The Influence of Online Marketing and Product Quality on Competitiveness Micro, Small And Medium Enterprises (MSMEs) Apparel Products InWest Java

Saepudin
ssaepudin@usbypkp.ac.id
Aryanti Ratnawati
aryanti.ratnawati@usbypkp.ac.id
Senny Lusiana
sennylusiana1960@gmail.com
Ari Muhamad Hamzah
itocpojok0693@gmail.com
Acuviarta
acuviarta@unpas.ac.id

Abstract

PorpuseThis study aims to determine about factors Implementation of online marketing of apparel products, Competitiveness of apparel products at MSMEs and the effect of product quality and online marketing on the competitiveness of SMEs in Cimahi West Java.

Research method used is descriptive associative method, with the formulation of the hypothesis: Online marketing and product quality have an effect on the competitiveness of apparel MSMEs in Cimahi. To test the hypothesis, a sample was used, in the form of SMEs who produce apparel as many as 52 people (using the Slovin formula with a standard error of 10%).

Result : The coefficient of determination (R-Square) in total is 0.594. This means that the competitiveness of SMEs for apparel in Cimahi West Java is influenced by online marketing and product quality by 59.4%. The remaining 40.6% is influenced by other factors not examined.

Simultaneous hypothesis testing (F test) with α 5%, the obtained t-count> t-table (35.817> 3.18), it can be concluded that online marketing and product quality have a significant effect on the competitiveness of clothing MSMEs.

Keywords:
online marketing[1], product quality[2], and competitiveness of MSMEs[3].

1. Introduction

According to the World Economic Forum (WEF) (2019), Indonesia's competitiveness ranking has declined in the world economic arena. Currently, Indonesia ranks 50th, which previously was 35th in 2015, far behind Malaysia at 27th, Singapore at 1st, and Thailand at 40th.

Tabel 1.1.

Competitiveness of ASEAN Member Countries in 2019

Country	Rank
Singapura	1
Malaysia	27
Thailand	40
Indonesia	50
Brunei	56
Philipina	64
Vietnam	67
Kamboja	106
Laos	113

Source : World Economic Forum, 2019.

Concerns about the competitiveness of local products have emerged since the opening of the ASEAN-China Free Trade Agreement (ACFTA) in 2010 which has caused many foreign-made products to enter the local market at lower prices than Indonesian-made products. In addition, the 2015 AEC agreement agreed to establish a single ASEAN market and an integrated production base. As a result, there is a free flow of goods and services, investment, capital, and skilled labor. The MEA also encourages a flood of goods from ASEAN countries to Indonesia.

With the free market, MSMEs have difficulty in marketing their products. The entry of products from China that are of sufficient quality and very cheap prices have made MSMEs increasingly unable to compete. Then they are faced with the uncertain economic conditions of the country making their business uncertain as well, with the number of sales decreasing every day so that their income can only meet their daily basic needs.

Entrepreneurs initially followed the times by expanding their wings through online marketing, they tried to trade on websites, Facebook, Instagram, market places, and online shops such as Lazada, Shopee, and Buka lapak. For the first year they experienced a slight increase in sales because there were still few competitors in the local sector, but this condition is getting more and more difficult because they are unable to compete with other online shops. Because their way of trading is monotonous. deemed insufficient to attract the attention of potential customers.

Below is a comparison of MSMEs and large businesses engaged in the clothing sector.

Table 1.2

Number of Clothing Companies Registered at the Cimahi Cooperatives and SMEs Office in 2019

Type of Business	Amount
MSMEs	105
Big Business	24

Source: Cimahi Cooperatives and UMKM Service Web site, 2019.

Based on the table above, it is known that the number of clothing companies or companies engaged in the apparel sector in Cimahi City recorded in 2019, there were 105 companies, consisting of; 81 business units in the form of MSMEs and 24 companies in the form of private limited companies

Most of these business actors are in industrial areas. The location of the company is spread around the Cimahi area, but most of them are in the Rancabentang Cijerah area to the Melong area which is close to the Cigondewah industrial area. This location is indirectly beneficial for business actors, especially MSMEs because the resources they need are located not too far from the place of production, which makes their transportation costs cheaper and easier to obtain. This factor is also the reason why there are many cottage industries in this area in producing clothes. However, this increase is not accompanied by an increase in product quality and technology-based marketing capabilities because the level of education they have is mostly only elementary school and the highest education is SMK and SMA.

