

# ENHANCE SALES PERFORMANCE WITH FACEBOOK ADVERTISING IN SMES AGRIBUSINESS SECTOR

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**Norrahmiati**

(Fakultas Ekonomi, Universitas Achmad Yani Banjarmasin)

Email : norrahmiati16@gmail.com

## ABSTRACT

*Nowadays, technology grows rapidly that makes the rate of adoption technology becomes high, especially in the field of marketing. Enhancement of the adoption technology from a marketing perspective prompt this research to focuses on the relationship between the utilization of social media Facebook as advertising with sales performance. Thus this study analyzes the factors that can influence when adopting Facebook as an advertising medium in the agribusiness sector SMEs and their impact on sales performance. This research focuses on SMEs in the East Java region of Indonesia. The research data was conducted quantitatively by giving questionnaires to SME owners. 102 valid data were received and analyzed using PLS analysis with the help of the SmartPLS 3.0 application. To examine the factors that can influence the adoption of SMEs to use Facebook ads, we use the TAM and DIT models, and we add other variables such as demographic targeting, interactivity and brand awareness. The results show that all of these factors have a significant influence on the use of Facebook ads. Next, we also analyze the impact of using Facebook ads on sales performance. The result shows that using Facebook ads as a marketing tool will improve SME sales performance.*

**Kata Kunci :** Agribusiness, Facebook Ads, SMEs, Sales Performance.

## ABSTRAK

*Teknologi yang semakin berkembang pesat membuat tingkat adopsi pada teknologi menjadi tinggi terutama pada bidang pemasaran. Dengan meningkatnya penggunaan teknologi dari perspektif pemasaran, penelitian ini berfokus pada hubungan antara pemanfaatan media sosial Facebook sebagai iklan dengan kinerja penjualan. Dengan demikian penelitian ini menganalisis faktor-faktor yang dapat mempengaruhi saat mengadopsi Facebook sebagai media periklanan pada UKM sektor agribisnis serta dampaknya terhadap kinerja penjualan. Penelitian ini berfokus pada UKM di wilayah Jawa Timur Indonesia. Data penelitian dilakukan secara kuantitatif dengan memberikan kuesioner terhadap pemilik UKM. Sebanyak 102 data valid diterima dan dianalisis menggunakan analisis PLS dengan bantuan aplikasi SmartPLS 3.0. Untuk meneliti faktor-faktor yang dapat berpengaruh pada adopsi UKM untuk menggunakan iklan Facebook, kami menggunakan model TAM dan DIT, serta kami menambahkan variabel lain seperti demogrphic targeting, interactivity dan brand awareness. Hasil menunjukkan jika keseluruhan faktor tersebut memiliki pengaruh signifikan pada penggunaan iklan Facebook. Selanjutnya kami juga menganalisis dampak penggunaan iklan Facebook pada kinerja penjualan. Hasil menunjukkan jika dengan menggunakan*

*iklan Facebook sebagai alat pemasaran, akan meningkatkan kinerja penjualan UKM.*

**Kata Kunci :** Agribisnis, Iklan Facebook, Kinerja Penjualan, UKM.

## INTRODUCTION

High adoption of technology makes technology become dependency in conducting activities. Most of the activities can be done online which makes it a concern for marketers. Nowadays people do their activities on the Internet that makes marketers need to implement several new strategies to be able to market their products to reach more consumers effectively and efficiently. Thus, an online marketing system emerged. Online marketing uses platforms such as social media as a platform to promote products or services. This trend leads to the creation of businesses to interact and connect directly with online customers (Sharma, Singh and Aiyub, 2020), and then provide business opportunities in marketing sector (Rapp et al., 2013). Businesses now use social media for brand management (Hudson et al., 2016), which is to promote their brands through social media platforms.

