

Digital Marketing Strategy and Product Innovation Hampers: A Case Study of Askara Kayu Karanganyar Paiton Probolinggo

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ABSTRACT

This study aims to analyze the digital marketing strategy and product innovation implemented by the MSME Askara Kayu, located in Karanganyar, Paiton, Probolinggo. Established in 2019, Askara Kayu focuses on producing wood-based hampers, which have become a trend in the creative economy industry, particularly in the MSME sector. This research employs a qualitative approach with a case study method. Data collection techniques include in-depth interviews with the business owner and direct observation of the production and marketing processes. The research findings show that Askara Kayu's success is supported by several key factors, namely consistency in maintaining product quality, design innovation that aligns with market trends, and attractive product visualization across various digital platforms. The digital marketing strategies applied include the use of social media such as Instagram and marketplaces like Shopee and Tokopedia. Additionally, Askara Kayu optimizes paid advertisements such as Meta Ads to expand market reach. The target market segments include individual consumers, corporate institutions, and public figures. Family involvement and a network of local artisans also contribute to increasing production capacity and ensuring business sustainability. The findings of this study are expected to serve as a reference for other MSMEs in developing digital marketing strategies and product innovations based on creativity.

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1. INTRODUCTION

In recent years, the development of Micro, Small, and Medium Enterprises in Indonesia has shown a significant increase, both in terms of number and product innovation. Based on data from the Ministry of Cooperatives and SMEs of the Republic of Indonesia (2024), micro, small, and medium enterprises contribute more than 60% to the national Gross Domestic Product (GDP) and absorb more than 97% of the workforce in Indonesia. One form of innovation that has attracted public attention is the emergence

of a teak-based hampers business that offers aesthetic value, local uniqueness, and high personalization. This trend is in line with the changing lifestyle of modern society that increasingly appreciates exclusive, artistically valued, and environmentally friendly products.

Based on data from the Indonesian Ministry of Tourism and Creative Economy (2023), the demand for wood hamper products in Indonesia has increased sharply from around 20,000 units in 2020 to 75,000 units in 2024. This growth was also followed by an increase in the number of micro, small, and medium enterprises engaged in similar sectors, from 100 micro, small, and medium enterprises in 2020 to 400 micro, small, and medium enterprises in 2024 (BPS, 2024; Ministry of Cooperatives and SMEs, 2024). This increase indicates a great opportunity in the wood hampers industry driven by increasing consumer appreciation for products with high aesthetic value and originality. In addition, digitalization support and easy market access through social media and e-commerce are also the main driving factors for the growth of this sector.

