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## **Social Media Marketing and Sustainability of Small and Medium Enterprises (SMEs) During COVID-19 Pandemic: Case Study of GucheeZ, Central Java, Indonesia**

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### **ABSTRACT**

The Covid-19 pandemic harms the countries' economies, particularly in small and medium enterprises (SMEs). To stay in business, they must be able to adapt to digital technology. Traditional product marketing must transform into digital marketing, including social media marketing. This research aims to examine social media marketing and its impact on the sustainability of SMEs. This study employs a qualitative descriptive research design. This study reveals that SMEs must be able to use social media marketing to maintain their sustainability. In challenging situations, SMEs become more creative and innovative to adapt to the digital technology era. The company remains sustainable, and the company's financial condition has improved as a result of the implementation of social media marketing.

Keywords: Covid-19 pandemic, marketing, SMEs, social media, sustainability

### **INTRODUCTION**

The current global pandemic of the COVID-19 virus harms the economic sector worldwide, including SMEs in Indonesia. Through domestic globalization, SMEs play critical roles in providing jobs, driving the economy, and expanding the market for long-term development (Puriwat & Tripopsakul, 2021). SMEs have a vital role in a nation (Soon, 2013). OECD (2017) notes that SMEs make a substantial contribution to global economic development. SMEs contribute 33% of GDP (Gross Domestic

Product) and create added value between 50% -60%.

However, the emergence of economic and financial crises has posed a challenge to SMEs contributing to economic development. As the crisis persists, SMEs are financially weaker and face increased uncertainty about its long-term consequences (Rodrigues *et al.*, 2021). Besides, Le *et al.* (2020) discovered that the current pandemic had exacerbated SMEs' financial obligations, such as credit payments to financial institutions, inventory

shortages, and operational expenditures. Countries suffering from severe economic hardship have also been punished by the outbreak of COVID-19 as a result of the long-lasting lockout placed by a partial or complete suspension. Low-income individuals have suffered the most severe impacts due to all economic operations, with job losses and limited access to food and social safety net services.

The COVID-19 pandemic is having a remarkable effect on SMEs' profitability and long-term viability. Furthermore, the current situation has opened up a new channel for analyzing SMEs' adaptability and performance (Hadi & Supardi, 2020), reduction of financial constraints (Nyanga & Zirima, 2020), and augmenting productivity (McGeever, McQuinn, & Myers, 2020). Several studies have recommended that strategic resources support, such as technology integration, effective financial intermediation, and government incentives, are essential in improving their chances of survival during pandemics (Fitriasari, 2020; Liguori & Small, 2020). Referring to technological integration impact SMEs, a growing number of researchers have advocated the positive linkage between technology adaptation and sustainability (Manyati & Science, 2019). It implies that operational efficiency enables SMEs to reap the benefits of competitive markets, thus accelerating their path to sustainability. Financial innovation in SMEs sustainability has been investigated in the literature. Several studies have confirmed that innovative financial services integration reduces redistribution effects and financial execution and allows a higher degree of financial efficiency (McGuinness & Hogan, 2018).

SMEs' creativity is also required in the face of the Covid-19 pandemic period if sustainability is to be achieved (Hamdan,

2021). Thompson (Pérez et al., 2017) stated that sustainability is not limited to large corporations. Integrating sustainability into business strategies is even more difficult for small businesses. There are essential factors in SMEs' long-term viability, including the lowest possible level cost, increased net profit, and consumer, investor, and investor demands are met.

One of Indonesia's SMEs severely affected by COVID-19 is the food industry, especially the bakery industry. Bakery products have become commonplace in most parts of the world and are already essential commodities (Kiumarsi, Jayaraman, Isa, & Varastegani, 2014). The existence of social distancing, the obligation to stay at home, and the prohibition of making crowds make bakery sales decrease drastically. There are no more events held during the pandemic, even though the enormous demand in the bakery industry is for event consumption. This condition requires bakery industries to be creative and innovative in developing and marketing their products. In addition, the bakery industry must be able to transform to digital marketing to continue maintaining its business. Creativity, innovation, and the ability to adapt to digital technology are essential factors that SMEs must possess to support their sustainability.