Using social media as a platform for business has become mandatory in this era (Ainin et al., 2015). The most popular social media in Indonesia is Facebook. Indonesia occupies the third rank as a country with users as well as the target audience of the largest Facebook ad in the world, with a total of 130 million monthly active users (Tekno.kompas, 2019). Then Facebook becomes a popular platform to promote a business (Derham, Cragg and Morrish, 2011). Business owners can fully utilize Facebook for sales, advertising and marketing at a lower cost. Facebook is a suitable platform to promote a business (Sarosa, 2012). Facebook is not only suitable for large companies, but also Small and Medium Enterprises (SMEs) (Razak and Latip, 2016). It is enabling SMEs to handle marketing activities adequately because the cost is inexpensive and requires a low level of IT (information technology) skills (Derham, Cragg and Morrish, 2011).

Small and Medium Enterprises (SMEs) are one of the leading sectors that contribute to the development of the national economy, especially in emerging countries. This can be seen with the gross domestic product from the most developed markets driven by the economic activities of SMEs (Nieto and Santamaría, 2010). The total contribution of SMEs to national gross domestic product (GDP) in 2019 reached 65% or around Rp 2,394.5 trillion. The number of small and medium enterprises (SMEs) in Indonesia in 2018 was 58.97 million (Pelakubisnis, 2019). SMEs if grouped based on the perspective of the business is divided into 1) informal sector; 2) Micro; 3) dynamic small businesses; and 4) fast-moving enterprise (Sarwono, 2015). SMEs operates in various economic sectors. But in the East Java region of Indonesia, SMEs in the agribusiness sector dominates other sectors SMEs. Total SMEs which is engaged in the sectors of agribusiness is 62 percent or as much as 7.5 million businesses. While other sectors are 38 percent or 4.6 million business operators (Hakim, 2019). This indicates that the agribusiness sector is a potential sector, so it needs special attention, especially in the field of marketing to develop and gain a greater market share. Thus, this research focuses on SMEs engaged in the agribusiness sector. SMEs agribusiness sector covers various types of businesses that utilize biological objects

(living). Objects or items sourced from nature and aims to meet the needs or other business (Sarwono, 2015).

Abou-Shouk, Megicks and Lim (2013) in his research argues that SMEs especially from emerging countries like Indonesia slow to adopt technology, especially those related to electronic commerce. However, in Indonesia 9.4 million small and medium enterprises (SMEs) in various sectors are already utilized online platforms to promote their products. Most of these SMEs are aware of the importance of the platform and have begun to adopt social media to improve their sales performance (Khan et al., 2016). Social media encourages people who do not have jobs to build SMEs (Bakaykina, 2013). Many SME owners use Facebook because it is felt like a more effective platform for business to business (B2B) (Dahnil et al., 2014). The main characteristics of Facebook use for business according to (Carter, 2014), namely: (a) serving customers or businesses; (b) Facebook is more suitable for business to consumer communication (B2C); (c) Business to consumer (B2C) interactions become more profitable; (d) New business owners have a greater opportunity to use Facebook. Thus it can be concluded if Facebook is a suitable platform used for business to consumers. (Carmichael and Cleave, 2012) in their research stated that if companies that use Facebook ads for promotion can build relationships with consumers.

This study aims to identify empirically the factors that can influence when adopting Facebook as an advertising platform in the agribusiness sector of SMEs. Furthermore, this research measures how Facebook ads enhance sales performance of SMEs. For that purpose, in examining the factors that can influence SMEs using advertising on Facebook, this study uses a variety of technology acceptance model (TAM) consist of perceived usefulness and perceived ease of use in understanding how SMEs adopt advertisements on Facebook to market their products. Based on TAM's ability to explain the adoption and use of various digital technology innovations, including various online media services and social networks, we propose that TAM will be a valid model in explaining the decision-making process of adopting social media as advertising. Apart from TAM, the compatible variable of diffusion innovation theory (DIT) is also considered. This theory plays an important role to enhance the intention to adopt the actual technology. We use TAM and DIT to examine the factors that can influence SMEs in adopt Facebook advertising. However, the models of these theories only focus on technology acceptance and innovation, so to get a broader context, we include other variables namely demographic targeting, interactivity and brand awareness. furthermore, enhancement of the use of technology from a sales perspective, we focused on the relationship between Facebook advertising usage and sales performance. Facebook as the most popular social networking platform in Indonesia will be the main focus to be analyzed in this study. This research contributes to the theory literature by increasing knowledge of the importance of utilizing Facebook ads as a promotion to improve sales performance of SMEs in Indonesia in the agribusiness sector.

