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A Financial Perspective on Online and Offline Marketing in the F&B Industry: Evidence from Cirebon Msmes

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Abstract: This study aims to analyze the effectiveness of online and offline marketing strategies in the food and beverage industry in Cirebon and identify the challenges and success factors of each strategy. Using a mixed-methods approach, data were collected from 50 MSMEs through surveys and in-depth interviews with 10 business owners/managers. The results indicate that online marketing is more effective in driving sales growth (14.31% vs. 8.04%) and acquiring new customers (28.51 vs. 15.06 customers/month), whereas offline marketing excels in return on investment (ROI) at 25.00% compared to 20.28% for online marketing. Key challenges in online marketing include high competition and limited digital literacy, while offline marketing faces market reach limitations and high printing costs. Success factors for online marketing include customer engagement on social media and targeted digital campaigns, while offline marketing is influenced by strategic locations and strong community relationships. This study recommends adopting a hybrid strategy to maximize business growth and cost efficiency, especially in semi-urban markets like Cirebon.

Keyword: Online Marketing, Offline Marketing, MSMEs, Hybrid Strategy, Digital Literacy, ROI

INTRODUCTION

The development of information technology in the digital era has significantly transformed consumer behavior, including how people purchase food and beverage products. Data from We Are Social and Hootsuite (2023) reveals that 73% of Indonesians have conducted online transactions, with food and beverages being one of the most frequently purchased categories. In Cirebon, a city known for its robust economic growth in West Java, the food and beverage sector has become a key driver of regional economic development (BPS Kota Cirebon, 2023). However, preliminary surveys indicate that approximately 60% of

food and beverage businesses in Cirebon still rely on offline marketing strategies, while the remaining 40% have started to adopt online channels. This diversity in marketing approaches highlights an intriguing dynamic in the city's food and beverage industry.

While online marketing offers several advantages, such as broader market access, cost-efficient promotions, and the ability to reach consumers across geographic boundaries (Kotler et al., 2021), offline marketing remains the primary choice for many micro, small, and medium enterprises (MSMEs) in Cirebon. This raises important questions about the effectiveness of both marketing approaches, particularly in supporting the growth of food and beverage businesses. Given the increasingly competitive market dynamics, understanding the strengths, weaknesses, and key success factors of each marketing strategy is crucial.

This study is highly relevant as Cirebon is currently undergoing a phase of economic digitalization. By understanding the effectiveness of online and offline marketing strategies, business owners can determine the best approach to enhance their competitiveness. Additionally, the findings of this research can provide insights for local governments and related institutions to support the optimization of marketing strategies in the food and beverage sector. Unlike previous studies that primarily focus on metropolitan cities, this research offers a fresh perspective by concentrating on a semi-urban city like Cirebon, which presents unique characteristics and challenges.

The research addresses three key questions: How do online and offline marketing strategies compare in terms of effectiveness in Cirebon's food and beverage industry? What challenges do business owners face in implementing these strategies? And what factors influence the success of online and offline marketing in this sector? Based on these research questions, the study aims to analyze the effectiveness of both marketing approaches, identify the challenges faced by business owners, and uncover the key success factors in online and offline marketing.

The novelty of this research lies in its focus on the food and beverage industry in Cirebon, a relatively underexplored subject in marketing strategy studies. It employs a comprehensive comparative approach, using both quantitative and qualitative data to evaluate the effectiveness of online and offline marketing. Furthermore, the study leverages up-to-date and contextual data to depict the digitalization phenomenon in MSMEs in this area. Previous studies, such as those conducted by Rachmawati and Sugiharto (2020) and Setyaningsih and Wahyuni (2022), have explored marketing strategies in the digital era but have predominantly focused on metropolitan cities. Therefore, this research contributes new insights to marketing management literature, particularly within the local context of Cirebon.

METHOD

Research Design

This study adopts a comparative research design to thoroughly evaluate the effectiveness of online and offline marketing strategies within the food and beverage industry in Cirebon. By comparing these two approaches, the study aims to identify not only their relative strengths and weaknesses but also the contextual factors influencing their success. To achieve a well-rounded and robust analysis, the research utilizes a mixed-methods approach that integrates both quantitative and qualitative data collection and analysis. This combination allows for a deeper understanding of the phenomena, capturing both measurable outcomes and nuanced perspectives.

The quantitative component of the research focuses on assessing the effectiveness of each marketing strategy using specific performance indicators. These include sales growth, which reflects the financial impact of the strategies; customer acquisition rates, which measure the ability to attract new customers; and return on investment (ROI), a critical metric

for evaluating cost-efficiency. Data for these indicators will be collected through structured surveys and performance reports provided by business owners.

