

Digital Marketing Innovation and the Role of Information Systems in Enhancing MSME Market Expansion

¹Muammar Revnu Ohara, ²Suherlan, ³Wahyuni Sri Astutik

¹Department of Information Systems, Universitas Lancang Kuning, Riau, Indonesia

²Department of Public Administration, Universitas Subang, Indonesia

³Department of Business Administration, Universitas Pawayatan Daha Kediri, Indonesia

¹ohara@unilak.ac.id, ²suherlanfia@gmail.com, ³wahyunisriastutik@gmail.com

ABSTRACT

Digital marketing has become one of the essential elements in supporting the growth and sustainability of micro, small, and medium enterprises (MSMEs) in the modern era. Along with the development of information technology, digital marketing offers opportunities for MSMEs to expand their markets and increase product visibility to a broader range of consumers. In this context, innovation in digital marketing becomes a key factor driving MSMEs' success in achieving sustainable growth. This study aims to further review how digital marketing innovation and the use of information systems can support MSME market expansion. This research employs a literature review approach focusing on qualitative methods. It does not involve primary data collection but instead relies on relevant and up-to-date sources from various scholarly articles. The data used in this study is sourced from Google Scholar with a publication range from 2013-2024. The study concludes that digital marketing innovation and the use of information systems play a crucial role in expanding MSME markets. Digital marketing innovation allows MSMEs to reach consumers more broadly and efficiently, utilizing digital platforms such as social media, e-commerce, and websites. Meanwhile, information systems help improve operational efficiency, data management, and more accurate decision-making based on data analysis. Case studies of Batik Trusmi, Maicih, and Sociolla show that MSMEs adopting these innovations can expand their market share, increase customer loyalty, and compete more effectively in both domestic and international markets.

Keywords: Innovation, Digital Marketing, Information Systems, MSME Market Expansion

INTRODUCTION

Digital marketing has become one of the essential elements in supporting the growth and sustainability of micro, small, and medium enterprises (MSMEs) in the modern era. Alongside the development of information technology, digital marketing offers opportunities for MSMEs to expand their markets and increase product visibility to a broader range of consumers, both locally, nationally, and internationally (Aviva et al., 2023). In this context, innovation in digital marketing is a key factor driving MSME success in achieving sustainable growth. MSMEs can utilize various tools and platforms such as social media, e-commerce, and search engine optimization (SEO) to enhance consumer interaction and attract the attention of a wider market through digital marketing innovation.

In implementing digital marketing innovation, information systems play a crucial role in helping MSMEs monitor, manage, and evaluate the effectiveness of their marketing strategies. Well-integrated information systems allow MSMEs to obtain real-time data related to consumer preferences, market trends, and the performance of marketing campaigns (Ningsih & Tjahjono, 2024). As a result, MSMEs can make more informed decisions based on accurate and relevant data

analysis, enabling them to adapt quickly to market changes. This adaptability is essential for MSMEs aiming to expand their markets, as competition in the digital era has become increasingly fierce and dynamic.

In addition, information systems contribute to enhancing MSME operational efficiency. MSMEs can save time and resources by automating marketing-related business processes, such as customer relationship management (CRM), sales analysis, and inventory management, which can then be allocated toward product innovation or developing more effective marketing strategies. This efficiency provides MSMEs with a competitive advantage when facing the challenges of market expansion, especially when competing with larger, more established companies. MSMEs can operate more lean and agile, making them better prepared to respond to changes in market conditions with adequate information system support (Sukwadi et al., 2013).

Digital marketing innovation supported by information systems also enables MSMEs to better understand and target consumers more effectively (Purwanti et al., 2022). MSMEs can identify the most promising market segments to reach and formulate marketing strategies that align with consumer preferences in those segments through data analysis generated by information systems. Consequently, MSMEs can increase sales volume and expand their market share in previously untapped regions. This is especially important for MSMEs operating in geographically limited areas and looking to seize expansion opportunities into national or international markets.

Market expansion through digital marketing is not an instant process but requires well-planned and sustained strategies. In this regard, digital marketing innovation must be accompanied by proper investment in supporting information systems. MSMEs must ensure they have the necessary technological infrastructure to effectively implement digital marketing strategies. The availability of accurate data, system integration, and robust analytical capabilities are essential factors to consider. Without strong support from information systems, digital marketing innovations may not yield optimal results in market expansion (Dwivedi et al., 2021).

