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The purpose of the conference was to discuss the latest evidence and ideas on how to promote entrepreneurship and most effectively open and manage a business, in industries ranging from fashion and furniture to food products, tourist attractions and services such as transportation and event management.

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These papers will be of interest to academics, students and professionals researching or working on entrepreneurship and business management.

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Conference Proceedings

Citation Index



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[Differentiation and the Five As Concept in Digital Marketing of Small and Medium Enterprises During the Covid-19 Pandemic \(a Study at Cepaka Village, Kediri Tabanan\)](#)

7TH INTERNATIONAL CONFERENCE ON ENTREPRENEURSHIP (7TH ICOEN)

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Suarthana

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Conference Paper

Differentiation and the Five As Concept in Digital Marketing of Small and Medium Enterprises During the Covid-19 Pandemic (a Study at Cepaka Village, Kediri Tabanan)

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Abstract

The purpose of this study was to analyze the differentiation and the Five As digital marketing concept made by SMEs (Small and Medium Enterprises) in Cepaka Village during the Covid-19 pandemic in maintaining their competitiveness. This was qualitative research with key informants consisting of 14 SME managers in Cepaka Village, Kediri, Tabanan Bali. The differentiation was viewed from the basis of products, services, personnel, marketing channels and images as well as marketing 4.0 (digital marketing) implementation in aspects of Mapping Customer Path throughout the Five As concepts. On average, the income of the SMEs in Cepaka Village decreased by 50%. The differentiation strategy consisted of a cost leadership strategy, service variations, expansion of marketing channels and special promotions of 20-30%. Only 3% of SMEs added marketing personnel. The implementation of digital marketing with the Five As approach did not work as intended. Digital marketing had to be done because of the demands of the Covid-19 pandemic, but the impact from this digital marketing strategy has shifted and did not perform optimally. The purchasing decisions were not based on Aware, Appeal, Ask; however, the purchasing decisions were made because of the priority needs and impacts of Covid-19. There was no brand loyalty or repurchase. The implication of this research was to provide a reference for SMEs to prioritize operations in the Covid-19 pandemic or other emergency situations that disrupt the operations of SMEs.

Keywords: Differentiation, The Five As Concept, Digital Marketing, SMEs

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Selection and Peer-review under the responsibility of the ICOEN Conference Committee.

1. Introduction

BPS (2020) explains that the results of the Covid-19 impact survey on business actors show that the Provinces of Bali, Yogyakarta, Banten, and DKI Jakarta are the four

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provinces whose business actors experience the most decline in income. Bali is Indonesia's mainstay tourist destination and closest tourist routes for foreign and domestic tourists. The closure of tourist destinations in Bali has an impact on the income of SMEs (Small and Medium Enterprises) that support tourism in Bali. According to the UU Law No. 20 of 2020, it explains that small businesses are independent productive economic enterprises carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or part of, either directly or indirectly from Medium or Large Enterprises that meet the criteria for Small Business as referred to in this Law. The number of SMEs in Bali until 2019 has reached 326,000 (Berita Bali, 2019). SMEs are usually engaged in culinary, cosmetic products, fashion, technology, agribusiness and souvenirs. The SMEs that suffered the impact of Covid-19 in Bali are SMEs that engage in fields that are directly related to tourism. Among them are the souvenir businesses in Bali, the business of materials romantic spa therapy, culinary, business of coffee shops, restaurants, travel agents, even agribusiness that supply agricultural products to hotels and restaurants are badly hit because no one buys abundant agricultural products. Large-scale businesses working on projects to build hotels, villas, apartments and various tourism support facilities in Bali are barely capable to operate.

This research takes Cepaka Village as an object, which is one of the villages where people rely on tourism activities. Cepaka Village is one of the fifteen (15) villages in the Kediri sub-district, Tabanan Regency, Bali Province. The geographic location of Cepaka village is between 8.36.28. - 8.35.52. LS and 115.07.76 - 115.09.44. BT. Judging from the geographical location and territorial boundaries, Cepaka Village is the easternmost part of the Tabanan Regency area. The northern boundary, eastern boundary and southern boundary are all villages in the Badung Regency area. Being in the border area has its own consequences for Cepaka village. In the agricultural sector, Cepaka village has rice fields equipped with walking trails for biking and jogging. They're known as a "jogging tract" across rice fields. Along the "jogging tract" are the people's rice fields which are now starting to be arranged. There was a desire from the head of Cepaka village to create a tourist village in collaboration with universities, to provide assistance in designing the tourism village. The village is supported by three-star standard villas which have been operating since 2000 along the Tukad Penet river (the river that crosses this village). The inhabitants have artistic skills such as carving craftsmen, sculpture and dance studios. The inhabitants also have culinary specialties including meatball culinary businesses, satay houses, and their suckling pig (Babi Guling Slingsing) are

famous in Balinese culinary specialties. Other small businesses include mushroom cultivation, duck breeder, broiler chicken, incense production, Balinese carving production, souvenir business, photo studios and other business that are a source of income for the community. Besides managing their business; most of the people in Cepaka village work as employees in villas along the Penet river, both as managers, as staffs and security.

The economy of the Cepaka village community has begun to grow since 2010; when this village built the traditional “Sri Bantas” market. Most of the traders who sold these goods and services are local villagers who try to get into trading businesses. People work as traders of food, clothing, side dishes, vegetables and sell religious ceremonies. This traditional market is able to gradually but surely improve the people’s economy. Several indicators that show this increase can be seen from the public interest in saving and using the services of the People’s Credit Institution (LPD) and village cooperatives in these traditional markets. The Covid-19 pandemic has made the economy of the people of Cepaka Village a little worse. Some of the home industry businesses supplying their agricultural products to hotels and villas around the village has gone down because many of the villas were closed. Many villa workers were sent home. Even though the Indonesian Minister of Finance clearly explained that an economic recession would occur, the SME group in Cepaka Village was still trying to survive, amidst the Covid-19 pandemic. Based on the results of observations and interviews of several SMEs that experienced the impact of decreased turnover and operational disruption, they were still trying to make breakthroughs to stay alive. Through this paper, the various strategies undertaken by SMEs in Cepaka Village are explored in maintaining their competitiveness

2. Methods and Theoretical Approach

2.1. Methods

This study took a sample of fourteen (14) SMEs in Cepaka Village which are engaged in various sectors as described in Table 1 below:

Interview guidelines and questionnaire filling in soft copy form are filled in online by SMEs managers via google form. All respondents are business actors in Cepaka Village, which is a village empowered by Triatma Mulya University. While technically operational, the constraints and business strategies carried out are always under observation and known by the village guidance team.

TABLE 1: SMEs in Cepaka Village

| NO | Name of SMEs | Amount |
|----|----------------------------------|--------|
| 1 | Culinary | 3 |
| 2 | Handicraft | 1 |
| 3 | Food and Beverage | 2 |
| 4 | Balinese wood carving | 2 |
| 5 | Animal husbandry and agriculture | 2 |
| 6 | Production and building material | 3 |
| 7 | Micro finance | 1 |
| | Total amount of SMEs | 14 |

Source: Cepaka's Village Data 2020

This research uses a descriptive qualitative analysis which describes in detail the efforts made by SMEs in Cepaka Village in maintaining competitiveness during the COVID-19 Pandemic. The approach focuses on the marketing perspective namely differentiation efforts undertaken by these SMEs in order to survive. Differentiation carried out by SMEs is related to the implementation of marketing 4.0 (digital marketing). There was a marketing shift that was quite complicated and carried out forcibly by SMEs in Cepaka Village, because of the Covid-19 Pandemic. Analysis using the differentiation theory approach according to Kotler (2002) is based on products, services, personnel, marketing channels, and images. In another perspective, analysis is also carried out referring to Kartajaya's (2008) theory, namely differentiation in terms of content (what to offer), context (how to offer) and infrastructure (supporting equipment for differentiation). The final analysis is to combine the implementation of differentiation in Kotler's (2017) digital marketing theory, namely marketing 4.0 which focuses on the 5 A (Aware, Appeal, Ask, Act and Advocate).

2.2. Theoretical Approach

Kotler at al. (2009) explained that in the era of marketing 3.0, marketing orientation focused on values-driven marketing, with the main objective of making the world a better place. Changes in the marketing era began with the marketing era 1.0; who treat the customer / market as a bulk buyer with only a focus on the physical needs of the product. Next; Kertajaya (2009) describes a shift in the marketing 2.0 era; where companies see the market as a smart consumer in a community that is influenced by the power of word of mouth (WoM). In the era of marketing 3.0 the market was seen as a whole person with a mind, spirit and heart. Kartajaya (2010) stated that the new model for marketing - Marketing 3.0 - treats customers not as consumers but as the complex, multi-dimensional human beings that they are. Customers, in turn, are

choosing companies and products that satisfy deeper needs for participation, creativity, community, and idealism. As a further development in Marketing 4.0 Kotler et al. (2017) combines online and offline strategies to get customer engagement; moving from traditional to digital with a focus on 5 A; which consists of Aware, Appeal, Ask, Act and Advocate of the product. The benefits of the internet of things (IoT), the use of big data and artificial intelligence are the basis for business movements in the digital era. The Covid-19 Pandemic made a specific contribution to the company's survival strategy in facing its competitors. The shift in marketing strategy from 1.0 to 4.0 doesn't seem to have contributed to the achievement of the target market. In the midst of the Covid-19 Pandemic, there is a strategy implemented by SMEs in Cepaka Village, namely differentiation.

