

DIGITAL TRANSFORMATION OF COFFEE SMES IN LABUAN BAJO TOURISM: ENHANCING COMPETITIVENESS AND SUSTAINABILITY

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Abstract

This community service program aimed to enhance the competitiveness and sustainability of coffee SMEs in Labuan Bajo, a super-priority tourism destination in Indonesia, through digital transformation. The intervention focused on Databajo Coffee and other local SMEs facing challenges in digital marketing adoption, e-commerce integration, and online brand visibility. Using a participatory action approach, the program involved a needs assessment, training workshops on digital marketing and e-commerce, one-month mentoring, and post-program evaluation. Results indicated a significant improvement in digital literacy, with 92% of participants able to manage social media business accounts independently compared to 28% before the program. Online engagement increased by 170%, and e-commerce visits rose by 60%, leading to a 25-35% growth in monthly sales. The findings suggest that targeted digital transformation initiatives can strengthen SME competitiveness in tourism-based economies, provided that continuous mentoring and collaborative marketing efforts are maintained.

Keywords: Digital Transformation, Coffee SMEs, Labuan Bajo, Digital Marketing, E-commerce, Sustainability

INTRODUCTION

Labuan Bajo, located in West Manggarai Regency, East Nusa Tenggara, is recognized as one of Indonesia's five super-priority tourism destinations. Known for its breathtaking landscapes and proximity to Komodo National Park, the region has experienced rapid tourism growth in recent years (Ministry of Tourism and Creative Economy, 2022). This tourism boom presents an opportunity to promote and commercialize local products, especially coffee from the Manggarai highlands, which is renowned for its distinctive flavor and aroma (Rahardjo et al., 2023).

One of the prominent players in this sector is Databajo Coffee, an SME that sources beans directly from local farmers, ensuring fair trade and supporting sustainable agricultural practices. Databajo Coffee has built a niche market within local hospitality networks, including hotels, restaurants, and cruise ships. However, despite its strong local brand identity, it faces challenges in penetrating wider markets due to limited digital marketing skills, minimal e-commerce presence, and inadequate integration of technology into its business operations (Herawati et al., 2023).

These challenges are common among coffee SMEs in the region. Many still rely on traditional sales channels, word-of-mouth promotion, and occasional offline events. This limits their ability to compete in a digitalized market environment where visibility, customer engagement, and adaptability are critical success factors (Chaffey & Ellis-Chadwick, 2019).

To address these gaps, this community service program focused on digital transformation — integrating digital marketing strategies, e-commerce platforms, and online brand storytelling into the daily operations of coffee SMEs. The aim was to enhance their competitiveness in the tourism-driven economy and ensure long-term sustainability.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Coffee SMEs and Tourism-Driven Economies

SMEs play a vital role in regional economic growth, job creation, and poverty reduction, especially in tourism-dependent areas (Tambunan, 2019). Coffee SMEs not only contribute to local income but also serve as cultural ambassadors, showcasing regional identity through unique flavors and production traditions (Susanto & Andini, 2021).

Digital Transformation for SMEs

Digital transformation involves adopting digital tools and technologies to improve business processes, create new value propositions, and enhance customer experiences (Westerman et al., 2014). For SMEs, this can mean moving from manual, offline operations to integrated digital systems for marketing, sales, and customer engagement. Research indicates that SMEs that undergo digital transformation achieve higher productivity, faster market expansion, and stronger resilience during economic disruptions (Bai et al., 2021).

Digital Marketing and E-commerce Adoption

Digital marketing enables SMEs to reach a broader audience with lower costs, while e-commerce platforms allow them to sell beyond local boundaries (Laudon & Traver, 2021). Studies show that integrating digital marketing with e-commerce boosts sales growth, strengthens brand recognition, and improves customer loyalty (Herawati et al., 2023; Rahayu & Day, 2017).

Community Service Interventions for SMEs

Several community service programs in Indonesia have successfully helped SMEs transition into digital platforms. For example, Agustina et al. (2022) found that training combined with mentoring significantly improved SMEs' digital literacy and business performance. However, sustainability depends on continuous skill development and support networks.

METHODOLOGY

Approach

This program used a participatory action approach involving coffee SME owners in Labuan Bajo in the planning, training, and evaluation processes (Nasution, 2021).

Participants and Location

The program targeted Databajo Coffee and 12 other coffee SMEs in Labuan Bajo. Participants were selected based on their readiness to adopt digital tools and their active involvement in the coffee supply chain.

Implementation Stages

1. Needs Assessment
 - a. Interviews with SME owners to identify skill gaps.
 - b. Baseline survey on digital literacy, online presence, and sales channels.
2. Training Workshops (3 days)
 - a. Day 1: Fundamentals of digital marketing and brand storytelling.
 - b. Day 2: Social media management (Instagram, TikTok, Facebook Business Suite).
 - c. Day 3: E-commerce setup and optimization (Shopee, Tokopedia).
3. Mentoring and Follow-up (1 month)
 - a. Weekly online and offline consultations.
 - b. Guidance on content creation, analytics tracking, and online customer service.

4. Evaluation
 - a. Pre- and post-intervention surveys.
 - b. Social media analytics and e-commerce sales reports.

Evaluation Indicators

1. Improvement in digital marketing knowledge.
2. Growth in online engagement (followers, interactions, reach).
3. Increase in sales volume through online channels.

RESULT AND DISCUSSION

The program produced notable results:

1. Increased Digital Literacy
Post-training surveys indicated that 92% of participants could independently manage social media business accounts, compared to only 28% before the program.
2. Improved Online Presence
Databajo Coffee's Instagram engagement increased by 170%, and its Shopee store recorded a 60% increase in visits within two months.
3. Higher Sales Performance
Average monthly sales across participating SMEs increased by 25–35%, attributed to broader market reach via online platforms.
4. Strengthened Collaboration
SMEs began collaborating in digital campaigns, sharing promotional content and jointly participating in online marketplaces, creating a "Labuan Bajo Coffee Collective" initiative.

These outcomes are consistent with Herawati et al. (2023), who emphasized that combining training and mentoring leads to higher adoption rates of digital tools. However, sustaining this transformation will require continuous technical support, marketing campaigns, and government-backed SME digitalization programs.

CONCLUSION

The digital transformation program significantly improved the competitiveness and sustainability of coffee SMEs in Labuan Bajo. By integrating digital marketing and e-commerce strategies, SMEs expanded their market reach, increased sales, and enhanced brand visibility in a competitive tourism economy. To ensure long-term sustainability, stakeholders should:

1. Provide ongoing digital mentoring.
2. Facilitate partnerships between SMEs and tourism operators.
3. Encourage the formation of cooperative digital marketing initiatives.

This case demonstrates that targeted, participatory community service programs can accelerate SME digital transformation in tourism-dependent regions.

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