THE INFLUENCE OF PRODUCTS AND PROMOTIONS ON THE RESILIENCE OF UMKM IN BABAT TOMAN DISTRICT DURING THE COVID-19 PANDEMIC

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ABSTRACT

This study analyzes the effect of products and promotions on the resilience of UMKM in Babat Toman district during the Covid-19 pandemic. The sample is selected using the saturated sample technique. 51 respondents’ data was collected through documentation and questionnaires. This study implements a multiple linear regression method to analyze the data. The results of the investigation prove that partially the product does not have a significant effect on the resilience of UMKM, while promotion has a significant effect on the resilience of UMKM. But simultaneously products and promotions have a significant effect on the resilience of UMKM.

Keywords: Strategy, UMKM, Maintaining Business, UMKM in the Babat Toman sub-district

INTRODUCTION

The world is experiencing a Covid-19 pandemic, including Indonesia. The government's efforts to prevent the chain of spreading this virus require people to stay at home. This has an impact on all assets including economic instability and one of the impacts is UMKM. For UMKM, a survival strategy is needed to be able to continue to maintain their business in the midst of this pandemic (Hardilawati, 2020). This COVID-19 greatly affects the sustainability of UMKM where at this time of the pandemic there was a drastic decline due to the implementation of government policies, namely PPKM and PSBB which made the behavior of limiting people's activities outside the home. The problem of this research is how to maintain UMKM in Babat Toman District (Putri & Puspaningtyas, 2021).

Moeldoko said in a meeting of the Presidents with UMKM factors, that it was known that the average turnover or income of UMKM actors was below 50%. Not to mention that each
country is ultimately free to enter other countries by offering products with good quality and affordable prices. This condition requires every UMKM actor to choose quality products and the best prices. (Kompas.com, 2020). This shows that after the Covid-19 outbreak spread in Indonesia, the survival ability of UMKM was tested to be able to get through the Covid-19 pandemic.

UMKM in Babat Toman Sub-district require around 5-10 percent of their turnover to operate and have around 30 percent gross income and a minimum net income of 20 percent. Before the Covid-19 Pandemic, UMKM in Babat Toman Sub-district received daily incomes ranging from Rp. 300,000 to Rp. 800,000. In addition to daily income, there were people who earned a monthly income. The average income of the community was above 3 million per month, but there were also those whose income was below 3 million per month but the percentage is very small according to the type of UMKM. With income like that people, however, during the Covid-19 Pandemic in Indonesia, based on the results of non-participant observations, the average UMKM felt the impact, namely a decrease in turnover due to reduced activities carried out outside the home.

The difficulties of UMKM that occurred in Babat Toman Sub-district, therefore, in order to maintain purchase numbers required them to have the right strategy in product quality and promotion to survive the Covid-19 Pandemic. Product quality is an important element that must be owned by a business, consumers in choosing a product are strongly influenced by the assessment of product quality. Kolter and Keller (2012), stated that product quality is the ability of an item to provide results or performance that are in accordance with even more than what the customer wants. In addition, the promotion factor is also important to maintain business, without promotion, do not expect customers to be familiar with the products offered. Therefore, promotion is the most powerful way to attract and retain consumers (Petri, 2020).

THEORITICAL FRAMEWORK

1. Definition of Product

Product is something that can be offered to the market for attention, use, ownership or consumption so that it can be concluded that almost everything that is included in the production is a tangible object that can be seen, touched, and felt. Because the product is a real object, there are quite a lot of types. According to Philip Kolter is "something that can be offered to the market to get attention to be bought, used, or consumed (Firmansyah, 2019). The product in the
Qur'an is stated in two terms, namely al-tayyibat and al-risq. Al-tayyibat refers to something good, something pure, and good, something clean and pure, something good and thorough and the best food. Al-risq refers to food that is blessed by God, pleasant gifts and divine decrees (Veithzal Rival Zainal et al, 2014).

