

Analyzing MSME Growth Strategy Through Digital Marketing Approach

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Abstract

Purpose: This study aims to analyze the business development strategy of Panca Konveksi, a Micro, Small, and Medium Enterprise (MSME) in Palembang, Indonesia, by implementing digital marketing strategies to enhance competitiveness and sustainability.

Methodology/approach: A qualitative descriptive method was employed at Panca Konveksi, focusing on production, human resources, finance, and marketing. Data were collected through observation, semi-structured interviews with the owner and employees, and documentation of business activities. Secondary data were obtained from academic journals, reports, and credible online sources. SWOT (Strengths, Weaknesses, Opportunities, Threats) and Business Model Canvas (BMC) frameworks were applied to analyze internal and external factors, while Instagram and Shopee were examined as digital marketing tools.

Results/findings: The study found that Panca Konveksi demonstrates strong product quality, skilled labor, and loyal customers but faces limitations in production capacity, informal financial management, and unstructured marketing. Integrating digital marketing via Instagram and Shopee improves brand visibility, customer engagement, and market reach. Recommended strategies include structured social media management, optimized e-commerce presence, financial literacy enhancement, and human resource development.

Conclusions: Aligning digital marketing with core business capabilities significantly strengthens MSME competitiveness and long-term growth.

Limitations: This research is limited to a single-case qualitative study, restricting generalizability.

Contribution: The findings provide practical insights for MSME owners, policymakers, and business incubators to support digital transformation, enhance entrepreneurship, and improve competitiveness in the apparel and creative sector.

Keywords: MSMEs, digital marketing, SWOT, Business Model Canvas, business development

1. Introduction

National development is a continuous effort to improve the quality of human life by leveraging science and technology. One of the main focuses of the Indonesian government in achieving sustainable development is fostering economic growth, as it is directly linked to national income and social welfare. The active participation of society, particularly through Micro, Small, and Medium Enterprises (MSMEs), plays a central role in driving the national economy (Surbakti & Nurhasanah, 2023). MSMEs represent the backbone of Indonesia's economy, contributing significantly to the national Gross Domestic Product (GDP) and employment. According to the Indonesian Chamber of Commerce and Industry (KADIN, 2023), MSMEs account for approximately 99% of all business entities, involving around 66 million enterprises. Their contribution reaches 61% of GDP, equivalent to IDR 9,580 trillion, and absorbs about 117 million workers or 97% of total employment. These figures highlight the crucial role of MSMEs in strengthening Indonesia's economic structure and resilience.

The digital transformation era presents new opportunities for MSMEs to enhance competitiveness through the integration of information and communication technologies. The Ministry of Cooperatives and SMEs reports that the number of MSMEs adopting digital ecosystems continues to increase significantly,

demonstrating that digitalization—particularly in marketing—has become a necessity rather than an option (Aliyah, 2022). Digital marketing plays a pivotal role in expanding market reach, improving sales performance, and increasing profitability (Fadhila & Tami, 2021). Through social media and e-commerce platforms, MSMEs can enhance customer engagement, brand visibility, and operational efficiency (Hikmah & Rikko, 2023). Among various digital marketing platforms, Instagram and Shopee are the most influential in Indonesia. Instagram, with its interactive features such as Stories, Reels, and Feed, has become an effective medium for brand promotion and online sales. According to *We Are Social* (2025), Instagram is the second most used social media platform in Indonesia, utilized by 84.6% of internet users aged 16 and above. Similarly, Shopee, as one of the leading e-commerce marketplaces, recorded approximately 160.1 million visits in March 2025 (Databoks, 2025), demonstrating its dominance in Indonesia's online retail landscape. These platforms enable MSMEs to reach a wider audience without geographical constraints while reducing marketing costs and improving brand exposure.

One of the promising MSME sectors benefiting from digitalization is the garment and apparel industry. Panca Konveksi Palembang, established in 2016 by Mr. Eko Panca Gustiono, is a local garment manufacturer specializing in uniforms, shirts, hoodies, jackets, and other custom-made clothing products. Located in Palembang, South Sumatra, Panca Konveksi currently employs 21 workers and has demonstrated consistent growth. Sales data show a positive trend, increasing from 16,663 pieces in 2022 to 26,437 pieces in 2024 (Panca Konveksi, 2025). Despite this growth, the company faces intense market competition, which requires strategic adaptation in both production quality and marketing innovation. Implementing digital marketing strategies through Instagram and Shopee is considered an effective approach to strengthening brand image, expanding market penetration, and improving long-term business sustainability.

