

# Enhancing Batik Business Income through Digital Marketing and Entrepreneurship Orientation in Banyuwangi Regency

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# Enhancing Batik Business Income through Digital Marketing and Entrepreneurship Orientation in Banyuwangi Regency

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## Abstract

This article aims to analyze the increase in income through digital marketing and entrepreneurial orientation consisting of innovation, proactiveness, and risk-taking for batik business actors in Banyuwangi Regency. Sampling was done using the purposive sampling method and obtained as many as 30 respondents as samples. Multiple linear regression analysis was used as the analytical method in this article. The results are that the digital marketing, innovation, proactive, and risk-taking variables positively affect the income variable. Digital marketing, innovation, proactive, and risk-taking variables can affect income variables. This shows that the increase in the income of batik business actors in Banyuwangi Regency can be influenced by digital marketing and entrepreneurial orientation, which consists of innovation, proactiveness, and risk-taking.

**Keyword:** *Digital Marketing, Income, Innovation, Proactiveness, Risk Taking.*

## INTRODUCTION

MSMEs in Banyuwangi Regency proliferate along with the well-known tourist sites, traditional villages, and the Banyuwangi Regency's traditional culture in the territory of Indonesia and even abroad. This is inseparable from the efforts of the Banyuwangi local government to introduce the indigenous culture of the Banyuwangi region, one of which is by holding the Banyuwangi Batik Festival, which is attended by several designers and presenting artists from the capital. The Banyuwangi Batik Festival event makes batik known to the broader community. It can boost the quality of local products to increase the income of batik entrepreneurs and open up business opportunities for batik production in Banyuwangi Regency. The batik business actor is one of the MSMEs that can contribute to regional income and employment. With this, it is expected that batik business actors can generate income or profits for business survival; the more significant the income received, the greater the business potential to finance expenses and business activities to absorb labor.

The impact of the COVID-19 pandemic is not only on the health aspect but also on the regional economy, especially for batik businesses in Banyuwangi Regency. The existence of a lockdown system and restrictions on tourists visiting Banyuwangi Regency make batik business actors must have a strategy to market their products for the sake of their business continuity. In the industrial era 4.0, business actors can use technology as a very effective marketing tool to market products to be known by the wider community. The use of technology is also seen as very effective amid the ongoing COVID-19 pandemic. Using social media as a marketing tool by promoting products or digital marketing is a way that many business actors do to increase their sales. In that way, business actors expect their income to increase accordingly with increased product sales. The results of the research by Amir and Mustikawati (2019) show that the average income of florists who implement digital marketing is higher than the offline system.

To increase the income of the batik business, it is not only the aspect of marketing strategy that affects it, but other aspects can influence it, such as the entrepreneurial orientation aspect, which consists of innovation, proactiveness, and risk-taking from business actors. Dwiyanthi (2014) research shows that income variables are an asset, innovation, and proactive. Variables of initial capital, debt, and risk-taking cannot determine MSMEs' high and low income in the service and trade sector in the Jember Regency. Assets and proactive variables positively affect income, and innovation variables harm income. Based on the description above, the problem that will be examined in this study is whether there is an effect of using digital marketing and entrepreneurial orientation consisting of innovation, proactiveness, and risk-taking on the income of batik business actors in Banyuwangi Regency. This study aimed to determine the effect of using digital marketing and entrepreneurial orientation, including innovation, proactiveness, and risk-taking, on the income of batik business actors in Banyuwangi Regency. The benefits of this research are expected as additional information to help increase the income of batik business actors through digital Marketing and entrepreneurial orientation consisting of innovation, proactiveness, and risk-taking in Banyuwangi Regency.

## Income

Generally, a person works to generate income to meet all his needs. The establishment of the company also aims to generate income or profit for the company's survival; the more significant the income received by the company, the greater the company's potential to finance expenses and company activities. Sofyan Syafri (2001) argues that income results from selling goods and services that are charged to subscribers/those who receive them.

The company will get revenue through two sources; as stated by Rahardjo (2004), the company's income can be classified as operating and non-operating. Operating income is income derived from the company's main activities. Non-operating income is not derived from the company's main activities. It can be interpreted that income can be obtained from the company's main activities, namely from selling goods/services to those who receive and from non-operational activities of the company or outside the company's main business (principal business).

