

THE EFFECT OF SOCIAL MEDIA ON INCREASING PRODUCT SALES: A CASE STUDY OF MSMEs IN INDONESIA

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Abstract

The influence of social media on increasing sales of MSME products in Indonesia is seen in the ability of platforms such as Instagram, Facebook, and WhatsApp to expand market reach, increase product visibility, and build closer relationships with customers. Through interactive content, paid advertising, and collaboration with influencers, MSMEs can significantly increase sales and customer loyalty. Proper and consistent use of social media has proven to be an effective marketing strategy for the success of MSMEs in the digital era. The study in this research uses the literature method. The results show that effective use of social media can increase the visibility and market reach of MSMEs. Platforms such as Instagram, Facebook, and WhatsApp allow MSMEs to promote products more widely with interesting and interactive content. In addition, social media also allows MSMEs to build closer relationships with customers through direct interaction, get feedback, and increase customer loyalty. The study also identified that the use of paid advertising and collaboration with local influencers has a positive impact on sales. In conclusion, social media has a significant role in supporting the growth and success of MSMEs in Indonesia, depending on effective and consistent strategies.

Keywords: Social Media, Product Sales, MSMEs in Indonesia

Introduction

Micro, Small, and Medium Enterprises (MSMEs) are a category of businesses that are classified based on the number of workers, total assets, and annual turnover or revenue. Based on the Law of the Republic of Indonesia Number 20 of 2008 concerning MSMEs, micro-enterprises are defined as productive businesses owned by individuals and/or individual business entities that meet the criteria of micro-enterprises (Safrida et al., 2024). Small businesses are productive economic businesses that stand alone, carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or are part of either directly or indirectly from

medium or large businesses that meet the criteria of small businesses. Meanwhile, a medium-sized business is an independent productive economic business, which is carried out by an individual or business entity that is not a subsidiary or branch of a company that is owned, controlled, or is part of either directly or indirectly with a small business or large business with a certain amount of net worth or annual sales results (Suhairi et al., 2023).

MSMEs have a very important role in the Indonesian economy. First, MSMEs contribute significantly to the Gross Domestic Product (GDP) and create jobs for millions of Indonesians. In addition, MSMEs are also major players in the local and regional economy, capable of driving economic growth and community empowerment in the regions (Ramadhani & Takarini, 2023). With their ability to adapt quickly to market changes and consumer needs, MSMEs can also spearhead product innovation and development. In addition, the success of MSMEs can have a positive impact on reducing economic disparities and promoting financial inclusion. Therefore, supporting the development of MSMEs is crucial for sustainable economic growth and equitable distribution of wealth in Indonesia (Noor et al., 2024).

Based on data from the Ministry of Cooperatives and MSMEs, the sector contributes significantly to Gross Domestic Product (GDP) as well as job creation. However, MSMEs in Indonesia often face various challenges, one of which is product marketing. Limited budget for advertising and promotion, lack of access to extensive marketing channels, and fierce competition are some of the main obstacles faced by MSME players (Ardiansyah, 2024).

In the increasingly advanced digital era, social media has emerged as one of the potential tools to overcome these marketing challenges. Platforms such as Facebook, Instagram, Twitter, and TikTok are increasingly popularly used by businesses to introduce their products to a wide audience. In addition, social media allows direct interaction with consumers and marketing that can be measured in real-time (Husriadi, 2024).

Several studies have shown that social media can increase brand awareness and ultimately increase sales (Pasau & Belgiumwan, 2022). However, the specific impact of social media on sales of MSME products in Indonesia still requires further research. Factors such as product type, marketing strategies on social media, and consumer demographics are likely to influence the effectiveness of social media as a marketing tool.

In this context, this study was conducted to explore and analyse the extent to which social media has an effect on increasing product sales in MSMEs in Indonesia. This research is expected to provide a deeper understanding of how MSME owners can effectively utilise social media to increase their sales and competitiveness.

