

## MARKETING TRANSFORMATION: BRANDING AND DIGITAL MARKETING STRATEGIES FOR MSMEs

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### **ABSTRACT**

*This study examines the marketing transformation of coffee shop MSMEs through the integration of branding and digital marketing strategies in facing the challenges of the digital era. The objective of the study is to understand how MSMEs adopt and manage these strategies to improve their competitiveness and business sustainability. A qualitative research method with a case study approach was used, involving in-depth interviews, observation, and documentation with coffee shop MSMEs in Korumba District. The results show that consistent visual identity, customer experience that reflects brand character, and effective use of social media such as Instagram and WhatsApp in sharing creative content play a significant role in expanding the market and building personal relationships with customers. However, limited digital capabilities of human resources, the dynamics of social media algorithms, and limited promotional budgets are the main obstacles that affect the effectiveness of digital marketing strategies. The implications of this study emphasize the importance of developing MSMEs' digital capacity, supporting funding policies, and utilizing adaptive technology as solutions to encourage the growth and sustainability of MSMEs in the digital ecosystem. This study provides relevant empirical contributions to MSME digital marketing theory as well as practical recommendations for business actors and policymakers.*

**Keywords:** Marketing transformation, branding strategy

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## **1. INTRODUCTION**

Marketing transformation has become an important phenomenon in the digital era that has had a significant impact on the development of micro, small, and medium enterprises (MSMEs) (Sharabati et al. 2024). As the driving force of the national economy, MSMEs play a crucial role in creating jobs and increasing gross domestic product (Husriadi and Ode Muhammad Sardin 2024). However, the challenges faced by MSMEs are increasingly complex due to the dynamics of consumer behavior and the development of digital technology, which forces business actors to adapt quickly (Laila et al. 2024). In addition, the main problem identified in the marketing transformation of MSMEs is the limitation in implementing a strong branding strategy and a deep understanding of digital marketing (Lestari 2025; Setiawan et al. 2025). Many MSMEs still face obstacles in integrating branding elements that are consistent with the use of digital technology for marketing (Ananda, Rizan, and Wibowo 2024). Furthermore, limited resources, ranging from financial aspects, digital capabilities, to access to modern marketing platforms, also act as obstacles that hinder the optimization of digital marketing strategies (Muh. Husriadi, Muadsim and Sarlis 2025).

The ineffectiveness of this implementation has implications for low market penetration and customer loyalty, so that MSME growth is less than optimal in facing the challenges of competition and rapid changes in consumer preferences (Muh. Husriadi, Megasari 2021). Previous research literature identified several gaps that still require further attention. For example, research by (Bahtiar et al. 2025) Research shows that only around 19% of MSMEs in Indonesia have entered the digital realm, with many MSMEs still lacking digital literacy, resulting in suboptimal digital marketing transformation (Anatan and Nur 2023) revealed that although digital marketing through social media is effective in increasing brand awareness, MSMEs still face limited human resources and rapidly changing algorithm dynamics, resulting in suboptimal strategy implementation. Furthermore, findings (Vrontis, Chaudhuri, and Chatterjee 2022) highlighted that digital marketing contributes to sales growth and financial sustainability of MSMEs, but variability in technology adoption and digital capabilities of MSMEs is a substantial barrier that has not been widely studied empirically. Based on the results of previous research studies, it emphasizes the importance of research that examines the strategic integration of branding and digital marketing in the context of MSMEs in a holistic and applicable manner. Therefore, the novelty of this study lies

in the integrative emphasis between branding and digital marketing strategies as a whole in supporting marketing transformation relevant to MSMEs.

This approach not only views digital marketing as a marketing tool, but also as part of the process of developing brand identity and managing long-term relationships with customers. This study presents a new perspective that positions marketing transformation as a process of strategic adaptation of MSMEs to the rapid and complex changes in the digital environment. In addition, this study makes an important contribution to the development of digital marketing theory based on the characteristics and needs of MSMEs, while offering practical implications for business actors and policymakers in designing effective and sustainable strategies.

The purpose of this research is to analyze the extent to which branding and digital marketing strategies can be effectively integrated within the context of MSME marketing transformation. Furthermore, it identifies key factors that impact the successful implementation of these strategies and their impact on MSME competitiveness and business performance. Furthermore, this research aims to develop practical, evidence-based recommendations to encourage MSMEs to adapt to the digital ecosystem in a sustainable and innovative manner. Through these objectives, this research is expected to serve as a strategic reference for policymakers, academics, and MSME business actors themselves in formulating marketing policies and practices that align with current market dynamics. Furthermore, this research is expected to strengthen the scientific foundation in the field of digital marketing and MSME branding while encouraging innovation in business practices oriented towards increasing MSME competitiveness and business sustainability in the digital era.

