

Original Research Article

Hybrid Channel: MSME Collaboration in Digital Marketing in Post Covid-19: (Case Study on MSMEs In Pangkajene Kepulauan Region)

ABSTRACT

Aims: Indonesia is currently dominated by Micro, Small, and Medium Enterprises (MSMEs), which need special attention because their contribution of MSMEs to the national economy is quite significant. This study aimed to analyze the Hybrid Channel strategy used in collaboration in MSMEs related to digital marketing in the post-Covid period in the Pangkajene Kepulauan region.

Study design: This research is a descriptive study using a mix method with qualitative and quantitative approaches. Primary data source comes from secondary data from the local government and data collected from questionnaires.

Place and Duration of Study: This research was conducted in the district of Pangkajene and the Kepulauan. This study was held for six months, from April 2022 to September 2022.

Methodology: This study is a descriptive study, where data were collected through FGDs, literature reviews, and questionnaires. The data were analyzed using descriptive analysis techniques, both qualitatively and descriptively.

Results: The results obtained from interviews with several informants who are MSME actors in Pangkajene Kepulauan Regency agree that digital marketing helps them promote and market their products effectively. The informants argue that digital marketing saves them on promotion costs because they still rely on online marketing, such as distributing brochures and advertising in newspapers and billboards; their expenses will be more significant when they use offline marketing. Previous research also reinforces this, stating that internet marketing expands market reach, lowers marketing costs, and improves good customer relationships. However, some MSMEs have yet to maximize digital marketing to the maximum due to the influence of misunderstandings in digital marketing, such as creating a company website, maximizing search engine optimization (SEO), and using Google AdSense as a promotional medium.

Conclusion: Digital transformation will continue to be the key to the growth of MSMEs (micro, small and medium enterprises) in the midst of Indonesia's economic recovery after COVID 19. Not only as a way out, digitalization also opens up opportunities for MSMEs, especially in Pangkajene Kepulauan Regencies to contribute to exports while accelerating business in the domestic market. The Hybrid Channel also encourages the Offline to Online (O2O) movement which on the other hand is able to open up comprehensive opportunities for digital startup industry players to create a new ecosystem to support the growth of MSMEs.

Keywords: Hybrid Channel, MSME, Digital marketing

1. INTRODUCTION

The 2019 Corona Virus Disease (Covid-19) pandemic spread throughout the world, which and was detected in Indonesia in early March 2020, has spread throughout the world, including in Indonesia. After the Covid-19 pandemic, it turned out to have a fairly large impact not only on the health aspect but also on the economy in Indonesia, especially on MSMEs. Indonesia is currently dominated by Micro, Small, and Medium Enterprises (MSMEs) which need special attention, because their contribution of MSMEs to

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the national economy is quite large. The Ministry of Cooperatives and SMEs noted that the number of MSMEs in Indonesia continues to increase from time to time. The amount is equivalent to 99.99% of the total business in [Indonesia](#).

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The contribution of MSMEs reached 56.18% in 2010 and then increased to 61.41% in 2015. Preliminary figures show the contribution of MSMEs to [gdp-GDP](#) reached 61 percent in 2018. Meanwhile, the percentage of the MSME sector workforce shows that MSMEs are the main labor absorbers in [Indonesia](#). [Indonesia](#) (table-see [Table 1](#)). The contribution consistently reached 97 percent from 2010 to [2018](#).

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Table 1. Contribution of MSMEs to GDP 2010-2018 (Applicable Prices)

Bussiness Unit	2010	2011	2012	2013	2014	2015	2016	2017	2018
MSME	56.18	56.22	58.05	59.08	60.34	61.41	59.84	60.90	61.07
Micro	33.06	33.15	34.64	35.81	36.90	37.88	36.65	37.59	37.77
Small	9.80	9.84	9.94	9.68	9.72	9.71	9.63	9.61	9.60
Medium	13.32	13.23	13.46	13.59	13.72	13.82	13.57	13.69	13.70
Big	43.82	43.78	41.95	40.92	39.66	38.59	40.16	39.10	38.93

Ministry of Cooperatives and SMEs of The Republic of Indonesia Data's

MSME actors are currently feeling the impact of the post-covid-19 pandemic. After being hit by [covidCovid](#), the government imposed restrictions on community activities, the turnover automatically decreased, and finally, the capital turnover slowed down. In Pangkajene Kepulauan districts through the [Ppangkep](#) cooperatives and MSMEs service, MSMEs are mobilizing [MSMEs](#) to boost the micro-enterprise economy in the community.

