

Innovating Digital Marketing: Marketing Strategy for Niche Market Coffee MSMEs in Labuan Bajo

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Abstract

This paper examines the role of digital marketing as an innovative strategy to strengthen the competitiveness of coffee micro, small, and medium enterprises (MSMEs) in Labuan Bajo, a tourism destination with high economic potential but limited digital adoption. The research aims to analyze how digital marketing can serve as a solution for business development, the role of socialization and mentoring in enhancing MSME capacity, and the challenges faced in its implementation. Using a qualitative approach with a literature study method, data were collected from journal articles, books, and indexed publications on digital marketing and MSME development. The analysis shows that digital marketing provides significant benefits, such as expanding market reach beyond geographical boundaries, reducing costs, increasing efficiency, and building stronger consumer engagement. Socialization and mentoring are proven to be critical in equipping MSMEs with the knowledge and skills needed to effectively utilize digital platforms. However, several challenges remain, including limited digital literacy, inadequate technological infrastructure, and the absence of strong government support. This study concludes that structured training programs, improved ICT infrastructure, and supportive regulations are essential to optimize the potential of coffee MSMEs in Labuan Bajo. Strengthening collaboration between government, private sectors, and community stakeholders is also necessary to ensure sustainable competitiveness in the digital era.

Keywords: *Digital Marketing, MSMEs, Coffee, Labuan Bajo, Competitiveness*

INTRODUCTION

Labuan Bajo is recognized as a national tourism area with vast economic potential. Behind its natural beauty, many small businesses have grown from the enthusiasm of the local community, one of which is micro, small, and medium enterprises (MSMEs) that process and sell Labuan Bajo specialty coffee. However, amid the rapid development of technology, many MSME players in Labuan

Bajo have not optimally utilized digital marketing strategies. Their promotional activities remain traditional, relying on word of mouth or waiting for customers to visit their shops. Consequently, these businesses struggle to expand their market reach, a concerning situation given that modern consumers increasingly rely on the internet and digital platforms to search for products and services (Juni Asma Wati et al., 2023).

Digital marketing offers a strategic solution for MSMEs in Labuan Bajo, enabling them to reach a broader market without geographical limitations. By leveraging the internet and platforms such as social media, marketplaces, and websites, MSMEs can effectively engage potential customers. Unfortunately, not all business actors possess the knowledge and skills required to apply digital marketing efficiently, leading many to continue using outdated strategies (Sasa et al., 2021). Limited digital literacy further hinders their ability to maximize the internet as a promotional and sales medium, causing them to miss opportunities for business growth and competitiveness.

For this reason, it is essential to promote the importance of digital marketing among coffee MSME players in Labuan Bajo. Such initiatives are not only aimed at introducing basic concepts but also at equipping business actors with practical and relevant strategies suited to their scale of operation. With proper socialization and mentoring, MSMEs are expected to improve their capacity in utilizing digital technology to expand their market reach, increase sales, and strengthen competitiveness. Moreover, digital marketing can open up collaboration opportunities for Labuan Bajo MSMEs with other business actors at both regional and national levels. This study, therefore, seeks to analyze how digital marketing can serve as a solution for coffee MSMEs in Labuan Bajo, the role of socialization and mentoring in enhancing their capacity, and the challenges they face in adopting digital strategies.

METHOD

This research employed a qualitative approach using a literature study method. The literature study was chosen because the research aims to explore concepts, strategies, and challenges of implementing digital marketing for coffee MSMEs in Labuan Bajo based on previously published works rather than primary field data.

The data sources consisted of journal articles, books, reports, and indexed

publications that discuss digital marketing, the role of MSMEs, and technology-based business development strategies. Literature was collected from both national and international sources, with selection criteria emphasizing relevance, credibility, and recency (2019–2025) to ensure an up-to-date analysis.

Through this study, it is expected to contribute to broadening insights into the implementation of digital marketing. In addition, the findings are also expected to serve as a practical reference for coffee MSME actors in Labuan Bajo in designing competitive marketing strategies in the digital era.

LITERATURE REVIEW

DEFINITION OF MSMEs AND ROLE IN THE ECONOMY

According to Law Number 20 of 2008, MSMEs (Micro, Small, and Medium Enterprises) are productive businesses managed by individuals or independent business entities. MSMEs are divided into three categories (micro, small, and medium enterprises) which are distinguished based on the amount of assets and annual turnover.

- Micro Enterprises: have net assets of up to IDR 50 million (excluding land and buildings used for business premises) with an annual turnover of no more than IDR 300 million.
- Small Enterprises: have net assets of more than IDR 50 million up to IDR 500 million, with an annual turnover of more than IDR 300 million up to IDR 2.5 billion.
- Medium Enterprises: have net assets of more than IDR 500 million up to IDR 10 billion, with an annual turnover of more than IDR 2.5 billion up to IDR 50 billion.

