Engage Your Customers During the Pandemic: The Impact of Social Media-Instagram Usage to Micro-Small Medium Enterprises (MSMEs) in Indonesia

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Abstract

The Covid-19 pandemic has hit many enterprises in Indonesia, especially on the micro-small medium scale. Various kinds of Indonesian government policies in reducing the spread of the covid-19 virus are often followed by the impact of business continuity on MSMEs. Along with the implementation of that policy, many MSMEs are competing to digitalize its businesses in their buying and selling transactions. Optimization of the use of social media is used to retain old buyers and attract new markets. This study aims to determine whether optimizing and utilizing the use of social media, which focus on Instagram, maximally can help MSME in maintaining their business in the pandemic era. A qualitative approach with a 45-day observation method for selected MSMEs in Indonesia is carried out in forming some unique themes related to strengths and weaknesses that arise from Instagram utilization activity. The effectiveness of using Instagram could be obtained through several activities, such as customer engagement optimization, content highlight, and popular brand benchmarking.

Keywords: Social Media; Instagram Utilization; Msmes; Customer Engagement; Content Marketing

1. Introduction

The Covid-19 pandemic has had a huge impact on various sectors, including the economic and trade sectors in Indonesia. The massive call for distance to break the spread of the virus has resulted in many traders having to endure declining sales figures as regulations go on and the fear felt by the majority of the public. A business, such as MSME, are required to be able to use digital technology to maintain the sustainability of their businesses. MSME at least gains benefit from the widespread use of social media and the emergence of digital trading platforms. The right and fast strategy is needed in the midst of the challenges of the Covid-19 pandemic.

The Corona virus (COVID-19) outbreak was first identified in December 2019 in China and has spread to almost all parts of the world, including in Indonesia. To break the chain of the spread of COVID-19, since March the World Health Organization (WHO), which has categorized this virus as a pandemic, has urged every country affected by cases of COVID-19 transmission to implement a physical distancing policy. In Indonesia, *Pembatasan Sosial Berskala Besar* (PSBB) or the Large-Scale Social

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Restriction policy was chosen to break the chain of the spread of COVID-19 and has been implemented since April in rotation in almost all parts of Indonesia.

Referring to the Regulation of Health Minister No. 9/2020 concerning PSBB Guidelines for the Acceleration of Handling COVID-19, PSBB includes restrictions on certain activities of residents in an area suspected of being infected with COVID-19, including restrictions on the movement of people and / or goods for a particular province or district / city to prevent the spread COVID-19. This restriction also includes activities at schools, workplaces, religious buildings, and / or in public places or facilities. This regulation concerns for business people, especially Micro, Small and Medium Enterprises (MSMEs) which are one of the drivers of the economy in Indonesia.

According to news by Rahman (2020) on thejakartapost.com page, the Ministers of SMEs said there were around 37,000 MSMEs who reported that they had serious condition affected by this pandemic, marked by around 56% reporting sales problems, 22% reporting problems with financing aspects, and 15% reported problems with distribution of goods, and 4% reported difficulties in obtaining raw materials. In addition, the decline in sales figures was also caused by the decline in the consumptive nature of the community and the government's advice to avoid crowds so that many people prefer to stay at home. Returning students to their hometowns is also another factor contributing in the decreasing sales of MSME in some sectors such as the food and beverage sector like cafes and restaurants in various major cities in Indonesia.

Even though there was a decline in the MSME sector during the pandemic, according to Faqir (2020) on the merdeka.com page, the Minister of SMEs also saw changes in consumer behavior and opportunities in the online market during the PSBB policy, sales through online platforms starting March 2020 continued to increase to 18 %. In the digital era with the availability of easily accessible technology, digital platforms are here to help MSME players continue to be able to market their products so that demand can be controlled.

A digital platform that is growing rapidly and offers various benefits to increase the productivity and marketing of Micro, Small and Medium Enterprises (MSMEs) is social media. According to data by Jayani (2020) released in katadata.co.id, Indonesians spend 3 hours 26 minutes per day using social media. Youtube is the platform most frequently used by social media users in Indonesia with a percentage of 88%. Furthermore, the most frequently accessed social media were Whatsapp at 84%, Facebook at 82% and Instagram at 79%.

Social media represents a new form of media, allowing social media owners to create and distribute their own brand content in a more creative and innovative way. The features available on social media can help in creating brand identity. After that, users can continue creating marketing content to strengthen their brand identity. This marketing content is a marketing strategy where users can plan, create and distribute content that can create communication with the target market, from which brand awareness will be formed and allows increasing opportunities for increased engagement.

