

# Factors Affecting SMEs in Bandar Lampung to Use Instagram Ads

1<sup>st</sup> Adi Prasetyo

Dept. of Economics and Business  
Institute of Informatics and Business  
Darmajaya  
Bandar Lampung, Indonesia  
adi.prasetyo.216@gmail.com

2<sup>nd</sup> Lilla Rahmawati

Dept. of Economics and Business  
Institute of Informatics and Business  
Darmajaya  
Bandar Lampung, Indonesia  
lillakeling@darmajaya.ac.id

3<sup>rd</sup> Niken Paramitasari

Dept. of Economics and Business  
Institute of Informatics and Business  
Darmajaya  
Bandar Lampung, Indonesia  
nikenparamitasari@darmajaya.ac.id

**Abstract**— This research aimed to determine the factors that influence SMEs in Bandar Lampung to advertise using the Instagram Ads feature. The population used in This research is about SMEs who have used the Instagram Ads feature with up to 100 samples were taken using the purposive sampling technique. The data analysis method in this study was the Cochran Q Test. The results of this research were 8 factors that influence SMEs in Bandar Lampung to advertise using features Instagram Ads. These factors are the influence of Instagram Ads on sales/revenue, there are default audience settings in Instagram Ads, Instagram Ads can be customized, Instagram Ads costs are cheap, there are audience settings Instagram Ads, audiences on Instagram Ads can be adjusted, settings on Instagram Ads is easy, and payment on Instagram Ads is easy. SMEs can use this factor as a reference for advertise on Instragram Ads or other platforms for digital marketing activities.

**Keywords**— *SMEs, Cochran Q Test, Instagram Ads, Digital Marketing*

## I. INTRODUCTION

SMEs or Small and Medium Enterprises are a part that has an important role in the country's economic development. The difference between small and medium businesses is in the amount of turnover they have, for small businesses their income is around Rp. 50,000,000 to Rp. 500,000,000, and medium businesses have an income of around Rp. 500,000,000 to Rp. 10,000,000,000. Based on a press release from the Coordinating Ministry for Economic Affairs of the Republic of Indonesia in 2022, the President of the Republic of Indonesia has given direction to carry out development for SME players, especially in the use of technology in SME business processes. The role of SMEs and Micro Enterprises is very large in the growth of the Indonesian economy, with their number reaching 99% of all business units. The contribution of SMEs to export value every year also increases, in 2020 the value of SME exports reached IDR. 338.5 billion, and in 2021 the export value of SMEs will increase with the export value reaching IDR. 459.8 Billion. (Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia, 2022).

Even though with the development of increasingly sophisticated technology and the use of the internet it has become commonplace to market products, SMEs have also marketed products or services using internet media which can also be called digital marketing. Digital marketing is the marketing part of e-commerce, which consists of a company's work to communicate, promote, and sell goods and services via the internet. According to Nielsen Ad Intel research in 2022, Indonesia is among the largest places for advertising spending in Asia with a value of USD 19.2 billion or around Rp. 287.82 Trillion. This figure is an increase of 5.02% compared to the previous year which was only around Rp. 273.32 Trillion (Katadata.com, 2023). Internet use after the COVID-19 pandemic has indeed increased rapidly due to overall restrictions on social activities throughout the world. Currently there are around 215 million Internet users in Indonesia out of a total population of around 275 million, with an average usage time of around 5.7 hours per day. This data was obtained from survey results (APJII, 2023).

From the data above, it can be said that SMEs can reach more consumers via the internet. The most frequently used internet platform is social media, one of which is Instagram which covers up to 89.15 million users in Indonesia (Katadata.com, 2023). This is also supported by data on Instagram advertising reach which reached 94.2 million audiences in Indonesia, and Indonesia itself is included as the country with the 4th largest Instagram advertising reach in the world (Katadata.com, 2023). Reach is the total number of people who see a piece of content, while impressions are the number of times that content is displayed on the screen.

From the results of research [1] which examined 100 MSMEs in Bandar Lampung who have adopted social media in their business activities, there are 82.70% who use WhatsApp as a tool and there is no data that states that these SMEs use paid promotional features such as Instagram Ads. And based on the survey results presented by [2] Instagram claims that their platform helps SME business people to develop. Of course, this is very possible considering the number of users and also the large reach of advertising via the Instagram platform. Many SMEs have succeeded in developing their business through the Instagram platform,

but there are also many SMEs who have failed in developing their business due to a lack of knowledge or information about the factors that influence success in advertising using Instagram. Therefore, this research is very important to carry out as a reference to minimize failure in advertising via social media platforms, especially Instagram.

This research can be a reference for finding out the percentage of SMEs in Bandar Lampung that have used Instagram Ads and also knowing the factors underlying these SMEs in using or not using Instagram Ads. This research was conducted to determine the factors that influence SMEs in Bandar Lampung to advertise using the Instagram Ads feature. This research was also conducted to describe and explain the reasons for SMEs who have not or have used the Instagram Ads feature.

