



THE INFLUENCE OF DIGITAL MARKETING STRATEGY IN THE DEVELOPMENT OF MSMEs ON ECONOMIC GROWTH 2018 – 2022 (CASE STUDY OF DIGITAL ADVERTISING MSMEs IN JAKARTA)

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ABSTRACT

As key contributors to Indonesia's economy, MSMEs must adapt to digital advancements to maintain their competitiveness and growth. The study explores effective digital marketing strategies, challenges MSMEs face in adopting these strategies, and potential solutions to overcome these obstacles, aiming to support sustainable economic development. This research examines the influence of digital marketing strategies on the development of Micro, Small, and Medium Enterprises (MSMEs) and their contribution to economic growth, focusing on the 2018-2023 period in DKI Jakarta. This research investigates how digital marketing empowers MSMEs to expand their reach, increase customer engagement, and ultimately drive business growth. This research aims to explain the correlation between effective digital marketing strategies and economic development by analyzing the case of MSMEs in Jakarta that utilize digital advertising. The results of the research on the relationship between digital marketing strategies in MSMEs and economic growth in DKI Jakarta have a significant favorable influence or relationship on both the variable number of MSMEs on GDP per capita and the variable of MSME workforce on GRDP per capita DKI Jakarta 2018 - 2022.

Keywords: digital marketing; economic growth; MSMEs

INTRODUCTION

Technology has made extraordinary progress and has become an inseparable part of human life today. The development of science and technology is interrelated, encouraging the creation of various innovations (Hidayat et al., 2023; Listiyandini et al., 2023). These innovations aim to provide convenience and positive benefits and become the newest solution in various human activities. Indonesian people have also experienced many benefits from various technological innovations in the last decade.

The fact that so many people in Indonesia utilize the Internet attests to the convenience brought about by the advancement of contemporary technology (Calvin et al., 2024; Tarihoran et al., 2023). The internet has become an inseparable part of many people's lives, including the use of social media. Based on data from the Asosiasi Penyelenggara Jasa Internet Indonesia (APJII) shows that internet users in Indonesia will reach 221 million people in 2023, placing Indonesia in third place with the most internet users in Asia (Alshami et al., 2024; APJII, 2024; Kilay et al., 2022; Mulyana et al., 2024; Widita et al., 2024).

Digital technology and the internet provide practical, easy, and efficient solutions for marketing activities amid busy daily lives. Marketing communication strategies are the key to marketing products online (display-to-face) and offline (face-to-face). Implementing appropriate and fast communication strategies within a company can avoid losses due to

ineffective and inefficient promotions. Internet advertising is widely used as an intermediary for marketing communications, and social media has become a popular platform for promoting products or services (Hadi & Zakiah, 2021; Siwu, 2019; Syukri & Sunrawali, 2022).

The digital era has significantly transformed various aspects of life, including the business sector, requiring Micro, Small, and Medium Enterprises (MSMEs)—a crucial pillar of Indonesia's economy—to adapt in order to sustain their development and contribution to national economic growth (Alamsyah & Sagama, 2024; Kasad et al., 2024). Regional economic development, driven by collaboration between regional governments and the private sector, fosters job creation and stimulates economic activity (Siwu, 2019). Digital marketing, leveraging online platforms such as websites, social media, email marketing, search engine optimization (SEO), and paid advertising, has become a preferred and modern alternative to conventional marketing (Syukri & Sunrawali, 2022). Its broader scope and real-time communication capabilities make it an effective tool for supporting buying and selling activities in today's fast-paced, digitally connected world.

One of the key areas of the Indonesian economy is the micro, small, and medium-sized enterprise (MSME) sector. According to the Ministry of Cooperatives and SMEs figures, MSMEs accounted for 60.5% of the country's GDP in 2023 (Sakti et al., 2024). MSMEs are the most prominent business actors, absorbing 99.9% of the total national workforce in Indonesia. Data from the Ministry of Cooperatives and SMEs in 2023 indicates that the number of MSMEs reached 67 million (Yolanda, 2024). This significant role demonstrates that empowering MSMEs serves as a driving force for the national economy, helping to reduce poverty and unemployment in Indonesia.

