

## **ADOPTION OF DIGITAL MARKETING IN BUSINESS DEVELOPMENT EFFORTS : IMPACT AND CHALLENGES FOR MICRO, SMALL AND MEDIUM ENTERPRISES**

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### **ABSTRACT**

Given the challenges of increasingly competitive markets, the use of digital marketing is becoming increasingly important for micro, small and medium enterprises (MSMEs). This research aims to determine the role of digital marketing in the development of MSMEs in Wua-wua and Kambu Districts, Kendari City. Using a qualitative approach, data was collected through in-depth interviews with MSME owners who actively utilize digital marketing. Findings show that the implementation of digital marketing has increased online sales, expanded market reach and increased brand awareness. The biggest challenges in implementing digital marketing include limited budget, lack of knowledge, and limited resources. The findings conclude that to strengthen the digital capabilities of MSMEs and ensure their sustainability in an increasingly digital market, the government needs to require further support from the government and related organizations.

**Keywords :** Digital Marketing, Impact, MSMEs.

### **INTRODUCTION**

With the rapid development of digital technology, digital transformation has become important for MSMEs to remain relevant and competitive in an increasingly global market, (Wahyono 2024) , (Anatan and Nur 2023) . Digital technologies such as the Internet, social media, and various e-commerce platforms are changing the way of doing business, providing new opportunities for MSMEs to expand market reach and increase operational efficiency, (Karr, Loh, and Wirjo 2020) . As an integral part of digital transformation, digital marketing offers various strategic tools that MSMEs can use to

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optimize their marketing and sales, (Risdiyanto, Sulaeman, and Rachman 2023) , (Novieyanti, Rafika, and Rambe 2023) . However, there are still big challenges in implementing digital marketing in MSMEs effectively, especially related to limited resources and technical knowledge, (Mohan and Ali 2019) ,. Despite the enormous potential that digital marketing offers, many MSMEs face various challenges in implementing this technology effectively, (Husriadi and Nurjanah n.d.) . Many MSMEs do not fully understand how digital marketing works and how they can utilize it strategically to improve their business. Apart from internal obstacles, MSMEs also face external challenges in competing with larger and more established companies that have more resources to utilize digital marketing, (Purwanti, Lailyningsih, and Suyanto 2022) , (Asnawati et al. 2022) .

Large companies usually have dedicated teams skilled in managing various aspects of digital marketing, from SEO to data analysis, thereby enabling them to run more effective and efficient marketing campaigns , (Lady et al. 2023) . Most studies focus on one or a few aspects such as social media or SEO, without providing a comprehensive picture of how various digital marketing tools and strategies can be used synergistically for MSMEs, (Asidiq and Side 2021) , (Cheng and Shiu 2019) , (Dastane 2020 ) . In addition, previous studies often do not differentiate between the needs and capabilities of MSMEs and those of large companies, so that the recommendations provided are less relevant for MSMEs with limited resources and knowledge (Gao et al. 2023) . Additionally, there is a lack of empirical data and specific case studies investigating the use of digital marketing in the context of MSMEs. Therefore, this research aims to fill this gap by presenting a detailed and comprehensive analysis of the role of digital marketing in the development of micro, small and medium enterprises (MSMEs), (Atika 2023) . The main focus of this research is to understand that digital marketing can be an effective tool to increase the competitiveness and growth of MSMEs in the digital era. This study specifically identifies the most effective digital marketing strategies for MSMEs, taking into account limited resources and knowledge which often become obstacles for MSMEs, (Susanti, Mulyanti, and Wati 2023) , (Syaifullah 2021) , (Aji, Nadhila, and Sanny 2020) , (Husriadi 2023) .

