

ANALYSIS OF FACTORS INFLUENCING DIGITAL MARKETING INNOVATION

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Abstract. *This study aims to analyze the factors that influence digital marketing innovation in the MSME sector, especially in the Alpha Balon business. Digital marketing has become a primary need for MSMEs to remain competitive in the digital era. By utilizing technologies such as social media, e-commerce, and big data, MSMEs can increase sales and competitiveness. However, the implementation of this innovation is often hampered by a lack of digital literacy, limited human resources, and minimal budget. The results of the study show that the use of consistent and relevant digital marketing strategies, improving team skills, and utilizing simple technology can be the main solution. Through this approach, MSMEs such as Alpha Balon can optimize the potential of digital marketing for sustainable business growth.*

Keywords: *Digital literacy, digital marketing, innovation, marketing strategy, MSMEs.*

1. INTRODUCTION

Currently, MSMEs are faced with technological developments, one of which is marketing methods. The development of marketing methods has changed a lot, from initially only selling in the market, going around products from house to house, and also making flyers to be distributed and posted in public places, it has begun to be abandoned and replaced with digital marketing methods that utilize social media, e-commerce platforms, and also websites to get various very attractive benefits both in terms of income, product branding, and also increasing competitiveness (Rudianto 2023) . This encourages businesses to continue to innovate in maintaining and increasing their competitiveness. All aspects of business operations benefit from the digital era, from how to interact with customers to implementing effective business strategies. Consumer behavior has undergone major changes, especially in terms of technology (Fatkhah and Chasanah 2024) .

Digitalization has brought about fundamental changes in the way businesses are run. Technologies such as e-commerce, social media, big data, and artificial intelligence now enable MSMEs to compete in a more competitive market (Pasaribu & Widjaja, 2022). E-commerce platforms, for example, have removed geographical boundaries so that MSMEs can sell their products to various regions and even to international markets. Social media provides a means for MSMEs to build brands and reach customers directly at a relatively low cost (Zarkasyi 2021) . Meanwhile, big data technology allows MSMEs to analyze customer behavior in depth so that they can offer products or services that are more in line with market needs (Susi, Sugiana, and Musty 2023).

However, despite its enormous benefits, the adoption of digital innovation in the MSME sector does not always run smoothly. Various obstacles such as lack of understanding of technology, limited financial resources, and low digital literacy are the main obstacles for many MSME actors. In addition, changes in people's consumption patterns that are increasingly digital-based also require MSMEs to continue to adapt in

order to remain relevant amidst competition (Lase et al. 2024) . Digital innovation not only provides economic benefits, but also supports social development and sustainability (Lase et al., 2024). With digital technology, MSMEs can create new job opportunities, support economic inclusion, and reduce the gap between large and small business actors.

In this increasingly connected era, the ability of MSMEs to utilize digital technology is no longer an option, but a necessity. An innovative approach in using technology can be the key to the success of MSMEs to grow and develop sustainably. Therefore, it is important for all stakeholders to support the acceleration of digital innovation in this sector, both through supportive policies, development of digital infrastructure, and collaboration between business actors. Thus, MSMEs are not only able to survive, but also become the main driving force in driving economic growth in the digital era.

2. LITERATURE REVIEW

2.1 Digital Marketing Innovation

Digital marketing innovation is a creative effort in utilizing technology and digital platforms to promote products or services. This means using new, more effective methods, such as utilizing social media, email marketing, websites, and online advertising to reach more customers. Innovation is a product or service that is considered new by customers. Simply put, innovation can be interpreted as an update or breakthrough related to a new product or service. Innovation includes product innovation, marketing innovation, process innovation, technical innovation and administrative innovation. To develop an MSME so that its business is successful, business actors must be able to think creatively and innovatively to further develop their business (Awa et al. 2024) .

Meanwhile, digital marketing is a type of digital marketing by aligning information technology and marketing which is often used as a medium to promote products and also to reach potential buyers using digital media. Digital marketing consists of interactive and integrated marketing that can facilitate interaction between producers, market intermediaries and potential buyers. In addition, digital marketing can also make it easier for business actors to monitor and provide all the needs and desires of potential buyers, potential buyers can also easily search for information and get the desired products just by browsing social media, making it easier to search (Radhiana, Kasmaniar, and Mukhdasir 2023) .

