



## Digital Communication in Improving Competitiveness of Productive Local MSME Businesses in New Digital Media

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### ABSTRACT

Digitalization has changed the perspective in playing the market, introducing new opportunities, thus providing innovative MSMEs to adapt quickly. Currently, digital communication carried out by MSMEs has a crucial role in competing in the global market. The Ministry of Cooperatives and Small and Medium Enterprises (Kemenkopukm) noted that there were 64.2 million units of micro, small, and medium enterprises (MSMEs) in Indonesia in 2021. The practical implications of this research are the importance of developing digital communication skills and focused marketing strategies. on added value, and adaptation to current technological trends. Involvement in new digital media platforms, such as Facebook, for example, can open up new opportunities in product marketing, reaching a wider market by utilizing the technological features that are already provided. So the result can be to build closer relationships with consumers

## INTRODUCTION

Digital communication strategies have become a mainstay in increasing the competitiveness of MSMEs. New media, such as social media, websites, and e-commerce platforms, have provided a wide network for communicating with customers and building product images. The Ministry of Communication noted that internet users in Indonesia currently reach 63 million people. Of this figure, 95 percent use the Internet to access social networks. Data from the 2019 National Socio-Economic Survey (Susenas). Where online shopping consumption is in the millennial generation. A generation that is interested in online shopping in any sector. So this has become a millennial trend and a challenge for MSMEs in Indonesia.

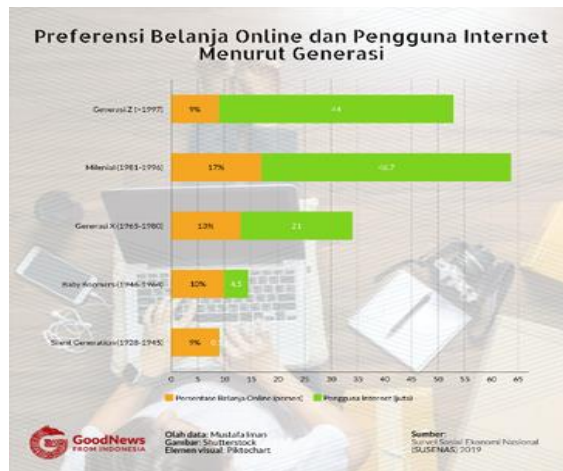


Figure 1. Internet User Data by Generation

The Ministry of Cooperatives and Small and Medium Enterprises (Kemenkopukm) noted that there were 64.2 million units of micro, small, and medium enterprises (MSMEs) in Indonesia in 2021. Micro, Small, and Medium Enterprises (MSMEs) play a central role in the global economy and are increasingly important for the survival of local and national economies. In this era, humans are required to develop their ideas for business. The 64.2 million MSMEs in Indonesia must at least modify their business roles to be competitive with international products. So the role of MSMEs is vital for the Indonesian economy, namely that they have a large contribution to Indonesia of more than 60% or around IDR 8,573 trillion annually. This shows that MSME players in Indonesia have a stable upward trend.

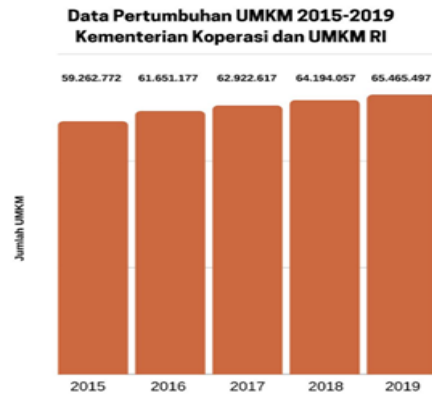


Figure 2. MSME Growth Data 2015 - 2019

### MSME Growth Data 2015 - 2019

The development of technology into new media has changed the way humans communicate and do business. MSMEs that can utilize digital potential can access a wider market, establish closer connections with customers, and increase business sustainability. Technological transformation has brought significant changes in the way businesses interact with markets and consumers. Even in the development of MSME business players, CNBC Indonesia media concluded that President Jokowi is a president who is generous in helping the sustainability of MSMEs. This is nothing more than a form that the government always supports the sustainability of MSMEs, which become business actors capable of driving the social economy. Therefore, the role of MSMEs must have global competitiveness to be able to market their local products so that they can be distributed throughout the region. MSMEs can survive and function as the center of Indonesia's economic progress even though the Indonesian economy is experiencing a contraction to negative. According to the former Managing Director of the World Bank, the Indonesian economy will experience a contraction in the third quarter of minus 2.9% to minus 1.1%. This is lower than the initial projection of minus 2.1% to 0%. Overall, economic growth will be in the range of minus 1.7% to minus 0.6% until the end of the year.