Therefore, this study aims to analyze business development strategies for Panca Konveksi Palembang through the design and implementation of digital marketing, using SWOT (Strengths, Weaknesses, Opportunities, Threats) and Business Model Canvas (BMC) frameworks. The outcomes are expected to provide strategic recommendations for enhancing MSME competitiveness and guiding the digital transformation process in the apparel manufacturing sector.

2. Literature Review and Hypothesis Development

2.1. Entrepreneurship in Micro, Small, and Medium Enterprises (MSMEs)

Entrepreneurship is widely recognized as a driving force for innovation, competitiveness, and sustainable economic growth. Within the context of Micro, Small, and Medium Enterprises (MSMEs), entrepreneurship reflects the ability of business owners to identify opportunities, mobilize resources, and implement innovative practices to achieve long-term viability (Ramadhan et al., 2024). According to Darwis et al. (2021), entrepreneurial competence in MSMEs is manifested through creativity, independence, and the ability to adapt to market changes. Effective entrepreneurship requires a holistic approach across key operational dimensions: production, finance, human resources, and marketing (Yuliana & Rahman, 2023). These four dimensions form the foundation for organizational resilience and competitive advantage. In the context of Panca Konveksi Palembang, entrepreneurial orientation is evident through efforts to improve production efficiency, ensure product quality, maintain sound financial management, and adopt innovative marketing strategies to enhance competitiveness in a dynamic marketplace.

2.2. Digital Marketing and Business Development Strategy in MSMEs

Digital marketing has transformed the traditional marketing landscape by enabling businesses to reach and interact with customers more effectively through digital platforms (Kotler & Keller, 2022). For MSMEs, adopting digital marketing tools is not merely an option but a strategic necessity for survival in an increasingly digital economy (Fadhila & Tami, 2021). Research by Hikmah and Rikko (2023) highlights that digital platforms, such as Instagram and Shopee, play a crucial role in enhancing MSME performance through increased visibility, customer engagement, and sales growth. Instagram provides visual-based content marketing that helps strengthen brand image, while Shopee facilitates online transactions and

marketplace expansion. Aliyah (2022) further emphasized that the integration of digital platforms supports MSMEs in optimizing market access, reducing operational costs, and improving business agility.

For Panca Konveksi Palembang, digital marketing serves as a key strategy to expand market reach and sustain growth in the apparel industry. By combining Instagram's promotional features with Shopee's e-commerce infrastructure, the enterprise can develop an integrated digital marketing system that enhances competitiveness and supports long-term business sustainability.

2.3. SWOT and Business Model Canvas (BMC) for Strategic Development

Strategic management tools such as SWOT (Strengths, Weaknesses, Opportunities, and Threats) and the Business Model Canvas (BMC) provide valuable frameworks for analyzing and designing business development strategies. According to David and David (2020), SWOT analysis enables enterprises to assess internal capabilities and external challenges systematically, forming the foundation for strategic decision-making. Meanwhile, Osterwalder and Pigneur (2010) introduced the BMC as a comprehensive tool that illustrates the interrelationships among nine core business components, including customer segments, value propositions, key resources, revenue streams, and cost structures. The combination of SWOT and BMC allows MSMEs to align internal strengths with market opportunities while mitigating risks associated with weaknesses and threats. Surbakti and Nurhasanah (2023) emphasize that integrating SWOT and BMC enhances the ability of MSMEs to formulate sustainable strategies, particularly in adapting to digital transformation. For Panca Konveksi Palembang, applying these tools provides a structured approach to identify strategic priorities, assess digital readiness, and develop adaptive strategies for future business development.

2.4. Conceptual Framework

This study integrates three major theoretical perspectives to guide the analysis of MSME business development:

1. Entrepreneurial Aspects encompassing production, finance, human resources, and marketing capabilities as internal factors driving enterprise performance.
2. Digital Marketing Strategy involving the use of Instagram and Shopee as digital tools to enhance visibility, engagement, and competitiveness.
3. Strategic Analysis Tools (SWOT and BMC) serving as frameworks for identifying, evaluating, and designing sustainable business strategies.