Apart from that, this research also examines the impact of using digital marketing on the growth and sustainability of MSMEs. This research aims to measure the extent of digital marketing's contribution to MSME revenue growth, market expansion and operational efficiency through empirical data analysis and case studies. It is hoped that the results of this evaluation will provide a deeper understanding of the benefits and challenges faced by MSMEs in implementing digital marketing. This study provides an important and innovative contribution in the field of digital marketing, especially in the context of developing Micro, Small and Medium Enterprises (MSMEs). This study aims to

answer the important question of how companies with limited resources can best utilize digital technology, with a particular focus on MSMEs. The results of this research enrich existing literature by providing a deeper understanding of effective digital marketing strategies and tactics for MSMEs and providing important insights that support the successful implementation of digital technology in this sector. Ultimately, this research can become the basis for further efforts to support the digital transformation of MSMEs, which in turn will contribute to inclusive and sustainable economic growth.

## **LITERATURE REVIEW**

### **Digital marketing**

The concept of digital marketing was born from the internet and website search engines. Internet search use increased in 2006, and mobile device use increased significantly in 2007, (Blaszczynski 2006) . This also increased the use of the internet and people from different parts of the world started connecting with each other through social media, (Song et al. 2023) . Digital marketing is the use of technology to support marketing activities aimed at adapting to consumer needs and expanding consumer knowledge. Digital marketing as the use of digital technology to create channels to reach potential recipients and achieve business goals by meeting consumer needs in a more effective way , (Malik et al. 2022) . Digital marketing also includes marketing activities using internet-based media. Social media allows businesses to reach consumers and develop more personal relationships. Profile-based social media, namely profiles that focus on individual members. Social media is content-based, that is, it focuses on the content displayed, discussions and comments, (Fuciu 2022) .

### **Utilization of Digital Marketing by MSME Players**

Social media has the potential to help MSMEs market their products. Social media is defined as a group of Internet-based applications that create the ideological and technological foundation of Web 2.0 and enable the creation and exchange of user-generated content. There are social media applications available, ranging from instant messaging to social networking sites that allow users to interact, connect and communicate with each other, (Adawiyah and Adhitya 2021) . The purpose of this application is to initiate and spread online information about user experiences when consuming products and brands, and its main goal is to attract the attention of the general public. Digital marketing strategies influence the competitive advantage of MSMEs in marketing their products by up to 78% (Edwy et al. 2022) .

This strategy consists of:

1. Availability of Product Information and Product Manuals.

2. Availability of videos to visualize products or show supporting presentations.
3. Availability of package inserts containing information in various formats.
4. Target based on demographics, location, lifestyle , and even habits.

(Molle 2021) , able to identify the business value of using social media for MSMEs as follows:

- a. Create a sustainable marketing channel.
- b. Increased short-term revenue and long-term sales.
- c. Reduce advertising costs by up to 70%.
- d. Reduce overall marketing costs.
- e. Create a competitive advantage.
- f. Easy promotion on social media platforms.
- g. Increased popularity of brands and products.
- h. Public presentations for organizations and businesses.

## **RESEARCH METHODS**

**Research Design** This research uses a qualitative research design with a case study approach to determine the role of digital marketing in the development of Micro, Small and Medium Enterprises (MSMEs) in Kendari City. For research purposes, samples were collected from MSME stakeholders in two sub-districts: Wua-wua sub-district and Kambu sub-district. **Data collection stage:** samples were selected using purposive sampling according to the criteria for MSMEs that adopt various forms of digital marketing. **Data Analysis Stage:** Data collected from interviews and observations were analyzed using thematic analysis techniques. **Data coding** was carried out to identify main themes related to the use of digital marketing by MSMEs. **Data Collection Techniques** The primary data collection techniques in this research are in-depth interviews and participant observation. In-depth interviews aimed at exploring various aspects of the use of digital marketing by MSMEs were conducted using a semi-structured interview guide. Participant observation was carried out to better understand how digital marketing is used in the daily activities of MSMEs. **Data Analysis Techniques** Data obtained from interviews and observations were analyzed using thematic analysis techniques. **Topic compilation:** The key themes identified are compiled and categorized to provide a comprehensive picture of the use of digital marketing by MSMEs.

