

# Strategies for Utilizing Digital Platforms and Networks by MSMEs to Face Online Market Competition

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## ABSTRACT

Digital networks by MSMEs in Airmadidi Atas and Airmadidi Bawah Villages in facing online market competition. This study used a qualitative descriptive method to describe the strategies used by MSMEs in Airmadidi Atas and Airmadidi Bawah Villages to utilize digital platforms and networks. Data were obtained through in-depth interviews, observation, and documentation of MSMEs actively using various digital media in their business activities. Analysis was conducted using the Miles and Huberman model, using source and method triangulation techniques to ensure the validity and credibility of the findings. The results show that MSMEs in Airmadidi are able to adapt to technological developments by utilizing various digital platforms to increase sales and expand their market. Marketplaces are the primary means for online transactions, while social media is used to build brand image and maintain relationships with consumers. Delivery services, as well as the use of websites and Google Business Profiles, also strengthen the digital presence of MSMEs in both the culinary and non-culinary sectors. Furthermore, collaboration with influencers, digital communities, and other business actors demonstrates the ability of MSMEs to build networks that support increased competitiveness and business sustainability.

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## 1. INTRODUCTION

The rapid development of the digital economy over the past decade has significantly changed the interaction patterns between producers and consumers. This transformation has encouraged businesses, including Micro, Small, and Medium Enterprises (MSMEs), to adapt to digital technology to remain competitive in an increasingly competitive market (Fathoni & Muqorrobin, 2024; Maria & Widayati, 2020; Witjaksana, Purwanti, Fathoni, & Dewi, 2024). Amidst the rapid flow of digitalization, new challenges have emerged for MSMEs in optimizing the use of digital platforms and building strong business networks to expand market reach. This is crucial given that MSMEs serve as the backbone of

the national economy, particularly at the local level, due to their contribution to job creation and increased community income.

This situation is also experienced by MSMEs in Airmadidi Atas and Airmadidi Bawah Subdistricts, North Minahasa Regency, most of whom operate in the culinary, fashion, and handicraft sectors. Despite their significant economic potential, many MSMEs in this region still face obstacles in adapting to digital technology, whether due to limited digital literacy, human resources, or supporting infrastructure. However, since the COVID-19 pandemic, changes in business behavior have begun to emerge, with more and more businesses turning to online platforms such as marketplaces, social media, and delivery services as a strategy to maintain their business continuity.

In this context, this study was conducted to answer two main questions: how MSMEs utilize digital platforms to compete in the online market, and how digital networks play a role in expanding market reach. Using a descriptive qualitative approach, this study seeks to identify and analyze the digital strategies implemented by MSMEs in Airmadidi, including marketing, collaboration, and customer relationship management.

Based on initial observations in the Airmadidi Atas and Airmadidi Bawah sub-districts, it was discovered that these two areas have quite dynamic local economic activity, with the number of MSMEs continuing to increase since 2020. Most businesses operate in the culinary, fashion, crafts, and creative services sectors, with home-based businesses and limited capital. The digital infrastructure in these areas is quite good, as evidenced by stable internet access and a high level of digital device ownership among business owners. However, most MSMEs still use social media simply for promotions without a focused digital strategy. Observations also indicate that some business owners do not fully understand the potential of marketplaces and digital networks in expanding their markets, resulting in suboptimal utilization of these tools to increase competitiveness amidst the increasingly competitive digital economy.

Previous research on the use of digital platforms by MSMEs has generally focused on digital marketing aspects in large cities, while studies in semi-urban areas like Airmadidi are still limited. Most previous studies also only highlight the use of social media as a promotional tool without examining the interconnectedness between digital platforms and collaborative networks among business actors. Furthermore, there is still limited research that examines in depth how MSMEs in regions with developing digital literacy levels implement digital strategies practically to survive and compete in the online marketplace. Therefore, there is an empirical gap in understanding digital adaptation and innovation strategies at the local MSME level, which is the primary focus of this research.

The novelty of this research lies in its approach which combines two main aspects, namely the utilization of platform digital and digital network simultaneously as an integrated strategy in facing online market competition. This research not only explores the use of digital media for promotion but also explores how relationships between business actors, digital communities, and cross-sector collaboration play a role in strengthening the competitiveness of local MSMEs. Focusing on the local context of Airmadidi as an area with semi-urban socioeconomic characteristics provides a novel contribution to the literature on the digital transformation of MSMEs outside major economic centers.

