

## The Role of Social Media in Online Marketing for MSMEs

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### Abstract

The development of information technology has transformed societal behavior patterns, particularly in the field of business marketing. This study aims to analyze the differences and similarities between online marketing and social media, as well as to explore the strategic role of social media in supporting marketing activities, especially for Micro, Small, and Medium Enterprises (MSMEs). This research employs a descriptive qualitative approach through a literature review of relevant sources. The findings show that although online marketing and social media share a common goal—attracting market attention and understanding consumer behavior through data analysis—they differ in scope and focus. Online marketing encompasses various digital strategies such as email marketing, SEO, and paid advertising, while social media focuses on direct interaction with consumers through platforms like Instagram, Facebook, and TikTok. For MSMEs, social media offers several key functions, including customer identification, two-way communication, product information dissemination, monitoring consumer preferences, and building customer loyalty. Proper utilization of social media can serve as a strategic tool to expand market reach and enhance MSME competitiveness in the digital era.

### Keywords

Social Media, Online Marketing, MSMEs, Digital Marketing, Business Strategy

## 1. Introduction

The development of information technology has brought changes to society. The emergence of social media has caused a shift in societal behavior patterns in terms of culture, ethics, and prevailing norms. Indonesia, with its large population and cultural diversity in terms of ethnicity, race, and religion, has a significant potential for social change (Kustiawan et al., 2022). Nearly the entire Indonesian population, from various backgrounds and ages, owns and uses social media

to obtain information and communicate it to the public. Social media is an online medium where users can easily participate, share, and create content, including blogs, social networks, wikis, forums, and virtual worlds. Blogs, social networks, and wikis are the most commonly used forms of social media worldwide (Wulandari et al., 2020).

Micro, Small, and Medium Enterprises (MSMEs) are productive business units that stand alone, operated by individuals or business entities in all economic sectors. MSMEs play a strategic role in Indonesia's economy. They contribute to job creation, drive economic activities, and distribute the results of economic development. MSMEs are resilient to shocks and crises. This was proven during the 1997-1999 monetary crisis when Indonesia faced a financial downturn, yet UMKMs survived and even thrived (Ago et al., 2023).

Online marketing for MSMEs is an essential strategy to expand market reach, increase sales, and build closer relationships with customers through the utilization of digital technology. In this context, it is important to understand that social media and online marketing are two different things, although they are interconnected (Purbohastuti, 2017). Social media is one of the channels or platforms in online marketing, such as Instagram, Facebook, or TikTok, used to interact directly with the audience. Meanwhile, online marketing includes various other digital methods and strategies such as email marketing, Search Engine Optimization (SEO), and paid advertisements on the internet. The role of social media in online marketing is significant, especially in building brand awareness, creating engagement, and providing an interactive platform for customers to give feedback directly (Wibowo, 2017). For MSMEs, utilizing social media with the right strategy can be an effective and efficient tool to strengthen their position in the digital market.

The purpose of this study is to understand the differences between social media and online marketing, as well as to explore the roles of social media in online marketing. Social media, as a platform for direct interaction with the audience, serves a different function from online marketing, which includes various digital methods such as email marketing, SEO, and paid advertisements. This study aims to examine how social media, through the right strategy, can play a crucial role in strengthening brand awareness, creating customer engagement, and providing an interactive platform for feedback, which in turn can enhance the effectiveness of online marketing for businesses, especially SMEs.

## **2. Discussion**

### **2.1 Online Marketing for MSMEs**

The marketing environment assumes that the realization of a company's goals begins with identifying consumer needs and expectations, being able to determine the target market, continuously managing the target market, and updating ideas based on the needs and culture of the local community. The four pillars of marketing include target market, consumer demand, integrated marketing, and profitability (Hu & Wang, 2020). Marketing is not just about sales activities. Instead, marketing activities are interrelated. Marketing activities begin long before production activities and do not end with sales. If marketers want their products to sell in the market and even thrive and grow, they must consider what products they want to create to meet the needs and wants of consumers.

According to Kotler & Armstrong (2010), marketing is a social and managerial process by which an individual or group obtains what they need and want through the creation and exchange of valuable products with others. Marketing is a process and managerial effort that enables individuals or groups to obtain what they need and want by creating, offering, and exchanging products or services from producers to consumers. Online marketing involves using the Internet to market and sell goods or services. Online marketing leverages the power of e-commerce to sell and promote products. E-commerce supports the buying, selling, and transaction of products or services via the Internet. Online marketing is a part of e-commerce. With the explosion of Internet growth, online marketing has become very popular. The development of the internet has also influenced economic development. All types of transactions that used to be done face-to-face or by phone and mail are now easier because they are conducted through the Internet (Kurniawati & Arifin, 2015).