## **METHODOLOGY**

This research focuses on SMEs engaged in the agribusiness sector in the East Java region, Indonesia. This study aims to examine what are the factors that can affect SMEs in the agribusiness sector in using advertisements on Facebook and how Facebook ads affect the sales performance of these SMEs. This study uses 102 samples, the number has

met the minimum limit in the study that is 30-500 samples (Sekaran and Roger, 2016). The technique of determining the sample using purposive sampling, with consideration: 1) respondents are SME owners in the East Java region engaged in the agribusiness sector; 2) have use ads on Facebook for marketing. Data analysis techniques using PLS analysis with the help of the SmartPLS 3.0 application. The data in this study are primary data obtained from the results of distributing questionnaires to respondents who are SME owners in the East Java region engaged in the agribusiness sector. All variables in this study were measured using a Likert measurement scale, with a scale of answers 1 to strongly disagree to 5 for answers strongly agree. Data is distributed directly through questionnaires and then the data obtained are analyzed using PLS analysis with the help of the SmartPLS 3 application.

This study uses eight variables to test SMEs for using advertisements on Facebook and how Facebook ads affect the sales performance of these SMEs. These variables include perceived usefulness, perceived ease of use, compatibility, demographic targeting, interactivity, brand awareness, Facebook advertising and sales performance. The measurement items of each variable were adapted from previous studies. Measurement items of variable perceived usefulness (6 items) and perceived ease of use (5 items) which are models of TAM are measured using items from research (Lin and Kim, 2016). The compatibility variable which is a model of diffusion innovation theory (DIT) is measured using 4 items from research (Odoom, Anning-Dorson and Acheampong, 2017). Demographic variable and brand awareness variables were measured using 3 measurement items from the study (Alraja et al., 2020). The variable interactivity was measured using 3 measurement items from the study (Ainin et al., 2015). Then the items to measure Facebook advertising variables use 3 measurement items adopted from (Alraja et al., 2020). Finally, measurement items to measure sales performance use 4 measurement items from (Ainin et al., 2015; Rodriguez, Peterson and Ajjan, 2015).

Perceived usefulness is one important factor that is known to influence the use of social media advertisements by many SMEs. In this study, PU refers to the level of trust of SMEs to use advertising on social media Facebook can improve sales performance (Liat and Wuan, 2014). Public Works makes SME marketing activities more effective in certain perspectives (Razak and Latip, 2016). Several previous studies have found that PU can influence the use of social media in various sectors (Choi and Chung, 2013; Razak and Latip, 2016). Choi and Chung (2013) stated that PU is a major factor in the use of social networks. Perceived usefulness is also found as a predictor of Facebook usage behaviour (Rauniar et al., 2014). Previous studies have found that perceived usefulness has a positive relationship with attitudes toward Facebook ads (Lin and Kim, 2016). Thus, we propose the following hypothesis:

H1: Perceived usefulness (PU) has a significant effect on Facebook (FA) advertising

Perceived ease of use (PEOU) is defined as the level of how SMEs believe that they should not put more effort into using social media for marketing activities (Rauniar et al., 2014). PEOU can also affect the use of social media by SMEs for marketing. According to previous research (Sago, 2013), PEOU is an indicator of the use of social media in various fields including advertising. Paquette (2013) states that Facebook

advertising acts as a popular marketing tool in supporting businesses through the presentation of information that is easily accepted by consumers. Likewise, Di Pietro and Pantano (2012) in their research showed that Facebook ads make it easy to present content. Thus Facebook ads can reach a large number of consumers to be interested in a product or service offered. Razak and Latip (2016) also stated that PEOU is an important factor that SMEs consider using Facebook ads to promote their products or services. Thus, we propose the following hypothesis:

H2: Perceived ease of use (PEOU) has a significant effect on Facebook (FA) advertising

