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THE BENEFITS OF DIGITAL MARKETING IN DEVELOPING MSME BUSINESSES IN REMOTE AREAS OF NORTH SUMATRA IN 2024

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ABSTRACT

This study explores the advantages of digital marketing for MSMEs in remote areas of North Sumatra Province, particularly in enhancing their competitiveness and expanding market reach. Employing a qualitative approach through literature review and secondary data analysis, the research examines the role of digital marketing in supporting MSME development in 2024. Data is collected from both primary and secondary sources, including interviews with MSME owners, observations of their digital marketing activities, and reports from institutions such as BPS, the Ministry of Cooperatives and SMEs, McKinsey, Google, and major e-commerce platforms like Tokopedia and Shopee. Using a qualitative descriptive analysis, the study identifies key trends, compares findings with previous research, and formulates strategic recommendations. The findings reveal that digital marketing serves as a key driver of MSME growth in remote areas, addressing challenges such as limited market access, resources, and infrastructure. By leveraging e-commerce platforms and social media, MSMEs can expand their market, increase sales, and strengthen brand identity at a lower cost compared to traditional methods. Moreover, digital marketing enhances customer interaction through interactive platforms and targeted strategies, enabling MSMEs to compete more effectively with larger enterprises. However, several obstacles remain, including limited internet access, low digital literacy, financial constraints, and intense competition. To maximize digital marketing's benefits, comprehensive policies and strategic support from various stakeholders are essential. This research provides valuable insights for policymakers and business stakeholders in fostering sustainable MSME growth and promoting inclusive economic development.

Keywords: Digital Marketing, MSME Development

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have a strategic role in the Indonesian economy, including in remote areas of North Sumatra Province. MSMEs are the backbone of the community economy and contribute to job creation and local economic growth. However, MSMEs in remote areas often face significant challenges, such as limited market access, digital infrastructure, and lack of technological literacy. In today's digital era, information and communication technology use is skyrocketing. One solution that can help MSMEs overcome these limitations is digital marketing. Digital marketing includes technology-based marketing strategies like social media, e-commerce, search engine optimization (SEO), and data-based marketing. Through digital marketing, MSMEs in remote areas can reach a broader market, improve marketing efficiency, and strengthen customer relationships.

Although digital marketing offers various benefits, MSMEs in remote areas of North Sumatra still face several challenges in adopting it. One of the main obstacles is limited internet access, as inadequate digital infrastructure hampers the use of online platforms. Additionally, a lack of understanding of digital marketing poses a significant issue, with many MSME players lacking the necessary skills and knowledge to utilize it effectively. Furthermore, limited capital becomes a barrier, as many MSMEs do not have sufficient funds to invest in technology, such as building websites, conducting digital promotions, or running online



advertisements. Beyond these challenges, competition with larger businesses also presents a significant hurdle, as bigger companies have more substantial resources in digital marketing, making it even more difficult for MSMEs to survive and grow in an increasingly competitive market.

This research aims to explore the advantages of digital marketing for MSMEs in remote areas of North Sumatra Province, particularly in enhancing their competitiveness and expanding their market reach. Additionally, it seeks to identify the challenges faced by MSMEs in adopting digital marketing and propose applicable solutions to overcome these obstacles. Furthermore, this study evaluates the most effective digital marketing strategies that can enable MSMEs in remote areas to compete in the digital landscape. Based on these findings, recommendations will be provided for MSME players, the government, and relevant stakeholders to promote the adoption of digital marketing in fostering the growth of MSMEs in these regions. Ultimately, this research aspires to help MSMEs in remote areas implement the most suitable solutions and strategies, allowing them to become more competitive, grow sustainably, and contribute significantly to the regional economy.

THEORETICAL FRAMEWORK

Digital Marketing Concept

Digital marketing is a strategy that leverages digital technology and the internet to promote products or services to customers. Kotler & Keller (2021) define digital marketing as encompassing various techniques, including social media marketing, digital advertising (such as Google Ads and Facebook Ads), email marketing, search engine optimization (SEO), and e-commerce. Several key elements form the foundation of digital marketing. First, Search Engine Optimization (SEO) enhances a website's ranking on Google search results, making it easier for customers to find. Second, social media platforms like Facebook, Instagram, and TikTok serve as channels for businesses to engage with customers and build brand awareness. Third, e-commerce facilitates product sales through online marketplaces such as Tokopedia and Shopee or via personal websites. Fourth, content marketing involves creating high-quality articles, videos, and infographics to attract and retain customers. Finally, digital advertising enables businesses to reach a broader audience through paid promotions on digital platforms. Compared to traditional marketing methods, such as television and print advertisements, digital marketing allows businesses to reach a wider customer base at a more efficient cost, making it an essential tool for modern business growth.

