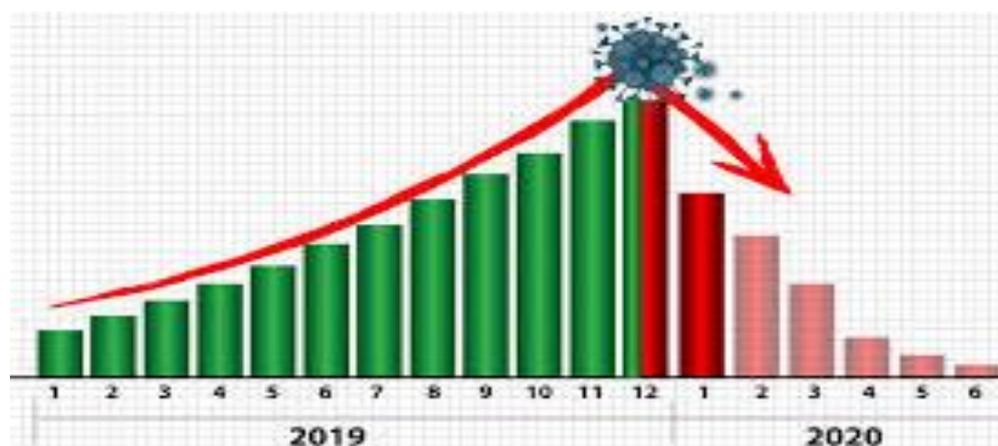
**Figure3 Data on the Impact of the Covid 19 Pandemic on Companies and Workers**

The numbers of companies that have closed and workers who have been dismissed have resulted in an increase in the number of poor people. Figure 4 shows the increase in the number of poor people.



#### Figure 4 Per Capita Consumption Expenditure Data

Figure 4 At the top shows the data expenditure consumption per capita which images also explain the increase in the number of the population is poor. Power purchasing people who fall for laid / layoffs made people only buy products that are highly they need. This condition has an impact on decreasing the turnover of MSMEs. The figure below explains the drop in turnover of SMEs is caused by the pandemic Covid 19.



#### Figure 5 Decreased MSME Turnovers

From Figure 5, we know that at the end of 2019, the turnover of MSMEs has increase very high. But, it drastically experienced a decline in theyear 2020 when the pandemic Covid 19 hit Indonesia. Many MSMEs cannot survive amid the COVID – 19 pandemic. Since the corona virus broke out, economic activities have been temporarily suspended. This is done to reduce the rate of disease spread. However, impact on many actors' business roll mats and many others close to forever.

Data from the Ministry of Cooperatives and SMEs mention that there are 37,000 SMEs were affected corona. Even though, MSMEs are the backbone of the Indonesian economy. There are various efforts have been made by the government to rescue SMEs such as:

1. Loosening of UMKM credit installments through banks and financial institutions.
2. Program support social for businesses small or ultra-micro.
3. Assisted from the demand side. how namely through the provision of budget expenditure of government and movement campaign Proudly Made in Indonesia (BBI).

Source: [www://kompas.com](http://www.kompas.com)

Bandung which has a climate of business that both number of people who quite large provide opportunities great for the perpetrators of the business to do business in the city of Bandung. There are 300,000 entrepreneurs of SMEs that exist in the city of Bandung. Of all SMEs affected are already recorded,

87% of which is the perpetrator of business of micro, the turnover up to USD 300 million per year. Impact World that experienced by the perpetrators of SMEs it is a drop in demand and the increase in the price of materials raw (source: [www://pikiran-rakyat.com](http://www://pikiran-rakyat.com)).

Some of the main causes that make MSMEs experience many losses until bankruptcy occurs. Among them are:

1. Restriction social that defined by government before running the New Normal, the government is once set Restrictions Social Scale Large (PSBB). This provision is an attempt to cut the spread of the deadly corona virus. However, the impact of policies PSBB is felt directly by the people, especially actors Enterprises Micro Small Medium Enterprises (SMEs).