## **2. LITERATURE REVIEW**

### **Digital Marketing Transformation**

Marketing transformation is a fundamental shift in marketing strategy, processes, and technology, moving from traditional methods to a data-driven digital approach to create more relevant, personalized, and efficient customer experiences, using digital platforms for better two-way interactions and sustainable business growth. According to Kotler, Phillip, and Kevin Lane Keller (2017), marketing transformation is a fundamental shift from a traditional

product- and sales-focused approach to a customer-centric, technology-driven approach focused on creating meaningful and valuable long-term relationships. A digital marketing transformation plan for MSMEs is not simply the adoption of digital technology, but rather a strategic planning process tailored to business characteristics, resource availability, and long-term goals. This transformation plan includes identifying marketing needs, selecting relevant digital channels, developing human resource capacity, and measuring the effectiveness of implemented strategies. In the context of MSMEs, this transformation is a crucial step to increase competitiveness in the increasingly competitive digital economy. Its implementation must take into account business scale, consumer preferences, and the business owner's ability to adapt to new technologies. An overly complex approach can actually be a barrier, so digital marketing plans need to be simple yet effective, focusing on channels with the greatest impact, such as social media, marketplaces, and visual promotional platforms.

### **Branding**

Branding has been widely defined by experts as a crucial process in building product identity and differentiation. According to (Qurotul et al. 2023) branding is a series of activities aimed at creating a strong brand identity to differentiate a product or service in the minds of consumers, thereby generating loyalty and market trust. (A. A Gede Adjusta, Wawan Ridwan, Nanang Lidwan 2025) emphasize the importance of brand identity as a unique and recognizable attribute that helps consumers distinguish one brand from another. In the context of MSMEs, branding extends beyond visual aspects such as logos or product names; it also encompasses consistency in customer experiences that shape positive perceptions and brand credibility (Maharani et al. n.d.). According to (Jalaludin et al. 2024) branding is a broad activity that builds and strengthens a brand's value to prevent it from becoming commoditized, especially in a competitive market. Effective branding for MSMEs serves to attract and retain customers, as well as strengthen the business's reputation and credibility, which directly impacts competitiveness and sustainable business growth.

### **Digital Marketing**

Digital marketing is defined as a series of marketing activities that utilize digital platforms, such as social media, websites, and e-commerce, to effectively reach and interact with audiences (Yusuf 2024). Through digital marketing, MSMEs can expand their market

relatively cost-efficiently while building personal relationships with consumers. This concept extends beyond an online presence to designing a consistent and cohesive digital brand experience that strengthens consumer image and trust (Luthfi and Bagariang 2025). This approach aligns with the theory of integrated marketing communications (IMC), which emphasizes the importance of aligning marketing messages across digital channels to strengthen branding and ensure effective and sustainable consumer interactions (Laila et al. 2024). Digital marketing for MSMEs is also considered a crucial tool for building consumer trust and loyalty through storytelling, visual content, and humanistic two-way interactions. Thus, digital marketing is not just a marketing tool, but a strategic foundation for marketing transformation that supports sustainable MSME business growth in the digital era.

### **3. RESEARCH METHOD**

This study uses a qualitative research design with a case study approach that focuses on coffee shop MSMEs in Korumba District. The study population includes all coffee shop MSMEs in Korumba District, with a purposive sample of 10 informants who are considered to have relevant experience in implementing branding and digital marketing. The research procedure includes collecting research objects, collecting primary data through in-depth interviews, direct observation, and documenting coffee shop business activities. The main data collection technique is semi-structured interviews to explore the meaning and experience of MSMEs in implementing branding and digital marketing strategies. Observation is used as a complement to understand the operational context and market interactions. Data analysis is carried out inductively through the stages of data reduction, data presentation, and drawing conclusions, with thematic analysis methods to identify relevant patterns and themes.

#### 4. RESULT AND DISCUSSION



##### 5.1 Branding Strategy

The results of this study indicate that consistency visual identity and values brand is aspect crucial in building perception positive Customers' attention to MSME coffee shops. In addition, a strong brand identity with visual consistency such as logo, color, and typography in a way significant increase trust and image brand. Experience customers who reflect character Brands also play an important role in shaping loyalty, where the comfortable atmosphere of the outlet becomes a visual and emotional representation from brand. Visual consistency and values emotional from brand creation deep attachment between customers and brands, triggering loyalty term long. This is in line with research (Jang 2019; Meeprom and Kokkhangplu 2025; Muh. Husriadi, Megasari 2021) that atmosphere physical coffee shop as a brand representation create a multisensorial experience that strengthens connection customers with products and services. This holistic experience impacts customer satisfaction. Customers and intentions repeat purchases. Identity management consistent branding is not only limited to visual elements, but also to the experience customers and the outlet environment are integrated, which together build a solid foundation for loyalty and differentiation MSME coffee shop business in a competitive market.

