

## DIGITALIZATION OF MARKETING IN AMADANOM DAMPIT COFFEE SMEs

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### ABSTRACT

*This study aims to determine and analyze how the application of digitalization of marketing in Small and Medium Enterprises Coffee Amadanom in Dampit District, Malang Regency. This research is a research with a qualitative descriptive approach. Researchers want to do research with a natural background or according to the existing context. The researcher wants to reveal the facts related to marketing management in an effort to digitize marketing in the Amadanom Coffee Small and Medium Enterprises, Dampit District. Sources of research data obtained through interviews and observations on six specified informants. The results showed that online marketing activities were carried out very well in UKM Tani Harapan. Offline and online marketing play a role in supporting business marketing. The application of online marketing has a significant impact on increasing income every year. With the implementation of digital marketing, the company's goals are easier to achieve and facilitate integration with other companies. It can be concluded that the application of digital marketing not only facilitates marketing activities carried out by business units but also improves the cooperative relationship between these business units and other business actors.*

### KEYWORDS

Digital marketing, SMEs, Coffee



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## INTRODUCTION

Marketing is part of company management and is also a very important factor (Selang, 2013) because marketing will directly affect the smoothness and success of the company in achieving its goals. Companies need to know the right marketing strategy for the products to be sold in the market (Sari, Wibowo, & Murwani, 2015). One of the tips

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that can be done is using digital marketing. The company's success in marketing products is highly dependent on the marketing strategy carried out because, with the implementation of the right marketing strategy, the company can meet consumer demand, maintain business continuity and development (Firmansyah, 2019).

In today's era, online marketing is suitable for newly started businesses to increase sales turnover. With online marketing at the Harapan Amadanom Dampit Farmers Group, it is hoped that it will be more effective and be able to save marketing costs.

The Indonesian Internet Service Provider (APJII) in 2019, stated that internet users in Indonesia were dominated by the age of 16 - 64 years, almost the majority of the total number of internet users in Indonesia (38.4%) (Siswoto, 2020). This means that internet users are included in the category of the digital native group. This age category has a very active character in using digital technology networks and has skills in operating internet-based technology (Miranda & Lubis, 2017). This condition certainly needs to be a concern for business actors to optimize marketing through digital media.

World internet users currently reach 4.5 billion or 60% of the world's population and social media users have reached 3.8 billion (Moley & Nellyaningsih, 2021). In Indonesia, the number of internet users is very high, reaching 175.4 million active internet users and 160 million social media users (Kusumawardani & Hanggoro, 2018). The social media most widely used by Indonesian internet users are YouTube, WhatsApp, Facebook, Instagram, Twitter, Line, and FB Messenger.

The development of the coffee business in Indonesia has increased, with the appearance of the proliferation of coffee businesses in every corner of the city (Kustiari, 2016). Both a simple coffee business to a luxurious coffee business with complete facilities. Overall, the development of the domestic processed coffee industry is still very promising (Suharyon & Busyra, 2019). For the development of the coffee business in East Java, especially Malang, it will become a national coffee development cluster in 2020 so it is necessary to support synergy between stakeholders so that the program can run well, namely coffee development from upstream to downstream (Permatasari, Basith, & Mulyati, 2018). Where in addition to coffee plantations in Ampelgading, Tirtoyudo, and Dampit, there are also in Karangploso on the slopes of Mount Arjuno, Malang Regency.

One of the areas in Dampit District that have potential in developing coffee cultivation and agro-industry is Amadanom Village. Amadanom Village is developing in the tourism sector by realizing a Tourism Village by creating a place called Coffee Garden Ecotourism which presents many things about coffee that is grown and famous in Malang Regency. The problem of marketing coffee commodities in Amadanom Village is triggered by the lack of marketing information for digital products or online marketing (Panuju, 2019) Lack of online market information, limited human resources, and lack of facilities that support the digital marketing process (Basry & Sari, 2018). Smallholder coffee farmers in Amadanom Village can produce good quality coffee, but farmers are still not able to market their products.