Furthermore, it is essential to recognize that innovation in digital marketing also requires enhancing human resource capacity. Skills in using digital technology and operating information systems are prerequisites for MSMEs aiming to succeed in implementing digital marketing strategies (Pascucci et al., 2023). Therefore, training and developing digital skills for MSME actors must be a priority. MSMEs can maximize the use of technology and information systems to support their marketing innovation with skilled human resources.

The use of information systems integrated with digital marketing helps MSMEs reach new consumers and maintain better relationships with existing customers (Ningsih & Tjahjono, 2024). MSMEs can track and analyze consumer behavior in more detail, such as product preferences, purchase frequency, and feedback by employing effective customer management systems. This information allows MSMEs to design more personalized and relevant marketing campaigns, thereby increasing customer loyalty and driving sustainable growth.

Thus, digital marketing innovation and the role of information systems are essential pillars in MSME market expansion efforts. The appropriate application of technology, supported by reliable information systems, can provide significant impetus for MSMEs to compete in broader markets and confidently face the challenges of the digital era. This study aims to further examine how digital marketing innovation and the use of information systems can support MSME market expansion and identify the factors influencing the effectiveness of these digital marketing strategies.

LITERATURE REVIEW

Innovation

Innovation is the process of creating new solutions or developing existing ideas to produce better and more efficient products, services, or methods to meet market needs and desires (Diawati et al., 2023). Innovation is not limited to creating something entirely new but also involves significant improvements to existing products, processes, or business models. It often arises from creative efforts in tackling challenges or exploring new opportunities and involves adaptation to changes in technology, consumer preferences, and market dynamics. At the business level,

innovation can enhance competitiveness, expand market reach, and create added value for consumers, ultimately contributing to company growth and sustainability (Ausat et al., 2023; Sutrisno et al., 2023).

Digital Marketing

Digital marketing is a strategy for promoting products or services by leveraging digital platforms such as social media, search engines, email, websites, and mobile apps to reach consumers (Harini et al., 2023). Unlike traditional marketing, digital marketing allows companies to target specific audiences, personalize messages, and measure campaign performance in real-time through data and analytics. It encompasses various tactics, including search engine optimization (SEO), paid advertising (PPC), content marketing, influencer marketing, and email marketing, all aimed at increasing visibility, engagement, and conversions. Companies can reach a broader audience, boost brand awareness, and build closer relationships with consumers in an increasingly connected digital era through this approach (Sudirjo, 2023).

Information System

An information system is a combination of technology, people, and processes that work together to collect, process, store, and distribute information to support decision-making, coordination, control, and analysis within an organization (Chakraborty & Mansor, 2013). These systems include hardware, software, networks, and databases designed to handle data efficiently and in an organized manner. In business, information systems enable companies to manage operations more effectively, monitor performance, and respond quickly to market changes. Examples include customer relationship management (CRM) systems, enterprise resource planning (ERP) systems, and management information systems (MIS). Companies can improve operational efficiency, optimize business processes, and gain insights that support more accurate business strategies and decisions with a robust information system.

SME Market Expansion

SME market expansion refers to the process of broadening the reach of products or services to a larger market, both geographically and demographically, to increase sales and business growth (Yani et al., 2023). This process involves introducing products to new market segments, both domestically and internationally, and may include adding distribution channels, diversifying products, or entering digital platforms such as e-commerce. Market expansion offers SMEs opportunities to increase their customer base, boost revenue, and strengthen their competitive position in the market (Salsabila, Anindiya 2024). However, expansion requires a well-planned strategy, including an understanding of new consumer needs, product adjustments, and the use of technology such as digital marketing and information systems to manage more complex operations. SMEs can overcome local market limitations and capitalize on growth opportunities in the era of globalization through market expansion.

RESEARCH METHOD

This research adopts a literature review approach, focusing on a qualitative method to analyze the role of digital marketing innovation and information systems in enhancing SME market expansion. The study does not involve primary data collection but relies on relevant and up-to-date literature from various scholarly articles. The data for this research were sourced from Google Scholar, covering publications from 2013 to 2024 to ensure the relevance and currency of the information. Initially, 33 articles were identified as potential sources, but after a rigorous selection process considering relevance, quality, and alignment with the research topic, only 18 articles were chosen for further analysis. The analysis in this study is descriptive, aiming to illustrate the findings from the literature regarding digital marketing innovation and the role of information systems in SME market expansion. This descriptive analysis reviews key concepts, trends, and relationships between variables based on secondary data obtained from literature studies. The selection and analysis of the literature were conducted systematically to identify key themes and provide a comprehensive view of how digital marketing innovation and information systems influence SME

market expansion.