Compatibility defined as the extent to which an innovation matches the potential to adopt values, practices and needs (Chong and Chan, 2012). In diffusion innovation theory (DIT), compatibility is the main and most important factor in adopting an innovation (Cooper and Zmud, 1990; Wang, Wang and Yang, 2010). Compatibility has been considered an important factor for the adoption of innovation (Cooper and Zmud, 1990). Findings from other studies (Hsu, Lu and Hsu, 2007) have also shown a positive relationship of compatibility as an antecedent in the adoption/use of technological innovations. Previous research focusing on the adoption of social media in marketing has had positive results in influencing the use of social media (Ainin et al., 2015; Odoom, Anning-Dorson and Acheampong, 2017). Thus, we propose the following hypothesis:

H3: Compatibility (C) has a significant effect on Facebook ads (FA)

Specifically, interactivity is a motivating factor for companies to use Facebook in marketing to improve their business performance (Ainin et al., 2015). Facebook is an interactive platform and is considered an effective platform for communicating and collaborating with customers (Ainin et al., 2015). Öztamur and Karakadılar (2014) stated in their research that interactivity is a major benefit that can influence SMEs to use Facebook ads. Other researchers have also found that using Facebook UKM ads can establish low-cost communication with customers (Ainin et al., 2015). Thus, we propose the following hypothesis:

H4: Interactivity (I) has a significant effect on Facebook (FA) advertising

Research results from (Alraja et al., 2020) found that Facebook advertising was an efficient platform for reaching customers who were targeted by marketing. This indicates if Facebook ads can target the desired customers (e.g. gender, age, income, etc.). Facebook ads play an important role in targeting the intended customers (Martin and van Bavel, 2013). Taneja and Toombs (2014) also stated that social media helps organizations in reaching their target consumers in a very efficient way. Another study conducted by Broekemier, Chau and Seshadri (2015) found that Facebook is a platform that can help SMEs in increasing customer awareness of their products or services. They also stated that Facebook ads helped SMEs to target more customers by promoting their business among consumers. Thus, we propose the following hypothesis:

H5: Demographic targeting (DT) has a significant influence on Facebook ads (FA)

Brand awareness is the strength of brand traces in consumer memory, as reflected by the ability of consumers to identify brands under different conditions (Wang and Li, 2012). Facebook can build consumer brand awareness of a product or service on an online platform (Oestreicher-Singer and Zalmanson, 2018). Haque et al. (2013) proved

that Facebook advertising has produced a significant impact on brand awareness of products and services. According to Srinivasan, Bajaj and Bhanot (2016) brand awareness is a significant benefit of Facebook advertising, which is then widely used by SMEs. Hanaysha (2016) stated that social media advertising has a positive impact on brand awareness. Alraja et al. (2020) also found that brand awareness had a significant impact on SME administrators when adopting Facebook ads. Thus, we propose the following hypothesis:

H6: Brand awareness (BA) has a significant influence on Facebook advertising (FA)

Sales performance is a behaviour that evaluates its contribution to organizational goals (Johnston and Marshall, 2006:412). Some researchers have found that adoption of corporate social media provides benefits, and some have identified a positive relationship between social media adoption and company performance (Ainin et al., 2015). Rodriguez, Peterson and Ajjan (2015) found that the use of social media has a positive effect on sales performance. Ferrer et al. (2012) note that social media adoption positively influences organizational social capital, which in turn influences performance. Other studies (Rodriguez, Peterson and Krishnan, 2012; Wong, 2012; Kwok and Yu, 2013) find that Facebook adoption has a positive effect on sales performance. Thus, we propose the following hypothesis:

H7: Facebook advertising (FA) has a significant effect on sales performance (SP)

