



ANALYSIS OF DIGITAL-BASED MARKETING STRATEGIES TO INCREASE THE COMPETITIVENESS OF FAST MOVING CONSUMER GOODS INDUSTRIAL COMPANIES

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Abstrak

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The research objective is related to the analysis of the application of digital marketing to increasing competitiveness in the Fast Moving Consumer Goods industry. The research approach uses a quantitative approach. The research sample consisted of 143 business actors who sell products from PT (Tbk) Indofood Sukses Makmur Makassar, which is one of the FMCG companies. The sample collection technique was purposive sampling. The method of analysis using regression analysis. The results of the study prove that companies with digital marketing can positively and significantly increase their competitiveness. Transaction fees, interactive, incentive programs, feature displays are digital marketing indicators that make a significant contribution to increasing competitiveness. Companies that have high competitiveness will have advantages in cost, product quality, timely delivery, and high flexibility.

A. INTRODUCTION

The *Fast-moving Consumer Goods* (FMCG) industry is one of Indonesia's main industries and contributes significantly to national economic development. FMCG is a company engaged in consumer products. FMCG is a product that is often bought and consumed by consumers because the price is relatively low, so goods sell quickly. As a result, manufacturers have to mass produce to meet high demand. There are various categories of FMCG products. Usually FMCG products are items or equipment that are needed daily, such as toiletries, medicines, electronic goods, packaged food and beverages.

During the COVID-19 pandemic, FMCG became one of the industries in Indonesia that was not so affected. Indonesia recorded an overall positive change in FMCG market value of 8.8% year-on-year in the third quarter of 2020. As one of the fastest-growing FMCG markets in Southeast Asia, Indonesia's FMCG market continues to grow along with increasing demand and changing lifestyles. Until the third quarter of 2020, Indonesians spent 19% of their total household expenditure on FMCG products. In the third quarter of 2020, the food segment showed the most significant change, with average consumer spending per trip increasing across all FMCG segments. In terms of distribution, traditional retail is the

most important sales channel of FMCG products in Indonesia, with a market share of 67% in the third quarter of 2020.

Indonesia's FMCG industry is dominated by both multinational and local companies. Multinational companies such as Unilever Indonesia have revitalized the industry by offering Indonesian consumers a wider selection of products, from personal care products to groceries. Local market players such as Indofood have proven that local products can compete well in the FMCG sector. In 2019, one of its products, Indomie, was ranked number one leading FMCG brand in the country, with a penetration rate of around 99% in Indonesian homes. In addition, PT Indofood Sukses Makmur Tbk's net sales have continued to increase since 2014, which contributes to the continued growth of the FMCG market.

Given the behavior of Indonesian consumers towards FMCG product consumption during the COVID-19 pandemic, the outlook for the domestic FMCG market remains strong. COVID-19 has led to an increase in online shopping activities. Previously, consumers shopped in the marketplace only for secondary needs. However, consumers also shop for primary needs by utilizing marketplaces or e-commerce. (<https://blog.usetada.com/id>). Changes in consumer behavior and technological developments cause companies in the FMCG industry to always need to think about the right marketing strategy.

Technological advances cause business people to need to think of marketing strategies that are more effective and efficient. Marketing strategy has a very important role for business actors in the Fast Moving Consumer Goods (FMCG) industry (M. U. L. Luqman, 2021) because FMCG companies' revenues will increase if they implement marketing strategies appropriately (R. Rindiyan, 2022). Targeting strategy is the main approach that will be used by business units in achieving predetermined goals, including the main decisions regarding the target market, product placement in the market, marketing mix and the level of marketing costs required [3]

Advances in information technology, almost all over the world focus on digitalization changes in various fields, including marketing, where there is an acceleration of transition. Digital marketing strategy is a marketing strategy that utilizes digital technology. Digital marketing is the application of the Internet and relevant digital technology, integrated with traditional communication in order to achieve marketing goals (Chaffey & Chadwick-Ellis, 2016: 5). Internet users in the world reached 4.95 billion in January 2022 (Mahdi, 2022), and in Indonesia reached 210 million (Dewi, 2022). The development of internet users specifically in Indonesia is an opportunity for business actors in the FMCG industry to implement digital marketing strategies. Actualization of digital marketing in the form of promotional activities and market search carried out through online digital media - one of which is by utilizing social networks (Sulaksono & Zakaria, 2020).

Digital marketing achieves marketing goals through the application of technology and digital media (Chaffey & Chadwick-Ellis, 2016: 11). Digital marketing makes it easy for FMCG business actors to be able to reach market shares and consumers (Handini & Choiriyati, 2021). Apart from the marketing strategy that is considered, there is also a very necessary competitiveness to understand the extent of the success rate of a marketing strategy, so that the level of success or performance of FMCG companies can be measured. The high competitiveness among companies in the FMCG industry from both domestic and multinational

companies requires the implementation of a digitalization digital marketing strategy (Legowo et al., 2021).

