

Cooperative Trading House

by Fitria Widiyani Roosinda

Submission date: 30-Oct-2021 09:30AM (UTC+0700)

Submission ID: 1688099476

File name: Cooperative_Trading_House.docx (42.21K)

Word count: 4217

Character count: 23236

**COOPERATIVE TRADING HOUSE :
DIGITAL MARKETING STRATEGY OF ECONOMIC COMMUNITY IN EAST
JAVA PROVINCE**

Fitria Widia⁴ni Roosinda
Lecturer for Social and Political Science Faculty University of Bhayangkara Surabaya
Jl. Ahmad Yani No.112-114 Surabaya
fitria@ubhara.ac.id

Dian⁴a Rapisasari
Lecturer for Economic and Business Faculty University of Bhayangkara Surabaya
Jl. Ahmad Yani No.112-114 Surabaya
diana@ubhara.ac.id

Tira Fit⁴awardhani
Lecturer for Social and Political Science Faculty University of Bhayangkara Surabaya
Jl. Ahmad Yani No.112-114 Surabaya
tira@ubhara.ac.id

ABSTRACT

East Java Province Government being Commitment to build Micro Small and Medium Enterprise (UMKM) as a battering ram peoples economy. Trough cooperative understanding or namely Koperasi and Micro Small Medium enterprise, government build cooperative trading house which accomodate small medium entrepreneurs and customer as well as callenge for east java government to increase peoples economy revenue. The goal of this research is to identified digital marketing strategy for small medium business enterprise (UMKM) in East Java Province by using digital media.

Research subject is enterpreneur from Small Medium Enterprise in Java Province which joined in Cooperative Trading House. Research method using qualitative descriptive to observe information between between finding and giving a depth overview related digital marketing. The result of this research are to respondents access internet trough phones and personal computer. Respondents increase sales by doing digital marketing activities. This research become recommendation to East Java Government to develop digital marketing peoples economy program trough Cooperative Trading House.

Keywords : *Cooperative Trading House, Digital Marketing, UMKM*

PRELIMINARY

In 2015, with the opening of the free market Asean Economic Community (AEC), it was a business opportunity as well as a threat to Koperasi and UMKM. This reason underlies business actors to be able to increase their competitiveness. Not only business people, for the East Java Provincial Koperasi and UMKM Office, this is a challenge to improve the competitiveness of Koperasi and UMKM, both in terms of the products produced and the marketing of their products. To overcome this, the East Java Cooperative and UMKM Office established Cooperative Trading House (CTH). CTH is an independent professional institution to handle Koperasi and UMKM products in an integrated manner and build a work system that can be used as a medium to increase the potential of Koperasi and UMKM in overcoming various weaknesses, especially product problems ranging from upstream to downstream. CTH functions to mediate product development, packaging and marketing of various Koperasi and UMKM products in East Java with wider access. The population in East Java, which reaches 38 million, is a large market potential in the domestic market. The purpose of Cooperative Trading House specifically is to mediate between producers and potential potential buyers, especially non-retail buyers, facilitate the development of business networks with domestic markets and export markets, provide technical advice and guidance as needed to producers and / or traders from UMKM trading members house, as well as conveying information about market dynamics and trends, product quality and packaging in order to obtain non-retail markets in particular as well as in retail, facilitate UMKM needs of trading house members in order to access production, distribution and marketing technologies and bridge related to funding sources.

There are several forms of services carried out by CTH in facilitating and helping its members. First, CTH Managers also provide services in terms of market research where the results of this study are then processed and adapted to the characteristics and capabilities of cooperatives and UMKM members of CTH. If the results are feasible, then this information is immediately conveyed to be realized. Second, is identifying potential buyers where CTH must guarantee that buyers, both foreign and domestic, can be trusted. For this reason, CTH needs to identify potential buyers. This method is done to reduce the risk of dealing with bad buyers. Third, sales negotiations where not all members of Koperasi and UMKM are used to negotiating with foreign buyers. For this purpose CTH must take the initiative in conducting negotiations where the results of negotiations are immediately submitted to the members of Koperasi and UMKM. Fourth, the marketing network where CTH must be able to compile a marketing network, mainly overseas marketing networks, so that the production turnover of members of Koperasi and UMKM is relatively stable and does not fluctuate. Fifth, technology and packaging that ensures that product specifications are in accordance with demand. Sixth, the provision of raw materials where some business actors experience serious difficulties in obtaining raw materials, most of which must be imported. Seventh, Information on foreign markets where one of the prominent weaknesses of member Koperasi and UMKM is the lack of information on foreign markets. CTH must act as a supplier of foreign market information to members of Koperasi and UMKM so that they have an idea of foreign business including its marketing. Eighth, Guidance and development, as mentioned earlier, CTH has a

network with various other agencies, therefore CTH can work with various other agencies to conduct training aimed at improving the skills of the workforce. Ninth, Access to capital where members can take advantage of access to capital offered by CTH obtained from several partners, both government and private institutions.

