

Digitization of Msme Food Souvenir Promotion in Medan City

Mesra B, Elfitra Desy Surya, Muhammad Syahrin Asnan

Abstract

This study aims to analyze the influence of Instagram on digitalization, the influence of Instagram on digitalization mediated by Promotion, the influence of shopeefood on digitalization, the influence of shopeefood on digitalization in Promotion Mediation, the influence of Promotion on the Digitalization of Food Souvenir MSMEs in Medan City. The method used in this study is quantitative. The population and sample in the study were 100 respondents (MSME Food Souvenir Business actors in Medan City). The data was analyzed using the SEM (structural Equation Modelling) method using the SMART-PLS tool. Based on the results of the study: there is a positive and significant influence of Instagram on the digitization of MSME Food Souvenirs in the city of Medan, there is a positive and significant influence of Instagram on digitalization in the MSME Food Souvenir Promotion Campaign in Medan City, there is a positive and significant influence of shopeefood on digitalization in the mediation of MSME Food promotion in the city of Medan, there is a positive and significant influence of promotion on the digitization of MSME Food Souvenirs in Medan City.

Keywords: Instagram, Shopeeefood, Digitization, Promotion UMKM Food Souvenir Medan

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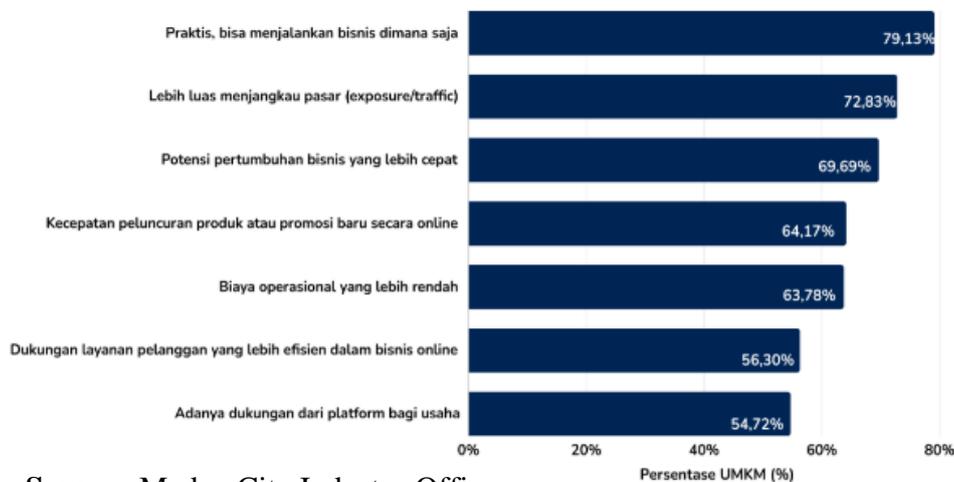
Introduction

Technological developments require every MSME actor to move towards digitalization (S. B. Mesra, B, Sri Wahyuni, 2020). If this is not carried out, it will have an impact on the reduction of sales performance and income for these MSMEs. Meanwhile, MSMEs play a very important role in global economic growth, job creation, encouraging the advancement of local communities, and as a catalyst in making social changes (D. Yanti *et al.*, 2023).

MSMEs (Micro, Small and Medium Enterprises) are also the foundation of a country's economy, where MSMEs contribute 97% of their jobs from MSME workers. On the other hand, MSMEs also greatly encourage the economy of the people in Indonesia (Elfitra Desy Surya, 2023). In 2022, the contribution of MSMEs to Gross Domestic Income (GDP) was 61 percent (Ministry of Cooperatives and SMEs) in (Institute for Development of Economics and Finance (INDEF), 2024).

Seeing the great potential that the contribution provided by MSMEs to national GDP, it is necessary to increase the digital-based promotion sector by MSME actors. Based on data from the Ministry of Trade, in 2023 there will be 22 million MSMEs who have joined the digital economy program, or around 33.6% of the total number of MSMEs in Indonesia ((Institute for Development of Economics and Finance (INDEF), 2024).