2.2 Factors that influence innovation

Innovation is one way for a business to maintain its business. Innovation is also able to mediate between market orientation and performance. Marketing performance in MSMEs is highly dependent on the innovation carried out and the level of market orientation set. Innovation is primarily dependent on market orientation and plays a role as an intermediary in driving performance. Innovation in MSMEs is very important so that the company can survive and follow changes in the market. With a stronger organizational culture, it will increase the innovation carried out by the company (Purwanto and Wijaya 2024) .

Innovation is needed not only for survival, but also to face increasingly fierce competition and environmental uncertainty. The higher the innovation carried out in a product, the more it affects marketing performance which then creates continued competitive advantage, innovation has a positive effect on marketing performance in MSMEs which means that by continuing to innovate, MSMEs will increase their credibility in terms of product variation, so that marketing performance will increase in product sales (Radhiana et al. 2023)

3 RESEARCH METHODS

The research method used by researchers is by using qualitative research methods.

According to Bogdan and Taylor in (Nugrahani, 2008) defines qualitative research as a research procedure that produces descriptive data in the form of written or spoken words from people and observed behavior. Then Creswell in (Murdiyanto, 2020) defines qualitative research as the process of investigating a social phenomenon and human problems. Therefore, this study was conducted qualitatively with the aim of describing in detail and in depth about Digital Marketing Innovation in the MSME Sector in East Bekasi District. The data collection technique used is through the process of observation and in-depth interviews as well as literature reviews based on several journals and articles relevant to the research title (Charismana, Retnawati, and Dhewantoro 2022) .

4 RESULT AND DISCUSSION

4.1 The main strategies used in utilizing digital marketing to increase sales

Digital marketing is a promotional activity and market search carried out through online digital media, utilizing various platforms such as social networks (Purwana et al., 2017). One of the digital marketing strategies commonly used by business actors is to utilize social media to market products, for example through Instagram, Facebook, Twitter, and others. In addition, digital marketing can also be done through e-commerce platforms and various other digital media. The rapid development of technology requires MSMEs to understand and learn digital marketing strategies. Research by Hendrawan et al. (2019) revealed that digital marketing has a significant positive impact on increasing MSME sales performance. As many as 70% of creative entrepreneurs stated that digital marketing will be the main platform in marketing communications, while physical stores will only function as a complement. This is due to the ease and ability of digital marketing to reach more consumers (Imam Pamungkas Walton and Nurmandi 2021).

MSMEs can start by creating social media accounts and consistently promoting, thereby increasing self-confidence and honing creativity in marketing. Some forms of digital marketing that can be implemented by MSMEs include:

1. Regularly publish product videos and photos on social media.
2. Utilizing platforms such as Facebook, Instagram, Twitter, TikTok, and marketplaces such as Shopee.
3. Create a product promotion video uploaded on social media or do a live broadcast to promote the product. By implementing this strategy, UMKM players can expand their market reach and increase the competitiveness of their products.

Based on the interview that has been conducted regarding the main strategy used in utilizing digital marketing to increase sales, the source said "so like this, the digital marketing strategy in our Alpha Balloon business is not working well, because the content we create is not interesting or consistent. If you want to promote in digital marketing, you have to often create interesting, unique, and cool content. The goal is to make people curious or interested in knowing more about our business. If the content is mediocre or rarely updated, well, people will forget over time. Then it could also be because of the increasingly tight competition in the industry or changing market trends. For example, people now prefer decorations that can be customized, but if our business is not the same as what is currently trending, automatically our digital marketing is also less effective, right? So, the point is, we need a more detailed evaluation to find out what is actually making our digital marketing strategy not work as expected. "

4.2 Using digital technology to enhance the Alpha Balloon customer experience

Customer experience is a strategy that was present during the industrial revolution, where the agricultural sector was displaced by the manufacturing sector, along with the increasing economic conditions of society and the automation process, so that people's income increased and had more free time so that people preferred to buy services (services) than just getting the expected needs, both goods and services. In this case,

measuring satisfaction with customer experience using 5 (five) dimensions, namely sense , feel , think , act and relate . This experience can be seen from the perspective of how consumers consume or use the product, in what situations consumers consume it, how consumers are involved in the process of consuming or using the product (Suriansha 2023) .