Gucheez is a product from the O'ndut bakery in Central Java resulting from the company's creations and innovations at the beginning of the COVID-19 pandemic. Products from the O'ndut bakery have traditionally been marketed using mobile sales and are displayed only at O'ndut bakery. But the pandemic forced this company to be creative and innovate in the field of marketing. In a short time, the company was able to adapt to digital technology. Gucheez marketing and other

products are marketed through social media marketing to maintain the company's sustainability.

This study aims to analyze SMEs' social media marketing and sustainability during the Covid-19 pandemic, with a case study of Gucheed products from Central Java, Indonesia. This study revealed that creativity, innovation, and social media marketing could maintain company sustainability and improve financial cash flow conditions.

## **METHODS**

The study was carried out at O'ndut bakery in Guci, Tegal, Central Java. The O'ndut bakery makes a variety of cakes, bread, tarts, and pastries. In addition, the O'ndut bakery has launched a new product, namely Gucheed, with the tagline "Roti Bukan Bolu Bukan." Gucheed is a unique souvenir product from the city of Guci, Tegal, Central Java. Many tourists visit this area because it is famous for its hot spring tours. It is what encourages the O'ndut bakery to produce Gucheed, which is used as souvenirs for tourists.

A qualitative method with a descriptive explorative approach was used. The primary data collected is obtained through in-depth interviews with information sources (owners). Researchers conduct surveys using a personal approach (unstructured questionnaire) to gather information about the bakery industry. This study's data analysis techniques included data collection, data reduction, display data, and conclusions using a descriptive qualitative interactive model.

## **RESULTS AND DISCUSSION**

### ***Profile of O'ndut bakery and the marketing strategy before the covid-19 pandemic***

The O'ndut bakery was established on July 16, 2014 with initial products including various cakes, white bread, sweetbreads, tarts, donuts, pastries, and snack boxes. The location of the O'ndut bakery is at the foot of Mount Slamet. This location is very strategic because it is in Indonesia's famous hot spring tourist area, namely Guci. Product marketing is carried out through O'ndut bakery's offline store as well as through 25 mobile sales. The average profit turnover per day is 6 million. The need for flour per day is around 100 – 125 sacks. Before the pandemic, all marketing activities were carried out offline. The company has not thought about using marketing through social media.

At the beginning of this business development, the owners carried all business activities, starting from product development, purchasing, production, quality control, marketing, and selling. Many of these activities make owners do not have time to do financial bookkeeping properly. According to de Vries (2017), most SMEs owners work long hours, endure stress, and take risks. to provide a quality of life for themselves and their families. Thus, the financial condition is not healthy because the profit is not known. This situation lasted for about four years. To improve this condition, the owners became SMEs, assisted by the Ministry of Cooperatives and under the guidance of PT. Sriboga is a flour vendor at O'ndut bakery. By becoming a fostered SME, O'ndut bakery owners take part in various training, ranging from determining target markets, reading business opportunities, building business systems, calculating product cost and cost of goods sold, social media marketing, personal branding, product branding, creating content on the digital marketing, how to get resellers and manage them, etc. As driving forces of

SMEs' performance, the study of Asare (Asare *et al.*, 2015) demonstrates better organizational culture, management techniques, and training.

At the end of 2018, the O'ndut bakery began to develop new products with the Gucheel brand. This product appears because the owners can read business opportunities. O'ndut's location, which is in the Guci hot spring tourist area, makes the owners think of making unique products that can be used as souvenirs for tourists visiting the Guci area, Central Java. So far, tourists only buy souvenirs in the form of agricultural products that have not been processed, such as honey pineapple, carrots, taro, potatoes, and

other vegetables. The O'ndut bakery innovates to make pineapple processed products that can be used as souvenirs typical of Guci. After trial and error of various recipes, Gucheel was finally created, with the tagline "Roti Bukan Bolu Bukan." This product uses natural preservatives because it contains 40% sugar, so it has a shelf life of 7-10 days. The high sugar also affects the texture of the Gucheel, so it is more crispy. Gucheel is taken from Guci and Cheese because this product is always topped with cheese (Figure 1). This product can be accepted by all circles, men or women, young or old. So, the market share is extensive.