The conceptual framework suggests that entrepreneurial orientation and digital marketing integration, when examined through SWOT and BMC perspectives, provide an in-depth understanding of how MSMEs can strengthen their competitive position and ensure business sustainability in the digital era. This integrative framework will guide the qualitative exploration of Panca Konveksi Palembang as a representative case of digital-based MSME development in Indonesia.

3. Methodology

This study employed a qualitative descriptive approach to explore the business development strategy of Panca Konveksi MSME in Palembang, with a specific focus on designing an effective digital marketing strategy through Instagram and Shopee Marketplace. The qualitative method was selected to provide an in-depth understanding of the enterprise's internal dynamics and external environment, particularly across four key aspects: production, human resources, finance, and marketing. The research was conducted at Panca Konveksi Palembang, located on Jl. Letnan Murod, 20 Ilir D. IV, Ilir Timur I District, Palembang City, South Sumatra, Indonesia. The study scope was limited to analyzing current business operations and developing appropriate digital-based marketing strategies to enhance competitiveness and market penetration.

Data collection relied on both primary and secondary sources. Primary data were obtained through direct observation, semi-structured interviews with the owner, Mr. Eko Panca Gustiono, and selected employees, as well as documentation of production activities and marketing materials. Secondary data were gathered from published reports, relevant academic journals, books, and credible online resources related to MSME development and digital marketing strategy. Four main techniques were applied in the data collection process: literature review, observation, interview, and documentation. The literature review established a theoretical foundation for understanding business strategy and digital marketing in the MSME context. Observations provided real-time insights into production and marketing practices, while interviews allowed for the exploration of managerial perspectives, challenges, and strategic opportunities. Documentation served as supporting evidence to strengthen data triangulation.

Data analysis was conducted using a qualitative descriptive analysis technique, supported by SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) and the Business Model Canvas (BMC) framework. The SWOT framework was employed to identify the company's internal capabilities and external challenges, while the BMC approach offered a structured assessment of the firm's business model, encompassing customer segments, value propositions, marketing channels, and revenue streams. To ensure the credibility, reliability, and validity of the findings, data triangulation and member checking were implemented. Triangulation was achieved by cross-verifying data from multiple sources, and member checking involved confirming interpretations with key participants.

Overall, this methodological design enabled a comprehensive exploration of business conditions, strategic analysis, and digital marketing initiatives. The findings are expected to contribute to a deeper understanding of MSME development in the digital era and provide practical implications for strengthening marketing performance among small enterprises in Indonesia.

4. Result and Discussion

4.1. Overview of Panca Konveksi MSME

Panca Konveksi, a micro, small, and medium enterprise (MSME) located in Palembang, South Sumatra, specializes in the production of uniforms, T-shirts, jackets, and customized apparel. Established in 2016, this enterprise represents a typical Indonesian MSME characterized by family-based management, labor-intensive production processes, and a strong reliance on word-of-mouth marketing. Despite steady growth in annual sales from 16,663 units in 2022 to 26,437 units in 2024 the business faces significant challenges related to operational scalability and digital transformation. This section analyzes the enterprise's internal conditions and strategic positioning using entrepreneurial aspects, SWOT, and Business Model Canvas (BMC) frameworks, with a focus on how digital marketing transformation can drive business growth and competitiveness.

4.2. Entrepreneurial Aspects Analysis

4.2.1. Production Aspect

The production process at Panca Konveksi remains predominantly manual, relying heavily on human labor and basic machinery. While this ensures craftsmanship and product quality, it also limits production capacity and responsiveness to large or urgent orders. The owner's plan to adopt semi-automatic sewing tools aligns with Assauri's (2016) theory of production efficiency, which emphasizes the importance of technological adaptation to increase output without compromising quality. Additionally, the lack of standardized production planning systems leads to inefficiencies and inconsistencies in meeting customer demands. This finding resonates with Setiasih (2023), who noted that process standardization and workflow digitization are key determinants of productivity in small-scale garment industries.

4.2.2. Financial Aspect

Financial management remains informal, with manual bookkeeping and limited financial analysis tools. The absence of digital accounting systems hinders accurate tracking of revenues, costs, and profits. This condition supports Cerniati (2023), who highlighted that many MSMEs in Indonesia operate without structured financial records, leading to poor cash flow management and difficulty accessing credit.

