Analysis of Determinants of Sales Level of MSME Creative Food and Beverage Industries in Pancoran District, South Jakarta during the COVID-19 Pandemic

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Abstract

This study aims to determine the effect of Product Quality, Price Perception and Digital Marketing on the Sales Level of MSMEs in the Creative Food and Beverage Industry in Pancoran District, South Jakarta during the covid-19 pandemic. The data in this study used primary data through questionnaires to 100 respondents from SMEs in the Creative Food and Beverage Industry, Pancoran District, South Jakarta. This study uses a factor analysis method that is carried out on 30 variables that affect the Sales Level of SMEs in the Creative Food and Beverage Industry. Results of analysis Through factor analysis, it can be seen that the first factor that most dominantly affects the level of sales of food and beverage SMEs is the price that is able to compete with other products and innovation with other types of raw materials. So, the hypothesis put forward that the price factor that is able to compete with other products as the dominant factor in influencing the level of sales of food and beverage SMEs is proven.

I. Introduction

The corona virus disease (COVID-19) pandemic period is a big challenge faced by companies and MSME actors in these circumstances in order to remain able to stand and develop business in the midst of a situation that continues to change. Business actors need to make new breakthroughs in responding to this. Regulations to always comply with health protocols have caused several business fields to experience setbacks and even go out of business, although not a few are successful because they are able to adapt to circumstances and can innovate. The outbreak of this virus has an impact of a nation and Globally (Ningrum et al, 2020). The presence of Covid-19 as a pandemic certainly has an economic, social and psychological impact on society (Saleh and Mujahiddin, 2020). Covid 19 pandemic caused all efforts not to be as maximal as expected (Sihombing and Nasib, 2020).

If a product has good quality and is always consistent and improved, it will achieve customer satisfaction and customers will have high confidence in the quality of the product (see Digdowiseiso et al., 2021; Digdowiseiso & Lestari, 2021). This will also make customers have high loyalty to the product and they will inadvertently do promotions to those closest to them. In this case, customers will increase and sales will also increase (Riana & Nafiati, 2021).

Based on the research analysis that has been carried out (Ana et al., 2021) that, "The existence of Online Media (X1) and Marketplace (X1) affects effectively and is relevant to increasing product marketing (Y). The greater the enthusiasm of internet users in shopping

online makes MSMEs need to use online media and marketplaces to the fullest as an effective and efficient marketing tool to expand customer reach.

Currently, online media is one of the most important things for all levels of society, including MSME actors (see Lestari et al., 2022a; Lestari et al., 2022b; Lestari et al, 2022c). They focus on expanding the network, providing the best display, and interesting content to get more consumers. They began to develop social media, such as Instagram, Facebook, Twitter, Line and Whatsapp. In addition, he also started to join several e-commerce sites, such as Bukalapak, Tokopedia, Shopee, and Lazada. Seeing this situation, the author is interested in conducting further research on "The Influence of Product Quality, Pricing, and Digital Marketing on the Sales Level of MSMEs in the Creative Food and Beverage Industry in Pancoran District, South Jakarta during the COVID-19 Pandemic"

II. Review of Literature

2.1. Marketing

Marketing is the process of introducing the value of a product to potential customers with the aim of attracting consumers to be willing to buy the product. According to Kotler & Keller in Saleh & Said (2019) there are three sequences in delivering value to customers, namely:
a. Choosing a value, in this case the marketer needs to do STP (Segmenting, Targeting, Positioning).
b. To provide value, marketers need to determine the marketing mix such as the 4Ps, namely product, price, place and promotion.
c. Communicating values, such as conducting sales promotions, advertisements, and other means of communication, as well as utilizing a sales force or sales force.