According to Diamond (2015), Instagram is a social media that is equipped with supporting features such as profiles, followers, hashtags, push notifications, and can be linked with other social networks, location tags, and so on. Instagram can also be used for various purposes, from socializing to doing business activities. In line with Jayanti's research (2014) which explains that Instagram is used by business people to promote their business by sharing information through photos with a caption as an explanation. The comment feature on Instagram is also used by businesses to interact with their consumers in order to generate trust in consumers. In addition, Instagram has social media analytics in the form of Insights that can help find the best content marketing strategy. Instagram has become a social media that is quite popular among MSMEs in Indonesia during the Covid-19 pandemic. MSME players

use Instagram as a platform, both promotion and communication, with their customers. However. The effectiveness of using Instagram can be different from one business to another.

Research on the impact of social media on a business has often been conducted, but it is different from a business with a micro-small to medium scale. There is still little research on the effectiveness of social media to MSMEs because only a few countries in the world which categorize businesses into the micro-small to medium scale, such as India and Indonesia. MSME plays important role to boost the economic performance in Indonesia. Therefore, research that can support the performance of MSMEs is still highly needed. Based on the background described by the authors, this study aims to observe and analyze how far social media, especially Instagram, can work effectively in helping MSMEs survive in the Covid-19 pandemic.

2. Literature Review

According to Kotler & Armstrong (2004), online marketing is the marketing side of e-commerce which consists of the work of the company to communicate, promote, and sell goods or services via the internet. For business people, this brings a lot of potential and opportunity to be used as a medium to market their products. One of the online marketing strategies that can be used by business people is the use of social media.

Social media allows sharing of information between users to be easier (Akrimi and Khemakhem, 2012). Social media consists of two words which have their respective meanings. Media is defined as a means of communication (Laughey, 2007). Meanwhile, the word social means social action or action that contributes from each individual to society. The statement explains that in fact media or other social software is a product of social processes (Durkheim in Fuchs, 2014). Williams, *et al.* (2012) added that social media has a role for its users to be able to communicate with millions of other users.

In the context of social media, creative and interactive behavior can be measured through reactions to content, comments on content, sharing content, and uploading content (Barger, Peltier, & Schultz, 2016). This reaction can be seen as an expression of customer engagement on social media. Customer engagement is needed on social media for an MSME to build relationships with its customers.

Customer engagement on social media is all the actions taken by customers on social media content. These actions can be in the form of follow, like, comment, share or visit the website. According to Solis (in Rohadian and Amir, 2019) running social media must pay attention to several important points such as how to convey messages to the wider community (context), how to convey well, listen, respond to messages so that they are conveyed properly (communication), cooperation between givers and message recipients (collaboration) and how to maintain a relationship with customers (connection).

In the midst of the popularity of social media as selling platform, application developers continue to innovate to make social media as user-friendly online marketplace. One of the features that can be used by business people is social media analytics. Social media analytics have received a lot of attention, which is defined as an emerging interdisciplinary research field aimed at combining, expanding and adapting methods for social media data analysis (Noprianto, 2018). Social media that have added these features include Instagram through business Instagram. Business Instagram is a product business account product from Instagram that has special features for use in business activities. This business account can be obtained for free. Several differences in additional features on a business Instagram account compared to non-business Instagram account make business people tempted and interested in using it for the ease of achieving the goals of the marketing strategy.

There are still few researches which discuss about the effectiveness of social media used in MSME, yet related research conducted for larger scale have been a lot conducted. Social media can be used even at the SME level (Ferrer, *et al*., 2013). Social media provides an inexpensive alternative to analyzing, publishing, managing content, and targeting customers. Businesses can use it to promote products, services or brands. Several literatures show a positive relationship between social media adoption and business performance (Alsharji, *et al*., 2018). The influence of business environment may affect the use of social media in SMEs in the case of United Arab Emirates (UAE). The more a business knows that its competitors are using social media, the more likely it will be to follow. Businesses may feel pressured by the technology adoption used by other businesses and tend to follow in order to remain competitive in the industry (Kuan & Chau, 2011). This competition also encourages a business to follow market trends.

Another study conducted by Ahmad, *et al.* (2018) found that social media does not have a major impact on the performance of SMEs in the United Arab Emirates because most businesses only do so because they follow the current trend in the competition. In addition, these businesses do not really understand the use of social media optimally so that the adoption of social media is not in line with organizational goals. SMEs who want social media to be part of their organization must know what types of applications are widely used in their regions and by their target market. The selection of this application is based on geographic and also the profile of target customers.