Product differentiation is the process of differentiating a product or service provided with competitor's services so that it has a more unique and valuable character in the eyes of the customer. Success in differentiation will create new value which is a product's competitive advantage. In maintaining the positive value that is transmitted, special tactics are needed that emphasize more on differentiation besides selling and marketing mix (Kartajaya, 2008).

Differentiation according to Kotler (2002) is the act of designing a series of meaningful product differences to differentiate the company's offer from competitors' bids. The dimension of differentiation according to Kotler (2002) is based on products, services, personnel, marketing channels, and images. In the product life cycle, according to Butler (1980) in Pranata (2018) describes the stages of the product cycle from exploration, involvement, development, consolidation, stagnation, decline and rejuvenation. In an effort towards rejuvenation, companies usually do differentiation and diversification. Porter (2002) emphasizes again that the differences created must bring meaningful value to customers in creating competitive advantage. In another perspective, Kartajaya (2008) states that the series offered by the company must be perceived differently by customers in terms of content (what to offer), context (how to offer) and infrastructure (differentiation support equipment that is carried out).

3. Results

3.1. SMEs Differentiation

This study explores differentiation efforts carried out by SMEs in Cepaka Village, Kediri Tabanan. Referring to Kotler's (2002) differentiation theory, the dimensions of differentiation are based on: 1) a strategy to sell at a low price (cost leadership strategy), 2) adding variety of services, 3) adding distribution channels, 4) adding marketing personnel, and 5) conducting special promotions (maintain image).

Based on the results of online in-depth interviews with 14 SME management resource persons and filling in the answers to the interview guide via Google form media, the results are described as Figure Chart 1 below:

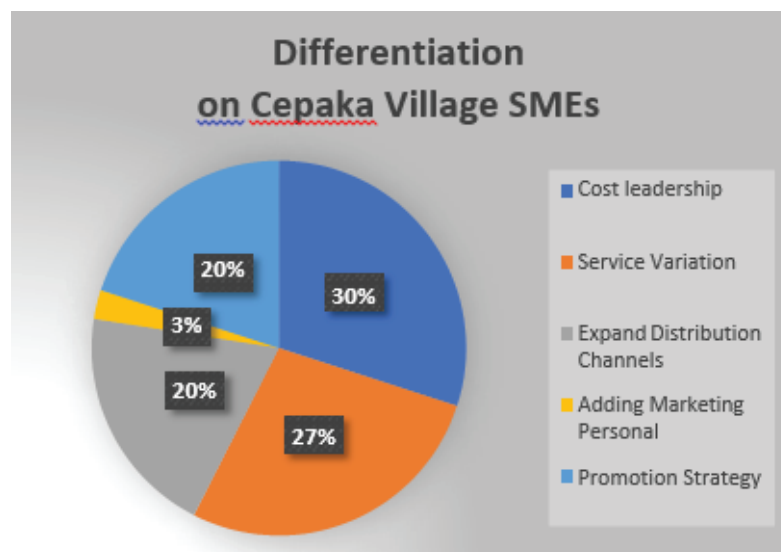


Figure 1: Differentiation on Cepaka Village SMEs (Source: Private Data (2020))

The Covid-19 pandemic made SMEs change course in order to survive. Figure 1 above explains that 30% of SMEs apply a cost leadership strategy, 27% do variety of services, 20% make different promotional efforts and expand marketing channels, and only 3% add marketing personnel. In the aspect of “different promotional efforts” SMEs adjust to the Covid-19 Pandemic, so that SMEs must carry out digital-based promotions. SMEs has begun to allocate funds to create websites, advertise on social media such as Facebook, Instagram, or other paid online advertising managers.

3.2. Shifting of Digital Marketing on The Five As Concept

In this era of digital marketing 4.0; SMEs should shift their marketing efforts from conventional to digital. Within its limitations, during the Covid-19 Pandemic, SMEs were forced to do digital marketing. When connected with the Marketing 4.0 theory approach;

Kotler et al. (2017) combines online and offline strategies to get customer engagement; moving from traditional to digital. Marketing 4.0 with a focus on the 5 A's; which consists of Aware, Appeal, Ask, Act and Advocate of the product, but in the Covid-19 pandemic the implementation has also shifted. If under normal conditions, the final focus of 5 A is brand loyalty, which is reflected in retention, repurchase and advocating the other. During the Covid-19 Pandemic; there is a shift in these five aspects. Consumers are less concerned, even for high- class consumers. It's as if purchase decisions no longer depend on the brand. The sluggishness of the market has damaged the product brands in the world by time and a decrease purchasing power, making people to carefully set their priorities in shopping. PSBB (Conditional Large-Scale Restriction) in various places has significantly lowered the national economy.

In this study, it was analyzed how the modification of the digital marketing approach 4.0 was carried out on SMEs in Cepaka Village from the perspective of The Five As.

The following is the mapping of the customer path through The Five As theory:

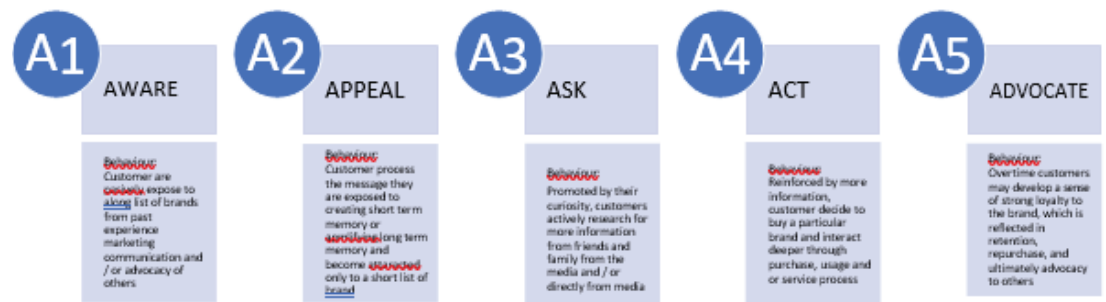


Figure 2: Mapping Customer Path Throughout The Five As (Source: Kotler at al. (2017))

The shift in consumer behavior based on a focus on The Five As process begins with being aware where customers are passively exposed to a long list of brands from past experience, marketing communication and / or advocacy of others. Then they started processing the message they are exposed to creating a short term memory or amplifying long term memory and become attracted only to a short list of brands, then customers start looking for information from family, friends and the media to then decide to buy a brand, and react more deeply about the service. The end of this step is the creation of loyalty to one brand, buying repeatedly and influencing other customers for the recommended brand.

During the Covid-19 Pandemic, SMEs in Cepaka Village served the shopping behavior of consumers who shifted from The 5 A's theory. The Aware is there; not solely considering the brand, but there is no Appeal, searching information only to get competitive products, which are cheap. Buying and selling transactions occur without considering

the brand; and loyalty appears only for purchasing priority products during the Covid-19 Pandemic. The implementation of digital marketing in Cepaka Village is unable to achieve customer advocacy and an increase brand understanding in order to be loyal; but the implementation of digital marketing only focuses on informing products to consumers more quickly so that transactions can occur.

4. Discussion

Based on the results of data processing on SMEs in Cepaka Village, differentiation strategies and implementation of digital marketing (The Five As) can be identified as follows:

4.1. Focus on Differentiation

Differentiation strategies undertaken by SMEs during Covid-19 covered 27-30% in the form of cost leadership implementation and service variations. Gamma (2020), one of the key informants explained, "these two strategies were carried out because of consumer demands; In this difficult economic period, consumers are only able to meet their primary needs, so secondary needs such as product art and souvenirs with certain brands are very small. Even though we received orders, the price agreed upon was very low, or in other words our profit was very small." During the Covid-19 Pandemic, brands were no longer an important thing to consider. Research by Timpal et al. (2016) stated that brand awareness and brand attitudes significantly influence the purchasing decisions in Manado. During this pandemic, brand strength did not affect people's shopping behavior. The priority that is purchased by the community is basic necessities at standard prices. Although a wide variety of services are provided; In this recessionary economic condition, people's spending behavior is not what it used to be. UKM survive by providing cheap prices, as long as they can survive.