RESULTS AND DISCUSSION

The discussion on the role of digital marketing innovation and information systems in supporting the market expansion of SMEs is highly relevant in today's digital era, especially as consumers become more globally connected and expectations for faster, more efficient business interactions increase. Digital marketing innovation helps SMEs reach a broader audience and offers opportunities to enhance cost efficiency (Ijomah et al., 2024). Traditional marketing methods, such as print ads or television commercials, often require significant investments, while digital marketing enables SMEs to leverage lower-cost platforms like social media, websites, and e-commerce. These platforms offer high flexibility to adjust marketing campaigns in real-time based on consumer feedback. For instance, through digital ads, SMEs can quickly assess their campaign performance and make necessary adjustments to improve marketing effectiveness. In this context, SMEs have the opportunity to expand their market reach locally and penetrate international markets, with access to consumers from various countries. A prime example is Batik Trusmi from Cirebon, which has successfully used e-commerce platforms to expand its business abroad, showcasing how digital marketing combined with the right strategies can significantly broaden the market share of SMEs.

The case of Batik Trusmi illustrates that success in digital marketing depends on a good marketing strategy and adequate support from information systems. The use of information systems, such as Customer Relationship Management (CRM), has enabled Batik Trusmi to track consumer preferences in detail and build more personalized and relevant marketing campaigns. CRM allows businesses to utilize customer data to create more effective interactions and provide experiences tailored to consumer needs (Taherdoost, 2023). For instance, Batik Trusmi can identify consumer purchasing patterns and develop more relevant promotions in terms of product design and pricing that align with the preferences of specific markets. Batik Trusmi has been able to increase customer loyalty and strengthen its brand identity in international markets by effectively managing customer data. This has contributed to increased sales and allowed them to expand their business beyond Cirebon with greater confidence. This experience demonstrates that implementing the right information systems can be key to enhancing digital marketing performance.

Digital marketing enables SMEs to be more responsive to rapid changes in market dynamics, especially in an era where consumer data and market trends can be easily accessed and analyzed. SMEs can monitor the performance of their marketing campaigns in real-time and adjust strategies as needed to achieve optimal results by utilizing integrated information systems (Ningsih & Tjahjono, 2024). The successful case of Maicih, a spicy chips producer from Bandung, illustrates how SMEs can successfully leverage digital marketing. Initially, Maicih used social media platforms like Twitter and Facebook to market its products. Additionally, they employed a simple information system to monitor sales performance and adjust their marketing strategies based on available data. Maicih was able to increase the popularity of its products and expand its market from local to national, making their spicy chips one of Indonesia's most popular snacks by utilizing data analysis. The information system allowed them to identify areas needing special attention, such as increasing production or employing more effective promotional strategies, which directly impacted the success of their market expansion.

Not only in terms of marketing, but information systems also play a crucial role in enhancing the operational efficiency of SMEs. SMEs can automate various business processes with integrated technology, such as inventory management, logistics, and customer service (Jusman et al., 2023). This is especially important for SMEs in the market expansion phase, as they must manage increasing demand without sacrificing service quality. A notable example is Sociolla, a beauty platform that successfully developed an information system to support their inventory and logistics management. Sociolla ensured product availability in line with customer demand and optimized delivery processes more efficiently by utilizing integrated technology. This helped them overcome logistics challenges during large-scale expansions while maintaining a high standard of customer experience. Implementing such information systems is vital for SMEs aiming to manage

rapidly growing businesses without losing control over day-to-day operations.

In addition to enhancing operational efficiency, innovations in digital marketing supported by information systems also enable SMEs to better understand the new markets they wish to enter. SMEs can identify consumer preferences in various regions or countries through market data analysis (Tarigan & Mawardi, 2024), allowing them to tailor their products and marketing strategies to meet the specific needs of those markets. A good example of this approach is Kulina, an SME in the daily catering business. Using data from their information system, Kulina was able to analyze consumer habits in various major cities across Indonesia and adjust their menu and services to fit the tastes and needs of each city's local market. This allowed them to expand their service reach more effectively, while maintaining competitiveness in diverse markets.

Furthermore, innovation in consumer interaction can also be achieved through the use of technologies such as chatbots, mobile applications, and email marketing integrated with CRM. These technologies enable MSMEs to enhance their interactions with customers in a more personalized and automated manner, ultimately strengthening customer loyalty. For example, Tokopedia, one of the largest e-commerce platforms in Indonesia, provides features like chatbots and automatic notifications via email or mobile apps to assist MSME sellers in communicating with their customers. This makes it easier for customers to obtain product information and increases their satisfaction and loyalty. Ultimately, such technology allows MSMEs to build closer relationships with consumers, contributing to long-term business growth.

