

Digital Marketplace Based Marketing Strategy to Improve MSMEs Competitiveness

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ABSTRACT

This study aims to analyze marketplace-based digital marketing strategies to enhance the competitiveness of Micro, Small, and Medium Enterprises (MSMEs), with a specific focus on the highly dynamic Food and Beverage (F&B) sector within the youth-dominated urban market of Malang City. Employing a qualitative descriptive approach, data were gathered through a triangulation of in-depth interviews, non-participant observations, and documentation. Informants were strategically selected using purposive sampling, with data saturation serving as the parameter for methodological rigor. The collected data were evaluated using SWOT analysis to systematically map internal capabilities against external digital market dynamics. The findings reveal that while MSMEs exhibit inherent strengths in product authenticity and operational flexibility, they encounter critical structural weaknesses, notably in digital literacy and consistent customer engagement management. Furthermore, the exponential growth of digital shopping habits presents significant opportunities, which must be leveraged to mitigate emerging threats such as intense predatory pricing and volatile platform algorithms. The study concludes that achieving optimal competitiveness requires a paradigm shift beyond a passive online presence; it necessitates aggressive interactive engagement, the cultivation of strong brand authenticity to capture Generation Z consumers, and strategic institutional collaborations to bridge the operational digital divide.

Keywords: *Digital Marketing, Marketplace, MSMEs, Competitiveness, SWOT Analysis.*

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play an indispensable role in the national economy, acting as a catalyst for employment and local economic growth. However, in an increasingly volatile global business landscape, MSMEs encounter structural impediments related to market accessibility, promotional efficiency, and technological integration. The implementation of digital marketing strategies has therefore transitioned from an optional enhancement to a strategic imperative for survival and expansion (Kilay et al., 2024). Within this digital shift, marketplaces have emerged as pivotal distribution channels that provide integrated transaction infrastructures, enabling MSMEs to optimize their operational reach at a significantly lower cost compared to traditional marketing paradigms.

Despite the potential of digital ecosystems, the successful adoption of these platforms is often hindered by a significant "digital divide" and varying levels of digital literacy among business actors (Nugroho et al., 2026). Recent studies indicate that the competitiveness of local MSMEs within Indonesia's digital marketplace is not merely a product of presence, but is deeply influenced by the ability to navigate complex algorithmic shifts and intense price competition (Rayhan, 2026). Furthermore, digital marketing implementation is proven to have a direct positive correlation with business performance, provided that MSMEs can leverage their internal strengths to capitalize on emerging digital opportunities (Kustami et al., 2025).

The urgency of this research is particularly pronounced in the context of Malang City. As a prominent urban education hub, Malang is characterized by a massive population of Generation Z consumers who are digital natives with distinct consumption patterns. In the highly competitive Food and Beverage (F&B) and creative sectors, a static online presence is no longer sufficient to sustain market share. MSMEs must actively manage customer engagement and utilize interactive formats, such as live streaming and social media integration, which have been identified as critical drivers for purchase intention among younger demographics (Habibi & Munawar, 2025).

Consequently, there is a critical need for a comprehensive analysis that maps the internal and external dynamics of MSMEs in Malang through a strategic lens. This study utilizes a SWOT analysis framework to formulate adaptive

marketplace-based marketing strategies. By identifying specific strengths such as product authenticity and addressing weaknesses like inconsistent digital service management, this research aims to provide a strategic roadmap for MSMEs to enhance their competitiveness and achieve sustainable growth within the dynamic digital economy.

2. RESEARCH METHODS

This study employed a qualitative descriptive approach integrated with SWOT analysis; thus, the focus was not on population generalization but on the depth and richness of the information. The informants were selected using a purposive sampling technique, deliberately chosen based on predefined criteria relevant to the research objectives. The inclusion criteria for the MSMEs were as follows:

1. Domiciled and actively operating within Malang City.
2. Operating within the Food and Beverage (F&B) sector, considering its high competitiveness and direct relevance to the dominant Generation Z consumer demographic in the area.
3. Having a minimum operational lifespan of one year to ensure business stability and adequate historical data.
4. Actively utilizing at least one major digital marketplace (e.g., Shopee, Tokopedia) as a primary sales and marketing channel

Based on these specific criteria, data saturation was achieved after conducting in-depth interviews with 12 MSME owners or managers. This sample size was deemed methodologically sufficient, as subsequent interviews yielded redundant information with no new significant themes emerging regarding their marketplace strategies. To ensure the validity and reliability of the findings, data were gathered through a triangulation of methods:

1. In-depth Interviews: Semi-structured interviews were conducted to explore the business owners' internal perspectives regarding their digital literacy, marketplace promotional capabilities, and challenges in managing customer engagement.
2. Non-participant Observation: Direct, systematic observation of the selected MSMEs' digital storefronts was performed. This involved evaluating the quality of visual content, pricing strategies, promotional feature utilization (such as live streaming), and customer service responsiveness as reflected in user reviews and ratings.
3. Documentation: Secondary data were acquired from the MSMEs' basic digital sales records, platform analytic dashboards (where accessible with permission), and relevant institutional policies supporting digital transformation.