The word of Allah SWT states in Al-Quran Surah Al-Baqarah [2] verse 168 is as follows: O people! Eat of (food) that is lawful and good that is on earth, and do not follow the steps of the devil. Indeed, the devil is a real enemy for you.

2. Types of Product

Broadly speaking, we can break down the types of products into two types, namely consumer products and industrial products. goods consumer *products that* are used by final consumers or households with the intention of not being traded or resold.

3. Affecting Factor Products

a. Market Products (*Market*)

Markets are becoming larger in scope and functionally more specialized in the goods offered. The number of new and good products being offered in the market continues to grow at an explosive rate. Customers are led to believe that there is a product that can meet almost every need.

b. Money (*Money*)

Increased competition in many fields along with fluctuations in the world economy has lowered profit margins. At the same time, the need for automation and machining is driving expenses leading to high costs for new processes and equipment. The increase in factory investment, to be paid for through increased productivity, results in huge losses in production due to very serious manufacturing and redundant work (Ashari, 2020).

c. Management (*Management*)

Quality responsibilities have been distributed among several special groups based on their respective duties in each management section (Ashari, 2020).

d. Human (*Man*)

The rapid growth in technical knowledge and the creation of all new fields such as computer electronics creates a great demand for workers with specialized knowledge (Ashari, 2020).

e. Motivation Research

Shows that as an additional monetary reward, today's workers need something that reinforces a sense of accomplishment in their work and the recognition that they personally need
to contribute to the achievement of contributing to the achievement of company goals. This is leading to a need that did not exist before, namely quality education and better communication about quality awareness (Ashari, 2020).

f. Materials (Materials)

Due to manufacturing costs and quality requirements, engineers choose materials with more stringent constraints than ever before. As a result, material specifications become more stringent and the diversity of materials is greater.

g. Machine and Mecanization

The company's demand to achieve reduced costs and production volumes to satisfy customers has been driven by the use of factory equipment which becomes more complicated and depends on the quality of the materials fed into the machine. Good quality is a critical factor in maintaining machine working time so that the facility can be fully utilized (Ashari, 2020).

h. Modern Information Method

The evolution of computer technology opens the possibility to collect, store, retrieve, and manipulate information on a scale that was previously unimaginable. This new information technology provides a way to control machines and processes during the production process and control the product even after the product reaches the customer (Ashari, 2020).

i. Production Process Requirements (Mounting Product Requirements)

Advances in product design, require tighter control over the entire product manufacturing process. increasing requirements for higher performance for products emphasize the importance of product safety and reliability (Ashari, 2020).

4. Definition of Promotion

According to Fandy Tjiptono Promotion is a form of marketing communication. Marketing communication is a marketing activity that seeks to disseminate information, influence or persuade, and or remind the target market of the company and its products to be willing to accept, buy, and be loyal to the products offered by the company concerned. So promotion is a communication of information between sellers and buyers that aims to change the attitudes and behavior of buyers (Ardiansyah & Soegoto, 2019).

In Islam, the promotion that is highly recommended by Rasulullah is to explain to consumers correctly, not only the advantages are explained but the shortcomings or side effects of using the product must also be explained. Allah swt says QS. Al-Muthaffifiin [83]: 1-3. Great
to those who cheat; (ie) people who when they receive a dose from another they ask to be fulfilled; and when they measure or weigh for others, they reduce.

What is meant by fraudulent people here are people who cheat in trading, for example companies that promote their goods through dishonest and non-transparent advertising in order to attract consumers to buy the products they market.

5. **Promotional mix**

Is the presentation of non-personal sales that are communicated through media or non-media forms to influence a large number of consumers. The forms of advertising include newspapers, magazines, radio, television, radio, internet, letters and telemarketing (Mulyana, 2019).

6. **Promotion Goals**

According to Swastha and Irawan (2008), promotional practices can be carried out based on the following objectives:

1. **Behavior modification**

Promotion can change consumer behavior and opinions about the product and encourage consumers to make product purchases. several reasons, including seeking pleasure, seeking help, and expressing ideas and opinions.

