

Digital Transformation for UMKM: Strategies for Building Branding and Marketing Based on Digital Platforms in Pinangsori Village

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Abstract

Digital transformation is a key factor in the development of Micro, Small, and Medium Enterprises (UMKM) in today's modern era, particularly in building branding and enhancing product marketing. This research aims to analyze how UMKM in Pinangsori Village utilize digital technology to promote their products through digital platforms, as well as to understand the strategies applied in building brand identity and marketing. The approach used is a qualitative method with a case study, through in-depth interviews and direct observation of the digital marketing practices of UMKM in Pinangsori Village. The results of the study show that digital platforms such as social media and e-commerce have a significant impact on expanding markets and increasing product visibility. However, the main challenges faced by UMKM are limited technological skills and restricted access to infrastructure. This study provides recommendations regarding the importance of digital training for UMKM and the development of better digital infrastructure.

Keywords

Digital Transformation, UMKM, Branding, Marketing, Digital Platforms, Pinangsori Village.

Introduction

Micro, Small, and Medium Enterprises (UMKM) in Indonesia play a crucial role in the country's economy, with significant contributions to Gross Domestic Product (GDP) and employment absorption. As a sector with great potential for growth, UMKM face challenges in product marketing and market expansion. In addressing these challenges, digital transformation can be an effective solution, given the rapid development of digital technologies that enable UMKM actors to access global markets and increase their competitiveness. In Pinangsori Village, many UMKM have started implementing digital marketing through platforms such as social media and online marketplaces to introduce their products.

The digital transformation referred to in this study includes the use of technology to digitalize various operational and marketing aspects of UMKM businesses. By adopting this technology, UMKM in Pinangsori Village can develop their branding, increase product visibility, and expand their consumer network. However, many UMKM have not fully understood the potential of this technology and often face challenges in terms of human resources, infrastructure, and digital accessibility.

1. Problem Statement

This study aims to answer several key questions as follows: a. What branding and marketing strategies are applied by UMKM in Pinangsori Village through digital platforms? b. What challenges do UMKM in Pinangsori Village face in implementing digital transformation in their branding and marketing?

2. Research Objectives

This study aims to:

1. Analyze the branding and marketing strategies implemented by UMKM in Pinangsori Village through digital platforms.
2. Identify the challenges faced by UMKM in undergoing digital transformation.
3. Provide recommendations for UMKM on optimizing the use of digital platforms for marketing and branding.

3. Research Benefits

The benefits of this research are to provide insights to UMKM in Pinangsori Village and other regions on the importance of digital transformation in introducing their products, as well as assist relevant stakeholders in developing policies that support the digital-based development of UMKM. This research is also expected to offer practical solutions to overcome the challenges faced by UMKM in implementing digital marketing.

Literature Review

1. Digital Transformation in UMKM

Digital transformation refers to the integration of digital technology in all aspects of an organization's life to enhance operational efficiency and effectiveness. For UMKM, digital transformation involves the use of digital tools to automate business processes, expand markets, and introduce products to a wider audience through digital platforms. According to Tiwari et al. (2020), UMKM that adopt digital transformation gain a competitive advantage because they can respond to market changes more quickly and efficiently.

2. Digital Branding

Branding is the way a company builds a strong brand identity and image in the eyes of consumers. In the context of UMKM, digital branding involves the use of digital platforms to communicate brand values to consumers. Social media, websites, and e-commerce platforms are the main channels used by UMKM to introduce and strengthen their brand image. According to Kotler & Keller (2016), digital branding not only increases brand visibility but also allows consumers to better understand and connect with the products or services offered.

3. Digital Marketing for UMKM

Digital marketing for UMKM involves using various digital platforms to promote their products and services. Social media platforms like Instagram, Facebook, and TikTok, as well as marketplaces like Tokopedia and Bukalapak, are the main platforms used by UMKM in Indonesia for product marketing. Digital marketing allows UMKM to reach a

wider audience at lower costs compared to traditional marketing methods (Liu et al., 2021).

