Digital Marketing Strategy for Increasing MSME 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 its impact on increasing sales in the digital economy era. The research method used is a descriptive quantitative approach involving 40 MSMEs from various business sectors, namely culinary, fashion, handicrafts, and services. Data was collected through questionnaires, interviews, and field observations. The results of the study show that most of Kendari MSMEs have utilized social media such as Instagram, Facebook, and TikTok as the main platforms for digital marketing, followed by the use of marketplaces. Digital marketing strategies have proven to be effective in increasing turnover, where the majority of MSMEs have experienced an increase in sales by 21–30%. The obstacles faced by MSMEs include limited digital literacy, a lack of trained human resources, fairly high advertising costs, and difficulties in creating interesting content. This finding confirms that digital marketing has an important 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.

ABSTRACT

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.

Keywords: Digital Marketing, UMKM, Penjualan, Ekonomi Digital.

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INTRODUCTION

The development of digital technology in the last two decades has brought significant changes to various aspects of life, including the economic sector. The era of the digital economy is marked 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 a great opportunity to expand the market, increase competitiveness, and strengthen their position in the national economy (Ministry of Cooperatives and SMEs, 2022).

MSMEs have a strategic role in the Indonesian economy. Based on data from the Ministry of Cooperatives and SMEs, MSMEs account for more than 60% of the Gross Domestic Product (GDP) and absorb around 97% of the national workforce. However, the big challenges faced by MSMEs are limited access to a wider market, limited capital, and lack of optimal use of digital technology. Therefore, digital marketing strategies are one of the important solutions that can help MSMEs increase their sales.

Digital marketing is an effort to market products or services by utilizing 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 conducted by Chaffey & Ellis-Chadwick (2019) confirms that digital marketing can increase interaction between sellers and consumers, build customer loyalty, and significantly increase sales volume.

In addition, the development of social media such as Instagram, Facebook, and TikTok has become an effective means for MSMEs to introduce their products. A study conducted by Statista (2021) shows that more than 170 million Indonesians actively use social media. This makes digital marketing an important strategy in increasing the visibility and sales of MSMEs in the midst of global competition.

Although great opportunities are open, the implementation of digital marketing by MSMEs still faces various obstacles, including limited digital literacy, skills in managing content, and limited costs to advertise sustainably. Therefore, research on digital marketing strategies to increase MSME sales is important to provide an overview of the effectiveness of this strategy, as well as to be a recommendation material for the development of MSMEs in Indonesia in the digital economy era.

Thus, this research is expected to answer the problem of how digital marketing strategies can affect 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 the local and global markets.

MSMEs have an important role in supporting national economic growth. However, in the face of the digital economy era, there are still many MSMEs who are not able to utilize digital marketing optimally. Problems that often arise include, (1) Lack of digital literacy in most MSME actors so that digital marketing strategies have not been utilized to the fullest, (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, such as 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 real impact of digital marketing on increasing MSME sales is not clear, especially in the context of increasingly fierce competition in the digital era.

Digital literacy (the ability to use and utilize digital technology) is a key factor that determines the effectiveness of digital marketing strategies in MSMEs. The limitations of digital literacy have an impact on content quality, online store management, the use of analytics, and the ability to take advantage of paid advertising features. Wuryaningrum (2021) and related reports suggest interventions in the form of practical training, mentoring, and mentoring programs so that MSMEs can maximize the benefits of digitalization.

Sales increase can be measured through several quantitative indicators, including: change in turnover (nominal/percentage), number of transactions, customer growth, and customer retention rate. Ghozali (2018) and Sugiyono (2019) emphasized 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 you want to test the influence. The purpose of this study is to find out the application of digital marketing strategies by MSMEs in the digital economy era.

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 was collected through Likert scale-based questionnaires, limited interviews, and sales data documentation. The independent variable in this study is the digital marketing strategy (X) which includes the use of social media,

online advertising, SEO, and marketplace, while the dependent variable is the increase in MSME sales (Y) which is measured through turnover, number of transactions, and customer growth. The research instrument was tested through validity and reliability tests to ensure its feasibility, while the data analysis techniques used were descriptive analysis, validity and reliability tests, and multiple linear regression analysis with t-tests and F-tests to determine the significant influence of digital marketing strategies on increasing MSME sales (Sugiyono, 2019; Chaffey & Ellis-Chadwick, 2019; Ghozali, 2018).

RESULTS AND DISCUSSION

This research involved 40 MSMEs located in Kendari City, Southeast Sulawesi. Respondents were selected based on the criteria of having utilized a digital marketing strategy for at least one year. The business sectors studied include culinary, fashion, handicrafts, and services. The distribution of respondents can be seen in the following table:

Table 1. Overview of Kendari City MSME Respondents by Business Sector:

Business Sector	Number of MSMEs	Percentage
Culinary	15	37,5%
Fashion	10	25%
Crafts	8	20%
Services	7	17,5%
Total	40	100%

From the table above, it can be seen that culinary MSMEs dominate the business sector in Kendari. This is in accordance with local conditions, where regional culinary products such as processed fish, traditional cakes, and ready-to-eat foods have great market potential.