The nine services provided by the East Java Provincial Government have so far been utilized by UMKM actors who are members of Cooperative Trading House. In turn, besides being invited to participate in exhibitions in various regions, they are also trained to use social media in marketing their products. Not only that, business people are also trained on how to communicate well with their buyers and business partners, how to deal with conflict situations and conditions so as not to sacrifice their business. All of these facilities are provided free of charge to Cooperative Trading House members. The focus of the East Java Koperasi and UMKM Office is to expand marketing for CTH member products, namely through digital marketing. Business people are also required to be able to market their products through a digital marketing system. Because marketing is done through the internet, the marketing reach will be even wider and this of course will affect product sales. According to Bambang, the Cooperative Trading House Manager, currently businesses that are mostly women, many still do not understand and understand how to market goods through the internet. Most of them still rely on marketing in the traditional way, especially the UMKM players from the regions.

DISCUSSION

A. Peoples Economic in East Java

A discussion on the Democratic Economy if we trace it from its history, began to emerge in the leadership of Burhanuddin Jusuf Habibie or known as BJ Habibie. In 1998, where the economic crisis hit Indonesia, the role of the government to foster a populist economy began to be encouraged. At that time the defense of small entrepreneurs as the key to rehabilitating economic damage due to the multicrisis that was happening in Indonesia was often discourse and became the government's priority program. In 1998 the MPR issued its political decision through the MPR Decree / Number 16 / MPR / 1998 concerning Political Economy in the Framework of Economic Democracy, which was then popularized as the People's Economy. (Rachbini, 2001: 127). This TAP has a strategic value because it gives the dictum for the government to really side with the people's economy. This TAP is a source of reference for making lower legislation in order to achieve a more egalitarian, democratic and conducive economic order for the emergence of a massive middle class. (Rachbini, 2001: 154). After the era of BJ Habibie's leadership ended, this Popular Economy was still continued until the current era of Jokowi's presidential leadership. Because the basic concept of Population Economy is rooted in Pancasila as the basis of the State of Indonesia. This populist economy is a strengthening of the State in the event of a crisis in Indonesia in 1998. Evidently when Indonesia was hit by a crisis, the survivors were UMKM. They were not affected by the monetary crisis that occurred at that time.

Peoples Economic is an economic system based on the 4th Precept of Pancasila, which is a people who is led by wisdom in deliberation / representation. The People's Economic System is part of the Pancasila Economic System which emphasizes

the democratic nature of the economic system that sits with the majority of people who are still suffering (Mandate of People's Suffering). (Rachbini, 2001: 145). Siding with the majority of people who are still suffering here is interpreted as siding with small and medium enterprises, most of whom are middle and lower class people. The business they do must be fully supported by the government, in the sense that the government must provide good attention and facilities for these business actors.

Indeed, the Democratic Economy has been raised from the start as an economic system that sided with the people, from the people and was used for people's welfare. The people will be actively involved in the implementation and function as State control. It is the people who are the main actors and also the determinants of the success of the program. The function of the government is only as a facilitator of the people. The government provides facilities needed by the people as business people, because the main problem is the limitations of business facilities, both material and non-material. The realization of this Popular Economy is UMKM. UMKM stands for Micro, Small and Medium Enterprises. UMKM are regulated based on Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises. The role of UMKM is very important for the survival of a country. Tambunan (2009: 4) says it is not surprising that in almost all developing countries, the government has development programs for MSMEs. International institutions such as the World Bank, ADB, and the World Organization for Industry and Development (UNIDO) and many donor countries through bilateral cooperation are also very active in MSME capacity building in developing countries.

B. Political Systems and Peoples Economic Programs

There are two economic systems that apply, namely the traditional economic system and also the modern economic system. Prof. Boeke's theory of economic dualism (Sunan, 2015: 43) is based on social reality. In Indonesia, it is still working together with two economic systems, namely the traditional economy and the modern economy. Traditional economics with characteristics are more oriented towards fulfilling their own household needs and tend to be local scale. The main actors in the traditional economy are small businesses. While the modern economy is more oriented to meeting market needs, both domestic and international markets, many use modern methods to conduct their business, including financial system support. UMKM as a traditional form of economy that still survive today certainly cannot be seen with one eye. Through the Cooperative Trading House Program, the government provides the widest opportunity for UMKM players to develop their businesses.

