

ANALYSIS OF DIGITAL TRANSFORMATION IN MSME MARKETING STRATEGY AS AN EFFORT TO IMPROVE COMPETITIVENESS IN LOCAL AND GLOBAL MARKETS

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ABSTRACT

Digital transformation has become one of the key factors in business development in the era of globalisation, including for Micro, Small and Medium Enterprises (MSMEs) in Indonesia. In the face of changing consumer behaviour, the development of information technology, and competitive pressure from global businesses, MSMEs are required to not only survive, but also be able to adapt strategically. One of the most crucial forms of adaptation is the integration of digital technology into marketing strategies. This study aims to examine how digital transformation is applied in the marketing strategy of MSMEs, as well as the extent to which its application contributes to increasing business competitiveness in local and global markets. The method used is a descriptive qualitative approach with data collection techniques through observation of popular MSME social media accounts such as @maicih and @sambalbakar.id. The results showed that the use of social media such as Instagram and TikTok, the utilization of e-commerce such as Shopee and Tokopedia, and a consistent content strategy can significantly increase brand visibility, consumer reach, and sales. In addition, it was found that the adoption of digital technology helped MSMEs to accelerate customer service processes and expand market segmentation. Challenges include limited digital literacy, human resource shortages, and low data analytics capabilities that hinder the development of consumer-driven strategies. Therefore, a more holistic approach to implementing digital marketing as part of MSME business strategy is needed, including ongoing training and mentoring. This research recommends synergy between MSME players, government, and technology providers so that digital transformation can run effectively and encourage MSMEs to compete not only at the local level, but also at the global level

Keywords: digital transformation, marketing strategy, MSMEs, social media, competitiveness



1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of the Indonesian economy. According to data from the Indonesian Ministry of Cooperatives and SMEs (2024), the number of MSMEs in Indonesia reaches more than 65 million units. Meanwhile, based on data from the Central Statistics Agency (BPS), the MSME sector contributes 60.5% to the national Gross Domestic Product (GDP) and absorbs around 96.9% of the total Indonesian workforce (BPS, 2023). In addition, data from the Ministry of Investment/BKPM shows that the number of MSMEs registered through the Online Single Submission (OSS) system has reached 8.71 million units by the end of 2022 and is targeted to increase to 10 million units by the end of 2023 (UKMIndonesia.id, 2023).

The growing number of SMEs shows great potential that can be further developed through the adoption of digital technology. However, in the midst of rapid globalization and massive technological developments, MSMEs are faced with major challenges in maintaining their competitiveness. The business world is experiencing a rapid paradigm shift: consumers increasingly rely on digital technology to find product information, compare prices, and make transactions.

Digital transformation includes not only the use of technological tools, but also changes in ways of thinking, strategies, and business models. In the context of marketing, digitalization opens up various opportunities such as social media-based marketing, e-commerce, and the use of real-time customer data. However, the implementation of digital marketing strategies for MSMEs does not always run smoothly. Many MSME players still rely on conventional methods due to limited digital literacy, infrastructure, and inadequate human resources.

However, there are a number of MSMEs that have successfully shown positive performance through digital transformation.



Figure 1.1 Content example of MSME @maicih

For example, the @maicih brand, known as the pioneer of spicy snacks in Indonesia, has successfully built a community of loyal customers through creative content strategies and consistent interaction on social media. The Maicih brand itself markets light snack products based on cassava chips with various levels of spiciness, thus attracting the attention of the spicy food lovers market segment. In addition, Maicih's approach of using storytelling, user-generated content, and a communication style that is close to the language of young people has strengthened brand engagement and increased customer loyalty over time.



Figure 1.2 Content example of MSME @sambalbakar.id in Tiktok

In addition, the @sambalbakar.id account effectively leverages the TikTok platform to target the younger generation segment through viral content, interactive promotions, and an attractive and contemporary visual approach. Through challenges, collaborations with influencers, and the use of popular audio trends, the brand has managed to create widespread awareness and significantly increase engagement. The success of these two brands-@maicih and @sambalbakar.id-reflects the great potential of digital marketing in boosting visibility, building brand image, and increasing sales of MSMEs, especially if the strategies used are able to adapt to the characteristics of the target market and the dynamics of the evolving digital platform.