MSMEs are business actors whose numbers are quite large and have always been a mainstay in facing the economic crisis in Indonesia. Especially during the Covid-19 pandemic, we are facing more and more problems regarding the competitiveness (competitive ability) of our products, especially marketing and product quality. Marketing was initially often done conventionally but now the market demands online marketing. Likewise, the entry of products from abroad (especially from China) has added to the competition. The main obstacle faced is the fulfillment of product quality standards and most MSMEs do not yet have product quality standards.

1.1 Objectives (11 font)

As a reference in this study, the authors identify the problems that exist in the clothing SMEs of Cimahi City as follows:

1. The condition of the development of MSMEs which is not too conditional due to the lack of business development in the MSME sector by the government.
2. Lack of competence of entrepreneurs in the science of online marketing promotion.
3. Lack of managerial ability of MSME entrepreneurs in increasing their competitiveness.
4. Weak supervision of the quality of MSME products.

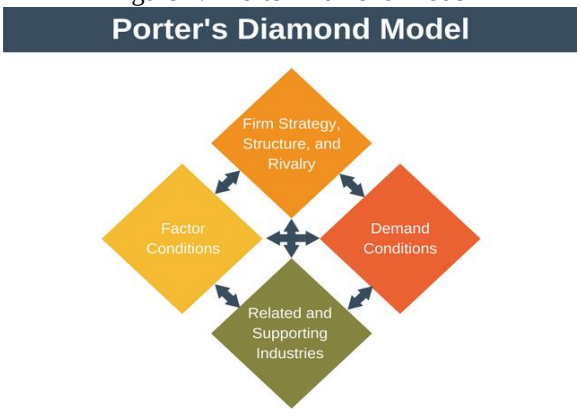
2. Literature Review

Michael Porter (1990) quoted in the page https://expertprogrammanagement.com/, in his theory of competitiveness, started from the belief that classical economics explaining comparative advantage was insufficient or even inappropriate. According to Porter, a country gains a competitive advantage if the company has a competitive nature. Considering that the competitiveness of a country is determined by the industry's ability to innovate and improve its capabilities. Porter argues that comparative advantage can be found at the corporate and national levels. Four attributes in building a country's superiority are depicted in a diamond-shaped scheme.

Based on Figure 1.1 Porter's Diamond Model, it can be explained that there are four attributes of a country's competitiveness, namely:

1. Condition factors, such as: skilled personnel and infrastructure
2. Demand conditions and quality demands in the country for certain industrial products.
3. The existence of competitive related and supporting industries.
4. Strategy structure and competition between companies.

Figure 1.1 Porter Diamond Model



Source : Porter (1990) *https://expertprogrammanagement.com/*

In addition to these four attributes, there are other factors that greatly affect the competitiveness of a country significantly. Namely the role of the government to create national competitive advantage and coincidence factors (changes in prices, changes in exchange rates, and security conflicts between countries).

According to Afriyani (2011:11): "Competitiveness is the ability to show better, faster or more meaningful results. The capabilities in question are the ability to strengthen market share, the ability to connect with the environment, the ability to continuously improve performance, the ability to establish a profitable position. By using performance or looking at certain indicators as a reference, the level of strength and weakness of a competitiveness can be measured.

According to Ward in Muhardi (2007: 40): Dimensions and indicators of competitiveness consist of:

1. Cost (cost); is a dimension of operating competitiveness that includes four indicators, namely: production costs, labor costs, use of production capacity, and inventories.

2. Quality (quality); is a very important dimension of competitiveness covering various indicators including: appearance, time period, durability, speed of solving consumer problems, and product conformity to product models or specifications.

3. Time (times); Time is a dimension of competitiveness that includes various indicators including: timeliness of production, reduction of production waiting time, and timeliness of product delivery.

4. Flexibility (flexibility); is a dimension of operating competitiveness that includes various indicators including: type of product, speed of adjustment to the environment. etc.