Based on the interview that has been conducted regarding using digital technology to improve Alpha Balon's customer experience, the source said "If I think yes, maybe one of the reasons is because we have not maximized our understanding of what our customers actually need in terms of digital technology. So, it seems like we focus too much on cool features or technology that seems sophisticated, but it turns out that it doesn't match the way our customers interact with our business. For example, we create a website or application, but it turns out that our customers are more comfortable communicating via WhatsApp or social media. Then, our team also doesn't have enough skills or understanding to manage the technology, so the implementation is half-hearted. And we are not consistent in educating customers about the technology we use, so they are confused about how to use it, and finally go back to the old way that they understand better. The point is, digital technology should make the customer experience simpler and more comfortable, but if we don't focus on their needs, the results will be ineffective."

4.3 Obstacles faced by Alpha Balon in adopting digital marketing

Digital marketing plays an important role in the growth and competitiveness of MSMEs in today's digital era. The right digital marketing strategy can help MSMEs expand their market reach, increase product/service visibility, and increase sales and business profitability. However, there are also several challenges faced, as business actors, namely limited human resources, lack of digital skills, minimal marketing budget, and low digital and technological literacy are the main factors that hinder the adoption of digital marketing in MSMEs (Parawangsa et al. 2021) .

Fitriani (2022) also revealed that organizational culture factors that are less adaptive to technological changes and the lack of support from local government policies are obstacles for MSMEs in Alpha Balon in utilizing digital marketing optimally. Thus, it can be concluded that the main challenges for MSMEs in Alpha Balon in adopting digital marketing include limited human resources skilled in digital technology, lack of information technology infrastructure, minimal marketing budget, low digital literacy, less adaptive organizational culture, and lack of support from local government policies. These challenges need to be overcome so that MSMEs in Alpha Balon can optimally utilize the potential of digital marketing in improving marketing performance and business competitiveness. (Charismana et al. 2022).

Based on the interview that has been conducted regarding the obstacles faced by Alpha Balon in adopting digital marketing, the source said, "So, when it comes to digital technology for customer experience at Alpha Balon, to be honest, it's not as easy as we imagine. First, yes, the most basic problem is that we lack people who really understand digital marketing. Our team is very small, and most of them focus more on production and managing manual orders. So, when it comes to creating interesting content or managing platforms like Instagram or marketplaces, we often get overwhelmed. In fact, that is very important for introducing our products to many people. Then, another obstacle is in the tools and infrastructure. We don't have sophisticated tools to manage customer databases or track their needs. So, yes, customer feedback is often ignored. Simply put, we sometimes don't know what they like or dislike about our services. Well, if we don't understand our customers, how can we provide an experience that makes them satisfied, right?

There is also the issue of cost. Honestly, for a small business like Alpha Balon, investing in digital marketing still feels heavy. Just imagine, wanting to advertise on social media or create a website is already a chore because the budget has to be really managed. Not to mention if you have to pay professionals to do everything. How to

overcome this? Actually, we are slowly starting to improve. First, we are learning together about digital marketing, even though the steps are very small. Sometimes, we try to join free training or watch tutorials on YouTube. Then, we are also trying to focus on free platforms that are easy for customers to access, such as WhatsApp or social media. For tools, we plan to do it in installments, for example starting to make Google Forms for small surveys, so we can get customer input.

4.4 Plans to develop innovation in digital marketing at Alpha Balon

Consumer data analysis is an important foundation in gaining deep insights into consumer preferences, needs, and behavior. Through this analysis, companies can identify market trends, measure campaign effectiveness, and better understand how to present products or services in a more personal and relevant way. By detailing consumer preferences, needs, and behavior, companies build a solid foundation for strategic decision making. Through this analysis process, companies can identify emerging market trends, measure the effectiveness of marketing campaigns, and respond to market dynamics more quickly and appropriately (Andirwan et al. 2023).