The expansion of marketing channels and different promotional efforts was carried out by 20% of SMEs in Cepaka Village. Mrs. Nanta (2020), one of the resource persons explained, "various alternative efforts in product distribution and product marketing have been carried out, but due to the sluggish economy and the dominant tourism sector which absorbs production products, it is also closed. Over-supplies cannot be resolved." For duck farming production costs, several alternatives have to be made so that the cost can be covered. "Cultivation of mushrooms that are ready to be harvested is also suffering from over supply"

Raharja's research (2013) finds that the firm used short of distribution channels such as retailer specially Hypermarket. In the middle to lower scale business, distribution channels tend to be short or direct to producers. The service for providing SME products in Cepaka Village is also a category with a short distribution channel (hotels and restaurants buy directly from producers in the village). However, because the tourism sector was closed, efforts to vary distribution channels and sales promotion were not able to increase SME income optimally.

Only 2% of SMEs need marketing personnel related to the type of production that requires delivery services. Additional delivery services are also calculated to be minimal to increase sales. If in the 2018 era, online delivery services that collaborated with restaurants and online shops were able to contribute to mutual benefit, but when the Covid-19 Pandemic hit, the existence of online delivery services also encountered problems; both from the number of service users and the acquisition of sharing and income. The Covid-19 pandemic condition seems to refute the research of Hassan et al. (2019) who found that the existence of online transportation (GoFood) is increasing sales of restaurants in Banjarmasin. Cooperating with Go-food has a positive impact socially and economically, such as an increase in workability and annual income.

When viewed from the perspective of differentiation, Kartajaya (2008) in terms of content (what to offer), context (how to offer) and infrastructure, differentiation efforts carried out by SMEs in Cepaka Village are also carried out by these aspects. As a comparison of research conducted by Suarthana and Karta (2013) on the Ubud Bali Monkey Forest tourist destination, it states that differentiation strategy is implemented in content, context and infrastructure and will influence the value entered to customer. Increasing value will improve performance and brand image of the destination. Differentiation efforts made have a major contribution to the achievement of value and product performance which can directly increase the brand image. During the Covid-19 pandemic, only SMEs with strong capital were able to differentiate between content, context and infrastructure. One of the well-known culinary businesses in Cepaka Village is able to make differentiation efforts at the same time in content, context and infrastructure. Warung Kuliner Bu Suci (2020), one of the resource persons for culinary SME in Cepaka Village said that: "In order to fulfill the desires of consumers who are loyal to their culinary products, and fulfill the Covid-19 Task Force's appeal that no newcomers should enter Cepaka Village for culinary tours, then Bu Suci opened a new shop on the side of the main road with extra services and vigorous promotions, so that loyal customers can still enjoy their favorite culinary." The capital strength of SMEs greatly

determines their ability to realize the differentiation strategy applied to the Covid-19 Pandemic.

4.2. The Shifting of Customer Behaviour Based on The Five As Concepts

The digital marketing approach in the internet of things and artificial intelligence era changes the competitive strategy of SMEs. Almost all SMEs recruit millennial employees in their marketing activities. The process is based on a digital marketing approach following Mapping The Five As and the process of consumer behavior as depicted in Figure 1. Consumers start from the Aware phase, then Appeal, Ask, Action and Advocate. The end of the consumer behavior process is a decision to buy, recommend, buy repeatedly and become loyal to a brand that is considered popular. The Covid-19 pandemic has caused a significant shift in the process of interpreting the stages of consumer behavior from A1 to A5. An interview with one of the handicraft UKM resource persons in Cepaka Village explained: "During the Covid19 Pandemic, I did not dare to sell branded souvenirs at high prices, consumers prefer simple products. Cheaper price, but not branded"

Kotler (2017) explains that the process of making purchasing decisions according to the concept of The Five As always begins with A1 (Aware), to A2 (Appeal), A3 (Ask), A4 (Act) and ends at A5 (Advocate). The process of mapping consumer behavior during Covid-19 did not happen in stages like the Five As concept. Purchasing behavior starts from A3 or A4 and does not reach phase A5. The disruption of this behavioral process seems to indicate that Covid-19 affects the decision-making process for consumers. The A5 phase, which expects customer retention, repurchase and loyalty to certain brands, hardly occurs. Several studies have explained that loyalty is influenced by product quality, assurance, and customer satisfaction (Anggraeni et al., 2016). In contrast to the research findings, Tahuman (2016) explains that brand reputation has an effect on customer satisfaction, customer loyalty. Service quality has significantly effect on customer satisfaction but not significantly effect on customer loyalty. Customer satisfaction has significantly effect on customer loyalty and customer loyalty has significantly effect on company competitive advantage. Tahuman's findings (2016) reinforce Porter's (2002) theory which states that there is a close relationship between service quality, satisfaction, loyalty and company competitive advantage.

However, in the era of the Covid-19 Pandemic, almost all SMEs, and large companies have not been able to operate properly. The implementation of PSBB, closure of tourist

destinations, closure of public service facilities have an impact on the sustainability of SMEs. The implementation of differentiation theory, improving service quality, cannot be done optimally, so that satisfaction, loyalty and competitive advantage of SMEs cannot be realized. The era of digital marketing by utilizing technology and the internet is only able to dissolve certain activities and is also not optimal.

5. Conclusion

Based on the study above, it can be concluded as follows:

1. The results of this study indicate that the average SMEs in Cepaka Village has a decrease on their income by 50%. The differentiation strategy is carried out through a cost leadership strategy, service variations, expansion of marketing channels, and special promotions of 20-30%. Only 3% of SMEs have added marketing personnel
2. Differentiation is generally done when the company is in a stagnation phase towards rejuvenation to prevent decline. However, the Covid-19 pandemic made the effort to differentiate SMEs with a various theory approach; not achieved optimally.
3. Marketing 4.0 theory Kotler et al. (2017) with a focus on 5 A's; (Aware, Appeal, Ask, Act and Advocate) were carried out by consumers in chunks due to the Covid-19 Pandemic. The phase of shopping behavior or consumer decision making did not occur completely, so that SMEs were unable to predict loyalty, retention, repurchase and the competitive advantage of SMEs. related.

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Conflict of Interest

The authors have no conflict of interest to declare.

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No : 058/UC-ICOEN7/LoA/IX/2020
Subject : Letter of Acceptance
Attachments : 2 pages

Notification for **Ni Luh Putu Agustini Karta, Rani Kusumo Wardani and Jimmy**

Harry Putu Suarthana

Dear Esteemed Author(s),

On behalf of the Organizing Committee (OC) of the **7th International Conference on Entrepreneurship (ICOEN) 2020**, which will be hosted by Universitas Ciputra (UC) on 22nd October 2020, we are very pleased to inform you that your full paper, the title of which appears below **has been accepted** for this conference.

Title:

Differentiation and The Five A's Concept In Digital Marketing Of Small and Medium Enterprises During The Pandemic Covid 19 (Study at Cepaka Village, Kediri Tabanan)

Based on the conference reviewer, your paper is entitled to be published in **Knowledge-E** which will be submitted for further indexing to **Scopus** and **Web of Science**.

You are now officially invited to attend the conference as a **presenter(s)**. In this connection, we would like you to fill out a Confirmation Form (Attachment 1) to indicate whether you will attend the conference and Confirmation Payment (Attachment 2) to confirm your payment. We would like you to send back Attachment 1 and Attachment 2 as the confirmation to email: icoen@ciputra.ac.id.

Should you have any queries, please do not hesitate to contact the OC at icoen@ciputra.ac.id or keep in touch with our contact person: Ms. Gladys Gosal (+6281-232-520-231).

We look forward to meeting you at the conference.

 **ICOEN**

Dr. E. Elia Ardyan, S.E., MBA.

Chair of the Organizing Committee

Attachment 1

CONFIRMATION FORM

As the corresponding author of the accepted paper, you are kindly requested to fill out the following form to confirm whether you will attend the 7th International Conference on Entrepreneurship (ICOEN) 2020 held by Universitas Ciputra Surabaya on 22nd October 2020. This form is made to obtain an estimate of how many people will attend the conference and the publication option. The Organizing Committee wishes to thank you for the information that you provide.

