

LITERATURE REVIEW: DIGITAL MARKETING STRATEGY TO INCREASE MSME INCOME

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Abstract

This study aims to explore various digital marketing strategies that are right for MSMEs and the role of digital marketing in increasing MSME income. This study is included in the literature review method. The results of the study indicate that increasing the use of information technology, namely digital marketing, is one of the efforts to increase MSME income by encouraging the capabilities or resources owned through web- based information systems and e-commerce as marketing media, creating marketing content on social media, using paid advertising to increase exposure , and email marketing as an effective strategy . By using a digital marketing strategy, MSMEs can reach a wider market at a more efficient cost and can increase sales and income for MSMEs.

Keywords: Digital Marketing, UMKM

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play an important role in a country's economy, especially in developing countries like Indonesia. Data from the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia shows that MSMEs contribute around 60% of the national GDP. MSMEs not only act as the driving force of the national economy, but also play an important role in driving the local economy in various regions. Not only at the national level, MSMEs are also the backbone of the local economy (Hety Devita, 2024). Given the strategic role of MSMEs and the limited ability of MSMEs to develop, currently the development of small businesses is one of the strategies taken by the Government in the context of economic growth. The development of small businesses requires complete, easy and fast access to information, especially information on the potential of an economic business sector or commodity that will be developed in a region. (Reza Juanda, 2023). MSMEs in Indonesia aim to create a balanced and growing national economic sector, foster strong and independent business capabilities, increase the role of MSMEs in regional development, economic growth and income equality, create jobs, and alleviate poverty (Nia Karniawati, 2023). On the other hand, MSMEs contribute to increasing the competitiveness of the local economy. MSMEs are often pioneers in product and service

innovation, and have the flexibility to adapt to rapid market changes. Therefore, strengthening MSMEs is a strategic step to ensure the stability and sustainability of the local economy in the long term (Primandaru, 2023).

Micro, Small, and Medium Enterprises (MSMEs) are faced with new challenges in utilizing the digital era to increase product growth. MSMEs often face difficulties in adapting to these changes and utilizing them optimally for their growth. Despite the great opportunities offered by digital technology, many MSMEs still have not adopted the right marketing strategy to achieve success in the digital era (Andzelika Brightri, 2024). The strategy that MSMEs can do to be more advanced and developed is through a marketing strategy that uses digital marketing methods. The American Marketing Association defines digital marketing as activities, institutions, and processes facilitated by digital technology that create, communicate, and deliver value to consumers and other stakeholders. In today's technological era, new business models are emerging along with the shift in innovation from traditional marketing to the use of current digital media. The traditional process of meeting buyers and sellers face to face can now be mediated through digital media and ultimately give rise to new marketing trends. The emergence of e-commerce models such as online physical stores, online transaction groups, and e-commerce platforms proves that people today want access (Meilya & Burhan, 2022).

In order to grow, MSMEs need the ability to market in the digital world. Advances in digital technology have enabled the adoption of cost-effective and hassle-free Digital Marketing. However, the number of MSMEs that have adopted Digital Marketing is still low (Jennifer JJ, 2021). The obstacles for business actors are low understanding of information technology, not maximizing e-commerce and marketplaces, and how to create interesting content that can influence buyers (Astuti, 2021).

Therefore, for MSMEs, it is important to develop innovations and business strategies that are in line with this trend to achieve maximum profitability. One innovative approach that can be applied is to utilize social media in digital marketing for MSMEs. This allows MSMEs to adapt to current conditions, so that they can maintain the sustainability of their businesses and remain competitive in this increasingly digitalized market (Lestari, 2024).