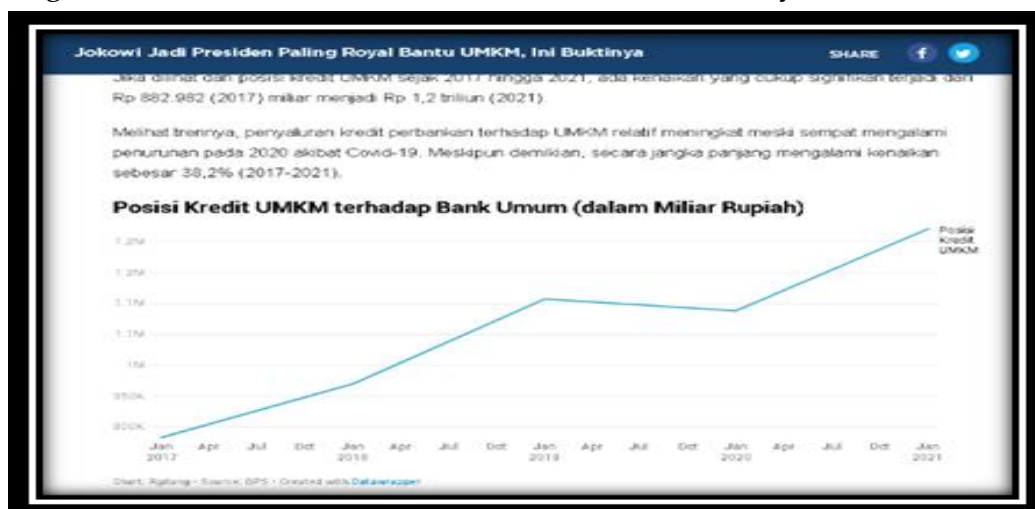


Figure 3. Credit Position to Commercial Banks (In Billions Of Rupiah)

### **Credit Position to Commercial Banks (In Billions of Rupiah)**

64.18 million MSME units, of which around 98.68% are self-employed micro businesses (Bappenas, 2020). Therefore, MSMEs are like the engine of the Indonesian economy which is very influential in increasing economic acceleration and growth and equalizing economic growth in Indonesia. Technology has an important role in the process of economic growth in Indonesia. The influence of technology on social culture is even the opposite. This synergistic relationship is a hereditary legacy of a cultured society through a process of change, innovation, and invention starting from simple tools to sophisticated tools in the modern era. This research aims to explore the role of digital communication in increasing the competitiveness of micro, small, and medium enterprises (MSMEs) on new digital media platforms.

### **LITERATURE REVIEW**

Apart from that, MSMEs also make up 97% of Indonesia's total workforce, or 116 million people as recorded by the website [umkmindonesia.id](http://umkmindonesia.id). Even the growth of MSMEs in Indonesia before the pandemic was quite stable. It has been proven that data from the Indonesian Ministry of Cooperatives and UMKM was recorded in 2020.

### **METHODOLOGY**

This research methodology involves surveys and interviews with MSME owners who actively use digital media for marketing and business communication activities. One of the MSMEs interviewed was the Bebek Rempah Tanah Jawa social media team whose address is in Bogor. This method emphasizes a deep understanding of the environmental phenomena faced by the Bebek Rempah Tanah Jawa social media team in maintaining business competition through social media.

### **RESULTS AND DISCUSSION**

#### **Local MSME Social Media Trends**

Local MSMEs have had quite a high influence on the formation of the local economy. One of the formations of the local economy is the creation of sufficient local employment opportunities. Local MSMEs often use social media as their main marketing tool. Sales activities carried out via platforms such as Instagram, Facebook, and WhatsApp are increasingly popular. To attract customers, using product photos, customer testimonials, and exclusive promotions on social media are successful tactics.

BPS data published by the Bogor district government shows that in 2021, the number of IKM in Bogor Regency will be 1,202 IKM, with an investment of around 4.4 trillion rupiah, and a workforce of 99,413 people. Apart from that, in 2021, there will be 1,779 cooperatives and 20,967 formal MSMEs in Bogor Regency, with each absorbing 47,414 people. According to the curation of the Bogor Regency Culture and Tourism Office, there are more than 170 potential MSMEs based on the creative economy, but only 73 MSMEs are included in the creative economy category. This activity is a creative economic activity, where the creative economy utilizes digital communication technology which it is no

surprise that people use it. Like Bogor residents, selling activities using digital technology are often carried out. There are various platforms that they use, on average what has been done is using the Facebook marketplace and even using new accounts to carry out promotional activities.

The owner of Bebek Rempah Tanah Jawa MSME chose Facebook as a medium to promote his product. Because Facebook is considered to have several sophisticated features. Therefore, Bebek Rempah Tanah Jawa MSMEs are taking advantage of the current sophistication of Facebook. The various advantages of Facebook advertising include its focus on market segmentation; Advertising has segmented and filtered target markets using search and ease-of-use features. With the number of Indonesian people actively using the Facebook application (around 72.7 million). So it will be easier for MSMEs to carry out promotions on Facebook to attract customers.