## Digital Marketing

Digital marketing or digital marketing has almost the same meaning as electronic marketing (e-marketing) by describing the management and implementation of marketing using electronic media. through various other recent innovations, including blogs, feeds, podcasts, and social networks) that can contribute to marketing activities and aim to earn a profit and build and develop customer relationships in addition to developing a planned approach to increase consumer knowledge ( towards the company, behavior, values, and level of loyalty to its product brand), then integrates targeted communication with online services according to the needs of each individual or specific violation (Chaffey et al., 2009).

According to Chakti (2019), Digital marketing is all efforts made in marketing by using internet-connected devices with various strategies and digital media to communicate with potential consumers through online communication channels. It can be concluded that digital marketing is the implementation of marketing strategies using electronic media such as websites, emails, databases, digital TV, and various other latest innovations, including blogs, feeds, podcasts, and social networks.

## Entrepreneurship Orientation

Entrepreneurial orientation is the ability of companies with creative ideas and utilizes resources as the company's internal strength to create innovations to seize opportunities (Hindarwati et al., 2021). (Miller, 1983) defines *entrepreneurial orientation* as an orientation to be the first in terms of innovation in the market, have an attitude to take risks, and be proactive to changes in the market.

Supranoto(2009) suggests the form of the application of entrepreneurial attitudes can be indicated by an entrepreneurial orientation, as follows:

### 1. Innovation ability innovation

Relates to te perception and activity of new and unique business activities.

### 2. Proactive

A person's proactiveness in striving for achievement is another indication of the application of personal entrepreneurial orientation.

### 3. Ability to take risks.

*Someone* who dares to take risks can be defined as opportunity-oriented in the context of uncertainty in decision-making. Risk barriers are a key factor that differentiates companies with an entrepreneurial spirit from those not.

## METHOD

This study is explanatory research to test whether using digital marketing and entrepreneurial orientation consisting of innovation, proactiveness, and risk-taking affect the income of batik business actors in Banyuwangi Regency. This study used purposive sampling by using specific criteria to facilitate data collection. Data was collected by interviewing the owner and or manager of the batik business according to the guidelines for interviewing, observing, and studying matters related to the research theme. Based on data processing, the next step is to analyze the effect of using digital marketing and entrepreneurial orientation, which consists of innovation, proactiveness, and risk-taking that affect the income of batik business actors.

The research data will be tested using validity and reliability tests and then using multiple linear regression analysis methods and t-tests to determine the effect of the independent variable, namely the variable using digital marketing and entrepreneurial orientation, which consists of innovation, proactiveness, and risk taking on the dependent variable, namely the income variable. Data processing will be carried out using the SPSS program.

## RESULTS AND DISCUSSION

### Multiple Linear Regression Analysis

Multiple linear regression analysis was used to determine the relationship and influence of the income variable (PEND) on digital marketing (DMG), innovation (INV), proactive (PRO), and risk-taking (RISK). The results of multiple linear regression analysis using PEND data that have been transformed into Z-Score can be seen as follows:

Table 1 Results of Multiple Linear Regression

| Variable | Regression Coefficient | t      | Sig.    |
|----------|------------------------|--------|---------|
| Constant | 0,730                  | 0,466  | 0,645   |
| DMG      | 0,595                  | 3,166  | 0,004** |
| INV      | 0,158                  | 2,263  | 0,033** |
| PRO      | 0,598                  | 2,436  | 0,022** |
| RISK     | 0,623                  | 11,560 | 0,000*  |

Note: \* significant at = 1%; \*\* significant = 5%

Source: Data processed, 2022

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Based on Table 4, multiple linear regression equations can be obtained, as follows:

$$\text{PEND}_{it} = 0,730 + 0,595\text{DMG}_{it} + 0,158\text{INV}_{it} + 0,158\text{PRO}_{it} + 0,623\text{RISK}_{it} \quad (1)$$

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### t Test

The t-test was used to determine the partial effect of digital marketing (DMG), innovation (INV), proactive (PRO), and risk-taking (RISK) variables on the income variable (PEND). The partial effect of the digital marketing (DMG), innovation (INV), proactive (PRO), and risk-taking (RISK) variables on the income variable (PEND) can be seen through the level of significance. The regression coefficient of digital marketing (DMG), innovation (INV), proactive (PRO), and risk-taking (RISK) variables on the income variable (PEND) will describe changes in the income variable (PEND). Equation (1) has been tested for classical assumptions and is free from multicollinearity and heteroscedasticity tests, so that the t-test can be seen in Table 4, Results of Multiple Linear Regression. The results from Table 4 are as follows:

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The significance value of the digital marketing variable (DMG) on the income variable (PEND) is  $0.004 < 0.05$ , then  $H_0$  is rejected, meaning that digital marketing (DMG) has a significant effect on the income variable (PEND).