However, despite the numerous benefits offered by digital marketing innovation and information systems, MSMEs also face various challenges in adopting these technologies. One of the main challenges is the limitation of human and financial resources, especially for MSMEs that lack access to or sufficient knowledge of technology (Ausat & Suherlan, 2021). A case study of Coklat Ndalem, an MSME from Yogyakarta, illustrates that a lack of knowledge in digital marketing and information systems can hinder business growth. Initially, Coklat Ndalem struggled to manage their digital platforms due to limited expertise in technology and digital marketing strategies. However, through training and collaboration with technology consultants, they successfully developed a more effective system and leveraged digital marketing to expand their market across Indonesia.

Support from the government and the private sector is also a crucial factor in helping MSMEs overcome these challenges. The UMKM Go Digital program, initiated by the Indonesian government, has provided training and guidance to MSME players in various regions to help them utilize digital technology to expand their markets. This program has increased the number of MSMEs using e-commerce platforms and social media as their primary sales channels, enabling them to compete in wider and more competitive markets. Such initiatives are essential for MSMEs that wish to grow and thrive in the digital era, especially in facing increasingly fierce global competition.

Digital marketing innovation supported by information systems has proven to provide greater competitiveness for MSMEs in expanding their markets. The integration of these technologies helps MSMEs improve operational and marketing efficiency, allowing them to better understand the markets and consumers they serve. An example is Kopi Kenangan, which uses mobile applications and information systems to personalize customer experiences through loyalty programs, demonstrating how MSMEs can significantly expand their business while keeping customer satisfaction as a top priority. Thus, technology is not only a tool for expansion but also a foundation for the long-term success of MSMEs in the digital era.

The various case studies discussed show that the adoption of digital marketing innovation and information systems by MSMEs is essential to driving business growth and market expansion. Amid increasingly fierce global competition, the ability to harness technology becomes key for MSMEs to survive and thrive in more competitive markets. This research highlights the importance of MSMEs understanding and adopting the right technology so they can overcome existing challenges and capitalize on opportunities in this digital era.

CONCLUSION

This research concludes that digital marketing innovation and the use of information systems play a crucial role in expanding the market reach of MSMEs. Digital marketing innovation enables MSMEs to reach consumers more broadly and efficiently by leveraging digital platforms such as social media, e-commerce, and websites. Meanwhile, information systems help improve operational efficiency, data management, and more accurate decision-making based on data analysis. Case studies of Batik Trusmi, Maicih, and Sociolla demonstrate that MSMEs adopting these innovations can expand their market share, increase customer loyalty, and compete more effectively in both domestic and international markets. Despite challenges such as limited human and financial resources, support through appropriate training and technology can help MSMEs overcome these barriers.

The implications of this research suggest that the adoption of digital marketing innovation and information systems is no longer optional for MSMEs but rather an urgent necessity to survive and grow in the digital era. MSMEs that can effectively utilize digital technology will enhance their competitiveness in increasingly competitive markets and expand their market reach more rapidly. The government and private sector must continue to promote the digitalization of MSMEs by providing access to training, technology, and adequate infrastructure support. Additionally, MSMEs that can use information systems for consumer data analysis can create more targeted marketing strategies and strengthen long-term customer relationships.

Several recommendations arise from this research. For MSMEs, it is advised to adopt digital marketing and information systems promptly to support business growth. Investment in digital marketing training, along with the use of CRM and data analytics, will greatly aid in understanding consumer behavior and making more informed decisions. For the government and private sector, it is essential to increase access to training and technology for MSMEs, particularly in relation to digital marketing and information systems. Programs such as "UMKM Go Digital" should be expanded across Indonesia to ensure MSMEs in various regions benefit from digitalization. For future researchers, it is recommended to conduct field research using survey or interview methods with MSME actors to obtain empirical data on the specific impact of digital marketing and information systems on MSME performance. This is important to complement this literature review and provide more in-depth quantitative data.

This research has several limitations, including limitations in the data sources used. The data drawn from Google Scholar is restricted to articles published during the 2013-2024 period, meaning that some older important literature may not be included in the analysis. Additionally, this study uses a qualitative approach and literature review, making the results more descriptive and lacking in-depth empirical analysis of the specific conditions of MSMEs in the field. Another limitation is the focus on global and national literature, which may not fully represent the conditions of MSMEs in all regions of Indonesia.

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