The factors that affect competitiveness include:

1. Location (location); business location is very important for customer convenience and is a major factor for business continuity, strategic location will attract the attention of buyers. According to Frans (2015: 439) “The location or location will be very important to meet the convenience of customers in visiting, consumers will definitely choose the closest distance even though a small percentage does not rule out the possibility that consumers from far away will also buy.

2. Price (price); According to Sunarto (2012: 206) "Price is the amount of value that consumers exchange for the benefits of owning or using the product or service. Price determines whether supermarkets, minimarkets, or supermarkets are visited by many consumers or not, prices also affect a buyer to pick up and prices are related to discounts, coupons, and sales policies. According to Irawan (2008:38); “Price is the value of an item or service as measured by a certain amount of money. In order to get a desired product or service, a consumer must be willing to pay a certain amount of money. For customers who are cost sensitive, usually low prices are an important source of satisfaction because they will get high value for money.

3. Service (service); is the main point of managing supermarkets or minimarkets, service through products means that consumers are fully served with a supply of available and quality products. Service through physical refers to the convenience of shopping equipment, parking lots, adequate lighting, and the attitude of friendly employees.

4. Product quality (product quality); The quality of the products produced by the company is a force to win market competition. According to Adam and Ebert quoted by Muhardi (2007: 41) stated; "product quality is the appropriateness of design specifications to function and use as well as the degree to which the product conforms to the design specifications".

5. Promotions (promotions); promotion is usually done through print media, television, brochures and others, usually the more frequent the promotion, the more visitors who come.Kotler and Keller (2011: 265): "Online marketing is efforts to market products and services and build customer relationships over the internet". (Online marketing is efforts to market products and services and build relationships with customers through the internet.

Through online marketing, merchants can save on marketing costs, especially promotions and can reach large areas to market their products at a fairly low cost. This can increase competitiveness because with a short time and wide reach, traders can offer products to potential customers. The sooner the product is known, the more people eat, the more famous the product will be.

According to Wandayana (2012:98): dimensions of online marketing include: product knowledge, target consumers, style of language in promotions, sentence descriptions in promotions, pictures and videos in promotions, promos and discounts, customer service, and fast response.

Product quality (product quality) according to Kotler and Keller (2016:156): "Quality is the totally of the features and characteristics of a product or service that bears on its ability to satisfy stated or implied needs".

According to Fandy Tjipto (2016: 134), the dimensions of product quality include: performance, durability, features, confermance, reliability, aesthetics, and perceived quality.

Product quality is the ability of a product to meet its specifications in order to meet the needs and desires of consumers. Several things related to product specifications, including: product durability, ease of use, having multiple functions, product reliability, and other attributes. With the fulfillment of the desires and expectations of customers for the products they buy, customer satisfaction will be created. This condition is one indicator of the increasing

3. Methods

The research method used is descriptive and verification methods. The research model uses Multiple Linear Regression, correlation analysis, determination and hypothesis testing assisted by using the SPSS 24 program.
The population in this study were the owners of apparel SMEs registered at the Department of Cooperatives and SMEs in Cimahi as many as 105 people.
This study uses a probability sampling technique, meaning that the sample members are taken randomly without regard to the strata position of the MSME owners in the population so that all consumer populations of 105 people have the same opportunity to become samples (Siregar, 2013:31).

4. Result and Discussion

The description of the respondent's profile consists of gender, length of business run, monthly income. The data that the authors obtained regarding the respondents are as follows:

Table 1.3 Characteristics of Respondents by Gender

Gender	Frequency	Percentage
Male	23	44%
Female	29	56%
Total	**52**	**100%**

Source: Data processed in 2020

Based on table 4.1 of the 52 people who became respondents in this study, it can be seen that the sex of the respondents was male, namely 23 respondents or 44%, while respondents who had female type were 29 respondents or 56%. The table above shows that the number of female respondents is more dominant than male.