Implementation of Digital Marketing by Kendari MSMEs

The results of the study show that MSMEs in Kendari utilize various digital platforms, with social media being the main choice. Instagram, Facebook, and TikTok are the most frequently used platforms, while marketplaces such as Shopee and Tokopedia are starting to be optimized by some MSMEs.

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

Platform Digital	Number of Users	Percentage
Posted on Instagram	30	75%
Posted on 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 is in line with the characteristics of local products that require visual media to attract the attention of consumers.

The Impact of Digital Marketing Strategy on Kendari MSME Sales

Research data shows that digital marketing strategies have significantly contributed to increasing MSME sales in Kendari. Most MSMEs have experienced an increase in turnover in the range of 21-30% after using digital marketing strategies consistently.

Table 3. The 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 succeeded in increasing turnover thanks to digital marketing strategies. For example, culinary businesses reported an increase in bookings through Instagram and WhatsApp after utilizing digital promotional content.

Obstacles to the Implementation of Digital Marketing in Kendari

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

Table 4: Obstacles to the Implementation of 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%

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

Based on the results of the research, it can be concluded that the implementation of digital marketing in Kendari MSMEs is quite good, especially in the use of social media. Instagram and Facebook dominate because they are considered easy to use and effective for marketing products. Marketplaces are starting to develop, but not all MSME actors are making the most of it.

The increase in turnover experienced by Kendari MSMEs shows that digital marketing contributes directly to business sustainability. However, digital literacy constraints, limited human resources, and advertising costs are still obstacles that need to be overcome. Therefore, continuous digital literacy training and local government support are needed in providing mentoring programs for MSMEs.

These findings support the research of Chaffey & Ellis-Chadwick (2019) which emphasizes that digital marketing is effective if it is accompanied by an understanding of the target market, consistency in managing content, and the proper use of platforms.

The implementation of digital marketing strategies by MSMEs in Kendari City has gone quite well, although they still face various challenges. The majority of MSMEs have used social media such as Instagram, Facebook, and TikTok as the main means of promotion. The choice of such platforms is in line with the theory of Kaplan & Haenlein (2010), which states that social media has interactive and participatory characteristics, so that it is effective to reach a large number of consumers at a relatively low cost.

The 21-30% increase in turnover experienced by most Kendari MSMEs proves that digital marketing strategies are able to have a real impact on sales performance. This is in accordance with the findings of Tiago & Veríssimo (2014), that digital strategies can increase brand awareness while encouraging customer

loyalty. In the context of Kendari MSMEs, the use of visual media such as product photos and short videos has proven to be more effective in attracting consumer interest than conventional promotions.

However, the main obstacle still lies in the limitations of digital literacy. Many MSME actors have difficulty optimizing digital marketing features, such as paid advertising (*ads*), social media analytics, and *search engine optimization* (SEO) strategies. This indicates the need to increase the capacity of MSME human resources through training and mentoring. Rogers (2003), in the theory *of Diffusion of Innovations*, explains that the level of technology adoption is influenced by the complexity of use. The more difficult the technology is to understand, the lower the likelihood of its adoption. This situation is relevant to Kendari MSMEs who need guidance to master digital marketing more effectively.

In addition, the limitation of promotional costs is another challenge. Not all MSMEs are able to allocate a budget for digital advertising, even though paid promotions have been proven to be effective in increasing consumer reach (Chaffey & Ellis-Chadwick, 2019). Therefore, alternative strategies that can be carried out by MSMEs are to maximize organic marketing through creative content, collaboration with local influencers, and taking advantage of free features provided by social media platforms.

This discussion emphasizes that the implementation of digital marketing in Kendari City has not been fully optimal. However, the growing trend shows that MSMEs are increasingly open to digitalization as a means to expand the market and increase competitiveness. With adequate digital literacy support, creative content strategies, and multi-stakeholder collaboration (government, academia, and private), digital marketing has the potential to become the main pillar of 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, it can be concluded that several things are as follows. The implementation of digital marketing strategies has been quite good, shown by the dominance of the use of social media (*Instagram*, *Facebook*, *and TikTok*) as a means of promotion, as well as the development of the use of marketplaces (*Shopee*, *Tokopedia*) by some MSMEs. Digital marketing has been proven to increase MSME sales, where the majority of business actors have experienced a 21-30% increase in turnover after implementing digital marketing strategies consistently. The main obstacles faced by Kendari MSMEs include limited digital literacy, lack of trained human resources, fairly 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.

Suggestions

1. The Kendari City local government is expected to strengthen digital literacy training programs and MSME assistance in an ongoing manner.
2. MSME actors need to improve their skills in creating creative content and managing digital platforms so that marketing strategies are more optimal.
3. Collaboration with the business community, academia, and the private sector needs to be strengthened to expand market access and increase MSME digital innovation.
4. The next research can expand the scope by comparing MSMEs in Kendari City with other areas to see the difference in the effectiveness of digital marketing strategies.

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