Abstract—Micro, Small and Medium Businesses play an important role in developing the country’s economy, Indonesia being no exception. The growth of micro small and medium enterprises is a potential economic booster that deserves the attention of various parties. The existence of the Covid-19 pandemic necessitates creativity on the part of SMEs in running their business. MSMEs can no longer rely on out-dated methods, particularly considering current technological advancements that demand changes to take place. One alternative strategy is to implement the 7P Marketing Mix model. This study uses a qualitative research method with a descriptive approach combined with the 7P Marketing Mix instrument. Data are collected through questionnaires containing the Marketing Mix parameters. A sample of 120 micro and small business operators in Yogyakarta Special Region are selected through purposive sampling. Data analysis consists of data transcription, reduction, coding and categorization, after which a conclusion is drawn. This study aims to formulate a marketing mix strategy that can be applied by businesses in the face of the Covid-19 pandemic towards a new normal era. Based on the data analysis previously described, it can be concluded that the 7P Marketing Mix strategy (product, price, place, promotion, process, people, and physical evidence) has not been fully applied by business operators in Yogyakarta. This finding signals the need for improvements in order to create a good and sustainablebusiness.

Keywords—7P Marketing Mix, Micro Medium & Small Businesses, Covid-19

I. INTRODUCTION

Micro, Small and Medium Businesses play an important role in developing the country’s economy, including Indonesia. Data released by the Central Statistics Agency of the Republic of Indonesia through the extended 2016 Economic Census revealed that Indonesia's business world is still dominated by micro- small businesses (MSEs), of which the number reaches more than 26 million businesses or 98.68 percent of the total non-agricultural businesses in Indonesia. These businesses also had the capacity to absorb more than 59 million workers or around 75.33 percent of the total non-agricultural workforce. When the economic crisis hit Indonesia around 1997-1998, micro and small businesses remained strong when other large businesses collapsed [1].

The growth of micro small businesses is a potential economic booster that deserves attention. Various measures need to be taken in order for micro-small businesses to continue to compete in the local and global markets. The increasingly advanced flow of globalization accelerates the change in consumer desires and selective nature. Therefore, the micro-small businesses are required to understand and learn the consumer behavior in deciding purchases in effort to meet their needs and desires [2].

Yogyakarta, as a tourist destination, is inseparable from the existence of businesses. The tourism sector is able to lift the economy of the surrounding community as well as other sectors closely related to tourism, such as the aviation industry, travel agents, rental businesses, hotels, restaurants, and other sectors that support tourism activities [3].

Based on the data obtained from the Cooperative and SME Office of the Special Region Yogyakarta, the growth rate of business operators is as in the table below:

| No | Sector           | 2015 | 2016 | 2017  | 2018  | 2019  |
|----|------------------|------|------|-------|-------|-------|
| 1  | Micro Business   | 125,863 | 130,525 | 135,799 | 141,991 | 143,385 |
| 2  | Small Business   | 57,412 | 59,655 | 62,042 | 64,896 | 65,533 |
| 3  | Medium Business  | 34,737 | 36,031 | 37,472 | 39,196 | 39,581 |
| 4  | Large Businesses | 11,962 | 12,408 | 12,904 | 13,498 | 13,631 |
|    | Total            | 220,703 | 230,047 | 238,619 | 248,217 | 262,130 |

Source: Cooperative and SME Office of DIY

Based on the data the Regional Government must be able to play its role in MSME development. As such, the strategic policies taken by the Regional Government related to the development of micro small businesses (MSEs) are vital towards bringing about positive impacts and contribution for the local development [4].

Intense competition among businesses has existed even prior to the Covid-19 pandemic, a condition further exacerbated by the vast number of new products that emerged in response to market needs. The onset of the Covid-19...
pandemic demands creativity in running businesses; a
necessity in response to the government policy to restrict
people movement. This fact should encourage businesses to
strive for continuous innovation in order to develop and
survive in competition [5].

Businesses can no longer rely on old methods, particularly
with current technological developments that demand
different changes to take place. An increase in product
demand will espouse further business development and one
way to initiate this is to implement the right marketing strategy
by influencing consumer purchasing decisions to maximize
sales. One of the methods in influencing purchasing decisions
is to apply the Marketing Mix strategy [6].

II. RESEARCH METHOD

This research uses a qualitative research method with a
descriptive approach combined with Marketing Mix. This
study describes an observable fact, an event currently taking
place, and scientifically comprehends the phenomenon within
the social and Covid-19 pandemic context by emphasizing the
interaction process between the researcher and the
phenomenon under study.

Data collection method consists of questionnaires
containing the Marketing Mix parameters. A purposive
sampling technique is used whereby research subjects and
locations are purposely selected with the aim to study or
understand the primary research problems [7]. The selected
sample consists of 120 micro and small businesses in the
Yogyakarta Special Region (DIY) that fulfil the requirements
such as a minimum of two years of business operation, is a
legal entity with the number of assets and turnover in
accordance with the Law Number 20 of 2008 regarding Micro,
Small and Medium Enterprises.