The benefits or usefulness of MSMEs turning to digitalization as an effort to promote their products based on the results of research conducted by ((Institute for Development of Economics and Finance (INDEF), 2024) that there are several main reasons why MSMEs implement digitalization of their business, namely:

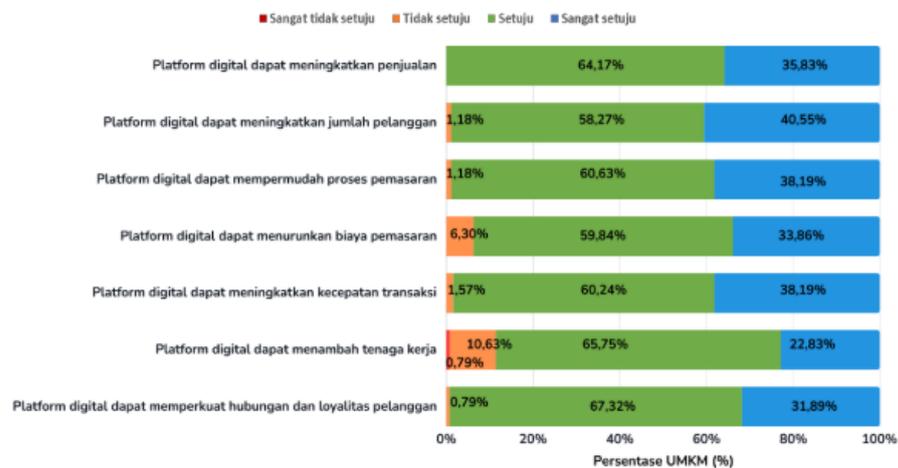


Source: Medan City Industry Office

Figure 1. Main Reasons MSMEs Implement Business Digitalization

Based on the graph above, the main reason why MSMEs implement digital business is practical and can run a business anywhere with a percentage of 79.13%, then wider market coverage (exposure/traffic) of 72.83%, then the potential for faster business growth of 69.69% and so on. Based on the data mentioned above, it is very clear that the digitalization applied to MSME businesses has great potential for the progress of the MSME business. As can also be seen in the following image below:

Digitization of Msme Food Souvenir



Sources: The MSME business

Figure 2. The Impact of Using Digital Platforms

From the data above, it shows that 64.17% of MSME people think that digital platforms can increase sales and 35.83% who state that digital platforms do not increase MSME sales. Next, 58.27% of MSME actors think that the existence of a digital platform will increase the number of their customers. Furthermore, a percentage of 60.63% of MSME business actors think that digital platforms can simplify their marketing process and so on. Based on the data above, the average is above 50% of the percentage of MSME actors who state that digital platforms have a very important role in advancing their businesses and businesses (Mesra, K. Ferine, D. Astuti, and I. Sentosa, 2023).

This is strongly supported by research conducted by (L. Lestari and S. Aisyah, 2023) which states that the use of digitalization of Muslim MSMEs in Medan City through several processes, namely digital sales such as using the grabfood, gofood, shopeefood and personal web applications. The digital promotion process is such as using social media, namely Instagram, Tiktok, Facebook. The digital payment process is using QRIS, interbank transfers, OVO, ShopeePay. The benefits of the digital sales process are making it easier to sell, making it easier to reach distant consumers, saving costs, and more.

The same thing is also in line with the research conducted by (I. K. Sumerta, T. G. A. W. K. Suryawan, and G. Sudiarta, 2020) in his research that there is a positive influence of marketing carried out using social media on sustainable business/business. Research (A. Susano, A. Fitrianyah, T. Widjajanto, and M. Rachmawati, 2023) found that many MSME business actors do not have access to technology in the form of digital media and do not understand the benefits and uses of digital media. Departing from the background of the problem that has been described above and supported by previous research studies, the researcher is interested in raising the title of the research on the analysis of the influence of Instagram, shopeefood on digitalization in the mediation of promotional variables in MSMEs Food in Medan City.

Research Methodology

The type of research that researchers use is quantitative research. The location of the research was carried out in the city of Medan. The population and sample in this study are Food MSME Business Actors totaling 100 Food MSME actors (saturated sample). The data source used in this study is primary data.