The modern economy is dominated by business people with the segmentation of medium and large businesses. At first the two economic systems did not interact, they walked on their own paths. But along with the increasing number of capital inflows into the modern economic system, the activities of modern economic business actors began to explore traditional economic areas. The market penetration of the modern economy has entered into a traditional economy which has slowly but surely led to increasingly limited space for traditional economies which have finally lagged behind the modern economy. (Rachbini, 2001: 153). Of course the implementation of the Democratic Economy Program depends on how the political situation has occurred in Indonesia. The program will not be achieved if the political and legal system in Indonesia does not work well, because among the three are related to each other. On the one hand the

government must have good rules and be firmly implemented so that there is no longer the monopoly domination of the big capitalists, which of course they control the upstream and downstream of the economic rotation of a region.

As we all know, now the economy is dominated by a number of large conglomerates. This happens because government control is still weak towards implementation in the field and conditions that occur below. However the success of the implementation of the Popular Economy Program through any form of program is the responsibility of the government. The government is the main key in managing all parties involved in the economic process in Indonesia. The law and all other regulations that have been issued and enforced by the government must also be followed by supervision and good transparency so that people's economy can be realized properly. Because the political situation that occurs will affect various kinds of policies that are implemented and enforced in Indonesia, related to UMKM

C. Digital Marketing Cooperative Trading House Strategy

According to Bill Gates "The Internet is Becoming the Town Square for the Global Village of Tomorrow" and "Almost Everynight, The Internet is gone from a Technical Wonder to a Business must" Bill Schrader. Social media is a tool that can be used for online marketing easily and cheaply. Today, starting from small children, adolescents, adults, even parents, exist on social media so kehadiran is very beneficial for sales.

Digital Marketing was known for the first time in the early 1990s and began to become a major strategy that was widely applied in the business world in 2014. Digital marketing is an embodiment of the application, use or utilization of technology in the marketing process, which occurs in several stages as follows (Ryan, 2014: 4) : New technologies appear and begin to be used, Technology began to be recognized and prioritized in the world of marketing, Innovative marketers carry out exploration and breakthroughs to be able to improve the functionality or usability of technology in achieving marketing reach targets, Technology is the main strategy and adopted as a standard marketing practice.

The steps above show how a technology underlies the birth of the concept of digital marketing, however, technology is only a tool, which, when viewed from a marketing perspective, is a connecting tool that can improve the effectiveness of relations between people, or in this case, between marketers and markets (target) (Ryan, 2014: 4). Digital marketing is not a concept that focuses on technology, but to humans (marketers), namely how to understand understanding humans (marketers), how technology is used to build relationships with other humans (customers) to build and significantly increase sales (Ryan, 2014: 12)

The decision to implement digital marketing as a business strategy must be adapted to the characteristics of the business being run as a basis for asserting the level of need for the future strategy. In simple terms, there are two types of business characteristics that must be recognized in determining to use digital marketing, namely (Ryan, 2014: 23):

Identify the characteristics of customers / prospective customers, In this case, there are two types of customer characteristics, namely customers who have been active in online activities, or customers who will be active in online activities. If the customer is a party that uses digital technology in finding or buying products and services offered, then the use of digital marketing is the best choice. Conversely, if the customer does not

need the use of digital technology, it is not necessary to use a digital marketing strategy. However, customers who have not used it do not mean they will never use and be potential customers in the future, therefore, the use of digital marketing still needs to be considered a marketing strategy with long-term targets.

Recognize the suitability of product / service / brand characteristics with digital marketing, Almost all types of products / services / brands can be sold online. This principle underlies the argument that there is no need for special characteristics to be able to sell goods through digital marketing strategies. The main concern is only on customer factors, as in point 1 (one) above, that if there is online interaction with customers, all types of goods / services can be offered through the application of digital marketing strategies.

Based on the analysis of the two characteristics above, it can be decided to implement a digital marketing strategy with the stages of determining the best strategy and the first step in laying a digital foundation in the form of identification of business, competitors, customers, business targets and progress (Ryan, 2014: 24).

1. Business identification

The first step is to teach UMKM is to identify business is to explore business conditions based on several aspects, including aspects of business readiness to adopt digital marketing, conformity of products with online promotion methods, availability of technology, capabilities and infrastructure to support digital marketing, how to integrate digital marketing into business processes , and readiness of human resources from UMKM for changes in marketing models due to the application of digital marketing.