Competitiveness is an important factor in the economic cycle, especially in the process of production of goods and services carried out to meet market demand. In a perfectly competitive market model, uncompetitive firms have average costs that exceed the market price of the products offered. This is because the value of the resources used exceeds the value of the products produced (A. M. Rakanita, 2019). Competitiveness is the ability of a commodity to enter foreign markets and the ability to survive in these markets (Tambunan & T.H. Tulus, 2018). Competitiveness is also the business ability of a company in the same industry to deal with various environments faced (Porter in Anisah et al, 2023).

A product that has competitiveness is in great demand by consumers. Competitiveness is determined by the competitive advantage of a firm and is very dependent on the level of relative resources it has called competitive advantage. Porter in Utami et al (2023) explained the importance of competitiveness because it encourages productivity and increases independent ability, can increase economic capacity, both in the regional context of economy and quantity. The competitiveness of the company can be determined from various factors, including the availability of information technology (Tambunan & T.H. Tulus, 2018).

Digital marketing as the exploitation of digital technology used to create a channel to reach potential consumers to increase competitiveness through meeting consumer needs more effectively. Digital marketing helps an FMCG company in promoting and marketing their products and services. Digital marketing can also create or open new markets that were previously closed due to limited time, communication, and distance. Therefore, digital marketing strategy is an effective strategy in increasing competitiveness of business actors in the FMCG industry in Indonesia, such as Unilever Indonesia, Indofood, Wings Corporation, Nestel, and Mayora Indah. The results of research from Anisah et al (2023), Putri et al (2023), Utami et al (2023) prove that companies with the application of digital marketing make a significant contribution to increasing competitiveness.

B. THEORY REVIEW

1. Digital Marketing Concepts

Digital marketing is the application of the internet and relevant digital technology, integrated with traditional communication in order to achieve marketing goals (Chaffey & Chadwick-Ellis, 2016: 5). Digital marketing is the activity of promoting and finding markets through digital media online using various means such as social networks (Purwana, et al, 2017). Meanwhile, according to Nadya (2016), digital marketing is related to the use of digital technology application. One form of digital marketing using electronic media or the internet is internet marketing (e-marketing). In the end, according to Sanjaya and Tarigan (2016), digital marketing is a marketing activity including branding that uses various web-based media such as blogs, websites, e-mail, adwords, or social networks.

Digital marketing is tied to digital media. Digital media is a variety of digital technology platforms (such as: mobile phones, television, internet, web, IPTV, and digital signage) for communication in delivering content and interactive services. The concept of digital marketing

describes efforts to achieve marketing goals by applying digital technology and media. In this marketing format, computers and smartphones are significant media/platforms in digital marketing practices (Dunakhe & Panse, 2022).

Digital marketers must understand the technical and strategic aspects of digital marketing in order to effectively market their products online. Creativity is needed in digital marketing besides also requiring analytical skills, and adaptability to new technologies (Komal, 2021). Fundamentally, digital marketing is a marketing method that uses digital technology (Azraputra et al., 2021). The digital channels used in digital marketing are *search engine optimization, search engine marketing, email marketing, affiliate marketing, and online advertising to generate publicity and increase brand awareness and sales* (Hien & Nhu, 2022).

Digital marketing dimensions, namely: 1) Cost / Transaction. Is one of the techniques in promotion that has a high level of efficiency so that it can reduce costs and time. 2) Interactive Two-way relationship between the company and consumers that can provide information and can be clearly received. 3) Incentiv program Attractive programs become excellence in every promotion carried out. These programs become reciprocal and add value to the company. 4) Site Design Display of attractive features in social media, digital marketing that can provide positive value for the company (Daniel & Diah, 2018).

The benefits and functions of digital marketing according to Pangestika (2018) are the speed of deployment, ease of evaluation, and wider reach. The digital marketing function, namely personalization, privacy, customer service, community, site, security, sales promotion. The dimensions of digital marketing are websites, search engine optimization, PPC advertising, affiliate marketing and strategic partnerships, online public relations, social networks, e-mail marketing, consumer relationship management. The advantages of digital marketing are: (1) Can connect producers with consumers through the . (2) Get higher sales income due to the narrower distance and time. (3) The costs incurred are much more efficient. (4) Digital marketing allows sellers to provide real-time services. (5) Connect sellers with customers via mobile devices anywhere and anytime. (6) Able to provide stability for brands in the eyes of consumers from other brands as competitors (Pangestika, 2018)

The disadvantages of digital marketing are: (1) The concept of online marketing can be easily imitated. (2) Giving rise to many competitors because there are no more theoretical limits that can hinder the company in marketing its products. (3) Certain products are not necessarily suitable if marketed through online media. (4) If there is a negative backlash from consumers that appears on the internet, it can damage the company's reputation quickly. (5) It is too dependent on technology. (6) Not all people are technologically literate. The productive age of the majority of technology that will be able to apply digital marketing optimally (Pangestika, 2018).