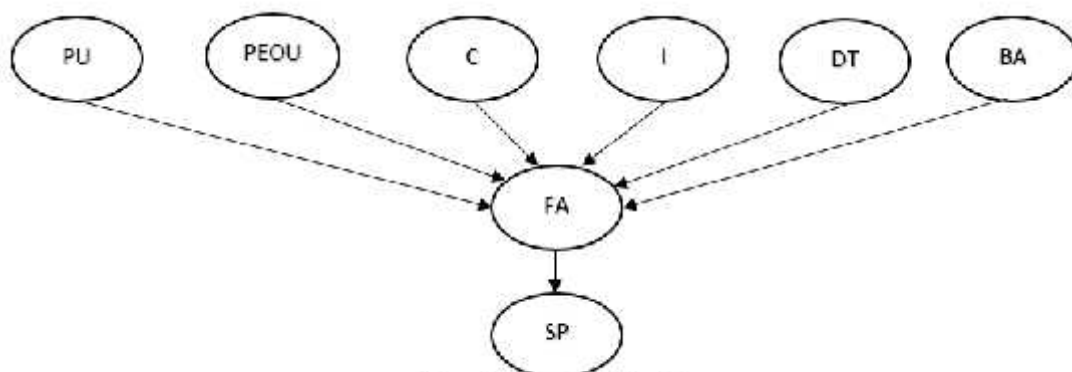


Figure 1. Research Model

## RESULTS

Among the distributed questionnaires, 102 valid data were received from research respondents who are SME owners engaged in the agribusiness sector in East Java, Indonesia. About 69.6 percent of organizations employ less than nine employees, 12.7 percent employ ten to twenty employees and 17.6 percent employ more than 20 employees. This shows that the majority of respondents are small-scale business owners. The majority of respondents from Surabaya as much as 31.3 percent of all respondents in this study. Furthermore, as many as 23.5 percent from Jember, 19.2

percent from Banyuwangi, 18.6 percent from Malang, and 6.8 percent from Sidoarjo. The utilization rate in Facebook ads is high on the average respondent. This can be proven by the majority of respondents who chose high answers at the level of Facebook ads utilization as much as 45 percent. Nearly half of all respondents in this study have adopted Facebook ads in 1-2 years. On the number of Facebook ads used, the majority of respondents used it more than five times.

Table 1. Demographic Profil

| Construct                                           | Characteristic    | Frequency | Percent |
|-----------------------------------------------------|-------------------|-----------|---------|
| <b>Employees</b>                                    | Below 9           | 71        | 69.6    |
|                                                     | 10-20             | 13        | 12.7    |
|                                                     | Above 20          | 18        | 17.6    |
| <b>SMEs Location</b>                                | Surabaya          | 32        | 31.3    |
|                                                     | Poor              | 19        | 18.6    |
|                                                     | Sidoarjo          | 7         | 6.8     |
|                                                     | Jember            | 24        | 23.5    |
|                                                     | Banyuwangi        | 20        | 19.2    |
|                                                     | Very Low          | 12        | 11.7    |
|                                                     | Low               | 14        | 13.7    |
| <b>level of utilization of Facebook advertising</b> | Medium            | 30        | 29.4    |
|                                                     | High              | 46        | 45      |
| <b>Number of years since initial adoption</b>       | Less than a year  | 39        | 38.2    |
|                                                     | 1-2 years         | 52        | 50.9    |
|                                                     | 3-4 years         | 6         | 5.8     |
|                                                     | More than 4 years | 5         | 4.9     |
| <b>Amount Facebook advertising used</b>             | 1-2 times         | 23        | 22.5    |
|                                                     | 3-5 times         | 13        | 12.7    |
|                                                     | Above 5 times     | 66        | 64.7    |

### Evaluation of Measurement Model ( Outer Model )

The Outer Model is used in evaluating the relationship of the construct with the indicator. All indicators in this study have outer loading  $> 0.7$  (table 3). Chin (1998) states that the outer loading value must be more or equal to 0.7, which is a convergent validity requirement. Thus the variables in this study can be said to be valid for further analysis. The discriminant validity assessment uses the Fornell-Lacker Criterion (Fornell and Larcker, 1981; Chin, 1998). Reliability tests were used in this study using (AVE), and Cronbach's Alpha (Fornell and Larcker, 1981; Chin, 1998; Hair et al., 2016). The results show that Cronbach's Alpha is greater than 0.7 and the value of AVE in each

variable shows a value of more than 0.5. The analysis results in table 2 show that they are reliable.