This situation makes the bargaining position of farmers weak in marketing coffee commodities in Amadanom Village and tends to sell offline with buyers coming directly. The role of retailers is more prominent and the profits obtained by retailers are greater than the profits received by farmers in Amadanom Village. If the Harapan Farmers Group has implemented a digital or online marketing process, farmers will get greater profits.

One of the things that small and medium business actors often complain about is the lack of Knowledge Transfer, especially in the field of digital marketing. This, then became the main focus, especially in the era of broadband technology where there has been a shift in consumer behavior from shopping directly to switching to online shopping behavior. This is the impact of a phenomenon known as The Network Effect, where a

product's current sales depend not only on quality but on how big the network is associated with the product (Gretz & Basuroy, 2013). This condition encourages the need for more efforts to focus on developing digital marketing. Therefore, this study aims to determine and analyze how the application of digitalization of marketing in Small and Medium Enterprises Coffee Amadanom in Dampit District, Malang Regency.

## RESEARCH METHODS

The research conducted at Amadanom Coffee Small and Medium Enterprises, Dampit District, Malang Regency is a research with a qualitative descriptive approach that aims to describe written words that are compiled based on oral data, behavioral data and documents that can be understood in context related to the information that researchers need in completing scientific work. In an effort to extract data, a SWOT analysis technique is used which aims to maximize strengths and opportunities, but can minimize weaknesses and threats. Sources of data in this study are primary data sources obtained through interviews with 6 informants, location observations, and document data from Kopi Amadanom SMEs. The secondary data was obtained from books related to marketing management and digitization. The qualitative data analysis method is carried out in four activity lines, namely 1) data collection, 2) data reduction, 3) data presentation, 4) conclusion drawing/verification.

## RESULTS AND DISCUSSION

### 1. Vision and Mission of the Amadanom Dampit Farmers Group

The Amadanom Dampit Farmer's Group has a vision of "Together towards prosperity" while its mission is "With coffee cultivation to improve the economy"

### 2. Digitalization of Marketing in Amadanom Dampit Coffee SMEs

Some of the Small and Medium Enterprises in Amadanom Village have not used digital marketing to its full potential. This can be seen in the marketing area which is dominated by the Malang area and the surrounding environment. Some in areas outside East Java, such as Jabotabek, Kalimantan, and other cities, efforts to market their products only through friendships from phone numbers or Facebook. The results of observations in several small and medium businesses using digital marketing are more dominated by the use of mobile phones, which only use social media to the extent of relationships recorded on their cellphones. The use of fan pages and e-mail marketing has not been used because they do not know how to use them.

### 3. Use of FB Ads

Marketing products using Facebook Fans Page is very easy so it is suitable for small and medium businesses and entrepreneurs who do not understand internet technology (Safko, 2010). This fan page is made for one product, so in one fan page, an entrepreneur can load several fan pages. This means one facebook can sell multiple products. Facebook which is used for business activities is different from Facebook which is used for activities just to display images or text info.

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The FB ads model for Amadanom coffee SMEs, Dampit District, Malang Regency is as follows:



Figure 1 Model Fan page  
Source: processed data 2020

### 4. Type of Ads on FB Ads

Several types of advertising can be chosen according to business needs, including:

- Local awareness, if you run a business, for example, a coffee product shop.
- Traffic, when running ads by bringing people to your website.
- Engagement, when focusing on (comments, shares, and likes).
- Video Views, if you run posts in the form of videos and to find people who are likely to watch videos.
- Lead generation, to collect email lead lists on Facebook that we can connect with email marketing.
- Product Catalog sales, if we have many online stores on a website.
- Store Visit, if you are looking for people around the offline store.

The engagement section is the most suitable for small and medium businesses in areas, especially in rural areas. (Sheth & Sharma, 2005) explain that this engagement is used by business people to instruct Facebook to find a target market according to the region they want and even around the world to comment then share and like it. In this section, the businessman must stand by on his laptop or on his cellphone to serve his customers or be directed to a WA number so that they can be served anytime anywhere easily.