2. Identify competitors

In this steps UMKM teach the Competitor identification is done by analyzing the competitor's condition based on several aspects consisting of clarity about the number and who are competitors in the digital market, the connection between competitors in the digital market and the offline market, the advantages and disadvantages of competitors, the analysis of product and service uniqueness compared to competitors, broad range of competitor analysis.

3. Customer identification

Customer identification is done by analyzing several aspects, including about the clarity of who the customer has, what the customer wants, the target customer, how to use digital technology by the customer, the method of using digital technology to reach customers.

4. Identify business targets

In this steps UMKS teach to Determine of business targets is very important as a benchmark and a source of motivation to improve in order to achieve the target level according to the target. Therefore, related to being able to determine the most appropriate digital marketing strategy must be known with specific business targets to be achieved. Identifying business targets in this case needs to analyze several aspects, including the results of what you want to achieve from the application of digital marketing strategies, and clarity of measurements and realistic results.

5. Progress identification

In this steps UMKM teach to identified progres that have been done, One of the advantages of digital marketing is the ease of measuring results obtained compared to other marketing strategies. Every activity and progress achieved in digital marketing can

be traced and adjusted to the target set to find out the level of achievement obtained. The identification of this progress can be done by analyzing several aspects, including the preference of digital channels that are more profitable (advantages in this form traffic / density of visitors), the reason that makes a digital channel more crowded than other channels, and the impact of increasing traffic on the tangible value of business.

The process of determining the digital marketing strategy above requires an in-depth analysis of the business with the main goal of finding the critical points owned by the business and can be unique and have high competitiveness in the market, as well as the most appropriate methods of integrating digital marketing strategies for maximum results according to the target set (Ryan, 2014: 26). Analysis of internal aspects in determining digital marketing strategies plays a central role in the successful implementation of these strategies. However, other things that should not be forgotten are related to external conditions which also need to be analyzed, mainly related to customers from the digital market who are the main target of the business. Basically, customers are the same, both those involved in the process of buying and selling offline and online, that customers have expectations and expectations for a number of things as follows (Ryan, 2014: 30):

1. Media from digital marketing that provides convenience for customer use. When a customer feels that the media used is comfortable, the customer will be able to use it more effectively and efficiently. This will make customers feel the speed of access in finding the desired needs and tend to find them faster.

2. Features of digital marketing media that are user centric. Digital technology allows customers to be one of the parties that contribute to product formation, so that by providing media that can accommodate customer desires in terms of these contributions will increasingly make customers feel they have control over the product through the feedback provided, so that it will give positive value to customers.

3. Speed of service. One of the main benefits of the existence of digital technology is the provision of time efficiency for customers in finding and getting the desired product or service. Therefore, the faster a product or service is presented, the more customers will feel fulfillment of their expectations because customers really value their time.

4. Product quality. Digital technology makes competition between products and services increasingly stringent, where customers can easily get many choices for one product or service that they want to compare and choose that feels the best quality. This shows the increasing importance of product quality in digital marketing strategies to be able to build customer satisfaction, trust and loyalty.

As understanding of customer satisfaction, which is a situation where the usefulness of a product or service can meet or even exceed customer expectations and expectations (Irawan, 2002: 3), digital marketing strategies that are able to fulfill the four things above will cause customers to feel satisfied. Customer satisfaction in this case is satisfaction in communication, because digital marketing strategy is basically a strategy implemented in terms of communicating brands (products and services) from a producer / seller / company to customers through digital communication channels (for example, internet, email, mobile phones, digital TV) and information technology (Merisavo, 2006: 6).

Brand communication can be understood as communication between brands and customers, which is the basis of the activity of forming and building brands on customers, as well as building customer relationships. The use of digital media in these

activities can provide many advantages because the advantages possessed by digital technology allow instant two-way communication between producers and customers, where customers can choose, order, respond and even file complaints directly wherever and whenever. The important point of the superiority of digital technology is in terms of the high frequency of communication or interactions that occur between producers and customers with a rapid information distribution process, which shows the existence of high frequency brand communication (Merisavo, 2006: 8-9).

Ahmed (2014) mentions in his empirical study that brand communication is one of the causes of a customer being loyal and trusting of a brand so that they are willing to pay for a product at any price. Thornanto, Sugiarto, & Sitinjak (2004: 126) state that brand loyalty shows attachment between customers and a brand. Durianto, Sugiarto, & Budiman, (2004: 19) also states that brand loyalty is the result of the accumulation of customer experience (satisfaction) in using a product. Furthermore, Donio, Massari, & Passiante (2006) cite the opinion of East (1997) and Ehrenberg et.al. (1997, 2004), that brand loyalty is the result of repeated satisfaction felt by customers for brand utility.