Many of these MSME actors cannot run a business at all. However, still exist that survive despite the space of motion is very limited. The temporary closure of public facilities has an impact on small entrepreneurs. As an example, the merchant grocery not be able to sell the goods caused by the market which is closed in the period of time specified. According to a survey conducted by several institutions, there are 47% of MSME players in Indonesia who cannot operate at all. Factors main cause of the condition is not another is a problem flow of cash and difficulties from supply of goods. The government continues to seek the way out to generate economy which was hampered due to the tragedy of this.

### ***Income below Normal***

The Covid-19 pandemic also had a direct impact on people's income in Indonesia. The results of a survey conducted by market research company Ipsos found that 84% of business actors experienced a decline in income. Some of them claim to have decreased by more than 50%. Not a few are optimistic that they will rise after the New Normal is implemented. According to the data there is, the growth of the economy in quarter I 2020 much more slowly than the year before. During a pandemic Covid-19 demand of domestic and consumer home household experienced a decline. This condition also affects the investment ratio which also lowers.

### ***Activities Sell Buy experiencing decline***

The pattern of spending public Indonesia experienced a change during a pandemic Covid-19, from shopping offline switch to online. Would however, not all the perpetrators of SMEs serve consumers be online. For example, salon owners or other service providers that require a meeting between the seller and the customer.

Raw Materials Hard Learned and more expensive policy PSBB to break the chain of transmission of Covid-19 makes the activity of production stalled.

Most large companies choose policies Work from Home (WFH), not a little that decide to lay off employees, to occur layoffs mass.

According to data obtained from the Department of Labor Employment and Transmigration many 30 137 workers in layoffs and 1,322,799 in break time without wages.

Conditions this gives effect domino that causes a decrease in the capacity of production that extreme. In direct material standard that takes home the stairs become scarce and prices soared rose. MSME actors such as the home food industry are troubled by the high prices of sugar and eggs.

Thus, the automatic price of selling the products also come ride. Of course this is very risky, especially when people's purchasing power is decreasing.

### ***Line Distribution Hampered***

Pandemic virus corona change everything. Data were obtained from the Association of Indonesian Toll Road (ATI), then cross daily in the entire toll suffered a decline of about 40% to 60% recorded since March 2020. The decline in most lots going on in the region Jabodetabek. The cessation of distribution activities certainly affects the marketing of MSME business products. A perpetrator of business is difficult to reach a market that is more extensive, such as outside the city, across the province, to the outside of the island. Delivery of goods by online merchants also experiences delivery delays.

Goods and Services Providers Cannot Operate the impact of Covid-19 is not only felt by MSME actors engaged in the home industry. Many service providers also have a day off or even stop completely.

The decline in turnover experienced by almost all the perpetrators of the business. Such as wedding planners, wedding photographers make artists, and others have lost their source of income because many projects were postponed to comply with the PSBB.

Since the pandemic Covid-19, the community becomes more much at home to press the transmission of the virus. They perform the activities of the home, ranging from shopping, school, and college to work.

Society and the perpetrators businesses and SMEs when it was forced to do the adaptation to the habits of the new for pandemic Covid-19.

Pandemic forcing the actors attempt to adapt to the realm of digital, no exception business of micro, small and medium-sized enterprises (SMEs).

The use of technology digital, especially digital marketing is already becoming must if it wants to survive and compete. Because the research is

carried out to determine the role of digital marketing to support creativity and innovation for sustainability efforts of SMEs to remain sustainable.

## **LITERATURE REVIEW**

### ***Digital marketing***

According Purwana et al. (2017), digital marketing is the activity of promoting and finding market through digital media is online by using various means such as networking social.

According to Nadya (2016), digital marketing is marketing with the use of the application of technology in digital. One of the forms of digital marketing by using the medium of electronic or internet is the internet marketing (e-marketing).

