

The Importance of Digital Marketing As an MSME Marketing Strategy: A Literature Review

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ABSTRACT

Small, medium and micro enterprises (MSMEs) play an important role in driving the economy of the community, especially in certain regions. This is indicated by the fact that most of the population works in this industry. However, in reality, small and medium enterprises (MSMEs) often use traditional methods to sell their goods, namely selling directly to consumers. Observations show that they face challenges in adopting today's rapidly evolving information technology, resulting in a limited market. The study used Mendeley, Google Scholar, and Semantic Scholar to conduct a literature review. From this exposition, it can be concluded that MSMEs must utilize the latest technology to increase revenue to expand market share. In order for them to compete in a wider market, they must also make their products stand out because they are unique.

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1. INTRODUCTION

In recent years, advances in information technology have undergone significant transformations, which have significantly impacted the marketing field. Digital marketing communication methods have combined traditional and conventional approaches [1]. Digital marketing is a term that describes marketing activities using this sophisticated digital technology.

Digital marketing is an interactive and integrated marketing method that facilitates interaction between producers, market intermediaries, and potential customers [2]. Currently, MSME players must utilize digital platforms to promote their products so potential customers are more familiar with them. Small and medium-sized businesses (MSMEs) that can operate online,

be active on social media, and develop e-commerce capabilities will likely generate substantial gains in their business, such as increased revenue, employment opportunities, innovation, and greater competitiveness. However, many MSMEs have not used information technology, especially digital media, and may not fully understand its benefits and essential role in their business [3].

With the development of digital technology, MSME marketing has changed to digital. According to We Are Social statistics released in January 2023, out of 276.4 million Indonesians, 212.9 million internet users, more than 78.44 percent, or around 167 million people, actively use social media [4]. The development of the Internet has had a positive impact on business and changed the

business paradigm. People were used to traditional business models that involved face-to-face meetings for some time. However, business interactions are more modern and electronic-based, such as e-commerce, which no longer requires face-to-face meetings.

Small and medium businesses (MSMEs) can now face the industrial era 4.0 thanks to advances in digital marketing [2]. Digital marketing as a tool to support various companies, especially marketing, is in great demand in today's society [5]. Digital marketing is a technique that allows businesses to market their goods through Internet media. Digital marketing can increase sales volume significantly every month, making it an excellent, effective, and efficient promotional tool [6]. Effective digital marketing is a way to reach customers quickly [7].

In general, MSME players face several problems, such as the following: productivity decreases due to high costs for raw materials and production equipment that are still simple, many of them have not been able to create characteristics or added value to their products, they do not yet have the knowledge and ability to utilize online platforms and participate in electronic markets, and they do not yet have the knowledge and ability to.

2. LITERATURE REVIEW

2.1 Digital Marketing

Digital technology has changed how people interact, play a role, and make decisions. As part of the business, sales have also benefited greatly from advances in digital technology. The term "digital selling" has evolved from an initial concept that only included selling goods and services through digital tools to a larger concept encompassing various ways to attract customers, create customer preferences, promote brands, maintain relationships with customers, and improve marketing. When a person has an interest in buying a product or service, he tends to take further actions, such as seeking

more information, comparing options, and finally deciding to make a purchase [8],

The Internet and search engines like Google and Yahoo in 2001 dominated the market as search optimization (SEO) tools. Internet usage increased rapidly in 2006, and mobile device usage has risen quickly in 2007. Both of these improvements contribute to increased internet usage. This triggers the global community to interact through social media platforms (Khan & Siddiqui, in [2]. Digital marketing is defined by the American Marketing Association (AMA) as activities, methods, and organizations that use digital technology to generate, communicate, and share numbers with customers and other authorities Kannan & Hongshuang, [2]."

According to Andi Gunawan Ratu Chakti in [9], Digital marketing involves different types of tools or strategies, including:

- a) Search Engine Optimization (SEO): It is a series of systematic processes that aim to increase the number and quality of traffic visits to a website through search engines by utilizing search engine algorithms.
- b) Search Engine Marketing (SEM): Search engine marketing involves promoting a website by increasing its visibility on search engine results pages, primarily through paid advertising.
- c) Social Media Marketing (SMM): It involves marketing strategies that focus on grabbing internet users' visits to a particular site or the audience's attention through social media platforms.
- d) Content Marketing: Content marketing is a form of indirect marketing that involves publishing content on the web so that the audience finds it while browsing the Internet.
- e) Email Marketing: It involves emailing a commercial message to a group.
- f) Online Advertising: Online advertising is a form of marketing and advertising that uses the Internet to convey promotional messages to consumers.
- g) Landing Page Marketing: A landing page is a web page first seen by an audience when visiting a website.