### 5. Implementing Marketing Digitization for SME Coffee Amadanom Dampit

Information obtained regarding the implementation of marketing digitalization in Amadanom Coffee Small and Medium Enterprises is based on the results of interviews with the Head of the Farmers Group:

“With the digitalization of marketing for UKM Kopi Amadanom, it will be very helpful in using social media and the like, quite helpful in communicating and adding loyal customers because visitors prefer to buy through social media and social chat instead of having to stop by the store. On average, those who visit the workshop or shop are people who see our social media, every day I always inform and upload new products or repost our old products and consumers can become co-creators for our products in the future”

Interviews conducted with the workshop manager:

"We always use social media, especially Facebook because there is no need to pay for posting on Facebook and consumers will contact us directly and they can go directly to

our store or we can send their products via delivery services. It doesn't cost much to promote, we always use social media to promote and we're also on Instagram so people can order directly without having to come to our shop.”

## **6. Consumer Responses to Digitalization of Marketing in Amadanom Coffee SMEs**

### **a. Supporting factors**

The application of marketing digitalization to the Amadanom Coffee UKM in the Harapan Farmers group, Amadanom Village, Dampit sub-district, the responses from consumers varied from mentioning a positive impact, such as interviews conducted with consumers from Surabaya:

"The implementation of marketing digitalization at the Amadanom Coffee SME affects the purchase of coffee products, making it easier for us to choose products, or requesting according to our needs, we can directly without having to come to the workshop at Amadanom Dampit."

"I can directly contact the store without having to come to the place, via:

1. Youtube: <https://www.youtube.com/watch?v=gqD-Tnxss2Q>." I can see the process directly through the YOUTUBE channel. So we know the quality directly without having to come to the place.

2. Order via Whatsapp: Order via WhatsApp we can order the product without being present and we can also see the types and kinds of products sent photos via WhatsApp

3. Instagram / IG: Mustika Rumah Reostery (@mustikakopi). Through the IG account, we can see the process of making coffee to the types and kinds of coffee products produced.

### **b. Obstacle factor**

There were responses from consumers and managers stating that there were obstacles or problems in the application of the digitization of the Amadanom Coffee SMEs, such as the following interviews:

“Website infrastructure and human resources. In providing online services by taking into account the guidelines for the use of information and communication technology, and information security, and cybersecurity. Because the Amadanom Coffee UKM, the application of digitization is still standard, such as only through Whatsapp, Instagram, and Youtube. For online services through E-Commerce, the UKM Kopi Amadanom (Tani Harapan) has not yet implemented it.”

"In online services, the Amadanom coffee SME has not routinely updated its products and activities. For example, offerings through IG have not been up to date in their products, and also the appearance on Youtube has not been managed by the UKM Kopi Amadanom itself. So it is still difficult for us to find out the newest product.”

## **7. Implementation of Digital Marketing in terms of SWOT**

Based on the research that has been done at UKM Kopi Amadanom, Dampit District, several things can be stated:

Digitalization of Marketing at UKM Kopi Amadanom Tani hopes that sales services are divided into 2 applications:

1. Marketing of coffee products from Tani Harapan Amadanom has been carried out online by making offers using Whatsapp, Instagram and YouTube.
2. Marketing of coffee products from Tani Harapan using offline or direct sales at the workshop. Where we can see directly the processing process from raw coffee to ready-to-serve coffee.

How to achieve it and the actions that need to be taken to maximize the strengths

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and seize the opportunities that exist in overcoming the weaknesses and threats faced.

### 8. Strengths and Weaknesses

Factors strength (strengths) and weaknesses (weaknesses) are factors that come from the internal SMEs Tani Harapan seen from the regulatory aspect. Some of these factors are used to monitor the level of success or failure of the organizers of the Harapan Amadanom Dampit Farmers Group.

#### a. Strength Factor

- 1) Availability of existing and adequate supporting main infrastructure (such as plantation land, internet network).
- 2) Availability of raw materials originating from the farmer groups themselves so that in terms of prices they are quite competitive.
- 3) The implementation of digital marketing strategies has been carried out such as Whatsapp and Instagram are managed by themselves, and Youtube is managed by other parties.
- 4) Availability of equipment for coffee processing such as: Roasted Machine, Coffee Grinder Machine.
- 5) There are various ways of selling the coffee, such as: selling processed coffee beans from the Roast Machine, selling fine coffee products with various brands, and selling non-branded refined coffee products.
- 6) The existence of a management and monitoring concept in the form of management and monitoring information system at the PPL (Field Agricultural Extension) at the Dampit Regency level.
- 7) The existence of a financing and assistance system for the Harapan Farmers Group on an ongoing basis, namely employing a soft loan mechanism for SMEs from banks such as BNI, BRI, and assistance from Bank Indonesia.

