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Digital Marketing Strategy Towards Increasing UMKM Sales in The Digital Economy Era in Kendari City

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ABSTRACT

This study aims to analyze the implementation of digital marketing strategies by Micro, Small, and Medium Enterprises (MSMEs) in Kendari City and their impact on increasing sales in the digital economy era. The research method used a descriptive quantitative approach involving 40 MSMEs from various business sectors, namely culinary, fashion, crafts, and services. Data were collected through questionnaires, interviews, and field observations. The results show that the majority of Kendari MSMEs have utilized social media such as Instagram, Facebook, and TikTok as their main digital marketing platforms, followed by the use of marketplaces. Digital marketing strategies have proven effective in increasing turnover, with the majority of MSMEs experiencing a 21–30% increase in sales. Obstacles faced by MSMEs include limited digital literacy, a lack of trained human resources, relatively high advertising costs, and difficulties in creating engaging content. These findings confirm that digital marketing plays a crucial role in expanding the market, increasing brand awareness, and strengthening the competitiveness of Kendari MSMEs in the digital economy era.

Keywords: Digital Marketing, MSMEs, Sales, Digital Economy

ABSTRAK

Penelitian ini bertujuan untuk menganalisis penerapan strategi digital marketing oleh Usaha Mikro, Kecil, dan Menengah (UMKM) di Kota Kendari serta dampaknya terhadap peningkatan penjualan di era ekonomi digital. Metode penelitian yang digunakan adalah pendekatan kuantitatif deskriptif dengan melibatkan 40 UMKM dari berbagai sektor usaha, yaitu kuliner, fashion, kerajinan, dan jasa. Data dikumpulkan melalui kuesioner, wawancara, serta observasi lapangan. Hasil penelitian menunjukkan bahwa sebagian besar UMKM Kendari telah memanfaatkan media sosial seperti Instagram, Facebook, dan TikTok sebagai platform utama pemasaran digital, diikuti oleh pemanfaatan marketplace. Strategi digital marketing terbukti efektif meningkatkan omzet, di mana mayoritas UMKM mengalami peningkatan penjualan sebesar 21–30%. Kendala yang dihadapi UMKM antara lain keterbatasan literasi digital, kurangnya sumber daya manusia terlatih, biaya iklan yang cukup tinggi, serta kesulitan membuat konten yang menarik. Temuan ini menegaskan bahwa digital marketing memiliki peran penting dalam memperluas pasar, meningkatkan brand awareness, dan memperkuat daya saing UMKM Kendari di era ekonomi digital.

Kata kunci: Digital Marketing, UMKM, Penjualan, Ekonomi Digital

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INTRODUCTION

The development of digital technology over the past two decades has brought significant changes to various aspects of life, including the economic sector. The digital economy era is characterized by the increasing use of the internet, social media, and digital platforms in various business activities. For Micro, Small, and Medium Enterprises (MSMEs), digitalization presents significant opportunities to expand markets, increase competitiveness, and strengthen their position in the national economy (Kementerian Koperasi dan UKM, 2022).

MSMEs play a strategic role in the Indonesian economy. According to data from the Ministry of Cooperatives and SMEs, MSMEs contribute more than 60% of Gross Domestic Product (GDP) and employ approximately 97% of the national workforce. However, major challenges faced by MSMEs include limited access to broader markets, limited capital, and the lack of optimal use of digital technology. Therefore, digital marketing strategies are a crucial solution that can help MSMEs increase their sales.

Digital marketing is the marketing of products or services using digital media such as social media, websites, marketplaces, and search engines. This strategy allows MSMEs to reach a wider range of consumers at a relatively lower cost than conventional marketing. Research by Chaffey & Ellis-Chadwick (2019) confirms that digital marketing can enhance interactions between sellers and consumers, build customer loyalty, and significantly increase sales volume.

Furthermore, the development of social media platforms like Instagram, Facebook, and TikTok has become an effective platform for MSMEs to promote their products. A study by Statista (2021) showed that over 170 million Indonesians actively use social media. This makes digital marketing a crucial strategy for increasing MSME visibility and sales amidst global competition.

Despite the significant opportunities, MSMEs still face various obstacles in implementing digital marketing, including limited digital literacy, content management skills, and limited funding for ongoing advertising. Therefore, research on digital marketing strategies for increasing MSME sales is crucial to provide insight into their effectiveness and provide recommendations for MSME development in Indonesia in the digital economy era.

Thus, this research is expected to answer the question of how digital marketing strategies can influence MSME sales in the digital economy era, as well as the extent to which this strategy can be a determining factor in increasing the competitiveness of MSMEs in local and global markets.