Table 2. Validity Test Results

| Construct | Item  | Outer Loading | AVE   | Cronbach's Alpha |
|-----------|-------|---------------|-------|------------------|
| PU        | PU1   | 0.739         | 0.754 | 0.815            |
|           | PU2   | 0.772         |       |                  |
|           | PU3   | 0.776         |       |                  |
|           | PU4   | 0.767         |       |                  |
|           | PU5   | 0.744         |       |                  |
|           | PU6   | 0.803         |       |                  |
| PEOU      | PEOU1 | 0.736         | 0.775 | 0.864            |
|           | PEOU2 | 0.806         |       |                  |
|           | PEOU3 | 0.860         |       |                  |
|           | PEOU4 | 0.765         |       |                  |
|           | PEOU5 | 0.784         |       |                  |
| K         | K1    | 0.876         | 0.721 | 0.887            |
|           | K2    | 0.720         |       |                  |
|           | K3    | 0.875         |       |                  |
|           | K4    | 0.843         |       |                  |
| I         | I1    | 0.795         | 0.685 | 0.733            |
|           | I2    | 0.784         |       |                  |
|           | I3    | 0.908         |       |                  |
| DT        | DT1   | 0.753         | 0.793 | 0.791            |
|           | DT2   | 0.794         |       |                  |
|           | DT3   | 0.885         |       |                  |
| BA        | BA1   | 0.750         | 0.748 | 0.766            |
|           | BA2   | 0.927         |       |                  |
|           | BA3   | 0.787         |       |                  |
| FA        | FA1   | 0.798         | 0.708 | 0.794            |
|           | FA2   | 0.770         |       |                  |
|           | FA3   | 0.752         |       |                  |
| SP        | BP1   | 0.853         | 0.720 | 0.871            |
|           | BP2   | 0.837         |       |                  |
|           | BP3   | 0.818         |       |                  |

Table 3. Evaluation of Fornell-Lacker Criterion Discriminant Validity

|             | <b>P U</b> | <b>PEOU</b> | <b>K</b> | <b>I</b> | <b>DT</b> | <b>BA</b> | <b>FA</b> | <b>S P</b> |
|-------------|------------|-------------|----------|----------|-----------|-----------|-----------|------------|
| <b>PU</b>   | 0.712      |             |          |          |           |           |           |            |
| <b>PEOU</b> | 0.841      | 0.882       |          |          |           |           |           |            |
| <b>K</b>    | 0.712      | 0.725       | 0.852    |          |           |           |           |            |
| <b>I</b>    | 0.832      | 0.717       | 0.818    | 0.879    |           |           |           |            |
| <b>DT</b>   | 0.711      | 0.736       | 0.755    | 0.733    | 0.882     |           |           |            |
| <b>BA</b>   | 0.941      | 0.749       | 0.871    | 0.871    | 0.632     | 0.965     |           |            |
| <b>FA</b>   | 0.752      | 0.749       | 0.812    | 0.762    | 0.712     | 0.863     | 0.895     |            |
| <b>S P</b>  | 0.623      | 0.822       | 0.841    | 0.745    | 0.757     | 0.723     | 0.734     | 0.902      |

### Structural Model Testing ( *Inner Model* )

Evaluation inner model is an evaluation of the structural model, which is the measurement of the relationship between the dependent and independent variables in the model proposed. Hypothesis testing is done using bootstrapping analysis on path coefficients. The t-values and alpha values in this study are presented in Table 5 with the assessment criteria for the t-statistics value to be greater than t-tables ( the t-table value is 1.96 ) and there is a 5% alpha. Thus, the t-statistic value of more than 1.99 and alpha value  $\leq 5\%$  can be declared significant.

R<sup>2</sup> latent dependent variables are used to measure the Goodness of Fit model. Chin (1998:137) mentions the results of R<sup>2</sup> of 0.67 up to endogenous latent variables in the structural model indicates the influence of exogenous variables (affecting) against endogenous variables (influenced) included in both categories. Whereas if the result is 0.33 - 0.67, it is included in the moderate category, and if the result is 0.19 - 0.33 then it is included in the weak category. The results of this study indicate if the value of R<sup>2</sup> to the variable FA is 0.671. The acquisition value explained that the percentage of the level of consumer attitudes by PU, PEOU, K, I, DT, and BA was 67.1 %. Then for the value of R<sup>2</sup> obtained variable SP by 0.839. This value explains that the occurrence of SP can be explained by the FA of 83.9%.