4.1. Validity Test.

Validity testing is carried out to determine whether the measuring instrument designed in the form of a questionnaire can actually carry out its function. The validity test aims to determine whether the questions that have been applied in the questionnaire can measure the existing variables. Testing the validity of this is done by correlating the score of respondents' answers to each question. The calculated r value is compared with r table, if r count > r table, it can be concluded that the data is valid. The significance level taken is 0.05 or 5% with df = n - 2 (52-2 = 50) r table = 0.2732. Based on the validity test conducted on the questionnaire questions from the promotion variables are as follows:

Tabel 1.4 Validity Online Marketing Variable

Variable	Q	r value	r table	Information
Marketing Online	P1	0,853	0,2732	Valid
	P2	0,740	0,2732	Valid
	P3	0,648	0,2732	Valid
	P4	0,572	0,2732	Valid
	P5	0,688	0,2732	Valid
	P6	0,659	0,2732	Valid
	P7	0,622	0,2732	Valid
	P8	0,579	0,2732	Valid
	P9	0,744	0,2732	Valid

Based on the validity test of the online marketing variable, it meets the validity criteria, namely the calculated r value> the r table value. As for the results of testing on product quality variables, namely as follows:

Tabel 1.5 Validitaty*Product Quality* Variable

Variable	Q	r value	r table	Information
Product Quality	P10	0,819	0,2732	Valid
	P11	0,642	0,2732	Valid
	P12	0,514	0,2732	Valid
	P13	0,660	0,2732	Valid
	P14	0,744	0,2732	Valid
	P15	0,743	0,2732	Valid
	P16	0,766	0,2732	Valid

Based on the validity test of the Product Quality variable, it meets the validity criteria, namely the calculated r value > the r table value. As for the results of testing on competitiveness as follows:

Tabel 1.6 Validity *competitiveness of MSMEs.* Variable

Variable	Q	r value	r table	Information
competitiveness of MSMEs.	P17	0,397	0,2732	Valid
	P18	0,597	0,2732	Valid
	P19	0,514	0,2732	Valid
	P20	0,607	0,2732	Valid

Based on the validity test of the competitiveness variable, it meets the validity criteria, namely the calculated r value> the r table value.

4.2. Reliability Test

The reliability test is a measure of the stability and consistency of respondents in answering questions related to questions which are a variable and are arranged in one form of a questionnaire. Reliability tests can be carried out together on all questions for more than one variable. The results of reliability testing for online marketing variables are as follows:

Tabel 1.7 Reliability Test

Variable	Cronbach's Alpha	Information
Marketing Online	0.912	Reliable
Product Quality	0.905	Reliable
Competitiveness of MSMEs	0.752	Reliable

Based on the reliability test output obtained Cronbach's Alpha value, three variables have a value greater than the minimum value of Cronbach's Alpha which is 0.6, it can be concluded that all research instruments used can be said to be reliable.

4.3. Classical assumptions

Data analysis in this study used multiple linear regression analysis, with the aim of obtaining a comprehensive picture of the effect of one variable on another. Prior to multiple linear regression analysis, there are several assumptions that must be met, namelyNormality Test, Multicollinearity Test, Heteroscedasticity Test and TestAutocorrelation,

Classical assumption test is a requirement that must be met in the linear regression model based on Ordinary LeastSquare (OLS).

4.4. Multicollinearity Test.

Multicollinearity is a phenomenon where there is a perfect correlation between one independent variable and another. This test is carried out using VIF with the criteria, if the tolerance value is < 0.10 and the VIF value of an independent variable is > 10, it can be concluded that the independent variable has multicollinearity. Below will be presented the results of the multicollinearity test:

Tabel 1.8 Multicollinearity Test

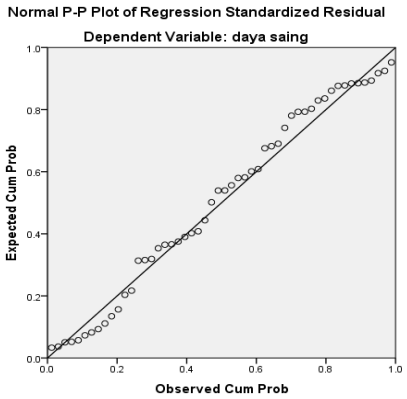
Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	6.238	1.775		3.514	0.001		
	Online marketing	0.264	0.101	0.444	2.602	0.012	0.285	3.509
	Produk Quality	Ct 0.233	0.111	0.358	2.099	0.041	0.285	3.509
a. Dependent Variable: *competitiveness of MSMEs*								

Based on table 4.14 the output of the multicollinearity test using SPSS Vers. 24 obtained a VIF value of 3.509. Because the value of VIF = 3.509 < 10 and the value of tolerance = 0.285 > 0.1, it can be concluded that the relationship between the variables in this study does not experience multicollinearity.