According to Sanjaya and Tarigan (2016), digital marketing is a marketing activity including branding that uses various web -based media such as blogs, websites, e-mail, Ad Words, or social networks.

According to Chaffey (2002), digital marketing is the application of technology digital form online channel to market (website, e-mail, databases, digital TV and through various innovations latest others included therein blogs, feeds, podcasts, and networking social) which contributes to marketing activities.

So that digital marketing is the activity to market the product by wearing a digital media or applications online.

### ***Creativity***

According Pamilu (2007), creativity is the ability of a person to create that is characterized by originality in expression that is imaginative.

According Rachmawati et al. (2005), creativity is the ability of a person to give birth to something new, either in the form of ideas and works real are relatively different to anything that has been there.

According Munandar (2012), creativity is the ability to create something new, as the ability to give the idea new that can be applied in solving problems, or as the ability to see the relationship just between the elements that already exist previously.

According to Ghufon and Risnawita (2011), creativity is an element of the power of reliable human resources to drive human progress in exploring, developing, and discoveries in the fields of science and technology, as well as in all fields of human endeavor.

According to Sternberg (1999), creativity is an ability to produce a work that contains an element of novelty (including such authenticity and not unexpected) and appropriate use (including such useful and can be adapted to the demands of the task).

So, creativity is the ability to raise one that can provide a solution to carry out tasks and to overcome the difficulties that faced.

### ***Innovation***

In Wiratmo (2014), it is significant improvement of goods and services that exist or create goods services that is new. Innovation is also the ability to combine the elements of production that exist by way of a new and much better.

The word innovation shows the "process" and "results" the development or utilization of the mobilization of knowledge, skills and experience to create or improve a product (goods and services), which gives the value of the means or are significant.

An innovation can be new for individuals or companies, new to the market, for countries or regions and the world (Farisi, 2014).

According to Suryana (2014), innovation is the ability to apply creativity into something that can be implemented and provide value -added on the source of power that is possessed. Innovation is the emergence of something thing that is new, for example in the form of an idea of a new, a theory new, a hypothetical new, or a method new to management of an organization and effort.

So, innovation is capacity of to implement the idea of the creative to the problems and opportunities that exist to improve and enrich life.

### ***Business sustainability***

Sustainability of business is a condition when the company has sufficient funds to run and develop his efforts. Business continuity is always associated with bankruptcy.

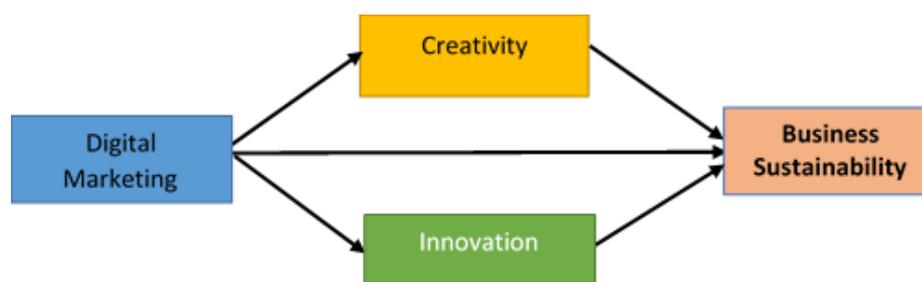
According to Foster in Darsono and Ashari (2005), bankruptcy is a difficult finance that shows the problem of liquation that severe that not be solved without via scheduling back in massively against the operation and structure of the company.

According to Adnanand Eka (2000) in Luciana and Winny (2005), bankruptcy is an economic and financial failure.

So, business sustainability is a condition in which the company is able to provide funds for company activities and for business development.

**Research Framework**

Based on theory in the above can be made frame of research for the study of this is as follows.



**Figure 6** Research Framework

**RESEARCH HYPOTHESIS**

*Based*

on the research framework in Figure 6, the hypotheses for this study are as follows:

1. Digital Marketing has an effect on Business Sustainability.
2. Digital Marketing with Creativity has an effect on Business Sustainability.
3. Digital Marketing with Innovation has an impact on Business sustainability.
4. Digital Marketing with Creativity and Innovation has an effect on Business Sustainability.