In this context, the paradigm shift of marketing from conventional to digital is inevitable. The implementation of digital marketing is no longer just an option, but a necessity for MSMEs who want to remain relevant and competitive in an ever-changing business environment (Mudrika, 2024). Digital Marketing is one of the marketing media that is currently in great demand by the public to support various activities carried out. Little by little, people are starting to leave the conventional/traditional marketing model and switch to modern marketing, namely digital marketing. With digital marketing, communication and transactions can be carried out at any time/real time and global. (Natalia Paranoan, 2022). Digital marketing is one of the efforts of MSME actors to increase sales volume which has an impact on increasing income. This is because business skills can also pour out innovation or

new things together with knowledge that can develop businesses to be sensitive to market changes. The use of digital marketing in the entrepreneurial process can foster the skills of entrepreneurs to develop products so that they are in line with the development of the times and technology (Yanita Ella, 2023). Through digital marketing, business actors can utilize various online platforms such as social media, websites, and marketplaces to promote their products more effectively and efficiently. Not only that, digital marketing also allows business actors to reach more specific consumers according to the desired market segmentation. One of the main reasons why digital marketing is a relevant choice is the change in consumer behavior who are increasingly spending time in cyberspace (Akmir, 2024).

For MSMEs, digital marketing offers lower costs and wider market coverage, and allows them to effectively utilize social media, SEO, and online advertising to increase competitiveness. The implementation of digital marketing in MSMEs must be based on the right strategy, starting from developing digital assets such as websites and social media accounts, to utilizing Google My Business to increase visibility. The use of influencers and paid advertising campaigns such as Google Ads or social media ads is also a strategic step to reach a more specific market. This will not only increase traffic and interaction with consumers but also strengthen relationships with audiences and increase sales. Therefore, MSMEs need to adopt digital technology comprehensively and consistently to optimize their market potential, create added value, and achieve sustainable growth (Parembong, 2024).

Marketing expert Yuswohadi said that if they want to survive, MSMEs must be able to maximize the benefits of digital developments (Maulana, 2017). The opportunities above have not been fully utilized by MSMEs in the city of Makassar. This can be seen from the lack of MSMEs who really utilize digital marketing properly in their marketing. Of the total 16,492 MSMEs recorded at the Cooperatives and Small, Micro and Medium Enterprises Service of South Sulawesi Province in 2019, only 268 MSMEs were reported to utilize digital marketing in running their businesses (South Sulawesi MSME Directory, 2019).

LITERATURE REVIEW

UMKM (Micro, Small and Medium Enterprises)

According to (Tulus Tambunan, 2009), a small business is a stand-alone productive economic enterprise carried out by an individual or business entity that is not a subsidiary or branch owned, controlled or part of, either directly or indirectly, a medium-sized business or large business that meets the criteria for a small business as referred to.

According to Halim (2020:18) Micro, Small and Medium Enterprises (MSMEs) are businesses that produce goods and services using primary raw materials based on the utilization of natural resources, talents and traditional artwork from the local area. The characteristics of MSMEs are that raw materials are easy to obtain, use simple technology so that technology transfer is easy, basic skills are generally passed down from generation to generation, are labor-intensive or absorb a lot of labor, market opportunities are quite broad,

most of their products are absorbed in the local or domestic market and some have the potential to be exported, certain commodities have characteristics related to local cultural arts and involve the local low-income community economically and profitably.

The criteria for MSMEs are explained through Law No. 20 of 2008 concerning MSMEs. The explanation of the criteria for MSMEs is stated in Chapter V, Article 6. MSMEs have the following criteria: 1) criteria for small businesses, namely independent productive economic businesses carried out by individuals or business entities that are not subsidiaries or branches of companies owned, controlled, or are part of either directly or indirectly medium-sized or large businesses; 2) criteria for micro businesses, namely productive businesses owned by individuals or privately owned business entities; 3) medium-sized businesses, or productive economic businesses that operate independently and are run by individuals or business entities that are not subsidiaries or branches of businesses owned, controlled, or are part of either directly or indirectly small or large businesses. In addition, based on Law No. 20 of 2008 concerning MSMEs. Except for the land and buildings where the business is located and sales for the year, the criteria for the category of micro, small, and medium businesses are based on net assets.

Digital Marketing Strategy

According to (Kotler and Armstrong, 2008) digital marketing is a process to build and maintain good relationships with customers through the internet and digital media. The focus is to satisfy customer needs using digital technology.

According to (Chaffey et al, 2015) digital marketing is the use of technology that helps companies market products and services, and attract consumers through various digital platforms. The main focus is to create relevant interactions between businesses and consumers.