#### b. Weaknesses

Some of the weaknesses that are indicated as weakening factors in achieving the objectives of implementing marketing digitalization at UKM Kopi Amadanom Tani Harapan:

- 1) Limited human resources in the application of digital marketing, such as: Instagram is not always updated and intensively promos, they still think that only Whatsapp is fast in sales.
- 2) There is no special team to do digital marketing, such as: Instagram, Facebook, Youtube, and the use of e-commerce, Email marketing, and the implementation of SEO (Search Engine Optimization).
- 3) There is no special team to periodically monitor the implementation of digital marketing, the team only monitors and monitors the process from upstream to downstream.

### 9. Opportunities and threats

Opportunities and threats are factors from outside (external), which can affect the process of implementing digital marketing from demographic aspects, social aspects, regulatory and infrastructure aspects.

#### a. Opportunity factor

- 1) Interest in utilizing digital marketing implementation by UKM Kopi Amadanom Tani hopes by using Instagram, FB, Whatsapp, Youtube, and SEO (Search Engine Optimization).

- 2) Robusta coffee trend is starting to be known. Unique taste k and special in making coffee popular with the public. This is supported by the number of media reporting on Robusta coffee.
- 3) Coffee has health and beauty properties
- 4) Coffee in UKM Farmer hopes to have health benefits as a therapy for diet, and this Amadanom Dampit coffee can be used as a mask for beauty.
- 5) Support from the government
- 6) Some forms of support such as providing training and exhibitions. In addition, the East Java government issued a People's Business Credit (KUR) policy, namely loans with low-interest rates for SMEs in the East Java region, specifically Malang Regency.
- 7) Establishment of Coffee Entrepreneurs Association
- 8) The positive coffee trend has made many entrepreneurs busy opening coffee businesses so that the Indonesian Coffee Association emerged as a forum for coffee entrepreneurs to share knowledge, experiences, as well as the latest information about coffee, both brewed and processed coffee.
- 9) Development of information technology
- 10) This is an opportunity that can be utilized in marketing their products through the internet. Currently, UKM Tani Harapan uses online media as one of its marketing tools, but UKM Tani Harapan has not used the media to its full potential.

b. Threat Factors

- 1) The emergence of new competitors with the same product.
- 2) Transaction security is one of the main considerations for Indonesian digital consumers when doing online shopping.
- 3) Indonesia's e-marketing market is being contested by many players and no one seems to be dominant. Such as online marketing on IG, FB, Youtube, as well as conducting e-commerce market shares such as Lazada, Tokopedia, and Shoppe temporarily controlling the Indonesian e-commerce market share.
- 4) SMEs have limited knowledge about the internet and online marketing, while the level of awareness of e-commerce products is still low.
- 5) The majority of SMEs have not received loan funds for the development of marketing digitalization so it is difficult to develop their business because of limited capital.

## CONCLUSION

The results of this study conclude that so far the efforts that have been made by the Batam city government to revive the tourism sector are still in the form of cultural arts events that have been scheduled to be held throughout 2021 and infrastructure development and city planning to make it more beautiful, attractive, and instagramable. However, public awareness about the importance of adherence to health protocols is still not optimal.

From the results of this SWOT and QSPM analysis, researchers emphasize more on paying attention to tackling the threat of Covid-19 first, implementing the CHSE (Cleanliness, Health, Safety, Environment Sustainable) protocol strictly, and increasing public awareness so that if the spread of the virus can be suppressed, The tourism event plan will be right on target because it is witnessed by tourists who visit not only the people of Batam themselves and the travel bubble which was postponed until June 2021 can be realized again. Promotion of the safety of visiting the city of Batam can also be intensified. With this, of course, the GRDP of the city of Batam, especially from the tourism sector, can increase, and the economy of the people who depend on this sector can recover.

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