This research is highly relevant in the context of local digital economic development. The results can serve as a reference for local governments, MSME support institutions, and business actors in formulating digital capacity-building strategies that align with real-world conditions. Academically, this research contributes to the enrichment of strategic management and digital entrepreneurship studies, particularly in understanding the dynamics of MSME adaptation to online market transformation. Practically, the results are expected to help MSMEs increase the effectiveness of digital technology utilization to expand markets, strengthen business networks, and enhance competitiveness in the digital-based economy era. This study aims to describe and analyze the strategies for utilizing

digital platforms and networks by MSMEs in Airmadidi Atas and Airmadidi Bawah subdistricts in facing online market competition.

The results of this study are expected to provide practical and theoretical benefits. Practically, these findings are expected to serve as a reference for MSMEs in optimizing the use of digital platforms and networks to increase business competitiveness. Meanwhile, theoretically, this research can serve as a reference for local governments and MSME support institutions in formulating policies and mentoring programs oriented towards strengthening the digital capacity of local businesses, thereby driving sustainable regional economic growth.

## 2. METHODS

This research uses an approach qualitative descriptive. This study aims to provide an in-depth description of the strategies used by MSMEs to utilize digital platforms and networks to face online market competition in the Airmadidi Atas and Airmadidi Bawah sub-districts (Kusumastuti & Khoiron, 2019; Safarudin, Zulfamanna, Kustati, & Sepriyanti, 2023). The research locations were selected purposively because both areas have experienced rapid MSME development and have shown a significant increase in the use of digital technology, especially since the COVID-19 pandemic. The research subjects included MSMEs. Active MSMEs that have utilized digital platforms such as marketplaces, social media, delivery services, and business websites in their operational and marketing activities. Informants were selected purposively based on their involvement in business digitalization activities, ensuring that the data obtained was relevant to the research focus.

The data collection technique is carried out through in-depth interview, direct observation, and documentation (Alaslan, 2023; H. Hasan et al., 2025). Interviews were conducted to gain insight into the experiences, strategies, and challenges faced by MSMEs in managing their businesses digitally. Field observations were conducted to directly observe the digital marketing practices being implemented, while documentation was used to supplement the data in the form of photos of business activities, screenshots of digital accounts, and online promotional archives. The data obtained were analyzed using the Miles and Huberman which includes three main stages, namely data reduction, data presentation, and drawing conclusions. To maintain data validity, researchers apply techniques triangulation of sources and methods, namely by comparing interview results from various informants and matching them with observation results and supporting documents. This approach ensures that research findings are valid, credible, and reflect actual conditions in the field.

## 3. FINDINGS AND DISCUSSION

### Findings

MSMEs in Airmadidi Atas and Airmadidi Bawah have demonstrated a strong ability to adapt to developments in the digital economy. Based on field observations and documentation, most businesses in this area operate in the culinary, fashion, handicraft, and service sectors. These businesses are generally home-based, employing between two and five people. Initial capital varies between IDR 5 million and IDR 50 million, depending on the product type and production capacity. However, since 2020, there has been a significant increase in the use of digital platforms. The COVID-19 pandemic has become a crucial momentum that has encouraged businesses to shift from conventional marketing systems to online systems to survive amidst restrictions on economic activity.

Interviews and observations revealed that MSMEs in Airmadidi utilize digital platforms in various innovative approaches. Marketplaces like Shopee, Tokopedia, and Lazada are preferred because they offer easy access to a wider market. Businesses have understood the importance of attractive product displays, utilizing high-quality photos and informative descriptions. They also actively participate in

promotional programs such as free shipping, flash sales, and seasonal discounts to increase product visibility. Several businesses acknowledged that these strategies have not only significantly increased their sales but have also begun to reach consumers outside the Airmadidi area.

In addition to marketplaces, social media has become a key tool for strengthening branding and communication with customers. Documentation shows that MSMEs use Instagram, Facebook, and TikTok to showcase various promotional content, including product manufacturing processes, customer testimonials, and behind-the-scenes activities. This approach has proven effective in building emotional connection with audiences and fostering consumer loyalty. Observations also show that business accounts that actively respond to customer comments and messages have more stable sales levels. Meanwhile, in the culinary sector, delivery services like GoFood, GrabFood, and MaximFood are a helpful strategy for expanding market reach without the need to open new branches. Using built-in promotional features from platforms like vouchers and new customer discounts has also been shown to increase sales volume quickly. Some businesses with larger capital have even begun developing simple websites and registering their businesses on Google Business Profile to strengthen their digital presence and increase consumer trust.

In addition to platform-based strategies, MSMEs in Airmadidi are also actively utilizing digital networks to expand business relationships and strengthen their competitiveness. Based on interviews and social media observations, many businesses collaborate with local influencers to promote their products. These partnerships vary, from product barter systems to small-scale paid promotional contracts. This strategy is considered highly effective in increasing product exposure, particularly among young consumers active on social media. Furthermore, MSMEs are also involved in digital communities such as the North Minahasa MSME Forum and the Go Digital MSME Community. Through these platforms, they share experiences, exchange information on digital training, and gain access to various government programs that support technology-based business development.