3. Research Method

This research uses a qualitative approach with observation method. The observation used in this study is structured observation in which the researcher specifies in detail what is to be observed and how the measurements are to be recorded (Malhotra & Das, 2016). The situation used in the observation is undisguised. Respondents are aware that they are under observation. The observation method used in processing the results uses content analysis. Content analysis is suitable when used in observing a communication compared to physical behavior or objects. In content analysis, the author makes observations and analyzes to produce a series of words, characters, themes, or topics. Content analysis was chosen by the author because it is in accordance with the problems taken by the author, namely assessing how effective the use of content marketing is in increasing sales of MSMEs during the Covid-19 pandemic. Observation activities were carried out for 45 days. The selected MSME samples were those that had an Instagram account and carried out activities on social media during the observation activities. Due to pandemic situation constraints, there are only four MSMEs which are willing to be observed by the researcher. Moreover, observation needs long period in process and analysis activity, therefore, small sampling is still acceptable. These MSMEs have different types of products. With these differences, researchers can make comparisons regarding the effectiveness of using Instagram in various product categories in order to enrich the results of this study.

4. Results And Discussion

A total of 4 MSMEs were selected as objects of observation in this study. Observations were made for 45 days. The research is focused on analyzing the use of social media by business owners. Because business owners want their data to be kept confidential, the selected MSMEs will be referred to as MSME A, MSME B, MSME C,and MSME D.The types of products category are described in Table 1.

Table 1. Data of MSMEs

MSMEs	Product Category
MSMEs A (MA)	Goods: Skin care
MSMEs B (MB)	Goods: Food
MSMEs C (MC)	Service: Café
MSMEs D (MD)	Goods: Beverages

Source: Data Processed, 2020

The four MSME used as objects of observation are in 4 different cities spread across Indonesia. After observing these MSMEs for 45 days, the authors analyzed and found several similar findings and some unique findings in one MSME that were not found in another. The four MSMEs optimize social media using the Instagram application. Instagram is the choice because it considers the high number of users in Indonesia and the additional features in the application that make it easier for business owners to make decisions, especially in marketing strategy making.

All MSMEs revealed a data that social media, especially Instagram, does not increase significantly their revenue. However, through Instagram, they said that they can gain other benefits instead of revenue. One of the most impactful benefit is gaining customer engagement. Customer engagement creates an understanding for the owner that it is not about the products sold which is not interesting, but those are about the situation which makes customers are not willing to purchase, such as financial difficulty. Through some activities such as polling and games, the owner could reveal what the customer needs during pandemic era. Owner of MSME described that winning customer engagement during the pandemic is everything for them. It creates awareness and becomes a free platform to understand their customer needs.

The use of Instagram has many other advantages such as saving promotional costs, building effective consumer relationships, and being able to convey information widely and quickly. Optimizing the use of social media allows sellers to communicate in two directions and better understand the needs and wants of customers. The seller can also respond effectively to these wishes. The goal of understanding customer needs is facilitated by social media through customer engagement. The customer engagement function will later lead to brand awareness and brand loyalty. The effectiveness of the use of social media used by MA, MB, MC, and MD is summarized on the focus of the following activities:

4.1. Customer Engagement Optimization

The four MSME which are MA, MB, MC, and MD, focus on the same activities on social media, namely customer engagement. Customer engagement can be improved with the help of features that are already available on social media and through several activities including:

4.1.1. Inducing Color Psychology

Color psychology is implemented by selecting a theme in the image according to the product category. MA as a seller of beauty products in the form of skin care emphasizes the use of pink as the dominant color of posts on Instagram. The owner thinks that color psychology can attract Instagram users to visit the seller's business profile. The color pink was chosen by MA because it symbolizes love, feminism, and also women. Several other supporting colors were also chosen including the use of green as a symbol of self-confidence as the beauty product is intended to increase self-confidence for its consumers. The arrangement of photos on social media using color psychology was also carried out by the MC who is engaged in the service sector which is café. The owner feels that the use of matching colors in posts on Instagram can attract more users who will visit their Instagram business. Not only that, because they are engaged in the service industry, MC owners also emphasize the atmosphere and place to

be used as content. Likewise, with product-making videos such as brewing coffee, roasting coffee beans, and serving snacks or dessert boxes, those activities would add their contents in terms of product promotion and would give an insight which is expected to create trust in consumers.

