

Small Business Marketing Strategy : Increasing Product Competitiveness based Wisdom Local through Digital Marketing (MSMEs in Sungai Penuh City)

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Abstract

Keywords :

Marketing Strategy; MSMEs;
Digital Marketing;
Competitiveness; Local Wisdom

Micro, Small, and Medium Enterprises (MSMEs) in Sungai Banyak City, Jambi Province, play a crucial role in the local economy, particularly in the development of products based on local wisdom. These products, which include handicrafts, traditional foods, and traditional clothing, have significant potential but often struggle with marketing and competitiveness. In today's digital era, implementing digital marketing is an effective solution for increasing the competitiveness of MSME products, introducing them to a wider market, and strengthening local cultural identity. This study aims to analyze digital marketing strategies that MSMEs in Sungai Banyak City can implement to enhance the competitiveness of products based on local wisdom. The approach used is descriptive qualitative research, with data collection methods through in-depth interviews, field observations, and documentation studies. The results indicate that MSMEs in Sungai Banyak City have significant potential for developing products based on local wisdom, but are constrained by limited digital knowledge, technological infrastructure, and human resource skills in online marketing. Digital marketing training, the use of social media, and e-commerce optimization are some of the recommended strategies that can strengthen product competitiveness. This research also suggests the importance of collaboration with influencers and local communities, as well as government support, to overcome challenges and capitalize on opportunities in digitally marketing MSME products. It is hoped that this digital marketing strategy will increase the visibility, marketability, and competitiveness of MSME products based on local wisdom in Sungai Banyak City.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in the Indonesian economy, particularly in creating jobs, alleviating poverty, and driving regional economic growth. In Sungai Penuh City, a small town in Jambi Province, MSMEs are growing and contributing significantly to the local economy. Many MSME products in Sungai Penuh City have significant potential, but face challenges in marketing and product competitiveness. One way to increase this competitiveness is through digital marketing.

With the advancement of information technology, digital marketing has become an effective solution for MSMEs to reach a wider market, introduce products based on local wisdom, and increase product competitiveness. This article aims to examine how digital marketing strategies can be implemented by MSMEs in Sungai Penuh City to increase the competitiveness of products based on local wisdom.

One way to increase the competitiveness of MSME products is by leveraging the local wisdom of each region. This local wisdom not only reflects local culture and traditions but can also provide unique added value in product marketing. By combining local wisdom and digital marketing, MSMEs in Sungai Penuh City can expand their market, introduce their products more widely, and increase consumer appeal in both local and global markets.

Digital-based marketing strategies are highly relevant and effective in this information technology era. Digital marketing enables MSMEs to reach a wider audience at a relatively lower cost compared to conventional marketing methods. Therefore, it is crucial for MSMEs in Sungai Penuh City to leverage the potential of digital marketing to promote their locally-sourced products. This article will further discuss marketing strategies that MSMEs in Sungai Penuh City can implement to increase their product competitiveness through the use of locally-sourced digital marketing.

Table 1. MSMEs Income

NO	Type of business	Number of MSMEs	Average Income (IDR)	Digital Marketing (%)	Main Obstacles
1	Handycrafts	150	10,000,000	40	Lack of capital
2	Typical food	200	15,000,000	50	Lack of market access
3	Traditional Textiles	120	8,000,000	35	High level of competition
4	Processed Products	180	12,000,000	60	Lack of digital skills
5	Small Business Services	90	9,000,000	45	Dependence on local markets

Source: Sungai Penuh in Figures (BPS)

The table above provides an overview of the MSMEs in Sungai Penuh City, which comprise various types of businesses such as handicrafts, traditional foods, traditional textiles, processed products, and small business services. Based on the data, the traditional food sector recorded the largest number of MSMEs, at 200, indicating that culinary is a key business sector in the city. Furthermore, the handicraft sector is also quite significant with 150 business units, while traditional textiles, processed products, and small business services have 120, 180, and 90 MSMEs, respectively.

