

# Using Digital Marketing Communications to Boost SMEs' Local Economic Growth in Karawang Regency

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**Abstract.** One of the objectives SMEs are aiming to achieve now is to increase digital literacy. The development of digital literacy is the key area of interest in this study, which makes use of in-depth interviews with a few informants who are critical to the growth of SMEs in the Karawang Regency. Recent studies have shown that SMEs Karawang suffered from several significant issues during the pandemic, two of which were the absence of market outlets and of products' legal aspects. Considering the study's findings, several suggestions have been made to boost the expansion of SMEs. Increasing digital literacy and employing digital marketing communication as a form of communication are some of these suggestions.

**Keywords:** UMKM-1; Digital Marketing-2; Local Wisdom-3; Economic Growth-4; Media Communication-5

## 1 Introduction

The way a business communicates with its clients has altered as a result of digital marketing. The advancement of contemporary technologies has led to new ways of doing things. Businesses must make significant modifications to stay up with these developments, the new opportunities, and the new methods of marketing in the digital age. Digital marketing strategies give business owners the best prospects for survival, competition, and even business growth in the digital world where business and commerce are moving. Digital marketing is not only a smart investment, but it's also a powerful marketing tool that may expand your company.

The emergence of digital technology is being steadily embraced by modern businesses and organizations. In addition, SMEs are relocating and spending more on their internet marketing plans. In this instance, SMEs might seek assistance from organizations such as Bank Indonesia or academia to assist SMEs that have lost opportunities to digitalize their strategy. This study will collect information about the use of digital marketing communications by MSMEs in Karawang Regency through in-depth interviews with numerous key informants between January and October 2022. In particular, the study aims to provide answers to the following questions: (1) What is the current state of SME growth in Karawang Regency? (2) How the SMEs in Karawang Regency utilized the digital marketing communication to boost the local economic growth; (3) What is needed to succeed in implementing the digital marketing. This study differs in a number of ways from earlier studies that concentrated on digital marketing. First of all, this study is concerned with every facet of digital marketing communications. The second goal of this research is to explore additional factors, like institutional design and

supportive leadership styles, that support the usage of digital marketing communications in MSMEs. Third, Karawang Regency is the focus of this study.

## **2 Methods**

This study employs a qualitative method with in-depth interviews with numerous key informants from SME actors in the Karawang district.

## **3 Results and Discussion**

Four significant topics emerged from an analysis of interviews with six key informants: the initial condition of SMEs in Karawang Regency, use of digital marketing communications, collaborative. The sections that follow provide a thorough explanation of the factors that influence local economic growth.

### **3.1 Initial Condition of SMEs in Karawang Regency**

The study's findings indicated that there were 55,654 SMEs in Karawang Regency, distributed among 30 sub-districts (data from the Office of Cooperatives, SMEs, 2 September 2021). The information contradicted the claim made by SMEs Agency, the head of the SMEs Empowerment Division, who claimed that there were 95,000 UMKM, including various industrial and trading SMEs categories. According to information gathered through conversations with the head of SMEs Cooperatives Agency, the Karawang Regency Government will provide Rp 2 billion in equipment assistance for SME players through the Karawang Small and Medium Enterprises Cooperative Service (Dinkop UKM) in 2022. In 25 villages and 5 sub-districts in Karawang Regency, the provision of facilities and infrastructure to boost SMEs' and new entrepreneurs' output will be given priority.

The Head of DinKop SMEs and SMEs actors were interviewed, and the results indicate that hundreds of SMEs in Karawang Regency are having trouble promoting their goods since the local district government has not supplied them with any marketing outlets. The lack of marketing channels for processed goods is a complaint among SMEs actors. There aren't enough advertising booths available for business actors to use, which results in a shortage of market. In addition to that, there are other issues as well, such as the fact that the products being sold do not yet have a legality component, which makes SME companies hesitant to advertise their products. Legal aspects are acknowledged to be relatively expensive to get.

The issues SMEs in Karawang Regency are facing are very different from those found in research by [1], which reveals that SMEs in Central Java are dealing with issues like decreased sales, capital, hampered distribution, difficulty with raw materials, decreased production, and the occurrence of many layoffs for workers and laborers that pose a threat to the national economy. The findings also don't support the general chairperson of the Indonesian SME Council's assertion that there are three challenges for SMEs to overcome: a lack of human resources with sufficient digital literacy, the need to choose digital platforms, and digital marketing tactics.

The above-mentioned interview's findings suggest, in brief, that there are two approaches SME players can take to get over the limitations imposed by the absence of markets for SME goods. First, SME actors can use ICT advancements to promote their commercial products on

social media. Second, in order to promote SMEs in Karawang Regency, SME actors must coordinate or collaborate with diverse parties who are SMEs' stakeholders.

### **3.2 As a Solution, Digital Marketing Communications**

The Karawang Regional Government, specifically the SME Cooperative Service, has established a priority program for digital transformation that includes building out ICT infrastructure, utilizing ICT, and providing facilities for digital transformation in response to the lack of markets for SME products in the 2022 Karawang Regency RKPD. As part of the digital transformation, SME actors are encouraged to use ICT to promote their products and services through social media, which has a large audience and is a very powerful advertising medium. The usage of Facebook, Twitter, Instagram, and even TikTok by various SME operators in Karawang to market their companies has been demonstrated.

This concurs with [2] assertion that word-of-mouth (WOM) sharing based on social media can promote more exchanges or conversations between the source and the recipient. Examples of such digital or electronic media include online display advertising, paid and organic search advertising, mobile communication, and WOM sharing. The digital marketing communication model is an intentional procedure with the aim of disseminating messages containing information and/or symbols to numerous publics (internal, external, co-makers), pursuing objectives that may be commercial, organizational, or institutional, and can be activated using personal, nonpersonal, or personalized mass tools (integrated communication), depending on the specific targets addressed and the contextual needs that prompted its implementation [3].