Digitalization, in economic uncertainty due to the Covid-19 pandemic, plays a vital role in Micro, Small, and Medium Enterprises (MSMEs) to survive and achieve significant growth. **However, the MSME market is smaller than the market owned by large companies.**

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The reach of the MSME market is minimal, perhaps only limited to offline stores that have previously been established. It can be an obstacle for MSMEs to develop, which results in income not being as high as expected. Doing branding offline alone is expensive; online also requires a large amount of money. MSMEs cannot do this. However, a way is expected to help MSMEs overgrow, namely through collaboration between MSMEs.

Collaboration between one MSME entrepreneur, and other MSME entrepreneurs, especially in the Pangkajene Kepulauan regions, will widen the market share. If previously one MSME business had only a few consumers, but with collaboration with other MSME businesses, consumers who were previously [untouchable-unreachable](#) could be reached. Collaboration between MSMEs will be carried out in a hybrid channel. The market that can be reached is, of course, even broader. Although it still needs to be able to compete with the market owned by large companies.

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The [hybrid channel](#) is also expected [to be able](#) to encourage the offline to online (o2o) movement. On the other hand, it can open up opportunities for digital startup industry players to create a new ecosystem to support the growth of MSMEs. The digital MSME ecosystem was born because of the collaboration between business owners and companies. This collaboration and synergy are needed to face the current challenging times and also supplies to face the post-pandemic [era](#).

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Based on this background, the authors are interested in conducting research related to how hybrid channels: collaboration of [SMEsmees](#) in digital marketing in the post-covid-19 period, with case studies of MSMEs located in the Pangkajene Kepulauan districts, with the limitations of problems related to the hybrid channel strategy in collaboration.

2. MATERIAL AND METHODS

2.1 Micro, Small, and Medium Enterprises (MSMEs)

Micro, Small, and Medium Enterprises (MSMEs) are businesses that have an essential role in Indonesia. With many MSMEs, more job opportunities are open to the unemployed. MSMEs can also be used as a source of income, especially in rural areas and low-income households.

The government formulated the definition of MSMEs in Legislation Number 9 of 1995 [1] concerning Small Businesses. A *Small business* is defined as a small-scale people's economic activity and meets the criteria for net worth or annual sales and ownership as stipulated in Article 1 point 1. The criteria are as in Article 5 point 1, namely:

- a. Have a net worth of at most Rp. 200,000,000 (two hundred million rupiahs), excluding land and buildings for business premises; or
- b. Have annual sales of a maximum of Rp1,000,000,000 (one billion rupiahs);
- c. Owned by an Indonesian citizen;
- d. Standalone, not a subsidiary or branch of a company that is owned, controlled, or affiliated either directly or indirectly with a medium or large business;
- e. In the form of an individual business, a business entity that is not a legal entity, or a business entity that is a legal entity, including cooperatives.

Furthermore, in Legislation Number 9 of 1995 and further regulated in Government Regulation Number 44 of 1997 concerning Partnerships, the criteria for small and medium enterprises are defined as follows:

- a. Small businesses are people's economic activities that are small in scale and meet the criteria for net worth or annual sales and ownership as regulated in this law.
- b. Medium and large businesses are economic activities with the criteria for net worth or annual sales results greater than small businesses' net worth and annual sales results.

Based on Article 1 of Law No. 20 of 2008 [2] concerning MSMEs, micro-enterprises are productive businesses owned by individuals or business entities with the criteria for micro-enterprises as stipulated in the Act. A small business is a productive economic business whose business is independent, carried out by individuals or business entities that are not subsidiaries, controlled, or become a part, either directly or indirectly, of a medium or large business that meets the criteria of a small business as stipulated in the law—referred to in the Act. Meanwhile, micro-enterprises are productive economic businesses whose implementation is independently carried out by individuals or business entities that are not subsidiaries or not subsidiaries of companies that are owned, controlled, or become a part, either directly or indirectly, of micro-enterprises, small businesses, or small businesses. Large enterprises that meet the criteria for micro-enterprises as referred to in the Act.