In adapting to the digital era, MSMEs have increasingly utilized digital marketing to expand their reach and strengthen their business operations. One of the notable advancements in digital marketing for MSMEs is e-commerce, which has experienced significant growth in Indonesia. Alongside this, digital advertising has become an essential strategy for business people to effectively target markets and achieve marketing goals through its diverse and flexible platforms. As digital advertising continues to evolve, it is expected to remain a crucial component of future marketing strategies (Fatmawati & Garad, 2023; Ratna Gumilang, 2019; Utomo et al., 2022).

Implementing digital marketing has become a crucial strategy for developing Micro, Small, and Medium Enterprises (MSMEs) in Indonesia, particularly in the context of the pandemic. Research indicates that training in digital marketing is essential for enhancing the marketing capabilities of MSME practitioners, enabling them to adapt to rapid market changes and improve their competitiveness (Asriani et al., 2022). Furthermore, optimal use of digital media can assist MSMEs in surviving and thriving during challenging times, such as the pandemic, by effectively managing social media and utilizing digital platforms to reach a broader audience, ultimately boosting sales and product visibility (Dani Anggoro et al., 2020).

Digital advertising promotes products or services using digital platforms and technology. Advertisements are displayed to audiences through various online channels, such as Websites, Search engines, Social media, Email, and Mobile applications (Gumilang, 2019). The main goals of digital advertising are to reach a specific target market, increase brand awareness, generate prospects (potential customers), and ultimately encourage sales or conversions.

Based on the background explanation above, the researcher wants to analyze the influence of digital marketing strategies on economic growth in developing MSMEs and identify digital marketing strategies that effectively increase the economic growth of MSMEs in Jakarta. The researcher also wants to discover the obstacles MSMEs face in implementing digital marketing strategies and formulate solutions to overcome these obstacles.

METHOD

This kind of research combines a quantitative methodology with qualitative and descriptive analysis. Descriptive research aims to produce an organized, factual, and precise account of the features and circumstances of the people living in a specific location. The process begins with data collection, analysis, and interpretation (Sugiyono, 2017). Causality research explains the relationship between variables by changing one variable and causing changes in other variables without the possibility of the opposite effect (Riyanto, 2010). This research is quantitative research, which aims to reduce data into numbers. This research uses many numbers, starting from collecting data, interpreting data, and interpreting data from data management results. This research aims to analyze the influence of digital marketing strategies in Advertising MSMEs, which will be the independent variable, and Economic Growth as the dependent variable.

This research will focus and be carried out in the Jakarta Special Region with research data collection points regarding digital advertising MSMEs registered in DKI Jakarta on the BPPBJ Jakarta e-order platform and workforce data obtained from BPS Jakarta through open data, namely the website. The independent variable used in this research is Digital Marketing Strategy in MSMEs (Variable X), while the dependent variable is economic growth (Variable Y).

According to the research title "The Influence of Digital Marketing Strategy in MSMEs on Economic Growth in Digital Advertising MSMEs in Jakarta for the period 2018 - 2023, the population in research on economic growth in Jakarta Province from 2018 - 2023 as well as the number of digital advertisings MSMEs and the number of workers in each district /city in Jakarta Province. The sample in this research is the number of MSMEs and workers and data on economic growth per capita inside the administrative cities of Central Jakarta, East Jakarta, West Jakarta, North Jakarta, South Jakarta, and East Jakarta.

This research uses time series data, namely data arranged based on the time sequence of events (Nur Hikmatul Auliya et al., 2020). Time Series data covers all MSMEs in 5 Administrative Cities in Jakarta Province during 2018 – 2023. Data analysis in this research

will use the SPSS version 25 software application. The steps in data analysis are as follows: (1) The Kendall Tau and Spearman tests aim to test the level of closeness between the independent and dependent variables ordinally. The Kendall Tau test is better to use than Spearman if the data is usually distributed, while the Spearman test is better if the data is not normally distributed. After carrying out the normality test to choose between Kendall Tau or Spearman, you can see the value of the magnitude of r and its significance. The amount r shows the level of closeness between two variables or more, while the significance is used for hypotheses with the condition <0.05 , which can be said to have a significant effect; (2) Normality test, namely a test to test independent variable data (X) and dependent variable data (Y) in the resulting regression equation. Normally distributed or not. The normality test used in this research is Kolmogorov-Smirnov with the provisions that the variable is normally distributed if the sig value is > 0.05 , and the variable is not normally distributed if the sig value is < 0.05 ; (3) Multicollinearity test, namely a classification assumption test which aims to predict the influence of each indicator or dimension. The condition is that if the correlation coefficient value is more significant than 0.60, it can be said that multicollinearity occurs, and if it is less than 0.60, multicollinearity does not occur.