Research Methods

The study in this research uses the literature method. The literature research method is a research approach that relies on written sources as a basis for data collection to understand and analyse a phenomenon, concept, or theory. In this method, researchers search, collect, and review various literatures such as books, scientific journals, articles, research reports, and other written sources relevant to the topic being researched (JUNAIDI, 2021); (Abdussamad, 2022). The stages in literature research include identifying the research problem, searching and selecting literature, assessing and interpreting the information obtained, and synthesising the findings. This method is essential for establishing a theoretical basis, analysing the extent to which existing research has developed, as well as identifying gaps or shortcomings in the existing literature, which can provide room for further research (Wekke, 2020).

Results and Discussion

The Effect of Social Media Use on Increasing Product Sales in MSMEs in Indonesia

In this digital era, social media has become one of the most effective and efficient marketing tools for Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. Platforms such as Facebook, Instagram, and Twitter give MSMEs the opportunity to expand their market reach in a relatively cheap and easy way compared to traditional marketing methods. Through social media, MSMEs can build brand awareness, interact directly with consumers, and promote their products to a wider audience without geographical restrictions. Thus, social media plays an important role in increasing the visibility and attractiveness of products offered by MSMEs (Esa & Dellyana, 2024).

The use of social media also allows MSMEs to conduct more targeted and efficient marketing. Paid advertising features on platforms such as Facebook Ads and Instagram Ads give business owners the ability to target audiences based on demographics, interests, location, and user behaviour. Thus, MSMEs can be more precise in reaching potential customers who have a high potential to be interested and buy their products. In addition, the analytics features provided by social media platforms allow MSMEs to measure the effectiveness of their marketing campaigns, so that they can make adjustments to their strategies if necessary to achieve optimal results (Nurjannah et al., 2022).

Not only in terms of marketing, social media also has a positive impact on increasing sales of MSME products through strengthening relationships with customers. Intense interaction through comments, direct messages, and customer reviews allows MSMEs to understand consumer needs and desires more deeply (Pradnyawati & Fristamara, 2024). Fast and professional responses and services on social media can increase customer satisfaction and build loyalty. Satisfied customers tend to give positive testimonials and recommend products to others, which in turn can significantly increase sales (Tatik & Setiawan, 2024).

In addition, social media is also an effective platform for product innovation and getting direct feedback from consumers. MSMEs can utilise features such as polls, Q&A, and discussions on social media to gather new ideas and suggestions from customers about the products they want. This will help MSMEs to continuously innovate and adapt their products to market needs, so that they can compete better in an increasingly competitive industry. Appropriate innovation and responsiveness to consumer needs not only increase sales, but also strengthen the position of MSMEs in the market (Suwarno et al., 2021).

Ultimately, the integration of social media in the marketing strategies of MSMEs in Indonesia not only increases direct product sales, but also provides various long-term benefits such as improved brand image, closer relationships with customers, and the ability to continue to innovate (Nauli et al., 2023). Therefore, it is important for MSMEs to maximise the potential of social media as part of their efforts to grow and thrive amidst the evolving digitalisation era. Support from the government and various related institutions in the form of training and access to technology are also important factors in maximising the benefits of social media to increase sales of MSMEs in Indonesia.

Thus, the use of social media has had a significant impact in increasing sales of MSME products in Indonesia. Social media provides opportunities for MSMEs to expand their market reach at a more efficient cost compared to traditional marketing methods. In addition, social media enables more targeted and efficient marketing through paid advertising features and analytics that can measure the effectiveness of marketing campaigns.

A closer and more interactive relationship with customers through social media is also an important factor that helps increase customer satisfaction and loyalty. Satisfied customers tend to give positive testimonials and recommend MSME products to others, which can significantly increase sales. Social media also allows MSMEs to conduct continuous product innovation based on direct feedback from consumers.

Overall, the integration of social media in MSME marketing strategies not only contributes to an immediate increase in product sales, but also provides various long-term benefits such as improved brand image and the ability to continuously innovate. Therefore, it is important for MSMEs in Indonesia to maximise the potential of social media in order to grow and thrive amidst the rapid digitalisation era. Support from the government and related institutions is also indispensable to help MSMEs maximise the benefits of social media in their quest to achieve greater success.