MSME Concept

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in driving Indonesia's economy. As defined in Law No. 20/2008 on MSMEs, these businesses are categorized based on their assets and annual turnover. Micro enterprises have a maximum asset value of IDR 50 million and an annual turnover of up to IDR 300 million. Small enterprises possess assets ranging from IDR 50 million to IDR 500 million, with an annual turnover between IDR 300 million and IDR 2.5 billion. Meanwhile, medium-sized enterprises hold assets valued between IDR 500 million and IDR 10 billion, generating an annual turnover of IDR 2.5 billion to IDR 50 billion. In remote areas of North Sumatra, MSMEs primarily operate in sectors such as agriculture, handicrafts, culinary businesses, and tourism. However, despite their potential, they encounter several challenges, including difficulties in expanding their market beyond the region, intense competition with larger businesses, and limited access to digital technology for marketing and business development. Addressing these challenges is essential for ensuring the sustainable growth of MSMEs in these areas.

Relationship Between Digital Marketing and MSMEs

Digital marketing and MSMEs are closely interconnected in today's digital era, providing significant opportunities for business growth. One of the primary advantages of digital marketing is its ability to overcome local market limitations, allowing MSMEs to reach



customers beyond their immediate region and even expand internationally through e-commerce platforms and social media. Additionally, digital marketing offers cost-effective and impactful promotional strategies, as it is generally more affordable than traditional methods like brochures and TV advertisements while delivering a broader reach. Another key benefit is enhanced customer interaction, where MSMEs can engage directly with their target audience via social media, fostering brand loyalty and gaining insights into consumer preferences. Moreover, digital marketing enables MSMEs to compete with larger businesses by leveraging data analytics, optimizing promotional efforts, and adapting products to meet market demand effectively. For MSMEs in remote areas of North Sumatra, digital marketing serves as a vital tool for increasing sales, expanding market presence, and sustaining competitiveness in an increasingly challenging business landscape. However, barriers such as low digital literacy and inadequate internet infrastructure remain significant hurdles. Addressing these challenges requires comprehensive training programs and support from the government and relevant stakeholders to ensure that MSMEs can fully harness the benefits of digital marketing.

METHOD

This study adopts a qualitative approach using literature study and secondary data analysis to thoroughly examine how digital marketing supports the development of MSMEs in remote areas of North Sumatra Province in 2024. This method allows for an in-depth understanding of the benefits, challenges, and strategies related to digital marketing adoption by MSMEs. The research involves several key methods, including reviewing previous studies, academic journals, and government policies on digital marketing and MSME growth. Additionally, secondary data from institutions such as the Central Statistics Agency (BPS) and the Ministry of Cooperatives and SMEs, as well as reports from technology and e-commerce companies, are analyzed to provide relevant insights. Furthermore, case studies of successful MSMEs in North Sumatra are examined to identify effective digital marketing strategies that can be replicated.

The data used in this study is derived from both primary and secondary sources. Primary data is collected through interviews with MSME owners who have implemented digital marketing and direct observations of their digital marketing activities. Meanwhile, secondary data includes academic journals, industry reports from McKinsey and Google, as well as official statistics from BPS, the Ministry of Cooperatives and SMEs, and e-commerce reports from platforms such as Tokopedia and Shopee. Additionally, news articles and government publications discussing MSME digitalization policies in remote areas are reviewed to gain further context.

The collected data is analyzed using a qualitative descriptive method through several stages. First, data is collected and classified to identify relevant information on the impact of digital marketing on MSMEs. Next, trends and patterns in digital marketing strategies are examined based on case studies and industry reports. The findings are then compared with previous research to validate their accuracy and alignment with current industry trends. Finally, conclusions and recommendations are formulated, highlighting the benefits of digital marketing for MSMEs and proposing strategies to enhance its effectiveness. Through this research, MSMEs in remote areas of North Sumatra are expected to gain valuable insights into the best digital marketing strategies, enabling them to expand their market reach, increase competitiveness, and ensure sustainable business growth.

RESULTS AND DISCUSSION

Benefits of Digital Marketing for MSMEs in Remote Areas of North Sumatra

Digital marketing offers numerous advantages for MSMEs in remote areas, particularly in overcoming market access limitations and infrastructure constraints. One of the primary benefits is the expansion of market reach, allowing MSMEs to sell their products beyond local boundaries, even at national and international levels, through e-commerce platforms like



Tokopedia and Shopee. Additionally, social media platforms such as Instagram, Facebook, and TikTok enable MSMEs to connect with potential customers without requiring a physical storefront, making business operations more accessible and scalable.