When applying simplified Net Present Value (NPV) and Internal Rate of Return (IRR) methods, it is evident that Panca Konveksi's reinvestment potential remains constrained by limited capital turnover. Hence, the introduction of financial literacy and simple accounting applications (such as BukuKas or QuickBooks) is recommended to improve transparency and decision-making.

4.2.3. Human Resource Aspect

Panca Konveksi employs 21 workers, mostly family members and semi-skilled laborers. There is no formal human resource development (HRD) structure, and employee training is conducted on an ad-hoc basis. According to Fahmi (2014) and Fitri et al. (2025), human capital plays a pivotal role in sustaining MSME performance by increasing efficiency and innovation capacity. The absence of structured training limits worker adaptability to new technologies, particularly digital marketing tools. Thus, upskilling initiatives are necessary to improve production efficiency and customer responsiveness.

4.2.4. Marketing Aspect

Marketing activities are primarily traditional, focusing on repeat orders and referrals. The enterprise lacks a digital presence, which restricts market reach. However, the owner's recent initiative to explore Instagram and Shopee as marketing channels signals a positive transition. Consistent with Hikmah & Rikko (2023), digital marketing especially social media and marketplace engagement can significantly enhance customer interaction and brand awareness. The adoption of these tools is essential for maintaining competitiveness in a rapidly digitalizing market.

4.3. SWOT Analysis

The SWOT analysis provides a comprehensive understanding of Panca Konveksi's internal and external strategic environment.

Table 1 SWOT Analysis

Internal Factors	External Factors
Strengths (S): Product quality, competitive pricing, loyal customers, skilled tailors, flexibility in customization.	Opportunities (O): Growing digital marketplace, increasing consumer demand for personalized clothing, accessible online advertising tools.
Weaknesses (W): Limited production capacity, lack of marketing expertise, manual financial system, dependence on local orders.	Threats (T): High competition from mass producers, shifting fashion trends, and volatile material prices.

Sources: data processed by the researcher (2025)

Based on the SWOT matrix, this study formulates four strategic alternatives to support sustainable business growth for MSMEs. The SO strategy focuses on leveraging product quality and production flexibility to penetrate digital markets through platforms such as Instagram and Shopee, enabling broader market reach and stronger brand engagement. The ST strategy emphasizes utilizing the company's brand reputation and customer trust to maintain loyalty and competitiveness amid increasing external competition. The WO strategy involves implementing digital marketing training programs and adopting financial management tools to minimize internal weaknesses, particularly in digital capability and financial control. Finally, the WT strategy highlights the importance of developing risk mitigation plans to address potential supply chain disruptions and market demand volatility. These strategic alternatives align with Rangkuti's (2016) strategic framework, which underscores the integration of internal strengths with external opportunities as a foundation for achieving sustainable development and competitive advantage within MSMEs.

4.4. Business Model Canvas (BMC) Analysis

Using Osterwalder and Pigneur's (2010) Business Model Canvas (BMC) framework, this study reconfigures Panca Konveksi's business model to align with the ongoing digital transformation of micro, small, and medium enterprises (MSMEs). The analysis identifies the company's value proposition as providing custom-made, high-quality apparel at affordable prices, catering to both institutional and individual customers. Its customer segments include local institutions, schools, and online consumers seeking personalized and reliable clothing solutions. The business utilizes multiple channels, combining traditional offline sales through its physical store with digital platforms such as Instagram and Shopee, enabling broader market reach and visibility.

In terms of customer relationships, Panca Konveksi is shifting from purely transactional interactions toward engagement-driven communication through social media, fostering stronger customer loyalty and retention. The revenue streams are generated through direct offline sales and growing online transactions. The enterprise's key resources include skilled human resources, sewing equipment, and an expanding digital presence that supports brand promotion and product marketing. The key activities revolve around product design, tailoring, and consistent digital promotion to maintain competitiveness. Collaboration with key partners, such as fabric suppliers and logistics providers, ensures production efficiency and timely delivery. The cost structure primarily consists of labor expenses, raw materials, and digital advertising costs.

Overall, the BMC analysis highlights that embracing digital channels and fostering interactive customer engagement can significantly enhance Panca Konveksi's market positioning. By integrating social commerce through platforms like Instagram and Shopee, the enterprise can expand beyond its local market boundaries while maintaining authenticity and customer trust as an essential step toward sustainable digital growth.