The Central Statistics Agency (Ministry of Finance of the Republic of Indonesia, 2012) as a non-departmental government agency that carries out government duties in the field of statistics, defines MSMEs based on the quantity of labor as follows:

- a. Micro-enterprises have a workforce of 1-5 people.
- b. Small businesses have a workforce ranging from 5 to 19 people.
- c. Medium enterprises have a workforce of 20-99 people.

2.2 Hybrid Channel

Based on The Oxford dictionary [3], ~~reference~~ a hybrid channel is two or more marketing channels created by one company to reach one or more customer segments. In this form of multichannel distribution, various direct and indirect approaches are used to deliver the company's goods to its customers. Hybrid channels are a combination of consumer services on offline and online channels that integrate products, services, and technology. Working in a hybrid is an alternative that companies do while adapting to the new normal era. With this method, the company can provide a small workspace for employees. The reason is that employees can come to the office and work from behind their desks. They can work from anywhere without needing to be in one workspace all day. The same goes for attending meetings. Employees can spend their time on the road to the meeting location. Meetings can now be held in front of a camera or laptop via video conferencing.

2.3 Digital Marketing

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Digital marketing is a strategy or marketing activity using digital media and the internet. The purpose of digital marketing is to attract consumers and potential customers quickly. Digital marketing is a marketing activity that uses various media, including branding [4]. For example, blogs, websites, email, AdWords, and social media networks.

The acceptance of technology and the internet in society is comprehensive, so it is not surprising that digital marketing activities are the leading choice by companies. As a result, companies compete with each other to create engaging content to display in their marketing in cyberspace. Some examples of marketing techniques included in digital marketing are SEO (Search Engine Optimization), online advertising such as FB ads and Google Ads, print media promotions, television and radio advertisements, electronic billboards, email marketing, mobile marketing, and others.

Simply put, it can be interpreted as building and maintaining mutually beneficial relationships between consumers and producers. Another opinion states that digital marketing uses the development of the digital world to carry out advertising that is not touted directly but has a very significant effect [5].

Some types of digital marketing include websites, search engine marketing, social media marketing, online advertising, email marketing, and video marketing. Here are some of the advantages of digital marketing compared to conventional marketing: According to who????????? Add ref

1. Deployment Speed

Marketing strategies using digital media can be done very quickly, even in seconds. In addition, DM can also be measured in real-time and precisely.

2. Ease of Evaluation

By using online media, the results of marketing activities can be immediately known. Information such as how long a product was watched, how many people viewed a product, what percentage of sales conversion from each ad, and so on.

After knowing this information, business actors can evaluate which advertisements are good and bad so that they can finally improve for the next period.

3. Wider Reach

The next advantage is the broad geographic reach of digital marketing. Business actors can spread their brand or product worldwide with just a few easy steps by utilizing the internet.

4. Cheap and Effective

Compared to traditional marketing, of course, digital marketing is much cheaper and more effective. Budget costs saved can be up to 40%, according to Gartner's Digital Marketing Spend Report. In addition, the survey also shows that 28% of small entrepreneurs will switch to digital because it is proven more effective.

5. Build a Brand Name

Digital marketing helps businesses build a good brand name. The existence of cyberspace with the existence of a brand is essential because people will do an online search before buying a product.

2.4 METHOD

This study uses a descriptive approach, where descriptive research aims to describe something happening at the time the research was conducted and examine the causes of a particular symptom [6]. Qualitative and descriptive research methods are commonly used in social research [7]. Data was collected through secondary data from the government, FGD instruments, documentation, and questionnaires. The FGD is an intensive discussion conducted with experts, actors, and stakeholders related to MSMEs in the Pangkajene Kepulauan districts. Documentation is done by analyzing various documents related to the research topic. In comparison, the questionnaire was given to respondents, namely MSME actors, to obtain information related to the urgency of digital marketing after Covid 19. The collected data were analyzed using descriptive analysis techniques supported by qualitative and quantitative approaches.

