

## The Use of Social Media as A Means of Marketing by MSMEs In the Era of Digitalization

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### **ABSTRACT**

*In the midst of economic uncertainty and the transition from non-renewable natural resources, Micro, Small and Medium Enterprises (MSMEs) are the backbone of the Indonesian economy. Even though technological developments continue, many MSMEs have not yet utilized it, especially social media as a marketing tool to improve their business performance in the digital era. This research aims to describe the use of social media as a marketing tool for MSMEs in the era of digitalization. The method used is library research, with a focus on the role of social media as a marketing tool for MSMEs. This research discusses the extent to which social media is used as a marketing tool for MSMEs in the digital era to increase sales, as well as the advantages and disadvantages of using social media as a marketing tool. Literature analysis was carried out by collecting data from relevant scientific articles published on Google Scholar between 2019 and 2024. The research results show that the use of social media by MSMEs provides many benefits, including building a stronger brand image and increasing customer loyalty. However, despite much progress, MSMEs still face various challenges in the era of digitalization.*

**Keywords:** *Social Media, Marketing Tools, Digitalization Era*

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### **INTRODUCTION**

Technological advances in the digital era provide many conveniences for human life. Digital technology is developing very quickly, allowing various activities to be completed both from home and office. With digital technology and easy internet access, humans can do many things such as communicating with friends remotely, getting the information they need, and shopping online without having to come directly to the store. Technological developments have also changed the way of interaction in marketing communication, which has contributed to the increased use of social media and the internet in Indonesia, as well as the increasing interest in online shopping (Arfan & Hasan, 2022).

Social media is an internet-based phenomenon designed to facilitate communication, engagement, information sharing, and create virtual communication between friends and family. The importance of social media as a marketing tool continues to grow for MSMEs to build relationships with consumers and increase sales. The use of digital marketing has several advantages, including: it can be accessed at any time without time restrictions, the results can be measured such as the number of site visitors and the number of consumers who make online purchases. However, digital marketing also has weaknesses, such as the potential for abuse by irresponsible parties, easy to imitate by competitors, and reputations that can be negatively affected by negative responses (Hamzah et al., 2021).

Social media that is often used by Micro, Small, and Medium Enterprises (MSMEs) includes WhatsApp, YouTube, Facebook, Instagram, Twitter, Tiktok, and others. Generally, the most commonly used social media by the public are WhatsApp, Instagram, and Facebook because they are easy to use and can be a tool to promote goods or services in doing business (Hamid & Dahlawy Chalil, 2021).

MSMEs (Micro, Small, and Medium Enterprises) according to Law No. 20 of 2008 are trading businesses managed by individuals that refer to productive economic enterprises with the criteria set out in the Law. However, if described with different definitions and perspectives, MSMEs have a broad understanding. For business actors, MSMEs are businesses or businesses run by individuals, households, and small business entities. However, many MSMEs have not fully utilized digital marketing channels to

engage consumers, support sales growth, and ensure business sustainability. Many small businesses have difficulties in using social media and do not have a clear strategy to utilize it (*BOOK OF MSMEs (KRISNA & NURATAMA, 2021)*, n.d.).

This article reviews that the use of social media as a marketing tool by a number of MSMEs is not only used as a marketing medium, but also as a support for business activities, strengthening, and facilitating communication with the public.

## **METHOD**

This research is classified as a type of library research. Literature research is research that collects data by collecting information from various literature. The literature used is not only limited to books, but also includes articles, documents, journals, and newspapers. The literature research method aims to gain a deep understanding of concepts, theories, and methods related to research questions. Data can be obtained via the internet. References used in this study include books and scientific journals that discuss the use of social media as a marketing tool for MSMEs in the digital era. The data analysis method uses descriptive analysis.

## **RESULT AND DISCUSSION**

### **The role of social media for MSMEs**

With today's advancements, every user has access to technology. encouraged to use and improve information technology. This encourages individuals, companies, institutions, and educational institutions of various levels to utilize information technology as a supporting tool in all their operations (Shanti Meyske Karim et al., 2022).