MSMEs have an important role in supporting national economic growth. However, in the digital economy era, many MSMEs are still unable to utilize digital marketing optimally. Problems that often arise include, (1) Lack of digital literacy among most MSME actors so that digital marketing strategies have not been utilized optimally, (2) Limited ability to manage digital content (such as social media, marketplaces, and websites) to attract consumer interest, (3) Low understanding of effective digital marketing strategies, for example the use of SEO, paid advertising, or digital analytics, (4) Cost and human resource constraints, so that MSMEs tend to still rely on traditional marketing, and (5) The unclear real impact of digital marketing on increasing MSME sales, especially in the context of increasingly fierce competition in the digital era.

Digital literacy (the ability to use and leverage digital technology) is a key factor determining the effectiveness of digital marketing strategies for MSMEs. Limited digital literacy impacts content quality, online store management, analytics utilization, and the ability to utilize paid advertising features. Wuryaningrum (2021) and related reports recommend interventions in the form of practical training, mentoring, and support programs to enable MSMEs to maximize the benefits of digitalization.

Sales increases can be measured through several quantitative indicators, including changes in turnover (nominal/percentage), number of transactions, customer growth, and customer retention rates. Ghazali (2018) and Sugiyono (2019) emphasize the importance of using pre- and post-intervention data (before-after) to quantitatively assess the impact of digital marketing actions, as well as conducting statistical tests (e.g., multiple linear regression) if the effect is to be tested. The purpose of this study is to determine the implementation of digital marketing strategies by MSMEs in the digital economy era.

THEORETICAL STUDIES

RESEARCH METHODS

This research method uses a quantitative approach with a survey method that aims to measure the influence of digital marketing strategies on increasing MSME sales in the digital economy era. The population in this study is all MSMEs that actively utilize digital media such as social media,

marketplaces, and websites, with samples determined using purposive sampling techniques based on certain criteria, for example, MSMEs that have been operating for at least two years and have sales data before and after using digital marketing strategies. Data were collected through Likert-based questionnaires, limited interviews, and sales data documentation. The independent variable in this study is digital marketing strategies (X), which include the use of social media, online advertising, SEO, and marketplaces, while the dependent variable is the increase in MSME sales (Y) as measured by turnover, number of transactions, and customer growth. The research instrument was tested through validity and reliability tests to ensure its feasibility. At the same time, the data analysis techniques used were descriptive analysis, validity and reliability tests, and multiple linear regression analysis with t-test and F-test to determine the significant influence of digital marketing strategies on increasing MSME sales (Sugiyono, 2019; Chaffey & Ellis-Chadwick, 2019; Ghozali, 2018).

RESEARCH RESULTS

This study involved 40 MSMEs located in Kendari City, Southeast Sulawesi. Respondents were selected based on the criterion of having utilized digital marketing strategies for at least one year. The business sectors studied included culinary, fashion, crafts, and services. The distribution of respondents is shown in the following table:

Table 1.

General Description of Kendari City MSME Respondents based on Business Sector

Business Sector	Number of MSMEs	Percentage
Culinary	15	37.5%
Fashion	10	25%
Craft	8	20%
Service	7	17.5%
Total	40	100%

The table above shows that culinary MSMEs dominate the business sector in Kendari. This reflects local conditions, where regional culinary specialties such as processed fish, traditional cakes, and ready-to-eat meals have significant market potential.

Implementation of Digital Marketing by Kendari MSMEs

The research results show that MSMEs in Kendari utilize various digital platforms, with social media being the primary choice. Instagram, Facebook, and TikTok are the most frequently used platforms, while marketplaces like Shopee and Tokopedia are beginning to be optimized by some MSMEs.

Table 2.
Digital Marketing Platforms Used by MSMEs in Kendari City

Digital Platform	Number of Users	Percentage
Instagram	30	75%
Facebook	25	62.5%
Marketplace (Shopee, Tokopedia)	20	50%
Website/SEO	10	25%
TikTok	18	45%

Table 2 shows that Instagram is the most dominant platform used by Kendari MSMEs. This aligns with the characteristics of local products, which require visual media to attract consumer attention.

The Impact of Digital Marketing Strategies on Kendari MSME Sales

Research data shows that digital marketing strategies significantly contribute to increased sales for MSMEs in Kendari. Most MSMEs experienced a 21–30% increase in turnover after consistently using digital marketing strategies.