3. RESULTS AND DISCUSSION

3.1 Hybrid Channel in Collaboration with MSMEs Related To Digital Marketing

During economic uncertainty due to the Covid-19 pandemic, digitalization plays a role in Micro, Small, and Medium Enterprises (MSMEs) to survive and achieve significant growth. The digital MSME ecosystem was born because of the collaboration between business owners and companies. This collaboration and synergy are needed to face the current challenging times and also supplies to face the post-pandemic era. Data from the Ministry of Cooperatives and Small and Medium Enterprises

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(Kemenkop UKM) states that only Micro, Small, and Medium Enterprises (MSMEs) connected to digital platforms can experience growth. More specifically, the growth reached 26% [8].

MSME actors are currently faced with a 'Hybrid' (Hybrid Channel) channelization strategy, namely running a business on two channels, offline and online. This strategy is expected to help achieve positive growth amid the challenges of the pandemic. Based on the Hybrid Channel application and the 2021 Digital SME Confidence Index report released by KoinWorks, as many as 48% of MSME players prefer to adopt a hybrid channel to survive and open up new opportunities. This is evidenced by an increase in sales of 7% or an average of 44% for MSMEs that run a hybrid business.

Overall, internet marketing is a new approach in the world of marketing that can save costs, increase customer loyalty and make orders systematically [9]. Internet marketing significantly manages information and customer relationships [10]. Digital marketing that coincided with the Covid-19 pandemic is increasing. Marketing strategy can be done with the Hybrid Marketing method by paying attention to factors such as service levels and market conflicts.

Ali Hasan describes that digital marketing has the following characteristics [11]:

1. Efforts to increase business interactivity with technology-dependent customers
2. An electronic dialogue (interactive technology) to provide access to information to customers (communities, individuals) and vice versa.
3. Efforts to conduct all business activities through the internet for research, analysis, and planning purposes to find, attract, and retain customers.
4. Efforts to increase the acceleration of buying and selling goods and services (specific), information, and ideas via the internet.

Digital marketing strategies have an effect of up to 78% on the competitive advantage of SMEs in marketing their products [12]. Utilizing digital marketing has several advantages, including:

1. Targets can be set according to demographics, domicile, lifestyle, and even habits;
2. Quick results are seen so that marketers can take corrective actions or changes if they feel something is not right;
3. Much cheaper cost than conventional marketing;
4. Wider coverage because it is not geographically limited;
5. Can be accessed at any time, not limited by time;
6. Results can be measured, for example, the number of site visitors, the number of consumers who make online purchases;
7. Campaigns can be personalized;
8. Can engage or reach consumers because communication occurs directly and in two directions, so business actors build relationships and foster consumer trust.

Digital marketing strategy using social media is crucial because it can provide knowledge to MSME actors about the ways and stages of expanding consumer networks through social media in marketing their products to increase competitive advantage for MSMEs themselves. Some MSMEs use social media to inform and communicate with consumers; social media that are often used include Facebook, Instagram, and YouTube. The platform or social media is quite effective in informing all products and interacting directly with consumers; even for some MSMEs, the use of YouTube is also effective in giving trust and growing an excellent image to consumers.

The first trend is that MSMEs that quickly adapt to digital solutions will be more agile in capturing market opportunities and return to positive growth points more quickly. Second, MSMEs with a high level of digitalization will experience sharper business growth.

Here are some hybrid channel strategies in digital marketing that MSMEs can do by using social media:

- 1) Interesting and interactive content Says Who????
 - a. Intensive publication of product photos and videos on social media accounts. The social media algorithm aims to increase social media accounts with high traffic. Therefore the intensive publication of product photos and videos will help bring together MSME actors with their target consumers on social media. The use of social media is also adjusted to the product segment owned.
 - b. Utilize Facebook ads, Instagram ads, YouTube ads, Twitter ads, and Google AdSense, which MSME actors can easily access through social media. Although the use of ads (advertising) on social media requires initial capital, the benefits obtained are comparable and can even be much greater than the capital spent. It is because the use of ads can reach consumers in a more targeted manner with the

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criteria we have previously determined, starting from age, city of origin, occupation, gender, and even what accounts are often seen by target consumers.

- c. Create and release marketing product videos and then broadcast them through social media accounts or carry out live promotions of products sold so that they can be seen by consumers who follow the social media of MSME actors. If done correctly and consistently, this strategy will positively affect the business being run. d. Involving consumers in selecting products sold (type, color, model), conducting education, and introducing them to the quality of business products intensively and effectively on social media. In addition, using creative words, hypnotic writing (hypnowriting/copywriting), and the appropriate hashtag (#) will make it easier for consumers to find products. With this, brand awareness will be formed, influencing consumer decisions to buy the product they are looking for.