## **2.2 Differences and Similarities Between Online Marketing and Social Media for Business**

Online marketing and business social media have several fundamental similarities, especially in terms of goals and the use of data analytics. The main objective of online marketing is to make it easier for the market to recognize the products being offered, attract potential buyers, and provide ease in comparing products before making a purchase (Mahliza et al., 2020). Another advantage of online marketing is its relatively low cost and wide market reach. As technology develops, social media is also utilized in marketing activities, where companies begin to adjust their promotional techniques to trends and public interests (Batubara et al., 2023). Social media allows companies to build interactive relationships with consumers without time and location constraints, as well as support content dissemination in the form of photos, videos, and effective two-way communication. In terms of data analysis, both online marketing and social media utilize data to understand consumer behavior and target markets precisely. Online marketing uses data to create more efficient strategies, while social media uses data from various platforms to gain insights that help shape brand image and audience engagement (Wulandari & Riofita, 2024).

Although they share similarities, there are also clear differences between online marketing and business social media, especially in scope and focus. Online marketing includes various digital promotional activities, such as email marketing, search engine optimization (SEO), search engine marketing (SEM), and influencer marketing, which are not limited to social media alone (Wismashanti, 2024). In contrast, social media focuses more on the use of platforms like Instagram, Facebook, Twitter, YouTube, and TikTok, allowing direct interaction with users through content, live broadcasts, and various forms of engagement. In terms of target audiences, online marketing allows highly specific targeting through paid ads like Google Ads, based on online behavior, geographical location, and consumer preferences. Meanwhile, social media targets audiences based on the interests and behaviors of social media users themselves, and utilizes features like the ads manager on platforms like Facebook and Instagram to reach specific audiences in a more flexible yet still effective way (Raharti & Nasution, 2024).

## **2.3 Differences and Similarities Between Online Marketing and Social Media for Business**

Social media has several potential functions that are highly beneficial for SMEs in developing their businesses. One of them is the ability to identify customers, which involves understanding and defining consumer needs and desires for a product, such as a shoe rack, which is then used

as a reference in designing the technical specifications of the product. Additionally, social media allows for reciprocal communication, which is important for capturing consumer attention, building sustained interaction, and encouraging purchase decisions through proper content management strategies. Another function is as an effective means of delivering information, especially for online-based businesses, as social media provides a broad and fast platform for spreading business messages to the public (Herdiyani et al., 2022).

Another benefit of using social media in business is the ability to expand the business in various aspects, particularly in terms of information. SME owners can gain insights into competitors and customer preferences, which are valuable for formulating marketing strategies. Social media also allows companies to recognize objects that consumers like by monitoring their online behavior (Setiadi, 2016). Customer presence can be monitored and leveraged to build a closer relationship between the company and its consumers. Furthermore, social media fosters relationships among customers based on their location and interaction patterns, creating communities that can strengthen brand loyalty.

In terms of reputation, social media helps SME owners build a positive image in the eyes of customers through active engagement and the dissemination of user experiences with a product or service. Various social media applications, ranging from instant messaging to social networking, enable connections between users that can expand business reach. Through this process, information about customer experiences spreads widely and creates strong engagement, which ultimately has the potential to increase business profits (Adam et al., 2022). By optimally utilizing social media, SMEs can build closer relationships with consumers, better understand the market, and expand their business reach more efficiently and effectively.

### **3. Conclusion**

The marketing environment plays a crucial role in determining the success of a company, where the achievement of business goals begins with understanding consumer needs and expectations. Companies are required to accurately identify their target market, manage it sustainably, and continuously adjust strategies and product ideas based on the needs and culture of the local community. If marketers want their products to be accepted and thrive in the market, it is essential for them to design products that truly meet consumer desires. In this context, online marketing and social media play complementary roles. Both share the same goal of attracting market attention and reaching consumers more effectively and efficiently, as well as using data analytics to understand customer behavior and preferences.

However, despite their similarities, online marketing and social media have fundamental differences. Online marketing covers a broader scope, including email marketing, search engine optimization, and digital advertising as a whole, while social media is more focused on platforms like Instagram, Facebook, and TikTok to build direct interactions with consumers. Another difference lies in the target audience, where online marketing uses a data-driven approach based on digital behavior broadly, while social media relies more on the interests and habits of users within the platform. For SMEs, social media has a highly potential function in supporting business growth. Social media allows them to easily identify customers, establish effective two-way communication, and deliver product information directly and engagingly. Additionally, social media helps identify objects or products liked by consumers, monitor customer presence,

and build relationships among customers based on location and interaction patterns formed digitally. The ability to quickly access market and competitor information through social media also provides added value, making it a highly strategic tool that is very useful in facing competition and market dynamics.

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