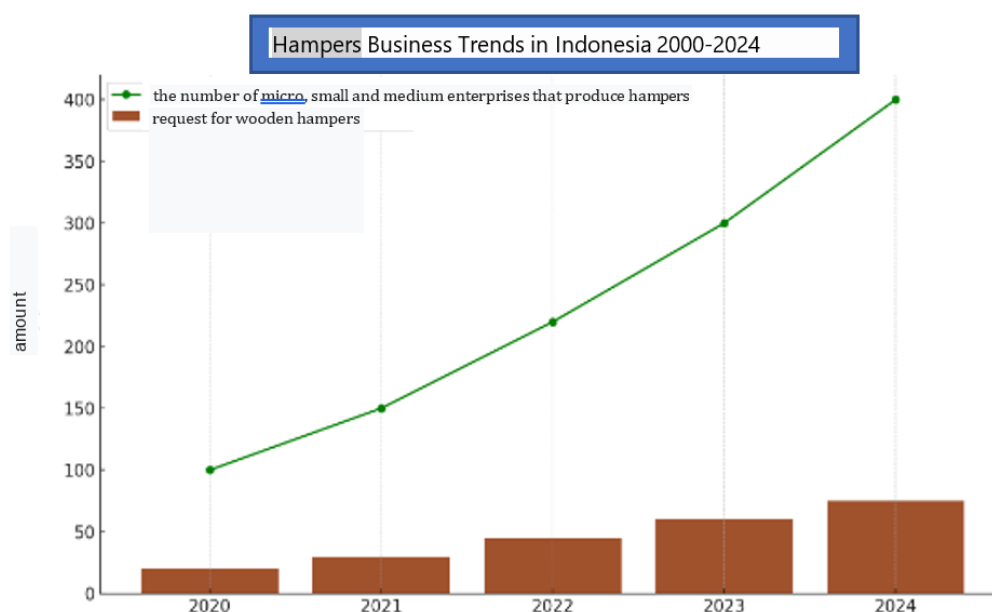


Figure 1. Chart of Wood Hampers Business Trends in Indonesia (2020–2024)

Digital transformation is a crucial factor in strengthening the competitiveness of micro, small, and medium enterprises in the modern era. According to Kotler and Keller (2016), digital marketing includes all marketing activities that use the internet and digital devices to reach consumers effectively. The use of social media such as Instagram, Facebook, and marketplaces has been proven to increase visibility and two-way interaction between business actors and customers (Susanti, 2020). In this context, digital marketing strategies provide opportunities for micro, small, and medium enterprises to expand their market reach with relatively low promotional costs and more measurable results.

One example of a micro, small, and medium business that has successfully implemented a digital strategy effectively is Askara Kayu, a hampers business made of teak wood that was established in 2019 in Karanganyar Village, Paiton District, Probolinggo Regency. Askara Kayu utilizes the Instagram platform as a digital storefront, as well as Shopee and Tokopedia as the main transaction channels, and has managed to attract customers from various circles, ranging from individuals to corporations such as Bank Indonesia, Bank Danamon, the Ministry of Finance, PLTU Cirebon Power, and JNE. The success of Askara Kayu is also supported by consistency in maintaining product quality, customer service, and empowering local artisans in the production process.

In addition to digital strategy, product innovation is an important aspect in maintaining business sustainability. According to Schilling (2013), product innovation plays a role in creating competitive advantage and customer loyalty. Utami's study (2021) shows that local-based innovations such as unique wood packaging designs, personalization of hamper contents, and the use of environmentally

friendly materials can increase the selling value of products. This is in line with Wibowo's (2019) research which emphasizes that the integration of local cultural values and digital marketing strategies creates a strong product identity and increases the competitiveness of micro, small, and medium enterprises in the national market.

Thus, this study focuses on product analysis in micro, small, and medium enterprises of Askara Kayu Hampers as a form of adaptation to market dynamics and the development of digital technology. Digital marketing strategies and innovation This study is expected to contribute to the literature on the development of micro, small, and medium enterprises based on the creative economy in Indonesia, as well as become an example of good practices for business actors in the Probolinggo area in building a competitive advantage through a combination of innovation and digitalization.

2. METHODS

This research uses a qualitative paradigm with a case study approach, because it aims to understand in depth the phenomenon of digital marketing strategies and product innovation applied by micro, small, and medium enterprises in dealing with market dynamics in the digital era (Creswell & Poth, 2018). The qualitative approach was chosen because it allows researchers to explore the meaning, experience, and real practices of business actors in a natural context. The case study focuses on one entity, namely Askara Kayu, as a representation of micro, small, and medium enterprises in the locally-based creative industry that seeks to increase competitiveness through a combination of product innovation and digital marketing strategies.

This research was carried out for three months, namely May to July 2025, with the research location in Karanganyar Village, Paiton District, Probolinggo Regency, where the Askara Kayu Hampers business operates. The data sources used include primary data and secondary data. Primary data **was** obtained through in-depth interviews with business owners as well as direct observation of production, promotion, and customer service activities. Meanwhile, secondary data was obtained from supporting documents such as sales reports, social media content (Instagram, Shopee, Tokopedia), customer testimonials, and scientific literature related to digital marketing, product innovation, and micro, small, and medium business development.

The data collection technique was carried out triangulatively to increase the validity of the research results. Triangulation is carried out by comparing data from interviews, observations, and digital documentation to ensure the validity of the information obtained. Indirect observations were also made on Askara Kanya's official social media accounts to understand visual communication patterns, promotional strategies, and customer interactions. Documentation such as product photos, packaging designs, and consumer testimonials are used to reinforce the field findings.

