

EMPOWERING UMKM THROUGH DIGITAL MARKETING: A LITERATURE REVIEW

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Abstract

The empowerment of Micro, Small and Medium Enterprises (MSMEs) through digital marketing is becoming an increasingly relevant topic in the context of technological development and globalisation. The purpose of this literature review is to understand the impact and benefits offered by digital marketing for MSMEs. The literature analysed shows that digital marketing allows MSMEs to reach a wider market at a lower cost than traditional methods. In addition, digital marketing provides the ability to target audiences more specifically, as well as providing analytics tools to monitor marketing performance in a timely manner. Another advantage identified is the improvement of MSME entrepreneurs' skills and knowledge of digital technology, which in turn increases their capacity and competence in innovating and developing products. By utilising digital marketing, MSMEs can become more competitive and resilient in the face of fast-changing market dynamics. This digital transformation not only supports inclusive economic growth but also strengthens the overall MSME business ecosystem, positively contributing to their sustainability and future development.

Keywords: Empowerment, MSMEs, Digital Marketing.

Introduction

Micro, Small and Medium Enterprises (MSMEs) play an important role in the economy of many countries, including Indonesia. Data from the Ministry of Cooperatives and SMEs shows that MSMEs contribute significantly to Gross Domestic Product (GDP) and employment. MSMEs contribute more than 60 per cent to the Gross Domestic Product (GDP) and are the backbone of employment provision in various economic sectors (Wati & Widodo, 2023). With more than 64 million business units, MSMEs are able to absorb more than 97% of the workforce in Indonesia, thus playing a central role in reducing unemployment and improving community welfare. The existence of MSMEs is also widespread throughout the country, including in remote areas, thus contributing to equitable development and reducing economic disparities between regions. (MH & Fitriyah, 2024).

In addition, MSMEs are an important source of innovation and creativity for a dynamic economy. Small businesses are often more adaptive and responsive to market

changes than large firms, allowing them to create new products and services that are more tailored to consumer needs. (Hasan & Yunus, 2022). With the right support, MSMEs can improve their competitiveness and productivity, which in turn will strengthen national economic resilience. Enhancing the capacity and role of MSMEs could also be a strategic solution in facing the challenges of globalisation and economic integration, thus making them an important pillar in a sustainable economic development strategy. However, despite their vital role, MSMEs often face various challenges. (Arista & Indayani, 2023).

One of the main challenges MSMEs face in traditional marketing is limited resources, both financial and human. Many MSMEs do not have enough budget to undertake large-scale marketing such as advertising in print media or television, which is often costly. In addition, their lack of knowledge and expertise in marketing management makes it difficult for them to devise effective marketing strategies. As a result, these small businesses are often less recognised by the wider market and find it difficult to compete with larger companies that have more resources to promote their products. (Laila & Rochmaniah, 2024)..

Another challenge is limited market reach. Traditional marketing is generally limited to local or regional reach, which makes it difficult for MSME products and services to reach consumers outside these areas. This is exacerbated by limitations in access to efficient distribution networks and logistics, resulting in high shipping costs and long delivery times. In addition, MSMEs also often face problems in building and maintaining customer relationships, due to the lack of systems to track customer preferences and feedback. All these factors make it difficult for MSMEs to expand their customer base and increase sales in the long run. (Maulana & Yani, 2024).

In today's digital era, technology offers a variety of new opportunities, one of which is through digital marketing. Digital marketing provides wider and more efficient access to reach consumers, and enables personalisation and more intensive interaction between producers and consumers. However, the adoption of digital marketing among MSMEs still faces various barriers such as limited understanding of technology, lack of skilled human resources, and cost constraints. In response to these challenges and opportunities, it is important to further examine how digital marketing can be utilised to empower MSMEs.

Research Methods

The study in this research uses the literature method. The literature research method is an approach used to collect, select, and analyse information obtained from various written sources, such as books, journals, articles, and other scientific publications. The purpose of this method is to understand and summarise existing knowledge related to a particular topic, as well as identify gaps in existing research. (Syafri & Erlina, 2018); (Alaslan, 2022). In practice, this method involves finding relevant

sources, evaluating the quality and credibility of those sources, and synthesising the information found to provide a comprehensive and in-depth insight into the topic under study. Literature research methods are very useful for building theoretical foundations, informing hypothesis development, and providing context for the research to be conducted. (Suyitno, 2021).

Results and Discussion

The Use of Digital Marketing in Empowering MSMEs

Micro, Small, and Medium Enterprises (MSMEs) vary based on local and international regulations, but generally include criteria such as number of employees, annual turnover, and assets. In Indonesia, according to Law No. 20 Year 2008 on Micro, Small, and Medium Enterprises, micro enterprises have assets of up to IDR50 million and annual turnover of up to IDR300 million. Small businesses have assets between IDR50 million and IDR500 million and annual turnover between IDR300 million and IDR2.5 billion. (Herari & Marlina, 2024).. Meanwhile, medium-sized enterprises have assets between Rp500 million and Rp10 billion and an annual turnover between Rp2.5 billion and Rp50 billion. This definition helps the government in providing targeted assistance, credit, and empowerment programmes for the MSME sector. (Yuliati et al., 2022)..

Internationally, the definition of MSMEs also varies. For example, the European Union defines microenterprises as those with fewer than 10 employees and an annual turnover or balance sheet total of no more than €2 million. Small enterprises are those with fewer than 50 employees and an annual turnover or balance sheet total of no more than €10 million. Medium-sized enterprises have fewer than 250 employees and an annual turnover of no more than €50 million or a balance sheet total of no more than €43 million. These definitions are more granular and are typically used to determine a company's eligibility for different types of support, including access to funding, training, and tax incentives. These differences reflect the economic context of each country or region as well as the objectives of the policies applied to the MSME sector. (Tyas & Sari, 2023).