Another significant benefit is cost efficiency in marketing. Compared to traditional advertising methods, such as print media and television commercials, digital marketing offers a more affordable and impactful alternative. Platforms like Google Ads and Facebook Ads allow MSMEs to control their advertising budget, ensuring cost-effectiveness while maximizing audience reach. Moreover, digital marketing fosters greater customer interaction, as tools like WhatsApp Business, social media engagement, and online reviews enhance communication between MSMEs and consumers. This direct interaction improves customer satisfaction and brand credibility, as ratings and reviews on e-commerce marketplaces help establish trust.

Furthermore, digital marketing enables data-driven decision-making, allowing MSMEs to analyze customer preferences and adjust their strategies accordingly. Tools such as Google Analytics and Meta Business Suite assist in optimizing marketing efforts based on real-time insights, ensuring targeted promotions and increased conversion rates. Lastly, digital marketing enhances MSME competitiveness against larger businesses by providing access to the same marketing technologies and strategies. Collaborating with influencers and micro-influencers further helps MSMEs gain customer trust at a lower cost, leveling the playing field in the digital economy. Through the strategic use of digital marketing, MSMEs in remote areas of North Sumatra can increase sales, strengthen their market position, and achieve sustainable business growth despite geographical challenges.

Challenges of Digital Marketing Implementation in Remote Areas

Although digital marketing provides significant benefits for MSMEs in remote areas of North Sumatra, its implementation still faces various challenges. One of the primary obstacles is limited internet access, as many areas still suffer from inadequate infrastructure. Slow and expensive connections make it difficult for MSMEs to manage online stores, run digital advertisements, and engage with customers effectively. This connectivity issue significantly hampers the growth of digital marketing initiatives.

Another major challenge is the lack of digital literacy among MSME owners. Many businesses still rely on conventional marketing and are hesitant to adopt digital strategies due to limited knowledge and skills in using online platforms. Without proper training and awareness, the potential of digital marketing remains underutilized. Additionally, financial and resource constraints pose a significant hurdle, as some MSMEs lack the capital to invest in website development, digital advertising, and specialized training. Limited access to tech-savvy employees further complicates their ability to manage and optimize digital marketing efforts.

Intense competition also presents a considerable challenge, as MSMEs not only compete with fellow small businesses but also with larger companies that have more substantial marketing budgets and sophisticated digital strategies. The increasing number of online businesses further escalates market saturation, making it difficult for MSMEs to stand out. Additionally, security and consumer trust remain pressing concerns, as many customers are still hesitant to transact online due to fears of fraud, data breaches, or product quality issues. To overcome this, MSMEs must focus on building credibility through customer reviews, transparent transactions, and effective communication with their target audience.

Overcoming these challenges requires collaborative efforts from the government, private sector, and digital platforms to improve internet infrastructure, provide training, and offer financial support. By addressing these obstacles, MSMEs in remote areas can fully leverage digital marketing to expand their business and compete in the modern economy.

Effective Digital Marketing Strategies for MSMEs in Remote Areas

To address the challenges faced by MSMEs in remote areas of North Sumatra, implementing effective digital marketing strategies is essential for business growth and



sustainability. One of the most impactful strategies is optimizing social media platforms such as Instagram, Facebook, and TikTok by creating business accounts to expand market reach. Utilizing features like Instagram Shopping and Facebook Marketplace allows MSMEs to sell products directly, increasing their accessibility to potential customers.

In addition, leveraging e-commerce platforms such as Tokopedia and Shopee helps MSMEs enhance their product visibility. To attract buyers, businesses must focus on optimizing product descriptions, uploading high-quality photos, and setting competitive pricing strategies. Another crucial aspect is implementing SEO (Search Engine Optimization) for MSMEs with websites, ensuring their products appear in Google search results. By using relevant keywords and high-quality content, businesses can drive more traffic to their websites and increase sales conversions.

Affordable digital advertising is another effective method, as MSMEs can utilize Facebook Ads and Google Ads with small but well-targeted budgets. Implementing retargeting strategies helps bring back potential customers who previously viewed a product but did not make a purchase. Additionally, collaborating with influencers or micro-influencers can significantly boost brand awareness and customer trust. By working with local influencers, MSMEs can tap into community-based marketing trends, building a closer connection with their target audience.