4.5. Normality Test.

The assumption of normality is a very important requirement in testing the significance (significance) of the regression coefficient, if the regression model is not normally distributed, the conclusions from the F test and t test are still doubtful, because the F test statistics and t test in regression analysis are derived from the normal distribution. In principle, normality can be detected by looking at the spread of data (points) on the diagonal axis of the graph or by looking at the histogram of the residuals. If the distribution of residual data is normal, then the line that describes the actual data will follow the diagonal line**.**

Figure 1.2



4.6. Hypotesis Testing.

a. Determination Coefficient.

The percentage of the independent variable can explain the dependent variable can be seen from the value of the coefficient of determination that has been adjusted (Adjusted R Square). The results obtained are as follows :

Tabel 1.9 Determination Coefficient

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.771[a]	0.594	0.577	2.203964	2.158

a. Predictors: (Constant), Product Quality,Online Marketing

b. Dependent Variable: ***competitiveness of MSMEs***

Based on table 4.17 above, the Summary Model obtained a coefficient of determination r2 of 0.594. With a coefficient of determination of 0.594, it can be concluded that the independent variables of the study, namely Online marketing and Product Quality, have a strong influence, namely 59.4% on customer satisfaction and the remaining 40.6% is influenced by other factors not included in this study.

b. Partial Test

c. Partial Test aims to determine whether Online marketing and Product Quality partially significant effect on *and competitiveness of MSMEs*.

Tabel 1.10 **Partial Significant Test Results (t test)**

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	6.238	1.775		3.514	0.001		
	Marketing Online	0.264	0.101	0.444	2.602	0.012	0.285	3.509
	Product Quality	0.233	0.111	0.358	2.099	0.041	0.285	3.509

a. Dependent Variable: *and competitiveness of MSMEs*

Based on the results of the t test (partial) in the regression model, the significance value of the online marketing variable was 0.012 <0.05 (significant level of research). In addition, it can also be seen from the results of the comparison between tcount and ttable which shows the tcount value of 2,602, while ttable of 1,676. From these results, it can be seen that tcount > ttable is 2,602 > 1,676, so it can be concluded that Ha is accepted, meaning that partially online marketing variables have a significant effect on competitiveness.

Based on the results of the t-test (partial) in the regression model, the significance value of the product of quality variable was 0.041 <0.05 (real level of research significance). In addition, it can also be seen from the results of the comparison between tcount and ttable which shows the tcount value of 2,099, while ttable of 1,676. From these results, it can be seen that tcount > t table is 2,099 > 1,676, it can be concluded that Ha is accepted, meaning that partially the Product of Quality variable has a significant effect on the Competitiveness variable.

d. Simulltaneous Test

The F test is a model feasibility test (goodness of fit) that must be carried out in linear regression analysis. To determine whether or not the influence of the independent variables on the dependent variable is positive, the F test is simultaneously used. Based on the calculation results, the following results are obtained:

Tabel **Table 1.11. Simultaneous Test**

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	298.005	2	149.002	35.817	.000[b]
	Residual	203.847	49	4.160		
	Total	501.851	51			

a. Dependent Variable ***competitiveness of MSMEs.***

b. Predictors: (Constant) ***online marketing, product quality,***

Based on the results of hypothesis testing (f test) in table 4.18 above, the significance value of the regression model simultaneously is 0.000, this value is smaller than the significance level of 0.05 (5%), ie 0.000 <0.05. This value becomes a test statistic that will be compared with the F value from the table where in table F for = 0.05, df1 = 2 and df2 = n – k – 1 (52 – 2 – 1) = 50, then Ftable is obtained = 3.18. From these results, it can be seen that fcount>ftable is 35,817>3.18, it can be concluded that Ha is accepted, meaning that online marketing variables and product quality have a significant effect on competitiveness variables.