## II. LITERATURE REVIEW

### A. Digital Marketing

Digital Marketing itself is a marketing activity carried out through Internet with content in the form of text, photos or videos. Digital marketing activities are often carried out through social media platforms, where currently these platforms are used by various groups throughout the world. Digital marketing and social media involve the use of digital marketing tools such as websites, social media, mobile ads and applications, online videos, e-mail, blogs and other digital platforms to reach consumers anywhere, and at any time via computers, smartphones, tablets, TV, and other digital devices. In the current digital era, digital marketing via social media is growing because consumers can easily find out information or buy the products they want directly. [3].

### B. Social Media Marketing

Social media facilitates and improves communication between businesses and their customers. Social media allows the speed of dissemination of business-related information to its stakeholders (customers, employees, suppliers and shareholders) in a uniform manner, thus minimizing the asymmetric distribution of information to each stakeholder. [4] Marketing via social media is based on the brand's ability to exploit user relationships, namely the process of maintaining, processing and maintaining audience/customer involvement in social media marketing activities. Positive social media marketing influences customers' buying intentions. Therefore, social media marketing must be created by providing an entertainment aspect in every activity made possible by social media.

### C. Instagram Marketing

Instagram Marketing is the process of connecting company offerings (products/services) with the market via Instagram social media. [5]. Entering 2020, more and more brands are building popularity or digital reputation via Instagram to show company culture, engage consumers more realistically, and even recruit new staff. Initially, Instagram was created with the aim of allowing its users to upload and edit photos for their profiles. However, as time goes by, Instagram develops itself through the latest features. Instagram Ads itself is a feature on Instagram that is used to carry out marketing activities with the aim of making the

content used for marketing more easily accessible to Instagram users at large. [6] in his book Marketing and Social Media explains that Marketing is a science that is always changing following the dynamics of human life, there are at least three things that drive marketing as a science in itself, namely consumption, value and purchasing power. There are other features on Instagram social media that we can use to analyze the marketing process with Instagram.

## III. RESEARCH METHODS

### A. Types of Research

This type of research is a process of collecting and analyzing data that is carried out systematically and logically to achieve the desired goals. The type of research carried out in this thesis is quantitative and descriptive research. Quantitative Research is a type of research that produces discoveries that can be achieved or obtained using statistical procedures or other methods of quantification (measurement). This research is quantitative research, this type of research is quantitative descriptive. Quantitative descriptive research is a form of research aimed at describing existing phenomena, both natural phenomena and man-made phenomena. Phenomena usually consist of forms, activities, characteristics, changes, relationships, similarities and differences between one phenomenon and another [7]. This research will analyze the factors that influence SMEs in Bandar Lampung to advertise using Instagram Ads.

### B. Data Source

The data produced by researchers is the final result of the process during the research. The data source used in the research process is primary data. Primary data is original data collected by researchers, this data is collected specifically to answer specific research problems. The data used in the research was obtained by surveying UKM using a questionnaire as a supporting instrument and will be processed using statistical tools using the Chocran Q Test analysis method.

### C. Population & Sample

Population according to Istijanto in [8], "Population is the total number that includes all members studied. The population in this research are SMEs in Bandar Lampung City who use Instagram ads. Meanwhile, the total number of SMEs was recorded at 21,059 as of December 2022 based on data from LKIP DISKOPUKM Bandar Lampung City in 2022.

The sample is a representative part of the population to be studied. Samples selected from the population are considered to represent the existence of the population [8]. Sampling was carried out with the consideration that the existing population was very large, so it was not possible to examine the entire existing population, so a representative population was formed. In research it is impossible to study everything in the population, so researchers can use methods non-probability sampling by using techniques purposive sampling determining the sample based on certain considerations.

These considerations are: SMEs that have advertised on Instagram using the Instagram Ads feature. In this study, the population taken was large and the exact number is not

known. In determining the sample, if the population is large and the number is unknown, according to Rao in[8], the following formula is used:

$$n = \frac{Z^2}{4(moe)^2}$$

n = Sample size

Z = normal distribution level of significant 5% = 1,96

Moe = Margin of error (usually maksimum score of error is 10 %)

Depends of formula above, total sample that we use is :

$$n = \frac{1,96^2}{4(0,1)^2}$$

n = 96,6

n = 100 . So in this research we use 100 sample

#### D. Data Analysis Method

Simamora [8] explains that to determine valid product attributes through the Cochran Q test. The Cochran test is used to find out what attributes are considered valid (valid). Valid attributes are attributes that are influential and considered by SMEs when advertising using the Instagram Ads feature. Where 3 attributes were obtained that Cochran would later test, including the Segmentation, Cost and Ease of Use attributes. The first step is to compile a list of attributes with the options YES and NO. Then, determining valid attributes is based on the Cochran Q Test method, namely by comparing Qcount and QTable. Determination of QTable is obtained from the Chi Square Table with degree of freedom attribute (db) = k-1 with an error rate ( $\alpha$ ) of 5%.