Providing responsive customer service is equally important in maintaining customer satisfaction. Utilizing WhatsApp Business enables MSMEs to communicate efficiently and professionally, while live chat features on social media or websites enhance the overall customer experience. To further strengthen digital capabilities, MSMEs should actively participate in digital marketing training programs offered by Google, Meta, and the Ministry of Cooperatives and SMEs. These programs help improve digital literacy and equip MSMEs with the necessary skills to navigate online marketing successfully.

Lastly, building consumer trust is a fundamental aspect of digital marketing success. MSMEs can achieve this by displaying customer testimonials, product ratings, and implementing return or warranty policies to ensure a secure online shopping experience. By adopting these strategies, MSMEs in remote areas can enhance their online presence, attract more customers, and compete more effectively in the digital economy.

Digital marketing provides a great opportunity for MSMEs in remote areas of North Sumatra to grow and reach a broader market. However, implementing digital marketing still faces challenges such as internet limitations, lack of digital literacy, and fierce competition. To overcome these challenges, MSMEs must adopt the right digital marketing strategy, from utilizing social media, marketplaces, and SEO to collaborating with influencers. In addition, support from the government and digital training for MSME players are also important factors in increasing MSME competitiveness in the digital era.

Case Study

Here are some examples of MSMEs that have successfully implemented digital marketing strategies, helping us understand how digital marketing can contribute to the development of MSMEs in remote areas of North Sumatra.

Case Study 1: MSME Black Bean Coffee

Location: Berastagi, Karo Regency

Products: Local Arabica coffee from Tanah Karo

Digital Platforms Used: Instagram, Facebook, Tokopedia, YouTube



Figure 1. Black Bean Coffee Products

A case study on Black Bean Coffee, a local MSME in Berastagi, Karo Regency, illustrates how digital marketing strategies can significantly contribute to the development of MSMEs in remote areas of North Sumatra. Specializing in local Arabica coffee from Tanah Karo, Black Bean Coffee has successfully leveraged various digital platforms, including Instagram, Facebook, Tokopedia, and YouTube, to expand its market reach. The business effectively utilizes social media by sharing engaging photos and videos about the coffee-making process, customer testimonials, and the uniqueness of Karo coffee. Additionally, Instagram Live sessions are used to interact with customers and introduce new coffee variants. To further enhance accessibility, the business lists its products on Tokopedia, making it easier for customers from different regions to purchase. Incentives such as free shipping and discounts are offered to attract more buyers. Moreover, influencer-based marketing plays a crucial role in increasing product visibility. By collaborating with local food vloggers and micro-influencers in Medan, Black Bean Coffee receives positive reviews, strengthening potential customers' trust. The business also implements SEO optimization by using targeted keywords like "Original Arabica Coffee" and "North Sumatra Arabica Coffee" to improve search engine rankings. Additionally, Instagram Ads are employed to reach coffee enthusiasts across North Sumatra. As a result of these strategies, Black Bean Coffee has experienced a 200% increase in sales over the past year, successfully expanding its customer base beyond North Sumatra to Jakarta and West Java. Furthermore, customer engagement on social media has improved, with more positive testimonials and recommendations, reinforcing the brand's credibility and market presence.

Case Study 2: Ulos Sianipar Gallery

Location: Medan, North Sumatra

Products: Traditional Batak ulos and songket

Digital Platforms Used: Instagram, Facebook, WhatsApp Business, Website



Figure 2. Ulos Sianipar Gallery Products



Ulos Sianipar Gallery has effectively implemented various digital marketing strategies to promote Batak ulos and expand its market reach. Through social media platforms like Instagram and Facebook, the gallery shares educational content about the history and uniqueness of Batak ulos, while short videos on TikTok highlight the traditional weaving process to attract customer interest. WhatsApp Business plays a crucial role in facilitating direct sales by providing a product catalog, allowing customers to browse the collection before purchasing. Additionally, the auto-reply and broadcast message features ensure quick responses to inquiries and enable the distribution of exclusive promotions. The gallery also collaborates with virtual communities and events, organizing online workshops with ulos enthusiasts in North Sumatra to educate people on how to wear and care for Batak ulos. Participation in online bazaars hosted by the government and marketplaces further enhances its digital presence. Moreover, local fashion influencers contribute to brand awareness by promoting ulos as a symbol of cultural identity that can be integrated into modern fashion. To encourage customer engagement, the gallery offers special discounts to those who share photos of themselves wearing ulos on social media, showcasing its versatility beyond traditional ceremonies and into the realms of fashion, decoration, and tourism.