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Attendance Confirmation : Yes No

Co- Author

| NO | Co-Author Name | Attendance Confirmation |
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| 1. | | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 2. | | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 3. | | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 4. | | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 5. | | <input type="checkbox"/> Yes <input type="checkbox"/> No |

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Differentiation and The Five A's Concept In Digital Marketing Of Small and Medium Enterprises During The Pandemic Covid 19 (Study at Cepaka Village, Kediri Tabanan)

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Abstract

The purpose of this study was to analyze the differentiation and the Five A's digital marketing concept made by SMEs (Small and Medium Enterprises) in Cepaka Village during the Covid 19 Pandemic in maintaining their competitiveness. This is a qualitative research with key informants consisting of 14 SMEs managers in Cepaka Village, Kediri, Tabanan Bali. The differentiation is viewed from the basis of products, services, personnel, marketing channels, and images as well as marketing 4.0 (digital marketing) implementation in aspects of Mapping Customer Path throughout the Five A's concepts. The results of this study indicate that the average of SMEs in Cepaka Village has a decrease in their income by 50%. **The differentiation strategy carried out** a cost leadership strategy, service variations, expansion of marketing channels, and special promotions of 20-30%. Only 3% of SMEs have added marketing personnel. The implementation of digital marketing with The Five A's approach did not work as it should be. Digital marketing had to be done because of the demands of the Covid-19 Pandemic, but the impact from this digital marketing strategy has shifted; and did not perform optimally. The purchase decision is not based on Aware, Appeal, Ask; however, the purchase decision **occurred** because of the priority needs and impacts of Covid 19. There is no brand loyalty, no re-intention and repurchase. The implication of this research is to provide a reference for SMEs to prioritize operations in the Covid 19 Pandemic or other emergency situations that disrupt the operations of SMEs.

Keywords: Differentiation, The Five A's Concept, Digital Marketing, SMEs

1. Introduction

BPS (2020) explains that the results of the Covid 19 impact survey on business actors show that the Provinces of Bali, Yogyakarta, Banten, and DKI Jakarta are the four provinces whose business actors experience the most decline in income. Bali is Indonesia's mainstay tourist destination and closest tourist routes for foreign and domestic tourists. The closure of tourist destinations in Bali has an impact on the income of SMEs (Small and Medium Enterprises) that support tourism in Bali. According to the UU Law No. 20 of 2020, it explains that small businesses are independent productive economic enterprises carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or part of, either directly or indirectly from Medium or Large Enterprises that meet the criteria for Small Business as referred to in this Law. The number of SMEs in Bali until 2019 has reached 326,000 (Berita Bali, 2019). SMEs are usually engaged in culinary, cosmetic products, fashion, technology, agribusiness and souvenirs. The SMEs **that really felt** the impact of Covid 19 in Bali are SMEs that engage in fields that are directly related to tourism. Among them are the souvenir businesses in Bali, the business of materials romantic spa therapy, culinary, business of coffee shops, restaurants, travel agents, even agribusiness that supply agricultural products to hotels and restaurants are badly hit because no one buys abundant agricultural products. Large-scale

businesses working on projects to build hotels, villas, apartments and various tourism support facilities in Bali are barely capable to operate.

This research takes Cepaka Village as an object, which is one of the villages where people rely on tourism activities. Cepaka Village is one of the fifteen (15) villages in the Kediri sub-district, Tabanan Regency, Bali Province. The geographic location of Cepaka village is between 8.36.28. - 8.35.52. LS and 115.07.76 - 115.09.44. BT. Judging from the geographical location and territorial boundaries, Cepaka Village is the easternmost part of the Tabanan Regency area. The northern boundary, eastern boundary and southern boundary are all villages in the Badung Regency area. Being in the border area has its own consequences for Cepaka village. In the agricultural sector, Cepaka village has rice fields equipped with walking trails for biking and jogging. They're known as a "jogging tract" across rice fields. Along the "jogging tract" are the people's rice fields which are now starting to be arranged. There was a desire from the head of Cepaka village to create a tourist village in collaboration with universities, to provide assistance in designing the tourism village. The village is supported by three-star standard villas which have been operating since 2000 along the Tukad Penet river (the river that crosses this village). The inhabitants have artistic skills such as carving craftsmen, sculpture and dance studios. The inhabitants also have culinary specialties including meatball culinary businesses, satay houses, and their suckling pig (Babi Guling Slingsing) are famous in Balinese culinary specialties. Other small businesses include mushroom cultivation, duck breeder, broiler chicken, incense production, Balinese carving production, souvenir business, photo studios and other business that are a source of income for the community. Besides managing their business; most of the people in Cepaka village work as employees in villas along the Penet river, both as managers, as staffs and security.

The economy of the Cepaka village community has begun to grow since 2010; when this village built the traditional "Sri Bantas" market. Most of the traders who sell are local villagers who try to get into trading businesses. People work as traders of food, clothing, side dishes, vegetables and sell religious ceremonies. This traditional market is able to gradually but surely improve the people's economy. Several indicators that show this increase can be seen from the public interest in saving and using the services of the People's Credit Institution (LPD) and village cooperatives in these traditional markets. The Covid 19 pandemic has made the economy of the people of Cepaka Village a little worse. Some of the home industry businesses that usually supply their agricultural products to hotels and villas around the village finally decreased because many of the villas were closed. Many villa workers are sent home. Even though the Indonesian Minister of Finance clearly explained that an economic recession would occur, the SME group in Cepaka Village was still trying to survive, amidst the Covid 19 pandemic. Based on the results of observations and interviews of several SMEs that experienced the impact of decreased turnover and operational disruption, they were still trying make breakthroughs to stay alive. Through this paper, the various strategies undertaken by SMEs in Cepaka Village are explored in maintaining their competitiveness

2. Methods and Theoretical Approach

2.1. Methods

This study took a sample of fourteen (14) SMEs in Cepaka Village which are engaged in various sectors as described in Table 1 below:

Table 1. SMEs in Cepaka Village

| NO | Name of SMEs | Amount |
|----|----------------------------------|--------|
| 1 | Culinary | 3 |
| 2 | Handicraft | 1 |
| 3 | Food and Beverage | 2 |
| 4 | Balinese wood carving | 2 |
| 5 | Animal husbandry and agriculture | 2 |
| 6 | Production and building material | 3 |
| 7 | Micro finance | 1 |
| | Total amount of SMEs | 14 |

Source: Cepaka's Village Data 2020

Interview guidelines and questionnaire filling in soft copy form are filled in online by SMEs managers via google form. All respondents are business actors in Cepaka Village, which is a village empowered by Triatma Mulya University. While technically operational, the constraints and business strategies carried out are always under observation and known by the village guidance team.

This research uses a descriptive qualitative analysis which describes in detail the efforts made by SMEs in Cepaka Village in maintaining competitiveness during the COVID-19 Pandemic. The approach focuses on the marketing perspective namely differentiation efforts undertaken by these SMEs in order to survive. Differentiation carried out by SMEs is related to the implementation of marketing 4.0 (digital marketing). There was a marketing shift that was quite complicated and carried out forcibly by SMEs in Cepaka Village, because of the Covid-19 Pandemic. Analysis using the differentiation theory approach according to Kotler (2002) is based on products, services, personnel, marketing channels, and images. In another perspective, analysis is also carried out referring to Kartajaya's (2008) theory, namely differentiation in terms of content (what to offer), context (how to offer) and infrastructure (supporting equipment for differentiation). The final analysis is to combine the implementation of differentiation in Kotler's (2017) digital marketing theory, namely marketing 4.0 which focuses on the 5 A (Aware, Appeal, Ask, Act and Advocate).

2.2 Theoretical Approach

Kotler et al. (2009) explained that in the era of marketing 3.0, marketing orientation focused on values-driven marketing, with the main objective of making the world a better place. Changes in the marketing era began with the marketing era 1.0; who treat the customer / market as a bulk buyer with only a focus on the physical needs of the product. Next; Kertajaya (2009) describes a shift in the marketing 2.0 era; where companies see the market as a smart consumer in a community that is influenced by the power of word of mouth (WoM). In the era of marketing 3.0 the market was seen as a whole person with a mind, spirit and heart. Kartajaya (2010) stated that the new model for marketing - Marketing 3.0 - treats customers not as consumers but as the complex, multi-dimensional human beings that they are. Customers, in turn, are choosing companies and products that satisfy deeper needs for participation, creativity, community, and idealism. As a further development in Marketing 4.0 Kotler et al. (2017) combines online and offline strategies to get customer engagement; moving from traditional to digital with a focus on 5 A; which consists of Aware, Appeal, Ask, Act and Advocate of the product. The benefits of the internet of things (IoT), the use of big data and artificial intelligence are the basis for business movements in the digital era. The Covid-19 Pandemic made a specific contribution to the company's survival strategy in facing its competitors. The shift in marketing strategy from 1.0 to 4.0 doesn't seem to have contributed to the achievement of the target market. In the midst of the Covid 19 Pandemic, there is a strategy implemented by SMEs in Cepaka Village, namely differentiation.

Product differentiation is the process of differentiating a product or service provided with competitor's services so that it has a more unique and valuable character in the eyes of the customer.

Success in differentiation will create new value which is a product's competitive advantage. In maintaining the positive value that is transmitted, special tactics are needed that emphasize more on differentiation besides selling and marketing mix (Kartajaya, 2008).