4.1.2. Posting Intellectual Information

Providing alternate posts in the form of information, both product information and other knowledge that is still related to the product, is a unique finding in this observation. Both MA, MB, MC, and MD consistently provide posts in the form of education, whether education about the product or education related to other matters that are still related to the product. MA every week shares beauty tips. MB which sells food products also provides informative content in the form of 'did you know?' containing of educational content about anything that has a correlation with the product. Educational and informative content is commonly referred to as the intellectual post. Stanko, *et al*. (2019) stated that there are several types of marketing content that can be used by sellers, including relational, intellectual, behavioral, sensory and emotional content. Their research found that intellectual posts were the most effective in encouraging brand awareness which would also go hand in hand in increasing sales. The owner of MB mentioned that there were interesting findings related to this intellectual post. They tried to do a comparative analysis of two different photos. The first photo emphasizes aesthetics while the second photo emphasizes educational content. The first photo got more likes than the second photo. However, through the business Instagram feature, the owner found that the profile visits on the second photo were much more, and the number of followers also increased along with the increasing number of visits on social media profiles.

MC that is in the service sector, also posts with intellectual type. MC consistently provides educational content such as knowledge about coffee and its benefits, the history of croissants as one of the menus offered at cafes, and so on. This educational content is expected to be additional knowledge and entertainment. The owner uploads that content with interesting photos and captions such as exploring the other side of coffee which is usually only known by the wider community as a drink. MD did something similar by sharing posts with content related to Health protocols in this pandemic era. This is intended so that followers and visitors to their social media profiles will always remember to maintain the Health protocol. Furthermore, through this post, the owner wants to show that MD continues to run the business in compliance with government regulations during the pandemic.

4.2. Content Highlight

MSMEs also use the highlight story feature on Instagram. In highlight, Instagram profile visitors can create a summary containing stories in one snippet. Unlike Instagram stories that only last 24 hours, Instagram stories that are highlighted will last more than 24 hours and can be seen by followers at any time. MB uses this feature as a form of consistency in the marketing content that is posted every day. The owner categorizes the highlights into content such as tips, pricelists, how to order, testimonials, and product info through 'did you know'. The creation of this diverse content aims to make variations in every post uploaded on their social media as a form of diversification to avoid boredom, both from followers and Instagram profile visitors.

MC also uses the highlight feature to optimize their use of social media. Some of the highlights used by the MC include testimonials, how to order and delivery across city, café locations, quizzes, partnerships, current events, and content about knowledge of coffee. According to the MC owner, categorizing content into highlights can make it easier for Instagram customers and followers to find important information uploaded on social media. Highlights on Instagram are also marked with images showing each category along with the title so that customers or followers will find it easier to access. In addition, customers and followers will get information quickly without scrolling through old posts.

4.3. Popular Brand Benchmarking

Social media provides facilities for MSMEs to benchmark easily and for free. This is also executed by MSMEs who are the objects of this research. MC uses the search column feature on Instagram to do benchmarking with cafes in the city they stand. This benchmarking activity is carried out to find references for content creation, see the latest trends in the café business, and observe the activities of competitors. Despite competing with each other, MC owners stated that the occasional benchmarking led to collaborations with several competitors. This cooperation is considered quite valuable in maintaining each business in the midst of the Covid-19 pandemic. In addition, knowledge sharing is also usually done when doing benchmarking. Benchmarking through social media helps MCs plan the creation of good promotional content by always keeping up with the existing trends. By following trends, MC could follow customer desires in terms of products and promotional content on Instagram.

MD also conducted benchmarking activities through social media. The owner reveals that they get a lot of marketing content inspiration from business Instagram accounts on a larger scale in related product categories. By taking inspiration from the Instagram beverage business account on a larger scale, MD can design what kind of content is interesting nowadays. The owner also did benchmark with several beverage bloggers to find out how to take good photos of beverage products.

Conclusion and Implication

Research on the impact of social media on a business has often been conducted, but it is different from a business with a micro-small to medium scale. There is still little research on the effectiveness of social media, especially Instagram, to MSMEs. There are so many MSMEs now-a-days which aware in using social media as one of their promotional and communication channels. For MSMEs, in the midst of this pandemic, the use of social media, like Instagram, is pretty difficult to reach the level of loyalty because the behavior of consumers is indeed changing in the midst of the Covid-19 pandemic, including changes to higher standards and spending priorities in the health sector. However, this social media is still useful to build awareness and as a reminder to customers and potential consumers that the product still exists. The results of this study also indicate that not all MSMEs have a significant increase in revenues by using social media as their promotional tool. They stated that the purchase resulting from the optimization of social media was just a bonus for them. Even so, some good case practices, such as customer engagement optimization through managing content marketing, can still be used as lessons learned for MSME in maintaining their business during the pandemic era. Some MSMEs may consider pivoting, which changes or adds a business significantly to a dramatic level to survive in difficult situation. Pivoting could be successfully implemented by understanding what the customer needs. Engagement activities through Instagram would help this process by providing some information during the engagement process.

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