MSMEs play an important role in maintaining economic stability, creating employment opportunities, increasing community income, and driving national economic growth. Therefore, the advancement of the MSME sector is essential to improve the equitable welfare of society. Micro, small, and medium enterprises (MSMEs) play a vital role in sustaining the economy, as they ensure continuity and growth even during times of economic downturn. MSMEs not only provide

employment and essential services to the community but also contribute to economic growth, income distribution, and national stability. In fact, the progress of the MSME sector is crucial to improving the overall welfare of Indonesian society. According to the Indonesian Banking Development Institute and Bank Indonesia, MSMEs contribute significantly to the country's economy through three main aspects.

First, local economic development. MSMEs are able to stimulate local economies by utilizing locally available resources and reducing dependence on imported goods. Many MSMEs even penetrate the export market, thereby contributing to foreign exchange earnings. Particularly in rural areas, MSMEs play a strategic role in revitalizing the economy, creating employment, and supporting community welfare. This can be achieved through strategies such as targeted promotions, infrastructure development, and wider access to entrepreneurial training.

Second, human resource development and job creation. MSMEs absorb a significant portion of the workforce, particularly in the informal sector, thus reducing unemployment and improving community livelihoods. Moreover, MSMEs provide opportunities for training and skills development, ranging from technical skills to soft skills such as creativity, leadership, and teamwork. Such initiatives not only enhance the individual capacity of workers but also improve the productivity and competitiveness of MSMEs themselves.

Finally, promoting economic growth. MSMEs account for approximately 61% of Indonesia's Gross Domestic Product, or IDR 8,573.89 trillion, absorb around 97% of the workforce, and attract more than 60% of national investment (Wati et al., 2024). With their wide presence across diverse sector (trade, services, and creative industries) MSMEs play a key role in ensuring equitable economic growth and distributing development outcomes across regions..

DEFINITION OF DIGITAL MARKETING

Marketing is a series of business activities aimed at designing strategies, determining prices, promoting, and distributing products to meet consumer needs and help achieve company goals (Stanton, 2013). To develop a business, an effective and well-planned marketing strategy is required. In running MSMEs, creativity and innovation are essential in marketing products or services. Without the right marketing strategy, a business is at risk of failure. This has become increasingly important in the era of Industry 4.0 and toward Society 5.0, where almost all sectors are shifting from conventional methods to digital approaches by utilizing technologies such as the Internet of Things (IoT) (Hendarsyah, 2019).

Digital marketing is a marketing activity, including branding, that uses various media such as blogs, websites, e-mails, adwords, and various social media networks. The benefits of digital marketing in the business world include increasing sales, reaching a wider market, reducing promotional costs, serving as an effective means of connecting with consumers, and providing convenience in monitoring business developments (Sanjaya & Tarigan, 2009).

DIGITAL MARKETING IN MSMEs

In the digital era, MSMEs need to utilize digital platforms to expand their markets, introduce products, and build relationships with consumers. Information technology has facilitated online transactions; however, many MSME actors still face challenges in adopting digital marketing due to limited understanding. In fact, the use of e-commerce, Instagram, and Facebook can enhance competitiveness, build brand identity, and support more efficient and flexible promotions (Naimah et al., 2020).

Digital marketing also offers advantages such as cost efficiency, wider market reach, and flexibility in determining target audiences. For MSMEs in tourist areas such as Labuan Bajo, this strategy plays a crucial role in reaching both tourists and consumers from outside the region, while also strengthening the position of local products such as coffee in the global market (Julianti et al., 2024).

RESULT AND DISCUSSION DIGITAL MARKETING AS AN EFFECTIVE SOLUTION FOR MSME DEVELOPMENT

The development of information technology has changed the way people search for, select, and purchase products. These changes have prompted businesses, including MSMEs, to adapt in order to remain competitive. One solution is to use digital marketing as the main strategy for marketing products (Feoniy Amanda Putri & Munawaroh, 2025).

Digital marketing offers numerous advantages that SMEs, including coffee businesses in Labuan Bajo, can leverage. Through digital marketing, SMEs can reach a broader market without geographical limitations. Products that were previously known only to local consumers can now be marketed throughout Indonesia and even internationally via social media. In addition, digital marketing is also more cost-effective and time-efficient compared to traditional marketing. SME players no longer need to print brochures or rent spaces for promotions, as engaging visual content or videos can make their products known to thousands of internet users. Even interactions with consumers can be conducted directly through social media messaging features or comment sections.

The implementation of digital marketing by coffee SMEs in Labuan Bajo can help enhance competitiveness by highlighting the uniqueness of local products, such as the distinctive flavor of the coffee or the stories of coffee farmers behind the products being sold. This strategy also encourages SMEs to be more creative and innovative in marketing their products.