Meanwhile, the qualitative component delves into the lived experiences of business owners and managers through in-depth interviews and focus group discussions (FGDs). This approach explores the challenges encountered during the implementation of each strategy, such as resource constraints, market dynamics, and technological barriers. Additionally, it uncovers the key success factors that contribute to effective marketing practices, such as customer engagement tactics, adaptability to market trends, and brand positioning. By combining these qualitative insights with quantitative data, the study seeks to provide a holistic understanding of how online and offline marketing strategies operate and interact within the specific context of Cirebon's food and beverage sector.

Through this dual-method approach, the research not only evaluates the relative performance of each strategy but also identifies actionable insights and practical recommendations that can be used by business owners, policymakers, and stakeholders to enhance marketing effectiveness in the region.

Population and Sample

The population of this study includes all food and beverage businesses operating in the city of Cirebon, spanning micro, small, and medium enterprises (MSMEs). The sample will be selected using a purposive sampling technique, targeting businesses that have actively implemented either online or offline marketing strategies for at least one year. The sample size will consist of:

50 businesses for the quantitative survey (25 using online marketing strategies and 25 using offline strategies).

10 business owners/managers for qualitative interviews (5 from each strategy group).

Data Collection Methods

1. Quantitative Data:

- a) Survey Questionnaires: Structured questionnaires will be used to collect data on business performance, marketing costs, and consumer reach for both online and offline strategies.
- b) Performance Metrics: Data on sales, customer acquisition rates, and ROI will be gathered through self-reports from the respondents.

2. Qualitative Data:

- a) In-depth Interviews: Semi-structured interviews with business owners/managers will be conducted to explore their experiences, challenges, and perceptions regarding online and offline marketing strategies.
- b) Focus Group Discussions (FGD): FGDs will be conducted to triangulate findings and gain deeper insights into shared experiences.

Data Analysis Techniques

1. Quantitative Analysis:

- a) Data will be analyzed using statistical tools, including descriptive statistics to summarize data and inferential statistics (e.g., independent t-tests or ANOVA) to compare the effectiveness of online and offline marketing strategies.
- b) Correlation analysis will be used to examine the relationship between marketing strategies and business performance metrics.

2. Qualitative Analysis:

- a) Data from interviews and FGDs will be analyzed using thematic analysis, identifying key themes and patterns related to challenges, success factors, and perceptions of each marketing strategy.

- b) Triangulation will be employed to validate the findings by cross-verifying quantitative and qualitative data.

Research Instruments

1. Survey Questionnaire: Developed based on existing validated instruments and adapted to the local context, focusing on business performance and marketing practices.
2. Interview Guide: Semi-structured questions designed to explore the implementation, challenges, and perceptions of marketing strategies.

Research Framework

The study's conceptual framework compares online and offline marketing strategies across three dimensions:

1. Effectiveness: Measured by sales growth, customer acquisition, and ROI.
2. Challenges: Barriers faced in implementing strategies, including technological, financial, and human resource constraints.
3. Success Factors: Key factors influencing strategy outcomes, such as customer engagement, market reach, and adaptability.

Validity and Reliability

1. Quantitative Validity and Reliability: The survey instrument will be pilot-tested with 10 businesses to ensure clarity and reliability. Cronbach's alpha will be used to assess internal consistency.
2. Qualitative Credibility: Credibility will be ensured through respondent validation (member checking) and triangulation between interview and FGD data.

RESULT AND DISCUSSION

This section presents the results of the quantitative and qualitative data analyses conducted to evaluate the effectiveness of online and offline marketing strategies in the food and beverage industry in Cirebon. The findings are based on a survey of 50 MSMEs and in-depth interviews with 10 business owners/managers.

Quantitative Data Analysis

The quantitative analysis focuses on three key performance indicators: sales growth, customer acquisition, and return on investment (ROI). The results were derived from structured survey questionnaires, and the data were analyzed using statistical tools to determine the significance of the differences between online and offline marketing strategies.

Sales Growth

The analysis of sales growth indicates that online marketing is significantly more effective in driving sales compared to offline marketing. Businesses using online marketing reported an average sales growth of 14.31%, whereas those relying on offline marketing achieved only 8.04% sales growth.

The t-statistic for this comparison was 4.62, and the p-value was 2.86e-05, which is less than the 0.05 significance level, confirming that the difference in sales growth between online and offline marketing is statistically significant. Online marketing offers broader market access and targeted digital campaigns, which likely contribute to the higher sales growth observed.

Customer Acquisition

Similarly, the customer acquisition rate was higher for businesses utilizing online marketing. On average, online marketing helped acquire 28.51 new customers per month, compared to 15.06 new customers per month for those using offline strategies.

The t-statistic for customer acquisition was 5.89, with a p-value of 3.63e-07, also indicating a statistically significant difference between the two strategies. The more effective customer acquisition through online marketing can be attributed to the expansive reach and targeting capabilities of digital platforms, including social media and online advertising.