Furthermore, after the class assumption test has been carried out, hypothesis testing can be carried out with two main tests, namely (1) T-test, namely the t-statistical test, to show how far individual explanatory or independent variables are in explaining variations in the dependent variable. The condition is that if the t-count $>$ t-table, then each independent variable studied has a positive influence on the dependent variable, and if t-count $<$ t-table, then there is no positive influence between the dependent variable and the independent variable; (2) The F-test is a statistical tool used to determine whether all of the independent variables in a model affect the dependent variable simultaneously or jointly. The test's limitations state that if F-count is less than F-table, H_a is rejected and H_0 is accepted, or if all of the independent variables have no effect on the dependent variable, or if F-count is greater than F-table, H_a is accepted and H_0 is rejected, indicating that the independent variables have a joint effect on the dependent variable.

RESULTS AND DISCUSSION

Experimental Result

Classic Assumption Test

In this research, the data used is secondary data from data on the number of MSMEs in DKI Jakarta Province, which use the BPPBJ DKI Jakarta e-order from 2018 - 2022 as an independent variable or X1, following data on the number of MSMEs in DKI Jakarta:

Table 1. Data on the number of MSMEs in DKI Jakarta Province 2018 – 2022

Wilayah	Tahun				
	2018	2019	2020	2021	2022
Jakarta Selatan	6831	13780	13298	11108	10174

Jakarta Utara	5419	11078	9761	17036	9143
Jakarta Barat	12244	16969	15929	10035	15297
Jakarta Timur	7390	14187	13524	19729	14040
Jakarta Pusat	5588	6322	6025	11413	6160
Kepulauan Seribu	378	593	480	480	349
DKI Jakarta	37850	62929	59017	69801	55163

Furthermore, data on the number of workers in MSMEs in DKJ Jakarta Province from 2018 - 2022 as an independent variable or X2 is as follows:

Table 2. Number of MSME workers in DKJ Jakarta 2018 – 2022

Wilayah	Tahun				
	2018	2019	2020	2021	2022
Jakarta Selatan	19376	33785	28562	28628	24466
Jakarta Utara	19133	36407	31305	28226	28473
Jakarta Barat	12244	77537	73773	62089	65499
Jakarta Timur	23761	42016	41404	38166	34442
Jakarta Pusat	64497	23842	18688	20596	21579
Kepulauan Seribu	621	1143	1014	767	506
DKI Jakarta	139632	214730	194746	178472	174965

Next, the economic growth data seen from the GDP Per Capita DKJ Jakarta 2018 – 2022 as the dependent variable (Y), namely:

Table 3. GDP Per Capita DKJ Jakarta 2018 – 2022

PDRB Per Kapita	Tahun				
	2018	2019	2020	2021	2022
Jakarta Selatan	260945	283969	289569	299330	730224
Jakarta Utara	271806	288449	279767	300342	587224
Jakarta Barat	168855	168094	192975	203271	540696

Jakarta Timur	155398	168094	155287	163795	546887
Jakarta Pusat	690857	769827	665829	682994	794935
Kepulauan Seribu	338932	317724	234079	292214	101346
DKI Jakarta	247678	268052	262702	274709	318646

This data will be used to determine the influence of digital marketing strategies in DKI Jakarta MSMEs on the economic growth of DKJ Jakarta from 2018 - 2022. Data analysis was carried out using the SPSS Version 25 application to find out this. The initial data analysis was a normality test with the condition that if Sig value. (2-tailed) > 0.05, then the data is normally distributed, but if the Sig. (2-tailed) < 0.05 with the following results using the One-Sample Kolmogorov-Smirnov Test for normality.

Table 4. Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		5
Normal Parameters ^{a,b}	Mean	0,0000000
	Std. Deviation	25258,958
Most Extreme Differences	Absolute	0,344
	Positive	0,344
	Negative	-0,270
Test Statistic		0,344
Asymp. Sig. (2-tailed)		.054 ^c
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

From Table 4 above, it can be seen that the Sig. (2-tailed) of 0.054 is more significant than 0.05 or 0.054 > 0.05, so it can be concluded that the data for each variable is normally distributed and can be continued with a multicollinearity test using SPSS version 25 provided that the VIF value is < 10 and the Tolerance value more than 0.01, it is concluded that there is no multicollinearity problem. The results of data analysis for the multicollinearity test can be seen in the following table:

Table 5. Coefficients

Variabel	Collinearity Statistics	
	Tolerance	VIF
Jumlah UMKM	0,920	1,089

Tenaga Kerja		
UMKM	0,920	1,089

From Table 5 above, the Tolerance value is more than 0.01, namely 0.919, and the VIF value is less than 10, namely 1.088, so it can be concluded that there is no multicollinearity problem. After all the classical assumption tests have passed the test or met the requirements, hypothesis data analysis can be carried out using Kendall's Tau test to determine the relationship between digital marketing strategies; in this case, there are two variables, namely the number of MSMEs and the number of workers in MSMEs and the economic growth variable with the variables GDP per capita in DKJ Jakarta Province 2018 – 2022.

Hypothesis testing

A time series hypothesis test was carried out using the Kendall Tau Test to obtain research results because the time series data was normally distributed. From these data, the results of research and calculations using SPSS Version 25 are as follows:

Table 6. Kendall Tau Test Results

			X1	X2	Y
Kendall's tau_b	Jumlah UMKM	Correlation Coefficient	1,000	,200	,400
		Sig. (2-tailed)		,624	,034
		N	5	5	5
Tenaga Kerja UMKM		Correlation Coefficient	,200	1,000	,543
		Sig. (2-tailed)	,624		,023
		N	5	5	5
PDRB Perkapita		Correlation Coefficient	,400	,543	1,000
		Sig. (2-tailed)	,034	,023	
		N	5	5	5

From Table 6 above in the Sig row. (2-tailed), the results of the Kendall Tau correlation test for the digital marketing strategy variable, namely the number of MSMEs, show a significance of 0.034, which means the value is smaller than 0.05. So, it can be interpreted that there is a significant relationship between the number of MSMEs and the GDP per capita of DKJ Jakarta Province in 2018-2022. The closeness between the variable number of MSMEs and GRDP per capita can be seen through the correlation coefficient line with a value of 0.400, which is included in the sufficient closeness category.

Furthermore, the digital marketing strategy variable, MSME labor, shows a significance of 0.023, less than 0.05. Thus, it can be concluded that there is a significant

relationship between MSME labor in Jakarta DKJ Province and GDP per capita in 2019 - 2022. The closeness between the variables can be seen from the correlation coefficient of 0.543, which is included in the strong relationship category.

Discussion

Based on the results of Kendall's Tau correlation test in Table 6, it is known that the relationship between each Digital Marketing Strategy variable in MSMEs in DKJ Jakarta (the number of MSMEs which has a score of 0.034 and the MSME workforce, which has a value of 0.023) is less than 0.05 so it can be interpreted that There is a significant relationship between digital marketing strategies in MSMEs and economic growth.

At the level of closeness for the digital marketing strategy variable, namely the number of MSMEs, the correlation coefficient is only 0.400, which is included in the sufficient closeness category. In contrast, the digital marketing variable in the MSME workforce has a value of 0.543 and is included in the strong closeness category.

Research conducted by Fatmawati and Garad (2023) shows the relationship between e-marketing and the competitive advantage of MSMEs. The results of this research are directly proportional to the research currently being carried out, namely choosing the actual level of significance between variables. So, this digital marketing strategy's impact is directly proportional to or positively impacts MSMEs registered in the BPBJJ DKJ Jakarta e-order, especially in the digital advertising sector. It also increases economic growth in the DKJ Jakarta Province.

This digital marketing strategy is for MSMEs in Jakarta to increase business growth and can contribute to economic growth in DKJ Jakarta Province. The Digital Advertising Services MSME case study also shows that with the right strategy, MSMEs can take advantage of digital opportunities to achieve success and drive economic progress.

CONCLUSION

Based on the results of the research that has been carried out, it can be concluded that the relationship between digital marketing strategies in MSMEs and economic growth in DKJ Jakarta has a significant favorable influence or relationship both on the variable number of MSMEs on GDP per capita and the variable of MSME workforce on GRDP per capita DKJ Jakarta in 2018 - 2022. Apart from that, at the level of closeness, the influence of digital marketing strategies in MSMEs on the economic growth of DKJ Jakarta has a sufficient and strong relationship. It is proven that every year, GDP per capita in DKJ Jakarta increases along with the increase in MSMEs in DKJ Jakarta Province. Apart from that, the existence of MSMEs can create jobs, and in the national realm, economic competitiveness will also increase.

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