2.2. Marketing strategy

The pandemic period resulted in many people losing their jobs and making the culinary business rampant. The opportunities and great potential make some people take up the culinary field. But it all depends on how as a seller in marketing their products. (Ahmadi et al., 2020) said that the behavior of the business world underwent a very rapid change which was followed by the development of information and communication technology. Nowadays humans are very closely related to the internet world, the development of the internet has made everything easier such as in communicating, conveying and receiving information so that without realizing how business works, especially in the process of creating, marketing and distributing a product.

2.3. Product Quality

The product is the first and most important element in the marketing mix. Product strategy requires coordinated decision making in product mix, product line, branding and packaging and labeling (Kotler & Keller, 2009:31).

Quality is the totality of features and characteristics of a product or service that depend on its ability to satisfy stated or implied needs (Kotler & Keller, 2009:143).

Product is a set of attributes, both tangible and intangible, including color, price, good name, manufacturer, good name of the selling shop (retailer), and factory and retailer services, which are accepted by the buyer to satisfy his desires (see Buchari Alma, 2014:9; Lestari & Elwisam, 2019).

2.4. Pricing

Perception according to Schiffman & Kanuk (2007:137) is a process by which individuals choose, organize, and interpret stimuli into meaningful and reasonable images about the world (Lestari & Elwisam, 2019).

Price is the only revenue-generating element of the marketing mix; the other elements generate costs. Price also communicates the intended value positioning of the company's product or brand to the market (Kotler & Keller, 2009:67).

2.5. Digital Marketing

Understanding digital marketing in simple terms is an effort to achieve marketing goals through the use of digital technology (Chaffey & Ellis-Chadwick, 2012). In addition, according to Chaffey & Ellis-Chadwick (2012), digital marketing is also defined as the application of the internet and digital technology related to traditional marketing to achieve marketing goals. In the era of globalization, it is very important to implement digital marketing because it has a wide scope and is easy to use.

Digital marketing makes it easy for businesspeople to monitor and provide all the needs and desires of potential consumers, potential consumers can also search and get product information just by browsing the virtual world so as to facilitate the search process. Based on previous explanations, it can be said that consumers today are increasingly independent in selecting and sorting products and making purchasing decisions based on their search results through social media (Gunawan, 2020).

2.6. Sales Rate

The level of sales is a measure of how much product is sold in a certain time. Companies always expect a high level of sales because it can maximize company profits. According to Yet in Batubara & Hidayat (2016) there are several things that need to be understood for every marketer before carrying out their activities which aim to reach the sales target market of a company, namely:

a. Prospecting, namely by identifying all the company's customers and then classifying their needs.
b. Identification of customer needs, identification needs to be done as a reference for providing solutions and product offerings to customers.
c. Supply, the bidding process in question is how a company creates a way to overcome a problem faced by many consumers that have been previously identified.
d. Transactions, make price offers if a consumer becomes interested in making a purchase.
e. Service after the transaction, service is provided to those who make complaints regarding the products they have purchased. f. Build a close relationship after the sale is made so that customer loyalty is maintained.

III. Research Method

The population in this study were all MSMEs in the creative Food and Beverage Industry in Pancoran District, South Jakarta which had met the criteria as well as considerations in the sampling method, namely purposive sampling, namely MSMEs had been established for at least 1 year, MSMEs were engaged in the culinary field, MSMEs were registered as members of the Tribe fostered The Department of Industry, Trade, Cooperatives, Small and Medium Enterprises (PPKUKM) Pancoran District, South Jakarta in 2021, and MSMEs have been doing digital marketing. The number of respondents who meet the requirements is 130 and after calculating using the Slovin formula and it was

decided that the sample in this study was 100 respondents. The source of the data used in this study, namely, primary data, was obtained from the respondents directly through a questionnaire that was filled out by the respondents who were used as research samples. The data analysis used in this research is factor analysis. Hypothesis testing was carried out using Statistical Program Social Science (SPSS) 24.0 for Windows using factor analysis.

The data collection technique in this study used a questionnaire, where the researcher did not directly ask or obtain information provided by the respondent (Digdowiseiso, 2017). The questionnaires and questionnaires distributed are closed in nature, where this questionnaire or questionnaire provides answers, so that respondents can choose only the answers (Humam et al., 2022).