2) Studying content development

Marketing the growth of E-Commerce is also very rapid in Indonesia to the point of making people's spending patterns shift towards electronic or online shopping, which raises new problems; the impact of this situation has resulted in retail outlets in Indonesia stopping significantly in the past few years. [13]. Content marketing must be the main focus of MSME actors considering the importance of content in social media, search engines, or marketplaces. Many MSME actors still need to understand the importance of content marketing that underlies digital marketing. Content is the basis of strategy and is crucial to creating brand awareness and increasing social media traffic.

3) Develop mobile marketing

Smartphone users are increasing every day. This causes content marketing for mobile applications to become necessary for MSME actors to develop after having many loyal customers. The marketing content of the mobile application is in the form of products, promotional information, or product purchase features that consumers are looking for. Therefore, SMEs should gradually create or develop websites and blogs.

4) Digital marketing integration

Social media and the content presented have an essential role in search results. Google has created Google+ with various purposes and benefits, including one of them is to capture social signals across digital media. For this reason, MSME actors must ensure that each digital marketing can reach consumers through several integrated social media so that marketing content is spread optimally. The content of one social media with another social media has a relationship or uploads the same content, especially on Instagram, Facebook, and Twitter, in a format adapted to the social media users.

5) Sustainable marketing

The use of digital marketing can create sustainable marketing. This is what MSMEs are hoping for. The reality is that everything found online through social media and searching through Google requires consistent SEO (search engine optimization), creating content and marketing so that everything is integrated into sustainable marketing that will continue to deliver results for MSMEs.

6) Effectiveness of personalized marketing

Marketing in conventional media such as newspapers and television becomes less effective because of the saturation of the media users. The information or content is not targeted directly to the consumers being sought. With personalized marketing on social media, e-commerce sites, email, and websites that adapt to ads and users for the benefit of consumers

3.2 Hybrid Channel Strategy in MSME Collaboration Related to Digital Marketing in the Post-Covid-19 Period (Case Study of MSMEs in Pangkajene Kepulauan Regions)

The direction of national macroeconomic policies is primarily aimed at supporting development priorities to accelerate economic recovery with a focus on spending on improving the quality of health, education, infrastructure, food (agriculture and fisheries), tourism, social safety nets, the business world, and MSMEs.

The potential for small and medium-sized industrial centers in Pangkajene Regency and Kepulauan, as an area with marine/coastal natural resources, agriculture, and plantations, is undoubtedly a capital in developing small and medium-sized industries with the availability of industrial raw materials, both the food/beverage industry, handicraft industry, and the agricultural industry. Directions for the development of small and medium-sized industrial centers in Pangkajene Kepulauan Districts are directed at all sub-

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districts of the mainland through (1) Development and improvement of small and medium-sized industrial enterprises through the empowerment of MSMEs; (2) Development of small and medium-sized industrial centers and their supporting facilities and infrastructure based on fisheries and marine affairs; (3) Development of small/medium industrial centers based on food crops, horticulture, and plantations; and (4) capacity building and community skills in managing business units of the handicraft industry and small businesses [14].

The percentage of active non-BPR/LKM SMEs is the ratio of active non-BPR/LKM SMEs to the total number of non-BPR/LKM SMEs. In 2016 - 2020 continued to increase every year. In 2016 it was 91 percent, and in 2020 it increased to 97.80 percent. BPR is a bank financial institution that accepts deposits only in time deposits, savings, and other equivalent forms and distributes funds as a BPR business. Meanwhile, those included in Microfinance Institutions (MFIs) are institutions that provide savings/savings, credit, and business development consulting services for small entrepreneurs.