3. RESULTS AND DISCUSSION

3.1. Internal and External Factor Identification

The empirical findings demonstrate that the utilization of digital marketplaces has evolved into a critical determinant for the survival and scaling of MSMEs. Rather than functioning solely as transactional nodes, these digital platforms operate as dynamic arenas for brand establishment and direct consumer interaction. While a significant proportion of MSME actors recognize the efficacy of these platforms attributing this to relatively low entry barriers and practical, integrated transaction systems the degree of commercial success varies significantly. This variance is predominantly contingent upon the internal readiness of the business to actively manage digital interactions, maintain brand consistency, and proactively adapt to external market pressures. A systematic evaluation of these strategic dynamics is encapsulated in the SWOT framework, detailing the critical internal attributes (Strengths and Weaknesses) and the broader environmental conditions (Opportunities and Threats) as presented in Table 1.

Table 1. SWOT matrix

Factor Type	Description
Internal Factors	
Strengths (S)	Products have good quality; prices are relatively affordable; some MSMEs already have positive ratings and reviews; there is flexibility in adjusting products to market needs.

Factor Type	Description
Weaknesses (W)	Business actors' digital literacy is still limited; product content management is not yet optimal; there is limited capital for promotion; customer service is not yet consistent; there is limited staff for online store administration.
External Factors	
Opportunities (O)	Online shopping is growing; the number of marketplace users continues to increase; promotional features provided by the platforms are available; there is support from MSME digitalization programs.
Threats (T)	Price competition is very tight; there are many similar products in the marketplace; there are changes in platform policies; there is a risk of negative reviews; there is dominance of larger business players.

3.2. Strategy Formulation for MSME Competitiveness

The results of the SWOT matrix analysis indicate that the primary challenge for MSMEs in Malang City extends beyond mere platform accessibility; it fundamentally concerns strategic channel management and the optimization of digital credibility. In the contemporary marketplace ecosystem, competitiveness is no longer solely dictated by product intrinsic quality but is increasingly dependent on the orchestration of consumer experiences and brand authenticity. Based on the identification of internal and external factors, the following strategic formulations are proposed:

1. SO Strategy (Strengths-Opportunities): Aggressive Market Penetration through Interactive Engagement

MSMEs must adopt an aggressive stance by utilizing platform-integrated promotional features such as flash sales and marketplace-native live streaming to capitalize on their existing product quality and competitive pricing. The integration of interactive formats is critical, as it has been empirically proven to significantly enhance purchase intention and customer engagement, particularly among the Generation Z demographic (Habibi & Munawar, 2025). By establishing a dynamic and responsive digital presence, businesses can transform passive online shoppers into active brand advocates, thereby increasing conversion rates within the expanding digital habit.

2. WO Strategy (Weaknesses-Opportunities): Institutional Collaboration and Digital Capacity Building

To mitigate the limitations in digital literacy and content management, MSMEs should pivot towards strategic collaborations with external entities, including local universities and government-sponsored digital incubators. Such institutional support is essential for providing the necessary technical training and operational frameworks required for digital transformation (Kilay et al., 2024). Through these partnerships, MSMEs can enhance their content creation capabilities and streamline backend workflows without necessitating massive capital expenditure, thus narrowing the digital divide that often hampers small-scale business growth (Nugroho et al., 2026).

3. ST Strategy (Strengths-Threats): Cultivating Brand Authenticity and Digital Resilience

In the face of predatory pricing and the market dominance of large-scale capitalized entities, MSMEs must leverage their inherent flexibility to cultivate unique brand narratives. Strengthening digital customer engagement through personalized service and transparent communication serves as a defensive mechanism against intense price wars. By highlighting the authentic value of their products and maintaining a high reputation through positive digital footprints, MSMEs can develop a loyal market segment that prioritizes brand trust over marginal price differences (Rayhan, 2026).

4. WT Strategy (Weaknesses-Threats): Operational Standardization and Algorithmic Optimization

A defensive strategy is required to minimize the risks associated with negative reviews and volatile platform algorithms. MSMEs must implement rigorous Standard Operating Procedures (SOPs) for customer service to ensure consistent and highly responsive interaction. Furthermore, improving inventory management systems is vital to avoid order cancellations, which negatively impact a store's algorithmic ranking and digital reputation. Addressing these foundational operational weaknesses is a prerequisite for improving long-term business performance and ensuring survival in the highly competitive digital ecosystem (Kustami et al., 2025).

4. CONCLUSION

This study underscores that marketplace-based digital marketing strategies are fundamentally imperative for elevating MSME competitiveness within the contemporary digital economy. The findings reveal that while digital

platforms offer vital infrastructures for market expansion and promotional efficiency, optimal commercial performance demands far more than passive participation. MSMEs in Malang City, particularly those engaging with the highly dynamic Generation Z demographic, must systematically navigate a complex ecosystem by implementing integrated strategies that encompass continuous store optimization, authentic branding, and proactive customer engagement.

Internal constraints, predominantly low digital literacy and limited operational capacity, remain significant structural hurdles. Therefore, enhancing and sustaining MSME competitiveness necessitates a paradigm shift towards creating genuine brand value, coupled with continuous learning and strategic institutional collaboration. Support from higher education institutions and government incubators is crucial to bridge the digital skills gap. For future studies, it is recommended to employ quantitative methodologies to empirically measure the specific impact of these formulated marketplace strategies on the long-term financial performance of MSMEs across various industrial sectors.

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