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THE IMPACT OF ONLINE MARKETING STRATEGIES IN INCREASING THE INCOME OF MSMEs ACTORS

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ABSTRACT

Online marketing has become an important strategy for MSMEs in Indonesia to increase revenue, but there are still challenges in its utilization, such as limited digital knowledge and tight market competition. This study aims to analyze the impact of online marketing strategies on increasing MSME revenue, with a focus on visual content, paid promotion on social media, and the use of digital platforms. The method used is a qualitative approach with in-depth interviews with MSMEs in various industrial sectors. The results of the study indicate that the use of attractive visual content and paid promotion on social media has proven effective in increasing market reach and MSME revenue. However, challenges such as limited knowledge of digital marketing and difficulties in maintaining customer loyalty remain obstacles. The implications of this study suggest that MSMEs improve their digital skills through training and mentoring, and focus on content innovation and product differentiation to face increasingly tight market competition. This study contributes to developing literature on digital marketing in the Indonesian MSME sector.

Keywords: *online marketing, MSMEs, visual content, paid promotion, digital marketing, revenue.*

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INTRODUCTION

The development of digital technology has changed the business world, including online marketing which is the main strategy for companies to reach a wider, more efficient, and segmented market (Castañeda et al., 2020). In this context, Micro, Small, and Medium Enterprises (MSMEs) in Indonesia face major challenges including limited access to a wider market and skills in utilizing technology optimally.

As a solution, online marketing is present as an alternative that helps MSMEs overcome these obstacles (Husriadi et al., 2024; Leung et al., 2022). By utilizing digital platforms such as social media and e-commerce, MSMEs have the opportunity to expand their markets, increase product visibility, and interact directly with consumers from various regions (Castañeda et al., 2020; Husriadi, 2023). Although many studies have been conducted related to online marketing, most of them focus more on the technical and technological aspects used, such as the use of digital platforms and online marketing tools (Dunakhe & Panse, 2022; Waheed et al., 2022). However, few studies directly link the implementation of online marketing strategies with increased income for MSME actors (Septyanto & Dewanto, 2016). Moreover, many studies have not specifically examined the role of various online marketing platforms such as social media, e-commerce, or digital advertising in the context of MSMEs in Indonesia, which have unique characteristics and market challenges (Lesmana & Sunardi, n.d.).

Existing literature generally places more emphasis on technical factors without considering how these elements directly affect the financial results of MSMEs. This creates a significant research gap, as there is no comprehensive understanding of how online marketing strategies can be implemented effectively to increase the revenue of MSMEs in Indonesia. This study aims to fill this gap by providing more specific empirical evidence on the relationship between online marketing and increasing MSME revenue, as well as exploring the factors that hinder the effectiveness of this strategy in a relevant local context. This study examines MSMEs that are turning to online marketing to increase revenue. Many MSMEs are beginning to realize the potential of online marketing in expanding their markets and increasing their competitiveness in the digital technology era. However, the use of online marketing is often not optimal due to lack of knowledge and limited resources.

This study can help MSMEs understand and optimize the use of online marketing to increase their revenue. The focus on MSMEs in Indonesia also provides an important contribution to the development of digital marketing literature, especially in the context of a rapidly growing local market. The results are expected to not only enrich digital marketing theory but also provide practical solutions for MSMEs in facing an increasingly competitive digital market.

LITERATURE REVIEW

A. Online marketing strategy

Online marketing strategy has become an important topic in research related to the development of MSMEs in the digital era. (Gao et al., 2023) identified that the use of social media, e-commerce platforms, and other digital tools allows MSMEs to reach a wider market at a relatively low cost. This provides an opportunity for small business actors to increase revenue by expanding their customer base globally. Digital marketing strategies, such as search engine optimization (SEO) and content-based marketing, can increase the visibility of MSME brands in a competitive market. This approach not only increases customer interaction but also results in higher sales conversions. Online marketing provides flexibility and efficiency in MSME business operations.

B. Promotional strategies through social media

Strategies such as the use of digital advertising and promotions through social media have been shown to increase customer engagement, accelerate the purchase cycle, and drive increased revenue. The adoption of digital technology in marketing positively influences consumer behavior, increases loyalty, and strengthens the relationship between MSME actors and customers. Overall, this literature underlines the importance of online marketing strategies in supporting MSME revenue growth through efficiency, innovation, and wider market reach.