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Table 2. Percentage of active non-BPR/LKM SMEs from 2016 to 2020 in Pangkajene Kepulauan Regencies

No	Indicator	Unit	Years				
			2016	2017	2018	2019	2020
1	Number Of Micro And Small Businesses	Unit	29.203	31.367	32.721	34.154	47.348
2	Total Number Of Smes	Unit	30.753	32.946	34.300	35.733	48.939
3	Percentage Of Micro And Small Enterprises	%	94.96	95.21	95.40	95.58	96.75

Regional Cooperatives and MSMEs Office of Pangkajene and Island

Several MSMEs in Pangkajene Kepulauan Districts use social media to inform and interact with consumers. Social media often used include Facebook, Instagram, and YouTube; some of these platforms effectively inform all products and interact directly with consumers. The social chat that is often used by MSME actors in Pangkajene Kepulauan Regency is Whatsapp; the platform consumers often use; in addition to being easy to use, MSME actors can also create special groups and send product catalogs to their loyal customers. Several MSME actors collaborate with marketplaces to sell their products throughout Indonesia; in this case, some consumers take advantage of significant marketplace platforms in Indonesia, namely Shopee and Tokopedia; besides being easy to use, the marketplace provides a sense of security for MSME actors in terms of payments because the marketplace will transfer the amount of money. They pay consumers when their products have reached the hands of consumers.

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The results obtained from interviews with several informants who are MSME actors in Pangkajene Kepulauan Districts agree that digital marketing helps them promote and market their products effectively. The informants thought that digital marketing made them save on promotion costs because, so far, they still rely on online marketing, such as distributing brochures and making advertisements in newspapers; their expenses will be more extraordinary when they use offline marketing. Previous research also reinforces this empowerment, stating that internet marketing expands market reach, reduces marketing costs, and improves good customer relationships [9]. However, some MSMEs have yet to maximize digital marketing to the maximum due to the influence of misunderstandings in digital marketing, such as creating a company website, maximizing search engine optimization (SEO), and using Google AdSense as a promotional medium.

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After the Covid-19 pandemic, the economy through the MSME sector must be revived. The collaboration referred to here is various parties, including the government and stakeholders, as collaborators in empowering MSMEs in Pangkajene Kepulauan Regency in accelerating digital transformation. So from socialization, consultation, participation, and by now, should have been at the level of collaboration—the Pangkajene Kepulauan Regency Governments as collaborators and residents, especially MSME actors as co-creators.

Several online and offline MSME training, especially in digital marketing, are examples of collaboration between MSME actors and various agencies, especially in the Pangkajene Kepulauan Regency and relaxation of the granting of Micro and Small Business Permits (IUMK).

The research results show that digital marketing makes it easier for MSME actors to provide information and interact directly with consumers, expand market share, and increase sales for MSME actors. The first trend is that MSMEs that quickly adapt to digital solutions will be more agile in capturing market opportunities and return to positive growth points more quickly. Second, MSMEs with a high level of digitalization will experience sharper business growth. The Hybrid Channel is carried out to encourage the Offline to Online (O2O) movement. On the other hand, it can open up vast opportunities for digital startup industry players to create a new ecosystem to support the growth of MSMEs. Indonesian MSMEs must be addressed and assisted, especially in the Pangkajene Kepulauan district. From the human resource factor, there are several areas for improvement, including the lack of professional business management capabilities, product innovation, and quality control to maintain product quality. In order to lead MSMEs to independence, innovation, and all their legal completeness, in this urgency, it is necessary to carry out sustainable empowerment, promote, protect and advance; legality is needed, accompanied and given an example. A model and a pilot project with digital transformation and elaborating policies related to MSMEs need to be made.

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In addition to digital marketing, MSME actors must also pay attention to the quality of their products. The form of product quality improvement that can be done is quality control or QA (Quality Control), which is more detailed and ensures product cleanliness and safety. In addition, MSME players must adjust product resilience and packaging because the more sales there are, the more robustness and product packaging must be improved.

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4. CONCLUSION

From the research results, it is known that digital marketing makes it easier for MSME actors to provide information and interact directly with consumers, expand market share, increase awareness and increase sales for MSME actors. The first trend is that MSMEs that quickly adapt to digital solutions will be more agile in capturing market opportunities and return to positive growth points more quickly. Second, MSMEs with a high level of digitalization will experience sharper business growth. The Hybrid Channel also encourages the Offline to Online (O2O) movement, which on the other hand, can open up vast opportunities for digital startup industry players to create a new ecosystem to support the growth of MSMEs. Indonesian MSMEs must be addressed and assisted, especially in the Pangkajene Kepulauan district. From the human resource factor, there are several weaknesses, including the lack of professional business management capabilities, product innovation, and quality control to maintain product quality.

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