



**"Tema: 6 (rekayasa sosial dan pengembangan perdesaan)"**

## **"THE ROLE OF DIGITAL MARKETING ON VILLAGE OWNED ENTERPRISE"**

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### **ABSTRACT**

The main aims of this research are to examine the effect of digital marketing on village owned enterprise in Banyumas. This enterprise has much potential for becoming a revenue generator. Unfortunately, the human factor is the main problem in this issue. An unskilled employee in the village is the main problem, why they cannot generate more revenue from their resources. This research examines three village-owned enterprise in Sumbang, Banyumas. Participation action research methodology was used to give the treatment on the enterprise. Pre and post-test analyze used to test whether the digital marketing affects the enterprise. Difference T-test was used to examine the revenue pre-digital marketing and post digital marketing. Three months before and after the treatment was analyzed. The result shows that there is a significant difference between pre and post-treatment in revenue. The implication of this research shows that digital marketing has a significant effect on village-owned Enterprise Revenue. Then digital marketing suggested being used by the village enterprise to improve their revenue.

*Keyword: Digital Marketing, Village-Owned Enterprise, Revenue Improvement, Village Enterprise.*

### **INTRODUCTION**

UU no. 6 of 2014 concerning Villages (Village Law) became the forerunner of village development. Village development is an effort to improve the quality of life and life for the maximum welfare of rural communities (Permendagri 114 of 2014). Data from the Central Statistics Agency (BPS) shows that in 2011, 63.21% of the composition of the poor was in the village, while in the city there were 36.79% of the poor. From these data, we can know that the village is far from prosperous. According to Swasono (2009), the best and effective way to overcome poverty is to eradicate unemployment. Eradicating unemployment can be done by changing the position of the poor and unemployed, which was initially a liability transformed into productive assets that contribute to the added value of the state. Transformation into these assets can be done by empowering rural communities.

Empowerment of rural communities according to Permendagri 114 of 2014 is an effort to develop



independence and welfare of the community by increasing knowledge, attitudes, skills, behavior, abilities, awareness, and utilizing resources through the establishment of policies, programs, activities and mentoring in accordance with the essence of the problem and priority needs villagers. One program that is expected to be able to build rural communities that are economically independent is the formation of Village-Owned Enterprises (BUM Desa). BUM Desa is a business entity that the Village owns all or most of its capital through direct participation from Village assets which are separated in order to manage assets, services, and other businesses for the maximum welfare of the Village community (Village Regulation No. 4 of 2015).

From the above objectives, it can be seen that BUM Desa is one of the pillars to create an independent, empowered and prosperous village by the mandate of the Village Law. The establishment of BUM Desa is crucial because it involves the economic independence of the village in the future. If it is not planned correctly, it is not impossible that BUM Desa will become an unproductive institution and cannot sustain village independence in the future.

To establish an agency/institution, a series of good planning stages is needed. In the case of BUM Desa, this planning stage can be started by looking at the map of regional economic potential. Map of regional economic potential created by BAPERMAS. The map tries to capture (capturing) the economic potential that exists in the area, with the smallest scope of the district. Unfortunately, in establishing a business, economic potential maps are sometimes not the primary reference. Most Indonesian people set up and run businesses based on instinct alone.

Digital marketing is one of the marketing engineering breakthroughs at this time. The high utilization of technology is an opportunity for marketing science to develop to meet these changes. The higher public access to the digital world makes marketing have to shift from conventional to digital. The use of marketing using conventional media such as pamphlets, leaflets and newspaper advertisements is increasingly not attracting public attention. Online marketing media such as social media and websites are currently used by various companies and institutions to grab the attention of the digital community. Convenience and cheapness are two very promising factors for an institution utilizing digital media as a marketing tool.

Introducing digital marketing to villages and village heads is a new thing that is expected to have a good impact. The resources owned by the village which are abundant in the form of both natural and human resources can be more exposed by the digital world is the main hope. With easy access to information to the village, it is expected to have a significant multiplier effect for villagers. Various effects are expected after the community gets access to information through digital marketing villages, namely: 1) the potential of energy assistance, ideas, and funds for village development, 2) increased sales of village products and 3) increased community visits for villages that have tourist areas.



Efforts to utilize BUM Des as a prosperous independent village catalyst certainly have certain obstacles. The primary problems that have been identified earlier is: The village, does not know who is the right market share for the business that provide by BUM Des. This research help BUM Des to promote their business through digital platform. Practical contribution in this research is could increasing BUM Des revenue, then the science contribution give the real variable that could improve rural community revenue by providing digital marketing in their business.