4.5. Digital Marketing Strategy Development

The findings reveal that Panca Konveksi's future success largely depends on its capacity to effectively integrate digital marketing into its overall business strategy. Utilizing Instagram as a visually driven platform enables the business to engage in compelling brand storytelling through creative and consistent content, while Shopee provides access to a broad and active consumer base that can significantly expand market reach. Successful implementation of these digital tools requires structured content planning, regular posting, and interactive engagement principles emphasized by Kotler et al. (2021) in digital marketing theory. Moreover, the analytics features available on both platforms offer essential insights into consumer behavior, enabling data-driven decision-making to enhance marketing effectiveness.

The proposed digital marketing roadmap involves several key actions: (1) establishing a professional Instagram business profile featuring regular posts and visual storytelling; (2) registering an official Shopee store with optimized product listings and promotional vouchers; (3) implementing customer feedback mechanisms to continuously improve product quality and service delivery; and (4) selectively utilizing paid advertisements to strengthen brand visibility. Collectively, these initiatives are designed to transform Panca Konveksi from a locally oriented enterprise into a digitally adaptive MSME, capable of competing effectively at both regional and national levels through strategic digital presence and consumer engagement.

4.6. Discussion

The findings reveal that the integration of digital marketing strategies serves as a powerful catalyst for enhancing the sustainability and competitiveness of MSMEs. The case of Panca Konveksi exemplifies a broader trend among Indonesian MSMEs, which typically possess strong product capabilities yet face challenges in embracing digital transformation. By applying both the SWOT and Business Model Canvas (BMC) frameworks, this study demonstrates that digitalization not only extends market reach but also fundamentally transforms internal operations, including financial management, marketing, and customer relationship management. These results are consistent with the arguments of Aliyah (2022) and Fadhila &

Tami (2021), who emphasize that digital marketing significantly improves MSME efficiency, innovation capacity, and profitability.

Moreover, the study highlights the crucial role of human capital in sustaining technological advancement. Digital transformation can only succeed when supported by adequate digital literacy, managerial competence, and an adaptive organizational culture. Without these foundations, MSMEs risk stagnating in the digital transition phase. Hence, structured training initiatives, government-led capacity-building programs, and institutional collaboration are imperative to facilitate the successful adoption of digital tools and practices within small enterprises like Panca Konveksi. Overall, this research contributes to the broader discourse on MSME development by illustrating how traditional small-scale businesses can evolve through strategic alignment and digital integration. The findings provide valuable insights for policymakers, business incubators, and development agencies in formulating inclusive strategies that foster innovation, digital readiness, and sustainable growth across the MSME sector.

5. Conclusion

5.1. Conclusion

This study examined the business development strategy of *Panca Konveksi* MSME in Palembang through digital marketing implementation. The findings indicate that while the enterprise possesses strong craftsmanship and customer loyalty, it faces challenges related to limited production capacity, informal financial management, and unstructured marketing systems. The SWOT and BMC analyses confirm that digital transformationp articularly through Instagram and Shopee enhances visibility, customer engagement, and competitiveness. Overall, adopting digital marketing supported by financial literacy, human resource capacity, and technological readiness is vital for sustainable MSME growth in the creative sector.

5.2. Limitation

This study contributes theoretically and practically to the discourse on MSME digital transformation by demonstrating that aligning digital marketing tools with core business capabilities enhances competitiveness. It extends the SWOT–BMC framework as a strategic diagnostic model and reinforces the relevance of Kotler’s (2021) and Osterwalder & Pigneur’s (2010) theories in explaining MSME digital maturity. Practically, MSME owners should invest in digital skills and structured financial systems, while policymakers and educators need to strengthen digital literacy, branding, and entrepreneurship training. However, as a single-case qualitative study, generalization remains limited; thus, future research should adopt mixed or multi-case approaches to validate and expand these insights across different MSME contexts.

5.3. Suggestion

Based on the findings and analysis, several suggestions are proposed to enhance the sustainability and competitiveness of Panca Konveksi and similar MSMEs. First, MSME owners should prioritize continuous digital marketing training to strengthen their capacity in managing social media, e-commerce platforms, and online branding. Second, improving financial literacy and adopting digital-based management systems will increase operational efficiency and transparency. Third, collaboration with local governments, universities, and business incubators is recommended to access mentorship, funding opportunities, and technology support. Finally, future researchers are encouraged to explore the long-term impact of digital transformation on MSME performance using quantitative or mixed-method approaches to provide more generalizable insights for policy and practice..

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