5. Conclusion

The results of calculations that have been put forward by researchers, it is known that online marketing has an effect on competitiveness. This result can be seen from the t-count value which is greater than t-table (2.602 > 1.676). The online marketing regression coefficient has a positive sign which means the better online marketing, the better the competitiveness and judging from the partial or individual effect, the product quality variable has an influence on customer satisfaction of 32.6%.

Based on the results of calculations that have been put forward by researchers, it is known that product quality affects competitiveness. This result can be seen from the t-count value greater than t-table 2.099 > 1.676. The product quality regression coefficient has a positive sign, which means the better the product quality, the better the competitiveness and judging from the partial or individual effect, the product quality variable has an influence on competitiveness of 30.3%.

References

Amirullah. 2015. Pengantar Manajemen, Mitra Wacana Media, Jakarta.

2016. Manajemen Strategi, Teori, Konsep-kinerja. Jakarta: Rajawali Pers

Hasibuan, Malayu S.P. 2016. Manajemen Sumber Daya Manusia. Edisi Revisi. Jakarta: Penerbit PT Bumi Aksara.

Afifuddin. 2013. Dasar Manajemen. Bandung: Alfabeta.

Kotler, Philip and Kevin Lane Keller, 2011. Manajemen Pemasaran, Edisi 13 Jilid 1 dan 2, Alih Bahasa : Bob Sabran, Erlangga, Jakarta

Kotler, Philip and Kevin Lane Keller, 2016. Marketing Managemen, 15th Edition, Pearson Education,Inc

Alma, Buchari. (2014). Manajemen Pemasaran dan Pemasaran Jasa. Bandung: CV Alfabet

Buchari Alma (2018). Manajemen Pemasaran & Pemasaran Jasa. Bandung: Alfabeta

Armstrong, Kotler 2015, "Marketing an Introducing Prentice Hall twelfth edition" , England : Pearson Education, Inc

Mullins, John W dan Walker Jr, Orville C. 2013. Marketing Management: A Strategic Decision-Making Approach, 8th Edition, McGraw-Hill International Edition.

Sugiyono. 2015. Metode Penelitian Kombinasi (Mix Methods). Bandung: Alfabeta. Sugiyono. 2015. Metodologi Penelitian dan Pengembangan. Bandung: Alfabeta.

Tjiptono, Fandy dan Anastasia Diana. 2016. Pemasaran. Yogyakarta: Penerbit Andi.

Alma, Buchari. 2013. Manajemen Pemasaran dan Pemasaran Jasa. Bandung: Alfabeta.

James F. Engel (2016), pengertian perilaku konsumen, dalam buku Perilaku Konsumen, Edisi 6 : jilid 1. Penerbit Binarupa Aksara.

Fandy Tjiptono dan Gregorius chandra. 2016. Service, Quality & satisfaction. Yogyakarta. Andi.

www.kemenperin.go.id

http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

Biographies

Saepudin is an associate professor at the Faculty of Economics, Sangga Buana University, Indonesia. Research interested in marketing, entrepreneurship, organizational behavior, strategic management, finance and other topics.

Senny Lusiana, is a lecturer in the economics department at the Faculty of Economics, Sangga Buana University, Indonesia. Herresearch interested in marketing, entrepreneurship, and other topics.

Aryanti Ratnawati, is an associate professor at the Faculty of Economics at Sangga Buana University. Apart from being an academic, he is also active in writing books and various resource persons in several ministries in Indonesia. His research interest are finance, behavioral finance, feasibility studies, capital markets and other finance related topics.

Ari Muhamad Hamzah is a student in the economics department of the Faculty of Economics, Sangga Buana University, Indonesia. Research interest in entrepreneurship, and finance.

Acuviarta, is a lecturer at the Faculty of Economics and Business Pasundan University. Apart from being an academic, he is also active in writing and doing some research in several government institution in Indonesia. His research in banking, monetary policy, finance, and other related topics.