2. **Notify**

Promotional activities can be aimed at informing the target market about the company's offerings about a product.

3. **Persuade**

Gives a long-term influence on buyer behavior. This promotion is directed to encourage to make a purchase.

4. **Reminding**

Promotions are carried out primarily to maintain product brands in the hearts of the public. Companies are trying to retain existing buyers (Noor, 2016).

7. **Affecting Factors Promotional Mix**

According to Shinta (2011), there are four that affect promotion, namely: available funds, nature of marketing, product nature, and product life cycle stage.
1. Available: funds Companies with sufficient funds can make promotions more effective than companies with limited funds.

2. The nature of the market: The nature of the market that affects the implementation of the promotion include:
   a. Geographical area of the market
      Personal selling may be sufficient in the local market, but with the geographical expansion of the market, advertising has begun to be considered.
   b. Type of customer
      The promotion strategy is influenced by the type of target the company will target, for example, industrial users, household customers or intermediaries.
   c. Market concentration: The fewer potential buyers, the more effective personal selling is than advertising.

3. Product Nature: Different strategies are needed for consumer goods and industrial goods.

4. Marketing mix factors
   a. High prices are often considered by consumers to be positively correlated with high quality so the use of advertising, in this case, is more appropriate because it informs the quality of products that are expensive.
   b. The distribution carried out is direct distribution using personal selling, while for indirect distribution what is needed is advertising because the sales fleet used is limited (Noor, 2016).

8. Definition of UMKM Resilience

The definition of MSMEs in general is a business carried out by business units or individuals engaged in the economy that are carried out independently where usually the people who run MSMEs are referred to as business actors (Putri & Puspaningtyas, 2021). Based on Law Number 20 of 2008 Micro, Small, and Medium Enterprises are businesses managed by individuals capable of expanding employment opportunities and increasing people's income. These MSMEs are able to encourage economic growth so that they play a role in realizing national stability (Hamza & Agustien, 2019). While the concept of resilience in Islam can be seen from the word of Allah SWT in Surah Yusuf verses 47-49 as follows: "He (Yusuf) said that you should cultivate for seven years (consecutively) as usual. then what you reap you should leave on the stalk except a little for you to eat” (47) “Then after that will come
seven (years) which are very difficult, which consumes what you have saved to face it (difficult years), except a little what (wheat seeds) do you keep?” (48) "After that, a year will come, in which people will be given (enough) rain and in those days they will squeeze (wine)" (48).

9. Affecting Factors UMKM Resilience

1. Due to the increasing use of digital technology

   There is an increase in the number of digital technology users so it can be a great opportunity for MSME actors. According to CIPS Researchers (Aprilianti, 2020). Reveals that MSME actors who use digital technology have the same opportunity to be on one platform through the marketplace in terms of promotion and selling their products.

2. Internal factors include aspects of human resources, financial aspects, production aspects, and marketing aspects. Meanwhile, external factors include aspects of technology, government policies, socio-economic aspects, and aspects of the role of related institutions (Isnaeni, 2011). Based on the results of research conducted by Munizu, shows that these internal and external factors have a significant and positive influence on the performance of micro and small businesses (Putri & Puspaningtyas, 2021).

10. UMKM Resilience Indicators

   The resilience indicators include (Suwarto, 2017).