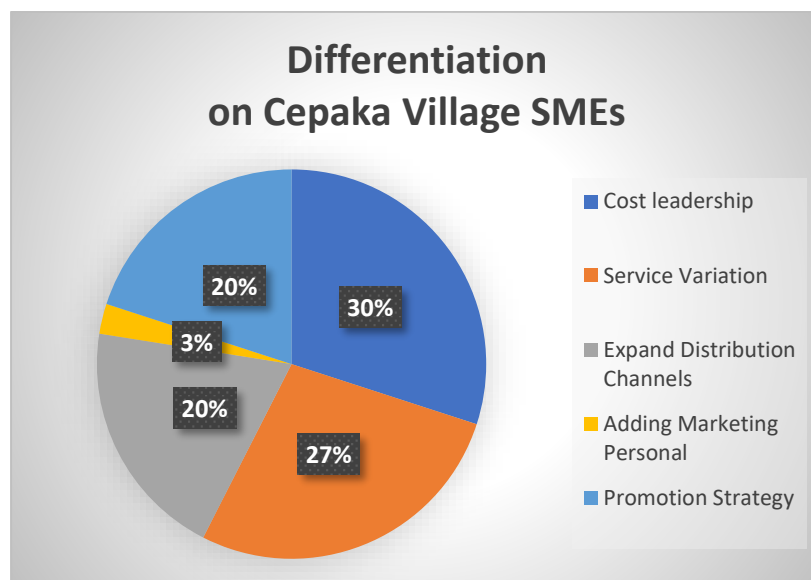
Differentiation according to Kotler (2002) is the act of designing a series of meaningful product differences to differentiate the company's offer from competitors' bids. The dimension of differentiation according to Kotler (2002) is based on products, services, personnel, marketing channels, and images. In the product life cycle, according to Butler (1980) in Pranata (2018) describes the stages of the product cycle from exploration, involvement, development, consolidation, stagnation, decline and rejuvenation. In an effort towards rejuvenation, companies usually do differentiation and diversification. Porter (2002) emphasizes again that the differences created must bring meaningful value to customers in creating competitive advantage. In another perspective, Kartajaya (2008) states that the series offered by the company must be perceived differently by customers in terms of content (what to offer), context (how to offer) and infrastructure (differentiation support equipment that is carried out).

3. Results

3.1 SMEs Differentiation

This study explores differentiation efforts carried out by SMEs in Cepaka Village, Kediri Tabanan. Referring to Kotler's (2002) differentiation theory, the dimensions of differentiation are based on: 1) a strategy to sell at a low price (cost leadership strategy), 2) adding variety of services, 3) adding distribution channels, 4) adding marketing personnel, and 5) conducting special promotions (maintain image).

Based on the results of online in-depth interviews with 14 SME management resource persons and filling in the answers to the interview guide via Google form media, the results are described as Figure Chart 1 below:



Source: Private Data (2020)

Figure 1
Differentiation on Cepaka Village SMEs

The Covid 19 pandemic made SMEs change course in order to survive. Figure 1 above explains that 30% of SMEs apply a cost leadership strategy, 27% do variety of services, 20% make different promotional efforts and expand marketing channels, and only 3% add marketing personnel. In the

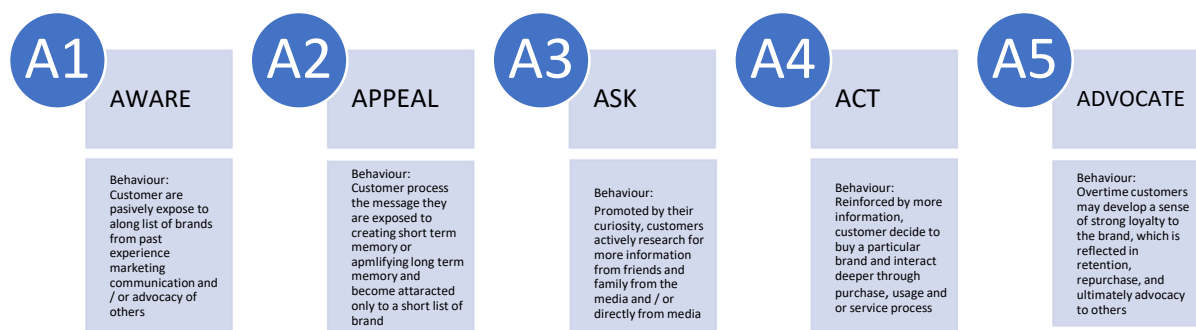
aspect of "different promotional efforts" SMEs adjust to the Covid 19 Pandemic, so that SMEs must carry out digital-based promotions. SMEs has begun to allocate funds to create websites, advertise on social media such as Facebook, Instagram, or other paid online advertising managers.

3.2 Shifting of Digital Marketing on The Five A's Concept

In this era of digital marketing 4.0; SMEs should shift their marketing efforts from conventional to digital. Within its limitations, during the Covid 19 Pandemic, SMEs were forced to do digital marketing. When connected with the Marketing 4.0 theory approach; Kotler et al. (2017) combines online and offline strategies to get customer engagement; moving from traditional to digital. Marketing 4.0 with a focus on the 5 A's; which consists of Aware, Appeal, Ask, Act and Advocate of the product, but in the Covid 19 pandemic the implementation has also shifted. If under normal conditions, the final focus of 5 A is brand loyalty, which is reflected in retention, repurchase and advocating the other. During the Covid 19 Pandemic; there is a shift in these five aspects. Consumers are less concerned, even for high-class consumers. It's as if purchase decisions no longer depend on the brand. The sluggishness of the market has damaged the product brands in the world by time and a decrease purchasing power, making people to carefully set their priorities in shopping. PSBB (Conditional Large-Scale Restriction) in various places has significantly lowered the national economy.

In this study, it was analyzed how the modification of the digital marketing approach 4.0 was carried out on SMEs in Cepaka Village from the perspective of The Five A's.

The following is the mapping of the customer path through The Five A's theory:



Source: Kotler at al. (2017)

Figure 2
Mapping Customer Path Throughout The Five A's

The shift in consumer behavior based on a focus on The Five A's process begins with being aware where customers are passively exposed to a long list of brands from past experience, marketing communication and / or advocacy of others. Then they started processing the message they are exposed to creating a short term memory or amplifying long term memory and become attracted only to a short list of brands, then customers start looking for information from family, friends and the media to then decide to buy a brand, and react more deeply about the service. The end of this step is the creation of loyalty to one brand, buying repeatedly and influencing other customers for the recommended brand.

During the Covid 19 Pandemic, SMEs in Cepaka Village served the shopping behavior of consumers who shifted from The 5 A's theory. The Aware is there; not solely considering the brand, but there is no Appeal, searching information only to get competitive products, which are cheap. Buying and selling transactions occur without considering the brand; and loyalty appears only for purchasing priority products during the Covid-19 Pandemic. The implementation of digital marketing in Cepaka Village is unable to achieve customer advocacy and an increase brand understanding in order to be loyal; but the

implementation of digital marketing only focuses on informing products to consumers more quickly so that transactions can occur.

4. Discussion

Based on the results of data processing on SMEs in Cepaka Village, differentiation strategies and implementation of digital marketing (The Five A's) can be identified as follows:

4.1 Focus on Differentiation

Differentiation strategies undertaken by SMEs during Covid 19 covered 27-30% in the form of cost leadership implementation and service variations. Gamma (2020), one of the resource persons explained, "these two strategies were carried out because of consumer demands; In this difficult economic period, consumers are only able to meet their primary needs, so secondary needs such as product art and souvenirs with certain brands are very small. Even though we received orders, the price agreed upon was very low, or in other words our profit was very small." During the Covid 19 Pandemic, brands were no longer an important thing to consider. Research by Timpal et al. (2016) stated that brand awareness and brand attitudes significantly influence the purchasing decisions in Manado. During this pandemic, brand strength did not affect people's shopping behavior. The priority that is purchased by the community is basic necessities at standard prices. Although a wide variety of services are provided; In this recessionary economic condition, people's spending behavior is not what it used to be. UKM survive by providing cheap prices, as long as they can survive.

The expansion of marketing channels and different promotional efforts was carried out by 20% of SMEs in Cepaka Village. Mrs. Nanta (2020), one of the resource persons explained, "various alternative efforts in product distribution and product marketing have been carried out, but due to the sluggish economy and the dominant tourism sector which absorbs production products, it is also closed. Over-supplies cannot be resolved." For duck farming production costs, several alternatives have to be made so that the cost can be covered. "Cultivation of mushrooms that are ready to be harvested is also suffering from over supply"

Raharja's research (2013) finds that the firm used short of distribution channels such as retailer specially Hypermarket. In the middle to lower scale business, distribution channels tend to be short or direct to producers. The service for providing SME products in Cepaka Village is also a category with a short distribution channel (hotels and restaurants buy directly from producers in the village). However, because the tourism sector was closed, efforts to vary distribution channels and sales promotion were not able to increase SME income optimally.

