ANALYSIS OF THE CAPABILITY OF SALES STRATEGIES ON THE PERFORMANCE OF MSMEs IN BATAM CITY IN THE FACE OF THE COVID 19 SITUATION

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Article Information	Abstract
	MSMEs are part of Indonesia's economic growth. This global pandemic has had a significant impact on all aspects of the world and in fact it is not only in foreign countries, the Indonesian state is also about a tremendous impact on the national economic sector, especially for Micro Enterprises; Small; and Intermediate. In recent years, developments in the MSME sector have had obstacles and weaknesses that are commonly faced by entrepreneurs in terms of improving their business performance, including the lack of a good capital system and the amount and source of capital, lack of managerial ability and skills in terms of operations, limitations in product marketing. products, unfair competition among businesses, and economic pressure which results in a narrow and limited scope of business. With the need to improve business performance in terms of increasing sales, capital, labor, market and profit growth, business actors need to implement a sales strategy in running a business. Therefore, this study aims to determine how the influence of the sales strategy with the sections of Customer Segmentation, Customer Priority and Targeting, Relationship Objectives and Sales Model, and the use of several sales channels on the performance of MSMEs. The population part of the study is all MSMEs in Batam City with sampling using purposive random sampling technique, thus this study took the number of respondents of 101 samples obtained in data collection. The data analysis in this study used descriptive statistical analysis and inferential statistics, namely Patrial Least Square Structural Equation Modeling (PLS-SEM) using the smart-pls 3.0 application. The results of this study indicate that the sales strategy with the characteristics of the use of several sales channels and customer segmentation has a significant effect on the performance of the UMKM, while the sales strategy with the characteristics of Customer Priority & Targeting and relationship objectives & the sales model have no effect on the performance of the UMKM. © 2021 Indonesia

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1.   Introduction

MSMEs are part of Indonesia's economic growth. Before the covid 19 pandemic in 2017 to 2018 MSMEs in Indonesia experienced an increase with various indicators, especially in business units that can be seen in table 1.

Table 1. Development of MSME and Large Business (UB) Data with Business Unit indicators

No	Indikator	The Year 2017		The Year 2018		Development Year 2017-2018	
		Amount	%	Amount	%	Amount	%
1	Micro, Small and Medium Enterprises (MSMEs)	62.922.617 Units	99,99	64.194.057 Units	99,99 %	1.271.440 Units	2,02
2	Large Enterprises	5.460 Units	0,01	5.550 Units	0,01	90 Units	1,64

Source: (Depkop, 2020)

Meanwhile, from early 2020 to the present, the world has been shaken with one case regarding health, namely the Covid-19 disease. Covid-19 disease occurs due to the coronavirus virus, and those who are infected will experience respiratory problems as well as being life threatening (Organization, 2020). This global pandemic has had a considerable impact on all aspects of the world and in fact it is not only in foreign countries, the Indonesian state is also about a tremendous impact on the national economic sector, especially for Micro Enterprises; Small; and Medium (UMKM) (Walsh, 2020) & (Novika, 2020).

During the past 2 years, developments in the MSME sector have had obstacles and weaknesses that are commonly faced by entrepreneurs in terms of improving their business performance, including the lack of a good capital system and the amount and source of capital, lack of managerial ability and skills in terms of operations, limitations in product marketing.the existence of unfair competition between businesses, and economic pressure which results in a narrow and limited scope of business (Suci, 2017). Meanwhile, MSMEs are still weak in intellectual abilities in the face of competitiveness in Batam City (Bahar, 2019). And according to the Deputy Governor of BI, based on a BI survey there were around 72.6%