RESEARCH METHOD

This study uses a qualitative design with a case study approach to understand the implementation of online marketing strategies by MSMEs. This study focuses on thematic analysis of data collected through in-depth interviews and observations of MSMEs involved in online marketing. The research procedure involves identifying MSMEs that meet the criteria, submitting permits, conducting semi-structured interviews, and observing. Data were collected through in-depth interviews and participant observations at MSME business premises, as well as documentation related to online marketing. Data were analyzed using a thematic analysis approach to identify key themes related to online marketing strategies, factors that influence their effectiveness, and their impact on MSME income. Themes that emerged from the data were grouped and analyzed to find patterns and relationships that are relevant to the research objectives. The results of this analysis provide a clearer picture of the implementation of online marketing in the context of MSMEs. This research method allows for an in-depth understanding of the dynamics and factors that influence the effectiveness of online marketing in increasing MSME income, as well as gaining insight into the challenges and opportunities they face in using digital technology.

RESULT AND DISCUSSION

5.1 Implementation of Online Marketing Strategy

5.1.1 Visual content: Product photos and videos.

The results of this study indicate that visual content, especially product photos and videos, plays an important role in the success of online marketing for MSMEs. Most respondents stated that attractive product visualization can increase customer attention and influence purchasing decisions. Clear, high-quality photos and videos that display products in the context of real use have proven to be more effective than static images or less attractive product descriptions. This is in line with research

findings (Lopes & Casais, n.d.) that attractive visual content can increase engagement and drive consumer purchasing decisions in the context of digital marketing. The same thing was found in the study (Sunarso et al., 2023) that adequate product visualization contributes to the development of a stronger brand image, thereby increasing customer loyalty and increasing purchase frequency. Therefore, online marketing that utilizes attractive and creative product photos and videos can be a very effective strategy for MSMEs to attract new customers and increase their revenue. Thus, investing in the quality of visual content is one of the steps that MSMEs must consider in optimizing their digital marketing potential.

5.1.2Paid promotion: Advertising on social media.

This study revealed that paid promotion through advertising on social media is one of the most effective online marketing strategies to increase MSME revenue. Most of the MSME actors interviewed stated that paid advertising on platforms such as Facebook and Instagram allow them to reach a wider audience at a relatively low cost. Paid promotion provides the ability to target the market more precisely through the use of demographic data, interests, and consumer behavior. This is in line with the findings (Srinivasan et al., 2016) that paid advertising on social media allows SMEs to significantly increase brand visibility on a limited budget. Research(Marlina et al., 2024) also shows that paid advertising has a positive impact on increasing sales conversions, because this advertisement is able to attract the attention of more relevant consumers who are ready to buy. However, the effectiveness of this paid advertising is highly dependent on the understanding of MSME actors on how to optimize advertising campaigns, such as determining the right audience and selecting the right type of advertisement. This shows the importance of knowledge and skills in managing paid advertising to maximize the potential of digital marketing for MSMEs.

5.2 The Impact of Implementing Online Marketing Strategies

5.1.1 Increased income.

The results of this study indicate that the implementation of online marketing strategies, especially through visual content and paid promotions, has a significant impact on increasing the income of MSMEs. Most respondents reported an increase in sales after adopting digital marketing, with some even experiencing a spike in income of up to 30-40%. Marketing through social media, supported by paid advertising and attractive visual content, allows MSMEs to reach wider and more segmented consumers. This finding is in line with research (Saut Maruli Tua Pandiangan et al., 2022) that MSMEs that implement digital marketing experience a significant increase in turnover, especially in local and international markets. In addition, research (Sharabati et al., 2024) that MSMEs that integrate social media into their marketing strategies not only increase market reach but also increase customer loyalty, which has a direct impact on long-term income. Online marketing also allows MSMEs to reduce operational costs that are often a constraint in traditional marketing, such as distribution costs and offline promotions. Thus, the use of effective digital marketing strategies has great potential to increase MSME income, especially in increasingly competitive market conditions.