On the other hand, the COVID-19 pandemic has accelerated digital adoption globally and highlighted the importance of digitalisation as a survival and growth strategy. MSME players are required to be more adaptive in designing marketing strategies that not only reach local markets but also open up opportunities to international markets. Therefore, this research becomes relevant to explore how MSMEs carry out digital transformation in their marketing strategies and how these strategies can improve business competitiveness in the digital economy era. The main objective of this study is to provide an empirical overview of the digital strategies used by MSMEs, identify the challenges faced, and formulate recommendations so that digitalisation truly becomes a driver of sustainable growth of MSMEs.

2. Methods

This research uses a descriptive qualitative approach to deeply understand the phenomenon of digital transformation in MSME marketing strategies. The research was conducted for 3 months, from January to March 2025, with a focus on observing selected MSME social media accounts, such as @maicih and @sambalbakar.id, which are known to be active in their digital strategies. Data collection techniques were conducted through:

- a. Participatory observation: Researchers followed and observed the digital activities of MSMEs on Instagram and TikTok. Activities observed included the type of content, frequency of uploads, visual communication techniques, forms of promotion, and consumer interactions during the observation period.
- b. Documentation: Includes screenshots of digital promotional content, number of followers, likes, comments, and other public data from marketplaces such as Shopee and Tokopedia. All visual evidence is attached in the appendix section for analysis.

The data analysis technique was conducted using the Miles and Huberman model, namely:

1. Data reduction,
2. Presentation of data in a thematic matrix,
3. Conclusion drawing and verification.

Triangulation was conducted by comparing the results of visual observation, open digital data, and literature study to ensure the validity and reliability of the findings.

3. Findings and Discussion

Findings:

1. Consistency and Strong Visual Branding: Accounts like @maicih use a consistent visual narrative through distinctive colours, logos, and tone of voice. This has successfully built high brand recognition, as evidenced by the high engagement on each of their content.
2. Collaborative Strategy and Dynamic Promotion: MSMEs such as @sambalbakar.id actively use collaboration strategies with culinary creators and run flash sale campaigns on e-commerce that are proven to increase interaction and visits to their online stores.
3. Integrated Utilization of Digital Platforms: MSME players are not only active on social media, but also maximize features on marketplaces such as free shipping, store vouchers, and consumer reviews as indirect marketing tools.

4. Consumer Engagement in Content: Interactive content such as polls, giveaways, and reposts of customer content are used to increase loyalty and strengthen digital communities.
5. Consistency and Content Production Capacity Challenges: Despite being active, MSME players often experience difficulties in maintaining the continuity of interesting content, mainly due to limited human resources and time.

Discussion:

Digital transformation in MSME marketing strategies has proven to be not just a trend, but an urgent need amidst the changing behavior of digital-minded consumers. Findings from observations of brands such as @maicih and @sambalbakar.id show that visual consistency, collaborative approach, and cross-platform utilization are the keys to success in building competitiveness. However, this success is still overshadowed by internal obstacles such as limited time management, lack of professional content production skills, and lack of long-term content strategy. In addition, digital literacy remains a major challenge, especially for MSMEs in non-urban areas. Thus, MSME development approaches should include thematic and practical digital training, the establishment of MSME creator communities, and easy access to affordable AI-based digital tools. Assistance from the public and private sectors also needs to be expanded so that digital transformation truly creates economic inclusion.

4. Conclusion

Based on the findings and discussion, it can be concluded that:

- a) Digital transformation has become a key strategy that boosts the visibility and competitiveness of MSMEs amidst increasingly fierce digital competition.
- b) Social media such as Instagram and TikTok, as well as e-commerce such as Shopee and Tokopedia, play a major role in expanding market reach and increasing interaction with consumers.
- c) Successful examples such as @maicih and @sambalbakar.id show the importance of visual consistency, collaborative approach, and integrated utilisation of digital technology.
- d) Nonetheless, challenges such as limited human resources, low digital literacy, and lack of content planning are still major obstacles.
- e) Therefore, strong digital ecosystem support-including training, mentoring, and access to technology-is needed for MSMEs to transform sustainably and be competitive in local and global markets.

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