of MSME players experiencing a decline in performance such as decreased turnover and obstruction of capital distribution (Shandy, 2020). Intellectual ability is a managerial ability possessed by MSMEs, especially in implementing financial and sales strategies to improve their business performance (Bahar, 2019). Sales is one way to measure the performance of MSMEs. In this case, MSMEs need several strategies to improve performance. There are many ways to understand the nature and process of developing and implementing strategies at different levels of the business. In sales, in improving business performance, of course there must be clarity in the form of efforts that will be directed to increase understanding of sales strategies and how these affect performance (Panagopoulos & Avlonitis, 2010). By improving business performance in terms of increasing sales, capital, labor, market and profit growth, business actors need to implement a sales strategy in running a business. That according to Panagopoulos & Avlonitis (2010) sales strategy can affect company performance. Based on the explanation above, this study aims to determine how the sales strategy is influenced by the sections of Customer Segmentation, Customer Priority and Targeting, Relationship Objectives and Sales Models, and the use of several sales channels on business performance in MSMEs in Batam City in the Covid 19 situation.

Sales Strategies

The concept of the sales strategy section according to Panagopoulos & Avlonitis (2010) is as follows:

a.   Customer segmentation.

Customer segmentation is a strategy that refers to the systematic process carried out by an organization to expand the connection or network with the customer in each sales goal. Examples of goals are purchasing behavior from customers, age and gender of customers, and so on.

b. Priority of customers as well as target customers.

Customer priorities and targets are activities that are segmented following the strategic and economic value of each customer. This activity is likely to involve more than one sales person to be able to reach different customers in each group.

c. Relationship objectives and sales models.

Relationship objectives and sales models are activities geared towards developing an interaction model by reaching each different customer. The purpose of the relationship can be told from the transactional version of the sales model to the consultative sales model.

d. Use of multiple sales lines.

The use of multiple sales lines is a strategy that refers to the systematic use of several sales lines used by an organization or business to conduct its sales activities. This is done to allocate resources more effectively to each aspect of the money customers vary.

Performance of MSMEs

According to the (Suci, 2017) Understanding of MSMEs described in Law No.9 of 1999 and amended into Law No.20 Article 1 the Year 2008 on Micro Enterprises; Small; medium and medium enterprises (MSMEs) namely:

a. Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria of Micro Enterprises as stipulated in this Law.

b. Small Business is a stand-alone productive economic business, conducted by individuals or business entities that are not subsidiaries or non-branches of companies owned, controlled, or become part of either directly or indirectly from Medium Enterprises or Large Enterprises that meet the criteria of Small Business as referred to in this Law.

c. Medium Enterprises are stand-alone productive economic enterprises, conducted by individuals or business entities that are not subsidiaries or branches of companies owned, controlled, or part of either directly or indirectly with Small Or Large Businesses with the amount of net worth or annual sales results as stipulated in this Law.

d. Big Business is a productive economic business conducted by a business entity with a total net worth or annual sales result greater than a Medium Enterprise, which includes state-owned or private national businesses, joint ventures, and foreign businesses conducting economic activities in Indonesia.

e. The Business World is Micro Enterprises, Small Businesses, Medium Enterprises, and Large Enterprises that conduct economic activities in Indonesia and domiciled in Indonesia

THE performance of MSMEs is one of the benchmarks of success of an MSME running its business (Herlambang & Muwardi, 2017). The definition of performance according to Ranto (2016) refers to the level of achievement or achievement of the company in a certain period. Performance according to Kevin & Puspitowati (2020) is a measure of success for an individual and a company shown from the increasing work both in terms of quantity and quality. Based on the opinions described above, business performance is a benchmark of achievement of a company that can be seen from business and personal income, capital and sales growth, and market share in a certain period.

2. Methods

This study uses a quantitative descriptive method with reference to the philosophy of positivism in using the population and samples (Sugiyono, 2019). Whereas quantitative methods are used to classify research, measure and analyze Sales Strategies with the characteristics of Customer Segmentation, Customer Priority and Targeting, Relationship Objectives and Sales Models, and Use of several sales channels on MSME Performance in the Covid-19 situation.