BUM Desa as an economic institution as well as a social institution aims to improve the welfare of rural communities and foster the social capital of rural communities (Hamzah, 2015). Improving the welfare of rural communities can be in the form of increased income, reduced unemployment, poverty alleviation and reduced inequality between villages. Therefore, BUM Desa must be managed with competent and professional human resources and fulfill cooperative, participatory and emancipative BUM Desa management principles.

The formation of BUM Desa cannot be done carelessly; there must be careful planning and analysis before forming BUM Desa. This research is urgent because in the future, rural independence, especially economically, is determined by village income, one of which comes from BUM Desa. If BUM Desa is not able to encourage economic development in the village, village independence will be difficult to achieve. This research can be a catalyst for the village in developing the BUM Desa. The establishment of BUM Desa in Sumbang Subdistrict has become the urgency of this research to be carried out immediately. Because without resources being processed into commercial products, the BUM Desa will have no contribution to the villagers. This research have two important role: 1) encouraging BUM Desa to identify their economic potential and 2) catalyze the promotion of village businesses through digital marketing.

### **Literature Review**

Village in Law No. 6 of 2014 is a legal community unit that has a territorial boundary that is authorized to regulate and manage government affairs, the interests of the local community based on community initiatives, the rights of traditional origin and / or rights recognized and respected in the government system of the Republic of Indonesia (NKRI). Minister of Villages, Development of Disadvantaged Regions and Transmigration Marwan Jafar said the village is currently an independent community and has a vital role in the presence of the central, provincial and district governments (Liputan 6.com).

According to McKnight in Osborne and Gaebler (1992), by pushing the ownership of service out of the community and submitting it to a higher level of bureaucracy, it will weaken the community and damage society. McKnight argues that communities better understand the problems they face, the community not only provides 'services' but solves problems, and the community is more flexible and creative than the bloated bureaucracy. With these various advantages, the village as a community is believed to be a driving force for national development in Indonesia.



According to Permendagri 114 of 2014, village development is an effort to improve the quality of life and life for the greatest prosperity of rural communities. Village development is participatory, meaning that the village development management system and rural areas are coordinated by the Village Head by promoting togetherness, kinship, and cooperation in order to achieve peace and social justice. In building a village, village community empowerment is also needed. Empowerment of rural communities according to Permendagri 114 of 2014 is an effort to develop independence and welfare of the community by increasing knowledge, attitudes, skills, behaviors, abilities, awareness, and utilizing resources through the establishment of policies, programs, activities and mentoring in accordance with the essence of the problem and priority needs villagers.

After seven years of formulation, Law No. 6 of 2014 concerning Villages was ratified on January 15, 2014. The Village Law will then be implemented soonest in 2015. This Act regulates the material concerning the Principles of Regulations, Position and Type of Villages, Village Arrangement, Village Authority, Implementation of Village Governance, Rights and Obligations Village and Community Villages, Village Regulations, Village Finance and Village Assets, Village Development and Rural Area Development, Village Owned Enterprises, Village Cooperation, Village Community Institutions and Village Customary Institutions, and Guidance and Supervision. Besides, this Act also regulates with special provisions that only apply to Traditional Villages as outlined in Chapter XIII.

Institutional strengthening is done first as a basis for establishing BUM Desa. Institutional strengthening in the form of the regulation established by the village government in the form of village regulations. Village regulations are significant to be used as a legal umbrella that will later be used as a foundation by BUM Desa in various activities to be carried out. Institutional strengthening will be carried out by encouraging and supporting village governments and village leaders to immediately ratify and establish a legal umbrella for the establishment of BUM Desa in their villages.

Capacity building is a process that is carried out to improve one's ability, organization or a system that is formed by humans to achieve specific goals (Brown, 2001). A capacity building is needed to enhance the ability of human resources to be able to solve the problems faced. One's analysis process can increase when given specific training. It is expected that by increasing the capacity of human resources in the village can do various things such as 1) problem identification, 2) identification of needs, 3) opportunity identification, 4) problem-solving strategies and 5) capturing opportunities that have not been exploited before.

According to Coviello (1995: 29), digital marketing is the use of the Internet and the use of other interactive technologies to create and connect dialogues between companies and consumers that have been identified. They also argue that e-marketing is part of e-commerce.

According to Sanjaya & Josua Tarigan (2009: 47), digital marketing is a marketing activity that



includes branding that uses various web-based media such as blogs, websites, e-mails, and words, or social networks.