1. The significance value of the innovation variable (INV) on the income variable (PEND) is  $0.033 < 0.05$ , then  $H_0$  is rejected, meaning that the innovation variable (INV) has a significant effect on the income variable (PEND).
2. The significance value of the proactive variable (PRO) on the income variable (PEND) is  $0.022 < 0.05$ , then  $H_0$  is rejected, meaning that the proactive variable (PRO) has a significant effect on the income variable (PEND).
3. The significance value of the risk-taking variable (RISK) on the income variable (PEND) is  $0.000 > 0.1$ , then  $H_0$  is accepted, meaning that the risk-taking variable (RISK) has no significant effect on the income variable (PEND).

### The Effect of Digital Marketing on Income

The t-test shows that digital marketing significantly affects income, and the resulting regression coefficient shows that digital marketing has a positive direction on income. By the results of this study  $H_1$ , it is proven that digital marketing has a positive effect on the income of batik business actors in Banyuwangi Regency, meaning that more business owners can take advantage of digital marketing such as marketing batik products through social media, using social media to market products, having an online store or e-commerce, have an official company website/blog, and have an admin for social media and content creation, the income that business owners will get will increase. The results of this study are research conducted by Amir and Mustikawati (2019) which explains that the average income of florists who implement digital marketing is higher than the offline system. The results of research conducted by Febriyantoro and Arisandi (2018) show that all MSME actors state that digital marketing has helped provide information and direct communication to consumers. The value of digital marketing in this study was obtained by adding all the values of all digital marketing indicators. The high



total indicates the tendency of respondents to agree with the statement of using digital marketing to market batik products. Business actors use social media such as Whatsapp and Instagram. Batik business actors have online stores or e-commerce. However, they are not utilized optimally because more batik products are offered using the delivery order system, which makes consumers cancel their orders. Most batik business actors do not have a website/blog. However, they have plans to create a company website, several business actors have already made a blog, and some business actors already have a company website. For the management of social media admins, business actors agree if there is an admin for social media management and content creation. This is considered to bring benefits to companies in marketing their batik products. In addition to having batik production sites, batik entrepreneurs also have batik galleries that display collections of batik produced and derivatives of other batik products such as udeng, batik bags, and batik scarves. The benefits provided by digital marketing for batik businesses, such as tourists who have visited the batik gallery, can see the latest products or the latest motifs by uploading stories or photos on social media. This can attract consumers to buy batik, especially batik lovers. One respondent explained that they often get orders from their social media. During the pandemic, batik business actors started their businesses, and the lockdown system and social restrictions made batik businesses not visited by many tourists. One of the ways they do it is to market batik products through social media and receive orders through social media, which provides many benefits so that the business still survives to this day. Marketing through digital marketing carried out by batik business actors can increase batik sales and income earned by batik business actors so that they can maintain the batik business and contribute to the absorption of the surrounding workforce.

### **The Effect of Innovation on Income**

The t-test resulted in innovation having a significant effect. The resulting regression coefficient shows that innovation has a positive direction on income. If respondents increasingly agree that their efforts to innovate will increase the income they get. This shows that H<sub>2</sub> is proven, namely that innovation has a positive effect on positive income on the income of batik business actors in Banyuwangi Regency. The results of this study are by the second hypothesis, which means that the more respondents agree to innovate in their business, the more income earned by the business owner because by innovating performance, product development will increase. According to Frishammar and Horte (in Pangeran, 2012), innovation positively affects the performance of new product development. This result is not from the research conducted by Dwiyanti (2014), which shows that the innovation variable negatively affects the income of MSMEs in the service and trade sector in the Jember Regency. The analysis results show that more respondents agree that their efforts to innovate will increase the income they get and vice versa. Owned income will increase if business actors agree on innovation regarding introducing new products or services and changes/modifications of products or services. Batik has a variety of motifs and characteristics of each region. This makes innovation in the form of introducing new products or services and modifying products or services by market demand and can be accepted directly by consumers so that the income earned will increase. Business actors or company managers are required to always have innovation for product development because in the batik business, what is more, highlighted are the motif and color innovation offered by the batik business. Batik business actors must be able to follow the trends, for example, the trend of colors favored or liked by consumers. The color trends must be developed in the batik products offered—for example, consumers like nude or black colors. For product development, companies must be able to apply these colors to batik products that will be offered if they do not want to be left behind by other batik businesses. The motifs on batik products must also have much innovation and follow the theme set by the Banyuwangi Regency Government in the Banyuwangi Batik Festival. Like the theme of "kangkung setingkes," batik business actors must be able to apply or apply these motifs to the development of new products offered. Consumers will look for this motif more to follow the existing trend. This shows that batik business actors must be able to innovate in developing new products to increase product sales that can increase company revenues.