The phenomenon in Sungai Penuh City shows that while many MSMEs focus on products with local wisdom, such as handicrafts, local specialties, and traditional textiles, many businesses are still underutilizing digital marketing as a promotional tool. The majority of MSMEs in Sungai Penuh City still rely on traditional marketing methods, such as through local markets and brick-and-mortar stores. This results in limited market reach and reduces the potential for increasing the competitiveness of their products.

Furthermore, the inability to access a wider market is also due to a lack of knowledge and understanding of digital technology among MSMEs. Many businesses are still reluctant to adopt digital marketing or even find it difficult to use available online platforms. However, by leveraging the potential of digital marketing, MSMEs in Sungai Penuh City can introduce their locally-based products to a wider market, both nationally and internationally.

Therefore, a marketing strategy is needed that can optimize the potential of locally sourced products and combine it with sophisticated digital marketing. By leveraging digital technology, MSMEs in Sungai Penuh City can reach a wider consumer base, introduce their products more effectively, and increase their competitiveness in an increasingly competitive market.

METHODS

This study uses a descriptive qualitative approach to provide a systematic and accurate overview of the digital marketing strategies of MSMEs in Sungai Penuh City. This method was chosen to explore the phenomenon of local wisdom in the context of digitalization in depth.

Data collection technique

Data in this study were collected through three main techniques:

1. *In-depth* Interview : Conducted with MSMEs in Sungai Penuh City to understand the infrastructure constraints and digital knowledge limitations they face.
2. Field Observation: Directly observing local wisdom-based products (crafts, food, traditional clothing) and how business actors currently manage their promotions.
3. Documentation Study: Collecting secondary data related to MSME profiles, digital marketing literature, and supporting documents from the government or related agencies.

Analysis Instruments

The collected data is then analyzed using strategic management analysis tools to determine the competitive position of the product, namely:

1. SWOT Analysis: Identifying strengths , weaknesses , opportunities , and threats *faced* by MSMEs in implementing *digital marketing* .
2. IFAS (*Internal Factor Analysis Summary*) Matrix: Used to evaluate internal factors by assigning weights and ratings to strengths and weaknesses variables.
3. EFAS (*External Factor Analysis Summary*) Matrix: Used to evaluate external factors by assessing market opportunities and threats from the external environment.

Data Analysis Procedure

The analysis procedure follows the following steps:

1. Data Reduction: Summarizing and selecting core data from interview and observation results regarding local wisdom potential and technological barriers.
2. Weighting and Rating: Assigning values to internal and external factors based on their level of urgency and impact on the competitiveness of MSMEs.
3. Strategy Formulation: Developing a combination of strategies (SO, WO, ST, WT) based on the results of the meeting between strengths-opportunities and weaknesses-threats to increase product visibility in the digital market

RESULTS AND DISCUSSION

IFAS MATRIX Calculation

IFAS Matrix (Internal Factor Analysis Summary)

The IFAS Matrix is used to assess the internal factors affecting the performance of MSMEs in Sungai Penuh City, consisting of strengths and weaknesses. These factors are analyzed to help develop strategies based on existing internal capabilities.

Table 2. IFAS Matrix

Internal Factors	Weight	Rating	Mark
Strength			
Uniqueness of products based on local wisdom	0.2	4	0.8
Large and growing market potential (including digital markets)	0.15	4	0.6
More efficient marketing costs through digital marketing	0.1	5	0.5
Direct access to consumers through digital platforms	0.1	4	0.4
Weakness			
Limited digital knowledge in online marketing management	0.15	2	0.3
Limited technological infrastructure and adequate devices	0.1	2	0.2
Lack of skilled workforce in digital design and marketing	0.1	2	0.2
Limited time to focus on digital marketing	0.1	3	0.3
Total	1		3.3

Explanation of the IFAS Matrix:

1. Strengths: Unique products based on local wisdom, large market potential, and cost-effective digital marketing are very positive internal factors for MSMEs in Sungai Penuh City. These values indicate that the products have strong appeal and that digital marketing allows MSMEs to reach a wider market at a lower cost.
2. Weaknesses: Limitations in digital knowledge and adequate technological infrastructure indicate that many MSMEs have not fully optimized the potential of digital marketing due to skills and technological access issues.

The Total IFAS Score: 3.30 indicates that MSMEs in Sungai Penuh City have a number of strengths that can be utilized, although there are weaknesses that must be addressed.