## **5.2 Digital Marketing Motivation**

The results of the study show that the objectives The main goal of MSME coffee shops in implementing digital marketing strategies is to expand market reach, increase awareness brand, and establish personal relationships with customers. Use of digital platforms such as Instagram and Tok-tok in a way significant expanding the market through engaging visual content and interaction directly with consumers. This approach not only increases brand awareness but also builds involvement more personalized and sustainable customer experience. Similar results obtained in research (Theocharis 2025; Widiyanto, Wibowo, and Hakim 2025) where the digital marketing strategy consists of from campaign content creative , collaboration with influencers, and utilization of promotional videos succeed strengthen the brand's position in the Indonesian coffee market. This strategy is able to weave closer interaction with consumers especially generation millennials and Gen Z, giving effect positive on loyalty brand and perception mark product. These findings confirm that digital marketing can be a tool effective for MSMEs in facing dynamic market competition by combining market expansion and proximity emotional connection with customers. Managing creative and adaptive digital marketing strategies is very important for the sustainability and growth of coffee shop MSMEs in the fast-paced digital era.

## **5.3 Effective Digital Platform**

The research results show that the use of social media such as Instagram and WhatsApp are a very effective digital channel. For SME coffee shops in expanding market reach and increase brand awareness. Marketing strategy Instagram based which includes engaging visual content, effective use of Stories, Feeds, Highlights, and Reels features consistent capable increase interaction audience and build community loyal customers. However, challenges such as consistency Content and influencer selection are areas that need improvement to optimize results. This is in line with (Rachmand and Dwita 2025; Rantala and Publication 2025) confirm the effectiveness of using creative visual content and messages consistent branding on Instagram as a factor key in strengthening awareness brands and competitiveness. Therefore, the ability of MSMEs to share creative and relevant content on social media contributes significant to involvement customer as well as loyalty term long. Systematic content management and utilization feature interactive social media allows MSMEs to not only expand their market significant but also weave Closer personal

relationships with customers. Developing an innovative and consistent social media-based digital marketing strategy is key. The success of UMKM coffee shops in building strong and sustainable brands in the digital age.

#### **5.4 Challenge Implementation**

The results of the study show that the limitations human resources (HR) with digital capabilities as an obstacle key in implementing digital marketing in MSME coffee shops. In addition, many business actors still difficulty manage social media effectively effective because lack of knowledge technical and experience in manufacturing engaging digital content. Inconsistency in content updates because focus main in business operations causes social media algorithms tend to lower account reach and engagement. This gives rise to challenges in maintaining visibility brand in a way consistent on digital platforms. In addition, the limitations budget promotion becomes an obstacle significant for MSMEs to access feature paid which can increase effectiveness digital marketing. This is in line with the findings (Bahtiar et al. 2025; Fizzanty 2024) found that minimal funding allocations often forcing MSMEs to prefer method marketing conventional methods that are less efficient in dealing with increasingly digital competition strict.

#### **5.5 Ethics and Beliefs**

The results of the study show that transparency information digital transaction data security and products are factors main thing in building trust customers at MSME coffee shops. In addition, the use of the system information sale web-based with features data visualization provides convenience for coffee shop owners in managing information accurate and real-time products. This helps reduce the risk error information as well as increase transparency for customers, which ultimately supports the decision-making decision consumer in a way right. In addition, the system also improves efficiency operational and business accountability. In line with these findings, research by (Rurik et al. 2024) towards MSME coffee shops in West Jakarta, it is emphasized that the security of digital transaction data is aspect crucial factors that influence satisfaction and loyalty customers. Implementation adequate security methods in the MSME e-commerce system helps protect customer personal data and maintain integrity transactions, so that increase trust in transactions digitally. The study also found that transparency in procedures transactions and

information product contribute to the improvement business image and competitiveness of MSMEs.

## **5. CONCLUSION AND SUGGESTION**

The conclusion of this study confirms that the transformation marketing through branding and digital marketing strategies to contribute significantly in increasing the competitiveness of coffee shop MSMEs in the digital era. Consistency identity strong brand, experience customers who reflect brand character, and the use of social media as a digital marketing platform is proven effective in expanding the market and establishing personal relationships with customers. However, limitations in digital HR capabilities, the dynamics of social media algorithms, and limitations Budgeting is a challenge that needs to be addressed so that digital marketing strategies can be optimized. Implications practical from this research emphasizes importance HR training and development in digital marketing aspects for MSMEs, as well as the need utilization of technology and digital platforms strategic and consistent. In addition, support policies in the form of funding and access to technology are factors crucial for success digital transformation of MSMEs. In academically, this research contributes to the development of theory digital marketing with focus empirically on UMKM coffee shops, as well as open further research opportunities that examine technological aspects, behavior consumers, and digital ecosystems more comprehensively.

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