Social media is a platform that facilitates social interaction through web or internet technology, which has the potential to transform communication into interactive dialogue. The role of social media for MSMEs in the digital age is very significant, because it helps them survive in an increasingly competitive market. MSMEs that use social media can expand their market coverage more effectively. Social media helps in increasing effectiveness and efficiency in managing a business. In addition, the use of this platform can also increase customer loyalty and strengthen brand identity for MSMEs (Winarsih et al., 2023).

One of the advantages of social media for MSMEs is expanding market reach. With social media, MSMEs can reach customers around the world more easily and efficiently. This is very important considering that global markets are increasingly open and access to technology is getting easier. Through social media, MSMEs can establish relationships with consumers who generate sales, use tools to promote products or services, and communicate with consumers remotely.

Social media also helps MSMEs increase customer loyalty and build a stronger brand image. With social media, MSMEs can build customer trust through more personal and interactive interactions. In addition, social media allows MSMEs to provide a better shopping experience, including more responsive customer service and faster delivery (Juwita & Handayani, 2022).

### **Utilization of social media use for MSMEs**

Social media is an online platform that makes it easy for users to share, participate, and create content such as blogs and social networks. It is a web-based system that builds a network and allows interaction between users within a community. On social media, users can collaborate, exchange information, and get acquainted in various forms such as writing, visual, and audio-visual. Examples include blogs, Twitter, Facebook, and others (Sugito et al., 2022).

Digital marketing through social media provides a great opportunity for MSMEs to attract new customers and reach existing customers more effectively (Febriyantoro & Arisandi, 2018; Polanska, 2016; Taiminen & Karjaluo, 2015). Marketing is a common challenge faced by MSME actors, and is often a major obstacle in the growth and development of small and micro businesses. Many MSME players face difficulties in competing with larger businesses that have strong marketing networks. However, strategies to overcome this problem include increasing marketing activities and utilizing social media as a more affordable solution to develop businesses (Situmorang et al., 2018; Permadi, 2022).

Marketing through social media is very effective today because the majority of people already use platforms such as Facebook, WhatsApp, and Instagram. Utilizing social media for MSME marketing can increase people's interest in shopping and choosing the desired products without having to leave home. Consumers can know and view products remotely without having to come directly to the store, which makes this process easier, more efficient, and more effective. Therefore, social media is an effective step in the

digital era to introduce and market products (social media for MSME Marketing Development -Darul Rahman et al., n.d.). The use of social media in marketing has changed the way MSMEs interact and communicate two-way between customers and customers. Now, customers can communicate directly with MSMEs through social media, so that this communication pattern can improve the branding of a product. Marketing using social media provides a great opportunity for MSMEs to reach existing customers more efficiently and attract new customers (Permadi, 2022).

Promoting products using social media is one of the most successful strategies today. Communication through social media platforms has become an important part of this process. Social media provides many advantages, including great opportunities to grow a business. Technological advancements have made it possible to use social media extensively to sell products and services, communicate in business, promote products, reduce operational costs, expand markets, and exchange information with suppliers and customers (Pendidikan Nasional et al., 2023)

#### **Advantages and disadvantages of using social media as a digital marketing tool for MSMEs**

The use of social media as a digital marketing tool for MSMEs has several advantages (Suwandi et al., 2023), including:

- a. Measurable results: For example, the number of customers who make online purchases and the number of visitors to the site can be monitored.
- b. Wider coverage: Not limited by geographical restrictions.
- c. 24/7 accessibility: Accessible at any time with no time restrictions.
- d. Increase brand loyalty: Help strengthen relationships with customers.
- e. Ease of promotion: Simplify the process of promoting a product or service.
- f. Lower cost: More economical compared to conventional marketing.

The online environment not only provides opportunities, but also brings challenges and difficulties in marketing through social media (Erwin, 2023). There are five disadvantages that need to be considered in digital marketing social media, namely:

- a. Security, privacy, and security issues
- b. Trademark and copyright issues
- c. Risk of bad reputation due to negative consumer response
- d. Dependence on digital media and technology
- e. Not everyone uses internet/digital technology

#### **Challenges faced by MSME actors in the digital era**

Social media now plays a crucial role in the development of MSMEs. Technological advances provide great opportunities for MSME entrepreneurs to develop their businesses. The role of social media is vital because it helps MSMEs survive in an increasingly competitive market. By utilizing social media, MSMEs can optimize the use of resources, expand market reach, and improve business management efficiency. In addition, social media allows MSMEs to strengthen their brand image and increase customer loyalty. However, despite much progress, MSME entrepreneurs still face various challenges in this digital era (Barus et al., 2023). Here are some of the main challenges faced by MSME entrepreneurs in the era of digitalization:

##### **a. Human Resources Challenges**

Human resources are the main factor in facing business challenges and taking advantage of existing opportunities. One of the challenges for MSMEs is the limitation of digital skills (Rifda Naufalin, 2020). Many MSME employees are not skilled enough in the use of technology and digital applications. Therefore, MSMEs must ensure that they provide the necessary training and skill improvement for employees to be able to work effectively in the digital age. In addition, large companies and tech companies are usually more attractive to talented employees. MSMEs often have difficulty competing in terms of salaries and benefits offered by large companies. Therefore, MSMEs need to provide attractive incentives to retain and attract talented or qualified employees.

##### **b. Infrastructure and Information Systems Challenges**

Infrastructure plays an important role in the success of MSMEs. However, MSMEs often face obstacles related to infrastructure and information systems that affect their performance. At this time, the internet is the main means for MSMEs to reach the global market and expand their business. However, the main obstacle faced by MSMEs is limited internet access, especially in remote areas or developing countries. These limitations can hinder business performance, disrupt communication with customers and business partners, and limit the use of advanced technology.

MSMEs with limited capital may have difficulty obtaining large investments to build stable and reliable digital infrastructure. The cost of purchasing software, hardware, and IT consulting services can be very high for MSMEs. In addition, MSMEs often use a variety of different applications and information systems, which are difficult to integrate. This can disrupt internal coordination and collaboration between departments and employees, and make it difficult to manage data effectively. Finding a business app that fits their needs can also be challenging in a diverse market. Inappropriate information systems can reduce operational efficiency and slow down business performance.

c. Networking Challenges

Networking is a key element that needs to be considered by MSME actors in the digital era. Through networking, they can connect with business partners, customers, and various other related parties, allowing for the expansion of business scope. However, one of the main challenges faced by MSMEs is the difficulty in building their own networks due to limited resources, both in terms of finance and labor.

In addition to facing competition from large companies, MSMEs must show creativity and innovation in building networks to remain relevant. Efficient management of business and community relationships is the key to the success of MSMEs. This includes maintaining good relationships with customers and business partners, as well as building trust in those networks. To overcome the challenges of building networks, MSMEs can take strategic steps, including strengthening data security, improving management and digital skills, and complying with technology and social media regulations. Support from local communities and the government can also be an important resource for the progress of MSMEs.

d. Social and Behavioral Challenges

The use of technology is increasingly vital for MSMEs in expanding their business scope, although it has the potential to pose challenges. It is important for MSMEs not only to rely on technology, but also to maintain the ability to run a business traditionally and develop the necessary offline skills. Social media is the main platform for MSMEs to build networks and market their products, but it can also have a negative impact if not carefully managed on consumer behavior and brand image.

In today's era of digitalization, customers expect MSMEs to respond quickly. They want to get prompt answers and effective solutions when facing problems or looking for information about products. To build trust and retain customers, MSMEs must be able to respond quickly and efficiently. The use of technology and social media also requires clear and fair policies and regulations. MSMEs need to understand and follow regulations related to the use of technology and social media, as well as ensure that they do not violate the law or harm the interests of the community. To overcome these challenges, MSMEs can take strategic steps such as fostering close relationships with consumers, building human resource capabilities in digital technology and building effective digital marketing strategies.

## CONCLUSIONS

The use of social media and digital technology provides various significant benefits for MSMEs, including expanding market reach, improving operational efficiency, and building a stronger brand image. However, MSMEs also face a number of challenges such as limited digital skills, difficulties in building networks, and risks to data privacy and security. Therefore, to be able to compete and survive in the digital era, MSMEs need to develop strategies that include strengthening digital skills, effective network management, and compliance with technology and social media regulations.

Effective Network Management: MSMEs should focus on developing and maintaining a strong network with customers and business associates. This can be done through good communication strategies, participation in local communities, and collaboration with other relevant entities. Ensuring compliance with all regulations and policies related to the use of technology and social media is crucial. MSMEs must continue to update their knowledge of applicable laws and regulations to avoid legal problems and maintain business reputation.

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