2. EFAS Matrix (External Factor Analysis Summary)

The EFAS matrix is used to assess external factors affecting MSMEs, including opportunities and threats. This external factor analysis aims to determine how market opportunities and external threats can affect the performance of MSMEs in Sungai Penuh City.

Table 3. EFAS Matrix

External Factors	Weight	Rating	Mark
Opportunity			
Growth of the tourism industry and interest in locally based products	0.2	5	1
Collaborate with influencers and communities to introduce products	0.15	4	0.6
Enhanced technology and e-commerce platforms for wider market access	0.15	4	0.6
Government support for MSME development and digital training	0.1	4	0.4
Threat			
Competition with similar products from MSMEs in other regions	0.15	2	0.3
Rapid changes in consumer trends and preferences	0.1	3	0.3
Dependence on digital platforms that can change (algorithms and policies)	0.1	2	0.2
Economic crisis and declining consumer purchasing power	0.05	3	0.15
Total	1		3.35

EFAS Matrix Explanation:

1. Opportunities: Significant opportunities for MSMEs in Sungai Penuh City lie in the growth of the tourism industry and interest in locally sourced products, as well as the rise of digital platforms that enable broader marketing. Collaboration with influencers and government support are also highly beneficial for product introduction.
2. Threats: The main threats faced are intense competition from similar products from other MSMEs, as well as rapidly changing consumer trends. Reliance on digital platforms also poses a risk to MSMEs, especially if platform algorithms or policies change.

The Total EFAS Score: 3.35 indicates that despite threats, MSMEs in Sungai Penuh City have great opportunities to take advantage of market trends and external support in increasing the competitiveness of local wisdom-based products.

Results of the IFAS and EFAS Matrices:

1. The IFAS matrix shows that MSMEs in Sungai Penuh City have significant strengths, especially in terms of product uniqueness and digital marketing cost efficiency, although there are weaknesses in terms of digital skills and infrastructure.
2. The EFAS Matrix shows that the opportunities available are significant, particularly with the development of the tourism industry, digital platforms, and government support. While there are some threats such as competition and changing trends, the opportunities are overwhelming.

DISCUSSION

SWOT Analysis of Digital Marketing for MSMEs in Sungai Penuh City

1. Strengths

MSME products in Sungai Penuh City, based on local wisdom, such as handicrafts, traditional foods, and traditional clothing, possess strong uniqueness and prominent added value. The authenticity and distinctiveness of these products provide strong appeal to both domestic and international markets. Furthermore, digital marketing enables MSMEs to expand their markets, not only locally but also nationally and internationally, thereby increasing their enormous market potential. Marketing through social media and online platforms is also more efficient than traditional marketing, reducing advertising costs and enabling MSMEs to interact directly with consumers in real time, improving the customer experience and facilitating feedback.

2. Weaknesses

Despite the enormous potential of digital marketing, many MSMEs in Sungai Penuh City still face limited knowledge in using digital technology. Many of them don't fully understand how to utilize digital marketing effectively. Limited technological infrastructure and a lack of adequate equipment are also major obstacles. Furthermore, many MSMEs lack skilled workers in graphic design, content creation, or digital marketing campaign management. Another challenge is time management, as many MSMEs must juggle production and marketing, often neglecting digital marketing.

3. Opportunities

There are several significant opportunities that MSMEs in Sungai Penuh City can capitalize on. First, the growing interest in culture-based tourism and local wisdom provides opportunities for MSMEs to introduce their products to domestic and international tourists. Furthermore, collaborating with influencers with relevant audiences can increase product visibility. Rapidly growing e-commerce platforms, such as Tokopedia, Bukalapak, and Etsy, provide opportunities for MSMEs to expand their market professionally without

the need for a physical store. Government support through various training programs and funding can also improve MSME capabilities, particularly in digital marketing.

4. Threats

Despite significant opportunities, MSMEs in Sungai Penuh City also face a number of threats. Competition with similar products from MSMEs in other regions poses a significant challenge, particularly in terms of price and quality. Furthermore, rapidly changing consumer trends, particularly in the fashion and crafts sectors, can impact demand for locally sourced products. Reliance on digital platforms also carries risks, such as changes in algorithms or platform policies that can reduce product visibility. Economic crises or declining consumer purchasing power can also impact demand for MSME products.