With the right approach, digital marketing can be a real solution to drive business growth, increase revenue, and expand the market for coffee SMEs in Labuan Bajo. Additionally, this strategy has the potential to support sustainable local economic development, or e-commerce platforms.

THE ROLE OF DIGITAL MARKETING SOCIALIZATION AND MENTORING FOR MSME PLAYERS

Digital marketing outreach and guidance play a crucial role in introducing modern marketing methods that align with contemporary trends. Digital marketing outreach is not only aimed at introducing digital platforms to MSMEs but also at providing a strong understanding of how to effectively implement digital marketing strategies. Labuan Bajo has significant potential in terms of tourism and local economic development, and such outreach can serve as a vital tool to expand market reach, boost sales, and strengthen the competitiveness of MSME products, including those in the coffee industry (Kurniawan et al., 2021).

Through socialization activities, MSME operators are encouraged to understand that product promotion is not enough to rely solely on traditional methods such as distributing brochures or offering products directly. With digital marketing, they can utilize social media, e-commerce platforms, and websites to reach consumers more broadly. Socialization also provides insights into how to maintain business existence through promotional content innovation and customer interaction.

The material presented in the digital marketing socialization covers basic topics that are easy to understand. These include an introduction to social media such as Instagram and Facebook, techniques for creating attractive promotional content, and how to manage online advertising with a limited budget. MSME players are also introduced to the importance of using digital platforms such as online stores as a tool to increase consumer trust and make their businesses easier to find online (Khasanah et al., 2025).

The purpose of digital marketing outreach activities is to increase the knowledge of MSME players regarding online marketing techniques that are in line with the latest technological developments. In addition, these activities are also expected to help stabilize product sales and increase business turnover.

through the use of social media as a marketing tool.

Mentoring is also an important part of this process, as MSME players need further support in implementing digital marketing. With mentoring, MSME players are not only equipped with theory, but also guided to immediately put what they have learned into practice, from creating social media accounts, compiling content, to conducting digital promotions.

CHALLENGES IN IMPLEMENTING DIGITAL MARKETING IN MSMEs

There are several obstacles and barriers to the implementation of digital marketing in MSMEs, including (Santi et al., 2024):

1. Limited human resources skilled in using digital technology as a promotional medium. The low capacity and knowledge of business actors related to digital marketing is one of the crucial obstacles for MSMEs in adopting digital marketing strategies. This can be caused by low levels of education and a lack of training in the field of digital marketing. Limited access to quality training is an obstacle for MSMEs in improving their human resource capacity in the field of digital marketing. Thus, comprehensive efforts are needed to improve the capacity and skills of MSME players in Labuan Bajo through structured training and mentoring programs.
2. The information and technology infrastructure in Labuan Bajo is still inadequate to support the optimal implementation of digital marketing. The lack of reliable infrastructure, such as high-speed internet networks, can be an obstacle for MSMEs in adopting digital platforms such as websites or e-commerce, which require a good internet connection. In addition, limited hardware or devices can also hamper the effectiveness of digital marketing implementation. Therefore, efforts are needed to improve information technology infrastructure in the Labuan Bajo region through collaboration between the local government, internet service

providers, and other relevant parties to expand internet access and provide adequate ICT facilities for MSMEs.

3. There are no regulations or programs from the local government to encourage and facilitate the adoption of digital marketing in the coffee MSME sector in Labuan Bajo. Clear and supportive regulations are needed to increase SME participation in utilizing digital technology, including in marketing.

CONCLUSION

This study concludes that digital marketing is an effective solution to strengthen the competitiveness of coffee MSMEs in Labuan Bajo. By utilizing digital platforms such as social media, marketplaces, and websites, MSMEs are able to expand their market reach beyond geographical boundaries, reduce marketing costs, and build stronger consumer engagement. Socialization and mentoring play a crucial role in equipping MSME actors with the basic knowledge and practical skills needed to implement digital strategies sustainably.

However, several challenges remain in the adoption of digital marketing, including limited digital literacy among business actors, inadequate ICT infrastructure, and the absence of strong local government support. These constraints must be addressed through structured training programs, improved internet access, and supportive regulations.

In summary, the success of digital marketing for coffee MSMEs in Labuan Bajo requires not only the initiative of the entrepreneurs but also collaboration among multiple stakeholders, including the government, academic institutions, and private sectors. With such synergy, MSMEs in Labuan Bajo can strengthen their competitiveness, contribute to local economic growth, and position themselves more strategically in the digital era.

RECOMMENDATIONS

To overcome the challenges identified and to further strengthen the role of digital marketing, the following recommendations are suggested:

1. Local governments are advised to hold regular digital marketing training tailored to the needs of MSME players.
2. Cooperation between the government, internet service providers, and other relevant parties is needed to strengthen internet access and provide adequate technological facilities.

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