Methodology

A. RESEARCH METHODS

This research methodology is used to gain a deep understanding of how UMKM in Pinangsori Village adopt and implement digital transformation in their branding and marketing strategies. A qualitative approach is used to explore the subjective views and perceptions of UMKM actors regarding the use of digital platforms in their business activities. The detailed explanation of the methodology used in this research is as follows:

1. Research Approach

This study uses a qualitative approach with a case study design. The qualitative approach was chosen because this research aims to understand the phenomenon of digital transformation in UMKM in Pinangsori Village in depth. By using a case study design, this research can explore the specific strategies implemented by UMKM in building branding and marketing through digital platforms. This case study approach allows the researcher to gain insights into the challenges, opportunities, and outcomes achieved by UMKM that have utilized digital technology in their business operations.

2. Types and Sources of Data

The type of data used in this study is qualitative data, obtained from both primary and secondary sources.

a. Primary Data: Primary data is obtained through in-depth interviews with UMKM actors in Pinangsori Village, direct observations of their digital marketing activities, and analysis of digital marketing content published by UMKM on platforms such as Instagram, Facebook, and online marketplaces like Tokopedia and Bukalapak. This data provides a direct picture of the implementation of digitalization in branding and marketing strategies.

b. Secondary Data: Secondary data is obtained from relevant literature such as books, journal articles, and research reports discussing digital transformation, UMKM, and digital marketing. This secondary data is used to enrich the understanding of the theories underlying this research.

3. Research Location and Subjects

This research is conducted in Pinangsori Village, located in Sibolga Regency, with a focus on UMKM actors in the area. The choice of Pinangsori Village is based on the consideration that this region has a number of UMKM that are in the process of or have already implemented digital platforms in their business activities. The research subjects are the owners and managers of UMKM in Pinangsori Village who use digital platforms for branding and marketing their products. Additionally, some consumers of UMKM using digital services are also involved to gather their perspectives on the experience of shopping and interacting with products through digital platforms.

4. Data Collection Techniques

Data collection in this study is conducted using two main methods: in-depth interviews and observation.

1. In-depth Interviews: Interviews are conducted with the owners or managers of UMKM who have used or are using digital platforms for product marketing. The purpose of these interviews is to explore the following information:

- a. Their experience in leveraging digital technology for branding and marketing.
- b. The strategies applied in choosing the appropriate digital platforms.
- c. The challenges or obstacles faced during the digital transformation process.
- d. The impact felt on sales growth and brand awareness.

The interviews are conducted using open-ended questions that allow respondents to provide in-depth and detailed answers and share their experiences.

2. Observation: Observation is carried out on the digital marketing activities of UMKM, such as:

- a. Analysis of social media content, such as posts on Instagram, Facebook, or TikTok, used to build brand image and promote products.
- b. Observation of interactions between UMKM and customers through digital platforms, such as message responses or product reviews.
- c. Collection of analytics data from digital platforms (if available) to assess the effectiveness of the marketing campaigns conducted.

This observation allows the researcher to directly see how digital platforms are used in practice and how interactions between UMKM and customers occur.

3. Documentation: Documentation in the form of screenshots of marketing materials such as product photos, digital ad campaigns, and social media content is also collected for analysis. Additionally, reports or analytical statistics obtained from social media platforms or online marketplaces such as Instagram Insights or Tokopedia Seller Center are used to assess the results of the digital marketing efforts carried out.

Findings

1. RESULTS AND DISCUSSION

Based on interviews with UMKM owners, most UMKM in Pinangsori Village use social media as the main tool for building branding and marketing their products. Instagram is the preferred platform due to its high visual visibility, while Facebook is used to build communities and conduct group-based promotions. Some UMKM also take advantage of marketplaces like Tokopedia to expand their market reach. The strategies implemented include:

1. Strategy Applied

1. Creating engaging visual content: This includes product photos and short videos.
2. Using paid ads to increase product visibility: UMKM leverage paid advertisements to boost their reach.
3. Collaborating with local influencers: UMKM partner with local influencers to introduce their products to a wider audience.