Table 1. Variable Operational Definition

Types of Variables	Definition	Indicator
Digitalization (Y)	According to (R. Aji, 2016) the digital system is the development from an analog system to a digital system using a sequence of numbers to represent information	According to (Z. Miftah and F. Rozi, 2020) digitalization indicators, namely: <ol style="list-style-type: none"> 1. Confidence in using computer media 2. Adoption of new technologies 3. Using digital devices 4. Familiarity with technical aspects and contemporary technology
Instagram (X1)	According to (A. Nugeraha, A. Karim, and Nurliah, 2020) Instagram comes from the word insta which means polaroid camera that can display instant photos, while gram which means "telegram" a way to send information to others	According to (A. Nugeraha, A. Karim, and Nurliah, 2020) the indicators contained in Instagram social media are: <ol style="list-style-type: none"> 1. Hashtag 2. Geotag 3. Follow 4. Share 5. Like <ol style="list-style-type: none"> 1. Comments and mentions
Shopee Food (X2)	One of the social media platforms in the form of online food and beverage sales (E. R. Widayanti, 2022)	<ol style="list-style-type: none"> 1. Sales Promotion 2. Ease of use 3. Buying interest (P. S. Putih and N. I. K. Wardhani, 2022)
Promotion (Z)	A business activity in promoting products to consumers or their target market (G. S. Sasambe, J. Massie, and M. Rogi, 2023)	According to (G. S. Sasambe, J. Massie, and M. Rogi, 2023) there are 3 (three) promotion indicators, namely: <ol style="list-style-type: none"> 1. Advertising 2. Sales promotion 3. Public relations

Data analysis in this study uses Structural Equation Modeling (SEM) based on Partial Least Square (PLS) using SmartPLS 3.3.3 software. According to (Gozali, 2014) Partial Least Square (PLS) is a fairly powerful analysis method because it is not based on many assumptions.

Results

1. Outer Models Analysis

Composite Reliability

The statistics used in the measurement of composite or construct reliability calculations are as follows: a composite reliability value of more than 0.6 means that the construct is reliable or has high reliability as a measuring tool. A threshold value of 0.6 or higher indicates acceptable, while an acceptable threshold value between 0.8 and 0.9 indicates very satisfactory.

Table 2. Result Composite Reliability

	Composite Reliability
Instagram (X1)	0,854
Shopeefood (X2)	0,870
Digitalization (Y)	0,836
Promotion (Z))	0,825

Data Source: Data SEM-PLS 2024

The conclusions of composite reliability testing are as follows:

1. The Instagram variable is reliable because of the Composite Reliability value of 0.854
2. The Shopeefood variable is reliable because of the Composite Reliability value of 0.870
3. The Digitization variable is reliable because of the Composite Reliability value of 0.836
4. The Promotion Variable is reliable because of the Composite Reliability value of 0.825

Average Variance Extracted (AVE)

AVE, or the average size of the extracted variance, balances the variance that an item can account for with variations due to measurement errors. If the AVE score exceeds 0.5, the construct has excellent convergence validity. Latent factors can explain almost 50% of the variance of indicators.

Table 3. Hasil Average Variance Extracted

	Composite Reliability
Instagram (X1)	0,731
Shopeefood (X2)	0,835
Digitization (Y)	0,780
Promotions (Z)	0,801

Data Source: Data SEM-PLS 2024

The conclusion of the AVE test is as follows:

1. The Instagram variable is reliable, because the AVE Test value is 0.731
2. The Shopeefood variable is reliable, because the AVE Test value is 0.835
3. Digitalization variable, because the AVE Test score is 0.780
4. The Promotion Variable is reliable, because the AVE Test score is 0.801

Inner Models

R-Square

R-Square is a measure of the proportion of variation in the value of the variable that is affected (endogenous) and can be explained by the variable that affects it (exogenous). This is useful for predicting whether the model is good or bad (Juliandi, 2018). The criteria for R-Square according to Juliandi (2018) are as follows:

- 1). If the value of R2 (adjusted) = 0.75 → the model is substantial (strong).
- 2). If the value of R2 (adjusted) = 0.50 → medium model.