### **MSME Digital Strategy**

Kotler and Keller stated that purchasing interest is a consumer behavior that arises in response to goods that show their desire to buy something. Meanwhile, Durianto stated that buying interest is the desire to own a product. Consumers will be hypnotized by the quality, qualities, and information contained in certain products. Playing on social media by posting pictures and videos by playing applications such as Canva or Capcut gives an interesting impression in promoting products. Where MSME players don't need to bother learning visual editing which takes a lot of time. The application has attractive and even professional templates for business needs.

The product has its appeal if the seller has creativity in processing digital images. Many applications support the process of creating attractive images, for example, the supporting application, Canva. Canva is a visual communication and collaboration platform application. This makes it easier for workers to add an attractive color touch to a digital image. It's not surprising, according to Antaranews.com, that Canva is used by around 100 million active users every month. This makes Canva one of the best platforms for giving attractive digital images a touch before publishing. Apart from that, MSME players not only have attractive products but also provide short testimonials from buyers or consumers to build public trust in their products. So the strategy of providing digital coupons to attract consumer attention is also an effective step to engage customers. Customers feel appreciated and feel they have a good opportunity through the coupons they have.

Implementing effective communication strategies through digital media can contribute significantly to increasing the competitiveness of MSMEs. Communication that focuses on building a brand image, active interaction with customers, and increasing online presence, has been proven to have a positive impact on the popularity and sales of MSMEs. In addition, involvement in new media digital platforms, such as social media, instant messaging applications, and websites, can open up new opportunities in product marketing, reach wider markets, and build closer relationships with consumers.

### **Engagement with Consumers**

Utilizing comment features, direct messages and online surveys allows MSMEs to interact directly with customers, increasing consumer engagement and satisfaction. So the role of consumers is dependent on the buying and selling process. There are several models for establishing relationships with consumers. Like research by Susi Evanita<sup>1</sup>, Zul Fahmi<sup>2\*</sup>, and Larisya Syawalki which has been published in the *Wima Communication Science* journal. Consumer trust will arise when the product is not only in the form of a photo that should be shown in online buying and selling. However, with an interactive model based on live streaming, the original product can be exhibited in various dimensional or real forms. Once trust is built, consumers will not hesitate to order products they like. So it will have an impact on the online market and e-commerce operators increasingly actively activate live streaming to maintain competitiveness to achieve excellence (Hu & Chaudhry, 2020).

When consumers have decided to choose a product, it means that trust has emerged in action. All of this is the result of a process of providing a product image that is considered to be a true or false reality. Because trust was found to be a factor that influences consumers' decisions to shop online (Rosa et al., 2018). So it can be concluded that the customer's decision to use social media and adopt it as a medium for online shopping via live streaming is a manifestation of the trust that is built in the customer (Iisnawati, I., Nailis, W., & Daud, I, 2022). This is different from the research conducted by Hilarius Bambang Winarko, Ahmad Sihabudin, and Mikhael Dua with the title *Integrated Digital Marketing Communication Strategy for micro, small, and Medium SMEs*. Where the process of receiving digital marketing communications is more influenced by sociopsychological components. The millennial generation most likes to use Instagram, Facebook, and Twitter platforms as alternative social media to get information about MSME products. So the form in which trust is built is not only in the form of products that are visualized live. It turns out that in engaging with consumers, digital communication in Generation Z is not only profitable. However, research from Saint Francis University states that problems caused by a lack of interpersonal communication skills such as open participation even have the impact of conflict on undesirable communication such as miscommunication, misunderstandings, and so on.

### **CONCLUSIONS AND RECOMMENDATIONS**

Digitalization has changed business paradigms, introduced new opportunities, but also challenged MSMEs to adapt quickly. Along with technological developments, MSMEs are expected to be able to utilize digital media as a strategic means to increase their visibility and competitiveness in the market.

Therefore, social media can be used to increase brand awareness of MSME products and services and build their position in a way that is more attractive to Indonesian society as a whole. In attracting consumer trust, MSME players do not only visualize streaming technology. However, it is also able to respond quickly to consumer statements and feedback. So digital communication is

considered effective for reaching customers who cannot use conventional channels.

This research provides insight into how MSMEs can utilize digital media as an effective communication tool to increase their competitiveness. The practical implications of this research include the importance of developing digital communication skills, marketing strategies that focus on added value, and adapting to the latest technological trends. Thus, this research contributes to the practical and theoretical understanding of the role of communication in optimizing the potential of MSMEs in the digital era.

### **FURTHER STUDY**

This research still has limitations, so it is necessary to carry out further research related to the topic of Digital Communication in Improving Competitiveness of Productive Local MSME Businesses in New Digital Media in order to improve this research and add insight to readers

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