- h) **Smartphone Marketing:** This marketing strategy focuses on smartphone use, given the high popularity of smartphone usage today.
- i) **Mobile Marketing:** Mobile marketing is a multi-channel marketing strategy that aims to reach audiences on mobile devices such as smartphones and tablets through various methods such as websites, emails, SMS, social media, and apps.
- j) **Affiliate Marketing:** Affiliate marketing is when the creator of a product allows partners (affiliates) to sell their products or services and receive commissions in exchange for product promotion and sales generation.
- k) **Viral Marketing:** Viral marketing is a strategy that uses social networks to promote a product or service in hopes that the message will spread virally among social media users.

2.2 Marketing Strategy

Walker in [7] states that an effective marketing strategy should include five core components, namely:

- a) Scope refers to critical strategic reach, including how many types of industries, product lines, and market segments you want to enter or plan to enter.
- b) Goals and objectives involve determining the expected level of achievement based on various dimensions of work (such as sales volume growth, profit contribution, or Return on Investment) over time for each business, product market, and the entire organization.
- c) Allocation of resources (incredibly human and financial resources) to each business, product market, functional department, and activity within each business or product market.
- d) Identify sustainable competitive advantages, which describe how the organization competes with current and potential competitors.
- e) Synergy between business, product market, resource allocation, and competence."

2.3 MSMEs

MSMEs are a vast business sector in both developed and developing countries, according to Beck, Laras Witrisanti Bayu, and Sukartha in [10]. Due to the large number, MSMEs are very important for the structure of the Indonesian economy. In addition to having more business units than large industrial companies, MSMEs can also create more jobs and help accelerate the process of economic equality as part of development.

Lupiyoadi, Delima Sari Lubis in [10] explain several types of businesses commonly run by MSME players in Indonesia as follows:

- a) Service business is the largest and fastest-growing type in the MSME sector. MSMEs with a high level of innovation often generate significant profits from this business.
- b) Small and medium-sized entrepreneurs run retail businesses.
- c) MSMEs increasingly dominate the distribution business, like the service and retail industry, where they buy goods from producers or factories and sell them to retail traders.
- d) Small businesses like agriculture have been around for a long time. Agricultural produce was initially used to provide for the family, but because the community supported each other, this business developed into a relatively large company.
- e) Compared to the other four types of businesses, manufacturing is a type of MSME that requires significant capital investment. In its operations, manufacturing requires labor, technology, and raw materials.

3. METHODS

The approach used in writing this scientific article is a qualitative approach and literature study. In this method, we evaluate various reference books relevant to the theory that is the focus and analyze scientific papers that have a reputation as reference sources that can be used in further research.

4. RESULTS AND DISCUSSION

Social media can help small and medium-sized businesses (MSMEs) in sales, according to Stelzner [2]. Social media consists of internet-platformed applications incorporating Website 2.0 technology to enhance the look of life. Consumers can create and deliver content through these apps, from practical notes to social networks, allowing them to connect, connect, and talk to others. The app's purpose is to provide online data about consumer experiences when consuming goods and brands. The main focus is community involvement. Citizen participation can benefit the profitability of the industry in the business field.

Digital marketing strategies affect profit margins and a business's ability to thrive [11] [12]; [13]; [14]; [15], which shows that marketing performance is heavily influenced by digital marketing. A study shows that improving business performance is significantly influenced by digital marketing capabilities [16]. With the help of the Internet, organizations can reach a wider audience, and electronic marketing allows organizations to interact with their consumers in various ways [13]. However, remember that digital marketing capabilities may not significantly impact business performance, according to some studies [15].

MSMEs with limited resources can use digital marketing as an economical method to reach customers and promote their products or services. By increasing their marketing capabilities and strategic use of digital channels, they can become better competitors against larger companies [17].

Understanding the concept of marketing strategy, especially online marketing, is essential for performance optimization [18]. This allows small and medium enterprises (MSMEs) to expand their market. In addition, unique products become an integral part of marketing success. The uniqueness of products from different regions gives unique characteristics that can be used in marketing strategies.

Digital marketing can improve their business management and expand market coverage to support business growth and development, resulting in increased income for MSME players [19].

Entrepreneurs are expected to improve their business management and expand market coverage to support business growth and development, resulting in increased revenue for MSME players [20].

5. CONCLUSION

Social media has great potential to increase sales of small and medium enterprises (MSMEs) as it allows them to participate in communities and do digital marketing. Especially when used correctly, digital marketing has proven to impact business growth and profitability significantly. MSMEs with limited resources can use digital marketing to acquire customers and promote their goods or services. To improve the performance of MSMEs, it is essential to understand the digital marketing strategies implemented online. Through digital marketing, MSMEs can expand their market reach, utilize unique products, and increase their income. Thus, using digital marketing can help the growth and development of MSME businesses and increase the revenue of MSME actors.

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