2. Concept of Competitiveness

The competitiveness of the company is part of the company's ability to produce products or services to meet the needs of international and national markets. So it is not imaginary that the company's competitiveness is carried out in order to earn high profits and is expected to be sustainable. Company competitiveness is part of the existence of a form of ability or advantage that is used as a strategic plan in creating part of the company's accumulated value and is not done by

competitors and is difficult to imitate by competitors. How to increase competitiveness are: (1) Increase efficiency, effectiveness, and quality of production. (2) Expanding marketing networks. (3) Improve the ability to master technology, information and communication (ICT) and the internet, including marketing and lobbying.

According to Muhandi in Anisah et al (2023) explained that there are four dimensions of company competitiveness, namely: (1) Cost. (2) Quality. (3) Delivery Time. (4) Flexibility. The level of competition, based on the level of product substitution according to Kotler & Keller in (Putri et al, 2023), namely: (1) Brand Competition, Industry Competition, Form Competition, and Generic Competition. In an effort to gain competitive advantage according to Kotler and Keller in (Utami et al, 2023), namely by building customer relationships based on: (1) Customer value. (2) Customer satisfaction. The factors that affect the company's competitiveness according to Lena and Lina in Khairunnisah et al (2023) are: (1) Location. (2) Price. (3) Service. (4) Quality or quality. (5) Promotions.

C. RESEARCH METHODS

The research approach uses a quantitative approach. The research sample was 143 business actors who sell PT (Tbk) Indofood Sukses Makmur Makassar products which are among FMCG companies. Purposive sampling technique. The analysis method uses regression analysis. Digital marketing indicators (X) consist of transaction costs, interactive, incentive programs, feature displays. Competitiveness indicators consist of cost, product quality, timeliness of delivery and high flexibility.

D. RESULTS AND DISCUSSION

The results of hypothesis testing based on Table 1 prove that digital marketing has a positive and significant effect on competitiveness. This is because the calculated t value = 2.568 and the significant value = $0.011 < 0.05$. Companies with digital marketing can increase competitiveness in the FMCG industry. Transaction fees, interactive, incentive programs, feature displays are indicators of digital marketing that contribute meaningfully to increased competitiveness. Table 1 shows the calculated t values and significance values of digital marketing and competitiveness.

Table 1. Coefficient

Type	Unstandardized Coefficients		Standardized Coefficients	t	Itself.
	B	Std. Error	Beta		
1 (Constant)	32.790	3.157		10.386	.000
X1	.293	.114	.234	2.568	.011

Source: Processed Data (2023)

Digital marketing is related to the application of the internet and relevant digital technologies, integrated with traditional communication in order to achieve marketing objectives. Digital marketing is closely related to the activity of promoting and finding markets through digital media online using various means. Digital marketers must understand the

technical and strategic aspects of digital marketing in order to effectively market their products online. Creativity is needed in digital marketing while also requiring analytical skills, and adaptability to new technologies. Companies with digital marketing can connect producers with consumers through the internet, get higher sales income because the narrower the distance and time, the costs incurred are much more efficient, sellers can provide real-time services, provide stability for brands in the eyes of consumers from other brands as competitors.

Digital marketing that is implemented effectively can reduce transaction costs, have a high level of interaction with customers, have attractive programs, and design attractive features. This will affect the competitiveness of FMCG companies. Companies that have high competitiveness will have an advantage in cost. Cost is a dimension of operating competitiveness which includes four indicators, namely production costs, labor productivity, use of production capacity and inventory. The element of competitiveness consisting of costs is capital that is absolutely owned by a company which includes financing its production, labor productivity, utilization of the company's production capacity and the existence of production reserves (inventory) that can be used by the company at any time to support the smooth running of the company.

Furthermore, companies with high competitiveness will have quality related to product appearance, product acceptance period, product durability, speed of consumer complaint resolution, and product conformity to design specifications. Companies with high competitiveness have delivery times including punctuality of product delivery. In the end, companies that have high competitiveness will have high flexibility associated with the variance of products produced and the speed of adjusting to environmental interests. The results of this study support the findings of Anisah et al (2023), Putri et al (2023), Utami et al (2023) proving that companies with the application of digital marketing make a significant contribution to increasing competitiveness.

E. CONCLUSION

Digital marketing has a positive and significant effect on competitiveness. Companies with digital marketing can increase competitiveness in the FMCG industry. Transaction fees, interactive, incentive programs, feature displays are indicators of digital marketing that contribute meaningfully to increased competitiveness. Companies that have high competitiveness will have advantages in cost, product quality, timeliness of delivery, and high flexibility.

F. SUGGESTIONS

The company always innovates in creating digital marketing concepts so that it is not easily imitated by competitors.

The company always innovates in creating appropriate product variances when marketed through online media.

The company is always more responsive when there is a negative backlash from consumers that appear on the internet so as not to damage the company's reputation quickly.

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