**Figure 1**  
**Gucheel**

Gucheel products were launched for the first time on January 2, 2019, with a grand opening with PT. Sriboga. At the grand opening, there was only one variant of Gucheel, namely the Honey Pineapple variant. Several months after that, O'ndut continued to develop new variants. There are eight variants, including Honey Pineapple, Cheese Banana, Chocolate Banana, Full Cheese, 4 Flavors Combination, Chocolate Cheese, Dates, and Coconut. In addition to developing Gucheel products as typical Guci souvenirs, the O'ndut bakery also began to

build a business system to improve the overall condition of the company.

***Business Systems and Marketing strategic of Gucheel during the covid-19 pandemic***

Gucheel was launched in early January 2019 when the COVID-19 outbreak occurred in China. At that time in Indonesia, there were no Covid-19 detected. The implementation of large-scale restrictions was early April 2019, so Gucheel was marketed offline for approximately three months (January-March). When all government policies

regarding large-scale limits were put in place, many bakery industries began to collapse. It is because the highest demand for bakery products is for consumption events that involve many people. The O'ndut bakery also feels this impact.

A high desire to maintain its business makes the O'ndut bakery force itself to transform to digital technology. Owners begin to implement all the knowledge and skills acquired during the training. They build business systems better to manage products, employees, and product marketing. Gucheetz was developed as a unique new product from Guci, Central Java. This product is designed to have a long shelf life (7-10) days, making it possible to market outside the city and the islands throughout Indonesia. In addition, the O'ndut bakery has calculated the cost of goods sold by adding profit margin aspect from product cost, 15% of product costs as an aspect of labor, and 10% of product cost to anticipate the increase in raw material prices. The price range for Gucheetz to resellers and buyers is also very high at IDR 10,000. It allows resellers to earn a maximum profit of IDR 10,000 per Gucheetz unit. This condition makes it easy for O'ndut bakery to find a reseller because the reseller fee is relatively high per product unit.

The transformation to social media was first carried out through the Facebook application utilizing personal branding first. After personal branding is considered successful enough, they start product branding. In social media, they do not directly sell Gucheetz but only introduce themselves using marketing language. If there are interested readers, they can contact the WhatsApp number that has been listed in the Facebook ad. This method brings positive results. Personal branding and product branding of Gucheetz was also successfully carried out by the

O'ndut bakery. It makes the owners more enthusiastic about expanding other social media platforms such as Whatsapp, youtube, and Instagram applications to market their products.

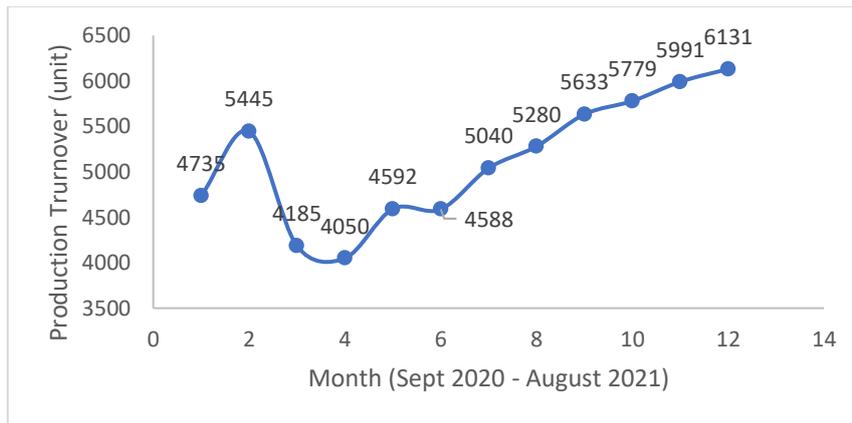
With so many platforms to use, the obligation to create photo and video content and upload it on social media makes owners' jobs even harder. At this time, a business system begins to be built that can reduce the burden on the owner so that all employees and owners can focus on their job descriptions. The O'ndut bakery employs one admin to handle social media marketing. This admin is in charge of managing all Gucheetz's social media accounts and their accounts. His main task is to create marketing content and upload it on all social media. The admin salary system is based on fees from several Gucheetz products that he managed to sell. Admin earns IDR 5,000 for every selling one unit of Gucheetz.