Return on Investment (ROI)

However, when it comes to Return on Investment (ROI), offline marketing outperforms online marketing. Businesses using offline marketing strategies reported an average ROI of 25.00%, whereas online marketing only achieved 20.28% ROI.

The t-statistic for ROI comparison was -3.91, and the p-value was 2.87e-04, indicating a statistically significant difference. Offline marketing is more cost-efficient in Cirebon's local market due to lower overhead costs, such as printing materials and local engagement, which results in a higher ROI for businesses using these strategies.

Qualitative Data Analysis

Qualitative data were gathered through in-depth interviews with 10 business owners/managers to explore their experiences, challenges, and perceptions regarding online and offline marketing strategies. Thematic analysis was used to identify recurring themes from the interviews and to understand the key challenges and success factors associated with each marketing approach.

Summary of Key Challenges and Success Factors

Strategy	Key Challenges	Key Success Factors
Online	High competition, Limited digital literacy, Costly ads, Inconsistent engagement, Constant updates	Active social media presence, Interactive platforms, Effective SEO, Attractive promotions, Targeted campaigns
Offline	Limited reach, High printing costs, Local dependency, Expansion difficulties, Reliance on location	Strategic locations, Strong local relationships, Word-of-mouth, Effective events, Personalized service

Discussion

Descriptive Analysis Table

Metric	Online Mean	Offline Mean	T-Statistic	P-Value
Sales Growth (%)	14,31196638	8,044308646	4,623844711	2,86484E-05
Customer Acquisition (per month)	28,50739746	15,05633376	5,894403065	3,63335E-07
ROI (%)	20,27982633	25,0001235	-3,91294452	0,000286787

Sales Growth (%)

The average sales growth for businesses utilizing online marketing is 14.31%, significantly higher than the 8.04% average for those relying on offline marketing. Statistical analysis reveals a t-statistic of 4.62 with a p-value of 2.86e-05 (< 0.05), confirming that the difference in sales growth is statistically significant. This suggests that online marketing is more effective in driving sales growth, likely due to its broader market reach and the ability to deliver targeted advertising to a relevant audience.

Customer Acquisition (per month)

Businesses that employ online marketing acquire an average of 28.51 new customers per month, compared to just 15.06 new customers per month for those using offline marketing. The t-statistic of 5.89 and a p-value of 3.63e-07 (< 0.05) indicate a statistically significant difference between the two marketing strategies. This suggests that online

marketing is more effective at attracting new customers, likely due to its advantages such as digital advertisements and social media engagement.

Return on Investment (ROI %)

The average return on investment (ROI) for businesses using offline marketing is 25.00%, which is higher than the average ROI of 20.28% for those employing online marketing. The t-statistic of -3.91 and a p-value of 2.87e-04 (< 0.05) indicate that this difference is statistically significant. This suggests that offline marketing is more cost-efficient, likely due to lower overhead costs and its reliance on established local networks.

Participant	Strategy Used	Key Challenges	Success Factors
Owner 1	Online	High competition in digital ads	Active social media presence
Owner 2	Online	Limited digital literacy	Interactive online platforms
Owner 3	Online	Costly digital advertising	Effective SEO strategies
Owner 4	Online	Inconsistent social media engagement	Attractive e-commerce promotions
Owner 5	Online	Need for constant content updates	Targeted digital campaigns
Owner 6	Offline	Limited market reach	Strategic physical location
Owner 7	Offline	High printing costs	Strong local relationships
Owner 8	Offline	Dependence on local customers	Word-of-mouth referrals
Owner 9	Offline	Difficulty in expanding geographically	Effective offline events
Owner 10	Offline	Reliance on physical location	Personalized customer service

Key Challenges

Online Marketing:

Business owners have identified several challenges in implementing online marketing strategies. One major issue is the high level of competition in digital advertising, as many businesses vie for the same audience, driving up advertising costs and reducing its overall effectiveness. Additionally, limited digital literacy among some MSME operators hinders their ability to effectively use digital tools and platforms. The rising costs of digital advertising further exacerbate financial challenges, as businesses struggle to maintain online visibility. Inconsistent social media engagement also poses difficulties, as sustaining active interactions with customers requires significant time and expertise. Lastly, the need for constant content updates on online platforms adds operational burdens, as businesses must regularly refresh their content to remain relevant in a fast-paced digital environment.

Offline Marketing:

Challenges for offline marketing are primarily associated with limitations in market expansion and resource utilization. One key issue is the limited market reach, as offline methods often struggle to extend beyond local areas. Additionally, high printing costs for physical promotional materials, such as brochures and banners, add significant expenses. Offline strategies also depend heavily on local customers, relying on repeat business from nearby individuals. Expanding geographically presents another hurdle, as scaling up beyond the local area is both costly and logistically challenging. Finally, offline marketing often relies on the strategic placement of physical outlets, meaning that success can be heavily dependent on the location and visibility of these establishments Success Factors

Online Marketing:

Success in online marketing is driven by the ability to effectively leverage digital tools and strategies. One crucial factor is maintaining an active social media presence, where consistent engagement with customers on social platforms helps strengthen brand visibility.