Only 2% of SMEs need marketing personnel related to the type of production that requires delivery services. Additional delivery services are also calculated to be minimal to increase sales. If in the 2018 era, online delivery services that collaborated with restaurants and online shops were able to contribute to mutual benefit, but when the Covid 19 Pandemic hit, the existence of online delivery services also encountered problems; both from the number of service users and the acquisition of sharing and income. The Covid-19 pandemic condition seems to refute the research of Hassan et al. (2019) who found that the existence of online transportation (GoFood) is increasing sales of restaurants in Banjarmasin. Cooperating with Go-food has a positive impact socially and economically, such as an increase in workability and annual income.

When viewed from the perspective of differentiation, Kartajaya (2008) in terms of content (what to offer), context (how to offer) and infrastructure, differentiation efforts carried out by SMEs in Cepaka Village are also carried out by these aspects. As a comparison of research conducted by Suarthana and Karta (2013) on the Ubud Bali Monkey Forest tourist destination, it states that differentiation strategy is implemented in content, context and infrastructure and will influence the value entered to customer. Increasing value will improve performance and brand image of the destination. Differentiation efforts made have a major contribution to the achievement of value and product performance which can directly increase the brand image. During the Covid-19 pandemic, only SMEs with strong capital were able to differentiate between content, context and infrastructure. One of the well-known culinary businesses in Cepaka Village is able to make differentiation efforts at the same time in content, context

and infrastructure. Warung Kuliner Bu Suci (2020), one of the resource persons for culinary SME in Cepaka Village said that: "In order to fulfill the desires of consumers who are loyal to their culinary products, and fulfill the Covid-19 Task Force's appeal that no newcomers should enter Cepaka Village for culinary tours, then Bu Suci opened a new shop on the side of the main road with extra services and vigorous promotions, so that loyal customers can still enjoy their favorite culinary." The capital strength of SMEs greatly determines their ability to realize the differentiation strategy applied to the Covid 19 Pandemic.

4.2 The Shifting of Customer Behaviour Based on The Five A's Concepts

The digital marketing approach in the internet of things and artificial intelligence era changes the competitive strategy of SMEs. Almost all SMEs recruit millennial employees in their marketing activities. The process is based on a digital marketing approach following Mapping The Five A's and the process of consumer behavior as depicted in Figure 1. Consumers start from the Aware phase, then Appeal, Ask, Action and Advocate. The end of the consumer behavior process is a decision to buy, recommend, buy repeatedly and become loyal to a brand that is considered popular. The Covid 19 pandemic has caused a significant shift in the process of interpreting the stages of consumer behavior from A1 to A5. An interview with one of the handicraft UKM resource persons in Cepaka Village explained: "During the Covid19 Pandemic, I did not dare to sell branded souvenirs at high prices, consumers prefer simple products. Cheaper price, but not branded"

Kotler (2017) explains that the process of making purchasing decisions according to the concept of The Five A's always begins with A1 (Aware), to A2 (Appeal), A3 (Ask), A4 (Act) and ends at A5 (Advocate). The process of mapping consumer behavior during Covid 19 did not happen in stages like the Five A's concept. Purchasing behavior starts from A3 or A4 and does not reach phase A5. The disruption of this behavioral process seems to indicate that Covid 19 affects the decision-making process for consumers. The A5 phase, which expects customer retention, repurchase and loyalty to certain brands, hardly occurs. Several studies have explained that loyalty is influenced by product quality, assurance, and customer satisfaction (Anggraeni et al., 2016). In contrast to the research findings, Tahuman (2016) explains that brand reputation has an effect on customer satisfaction, customer loyalty. Service quality has significantly effect on customer satisfaction but not significantly effect on customer loyalty. Customer satisfaction has significantly effect on customer loyalty and customer loyalty has significantly effect on company competitive advantage. Tahuman's findings (2016) reinforce Porter's (2002) theory which states that there is a close relationship between service quality, satisfaction, loyalty and company competitive advantage.

However, in the era of the Covid 19 Pandemic, almost all SMEs, and large companies have not been able to operate properly. The implementation of PSBB, closure of tourist destinations, closure of public service facilities have an impact on the sustainability of SMEs. The implementation of differentiation theory, improving service quality, cannot be done optimally, so that satisfaction, loyalty and competitive advantage of SMEs cannot be realized. The era of digital marketing by utilizing technology and the internet is only able to dissolve certain activities and is also not optimal.

5. Conclusion

Based on the study above, it can be concluded as follows:

1. The results of this study indicate that the average SMEs in Cepaka Village has a decrease on their income by 50%. The differentiation strategy is carried out through a cost leadership strategy, service variations, expansion of marketing channels, and special promotions of 20-30%. Only 3% of SMEs have added marketing personnel
2. Differentiation is generally done when the company is in a stagnation phase towards rejuvenation to prevent decline. However, the Covid-19 pandemic made the effort to differentiate SMEs with a various theory approach; not achieved optimally.
3. Marketing 4.0 theory Kotler et al. (2017) with a focus on 5 A's; (Aware, Appeal, Ask, Act and Advocate) were carried out by consumers in chunks due to the Covid-19 Pandemic. The phase of shopping behavior or consumer decision making did not occur completely, so that SMEs were unable to predict loyalty, retention, repurchase and the competitive advantage of SMEs. related.

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Conflict of Interest

The authors have no conflict of interest to declare.

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Abstract

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BPS (2020) explains that the results of the Covid 19 impact survey on business actors show that the Provinces of Bali, Yogyakarta, Banten, and DKI Jakarta are the four provinces whose business actors experience the most decline in income. Bali is Indonesia's mainstay tourist destination and closest tourist routes for foreign and domestic tourists. The closure of tourist destinations in Bali has an impact on the income of SMEs (Small and Medium Enterprises) that support tourism in Bali. According to the UU Law No. 20 of 2020, it explains that small businesses are independent productive economic enterprises carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or part of, either directly or indirectly from Medium or Large Enterprises that meet the criteria for Small Business as referred to in this Law. The number of SMEs in Bali until 2019 has reached 326,000 (Berita Bali, 2019). SMEs are usually engaged in culinary, cosmetic products, fashion, technology, agribusiness and souvenirs. The SMEs that really felt the impact of Covid 19 in Bali are SMEs that engage in fields that are directly related to tourism. Among them are the souvenir businesses in Bali, the business of materials romantic spa therapy, culinary, business of coffee shops, restaurants, travel agents, even agribusiness that supply agricultural products to hotels and restaurants are badly hit because no one buys abundant agricultural products. Large-scale

businesses working on projects to build hotels, villas, apartments and various tourism support facilities in Bali are barely capable to operate.

This research takes Cepaka Village as an object, which is one of the villages where people rely on tourism activities. Cepaka Village is one of the fifteen (15) villages in the Kediri sub-district, Tabanan Regency, Bali Province. The geographic location of Cepaka village is between 8.36.28. - 8.35.52. LS and 115.07.76 - 115.09.44. BT. Judging from the geographical location and territorial boundaries, Cepaka Village is the easternmost part of the Tabanan Regency area. The northern boundary, eastern boundary and southern boundary are all villages in the Badung Regency area. Being in the border area has its own consequences for Cepaka village. In the agricultural sector, Cepaka village has rice fields equipped with walking trails for biking and jogging. They're known as a "jogging tract" across rice fields. Along the "jogging tract" are the people's rice fields which are now starting to be arranged. There was a desire from the head of Cepaka village to create a tourist village in collaboration with universities, to provide assistance in designing the tourism village. The village is supported by three-star standard villas which have been operating since 2000 along the Tukad Penet river (the river that crosses this village). The inhabitants have artistic skills such as carving craftsmen, sculpture and dance studios. The inhabitants also have culinary specialties including meatball culinary businesses, satay houses, and their suckling pig (Babi Guling Slingsing) are famous in Balinese culinary specialties. Other small businesses include mushroom cultivation, duck breeder, broiler chicken, incense production, Balinese carving production, souvenir business, photo studios and other business that are a source of income for the community. Besides managing their business; most of the people in Cepaka village work as employees in villas along the Penet river, both as managers, as staffs and security.