2. Challenges Faced

The main challenges faced by UMKM in Pinangsori Village in their digital transformation include:

1. Limited technological knowledge: Many UMKM actors lack the skills to maximize the use of digital platforms.
2. Limited internet access: Some areas in Pinangsori Village still have limited internet access, which hinders UMKM ability to efficiently access digital platforms.

3. Limited human resources: UMKM generally lack staff with digital skills, thus requiring specific training to optimize the use of technology.

2. Activity Documentation

The documentation of digital marketing activities carried out by UMKM in Pinangsori Village shows various efforts made to build branding and introduce their products to consumers. Below is an overview of the activities recorded in the digital marketing process conducted by UMKM actors:

- a. Product Showcase: Many UMKM showcase their products through well-curated Instagram posts and stories. This includes high-quality photos and videos that highlight the unique features of their products.
- b. Interactive Content: Some UMKM engage with customers through interactive posts, including polls or questions in Instagram stories, to encourage consumer participation and build relationships.
- c. Promotional Campaigns: Regular promotions such as discounts or giveaways are used to attract more customers. These campaigns are often advertised through Facebook and Instagram ads.
- d. Influencer Partnerships: A few UMKM collaborate with local influencers to promote their products through sponsored posts or shout-outs on their social media platforms.
- e. Marketplace Listings: Several UMKM list their products on online marketplaces like Tokopedia, providing additional exposure and access to a broader customer base.

These activities help to effectively build a brand presence and market their products, despite facing several challenges in the digital transformation journey.





Figure . 1 Documentation of Digital Transformation for UMKM: Strategy for Building Branding and Marketing Based on Digital Platforms in Pinangsori Village.

Conclusion

This study has analyzed the implementation of digital transformation in branding and marketing strategies by UMKM in Pinangsori Village. Based on the findings, it can be concluded that digital transformation plays a crucial role in helping UMKM develop their branding and expand their product market. Through the use of various digital platforms, UMKM have successfully increased the visibility and reach of their products significantly. The key conclusions drawn from this study are as follows:

1. Importance of Digital Platforms in Branding and Marketing

UMKM in Pinangsori Village utilize digital platforms, especially social media and e-commerce, as primary tools for building branding and marketing their products. Platforms like Instagram, Facebook, and marketplaces like Tokopedia and Bukalapak have proven to be effective in increasing brand awareness and expanding their consumer network. The use of engaging visual content and paid advertisements on social media helps UMKM reach a wider and more specific audience.

2. Positive Impact of Collaboration with Influencers

Collaborating with local influencers has proven effective in introducing products to a larger and more relevant audience. Influencers help build brand credibility and attract attention from consumers who may not have previously heard of the UMKM products. This demonstrates that the use of influencers can be an effective branding strategy, especially for introducing products to a broader market.

3. Challenges in Digital Transformation

Although digital transformation provides many benefits, UMKM in Pinangsori Village still face several challenges. Limited technological knowledge remains a key barrier in optimizing the use of digital platforms. Many UMKM actors have not fully understood how to utilize digital tools effectively, such as social media analytics and paid advertising

strategies. Additionally, limited internet access in some areas hinders the effectiveness of digital marketing.

4. Role of Infrastructure and Training

The success of digital transformation implementation depends not only on the use of technology but also on the accessibility of infrastructure and the human resources' ability to use that technology. Therefore, it is essential for the government and relevant institutions to provide more intensive digital training for UMKM. Furthermore, improving the quality of digital infrastructure in areas with limited access will greatly support the smooth transformation of UMKM.

5. Recommendations for Further Development

Based on these findings, it is recommended that UMKM in Pinangsori Village focus more on developing their digital skills, either through training or collaborations with digital marketing experts. Moreover, UMKM are advised to utilize data analytics from digital platforms to evaluate the effectiveness of their marketing and adjust their strategies according to the evolving consumer behavior. The local government should also organize more structured mentoring programs for UMKM to help them overcome technical challenges and improve their ability to leverage digital technologies.

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