Heidrick & Struggles in 2009 defined digital marketing as a series of strategies used by companies to market products and services by utilizing the internet, social media, email, and interactive content.

Kotler and Keller state that digital marketing is a marketing activity that uses digital media such as the web, email, mobile applications, and social media. The goal is to reach consumers and provide value through digital channels.

Ryan Deiss defines digital marketing as the art and science of reaching target markets online through a combination of effective digital strategies, such as SEO, PPC, content marketing, and email marketing.

Increase in Revenue

Income shows all money or other material results achieved from the use of wealth or services received by a person or household during a certain period of time in an economic activity (Winardi in Usman, 2016).

In addition, according to (Riyanto, 2015), increasing income is the company's ability to maximize capital to generate maximum profit during a certain period.

RESEARCH METHOD

This study aims to determine the right digital marketing strategy for MSMEs and the influence of digital marketing on increasing MSME income. The research method used in this study is a literature review, which collects and analyzes data from various relevant literature sources. These sources include journals related to digital marketing and MSMEs. The data collection process is carried out by searching for published articles to ensure that the information used is current and relevant.

The analysis was conducted by identifying key themes emerging from the reviewed literature, including the effectiveness of various digital marketing strategies in increasing MSME revenue. With this approach, it is hoped that this study can provide deeper insights into how MSMEs can utilize digital marketing to achieve their business goals.

RESULT AND DISCUSSION

Digital Marketing Strategy

1. Web and e-commerce usage

The use of websites and e-commerce is an important first step for MSMEs to enter the digital world. According to (Rutinaias Haholongan, 2024) e-commerce has become a major driver in changing the reach and opportunities in their business. From the many conversations, we see how e-commerce is not just a digital trading platform, but an ecosystem that allows MSMEs to expand their market reach, optimize operational processes, and create added value for customers. In line with research (Fitri Andriyani, 2024) websites can improve market access, operational efficiency, and interaction with customers, all of which contribute to the growth and sustainability of MSMEs. To maximize these benefits, MSMEs need to be given adequate support in terms of training and capacity building in the use of information technology.

2. Creating marketing content on social media

Social media acts as an effective communication bridge between business actors and consumers. Creative and informative content can increase brand awareness, build closer and more personal relationships with consumers, and MSMEs are better known and can encourage increased revenue (Siti Nur Padila, 2023). In line with research (Laqma Dica Fitriani, 2022) the results of community service activities, namely MSME partners create attractive, interactive, and informative Instagram feed content. This Instagram feed design training aims to be a promotional media or online showcase that is useful in increasing awareness to the public, as a communication media to consumers in building consumer loyalty, and can increase sales from the awareness that has been obtained from consumers.

3. Use of Paid Advertising

According to (Mansur, 2024) digital advertising is not only a promotional tool, but also a key to success for MSMEs in the digital era. By understanding and adopting the right digital advertising strategy, MSMEs can increase their competitiveness, expand their marketing reach, and maintain business continuity amidst rapid changes in the global market. Digital advertising allows MSMEs to reach a wider audience at a relatively low cost. However, the effectiveness of digital advertising is highly dependent on the ability of MSMEs to design the right strategy, choose the right platform, and utilize data analytics to optimize advertising campaigns. In line with research (Isnaeni Nurkhayati, 2023) the use of paid advertising on digital media that has been carried out by MSMEs has been able to increase product sales and brand awareness.

4. Email Marketing

According to (Rizki Tahara Sita, 2023) in the community service training that has been carried out, participants benefit from a marketing concept via the internet by using e-mail as a marketing medium. This has an impact on the knowledge and abilities of participants in marketing a product online.

CONCLUSION AND SUGGESTIONS

Digital marketing offers a great opportunity for MSMEs to increase their revenue and competitiveness in the market. Through website development, e-commerce, social media, paid advertising, and email marketing, MSMEs can reach a wider audience and increase sales. However, challenges in implementing and understanding technology remain obstacles. Therefore, it is important for the government and related institutions to provide training and support for MSMEs in adopting digital marketing strategies. Thus, it is hoped that MSMEs can maximize their potential in this digital era.

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