### **3.3 Collaboration among SMEs' Stakeholders**

Although it currently exists, SME players point out that social media promotion is still not fully utilized. Lack of technological expertise is to blame for this digital literacy. Coordinating and working with many stakeholders is one method SME players can get over their low technological knowledge.

First, the local government plays a crucial role as a regulator, facilitator, and catalyst as one of the key partners of SME actors. The 2022 Karawang RKPD has several priority programs that the Karawang Regional Government has established, including (a) Increasing business partnerships between Micro, Small and Medium Enterprises; (b) Improving business capacity and access to financing for entrepreneurs; and (c) Improving cooperatives' reach, innovation, and capacity. The Regional Government of Karawang, in particular the SME Cooperative Service, serves as a regulatory agent and is responsible for formulating laws or ordinances pertaining to the operation of the SME business sector. Due to the fact that SMEs may fall under the purview of the SME Cooperative Service, the Trade Office, the Industry Service, or the Manpower and Population Office, coordination and synchronization between the various government agencies is necessary to create regulations that do not overlap but still result in policies that affect how easily development can proceed. SMEs foster an advantageous business climate and sustain the stability of the operations. As a facilitator, the SME Cooperative Service offers a variety of facilities and solutions to help SMEs reach their intended goals, such as identifying solutions for SMEs having trouble raising finance for their businesses. This can be done by offering aid or subsidies for products or services, giving people advantages like exemptions or relief, or by enacting rules. The SME Cooperative Service also serves as a catalyst by acting as a stimulant to quicken the development of SMEs. The stimulants offered by the SME Cooperative Service enable SMEs to grow and become larger businesses or advance in class.

In addition to the SME Cooperative Service, there are academic institutions. Academics participate in the advancement of science and technology as consultants and actors. Academics play a part in educating SME actors about the usage of digital marketing and in fostering their grasp of it. The opinions of academics are also helpful for formulating government policy. Third, other business actors are entities that engage in business operations to create value and sustain long-term growth. As a baseline for their own business operations, local SME actors can learn from other business actors about appropriate technology utilization techniques. The SME sector is directly impacted by the growth and management of these institutions for both short- and long-term objectives, such as banking institutions or other financing institutions.

Karawang SME companies can learn from Bank Indonesia, which drives SME digitization in order to boost market access and competitiveness. The accelerated development of SME digitization is projected to boost production capacity, cost efficiency, and market expansion. The SME digitalization program of Bank Indonesia is broken into four major programs. First, consider e-Farming (digital farming). This program is concerned with the application of digital technology to boost production capacity and cost efficiency (upstream), as well as market expansion (downstream). Second, there's e-commerce. This program includes (a) SME onboarding, which is the expansion of SME marketing through various digital marketing channels by strengthening digital skills and mindset, digital presence, digital marketing, and digital operations, and (b) SME export e-commerce, which is the expansion of MSME marketing to the global market through cross-border e-commerce digital marketing channels. Third, SIAPIK provides support financing. This is a digital application for SMEs to use to create SME reports that banks can use to assess the viability of SME financing. Finally, e-Payment is a digital payment facility that serves as an entrance point into the digital economic and financial ecosystem for SME activities.

According to the findings of [4], the use of digital marketing had an impact on increasing the number of orders online; [5] discovered that the use of digital marketing has positive implications for increasing the income of one of the MSMEs in Karawang Regency; and [6] discovered that promotion and marketing strategies through digital marketing can help SME actors increase sales volume and market share.

### **3.4 Facilitative Leadership as a Partnership Prerequisite**

Collaboration or partnership among diverse stakeholders in advancing SMEs in Karawang Regency should be founded on mutual respect, mutual trust, and mutual respect. Furthermore, openness in terms of information and financial management among stakeholders is required to avoid mutual distrust amongst work partners. Furthermore, coordination among stakeholders should benefit all parties involved. In other words, teamwork is built on a win-win situation.

The findings of this interview support the viewpoint of Wahyudiono et al. (2019), who state that trust among SME stakeholders requires equality/balance, transparency, and mutual benefit. These findings also complement [7] research, which employs the Covey leadership model to demonstrate that addressing an issue in cooperation requires a principle-centered leadership model rather than a coercive or utilitarian leadership style.

Furthermore, according to [8], effective collaboration or partnership among SME stakeholders necessitates facilitative leadership. Facilitative leadership is regarded as crucial for uniting stakeholders and involving stakeholders in a collaborative atmosphere. Establishing and maintaining clear ground rules, creating trust, encouraging discourse, and finding mutual advantages all require leadership. According to [9] ifacilitative leadership is essential for welcoming, empowering, and engaging stakeholders, as well as mobilizing them to encourage

collaboration. [8] also emphasized that face-to-face contact, the development of trust, commitment, and a shared understanding are necessary for the partnership process.

## 4 Conclusion

In conclusion, the lack of markets for SMEs' products and the legality of their products are the two main issues that the SMEs in Karawang regency are now dealing with. For the SMEs in Karawang to effectively use digital marketing communications and work with other stakeholders, including academic institutions, local or national government institutions to provide assistance and training on how to do so in a way that produces economic benefits for SMEs, as well as partnering with other small or large businesses to benchmark effective digital marketing practices and work with the government, is crucial in order to address the first issue. In order to accomplish the goal of boosting the local economy in Karawang Regency, the collaboration between SMEs and other stakeholders requires the existence of mutual respect, mutual trust, political will, and mutually beneficial circumstances.

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