Based on the below table, the highest number of
businesses that have remained in operation for five years is 55
(45.8%) and the number of business owners able to sustain
their business for more than 20 years is 9 (7.5%). In terms of
business type, most businesses (51 businesses) are in the
culinary or food and beverage preparations category (42.4%),
and the lowest number of business owners (6 businesses)
comes from creative (non-familiar) types of business
products, which is 6.7% of the sample. In the business
category, 26 businesses (21.7%) are categorized as micro
business and 94 (78.3%) as small business.

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TABLE II. FREQUENCY DISTRIBUTION OF RESPONDENTS’ CHARACTERS

| CHARACTERISTIC            | n  | %   |
|--------------------------|----|-----|
| Period of operation (years) |    |     |
| 0 – 5                    | 55 | 45.8|
| 6 – 10                   | 24 | 20  |
| 11 – 15                  | 18 | 15  |
| 16 – 20                  | 14 | 11.7|
| >20                      | 9  | 7.5 |
| Business Type            |    |     |
| Culinary (Food and Beverage) | 51 | 42.5|

The distribution of questionnaires to research subjects
combined with the Marketing Mix instrument will provide a
more in-depth result, whereby the Marketing Mix strategy
address the fundamental tasks that must be executed by
businesses in order to develop a sustainable businesses during
the Covid-19 pandemic towards a new normal era. The stages
of data analysis in this study comprises of data transcription,
reduction, coding and categorization, and drawing
conclusions [8]. The interactive data analysis model is
asfollows:

![Interactive Analysis Model](image)

Prior to determining the validity of the collected data, it
can be tested for reliability and objectivity. Several means
to strengthen the validity of research data include: (1)
Triangulation, (2) Member check, (3) Compilation of
databases, (4) Compilation of research evidence [9].

III. RESULT AND DISCUSSION

Based on previous research on business strategy in the face
of the Covid-19 pandemic towards a new normal era utilizing
the 7P Marketing Mix perspective, the following results are
obtained:

Product is a combination of goods and services offered by
a person or institution to meet market needs and desires (6).
From the table below, 41 business owners (34.2%) produce
products according to their respective expertise and skills.
Twenty business owners (16.7%) produce products by
observing the potential benefitsof the products. Eighteen
businesses (15%) produced products by taking into account
the abundance and accessibility of raw material, while 16
businesses (13, 3%) produced products according to consumer
demand and needs. Nine business owners produce products to
continue existing family business and to generate income.
Lastly, 7 business owners (5.8%) conduct their business due
to other reasons (trial-and-error). These results indicate that
producing products to cater to market demand and needs has
not been the primary focus of business owners. That being
said, a positive point is that 100% of the business owners
produce innovative and distinctive products compared to their
competitors.
Price is the nominal that is billed to consumers for a product. This instrument is the only element of the Marketing Mix that generates revenue [6]. The role of price is vital particularly to in maintaining and improving business positioning in the market as reflected in market share, in addition to increasing sales volume and profit [10].

From the previous table, 67 businesses (55.8%) still gained profit from the price of the products offered. Thirty businesses (25%) reached break-even point and 23 (19.2%) suffered losses from the price of the products offered. Eighty-six businesses (71.7%) implemented various pricing policy strategy such as discount, package prices and others. The remaining 34 businesses (28.3%) did not implement a pricing policy. These results suggest that some businesses have not given much focus on their respective pricing policy.

Distribution channels have an important role in the sustainability of product delivery from producers to end consumers. Distribution channels are product flows from producers to consumers. Additionally, businesses should establish a system that maps out the business process starting from production to product delivery to consumers.

From the table above, 56 businesses (46.7%) use social media, marketplaces and resellers as the distribution channel of choice for the business. Thirty-three businesses (27.5%) only use intermediary resellers and 31 businesses (25.8%) strictly conduct direct selling to consumers, without utilizing social media, marketplaces and resellers.

Promotion or marketing communication is an attempt to convey a message to potential customers about the existence of products in the market. It is a concept commonly used to convey messages (to inform and persuade). This Marketing Mix is often applied in various types of promotions [11].

According to the table above, 102 businesses (85%) have carried out business promotion activities. Business practitioners are aware of the importance of promotional activities to boost sales. Eighteen business owners (15%) have not conducted promotional activities due to limited knowledge in the matter.

Process is all the actual procedures, mechanisms, and flow of activities utilized to deliver services [6].

The table above conveys that 101 businesses (84.2%) continue to apply existing standard operating procedures (SOP), which is carried out to maintain the quality of the product produced. Meanwhile, 19 businesses (15.8%) do not apply their SOP for cost efficiency purposes. However, standard operating procedure must be maintained by businesses to maintain the quality of products sold to consumers. Additionally, businesses should establish a system that maps out the business process starting from production to product delivery to consumers.