The data collection method is done by distributing questionnaires to all respondents online using Google Form. Meanwhile, the measurements were carried out using a Likert scale, which means that the higher the number chosen, the more appropriate the statement with the MSME situation.

The data analysis method uses factor analysis, which is a data reduction method to find new variables called factors whose numbers are less than the original number, which are not correlated with each other, the new variables contain as much information as possible contained in the original variables (Nia et al., 2011).

IV. Result and Discussion

4.1 Assessing Feasible Variables

Based on the results of SPSS output for data on 30 questions answered by 100 respondents in the questionnaire, the following results were obtained: KMO and Bartlett's test. The output results show the number of KMO and Bartlett's test is 0.768. The value is above 0.5 with a significant 0.000 (below 0.05), then the variables and samples are worthy of further analysis.

Table 1. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.768
Bartlett's Test of Sphericity	Approx. Chi-Square	1361.078
	df	435
	Sig.	.000

Source: processed data, 2022

4.2 Anti-Image Correlation

Data on 30 questions answered by 100 respondents were then analyzed on anti-image correlation, showing the criteria for MSA numbers above 0.5. This means it can be analyzed further. After determining by using the method of analysis, namely the Principal Component Analysis (PCA) method, then the number of factors analyzed is determined.

Each factor has a data diversity value from the original variable (sales level), so that the total variance explained into the output can explain the factors formed. The total value of Variance Explained is used to determine the percentage of the four factors analyzed in Ni Kadek (2017). The results of Total Variance Explained are as follows:

Table 2. Total Variance Explained

Com pone nt	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulati ve %	Total	% of Varian ce	Cumulati ve %	Total	% of Variance	Cumulat ive %
1	8.078	26.927	26.927	8.078	26.927	26.927	4.694	15.648	15.648
2	2.857	9.522	36.449	2.857	9.522	36.449	3.185	10.618	26.266
3	2.238	7.461	43.910	2.238	7.461	43.910	2.653	8.843	35.108
4	1.687	5.622	49.532	1.687	5.622	49.532	2.466	8.219	43.328
5	1.469	4.895	54.427	1.469	4.895	54.427	1.704	5.681	49.009
6	1.223	4.077	58.504	1.223	4.077	58.504	1.655	5.516	54.525
7	1.151	3.838	62.342	1.151	3.838	62.342	1.648	5.494	60.019
8	1.051	3.503	65.845	1.051	3.503	65.845	1.444	4.814	64.833
9	1.014	3.380	69.225	1.014	3.380	69.225	1.317	4.391	69.225
10	.917	3.058	72.282						
11	.845	2.816	75.099						
12	.749	2.497	77.596						
13	.717	2.391	79.987						
14	.628	2.095	82.081						
15	.612	2.040	84.121						
16	.574	1.914	86.035						
17	.510	1.701	87.736						
18	.482	1.608	89.345						
19	.462	1.541	90.885						
20	.406	1.352	92.237						
21	.388	1.293	93.530						
22	.314	1.048	94.578						
23	.295	.982	95.560						
24	.259	.862	96.422						
25	.240	.801	97.222						
26	.214	.714	97.937						
27	.197	.658	98.594						
28	.185	.616	99.210						
29	.130	.432	99.643						
30	.107	.357	100.000						

Extraction Method: Principal Component Analysis
Source: processed data, 2022

Based on the table above, the results of the Total Variance Explained factor analysis can be seen Factors 1 to 6 contained in this study contained 9 components that had eigenvalues > 1.