Effective Social Media Strategies to Increase Product Sales

Increasing product sales through social media requires a good, consistent and planned strategy. One of the first steps is to understand your target audience. An in-depth knowledge of your audience's demographics, interests, habits and behaviours will be a key foundation in crafting relevant and engaging content. Learn which social

media platforms they use the most, their active hours, and the types of content that get the most positive responses. Platforms like Facebook and Instagram provide analytics tools that can help you understand your audience's behaviour (Isrofi, 2022).

Next, build a strong brand presence with visual consistency and brand voice. Use consistent logos, colours, fonts, and communication styles across all your social media platforms. Make sure the message and value of your product is clearly conveyed in every post. This consistency helps your audience recognise and remember your brand more easily. Don't forget to personalise your interactions; this can include replying to customer comments, messages and reviews in a friendly and on-brand manner (Iswati et al., 2023).

Engaging content is at the heart of an effective social media strategy. Create and curate content that is relevant, informative and entertaining. Vary content types such as images, videos, infographics, and article posts to keep the audience interested. Use features like Instagram Stories, Facebook Live, and TikTok to share behind-the-scenes moments, product tutorials, or exclusive promotions. Interactive content such as quizzes, polls, and live videos can also increase engagement (Smith, 2020).

Besides organic content, paid ads are also important. Use targeted advertising on platforms such as Facebook, Instagram, and LinkedIn to reach a wider and more specific audience. Make use of the platform's target audience feature to filter people based on location, age, gender, interests and behaviour. The clarity and visual appeal of adverts as well as attractive call-to-actions (CTAs) are essential to grab the attention of social media users and direct them to your product page (Hasanah et al., 2024).

Collaboration with influencers is also an effective strategy. Choose influencers who have a large audience and are relevant to your target market. Through the content created by these influencers, your product can be introduced to a wider and more credible audience. Ensure that the collaboration looks natural and in line with your brand image, as audiences can easily recognise forced promotions (Dharma & Sudarmiati, 2024).

Finally, always evaluate and analyse the results of each of your social media campaigns. Use the analytics tools provided by each platform to measure the performance of your content and adverts. Pay attention to metrics such as engagement rate, clicks, conversions, and ROI. From the data, you can see which strategies are working well and which ones need adjustment (Kramadibrata & Susanto, 2023). By conducting regular evaluations and adjusting your strategy based on the data, you can continuously improve the effectiveness of your social media campaigns and ultimately increase product sales.

Thus, in conclusion, an effective social media strategy to increase product sales involves a deep understanding of the target audience, brand consistency, and content that is both engaging and varied. Personalised and authentic interactions with the audience, targeted use of paid advertising, and collaborating with the right influencers

are important elements that should not be overlooked. The most crucial thing is to continuously evaluate and analyse the results of your social media campaigns. By combining all these strategies consistently and based on accurate data, you can build a strong presence on social media and make it an effective tool to increase product sales.

Conclusion

Based on case studies of MSMEs in Indonesia, the influence of social media on increasing product sales has proven to be significant. MSMEs that actively use social media platforms such as Instagram, Facebook, and WhatsApp are able to reach a wider and more diverse audience. Interesting and relevant content, as well as consistent interaction with followers, make social media an effective marketing channel. The use of features such as paid advertising also helps increase product visibility and attract potential buyers.

In addition, social media gives MSMEs the ability to build closer relationships with customers. Interactions through comments, direct messages, and reviews allow MSMEs to get immediate feedback on their products, improve services, and strengthen customer loyalty. Collaboration with local influencers and promotion through customer success stories have also proven effective in building trust and attracting a wider market.

Overall, social media presence has had a substantial positive impact on increasing sales of MSME products in Indonesia. However, this success is highly dependent on the right marketing strategy, consistency in engaging with the audience, and the utilisation of data analytics to measure the impact and devise better strategies going forward. With a planned approach and consistent execution, social media can be an important tool in the growth and success of MSMEs in this digital era.

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