## **RESULTS AND DISCUSSION**

The results of this research show a picture regarding the use of digital marketing by Micro, Small and Medium Enterprises in Wua-Wua District and Kambu District, Kendari City, with an emphasis on the implications, obstacles, assessment and sustainability of the

digital marketing strategies implemented. According to the results of in-depth interviews with business actors, it was concluded that digital marketing plays a very important role in increasing sales, expanding markets and increasing brand awareness. Even so, MSMEs are still faced with various obstacles in implementing digital marketing strategies efficiently. This can be seen in the discussion below.

### A. Use of Digital Marketing

digital marketing has become the main strategy for micro, small and medium enterprises (MSMEs) operating in the digital era. The most commonly used platforms are Instagram, Facebook, Tokopedia, and Shopee. The main motive behind this use is to increase sales and reach a wider market. Presence on this platform will enable MSMEs to reach various potential customers, both local and regional. By using various digital platforms, you can build multiple customer touchpoints and expand your market reach. The strategies implemented by MSMEs in digital marketing include various tactics aimed at attracting customer attention and increasing engagement. These strategies include creating engaging visual content, paid promotions, discount offers, and live shopping. Attractive visual content is used to build a strong brand image and attract the attention of potential customers. Paid promotions provide an opportunity to reach a wider audience and increase awareness of your product. Discount offers and live shopping create a sense of urgency, encourage purchases and increase customer loyalty to your brand. Combining these strategies can help MSMEs achieve their marketing goals and strengthen their position in an increasingly competitive digital market.

Digital Marketing Adoption		
Motivation	Platforms	Strategy
Increase sales	Instagram	Attractive visual content
reach a wider market	Facebook	Paid promotion
	Tokopedia	Discount offer
	Shopee	Live shopping

### B. Impact of Digital Marketing

Digital marketing has had a big impact on the development of Micro, Small and Medium Enterprises (MSMEs) in Uaua and Kambu Districts, Kendari City. Through digital platforms such as Instagram, Facebook, Tokopedia, and Shopee, MSMEs can reach potential consumers in various locations, thereby increasing their overall sales. Apart from increasing sales, digital marketing also changes the profile of MSME customers and makes them more diverse. An online presence allows MSMEs to reach customers from various backgrounds and geographical locations. This not only helps increase sales but also increases overall market share. Apart from that, digital marketing also functions to

reach a larger market. By utilizing global digital platforms , MSMEs can offer their products and services to markets that are difficult to access through traditional channels. Lastly, digital marketing has helped MSMEs increase their brand awareness in the market. By presenting interesting and consistent content on various digital platforms, MSMEs are able to build a strong brand image and increase brand awareness among consumers.



### C. Challenges in Adoption

The challenges of implementing digital marketing by micro, small and medium enterprises (MSMEs) in Wawawa and Kambu Districts, Kendari City are an important part of understanding the role and impact of digitalization on business development. One of the biggest challenges is budget constraints. Most MSMEs have limited financial resources and cannot invest in effective digital marketing campaigns . Apart from that, lack of knowledge about digital marketing is also a major obstacle. Many MSMEs lack an understanding of effective digital strategies and tools, making it difficult to design and implement successful campaigns. Apart from that, limited human resources and expertise also pose further challenges. Many MSMEs do not have teams trained in digital marketing so they have difficulty managing and optimizing the use of digital platforms.

### CONCLUSION

The adoption of digital marketing by MSMEs opens up new opportunities to expand market reach, increase sales and strengthen brand awareness. However, challenges such as limited budgets, lack of digital marketing knowledge, and limited resources and expertise hinder the full potential of digital marketing. Therefore, business actors need to implement several aspects to overcome the lack of knowledge and skills which are the main obstacles in adopting digital marketing, including:

- a. **Access to resources:** Financial support and access to affordable digital marketing resources should be provided to MSMEs. This step will help you overcome budget

and resource limitations that prevent running an effective digital marketing campaign .

- b. **Regular evaluation:** MSMEs should evaluate the performance of their digital marketing strategy regularly and make necessary adjustments. This is important to maintain the sustainability and effectiveness of your digital marketing campaigns.

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