### **Proactive Influence on Income**

Proactive the results of the t-test show a significant effect on income. The resulting regression coefficient shows that proactive has a positive direction on income. By the results of this study, H<sub>3</sub> proved that proactive positively affected the income of batik business actors in Banyuwangi Regency. The more business owners take initial initiatives to anticipate competition and tend to be pioneers in their fields, the more income earned by business owners will increase, and vice versa. Lyon, Dess, and Lumpkin (in Pangeran, 2012) explain that proactiveness is related to forward-looking, the first mover of efforts to seek excellence to shape the environment by introducing new products or processing competition ahead. These results are from research conducted by Dwiyanti (2014), which shows that asset and proactive variables positively affect the income of MSMEs in the service and trade sector in the Jember Regency. This study assesses proactiveness by adding all the scores of all proactive indicators. A high total indicates respondents' tendency to agree that the company takes the initial initiative to anticipate intense competition so that competitors will react. The company becomes a pioneer in introducing new products/services, technology, and administrative techniques. The company tends to pioneer in its field for introducing a new product or idea, and vice versa. The analysis results show that the more respondents agree to

take proactive action, the more positive the income earned. This means that the higher the proactive action by the respondent, the higher the income he gets, and vice versa. Business actors must be able to follow trends for batik products, such as color and motif trends. This is a form of the initial initiative to anticipate stiff competition for every batik business. Business actors are also pioneers in introducing new products to consumers. Business actors have unique motives and become the hallmark of business actors in introducing batik. This is a pioneer in introducing new products to their business. This proactive action is an effective way to increase income, so business actors must be able to become initiators and pioneers in the characteristics of their respective batiks.

### Effect of Risk-Taking on Income

Risk-taking, according to the t-test, shows that risk-taking significantly affects income. The resulting regression coefficient shows that risk-taking has a positive direction on income. These results indicate that the risk-taking by business actors can affect the income they get. These results state that  $H_4$  is proven, namely that risk-taking positively affects the income of batik business actors in the Banyuwangi Regency. Frishammar and Horte (in Pangeran, 2012) explain that prototypes fail at the factory and new designs may fail in the market, but if no risks are taken, nothing new will ever be produced and launched. This result is not to research conducted by Dwiyanti, (2014) which shows that the risk-taking variable cannot determine the level of income of SMEs in the service and trade sector in Jember Regency. In this study, risk-taking is obtained by adding all values of all risk-taking indicators. A high total indicates the tendency of respondents to agree with the statement that the company likes high-risk projects to get high income, the company likes the current situation even though the income is not high, the company believes that real action is essential in achieving company goals, especially in situations of uncertainty, and vice versa. Risk-taking has a significant effect on income because business actors tend to dare to take actions that have risks. For example, business actors must introduce new products or services so that respondents face risky decisions. To be able to follow the latest color trends or motifs, business actors must make decisions that risk the occurrence of products that are not in demand by consumers. If the target market of business actors is consumers who love batik, the existence of color trends will not affect consumer interest. If this is applied, it will tend to risk actions that consumers of batik products will not accept. One of the respondents explained that they must be able to follow the trend of motifs or colors so that their products have novelty and they are not afraid of the risk that there will be at least fans of their latest products. To anticipate this, they do production only for product introduction. Business actors believe that a high-risk project, such as introducing a new product or service, will increase their income. New products that make consumers interested in trying and according to their tastes can be profitable for business actors and increase their income. Business actors want their business to continue improving, such as they have plans to create a company website to introduce products and set up a batik gallery for those who do not have a gallery. For batik businesses, the initial initiative to follow the trend is essential in achieving the company's goals, especially for today's growing technology. This makes the risk-taking carried out by batik business actors affect the level of income earned.

### CONCLUSION

A conclusion is obtained based on the data analysis and discussion of research results. Namely, the digital marketing, innovation, proactive, and risk-taking variables positively affect the income variable. Digital marketing, innovation, proactive, and risk-taking variables can affect income variables. This shows that the increase in the income of batik business actors in Banyuwangi Regency can be influenced by digital marketing and entrepreneurial orientation, including innovation, proactiveness, and risk-taking.

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