

Utilization of Digital Technology-Based Marketing For the Development of Micro, Small and Medium Enterprises

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ABSTRACT

This study examines the importance of digital technology-based marketing in developing Micro, Small, and Medium Enterprises (MSME). The method used was the study of literature. The advancement of information technology is growing. Some MSME activities use information technology to launch their business. The increasing number of competitors is challenging for business owners who cannot innovate to improve the current competitive situation. Digital marketing is widely chosen as a strategy for business improvement because of its low cost and effectiveness. Utilizing social media in marketing strategies has the potential to help MSME business actors market their products. Micro, Small, and Medium Enterprises must be literate in information technology to make it easier to sell their products to remote areas.

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1. Introduction

The Industrial Revolution 4.0 has encouraged the creation of a digital economy in Indonesia. The growth of the digital economy is reflected in the development of business or trade activities based on information technology and the Internet (Fu et al., 2021; Riabova et al., 2022). Government policy in accelerating the growth of the digital economy provides great opportunities for business industry players, including Micro, Small, and Medium Enterprises (MSMEs), to develop their businesses and expand market reach (Liang et al., 2023; Mohammad H Holle et al., 2023). This policy aligns with Indonesia's vision to become the largest digital economy in Southeast Asia by 2020 (Priharsari et al., 2023). One of the contents of the policy focuses on strengthening MSME actors and local *start-ups*.

MSMEs in Indonesia contribute 60.34% of Indonesia's Gross Domestic Product (GDP) and 97% to labor market absorption. This condition has led to increased active participation of MSME players in helping accelerate the digital economy. To support the digital economy, MSME players must be able to transform towards digitalization through the development of Digital Entrepreneurship. Digital

marketing is a technological development that cannot be avoided today. Almost all lines of life have adopted digital technology.

The digital world plays a pivotal role in all aspects of human activities, particularly in business. This prediction stems from the increasing reliance on digital technologies and the internet, which have transformed how people communicate, access information, and conduct transactions. In the business realm, the digital world offers opportunities for global reach, cost-effective marketing, efficient operations, and data-driven decision-making. As more and more people and businesses embrace digital technologies, it is becoming essential for businesses to adapt and leverage these tools to stay competitive, reach broader audiences, and streamline their operations. Therefore, the digital world is seen as a critical factor shaping the future of business activities and the more general human experience.

In the current industrial revolution era, all business actors are required to adapt to the fast-changing business environment, one of which is by relying on digital technology (Hanna, 2020). Several studies argue that digitalization can improve the performance of MSMEs. This socialization about digital marketing is one of the efforts to realize MSMEs towards digitalization to achieve their marketing effectiveness and increase MSME performance (Aly, 2022). However, small businesses often face challenges in achieving success in this digital age, limiting them from utilizing technology in their business operations. According to data from the Ministry of Cooperatives and SMEs, of more than 65 million MSMEs, only 17.25 million, or approximately 26.5% of MSMEs, are connected to the digital ecosystem. This number certainly needs to be increased, along with the development of public acceptance and preferences in online shopping. One is cooperative capacity building to increase MSME productivity, including applying innovation and digitalization that can encourage MSME competitiveness. Based on the background above, this article aims to know the use of digital technology-based marketing to develop Micro, Small and Medium Enterprises (MSMEs).

2. Methodology

This article uses a literature study approach by observing and analyzing all information about the research topic. Literature research is a type of research used to collect in-depth information and data through various literature, books, notes, magazines, other references, and relevant previous research results to obtain answers and theoretical foundations regarding the problem to be studied.

In more detail, the literature study approach is carried out systematically through the following steps. The first step, the author determines the specific topic to be explored in this study. This study focuses on digital marketing and MSMEs as specific topics. The second step, the author focuses on the geographical area, namely Indonesia, and determines specific disciplines, namely the disciplines of economics, social science, and information technology in this study. This study collects all articles from the search engine Google Scholar with keywords digital marketing, MSMEs, Indonesia, economics, and social sciences. The types of articles collected are review and research articles, including those published in Journals or Conference Proceedings. In the third step, the author reads and critically evaluates the selected papers and analyzes and synthesizes the collected results. This stage includes taking notes and, summarizing key findings and arguments, finding patterned themes from the analysis results. The fourth step is to interpret and discuss the findings. At this stage, the researcher concludes the results of his analysis and writes the main conclusions and implications for the research question.