Based on the results of the interview that has been conducted regarding the plan to continue developing innovation in digital marketing at Alpha Balon, the source said "Oh, if it's about that, actually there are several reasons why the plan to continue developing digital marketing innovation at Alpha Balon has not gone well because maybe in terms of priorities, yes, because, so far our main focus has been more on daily operations, such as ensuring safe balloon stock, maintaining product quality, and serving customer orders. So, this digital marketing innovation sometimes feels like an addition that is not too urgent, even though it is actually very important. Then, our team may not fully understand or be skilled in digital marketing, so every time there is a new plan, the process is often slow because we have to learn from the beginning. Moreover, if in the middle of the road technical challenges arise or additional costs are needed, the enthusiasm to develop it sometimes slackens. So, yes, the point is that there is still a lot that needs to be improved in terms of planning and execution."

4.5 The influence of digital marketing on sales or business growth

Many business actors have used social media channels such as Facebook, WhatsApp and Instagram to find prospects or find opportunities and consumers with the aim of increasing sales volume or obtaining high profits, and therefore it is possible that there will be problems or obstacles faced in realizing these goals. The problem that is usually encountered is that the products being marketed are still not widely known to the public, which has an impact on low sales volume. Maximizing digital marketing can attract consumer interest in making purchases, thus affecting product sales volume (Waruwu, Mendrofa, and Gulo 2022).

According to Kotler in Widodo (2014) internet marketing has five major advantages for companies that use it. First, both small and large companies can do it. Second, there are no real limits in advertising space when compared to print and broadcast media. Third, access and search for information is very fast when compared to express mail or even fax. Fourth, the site can be visited by anyone, anywhere in the world, at any time. Fifth, shopping can be done faster and alone (Ratna Gumilang 2019) .

Based on the results of the interviews that have been conducted regarding the influence of digital marketing on sales or business growth, the source said "If asked why digital marketing in the Alpha Balon business has not run optimally, to be honest, maybe it's because we are not consistent and not focused on a clear strategy. Sometimes we've tried to place ads on social media, but there is no mature research on the target market. Then, the content we create is also not very interesting for customers, so they are not interested in clicking or following. In addition, to be honest, there are limitations in resources too, such as in terms of time and energy. Our team is still small, so digital marketing is often overwhelmed because it has to divide time with other production and

operational matters. Frankly, knowledge about digital marketing is also not very deep. Maybe that's why the results have not been as expected, even though we actually know very well that the potential is great for increasing sales."

CONCLUSION

It can be concluded that digital marketing innovation is very important to increase the competitiveness of MSMEs. Digital technologies such as social media, e-commerce, and big data have provided great opportunities for MSMEs to expand their market reach, improve branding, and increase operational efficiency. However, there are various obstacles faced by MSMEs in adopting digital marketing, including limited human resources, low digital literacy, and limited budget. Alpha Balon, as a case study, shows that digital marketing innovation is still not running optimally due to the lack of a consistent strategy, lack of understanding of technology, and limited team capabilities in managing digital platforms.

RECOMMENDATION

To improve the effectiveness of digital marketing strategies, Alpha Balon needs to place digital marketing innovation as a strategic priority that is parallel to daily operational activities. A crucial first step is to improve digital literacy and team skills through regular training on the use of digital platforms such as social media, marketplaces, and customer data analysis tools. In addition, companies can start by using simple but relevant technologies, such as WhatsApp or social media, to create attractive promotional content and direct interaction with customers. Customer surveys also need to be conducted periodically to understand their needs, with the results used as a basis for adjusting more targeted marketing and service strategies.

To overcome budget constraints, Alpha Balon can implement a gradual approach, starting from free or low-cost platforms such as Instagram and Facebook Ads with a small budget. Collaboration with the government or local communities can also help in the form of training, subsidies, or mentoring to support the development of digital marketing. With these steps, Alpha Balon can not only improve their marketing strategy but also improve customer experience, expand market reach, and support sustainable business growth.

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