People or human resources are the actors who play a role in the delivery of services and have the capacity to influence the perception of buyers [6]. The quality of business operators is reflected in the way they solve problems. According to the table below, 107 business operators (89.2%) seek problem solving through discussion, asking questions and other means as an effort to solve problems, while the remaining 13 business operators (10.8%) do not make an effort to solve their problems. Ninety businesses (75%) have received complaints and the remaining 30 businesses (25%) have never received complaints. Complaints are dealt with in various ways, whereby 10 businesses (8.3%) listen to the complaints, 86 businesses (71.7%) respond to them and 24 businesses (20%) provide compensation. Complaints communicated by consumers are a form of concern for the products offered by producers. Consumers are the most unique instruments, requiring specific strategy of approach. Businesses must be able to identify who their potential customers are, and one means of achieving this is to create a customer database. This research reveals that 93 business operators (77.5%) own a

| TABLE III. MARKETING MIX INSTRUMENT: PRODUCT | |
|---|---|
| Product | n | % |
| Reason for production | | |
| Responding to market demand | 16 | 13.3 |
| Potential of abundance of raw material | 18 | 15.0 |
| Potential of human resource (skills) | 41 | 34.2 |
| Potential benefit of product | 20 | 16.7 |
| Continuing family business | 9 | 7.5 |
| Creating a source of income | 9 | 7.5 |
| Others | 7 | 5.8 |
| Total | 120 | 100 |

| TABLE IV. MARKETING MIX INSTRUMENT: PRICE | |
|---|---|
| PRICE | N | % |
| Price-setting during Covid-19 Pandemic | | |
| Gain margin | 67 | 55.8 |
| Break-even | 30 | 25.0 |
| Experience Loss | 23 | 19.2 |
| Pricing Policy during Covid-19 | | |
| Exists | 86 | 71.7 |
| None | 34 | 28.3 |
| Total | 120 | 100 |

| TABLE V. MARKETING MIX INSTRUMENT: DISTRIBUTION CHANNEL | |
|---|---|
| DISTRIBUTION CHANNEL | n | % |
| Selected Distribution Channel | | |
| Social Media, Marketplace and Reseller | 56 | 46.7 |
| Reseller | 33 | 27.5 |
| No intermediary | 31 | 25.8 |
| Total | 120 | 100 |

| TABLE VI. MARKETING MIX INSTRUMENT: PROMOTION | |
|---|---|
| PROMOTION | N | % |
| Carry out promotional activities | | |
| Yes (content, copywriting, video) | 102 | 85 |
| No | 18 | 15 |
| Total | 120 | 100 |

| TABLE VII. MARKETING MIX INSTRUMENT: PROCESS | |
|---|---|
| PROCESS | N | % |
| Continue to implement SOP | | |
| Yes | 101 | 84.2 |
| No | 19 | 15.8 |
| Total | 120 | 100 |
physical evidence, physical facilities, physical form, and the final result bear concrete impact in the consumer's decision to purchase and use the products offered. Whether the offered product is in accordance to the actual product enjoyed by the customer is a point of consideration in itself [6].

The table above conveys that 120 business operators (100%) elaborate that the products they offer through posters, brochures, social media, marketplaces or other means, will be the same as the products enjoyed by consumers. Additionally, whether requested or not, consumers then provide a review of the product consumed, which in turn provides the business with further information.

IV. MANAGERIAL IMPLICATION

Based on the analysis of the 7P Marketing Mix strategy application, the author advises businesses owners to create products that are in accordance with market needs and demands. The product produced must also provide important benefits for the consumers. Businesses must be able to establish a pricing policy beneficial to both the business and the consumers. Businesses must be able to make information technology advancement as a means of distribution channel in bringing products closer to consumers, as well as one of the promotional media in presenting interesting content.

Businesses are also advised to maintain existing SOPs in order to ensure the quality of their products. Skill upgrade of the human resources should be carried out to increase problem-solving capacity in the field. Any marketing promises made to consumers related to product benefits must also be delivered by the business.

V. CONCLUSION

Based on the above data analysis, a conclusion is drawn that the 7P Marketing Mix strategy has not been effectively and entirely implemented by the business owners in Yogyakarta. This is evident in the result for each of the 7P Marketing Instrument, whereby the product instrument shows that only 16% of businesses have produced products according to market demand. The price instrument reveals that 71, 7% of business owners implement a pricing policy to ensure profit. The place/distribution channel instrument indicates that 46.7% of business owners utilize social media, marketplace and resellers as a choice of distribution channel. The instrument of promotion reveals that 85% of business owners have conducted business promotion activities. Process instrument shows that 84.2% of business owners enforce an existing standard operating procedure (SOP). The human resource instrument reveals that 89.2% of business owners seek problem solving through discussion. According to the result of physical evidence instrument, 100% of businesses sell products according to that promised during marketing.

ACKNOWLEDGMENT

This research has been made possible by the assistance of various parties. I therefore would like to thank the Chairperson and the entire STIPRAM Yogyakarta Academic Community who have supported this research. My gratitude also goes to the Cooperatives and SMEs Office of Special Region of Yogyakarta for assistance for providing required data, and to Micro and small business owners for being the respondents and providing additional information.

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