Table 4 Hypothesis Test

|    | Influence | T statistic | Significance | Conclusion |
|----|-----------|-------------|--------------|------------|
| H1 | PU → FA   | 3.045       | 0.003        | Accepted   |
| H2 | PEOU → FA | 4.255       | 0,000        | Accepted   |
| H3 | K → FA    | 3.872       | 0,000        | Accepted   |
| H4 | I → FA    | 2.961       | 0.004        | Accepted   |
| H5 | DT → FA   | 3.263       | 0.013        | Accepted   |
| H6 | BA → FA   | 5.349       | 0.001        | Accepted   |
| H7 | FA → S P  | 8.857       | 0.002        | Accepted   |

Table 4 shows the effect of perceived usefulness variables on Facebook advertising

variables with a t value of 3.045 and a significance value of 0.003. These results indicate that the first hypothesis stating that perceived usefulness has a significant effect on Facebook advertising variables is accepted. These results support several previous studies, in which (Choi and Chung, 2013) stated that perceived usefulness is a major factor in the use of social networks. Perceived usefulness is also found as a predictor of Facebook usage behaviour (Rauniar et al., 2014), and perceived usefulness has a positive relationship with attitudes toward Facebook advertising (Lin and Kim, 2016).

The effect of ease of use on Facebook advertising with t value of 4.255 and a significance of 0.000. The second hypothesis which states that ease of use has a significant effect on Facebook advertising variables accepted. Results of this study, support the statement from Razak and Latip (2016) in his research which states that ease of use is one of the most important factors that make Facebook ads preferred by SMEs when marketing their products or services.

The influence of compatibility variables on Facebook advertising variables with t value of 3.872 and a significance of 0.000. The third hypothesis states that compatibility has a significant effect on Facebook advertising variables accepted. Thus these results support previous research focusing on the adoption of social media in marketing results if compatibility influences the use of social media (Wang, Wang and Yang, 2010; Ainin et al., 2015; Odoom, Anning-Dorson and Acheampong, 2017).

The influence of interactivity variables on Facebook advertising variables with t value of 2.961 and a significance of 0.004. The fourth hypothesis which states that interactivity has a significant effect on Facebook advertising variables is accepted. Thus these results support previous research which states that interactivity has a significant effect on Facebook advertising variables (Ainin et al., 2015; Parveen, Jaafar and Ainin, 2016). Previous studies also provide consistent results that technological interactivity has a strong effect on technology adoption (Pituch and Lee, 2006; Alraja et al., 2020).

The influence of demographic targeting variables on Facebook advertising variables with t value of 3.263 and a significance of 0.013. The fifth hypothesis which states that demographic targeting has a significant effect on Facebook advertising variables is accepted. Thus these results support the results of research from Alraja et al. (2020) finding if Facebook advertising is an efficient marketing tool to reach targeted demographic segments. This finding is also in line with the results of previous studies (Martin and van Bavel, 2013; Taneja and Toombs, 2014; Broekemier, Chau and Seshadri, 2015) who found that social media but especially Facebook ads helped SMEs to reach targeted customers.

The influence of brand awareness variables on Facebook advertising variables with t value of 5.349 and a significance of 0.001. The sixth hypothesis which states that demographic targeting has a significant effect on Facebook advertising variables is accepted. These results support previous research (Haque et al., 2013; Srinivasan, Srivastava and Bhanot, 2015; Hanaysha, 2016; Oestreicher-Singer and Zalmanson, 2018), which states that using social media for advertising has enhanced the company's reputation and brand image. Besides, these results are consistent with research Alraja et al. (2020) which found that brand awareness had a significant impact on SME administrators when adopting Facebook ads.