The economy of the Cepaka village community has begun to grow since 2010; when this village built the traditional "Sri Bantas" market. Most of the traders who sell are local villagers who try to get into trading businesses. People work as traders of food, clothing, side dishes, vegetables and sell religious ceremonies. This traditional market is able to gradually but surely improve the people's economy. Several indicators that show this increase can be seen from the public interest in saving and using the services of the People's Credit Institution (LPD) and village cooperatives in these traditional markets. The Covid 19 pandemic has made the economy of the people of Cepaka Village a little worse. Some of the home industry businesses that usually supply their agricultural products to hotels and villas around the village finally decreased because many of the villas were closed. Many villa workers are sent home. Even though the Indonesian Minister of Finance clearly explained that an economic recession would occur, the SME group in Cepaka Village was still trying to survive, amidst the Covid 19 pandemic. Based on the results of observations and interviews of several SMEs that experienced the impact of decreased turnover and operational disruption, they were still trying make breakthroughs to stay alive. Through this paper, the various strategies undertaken by SMEs in Cepaka Village are explored in maintaining their competitiveness

2. Methods and Theoretical Approach

2.1. Methods

This study took a sample of fourteen (14) SMEs in Cepaka Village which are engaged in various sectors as described in Table 1 below:

| NO | Name of SMEs | Amount |
|----|----------------------------------|--------|
| 1 | Culinary | 3 |
| 2 | Handicraft | 1 |
| 3 | Food and Beverage | 2 |
| 4 | Balinese wood carving | 2 |
| 5 | Animal husbandry and agriculture | 2 |
| 6 | Production and building material | 3 |
| 7 | Micro finance | 1 |
| | Total amount of SMEs | 14 |

Interview guidelines and questionnaire filling in soft copy form are filled in online by SMEs managers via google form. All respondents are business actors in Cepaka Village, which is a village empowered by Triatma Mulya University. While technically operational, the constraints and business strategies carried out are always under observation and known by the village guidance team.

This research uses a descriptive qualitative analysis which describes in detail the efforts made by SMEs in Cepaka Village in maintaining competitiveness during the COVID-19 Pandemic. The approach focuses on the marketing perspective namely differentiation efforts undertaken by these SMEs in order to survive. Differentiation carried out by SMEs is related to the implementation of marketing 4.0 (digital marketing). There was a marketing shift that was quite complicated and carried out forcibly by SMEs in Cepaka Village, because of the Covid-19 Pandemic. Analysis using the differentiation theory approach according to Kotler (2002) is based on products, services, personnel, marketing channels, and images. In another perspective, analysis is also carried out referring to Kartajaya's (2008) theory, namely differentiation in terms of content (what to offer), context (how to offer) and infrastructure (supporting equipment for differentiation). The final analysis is to combine the implementation of differentiation in Kotler's (2017) digital marketing theory, namely marketing 4.0 which focuses on the 5 A (Aware, Appeal, Ask, Act and Advocate).

2.2 Theoretical Approach

Kotler et al. (2009) explained that in the era of marketing 3.0, marketing orientation focused on values-driven marketing, with the main objective of making the world a better place. Changes in the marketing era began with the marketing era 1.0; who treat the customer / market as a bulk buyer with only a focus on the physical needs of the product. Next; Kartajaya (2009) describes a shift in the marketing 2.0 era; where companies see the market as a smart consumer in a community that is influenced by the power of word of mouth (WoM). In the era of marketing 3.0 the market was seen as a whole person with a mind, spirit and heart. Kartajaya (2010) stated that the new model for marketing - Marketing 3.0 - treats customers not as consumers but as the complex, multi-dimensional human beings that they are. Customers, in turn, are choosing companies and products that satisfy deeper needs for participation, creativity, community, and idealism. As a further development in Marketing 4.0 Kotler et al. (2017) combines online and offline strategies to get customer engagement; moving from traditional to digital with a focus on 5 A; which consists of Aware, Appeal, Ask, Act and Advocate of the product. The benefits of the internet of things (IoT), the use of big data and artificial intelligence are the basis for business movements in the digital era. The Covid-19 Pandemic made a specific contribution to the company's survival strategy in facing its competitors. The shift in marketing strategy from 1.0 to 4.0 doesn't seem to have contributed to the achievement of the target market. In the midst of the Covid 19 Pandemic, there is a strategy implemented by SMEs in Cepaka Village, namely differentiation.

Product differentiation is the process of differentiating a product or service provided with competitor's services so that it has a more unique and valuable character in the eyes of the customer. Success in differentiation will create new value which is a product's competitive advantage. In maintaining the positive value that is transmitted, special tactics are needed that emphasize more on differentiation besides selling and marketing mix (Kartajaya, 2008).

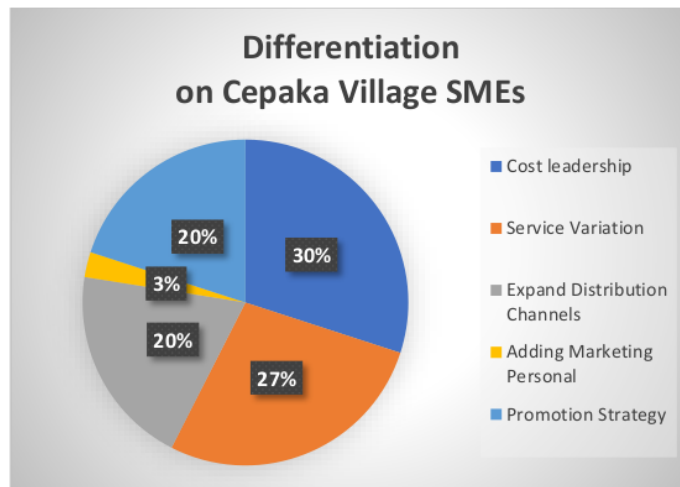
17 Differentiation according to Kotler (2002) is the act of designing a series of meaningful product differences to differentiate the company's offer from competitors' bids. The dimension of differentiation according to Kotler (2002) is based on products, services, personnel, marketing channels, and images. In the product life cycle, according to Butler (1980) in Pranata (2018) describes the stages of the product cycle from exploration, involvement, development, consolidation, stagnation, decline and rejuvenation. In an effort towards rejuvenation, companies usually do differentiation and diversification. Porter (2002) emphasizes again that the differences created must bring meaningful value to customers in creating competitive advantage. In another perspective, Kartajaya (2008) states that the series offered by the company must be perceived differently by customers in terms of content (what to offer), context (how to offer) and infrastructure (differentiation support equipment that is carried out).

3. Results

3.1 SMEs Differentiation

This study explores differentiation efforts carried out by SMEs in Cepaka Village, Kediri Tabanan. Referring to Kotler's (2002) differentiation theory, the dimensions of differentiation are based on: 1) a strategy to sell at a low price (cost leadership strategy), 2) adding variety of services, 3) adding distribution channels, 4) adding marketing personnel, and 5) conducting special promotions (maintain image).

Based on the results of online in-depth interviews with 14 SME management resource persons and filling in the answers to the interview guide via Google form media, the results are described as Figure Chart 1 below:



Source: Private Data (2019)

Figure 1
Differentiation on Cepaka Village SMEs

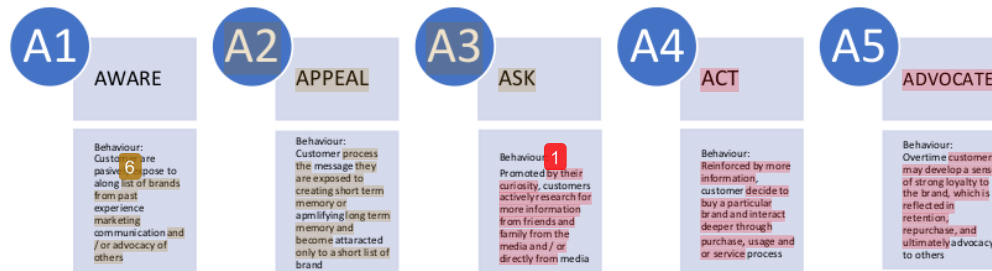
The Covid 19 pandemic made SMEs change course in order to survive. Figure 1 above explains that 30% of SMEs apply a cost leadership strategy, 27% do variety of services, 20% make different promotional efforts and expand marketing channels, and only 3% add marketing personnel. In the aspect of "different promotional efforts" SMEs adjust to the Covid 19 Pandemic, so that SMEs must carry out digital-based promotions. SMEs has begun to allocate funds to create websites, advertise on social media such as Facebook, Instagram, or other paid online advertising managers.

3.2 Shifting of Digital Marketing on The Five A's Concept

In this era of digital marketing 4.0; SMEs should shift their marketing efforts from conventional to digital. Within its limitations, during the Covid 19 Pandemic, SMEs were forced to do digital marketing. When connected with Marketing 4.0 theory approach; Kotler et al. (2017) combines online and offline strategies to get customer engagement; moving from traditional to digital. Marketing 4.0 with a focus on the 5 A's; which consists of Aware, Appeal, Ask, Act and Advocate of the product, but in the Covid 19 pandemic the implementation has also shifted. If under normal conditions, the final focus of 5 A is brand loyalty, which is reflected in retention, repurchase and advocating the other. During the Covid 19 Pandemic; there is a shift in these five aspects. Consumers are less concerned, even for high-class consumers. It's as if purchase decisions no longer depend on the brand. The sluggishness of the market has damaged the product brands in the world by time and a decrease purchasing power, making people to carefully set their priorities in shopping. PSBB (Conditional Large-Scale Restriction) in various places has significantly lowered the national economy.