The use of digital marketing has become one of the effective solutions in empowering Micro, Small, and Medium Enterprises (MSMEs) in this digital era. By utilising various digital platforms, MSMEs can significantly expand their market reach without having to incur huge costs such as traditional marketing. Social media, search engines, and websites are some of the tools that MSMEs can utilise to increase their visibility. Through social media such as Instagram, Facebook, and Twitter, MSMEs can interact directly with customers, build more personalised relationships, and promote their products or services more creatively and efficiently. (Amilia & Sukmono, 2023)..

One important aspect of digital marketing is the ability to target the right audience. With tools like Google Ads and Facebook Ads, MSMEs can reach potential customers based on their demographics, interests, and online behaviour. This allows

MSMEs to optimise their marketing budget and get a higher ROI. In addition, the use of SEO (Search Engine Optimisation) can help MSMEs appear in organic search results, which is very beneficial for increasing the visibility and credibility of their business in the eyes of potential customers. (Nirvana & Biduri, 2021).

In addition, digital marketing also allows MSMEs to measure the effectiveness of their campaigns in real-time. With analytics tools such as Google Analytics, MSMEs can monitor the performance of their websites, such as the number of visitors, traffic sources, and user behaviour. This information is invaluable for understanding what works and what needs to be improved in their marketing strategy. The ability to analyse this data helps MSMEs to make more informed decisions and better marketing strategies in the future. (Uli & Anggraini, 2024).

Finally, digital marketing gives MSMEs the ability to innovate and adapt quickly to changing market trends. In a dynamic business environment, MSMEs must constantly look for new ways to attract customers and stay competitive. Digital marketing allows them to quickly change or adjust their marketing strategies based on market feedback and analysis. As such, MSMEs that utilise digital marketing can not only increase sales and customer loyalty, but also strengthen their position in an increasingly competitive market.

Impact and Benefits of Digital Marketing for MSMEs

Digital marketing has brought significant impacts to MSMEs, both in terms of operations, marketing, and overall business development. One of the impacts is wider outreach. By using online platforms such as social media, websites, and e-commerce, MSMEs can reach potential customers not only in local areas, but also around the world. This opens up new opportunities for market expansion that may have previously been difficult or costly to achieve through conventional marketing. With greater affordability, MSMEs can increase their sales volume and enlarge their market share. (Machdani & Kusuma, 2023)..

Another important benefit of digital marketing is cost efficiency. Conventional marketing such as advertisements on television, radio, and print tend to require a large budget, which can be a heavy burden for MSMEs with limited budgets. In contrast, digital marketing allows MSMEs to start campaigns at a much lower cost and is flexible (Prasiwi & Oetarjo, 2023).. Digital tools such as pay-per-click (PPC) advertising, email marketing, and social media campaigns allow MSMEs to customise their budgets while getting measurable and effective results. This provides an opportunity for MSMEs to compete with larger businesses in a more affordable way. (Rahayu et al., 2024).

In addition, digital marketing provides the ability to analyse and measure campaign success in real-time. Digital analytics tools such as Google Analytics and Facebook Insights provide detailed data on marketing campaign performance, including visitor behaviour, conversion rates, and ROI. With this information, MSMEs

can evaluate their marketing strategies and make necessary adjustments to optimise results. This ability to continuously assess performance and make improvements helps MSMEs to be more responsive to market changes and customer needs. (Lunarindiah et al., 2024)..

Finally, digital marketing allows MSMEs to build stronger and more interactive relationships with their customers. Digital platforms such as social media provide a space for MSMEs to communicate directly with customers, listen to feedback, and build a loyal community. These more personalised interactions help increase brand awareness and boost customer trust. By providing valuable and relevant content, MSMEs can also add value to their customers, which can ultimately result in long-term loyalty and positive word-of-mouth. (Gunawan, 2023).

As such, digital marketing has a significant positive impact on MSMEs, opening up access to a wider market, and offering more affordable and efficient marketing solutions. By analysing data in real-time, MSMEs can optimise their marketing strategies, allowing them to be more responsive to market changes. In addition, more personalised and direct interactions with customers through digital platforms help build stronger relationships and increase customer loyalty. All these factors indicate that digital marketing is an invaluable tool in the development and sustainability of MSME businesses in today's digital era.

Conclusion

Empowering MSMEs through digital marketing offers significant benefits for the economic development and sustainability of small and medium enterprises. A review of the literature shows that digital marketing provides MSMEs with greater access to a larger market, both locally and globally, at a lower cost than traditional marketing methods. In addition, digital marketing allows MSMEs to target more specific and relevant audiences, improving the efficiency and effectiveness of their marketing campaigns. Digital platforms also provide tools and analytics that allow MSMEs to monitor and assess their marketing performance in real-time, so as to optimise their strategies according to ever-changing trends and customer preferences.

Furthermore, the literature shows that empowering MSMEs through digital marketing is not only commercially beneficial but also has an impact on improving the skills and knowledge of MSME entrepreneurs about technology and the internet. This contributes to increasing the capacity and competence of MSME players in utilising technology for product innovation and development. As such, digital marketing plays an important role in driving inclusive growth and strengthening the MSME ecosystem so that they become more competitive in an evolving market. This digital transformation also enables MSMEs to adapt quickly to economic and social changes, making them more resilient in the face of future challenges and opportunities.

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