4.3. Factoring and Rotation Factor
After testing what variables will be analyzed and getting variables that are eligible for analysis, the next step is to carry out the core process of factoring factor analysis, namely extracting or lowering one or more factors from the variables that have passed the previous variable test so that they are formed. one or more factors

Table 3. Communalities

	Initial	Extraction
MSME actors create products with good and attractive sizes and shapes	1.000	.677
The products I sell have advantages that characterize the product	1.000	.643
The products I sell are very varied	1.000	.716
Sales can be increased because I sell quality products that are fit for consumption	1.000	.630
Sales can be increased because I sell products that are able to satisfy and amaze customers	1.000	.692
Sales can be increased because my product has good durability as it should be	1.000	.636
The products I sell have a very good texture, taste and aroma and can increase sales	1.000	.725
MSME actors set affordable prices	1.000	.760
Economical pricing on each product	1.000	.742
Pricing is in accordance with the quality of the products being sold	1.000	.744
Prices that can compete with other products	1.000	.771
The price of the product is cheaper than others	1.000	.754
Offer discounted prices to consumers who buy products	1.000	.639
Accurate product information	1.000	.715
Maintain good relationship with consumers	1.000	.615
Have advantages and added value to increase sales	1.000	.724
Attractive product display	1.000	.681
Good product image in the eyes of consumers	1.000	.571
Using digital marketing saves money	1.000	.655
Time for buying and selling transactions is more efficient with digital marketing	1.000	.763
Memiliki modal cukup	1.000	.642
Ability to manage capital	1.000	.646
Good product planning	1.000	.703
Appropriate product quality	1.000	.627
The price of the product sold is appropriate	1.000	.750
The price of the product sold is cheaper	1.000	.736
Unique product features	1.000	.675
Innovation with other types of raw materials	1.000	.765
Promotional activities on social media	1.000	.644
Safe and attractive product packaging	1.000	.725

Extraction Method: Principal Component Analysis.
Source: processed data, 2022

Based on the table above, communalities are basically the amount of variance (can be in percentage) of an initial variable that can be explained by the existing factors. From the table above, it can be explained that for the MSME Actors variable creating products with good and attractive sizes and shapes, the figure is 0.677. This means that around 67.7% of the variance of the MSME Actors variable creates products with good and attractive sizes and shapes that can be explained by factors that will be formed later. While

the variables of the products that I sell vary widely, the number is 0.716, which means 71.6% of the variance of the variables of the products that I sell varies greatly, which can be explained by the factors formed.

V. Conclusion

In this study using the method of factor analysis. Based on the results of factor analysis, it can be concluded from the factors that influence the level of sales of food and beverage SMEs as follows:
1. The results of the factor analysis showed that from the 4 factors analyzed which consisted of variables reduced to 30 variables. So that the factors that affect the level of sales of food and beverage SMEs are only nine (9)
2. Through factor analysis, it can be seen that the first factor that most dominantly influences the level of sales of food and beverage MSMEs is the price that is able to compete with other products and innovation with other types of raw materials. So the hypothesis put forward that the price factor that is able to compete with other products as the dominant factor in influencing the level of sales of food and beverage SMEs is proven. There is no single dominant factor. The combination of two factors, namely the product and its physical evidence, is the most dominant.

Suggestion
Based on the conclusions from the results of this study, the researchers suggest several things to be considered for MSME actors.
1. The product quality factor is the factor with the lowest level of influence compared to other variables so that in this variable indicator such as shape, features, work quality, impression of quality, durability and product design really need to be improved and developed. MSME actors really need to improve the quality of their products so that later many consumers will be interested in these products and will automatically increase sales.
2. The pricing factor is the most influential factor or variable on the level of sales. However, in the fifth statement questionnaire, the price competitiveness indicator has the lowest value. In this case, every MSME needs to focus more on determining prices so that they will be able to compete so that the level of sales will increase.
3. The digital marketing factor as the second most influential variable on the level of sales, MSMEs need to improve every existing indicator of their business such as the online marketing process that can be done by MSMEs is to register their brands and products to several social media, marketplaces and if they are products culinary can register on the delivery service. Doing online marketing can make products better known and reach more consumers. If online marketing is done well, it makes sales increase.

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