**RESEARCH METHOD**

Methods of research are used in research this is the method descriptive and verification, where data collection is carried out by distributing questionnaires to MSME players in the city of Bandung.

Sample of research is as much as 405 SMEs city of Bandung. The collected data were analysed using SEM AMOS.

**RESEARCH RESULTS**

*Validation and reliability test results*

*Validation results*

The test results obtained that the influence of digital marketing with creativity and innovation has a greater impact on Sustainable Business, followed by the value of digital marketing with innovation in Sustainable Business and the value of digital marketing with creativity in Sustainable Business.

Validity test results for all questions have a valid status, because the value of the corrected item-total correlation > 0.264.

**Reliability results**

These results explain that digital marketing will greatly affect Sustainable Business if supported by creativity and innovation together. The results of the reliability test on all questions showed that the Cronbach's alpha value had a reliability value of > 0.601.

**SEM model feasibility test results**

**Results of Feasibility Testing for Structural Equation Model (SEM)**

Criteria	Cut-Off-Value	Analysis Results	Model Evaluation
$\alpha^2$ ( Chi-Square )	Expected small	119,897	Good
Probability	$\geq 0.05$	0.267	Good
RMSEA	$\leq 0.09$	0.018	Good
CMIN / DF	$\geq 2.00$	1,047	Good
GFI	$\geq 0.91$	0.918	Good
AGFI	$\geq 0.92$	0.886	Marginal
TLI	$\geq 0.94$	0.993	Good
CFI	$\geq 0.94$	0.997	Good

Source: Primary data processed, 2020

These results indicate that the model used is acceptable. The measurement indices for AGFI, CFI, CMIN / DF and RMSEA are within the expected range of values even though the AGFI is accepted marginally. Thus, the feasibility test of the SEM model has met the acceptance requirements.

**Research hypothesis testing results**

**Regression weight structural Equational model**

Relations between variables	Estimate	SE	CR	P-val
DM (X1) ==> BS (Z)	0.412	0.108	2,968	0,002
DM (X1) ==> C (Y1) ==> BS (Z)	0.432	0.106	3,566	0,000
DM (X1) ==> I (Y2) ==> BS (Z)	0.436	0.098	5,487	0,000
DM (X1) ==> C (Y1) ==> I (Y2) ==> BS (Z)	0.468	0.113	2,968	0,003

Source: Data processed, 2020

From the test results, it was found that all CR values were above 1.96 or with a probability smaller than 0.05. Thus, all hypotheses are accepted.

**DISCUSSION**

The result of the test obtained by the influence of digital marketing with creativity and innovation has a value of influence that is big on sustainability efforts, followed by the value of digital marketing with innovation in business sustainability and the value of digital marketing with creativity in business sustainability.

The results of this explain that digital marketing will greatly affect the sustainability of the business when supported by creativity and innovations are together.

The results of this study are different from the research results of Yanti et al.(2017) which state that the sustainability of MSMEs is influenced by Product Quality and Innovation. and Ibrahim(2012)that business sustainability must pay attention to economic dimensions social, institutional, environmental and entrepreneurial behavior.

## **CONCLUSION**

From the results of the research that is done can be concluded that:

1. Digital marketing impact significantly on the continuation of the business of SMEs.
2. Digital Marketing with creativity has a significant effect on MSME Business Sustainability.
3. Digital marketing with innovation affects the sustainability of MSME businesses.
4. Digital Marketing with creativity and innovation is very influential on the Business Sustainability of MSMEs.

## **SUGGESTIONS**

The results of this research can be used for PKM activities to develop creativity and innovation of SMEs and MSMEs by conducting training and coaching for:

1. Use of digital marketing applications
2. WEB Content Creation
3. Creating Promotion Content on Social Media, and so on

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