Explanation of brand loyalty and brand satisfaction above leads to the connection between brand communication and brand satisfaction, which in this case is motivated by the use of digital marketing strategies with various information technology applications in it.

CONCLUSIONS AND RECOMMENDATIONS

From the discussion above it can be concluded that digital marketing strategy carried out by Cooperative Trading House are programs that must continue to be carried out as a form of concern for the East Java provincial government towards UMKM actors.

Digital Marketing Strategy is a marketing strategy that utilizes increasingly developing information technology. The implementation of these strategies in a business must take into account various internal and external factors to determine suitability and to determine the most appropriate Digital Marketing strategy. The main objective of implementing the Digital Marketing strategy is to establish communication between producers and customers, more precisely to communicate the brand in building brand trust and loyalty to customers. Loyalty is the result of the accumulation of repeated satisfaction, so that conceptually the connection between the application of Digital Marketing strategies can be drawn to increase customer satisfaction.

BIBLIOGRAPHY

- Nayebzadeh, S., Jalaly, M., & Shamsi, H. M. (2013). The Relationship Between Customer Satisfaction And Loyalty With The Bank Performance In Iran. *International Journal Of Academic Research In Business And Social Sciences*, Vol. 3, No. 6, June, 114-124.
- Irawan, H. (2002). *10 Prinsip Kepuasan Pelanggan*. Jakarta: PT Elex Media Komputindo.
- Runtuuwu, J. G., Oroh, S., & Taroreh, R. (2014). Pengaruh Kualitas Produk, Harga, Dan Kualitas Pelayanan Terhadap Kepuasan Pelanggan Cafe Dan Resto Cabang Manado. *Jurnal EMBA*, Vol. 2, No. 3, September, 1803-1813.
- Ryan, D. (2014). *Understanding Digital Marketing*. Great Britain: Kogan Page Limited.
- Merisavo, M. (2006). *The Effects Of Digital Marketing Communication On Customer Loyalty: An Integrative Model And Research Propositions*. Helsinki School Of Economics Working Paper.
- Ahmed, Z. (2014). Effect Of Brand Trust And Customer Satisfaction On Brand Loyalty In Bahawalpur. *Journal Of Sociological Research*, Vol. 5, No. 1, 306-326.
- Durianto, D., Sugiarto, & Sitinjak, T. (2004). *Strategi Menaklukkan Pasar: Melalui Riset Ekuitas Dan Perilaku Merek*. Jakarta: PT Gramedia Pustaka Utama.
- Durianto, D., Sugiarto, & Budiman, L. J. (2004). *Brand Equity Ten: Strategi Memimpin Pasar*. Jakarta: PT Gramedia Pustaka Utama.
- Donio, J., Massari, P., & Passiante, G. (2006). Customer Satisfaction And Loyalty In A Digital Environment: En Empirical Test. *Journal Of Consumer Marketing*, Vol. 23, No. 7, 445-457.
- <https://digitalinbro.com/wp-content/uploads/2016/08/digitalinbro-ebook>

Cooperative Trading House

ORIGINALITY REPORT

6%

SIMILARITY INDEX

2%

INTERNET SOURCES

1%

PUBLICATIONS

5%

STUDENT PAPERS

PRIMARY SOURCES

1

Submitted to Segi University College

Student Paper

2%

2

Submitted to Universitas 17 Agustus 1945
Surabaya

Student Paper

1%

3

B D Meilani, Subianto. "The Application of
Mobile Geographic Information System
(MGIS) for Android-based Mapping of Micro,
Small and Medium Enterprises", IOP
Conference Series: Materials Science and
Engineering, 2019

Publication

1%

4

Eko Prasetyo, R. Dimas Adityo, Nanik Suciati,
Chastine Fatichah. "Mango leaf image
segmentation on HSV and YCbCr color spaces
using Otsu thresholding", 2017 3rd
International Conference on Science and
Technology - Computer (ICST), 2017

Publication

<1%

5

core.ac.uk

Internet Source

<1%

6	Submitted to Universitas Islam Indonesia Student Paper	<1 %
7	epub.lib.aalto.fi Internet Source	<1 %
8	www.ieomsociety.org Internet Source	<1 %
9	Jean Donio', Paola Massari, Giuseppina Passiante. "Customer satisfaction and loyalty in a digital environment: an empirical test", Journal of Consumer Marketing, 2006 Publication	<1 %
10	fcc08321-8158-469b-b54d-f591e0bd3df4.usrfiles.com Internet Source	<1 %

Exclude quotes On

Exclude matches Off

Exclude bibliography On