   1. Resilience in work (persistence)
   2. Resilience in the face of competitors (competitiveness)
   3. Resilience in the face of competition (challenges)
   4. Resilience in the future (change)

RESEARCH METHODOLOGY

1. Type of Research

   This type of research uses descriptive research methods with a quantitative approach. Descriptive research is a research method that is intended to describe existing phenomena, which are currently or in the past. Meanwhile, according to Sugiyono (2017), descriptive research is research that is used to answer problem formulations that are concerned with the question of the existence of independent variables, either only on one or more variables.
2. Sampling Techniques
   a. Population

   Wiyono (2011) states that the population is not only people but also objects and other natural objects. The population is all data that is of concern to research within specified scope and time. The population in this study amounted to 51 respondents.

   b. Sample

   A sample is part or representative of the population under study (Arikunto, 2006). Sampling in this study uses non-probability sampling through the saturated sampling technique. The saturated sampling technique is a sampling technique which all members of the population are used as samples (Sugiyono, 2014). The sample in this study was taken from all members of the population as many as 51 respondents from MSME owners in Babat Toman District.

3. Types and Sources of Data

   To collect data and information obtained in this study, the study used the following data.

   a. Primary

   Data Primary data is data that directly provides data to data collectors. The data were collected by the researcher directly from the first source or the place where the research object was carried out. The primary data used in this study was obtained from the distribution of questionnaires to MSME actors in Babat Toman District (Sugiyono, 2018).

   b. Secondary Data

   Secondary data is a data source that does not directly provide research data, for example through documents or through other people. Secondary data in this study were obtained from distributing questionnaires to SMEs in Babat Toman District, journals, and books related to this research (Sugiyono, 2016).

RESULTS AND DISCUSSION


   Based on the results of product testing, it was found that there was no effect of the product on the resilience of UMKM in Babat Toman District during the Covid-19 Pandemic. Through the results of calculations that have been carried out, the t-count value was 1.778 < t table 2.011 with a significant value of 0.029, which means the hypothesis is rejected, meaning that there is
no Partially significant effect between Product variables on UMKM Resilience in Babat Toman District during the Covid-19 Pandemic.

The results of this study are in getting with those revealed by the research of Gregorius Septian Briliardo and Arief Teguh Nugroho (2019), that in this study it was found that product quality did not have a partial influence on purchasing decisions. This is indicated by the results of the T-test of 0.957 > 0.05. This resulted in the hypothesis that was previously rejected. Because it shows different results. This proves that the Product variable is not something that is dominant to UMKM resilience, there could be other variables. However, it is different from the results of research by Ahmad Baihakki Zaini (2013), that in this study it was found that product quality had a partially significant influence on buyer decisions. This is indicated by the results of the t arithmetic value of 3.407 > 2.00 or the sig value less than 0.05 (0.001 < 0.05). It can be concluded that the Product variable, in this case, does not only talk about the resilience of UMKM but also other factors such as Products that affect Purchase Decisions or other factors. As explained that the product is one of the efforts in developing UMKM.

According to Fandy Tjiptono (2015), a product is a producer's subjective understanding of "something" that can be offered as an effort to achieve organizational goals through fulfilling consumer needs and desires, in accordance with the competence and capacity of the organization as well as market purchasing power.

2. The Effect of Promotion on UMKM Resilience in Babat Toman District During the Covid-19 Pandemic

Based on the results of the Promotion Test, it was found that there was a Promotional Effect on UMKM Resilience in Babat Toman District during the Covid-19 Pandemic. Through the results of calculations that have been carried out, the value of t count is 2.243 > t table 2.011 with a significant value of 0.056. Thus, this test statistically proves that the promotion has a positive effect on the resilience of UMKM in Babat Toman District during the Covid-19 Pandemic. This means that there is a partially significant effect between the Promotion variable on the Resilience of UMKM in Babat Toman District during the Covid-19 Pandemic. The results of this study are in line with the research of Rini Astuti and Ikhsan Abdullah (2017), that sales promotion has a significant influence on purchasing decisions. This is indicated by the results of the t-count 2.171 > t-table 1.984 with a significant value of 0.032. Based on these results, shows that partial promotion has a positive and significant effect on purchasing decisions. This proves that the Promotion variable is something that is dominant to UMKM.
resilience. However, it is different from the results of research by Yulihardi and Yolamalinda (2013), where the promotion has no positive and insignificant effect on purchasing decisions. This is indicated by the result of a significant value of 0.193 compared to an alpha of 0.05, a significant value greater than alpha of $0.193 > 0.05$.