In this study, it was analyzed how the modification of the digital marketing approach 4.0 was carried out on SMEs in Cepaka Village from the perspective of The Five A's.

The following is the mapping of the customer path through The Five A's theory:



Source: Kotler at al. (2017)

Figure 2
Mapping Customer Path Throughout The Five A's

The shift in consumer behavior based on a focus on The Five A's process begins with being aware where customers are passively exposed to a long list of brands from past experience, marketing communication and / or advocacy of others. Then they started processing the message they are exposed to creating a short term memory or amplifying long term memory and become attracted only to a short list of brands, then customers start looking for information from family, friends and the media to then decide to buy a brand, and react more deeply about the service. The end of this step is the creation of loyalty to one brand, buying repeatedly and influencing other customers for the recommended brand.

During the Covid 19 Pandemic, SMEs in Cepaka Village served the shopping behavior of consumers who shifted from The 5 A's theory. The Aware is there; not solely considering the brand, but there is no Appeal, searching information only to get competitive products, which are cheap. Buying and selling transactions occur without considering the brand; and loyalty appears only for purchasing priority products during the Covid-19 Pandemic. The implementation of digital marketing in Cepaka Village is unable to achieve customer advocacy and an increase brand understanding in order to be loyal; but the implementation of digital marketing only focuses on informing products to consumers more quickly so that transactions can occur.

4. Discussion

Based on the results of data processing on SMEs in Cepaka Village, differentiation strategies and implementation of digital marketing (The Five A's) can be identified as follows:

4.1 Focus on Differentiation

Differentiation strategies undertaken by SMEs during Covid 19 covered 27-30% in the form of cost leadership implementation and service variations. Gamma (2020), one of the resource persons explained, "these two strategies were carried out because of consumer demands; In this difficult economic period, consumers are only able to meet their primary needs, so secondary needs such as product art and souvenirs with certain brands are very small. Even though we received orders, the price agreed upon was very low, or in other words our profit was very small." During the Covid 19 Pandemic, brands were no longer an important thing to consider. Research by Timpal et al. (2016) stated that brand awareness and brand attitudes significantly influence the purchasing decisions in Manado. During this pandemic, brand strength did not affect people's shopping behavior. The priority that is purchased by

the community is basic necessities at standard prices. Although a wide variety of services are provided; In this recessionary economic condition, people's spending behavior is not what it used to be. UKM survive by providing cheap prices, as long as they can survive.

The expansion of marketing channels and different promotional efforts was carried out by 20% of SMEs in Cepaka Village. Mrs. Nanta (2020), one of the resource persons explained, "various alternative efforts in product distribution and product marketing have been carried out, but due to the sluggish economy and the dominant tourism sector which absorbs production products, it is also closed. Over-supplies cannot be resolved." For duck farming production costs, several alternatives have to be made so that the cost can be covered. "Cultivation of mushrooms that are ready to be harvested is also suffering from over supply"

Raharja's research (2013) finds that the firm used short of distribution channels such as retailer specially Hypermarket. In the middle to lower scale business, distribution channels tend to be short or direct to producers. The service for providing SME products in Cepaka Village is also a category with a short distribution channel (hotels and restaurants buy directly from producers in the village). However, because the tourism sector was closed, efforts to vary distribution channels and sales promotion were not able to increase SME income optimally.

Only 2% of SMEs need marketing personnel related to the type of production that requires delivery services. Additional delivery services are also calculated to be minimal to increase sales. If in the 2018 era, online delivery services that collaborated with restaurants and online shops were able to contribute to mutual benefit, but when the Covid 19 Pandemic hit, the existence of online delivery services also encountered problems; both from the number of service users and the acquisition of sharing and income. The Covid-19 pandemic condition seems to refute the research of Hassan et al. (2019) who found that the existence of online transportation (GoFood) is increasing sales of restaurants in Banjarmasin. Cooperating with Go-food has a positive impact socially and economically, such as an increase in workability and annual income.

When viewed from the perspective of differentiation, Kartajaya (2008) in terms of content (what to offer), context (how to offer) and infrastructure, differentiation efforts carried out by SMEs in Cepaka Village are also carried out by these aspects. As a comparison of research conducted by Suarthana and Karta (2013) on the Ubud Bali Monkey Forest tourist destination, it states that differentiation strategy is implemented in content, context and infrastructure and will influence the value entered to customer. Increasing value will improve performance and brand image of the destination. Differentiation efforts made have a major contribution to the achievement of value and product performance which can directly increase the brand image. During the Covid-19 pandemic, only SMEs with strong capital were able to differentiate between content, context and infrastructure. One of the well-known culinary businesses in Cepaka Village is able to make differentiation efforts at the same time in content, context and infrastructure. Warung Kuliner Bu Suci (2020), one of the resource persons for culinary SME in Cepaka Village said that: "In order to fulfill the desires of consumers who are loyal to their culinary products, and fulfill the Covid-19 Task Force's appeal that no newcomers should enter Cepaka Village for culinary tours, then Bu Suci opened a new shop on the side of the main road with extra services and vigorous promotions, so that loyal customers can still enjoy their favorite culinary." The capital strength of SMEs greatly determines their ability to realize the differentiation strategy applied to the Covid 19 Pandemic.

4.2 The Shifting of Customer Behaviour Based on The Five A's Concepts

The digital marketing approach in the internet of things and artificial intelligence era changes the competitive strategy of SMEs. Almost all SMEs recruit millennial employees in their marketing activities. The process is based on a digital marketing approach following Mapping The Five A's and the process of consumer behavior as depicted in Figure 1. Consumers start from the Aware phase, then Appeal, Ask, Action and Advocate. The end of the consumer behavior process is a decision to buy, recommend, buy repeatedly and become loyal to a brand that is considered popular. The Covid 19 pandemic has caused a significant shift in the process of interpreting the stages of consumer behavior from A1 to A5. An interview with one of the handicraft UKM resource persons in Cepaka Village

explained: "During the Covid19 Pandemic, I did not dare to sell branded souvenirs at high prices, consumers prefer simple products. Cheaper price, but not branded"

Kotler (2017) explains that the ²³ process of making purchasing decisions according to the concept of The Five A's always begins with A1 (Aware), to A2 (Appeal), A3 (Ask), A4 (Act) and ends at A5 (Advocate). The process of mapping consumer behavior during Covid 19 did not happen in stages like the Five A's concept. Purchasing behavior starts from A3 or A4 and does not reach phase A5. The disruption of this behavioral process seems to indicate that Covid 19 affects the decision-making process for consumers. The A5 phase, which expects customer retention, repurchase and loyalty to certain brands, hardly occurs. Several studies have explained that loyalty is influenced by product quality, assurance, and customer satisfaction (Anggraeni et al., 20¹³). In contrast to the research findings, Tahuman (2016) explains that brand reputation has an effect on customer satisfaction, customer loyalty. Service quality has significantly effect on customer satisfaction but not significantly ²⁸ effect on customer loyalty. Customer satisfaction has significantly effect on customer loyalty and customer loyalty has significantly effect on company ⁷mpetitive advantage. Tahuman's findings (2016) reinforce Porter's (2002) theory which states that there is a close relationship between service quality, satisfaction, loyalty and company competitive advantage.

However, in the era of the Covid 19 Pandemic, almost all SMEs, and large companies have not been able to operate properly. The implementation of PSBB, closure of tourist destinations, closure of public service facilities have an impact on the sustainability of SMEs. The implementation of differentiation theory, improving service quality, cannot be done optimally, so that satisfaction, loyalty and competitive advantage of SMEs cannot be realized. The era of digital marketing by utilizing technology and the internet is only able to dissolve certain activities and is also not optimal.

²¹ Conclusion

Based on the study above, it can be concluded as follows:

1. The results of this study indicate that the average SMEs in Cepaka Village has a decrease on their income by 50%. The differentiation strategy is carried out through a cost leadership strategy, service variations, expansion of marketing channels, and special promotions of 20-30%. Only 3% of SMEs have added marketing personnel
2. Differentiation is generally done when the company is in a stagnation phase towards rejuvenation to prevent decline. However, the Covid-19 pandemic made the effort to differentiate SMEs with a various theory approach; not achieved optimally. ¹²
3. Marketing 4.0 theory Kotler et al. (2017) with a focus on 5 A's; (Aware, Appeal, Ask, Act and Advocate) were carried out by consumers in chunks due to the Covid-19 Pandemic. The phase of shopping behavior or consumer decision making did not occur completely, so that SMEs were unable to predict loyalty, retention, repurchase and the competitive advantage of SMEs. related.

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Conflict of Interest

The authors have no conflict of interest to declare.

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