The influence of Facebook advertising variables on sales performance variables with  $t$  value of 8.857 and a significance of 0.002. The last hypothesis which states that Facebook ads have a significant effect on sales performance variables is accepted. These results are consistent with the results of several previous researchers who have found that corporate social media adoption provides benefits, and some have identified a positive relationship between social media adoption and performance (Ainin et al., 2015).

### **Managerial Implication**

Advances in technology encourage SMEs in the agribusiness sector to use it for the advancement of their business, one of which is by adopting Facebook advertisements for marketing, which in this study reveals that the agribusiness sector becomes a sector that dominates other sectors by 62% in the East Java region of Indonesia. Thus, it is important to know how SMEs in this sector adopt advertisements on Facebook so that they can become the basis for developing better marketing strategies. SMEs in the agribusiness sector will adopt advertisements on Facebook if they feel they provide sufficient benefits for marketing. Besides, customers will be more interested if the ads are entertaining, have easy and responsive interactions in reviewing product or service information with them. Facebook advertising does not require skills as well as large funds, so SMEs can easily use it for their marketing purposes. Thus, Facebook advertising can be said to be an easy platform for SMEs with marketing objectives. With an internet connection, anyone can use Facebook, which is very compatible with the technology which is very simple and easily adopted by any UKM. However, not all SMEs adopt Facebook ads which may be caused by internal SMEs themselves, such as lack of experience in the IT field to provide attractive advertisements to consumers. Thus SMEs need to employ more professional staff.

In addition to targeting certain clients, SMEs must ensure that the advertising content to be made is more accurate and up to date because this can affect consumer interest. Furthermore, advertisements need to be reviewed repeatedly before posting. In engaging people in effective interactions, SMEs need to create interesting content to be shared with customers, where this content must be informative and can provoke discussion. As such, SMEs can effectively interact with business-related customers by posting Facebook ads. Also, SMEs do not have to wait for customers to interact, but SMEs need to take advantage of the interactive features that have been provided on Facebook. UKM also gives a quick response to complaints and comments from customers related to posting Facebook ads. SME profile and Facebook pages need to be developed for customer needs. This can be done by uploading and providing content related to SME businesses. This will make it easier for customers to add their insights about SME products or services. Besides, by using Facebook ads repeatedly, of course the brand of SMEs will continue to be remembered by customers. Therefore, SMEs need to spend more on advertising to get the attention of their customers. By making the most of Facebook ads, SMEs can market their products and services more broadly so that they can improve their sales performance better.

## CONCLUSION

SMEs are an important role in the economic development of a country, especially in developing countries. SMEs engaged in the agribusiness sector especially in the East Java region of Indonesia have dominated SMEs in other sectors. This is evidenced by the number of SMEs in the agribusiness sector having a percentage of 62%, and the rest are SMEs in other sectors. In recent times, the use of social media has increased in Indonesia, as this research shows. Therefore, businesses take advantage of this and start using social media widely as an important marketing tool to use, besides traditional advertising platform are becoming less effective for use in marketing because the majority of customers have now switched using social media rather than traditional media. Thus Facebook is considered to have involved more users compared to other media because the benefits generated are huge for SMEs. The findings of this study indicate that SMEs will adopt Facebook ads by considering factors such as perceived usefulness, perceived ease of use, compatibility, demographic targeting and brand awareness. This study also shows that the use of advertisements on Facebook for marketing activities will have an impact on SME business performance. Thus the results of this study can be a benchmark for SMEs in using social media advertising to improve SME sales performance in the agribusiness sector.

## RECOMMENDATION

This study has several limitations, so it has several recommendations for further research. First, this research only uses one type of advertising on social media, Facebook. As a result, our findings are only within the reach of this platform, so further research can examine and compare with other social media platforms such as YouTube, Twitter, Instagram and so on. Second, the respondents in this study only cover a few regions in East Java, Indonesia, so it is recommended for further research to expand the research area to obtain broader results. Third, the factors examined in researching the adoption of Facebook ads need to be further developed to be able to expand even more of the factors that can influence SMEs in adopting Facebook ads for marketing purposes. Finally, further research can conduct comparative studies that use responses from large and small companies to get interesting findings.

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