The concept of digital marketing is digital media to introduce a product to consumers, including through the Internet, radio, television, mobile phones, and others. Products here vary. The products referred to here are goods or services offered by producers to consumers. There are three concepts of digital marketing, namely content marketing, search engine marketing and social media strategy.

Content marketing is a way of reaching, establishing relationships and maintaining customers through content that is based on customer interests. Search engine marketing (SEM) is a way to find product information through search engines or search engines by typing words or products to be purchased. While social media strategy is a way to market products through social media, such as blogs, Facebook, Twitter, and others.

Using digital marketing could increase probability of consumer know the existence of the BUM Des in Sumbang Sub-district. Knowing the Product (BUM Des) is the first step of how to get the customers. Then we focus on create digital promotion that could attract potential customer to coming and enjoy the product or service that provide by the BUM Des. This way of thinking is the foundation of the hypotheses: Digital Marketing Practice could improve BUM Des Revenue in Sumbang Sub District.

## **RESEARCH METHOD**

### **Population and Research Sample**

The target population of this study is all villages in Sumbang District. The samples to be analyzed are determined by purposive sampling method. Purposive sampling is carried out by identifying the potential and analyzing the probability of village-enterprise development. In total there are 19 villages, three BUM Des selected which have the best potential, and the BUM Des manager has a strong desire to develop his potential.

### **Preparation and Data Collection**

Before data collection is carried out, researchers conduct procedures in the preparation of research instruments to explore the economic potential of the village in Banyumas district. The preparation of research instruments was conducted by holding a focus group discussion (FGD). The FGD was carried out by inviting BUM Desa activists, village representatives, sub-district representatives and the BAPERMAS village development section in Banyumas District. The FGD was conducted to explore current issues regarding impact of digital marketing on BUM Des in Banyumas District. Some of the things that are of concern in the FGD are identifying 1) Several Problem that make the BUM Des can not generate revenue, 2) Main and alternative solution to increase BUM Des revenue



Based on the results of the FGD, this research classify three kinds of BUM Des, there are nature based, manufacture based and stockbreeding based. These kinds of BUM Des has different way to promote on digital platform. Then this team choose three kinds of BUM Des that become the sample of the research. All of them located on Sumbang Subdistrict. Three different BUM Des on three different village. The team collect the data before and after the treatment. Time framing is 90 days before and after treatment. The treatment is 30 days. The team using 30 days to promote each of the business in digital platform (social media directly, digital advertisement and online video promotion). Then pre-post analyse used to examine the effect of the digital marketing to BUM Des revenue. The summary of the result shows in this table 1:

Table 1. The Clasify Three Kinds of BUM Des

	<b>Pre-Analyse (90 days)</b>	<b>Treatment Month (30 days)</b>	<b>Post-Analyse (90 days)</b>
<b>Nature Based BUMDes</b>	Min : 125.000 Max : 520.000 Ave : 335.000	Min : 250.000 Max : 1.500.000 Ave : 570.000	Min : 310.000 Max : 2.520.000 Ave : 1.730.000
<b>Manufacture Based BUMDes</b>	Min : 30.000 Max : 430.000 Ave : 220.000	Min : 230.000 Max : 2.200.000 Ave : 1.110.000	Min : 340.000 Max : 2.940.000 Ave : 1.700.000
<b>Stockbreeding Based BUMDes</b>	Min : 40.000 Max : 370.000 Ave : 146.000	Min : 150.000 Max : 743.000 Ave : 230.000	Min : 178.000 Max : 750.000 Ave : 320.000

## **DATA ANALYZE AND RESULT**

Difference T-Test was examine to identify the difference between pre and post treatment. The result of the T-test shows that there is significant difference on the three of them between pre and post analyse. The participant experience the effect of the digital marketing by increasing the customer who is coming and used the product/services. Then in post analyze period Nature Based BUMDes improve the facilities to maintenance the customer retention. Their desire to improve facilities synchronize with research team vision. Then they focus improve facilities based on team suggestion. It imply increasing of customer retention. Improvement products on manufacture Based BUMDes also have a positive impact. The revenue increase steadily. On the other hand, stockbreeding Based BUMDes has difficulties to improve their product, then the revenue has no significant improvement between treatment period and post period.

## **IMPLICATION**

Based on the result of this research, continuous improvement needed to maintenance the customer. Digital marketing only help attract customer attention in the momment to come and enjoy the product or services. The quality of the product or services rely on the human factor. If the human could continuously improve the quality, then the customer want to get back and enjoy the product or services.



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