2.1 Population and Sample

The population part of this study is all MSMEs in Batam City by sampling using purposive random sampling techniques using MSME sample criteria in Batam City that understands MSME problems in terms of sales strategy and business performance in the Covid 19 situation with the theory of determining the number of samples in sem application between 100 to 200 samples using a formula from Hair et al calculated based on the number of indicators / items of statement multiplied by 5-10. Then this study took the number of respondents from 101 samples obtained in data collection (Hair, Hult, & Ringle, 2017).

The research variables used are Variable X Sales Strategy with the characteristics of Customer Segmentation, Customer Priority and Targeting, Relationship Objectives and Sales Models, and the use of several sales channels with a total indicator of 27 items, while the Y variable used is the performance of MSMEs with indicators of 5 items, namely the level of sales growth, capital, profit / profit, high workforce and a broad market.

This study uses a questionnaire to collect data directly or sent by post, or the internet using a Likert scale, namely STS (1), TS (2), C (3), S (4), and SS (5)(Sugiyono, 2019). While the data analysis in this study uses descriptive statistical techniques and inferential statistics with the following details: Descriptive statistics in the form of mean, standard deviation, and characteristics of respondents based on gender, length of business, type of business, and number of employees, while inferential statistics in the data of this study are Patrial Least Square Structural Equation Modeling (PLS-SEM) using the Smart-PLS 3.0 software application with the following stages: Stage 1 determines the structural model, Stage 2 Determines the measurement model, Stage 3 Data collection and estimation, Stage 4 PLS path model estimation,

Stage 5 Assessing PLS-SEM Results from the Reflective Measurement Model, Stage 6 Assessing SEM-PLS results from the Structural Model, Stage 7 Advanced PLS-SEM Analysis,

Stage 8 Interpreting the results and drawing conclusions (Hair, Hult, & Ringle, 2017).

2.2. Structural Model (Inner Model)

PLS assessment can be seen from the application of R-square to each of the dependent latent variables. By looking at the structural model (Inner model) as follows:
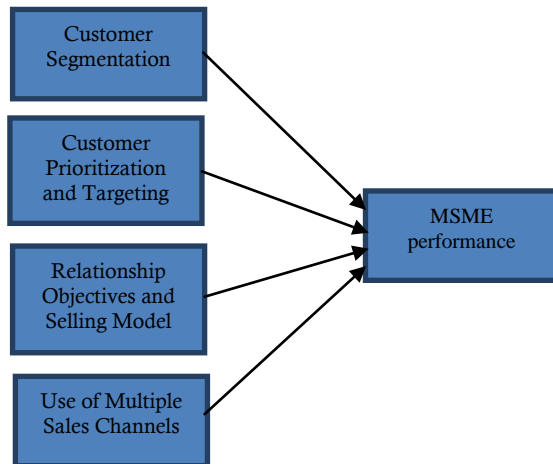

Figure 1. Structural Model (Inner Model)

2.3. Measurement Model (Outer Model)

This measurement model is used to test the validity and reliability of the model. In the validity test, it can be done using the convergent validity test from the results of the loading factor on each indicator with a value greater than 0.7 or between 0.5-0.6, whose developmental or exploratory research is acceptable and to test this validity Besides the loading factor, it can also be tested using the Average Variance Extracted (AVE) value of greater than 0.5. Meanwhile, to test the reliability in this study using Cronbach's Alpha with a value greater than 0.6 and composite reliability with a value of 0.6 - 0.7 in an exploratory study. The following is a picture of the measurement model (Outer Model) as follows:

Figure 2. Measurement Model (Outer Model)

3. Results and Discussion

3.1 Research result

1. Descriptive Statistical Analysis

In this descriptive statistical analysis, the respondents who were researched on business actors in Batam City were 101 business actors with the sex of Male by 58.4% and Female at 41.6%, while the last education of business actors consisted of 54 SMA / SMK, 5%, SMP by 18.8%, Bachelor's at 16.8% and the others at 9.9% which can be seen in Figures 3 and 4.
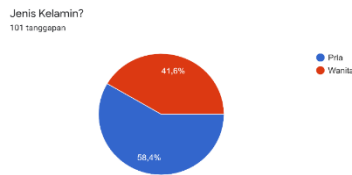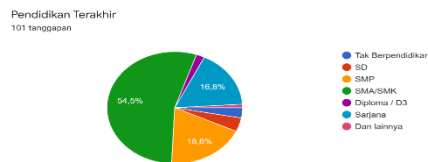