#### E. Hypothesis Testing

According to Sugiyono in [8] hypothesis testing is a temporary answer to the research problem formulation, where the research problem formulation has been stated in the form of a question. The hypothesis is said to be temporary because the answer given is only based on theory. The hypothesis to be tested is as follows: H0: all tested attributes have the same proportion of YES answers H1: all tested attributes have different proportions of YES answers Test criteria

If Q count > from X2 Table 0.05 (df=k-1), then Ho: rejected

If Q count < of X2 Table 0.05 (df=k-1), then Ho: accepted.

## IV. RESULT & DISCUSSION

### A. DATA DESCRIPTION

Data description which is a description that will be used for the next process, namely testing the hypothesis. This was done to describe or describe the condition of the respondents who were the objects of this research in terms of the characteristics of the respondents, including gender, business field and type of business

1) In this research, to prove the hypothesis proposed in this research, research was conducted on 100 respondents. And the responden is 83% man and 17% woman

2) The most dominant business sector in filling out the questionnaire by respondents is Automotive (22%), followed by the Food & Beverage business sector (21%), Property (12%), Sound & Musical Instruments (7%), and others.

3) The most dominant type of business in filling out the questionnaire by respondents is Small Business at 92% and Medium Business at 8%.

4) The statement that gave to respondent is Instagram Ads is cheap, Instagram ads cost can be adjusted, There are audience settings in Instagram Ads, Audience on Instagram ads can be customized, There are default settings in Instagram Ads, Setting up Instagram ads is easy, Payment on instagram ads is easy, Instagram ads affect sales/income.

### B. Validity test result

The validity test in this research was carried out by correlating each indicator score with the total construct score. The basis for decision making is the validity test of the correlation coefficient between questions and the total score (*Pearson correlation*) compared with r Pearson product moment table with alpha 5% (0.05), if the value is greater *Pearson correlation* (r count) than r Table then it is declared valid. The following are the results of the validity test in this research:

Question Items	R count	R Table	Condition	Information
Statement 1	0.412	0.325	R hit > R Tab	VALID
Statement 2	0.357	0.325	R hit > R Tab	VALID
Statement 3	0.328	0.325	R hit > R Tab	VALID
Statement 4	0.328	0.325	R hit > R Tab	VALID
Statement 5	0.357	0.325	R hit > R Tab	VALID
Statement 6	0.424	0.325	R hit > R Tab	VALID
Statement 7	0.455	0.325	R hit > R Tab	VALID
Statement 8	0.336	0.325	R hit > R Tab	VALID

Based on the Table, it is known that the calculated R value for all statement items is greater than the R table value, so it can be concluded that all the questions asked to measure the value of factor variables that influence SMEs to advertise with the Instagram Ads feature in this study are declared valid, meaning that all question items worthy of being used as a questionnaire.

### 1. Cochran's Result

The Cochran test is used to measure/assess whether three paired scores are real (significant) whether they are in one area at the same time or in different/separate areas. The type of data from this test comes from samples whose measurements are dichotomous (split two ), for example: success and failure, yes and no, satisfied

and dissatisfied, fast and slow. Cochran's test data can be called nominal data. By using the Cochran Q Test data analysis formula via the SPSS program. Analysis of the most dominant and interconnected factors in forming a decision to advertise with the Instagram Ads feature, seen from the 8 attributes that influence it. Testing with the Cochran Q Test is to prove that all the items are valid so that 8 items will be tested by the Cochran Q Test. The results of the analysis include the following.

Testing of the 8 attributes and the proportion of "Yes" answers obtained the following results:

Test Statistics	
N	100
Cochran's Q	5,325 <sup>a</sup>
df	7
Asymp. Sig.	.050
a. 1 is treated as a success.	

#### Criteria

If Q count > from X2Table 0.05 (df=k-1), then Ho: is rejected

if Q count < of X2Table 0.05 (df=k-1), then Ho: accepted

#### Hypothesis:

H0: All attributes tested have the same proportion of YES answers.

H1: All attributes tested have different proportions of YES answers

### C. DISCUSSION

Based on the test carried out using the Cochran Q Test method, the results obtained from the test were a Q (Chi Square) value of 5.325 which was smaller than X2 Table 14.067, so the test decision was Ho accepted. This shows that there is a significant relationship between variable indicators. In other words, the most likely answer "Yes" is the same for each question indicator. It can be

interpreted that there are 8 attributes that influence SMEs in advertising using the Instagram Ads feature.

8 it can be seen that the Cochran Q Test was carried out to find factors that most influence SMEs in advertising with the Instagram Ads feature. After carrying out the analysis, it can be seen in Table 4.8 the sequence of factors that influence SMEs in advertising using the Instagram Ads feature. it is known that the most dominant factor influencing SMEs in advertising using the Instagram Ads feature, which means that the largest number of respondents who answered Yes, 88 respondents, was the influence of Instagram Ads on sales. In accordance with advertising objectives, respondents can feel the influence of digital marketing using Instagram Ads on their income and the amount of income they earn In business, the use of Instagram ads has an impact on sales because through Instagram Ads business people can increase their reach and brand awareness. This allows business people to increase income and also expand market reach. Through previous research, it can also be concluded that the use of Instagram Ads greatly influences the performance of business processes.

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