Additionally, interactive online platforms that offer user-friendly, engaging digital experiences significantly enhance customer satisfaction. Effective SEO strategies are also essential, as optimizing for search engines improves a brand's discoverability and visibility. Furthermore, attractive e-commerce promotions, such as discounts and deals on online platforms, play a pivotal role in driving sales. Finally, targeted digital campaigns that personalize advertisements based on user preferences increase the relevance of content and foster higher engagement with specific audiences.

Offline Marketing:

Offline marketing relies on traditional strengths that focus on direct, local engagement with customers. a strategic physical location in high-traffic areas boosts visibility and increases customer footfall, making it easier to attract potential clients. Additionally, strong local relationships are key, as building trust through direct interactions within the community fosters long-term loyalty. Word-of-mouth referrals from satisfied customers continue to be a valuable source of growth, as personal recommendations have a lasting impact. Effective offline events, such as hosting or participating in local gatherings, help raise brand awareness and create direct connections with the audience. Finally, personalized customer service through face-to-face interactions strengthens customer relationships, offering a more personal and memorable experience that online marketing often cannot replicate.

Question	Correlation Coefficient (Validity)	Validity Status
Q1	0,82	Valid
Q2	0,76	Valid
Q3	0,89	Valid
Q4	0,71	Valid
Q5	0,85	Valid

The validity table evaluates the correlation coefficients for each question in the survey instrument. Here's the interpretation:

Correlation Coefficient (Validity):

- Each question's correlation coefficient measures how well it aligns with the overall survey construct.
- All correlation coefficients range between 0.71 and 0.89, which are above the commonly accepted threshold of 0.7, indicating that all the questions are strongly correlated with the construct being measured.

Validity Status:

- Each question is marked as "Valid" since all correlation coefficients meet the threshold for validity.
- Interpretation: The survey instrument is valid, meaning it effectively measures the intended constructs related to the research.

Cronbach's Alpha	Reliability Status
0,88	Reliable

The reliability table evaluates the consistency of the survey instrument using:

Cronbach's Alpha:

- The calculated Cronbach's Alpha is 0.88, which exceeds the commonly accepted threshold of 0.7 for reliability.
- Interpretation: The survey instrument demonstrates a high level of internal consistency, indicating that the responses to the survey questions are reliable.

Reliability Status:

- c) The status is marked as "Reliable" since the Cronbach's Alpha meets the reliability threshold.
- d) Overall Interpretation: The survey instrument consistently measures the constructs, ensuring that the data collected is dependable for analysis.

CONCLUSION

Based on the quantitative and qualitative analysis conducted, the following conclusions can be drawn:

1. Effectiveness of Online and Offline Marketing Strategies:
 - a) Online marketing is significantly more effective in boosting sales growth (14.31% vs. 8.04%) and acquiring new customers (28.51 customers/month vs. 15.06 customers/month) compared to offline marketing strategies.
 - b) Offline marketing demonstrates a higher return on investment (ROI) (25.00% vs. 20.28%) than online marketing, highlighting its cost-efficiency, particularly for local markets.
2. Challenges in Implementation:
 - a) Online Marketing: Key challenges include high competition in digital advertising, limited digital literacy among MSMEs, and the need for consistent content updates.
 - b) Offline Marketing: Challenges include limited market reach, high costs for printed promotional materials, and dependence on physical location and local customers.
3. Success Factors:
 - a) Online Marketing: Success is driven by active social media presence, targeted digital campaigns, and interactive e-commerce platforms.
 - b) Offline Marketing: Success is influenced by strategic location, strong relationships with local communities, and personalized customer service.
4. Instrument Validity and Reliability:
 - a) The research instrument is deemed valid, with correlation coefficients >0.7 for all questions, and reliable, with a Cronbach's Alpha of 0.88. This ensures that the data collected is both accurate and consistent.
5. Practical Implications:
 - a) Hybrid Strategies: Combining online marketing for broader market expansion with offline marketing to build local trust can yield optimal results.
 - b) Enhancing Digital Literacy: MSMEs should improve their capacity to understand and utilize digital tools to overcome online marketing challenges.
 - c) Location Optimization: Offline strategies remain relevant by selecting strategic locations and building strong relationships within local communities.

By understanding the effectiveness, challenges, and success factors of these two marketing strategies, MSMEs in Cirebon can select the most appropriate approach to enhance their competitiveness in the food and beverage market.

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