5.1.2 The challenge of maintaining customer loyalty.

The results of this study indicate that although online marketing strategies can increase MSME revenue, the challenge of maintaining customer loyalty remains a major issue. Most respondents identified that although they were successful in attracting new customers through social media and paid advertising, retaining customers in the long term is a greater challenge. Several factors that influence customer loyalty include consistent product quality, positive customer experience, and ongoing communication through digital platforms. The study found (Dedi Subagja et al., 2023) that in order to maintain customer loyalty, MSMEs need to focus more on personal interactions and improving service quality, and not just relying on promotions to attract customers. Evidence from the study (Mu'Ah et al., 2020a)also shows that

customer loyalty in the digital market can be affected by fluctuations in product quality and price, as well as a lack of understanding by MSMEs about the importance of effective customer relationship management (CRM). On the other hand, (Saad et al., 2022a) it indicates that providing relevant content and interactive customer experiences on digital platforms has the potential to increase long-term loyalty. Therefore, in addition to focusing on increasing revenue, MSMEs need to design digital marketing strategies that consider aspects of experience and closer relationships with customers.

5.3 Challenges in Using Online Marketing

5.1.1 Limited knowledge about digital marketing.

The results of this study revealed that limited knowledge about digital marketing is one of the main obstacles for MSMEs in optimizing their online marketing strategies. Many MSMEs admitted to having difficulty understanding how digital platforms work and effective marketing techniques, such as paid advertising management and data analytics. Most respondents said that even though they have adopted digital marketing, they feel they lack the skills to fully utilize the potential offered by this technology. Research (Dedi Subagja et al., 2023b) shows that ignorance of digital marketing features can reduce campaign effectiveness and worsen expected results. The study (Mu'Ah et al., 2020b) also stated that lack of knowledge about digital marketing often makes MSMEs trapped in an unfocused and suboptimal approach, resulting in wasted advertising budgets and low conversion rates. Therefore, to overcome this challenge, it is important for MSMEs to access training and support in terms of understanding digital platforms, managing marketing campaigns, and analyzing marketing data. By improving these skills, MSMEs can utilize digital marketing more effectively, which in turn can improve their performance and competitiveness in an increasingly digital market.

5.1.2Fierce market competition.

The results of this study indicate that tight market competition is a significant challenge for MSMEs in increasing revenue through digital marketing. Most MSMEs identified that even though they successfully entered the digital market, they had to compete with many other players who also utilized online platforms, both from fellow MSMEs and large companies. This intense competition makes it difficult for MSMEs to highlight their products amidst the hustle and bustle of a crowded market. Research (Saad et al., 2022b) revealed that high levels of competition in the digital market can lead to decreased profit margins and increased customer acquisition costs. Likewise, research shows (Pan et al., 2024) that intense competition requires MSMEs to adopt more creative marketing strategies and clear differentiation in order to attract consumers in a crowded market. MSMEs that are able to create unique value propositions, such as authentic marketing content and more personalized offers, tend to be more successful in retaining customers. Therefore, in addition to utilizing digital marketing, MSMEs need to focus on creating added value that differentiates them from competitors, such as better customer experience or higher quality products.

CONCLUSION AND SUGGESTION

This study shows that the implementation of online marketing strategies has a significant impact on increasing the income of MSMEs, even though they are faced with various challenges. Attractive visual content, paid promotions on social media, and the use of the right digital marketing platforms have proven to be key factors in expanding market reach and increasing sales. However, challenges such as limited knowledge about digital marketing, tight market competition, and difficulties in maintaining customer loyalty remain major obstacles. In addition, although many MSMEs have adopted digital marketing, there is still a gap in understanding and implementing optimal strategies. Therefore, there is an urgent need to improve training and mentoring on digital marketing so that MSMEs can take full advantage of the potential of online platforms. Based on these findings, it is recommended that MSMEs be more proactive in participating in training and workshops on digital marketing that

can improve their understanding and skills in managing online campaigns effectively. In addition, MSMEs need to prioritize innovation in marketing content and product differentiation to stay competitive in an increasingly competitive market. The government and related organizations are also advised to provide further support through mentoring programs and subsidies to introduce more sophisticated marketing technologies to MSMEs. Finally, further research is expected to dig deeper into the specific factors that influence the success of digital marketing in the MSME sector, especially in the Indonesian context, as well as examine the role of various digital platforms more comprehensively.

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