Thus, it can be concluded that the Promotion variable on MSME Resilience has a significant influence. But there are also other factors that make promotions have no positive and insignificant effect, such as the Purchase Decision variable which can provide results that have a significant and no significant effect, meaning that the lower the value of consumer perceptions of promotions, the weaker the consumer's urge to make purchasing decisions. As explained, Promotion is one of the important scopes of the Marketing Mix in marketing the goods or services produced by the company and also as a way of providing information to the public about the goods or services produced by a company.

According to Laksana (2019), promotion is communication between sellers and buyers that comes from the right information which aims to change the attitudes and behavior of buyers, who previously did not know to become acquainted so that they become buyers and remember the product.

### 3. The Effect of Products and Promotions on UMKM Resilience in Babat Toman District During the Covid-19 Pandemic

Pandemic. F test with F arithmetic $3.594 > F$ table 3.19, the significant level is less than 0.05 ($0.035 < 0.05$), this shows that the product and promotion variables simultaneously have a positive and significant effect on the resilience of UMKM in Babat Toman District during the Covid-19 pandemic which means accepted. Based on $R^2$ shows 0.130 or 13.0%, the remaining 87.0% is influenced by other variables, namely *Price* (Price), *Place* (Place), *People* (People/HR), *Physical Evidence* (Packaging), *Process* (Process).

The results of this study are in line with Baharudin's research (2019), which states that product quality and promotion have a significant effect on business resilience. This is indicated by the value of test f where $f$ count $15.971 > f$ table 2.160. While the research results that refute this research are not the rejected product and promotion variables, according to research by E Silaningsih and P Utami (2018), where this study provides partial evidence that promotion and place variables have no influence on consumer buying interest. This proves that product variables and promotions are dominant in UMKM resilience.
Thus, it can be concluded that when Product and Promotional Variables are studied
together, they have an important influence on the resilience of UMKM. Meanwhile, if it is
combined with other marketing mixes such as place, people, packaging, and process, it may not
affect UMKM resilience but affect other variables such as buying interest and other variables.
According to Fandy Tjiptono (2015), the product and promotion theory is a producer's
subjective understanding of "something" that can be offered as an effort to achieve
organizational goals through fulfilling consumer needs and desires, in accordance with the
competence and capacity of the organization as well as its power. Meanwhile,
according to Laksana (2019), promotion is a communication between sellers and buyers that
comes from the right information which aims to change the attitudes and behavior of buyers,
who previously did not know to become acquainted so that they become buyers and still
remember the product. It can be understood that consumers in buying products pay more
attention to the product, and business success is determined by good promotion.

CONCLUSION

Based on the results of the study and the data described in the previous chapter, the
conclusions of the research are as follows:

1. From the results of the study, it was obtained that the t count of the Product variable (X1)
   was 1.778 > t table 2.011 with a significant value of 0.029. This shows that the product
   variable has no significant effect on the resilience of UMKM in Babat Toman District
during the Covid-19 Pandemic.

2. From the results of the study, it was obtained that the t table of the Promotion variable
   (X2) was 2.243 > t table 2.011 with a significant value of 0.056, this shows that the
   promotion variable has a significant effect on the resilience of UMKM in Babat Toman
   District during the Covid-19 Pandemic.

3. From the results of research conducted simultaneously on the Product and Promotion
   variables, the results of the f-test of 3.594 > f table of 3.19, the significance level is less
   than 0.05 (0.035 <0.05). This shows that product and promotion variables simultaneously
   have a significant effect on the resilience of UMKM in Babat Toman District during the
   Covid-19 Pandemic.

4. The result of this research is that the coefficient of determination (0.130). This shows that
   the contribution of product and promotion variables can explain UMKM resilience of
13.0% while the remaining 87.0% can be explained by other variables not included in this study, namely price, place, people, packaging, and process.

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