The implementation of digital marketing strategies has significantly benefited Ulos Sianipar Gallery, leading to a 150% increase in sales over the past year since actively utilizing social media and WhatsApp Business. The brand's reach has expanded beyond North Sumatra, attracting customers from major cities like Jakarta. Additionally, creative digital promotions that align with modern fashion trends have successfully encouraged more young people to embrace ulos as part of their daily wear.

From the two case studies, it can be concluded that digital marketing plays a crucial role in helping MSMEs in remote areas of North Sumatra expand their market reach and grow their businesses. Several strategies have proven effective, including leveraging social media platforms such as Instagram, Facebook, and TikTok for promotion and customer engagement. Utilizing marketplaces and e-commerce platforms enables MSMEs to reach a wider audience without the need for a physical store. Implementing SEO techniques and digital advertising enhances product visibility on search engines and social media, making it easier for potential customers to discover their offerings. Collaborations with influencers and virtual communities help build trust and increase product appeal, while educational websites and blogs provide valuable information that boosts brand credibility.

The success of these MSMEs demonstrates that, even in remote areas, digital marketing can serve as a powerful tool for increasing sales, strengthening brand presence, and competing in a broader market. With the right strategies, MSMEs in such regions can experience significant growth and make meaningful contributions to the regional economy.

CONCLUSION

Digital marketing plays a crucial role in the development of MSMEs in remote areas of North Sumatra Province. Given the challenges of limited market access, resources, and physical infrastructure, digital marketing serves as an effective solution for expanding customer reach, increasing sales, and strengthening brand presence. Through e-commerce platforms and social media, MSMEs can extend their market both nationally and internationally, while also benefiting from lower marketing costs compared to traditional methods. Additionally, digital marketing enhances customer engagement through social media interactions and messaging applications like WhatsApp Business. By leveraging customer data, businesses can implement more targeted and efficient marketing strategies, increasing their competitiveness against larger enterprises through creative and innovative approaches. With proper strategies, continuous adaptation, and support from various stakeholders, digital marketing has the potential to drive more inclusive and equitable economic growth in Indonesia. However, MSMEs in remote areas still face several challenges, including limited internet access, low digital literacy, financial constraints, and competition with larger businesses. To maximize the benefits of digital marketing, appropriate policies and



strategies must be implemented to help MSMEs in these regions optimize their digital presence and business growth.

Enhancing the effectiveness of digital marketing implementation for MSMEs in remote areas of North Sumatra requires collaboration between the government, MSME players, and the private sector. Several policy recommendations and strategies can be adopted to achieve this goal. First, improving digital infrastructure is crucial, as the government must accelerate internet development and increase access to 4G or 5G networks, while also offering subsidies to help MSMEs utilize digital platforms effectively. Second, digital marketing training and mentorship programs should be conducted regularly by the government, universities, and technology companies like Google, Meta, and Shopee. These programs should include a digital literacy curriculum covering product photography, copywriting, SEO, and digital advertising management. Third, facilitating access to capital and incentives for digital MSMEs is essential. The government can provide financial support and digital advertising subsidies, while banks and fintech companies should simplify loan requirements for MSMEs in remote areas. Grant or incentive programs can further encourage small businesses to adopt digital strategies. Fourth, fostering collaboration with e-commerce platforms and digital startups can enhance marketing, distribution, and payment services. Partnerships with marketplaces like Tokopedia and Shopee, along with the establishment of digital MSME communities, can help businesses share experiences and best practices. Lastly, strengthening local-based branding and marketing is vital for differentiating MSME products. Businesses should emphasize the uniqueness of local products, while the government can assist with certification, brand development, and market expansion. Additionally, collaborations with local influencers and digital communities can enhance product appeal and reach a broader audience. By implementing these strategies, MSMEs in remote areas can maximize digital marketing opportunities, improve competitiveness, and contribute to regional economic growth.

If these recommendations are effectively implemented, MSMEs in remote areas of North Sumatra can enhance their competitiveness in the digital era, generate new employment opportunities, and make a greater contribution to the regional economy. The broader implications include the accelerated growth of MSMEs through increased adoption of digital marketing, helping to bridge the gap between businesses in major cities and those in remote regions. Additionally, improvements in infrastructure, digital education, and access to capital will foster a more inclusive digital business ecosystem, allowing small businesses in North Sumatra to thrive. Furthermore, MSMEs that successfully implement digital marketing strategies can serve as role models for others, inspiring more small enterprises to embrace digital transformation and expand their market reach.

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