Table 3.
Impact of Digital Marketing on the Turnover of MSMEs in Kendari City

Increase in Turnover	Number of MSMEs	Percentage
<10%	4	10%
10–20%	12	30%
21–30%	16	40%
>30%	8	20%
Total	40	100%

Table 3 confirms that the majority of Kendari MSMEs have successfully increased their revenue thanks to digital marketing strategies. For example, culinary businesses reported an increase in orders via Instagram and WhatsApp after utilizing digital promotional content.

Obstacles to Implementing Digital Marketing in Kendari

Despite the effectiveness of digital marketing, Kendari MSMEs still face a number of obstacles, including limited digital literacy, a lack of human resources, and limited funds for paid promotions.

Table 4.
Obstacles to Implementing Digital Marketing for MSMEs in Kendari City

Types of Constraints	Number of MSMEs	Percentage
Limitations of digital literacy	18	45%
High advertising costs	12	30%
Lack of trained human resources	15	37.5%
Difficulty creating content	14	35%

DISCUSSION

The results above show that limited digital literacy is the main problem that hinders the optimal use of digital marketing.

Based on the research results, it can be concluded that the implementation of digital marketing in Kendari's MSMEs is quite effective, particularly in the use of social media. Instagram and Facebook dominate due to their perceived ease of use and effectiveness in marketing products. Marketplaces are starting to develop, but not all MSMEs are utilizing them to their full potential.

The increase in turnover experienced by Kendari's MSMEs demonstrates that digital marketing directly contributes to business sustainability. However, digital literacy challenges, limited human resources, and advertising costs remain barriers that need to be addressed. Therefore, ongoing digital literacy training and local government support in providing mentoring programs for MSMEs are necessary.

This finding supports the research of Chaffey & Ellis-Chadwick (2019), which emphasizes that digital marketing is effective if accompanied by an understanding of the target market, consistency in managing content, and the use of appropriate platforms.

The implementation of digital marketing strategies by MSMEs in Kendari City has been quite successful, although they still face various challenges. The majority of MSMEs have utilized social media platforms such as Instagram, Facebook, and TikTok as their primary promotional tools. The choice of these platforms aligns with the theory of Kaplan & Haenlein (2010), which states that social media's interactive and participatory characteristics make it effective in reaching large numbers of consumers at a relatively low cost.

The 21–30% increase in turnover experienced by most Kendari MSMEs demonstrates that digital marketing strategies can significantly impact sales performance. This aligns with Tiago & Veríssimo's (2014) findings that digital strategy can increase brand awareness and foster customer loyalty. In the context of Kendari MSMEs, the use of visual media such as product photos and short videos has proven more effective in attracting consumer interest than conventional promotions.

However, the main obstacle still lies in limited digital literacy. Many MSMEs struggle to optimize digital marketing features, such as paid advertising (ads), social media analytics, and search engine optimization

(SEO) strategies. This indicates the need to increase MSME human resource capacity through training and mentoring. Rogers (2003), in his Diffusion of Innovations theory, explains that the level of technology adoption is influenced by the complexity of its use. The more difficult the technology is to understand, the lower the likelihood of adoption. This situation is relevant to Kendari MSMEs, which require guidance to master digital marketing more effectively.

Furthermore, limited promotional spending is another challenge. Not all MSMEs can afford to allocate a budget for digital advertising, even though paid promotions have been proven effective in increasing consumer reach (Chaffey & Ellis-Chadwick, 2019). Therefore, alternative strategies that MSMEs can implement include maximizing organic marketing through creative content, collaborating with local influencers, and utilizing free features provided by social media platforms.

This discussion confirms that the implementation of digital marketing in Kendari City is not yet fully optimal. However, emerging trends indicate that MSMEs are increasingly open to digitalization as a means to expand their markets and increase their competitiveness. With adequate digital literacy support, creative content strategies, and multi-stakeholder collaboration (government, academia, and the private sector), digital marketing has the potential to become a key pillar for strengthening MSMEs in the digital economy era.

CONCLUSION

Based on the results of research on the implementation of digital marketing strategies by MSMEs in Kendari City, several conclusions can be drawn as follows. The implementation of digital marketing strategies has been quite good, as indicated by the dominant use of social media (Instagram, Facebook, and TikTok) as a means of promotion, as well as the growing use of marketplaces (Shopee, Tokopedia) by some MSMEs. Digital marketing has been proven to increase MSME sales, where the majority of business actors experienced a 21–30% increase in turnover after consistently implementing digital marketing strategies. The main obstacles faced by Kendari MSMEs include limited digital literacy, a lack of trained human resources, relatively high advertising costs, and difficulties in creating creative content that attracts consumer interest. The role of digital marketing is very important in expanding market reach, strengthening brand awareness, and increasing the competitiveness of Kendari MSMEs in the digital economy era.

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