3. Results

Digital Marketing Concept

Digital marketing can be interpreted as marketing that messages are sent using media that depend on digital technology (Balatska et al., 2022). But by far, the internet is the most significant

digital technology medium. Through computer devices connected to internet technology, people use these tools to do digital marketing (Ullah et al., 2023). Digital marketing is widely chosen as a business improvement strategy because of its low cost and effectiveness (Salhab et al., 2023). This is because anyone can access digital devices while connected to the internet. Business actors can more easily and quickly get information about market conditions and communicate easily with relations to add networks anywhere with the convenience of internet technology (Han et al., 2023; Weinstein, 2023). In addition, the advantage of digital marketing using the internet is that it is easier, cheaper or faster to make communications.

Digital marketing involves digital technologies that improve marketing by giving individual attention, improving how campaigns are managed, and making products look and work better. Digital technology uses data to personalize messages for each person, making people more interested and likely to buy. It also helps track how well campaigns are doing in real time and allows business actors to make changes to make them work quickly. With digital tools, actors can easily create and share content online and talk to customers online, which helps them learn what they like and don't like. This makes customers happier, allowing business actors to perform the business well. Digital technologies are significant for marketing nowadays.

Digital marketing communication is a marketing strategy that explicitly directs messages to audiences profiled and actively involved in the communication process. Marketing messages are tailored to reach market segments that have previously analyzed characteristics, preferences, and behaviors. This allows companies to deliver more relevant and engaging messages to their audience, which in turn can increase the effectiveness of marketing campaigns. In addition, targets active in the communication process tend to be more responsive to marketing messages, so the conversion and interaction desired by the company can be achieved better. By focusing on profiled targets and actively participating, digital marketing communications provide a more targeted and efficient approach in achieving a company's marketing goals. This approach provides immediate and forward feedback, so digital communication can be measured easily and at an increasingly affordable cost. Although the cost of spreading digital communication flows is getting lower, this requires special and deep competencies for business actors who will adopt a digital marketing approach.

Business actors must pursue the strategy to achieve results from digital marketing. As explained by previous research, marketers must have a business strategy in digital marketing to achieve maximum results (Ryan et al., 2023). Other studies have also suggested that effort, trial and error are required. With these various processes, marketers or business actors certainly get useful experiences to continue improving their sales strategies.

The Significance of Digital Marketing

The ASEAN Free Market era has been going on since 2015, this is one of the reasons for MSME players to increasingly innovate in advancing their businesses (Jin & Hurd, 2018). MSME is generally a family business that has a powerful leadership style. This leadership style influences the way they innovate in market competition. Digital technology makes it easier for business actors to find innovation strategies (Jafari-Sadeghi, 2020; Matarazzo et al., 2021). Digital technology makes it easier for business actors to start or engage in business activities by reducing various limitations that are generally faced by small businesses.

There are many benefits provided by digital marketing for small businesses. One is its ability to reach a wider market online, overcome geographical constraints, and expand the scope of potential customers. In addition, digital marketing can also reduce advertising costs, making it more economical than conventional advertising (Sajeesh et al., 2022). This is especially important for small businesses that have limited budgets. Digital marketing also provides advantages in terms of data analysis that help small businesses understand customer behavior better and respond to it more effectively, which

in turn can increase conversions and retain customers (Inman & Nikolova, 2017). In other words, digital marketing enables better customer interaction and engagement through social media, email, and other online platforms, which can build solid relationships and strengthen brands. In addition, digital marketing is an efficient way to measure marketing efforts' ROI (Return on Investment), allowing small businesses to allocate their resources more intelligently and effectively. Therefore, digital marketing is becoming an important tool for small businesses to survive, grow, and compete in an increasingly digital and competitive business world.

Digital technologies are positively changing and improving human lives and allowing individuals to connect through social networks (Fu et al., 2021). Technological advancement is one of the opportunities for MSME players to develop businesses during invisible competition in the digital world (Wang & Wang, 2020). MSME players also see this growing digitalization era in Indonesia. MSME business actors in Indonesia indicate that digital marketing is very important in business activities. This is based on their desire to develop their business where digital marketing as it is today makes it easier to access the internet so that it is easier to promote their business. In addition to the ease of promoting business, MSME players also enjoy the convenience of transacting with consumers without meeting each other. Along with the awareness and desire of MSME players to utilize digital marketing, it must be accompanied by increased facilities and infrastructure in carrying out digitalization activities.