Figure 3. Gender

Figure 4. Education

2.Inferential Statistical Analysis

In this inferential statistical analysis, the researcher uses Patrial Least Square Structural Equation Modeling (PLS-SEM) using the smart PLS 3 application with the following steps:

a. Convergent Validity Test

The results of the convergent validity test of the loading factor value and AVE value are as follows:

Table 2. Loading Factor Value

	MSME Performance	Use of Multiple Sales Channels	Customer Prioritization and Targeting	Customer Segmentation	Relationship Objectives and Selling Model
KU1	0.760				
KU2	0.753				
KU4	0.769				
KU5	0.862				
P&PP1			0.771		
P&PP2			0.821		
P&PP3			0.807		
PBSP12		0.700			
PBSP13		0.900			
PBSP14		0.890			
SP4				0.912	
SP5				0.922	
TH&MP1					0.775
TH&MP2					0.894
TH&MP3					0.884
TH&MP4					0.814

Table 3. Average Variance Extracted Value

	Average Variance Extracted (AVE)	Status (>0.5)
MSME Performance	0.620	Valid
Use of Multiple Sales Channels	0.697	Valid
Customer Prioritization and Targeting	0.640	Valid
Customer Segmentation	0.841	Valid
Relationship Objectives and Selling Model	0.711	Valid

The results of the loading factor value can be seen in table 2.that all indicators on all variables have a value of more than 0.7 and the results of the AVE value can be seen in table 2 that all variables have a value greater than 0.5. carried out for the next stage, namely the reliability test.

b. Reliability Test

The results of this reliability test were carried out on the indicators of each latent variable with the results of Cronbach's Alpha and Composite reliability testing as follows:

Table 4. Cronbach'sAlpha&Compositereliabilitiy

	Cronbach's Alpha	Composite Reliability	Status (>0.6)
MSME Performance	0.795	0.867	Reliable
Use of Multiple Sales Channels	0.775	0.872	Reliable
Customer Prioritization and Targeting	0.719	0.842	Reliable
Customer	0.811	0.914	

	Cronbach's Alpha	Composite Reliability	Status (>0.6)
Segmentation			Reliable
Relationship Objectives and Selling Model	0.867	0.908	Reliable

In the reliability test both in terms of Cronbach's Alpha and Composite reliability, it can be seen in table 3 that the test results of all variables from MSME performance, use of multiple sales channels, customer priority and targeting, customer segmentation to relationship objectives and sales models have good reliability with the value above is more than 0.6.

c. Testing the structural model (Inner Model)

In this test, it can describe the relationship of each variable based on substantive theory which can be evaluated by looking at the R-Square for the dependent variable. The following are the results of the R-Square test in table 5 as follows:

Table 5. R-Squared

	R-Squared
Use of Multiple Sales Channels	
Customer Prioritization and Targeting	
Customer Segmentation	
Relationship Objectives and Selling Model	
MSME Performance	0.573

Based on the test of the R-square value of 0.573, it shows that the use of several sales channels, customer priority & targeting, customer segmentation, relationship objectives & the sales model is able to explain the construct of MSME performance by 57.3% while 42.7% is explained by other variables. And has a big influence over 0.50 of 0.573.

d. Hypothesis Testing Results

Hypothesis testing in this study can be seen in the P-Values value of the PLS output with the testing criteria if the p-value is ≤ 0.05 then the hypothesis testing can be accepted, whereas if the p-value is ≥ 0.05 then the hypothesis testing is rejected. In this case, testing the hypothesis can be seen in table 6 as follows:

Table 6. Path Coefficients

	Original Sample (O)	Sample Mean (M)
Use of Multiple Sales Channels-> MSME Performance	0.437	0.000
Customer Prioritization and Targeting -> MSME Performance	0.078	0.337
Customer Segmentation -> MSME Performance	0.367	0.000
Relationship Objectives and Selling Model -> MSME Performance	0.114	0.139

Based on the results of the p-values test in table 6, it can be seen, namely:

1. The use of several sales channels has a significant effect on the performance of UMKM with an original sample value of 0.437 and a p-value of 0.000 smaller than 0.05 so that the use of several sales channels has a significant effect on the performance of UMKM in other words the hypothesis is accepted.