3). If the value of R² (adjusted) = 0.25 → the model is weak (bad).

Table 4. R-Square

	R-Square	R-Square Adjusted
Digitization	0,801	0,825

Data Source: Data SEM-PLS 2024

The conclusion of the r-square value test on the digitization of the R-Square Adjusted path model using the moderator variable is 0.825. This means that the variables of Instagram and Shopeefood in explaining digitalization are 82.5%. Thus, the model is classified as substantial (strong).

Direct Effect

The purpose of direct influence analysis is to test the hypothesis of a direct influence of a variable that affects (exogenous) on the variable in question. influence (endogenous) (Juliandi, 2018). Probability/significance value (P-Value):

- If the P-Values < 0.05, it is significant.
- If the P-Values > 0.05 then it is not significant.

Table 5. Direct Effect

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
X1 -> Y	0,254	0,342	0,265	4,327	0,01
X1 -> Z-> Y	0,342	0,545	0,354	7,767	0,02
X2 -> Y	0,678	0,656	0,376	2,247	0,00
X2 -> Z-> Y	0,346	0,554	0,254	3,698	0,01
Z -> Y	0,276	0,453	0,327	2,413	0,03

The conclusion of the direct influence values in the table above is as follows:

- Instagram Versus Digitalization: Path coefficient = 0.01 < 0.05 =, meaning that Instagram's influence on Digitalization is significant
- Instagram on Digitalization in Promotion Mediation: Path Coefficient = 0.02 < T-Table = 0.05, This means that the influence of Instagram on digitalization in promsoi mediation is significant.
- Shopeefood Towards Digitalization: Path coefficient = 0.00 < 0.05 = This means that the influence of shopeefood on digitalization is significant.
- Shopeefood Towards Digitalization in Promotion Mediation: Path Coefficient = 0.01 < 0.05, This means that Shopeefood's influence on digitalization in promotional mediation is significant.
- Promotion to Digitalization: Path coefficient = 0.03 < 0.05, meaning that the moderator variable (promotion) moderates the influence of endogenous variables (instagram and shopeefood on exogenous variables (digitalization)).

Digitization of Msme Food Souvenir

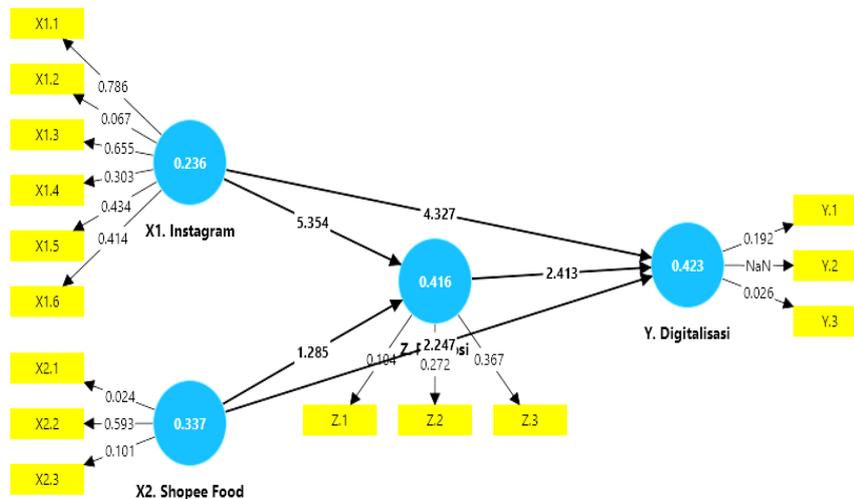


Figure 3. T-Value Inner and Outer Model

The t-test carried out is the result of the t-test from the bootstrap calculation. The results of the t-test in the figure above will then be compared with the t-value of the table. The analysis of the results of this study is an analysis of the suitability of theories, opinions and previous research that has presented the results of previous research and what behavioral patterns must be done to overcome this. Below are 2 (two) main parts that will be discussed in the analysis of the findings of this study, which are as follows:

Discussion

1. The Influence of Instagram on Digitalization

From the results of statistical tests, Instagram (X1) has a significant effect on Digitalization (Y). This is clearly seen from the results of the calculation ($4,327 > t_{table} (1,660)$) with P-Values ($0.01 < 0.05$), then H_0 was rejected, which shows that there is indeed a positive and significant influence of Instagram on the digitization of MSMEs Food Souvenirs in the city of Medan. This is in line with the research (S. Nurhayati and A. Ardianingsih, 2021) in his research it was stated that social media that is widely used in the Banjarsari market to do digital marketing is WhatsApp stories, facebook and Instagram.

2. The Influence of Instagram on Digitalization in Promotional Mediation

From the results of the statistical test, Instagram (X1) has a significant effect on Digitalization (Y) in Promotion Mediation (Z). This is clearly seen from the results of the calculation ($7,767 > t_{table} (1,660)$) with P-Values ($0.02 < 0.05$), then H_0 is rejected which shows that there is indeed a positive and significant influence of Instagram on digitalization in the Mediation of the Promotion of MSME Food Souvenirs in Medan City. This is in line with research 9 J. A. Usbay and R. Admi, 2022) where in his research it was stated that social media communication has a positive and significant effect on E-Worm and Brand Equity plays a significant role.

3. The Influence of Shopeefood on Digitalization

From the results of statistical tests, Shopeefood (X2) has a significant effect on Digitalization (Y). This is clearly seen from the results of the calculation ($2,247 > t_{table} (1,660)$) with P-Values ($0.00 < 0.05$), then H_0 is rejected which shows that there is indeed a positive and significant influence of superfood on the digitization of MSMEs Food Souvenirs in Medan City. This thing is in line with research (F. Simarmata, R. N. Lesmana, P. R. Sari, and A. Setiyawan,

2021) where in his research it was stated that many benefits obtained from superfood services for MSME actors include as a form of new knowledge about digital marketing strategies for MSMEs.

4. The Influence of Shopeefood on Digitalization in Promotional Mediation

From the results of statistical tests, Shopeefood (X2) has a significant effect on Digitalization (Y) in Promotion Mediation (Z). This is clearly seen from the results of the calculation (3,698) > t table (1,660) with P-Values (0.01) < 0.05, then H0 is rejected which shows that there is indeed a positive and significant influence of superfood on digitalization in the Mediation of MSME Food Souvenir Promotion in Medan City. This is in line with the research (B. Musty, E. Meliani, A. M. Tamzil, A. 2020) in his research that the use of digital platform services as a promotional medium provides guidance for culinary business owners in optimizing online promotions to increase the attractiveness and sales of their products in the midst of increasingly fierce market competition in the food and beverage industry.

5. The Influence of Promotion on Digitalization

From the results of statistical tests, Promotion (Z) has a significant effect on Digitalization (Y). This is clearly seen from the results of the calculation (2,413) > table (1,660) with P-Values (0.03) < 0.05, then H0 is rejected which shows that there is indeed a positive and significant influence of promotion on the digitalization of MSMEs Food Souvenirs in Medan City. This is in line with the research (K. Andriyani, A. Yuliar, and M. Raqib, 2021) where in his research it was stated that product promotion carried out using digitalization can affect public interest in carrying out Umrah at the Hajar Aswad Mubaroq Bureau of Surakarta.

Conclusion

Based on the results of the research and research discussion, the following were obtained:

1. There is a positive and significant influence of Instagram on the digitization of MSME Food Souvenirs in Medan City
2. There is a positive and significant influence of Instagram on digitalization in the MSME Food Souvenir Promotion Campaign in Medan City
3. There is a positive and significant influence of superfood terhadap digitalisasi,
4. There is a significant influence of shopeefood on digitalization in the mediation of MSME Food promotion in Medan City,
5. There is a positive and significant influence of promotion on the digitization of MSMEs Food Souvenirs in Medan City.



Figure 4. ICEEGLOF

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Digitization of Msme Food Souvenir

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