The Role of Digital Technology-Based Marketing

MSME actors utilized social media in marketing their products (Alhamami et al., 2021). Social media is a concept that refers to a social of internet-based applications that provide a platform for users to create, share, and exchange their own generated content. It covers different platforms, such as Facebook and Twitter, to video-sharing sites, such as YouTube and other photo and text-sharing platforms. The thing that distinguishes social media is that users have a central role in creating and managing published content. They can share information with their community or even with the world. This concept has changed how people interact, communicate, and share information, and has become a powerful tool for communication, business promotion, and exchanging ideas and culture in the digital age. Digital marketing strategies affect up to 78% of MSMEs' competitive advantage in marketing their products (Cant & Wiid, 2020).

Previous research identified the business value of using social media for MSMEs, such as the creation of sustainable marketing channels, Increase in short-term revenue and long-term sales, Reduction in advertising costs by up to 70%; Reduction in overall marketing costs; Creation of competitive advantage; Ease of cross-promotion of social media platforms; Increased popularity of brands and products; The introduction of the organization or company to society.

4. Discussion

The rapid development of digital technology and the internet also impacts the world of marketing (Balatska et al., 2022). The trend of online marketing with a digital approach is currently increasing (Gutierriz et al., 2023). Business actors can quickly obtain data about consumers and potential customers through a digital approach (Domegan, 2021). Social media includes platforms that are used to capture consumer data and potential customers (Casais, 2023). This rapid growth is due to social media functioning to connect people with others around the world. In short, digital marketing is an interactive and integrated marketing approach involving various elements of the business supply chain.

Dari satu perspektif, pemasaran digital mempermudah para pelaku bisnis dalam memantau serta memenuhi kebutuhan dan keinginan calon konsumen, sementara calon konsumen juga dapat mencari serta memperoleh informasi produk dengan mudah melalui penjelajahan daring (Luangrath et al., 2022). Buyers are more independent in making purchasing decisions based on digital search

results (Leonhardt et al., 2020). Digital marketing can reach all people wherever they are without any more geographical or time restrictions. continue to be able to survive for the stability of the Indonesian economy. In addition, the human resource factor in it also has its own contribution.

Development is an effort to increase knowledge that may be used immediately or often for future interests. Development is any attempt to improve work's current or future conduct by providing information, influencing attitudes or increasing skills. Concerning business development, this depends on the ability of entrepreneurs and managers in their business every day (Soegoto et al., 2023). According to The Indonesian Dictionary (KBBI), development is the process, way, act of developing. Development is the organization's planned effort to improve employees' knowledge, skills, and abilities. The development emphasizes increasing knowledge to do work in the future (Ter Beek et al., 2022), which is done through an integrated approach with other activities to change work behavior (Gonzalez et al., 2023; Peng et al., 2023). The importance of Micro, Small and Medium Enterprises (MSMEs) must attend knowledge development training to compete with other businesses. The use of the Internet is very important in running a business, especially Micro, Small and Medium Enterprises (MSMEs) because it is to do marketing so that it has the opportunity to penetrate the international market. So that the use of the internet in Indonesian Micro, Small and Medium Enterprises (MSMEs) needs to be optimized by training and providing facilities for business actors so that the reasons for not doing E-Commerce are not too much anymore so that the use of E-Commerce can increase even more to all provinces of Indonesia. This is very possible because the products produced by MSMEs in Indonesia are of the same quality as foreign products; foreign products create their products using production and marketing technology.

Users of digital technology have influenced all aspects of human life and activities, including marketing (Çipi et al., 2023). Digital-based marketing is used to acquire consumers, build their preferences, promote brands, nurture consumers, increase the number of products sold and ultimately increase profits. Digital Marketing allows buyers to obtain all information about products and make buying and selling transactions online. Like sellers, they can also monitor and provide for the needs and wants of potential buyers without time and geographical restrictions. Digital marketing is a two-way communication that can generate public awareness and engagement with certain products and brands. An increasing trend in digital marketing behavior provides benefits to MSME business actors.

5. Conclusion

Digital technology advancement affects all business lines, including marketing. One of the impacts that can be observed today is the shift in marketing trends from conventional marketing to digital marketing. Until now, digital marketing strategies are considered more prospective. On the other hand, one of the requirements for MSMEs to become the center of economic activity is to utilize digital marketing. MSMEs can utilize digital technology in the form of social media as a digital marketing tool. In addition to having a low price and not requiring special training to complete the initial initiative, social media can attract customer attention to the products and services sellers offer. If MSME business actors understand how important digital technology is, in this case digital marketing for their business, then the use of digital marketing for MSMEs can increase their business growth.

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