Cross-business collaboration is also a prominent example of digital network utilization. For example, culinary entrepreneurs collaborate with local packaging artisans to create more visually appealing and high-value hampers. This collaboration is then jointly promoted on marketplaces and social media, thereby reaching a wider audience. Furthermore, utilizing digital distribution networks also plays a crucial role in streamlining product delivery. Documentation shows that most MSMEs in Airmadidi use shipping services such as J&T, SiCepat, and AnterAja, which are integrated with marketplaces. This integration enables real-time tracking of goods, increases distribution efficiency, and provides a sense of security for customers.

## Discussion

Research results in the Airmadidi Atas and Airmadidi Bawah sub-districts indicate that MSMEs in these areas have demonstrated a fairly good level of adaptation to developments in digital technology. This phenomenon aligns with the theory of digitalization and MSME business transformation proposed by Helm et al. (2019) And Mesirngsih et al. (2021), which explains that digitalization is not simply converting manual processes to digital ones, but rather a comprehensive transformation of business models and operational strategies. The Airmadidi MSME's shift from conventional to online marketing strategies during the COVID-19 pandemic illustrates the practical application of this transformation process.

Conceptually, MSMEs according to Sudrartono et al. (2022) And Papulasih et al. (2024) MSMEs are characterized as small-scale businesses with limited capital, a small workforce, and a simple management structure. This situation aligns well with field data in Airmadidi, where the majority of businesses are family-owned with 2–5 employees and capital ranging from IDR 5 million to IDR 50 million (Papulasih, Purwidiyanti, Tubastuvi, & Utami, 2024; Sudrartono et al., 2022). However, precisely

because of their flexibility, MSMEs have a high adaptive capacity to changes in the business environment. When the pandemic restricted conventional activities, MSMEs in Airmadidi were able to adapt by utilizing digital platforms to maintain their businesses' existence. This finding reinforces the view that the simple characteristics of MSMEs can actually be a strength in facing rapid changes in the digital era.

The process of transitioning MSMEs from a traditional sales system to a digital marketplace in Airmadidi is in line with the stages of digital transformation outlined by Hasan et al. (2021). Business actors have gone through several important stages, from understanding digital literacy, planning online sales strategies, to implementing digital technology sustainably through marketplace platforms and social media (M. Hasan, Dzakiyyah, Kumalasari, Safira, & Aini, 2021). Furthermore, the success of some MSMEs in increasing turnover after joining marketplaces demonstrates that the implementation of digital technology is crucial. Digitalization strategy based on efficiency and customer value creations stated by The Maid & Jonathan (2022) actually realized in the field. For example, the use of promotional features such as free shipping and flash sale. Research on Shopee shows that MSMEs are not only leveraging technology but are also beginning to understand digital consumer behavior and the platform's promotional algorithms (Evangelista, Agustin, Putra, Pramesti, & Madiistriyatno, 2023). The challenges still faced, such as limited digital literacy and internet access in parts of Airmadidi, also support this view. Bahasoan et al. (2025) that digital infrastructure inequality is the main inhibiting factor for MSMEs in developing regions (Bahasoan, Indayani, & Azis, 2025).

According to Juwita et al. (2022) Digital platforms function as ecosystems that connect producers and consumers online. Research shows that MSMEs in Airmadidi have utilized various digital platforms, from marketplaces and social media to business websites, to expand their market reach (Juwita, Ali, Widodo, & Isnanto, 2022). Strategies such as improving product photo quality, writing engaging descriptions, and using popular keywords demonstrate the application of the principles of digital marketing. Search visibility as explained by People (2010) in the context of e-commerce. Utilization of social media as a means branding and engagement also in accordance with the concept Kotler et al. (2021) about the importance of two-way communication in building a digital brand image (Natania & Dwijayanti, 2024). Interestingly, some MSMEs in Airmadidi have gone further by creating business websites and registering their business profiles on Google Business Profile, which strengthens digital visibility and brand credibility. This practice demonstrates a good understanding of the theory digital presence and trust building in the modern e-commerce ecosystem.