Strategy Based on SWOT Analysis

Based on the results of the SWOT analysis, several strategies that can be implemented by MSMEs in Sungai Penuh City are:

1. SO Strategy (Leveraging Strengths to Seize Opportunities)

MSMEs in Sungai Penuh City must leverage the uniqueness of locally sourced products through promotions on digital platforms and e-commerce to attract consumers seeking authentic and unique products. Collaborating with influencers who care about local culture will help introduce products to a wider audience.

2. WO Strategy (Overcoming Weaknesses by Utilizing Opportunities)

To address limited digital knowledge, MSMEs can participate in digital marketing training to better understand how to utilize digital platforms. Furthermore, partnerships with the e-commerce community and the government will provide access to training, funding, and resources to improve digital marketing.

3. ST Strategy (Using Strengths to Face Threats)

Developing a strong and consistent brand that emphasizes unique, locally sourced products can help MSMEs differentiate themselves from competitors. Product diversification and design innovation will ensure products remain relevant to changing market trends while preserving the cultural values inherent within them.

4. WT Strategy (Overcoming Weaknesses and Avoiding Threats)

Optimizing existing digital platforms by utilizing various channels such as websites, social media, and e-commerce can reduce reliance on a single platform. Developing contingency

plans is also crucial for addressing changing trends or economic crises by ensuring product offerings can adapt to changing market needs.

Research that Supports Research Results

1. Research by Aini and Yuliana (2021)

Research conducted by Aini and Yuliana (2021) on *digital marketing for MSMEs in Indonesia* shows that the use of digital marketing provides significant benefits in increasing MSME competitiveness. Digital marketing enables MSMEs to reach a wider market at a lower cost and provides opportunities for local products to gain international recognition.

2. Research by Putri and Sari (2020)

This research identified that MSMEs in Indonesia often face challenges in digital skills, hindering their use of technology for marketing. However, training and mentoring provided by the government or training institutions can improve MSMEs' ability to utilize digital marketing effectively.

3. Study by Lestari (2022)

Lestari (2022) in her study on *the Opportunities and Challenges of MSMEs in the Digital Era* found that sectors such as handicrafts and traditional foods, which rely on local wisdom, have great potential to develop through digital marketing, especially with the support of e-commerce platforms and influencers.

CONCLUSION

1. This SWOT analysis provides a clear picture of the potential and challenges faced by MSMEs in Sungai Penuh City in increasing the competitiveness of locally sourced products through digital marketing. By optimizing existing strengths, such as product uniqueness and digital market potential, and capitalizing on existing opportunities, MSMEs can overcome various challenges and build strong and sustainable brands. Collaboration between the government, MSMEs, and the private sector is needed to support the development of effective digital marketing strategies that can provide economic benefits to the local community.
2. MSMEs in Sungai Penuh City have significant potential in developing locally sourced products, such as handicrafts, traditional foods, and traditional clothing, which offer strong added value and can attract domestic and international markets. Utilizing digital marketing offers MSMEs the opportunity to expand their market reach more cost-effectively and enable direct interaction with consumers. However, MSMEs in Sungai Penuh City still face

several challenges, such as limited digital knowledge, limited technological infrastructure, and a lack of skilled workers in digital marketing management.

3. Challenges faced by MSMEs, such as competition with similar products, rapidly changing consumer trends, and reliance on digital platforms, also require appropriate strategies. Nevertheless, existing opportunities, such as the growth of the tourism industry, collaboration with influencers, and government support, provide significant opportunities for MSMEs to maximize the potential of locally sourced products.
4. Based on a SWOT analysis, strategies that MSMEs in Sungai Penuh City can implement include leveraging unique product strengths to attract broader market opportunities and addressing weaknesses by improving digital skills and existing infrastructure. By capitalizing on existing opportunities and addressing emerging challenges, MSMEs in Sungai Penuh City can increase their competitiveness and business sustainability in this digital era.

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