2. Customer priority and targeting do not have a significant effect on umkm performance with the original sample value of 0.078 and a p-value of 0.337 greater than 0.05 so that customer priority and targeting do not have a significant effect on umkm performance, in other words the hypothesis is rejected.

3. Customer segmentation has a significant effect on UMKM performance with the original sample value of 0.367 and a p-value of 0.00 which is smaller than 0.05 so that customer segmentation has a significant effect on the performance of the UMKM in other words the hypothesis is accepted

4. The purpose of the relationship and the sales model do not have a significant effect on the performance of the UMKM with an original value of 0.114 and a p-value of 0.139, which is greater

than 0.05, so that the relationship objectives and the sales model do not have a significant effect on the performance of the UMKM in other words, the hypothesis is rejected.

3.2. Discussion

The influence of the sales strategy with the characteristics of the use of several sales channels on the performance of UMKM.

Based on the results of testing the first hypothesis, it can be seen that the use of several sales channels has a significant effect on the performance of UMKM. In this case the results of the study are in line with the research of Terho, Eggert, Haas, & Ulaga (2015) that the use of several sales channels also affects business performance in the form of sales performance. Therefore, a sales strategy with the characteristics of using several sales channels is very important in running a business which will improve business performance. Of course, this strategy with the characteristics of the use of several sales channels has been applied to business actors in Batam City.

The influence of sales strategy with the characteristics of customer priority and targeting on umkm performance.

Based on the results of testing the second hypothesis, it can be seen that the priority variable and customer targeting have no effect on the performance of the UMKM. The results of this study are not in line with the research of Terho, Eggert, Haas, & Ulaga (2015) that customer priority and targeting affect business performance in the form of sales performance. Therefore, business actors in Batam City have not implemented a sales strategy with priority characteristics and customer targeting so that in running their business, business actors can improve their business performance.

The influence of sales strategy with customer segmentation characteristics on umkm performance.

Based on the results of testing the third hypothesis, it can be seen that customer segmentation variables have a significant effect on UMKM performance. This result is in line with the research of Terho, Eggert, Haas, & Ulaga (2015) that the customer segmentation has an effect on business performance in the form of sales performance. In this case, of course, customer segmentation has been implemented by business actors in Batam City.

The influence of the sales strategy with the characteristics of the relationship objectives and the sales model on umkm performance.

Based on the results of testing the fourth hypothesis, it can be seen that the relationship objective variable and the sales model have no effect on umkm performance. This result is not in line with the research of Terho, Eggert, Haas, & Ulaga (2015) that the relationship objective and sales model have an effect on business performance in the form of sales performance. In other words, the sales strategy with the characteristics of relationship objectives and the sales model is still weak and has not been implemented in improving business performance.

4. Conclusion

The conclusions in the study of the effect of sales strategies on umkm performance with the following characteristics are:

1) The use of multiple sales channels has a significant effect on umkm performance. Business actors in Batam City have implemented a sales strategy with the characteristics of using several sales channels to improve their business performance

2) Customer priority and targeting has no effect on umkm performance. Business actors in Batam City have not implemented a sales strategy with priority characteristics and customer targeting in improving their business performance.

3) Customer segmentation has a significant effect on umkm performance. Business actors in Batam City have implemented

sales strategies with customer segmentation characteristics in improving their business performance

4) Relationship objectives and sales model have no effect on umkm performance. Business actors in Batam City have not implemented a sales strategy to improve their business performance.

5) Acknoledgements

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