Field findings regarding collaboration between MSMEs and local influencer, participation in digital communities, and cross-business partnerships demonstrate the concrete application of the theory. Kaplan & Handl in (2020) about digital networks (Natania & Dwijayanti, 2024). According to this theory, digital networks enable information exchange, innovative collaboration, and joint promotions that can strengthen a business's competitive position. Product collaboration practices (such as collaborations between cake entrepreneurs and local packaging craftsmen) demonstrate synergy within digital networks that generates shared added value (co-creation value). Meanwhile, active participation in online communities such as North Minahasa MSME Forum in line with the concept network-based empowerment, where digital networks serve not only for promotion but also for mutual support in developing business capacity. This also supports the theory Evangelista et al. (2023) that strategic reforms based on digital collaboration can increase the competitiveness of MSMEs, especially in local contexts with limited resources (Ferdiansyah & Tricahyono, 2023).

Field findings revealed that MSME actors in the Airmadidi area have implemented the following elements: digital marketing mix as explained by Chaffey and Ellis-Chadwick (2019), although most of it is done intuitively and without formal planning (Andini, Susanti, & Astuti, 2024; Chaffey & Ellis-Chadwick, 2019). In this aspect product Businesses are adapting their products to suit online consumer

preferences, for example by offering more attractive packaging, practical sizes, and new flavors or models to attract buyers price, most MSMEs set promotional prices that are adjusted to trends in the marketplace, such as seasonal discounts or special programs flash sale, in order to increase the attractiveness and competitiveness of products in the digital market.

From the side ace, the use of marketplaces and social media has become the primary distribution channel for reaching consumers. Platforms like Shopee, Tokopedia, Instagram, and Facebook serve not only as sales channels but also as a means of building direct connections with customers. Meanwhile, in terms of promotion MSMEs are leveraging various forms of digital promotion, such as creative content creation, customer testimonials, and collaborations with local influencers, to expand their marketing reach. These strategies leverage limited resources yet effectively increase exposure and sales.

The research results show that MSMEs in Airmadidi Atas and Airmadidi Bawah have been able to adapt to technological developments by utilizing various digital platforms to expand their markets and increase sales. Marketplaces are the primary medium used because they offer the convenience of opening online stores, uploading products, and reaching consumers beyond the local area. Various promotional features, such as free shipping programs, seasonal discounts, and flash sale used to attract new customers and maintain consumer loyalty. This adaptation reflects the ability of MSMEs to adapt to society's increasingly digital consumption patterns.

In addition to marketplaces, social media platforms like Instagram, Facebook, and TikTok are actively used by businesses as promotional tools and to communicate with customers. MSMEs create creative content in the form of product photos, production videos, and customer testimonials to strengthen their image and consumer trust. Social media engagement with followers has been proven to maintain sales stability and even increase promotional reach without significant costs. In the culinary sector, the use of delivery services like GoFood, GrabFood, and MaximFood is an effective strategy for expanding the market without adding physical outlets. Some businesses have also used simple websites and Google Business Profiles to strengthen their businesses' digital identities.

Another prominent strategy is leveraging digital networks to build collaborations and expand business relationships. Many MSMEs partner with local influencers to increase product exposure and reach young consumers. Furthermore, involvement in digital communities and social media groups for entrepreneurs helps them exchange information, share experiences, and gain access to training and government support. Cross-business collaborations are also found at the local level, such as collaborations between food producers and packaging artisans to create value-added products.

The implications of this study's findings indicate that the use of digital platforms and networks plays a strategic role in strengthening the competitiveness and sustainability of MSMEs in the digital economy era. Adapting to digital technology not only impacts increased sales and market expansion but also changes in business management patterns that are more modern, efficient, and responsive to consumer needs. These findings emphasize the importance of improving digital literacy for MSMEs so they can optimize the various features and opportunities offered by online platforms. Furthermore, collaboration with influencers, business communities, and other business partners demonstrates that digital networks can be an effective means of building a mutually supportive business ecosystem. Therefore, support from the government and relevant institutions in the form of training, mentoring, and the provision of adequate digital infrastructure is urgently needed to accelerate the digital transformation of MSMEs, particularly in areas like Airmadidi, which have strong local economic potential but still face resource constraints.

#### 4. CONCLUSION

The research results show that MSMEs in Airmadidi Atas and Airmadidi Bawah have successfully adapted to technological developments by utilizing digital platforms and networks as a primary strategy in facing online market competition. Marketplaces are used as the primary sales medium, equipped with various promotional features to attract new customers, while social media is actively utilized to strengthen brand image and build relationships with consumers through creative content and direct interactions. In the culinary sector, delivery services help expand market reach without adding physical outlets, while the use of websites and Google Business Profiles strengthens businesses' digital identities. Furthermore, digital networks are utilized to collaborate with local influencers, join online communities, and collaborate across businesses to create value-added products. Overall, these strategies reflect the adaptive, innovative, and collaborative capabilities of Airmadidi MSMEs in optimizing digital technology to increase competitiveness and business sustainability.

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