In the first year of the pandemic, the O'ndut bakery nearly collapsed. In offline sales, the number of deals decreased drastically. The number of mobile sales was reduced to 15 salespeople only. Even in the second year of the pandemic, there were only five mobile sales. In contrast, in sales through online marketing, the number of Gucheetz resellers is 100 resellers, and in the second pandemic year, it increased to 200 resellers. The majority of resellers are housewives and students. This condition shows that Gucheetz's marketing strategy through social media is going very well and profitable for the O'ndut bakery. Finally, bakery products other than Gucheetz began to be marketed through social media in the second year of the pandemic with a reseller system.

The success of social media marketing for Gucheetz products is shown in the increase in sales turnover each

month (Figure 2). Every month there is an increase in turnover along with the increasing number of agents and resellers. This condition is supported by the reseller system built by the O'ndut bakery, which benefits resellers so that many resellers join. Resellers with the highest sales points in a month will get two rewards, including their name on the Gucheed cardboard box

along with their contact number and getting precious metals from O'ndut bakery. In addition, there is a charity program from Gucheed where some of Gucheed's profits are donated to orphans and poor people who need education funds. The reseller coaching program is regularly held to be more enthusiastic and get high sales points.



**Figure 2**  
**Graph of turnover per month from Gucheed**

Figure 2 proves that selling through social media by building a sound business system can increase Gucheed's sales turnover. The need for flour during the pandemic decreased by only 60-80 sacks per month. This automatically reduces sales turnover as well. However, from a financial point of view, cash flow is healthier because there are no unpaid debts in online sales. The prepayment system is very beneficial for Gucheed producers. The financial advantage of online marketing is that the industry does not charge for renting a shop for offline sales. There is no obligation to maintain motorcycles or carts of mobile sales.

The success story of Gucheed proves that several factors determine the sustainability of SMEs during the covid-19 pandemic. They are the owner's creativity, innovation, and persistence to maintain the sustainability of his business. Innovation in

SMEs have lower survival rates than large industries because many SMEs lack the resources, expertise, and time to implement an effective social media engagement program (de Vries, Veer, & de Vries, 2018a) In addition, the industry must be able to adapt to digital technology and change its marketing strategy using online and social media marketing. Social media campaigns can benefit small and medium-sized consumer-oriented enterprises in reaching both existing customers and potential new customers (de Vries *et al.*, 2018). Consequentially, many SMEs owners are concerned about social media interactions' impact on their brand image, customer engagement (McCann & Barlow, 2015) and customer relationship building (Tsimonis & Dimitriadis, 2014). In practice, social media marketing is a way to interact with one's consumers and develop a relationship with them (McCann & Barlow,

2015). Social media has been recognized as a cost-effective and simple-to-implement method of reaching out to new customers crucial for small and medium-sized enterprises with limited resources (de Vries *et al.*, 2018) SMEs. According to Pu *et al.* (Pu *et al.*, 2021), SMEs' sustainability can be accelerated by innovative finance and integrating technology adaptation.

## CONCLUSION

To deal with the COVID-19 pandemic, SMEs must be able to adapt to digital technology. Traditional marketing must change to digital marketing, including social media marketing. Social media marketing management must be adequately maintained to increase our sales. In addition, the business manager or owner must always be creative and innovative to improve their products and marketing. Persistence and not easily discouragement must also be put forward to maintain the sustainability of the business.

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