The collected data were analyzed using thematic analysis as proposed by Miles and Huberman (1994), which included three main stages: data reduction, data presentation, and conclusion drawn. Data reduction is carried out by filtering and grouping important information according to the focus of the research, namely digital marketing strategies and hampers product innovation. The data is then presented in the form of a descriptive narrative and a thematic matrix to identify patterns, themes, and relationships between the data. The final stage is in the form of drawing conclusions that relate the results of field findings to relevant theories, such as the concept of digital marketing (Kotler & Keller, 2016) and product innovation (Schilling, 2013).

3. FINDINGS AND DISCUSSION

A. Research Results

Based on the results of interviews and in-depth observations conducted by the research team on the owners of Askara Wooden Hampers, a number of main factors were found that contributed to the success of this business. Since its inception, the business was started with an initial capital of IDR 300,000 with a focus on sales on hampers in the form of sets, not units. This strategy is chosen to increase

the selling value and provide an exclusive impression to the customer. The business owner said that the decision to sell products in the form of sets was a strategic step to differentiate their products from competitors.

In terms of digital marketing, Instagram is the main channel with an emphasis on high-quality visual content, sharp colors, and compelling product storytelling. In addition to relying on organic marketing, business owners also leverage Meta Ads and Mita Ads when budgets allow, with the goal of expanding audience reach and increasing sales. According to business owners, the use of paid advertising is a strategic choice because it is able to make a big impact in a short time, even though it requires relatively high costs.

In addition to Instagram, Askara Kayu also utilizes marketplaces such as Shopee and Tokopedia to expand market reach. However, TikTok has not yet become a priority, as the targeted market segments are the upper middle class and corporates who are considered more active on Instagram.

In the production aspect, this business applies a social empowerment model by involving local artisans from various regions, such as Bali, Bondowoso, Situbondo, Malang, and Jember. This step not only expands the production network but also contributes to the improvement of the local economy. The organizational structure of the business is family-based business, where the owner's mother is responsible for making cakes, father and sister help with the packaging process, and recruits additional freelancers during high seasons such as Eid al-Fitr and Christmas.

In terms of business challenges, the owner admitted that he had experienced a case of fraud by one of the old craftsmen. This experience is actually an important lesson that encourages owners to be more selective in choosing partners and strengthen the internal supervision system. In facing market dynamics, owners adhere to the principle of focus and consistency, namely developing the hampers business seriously and sustainably in order to be able to compete in the premium market.

To maintain customer satisfaction, Askara Kayu applies high quality standards, using premium materials such as teak wood and mahogany. The owner also provides after-sales service in the form of product replacement at no additional cost in case of complaints. This approach contributes greatly to increased customer loyalty and repeat orders.

In terms of market expansion, Askara Kayu products have penetrated the international market on a limited basis through individual orders from overseas customers, especially domestic customers' families. However, for large-scale exports, owners are still learning the necessary logistical and regulatory aspects.

Overall, the results of the interviews show that effective digital marketing, sustainable product innovation, empowerment of local artisans, and solid family management are the key combinations that drive the success of Askara Kayu's business.

B. Research Discussion

1. Digital Marketing Strategy

Askara Kanya's digital marketing strategy is in line with the concept of Digital Marketing according to Kotler and Keller (2016), which is the process of building relationships with customers through digital media in a relevant and effective manner. Askara Kayu implements a content marketing strategy by highlighting product visualization, storytelling, and brand image consistency through social media, especially Instagram.

This approach represents the Digital Marketing Mix (7P), especially in the aspects of *Product*, *Promotion*, and *Place*. The use of Meta Ads and Mita Ads is part of paid promotions that increase visibility and expand the reach of potential markets, while Instagram was chosen because it fits the target segmentation of the upper middle class and corporate.

2. Product Innovation and Competitiveness

Product innovation is a key element in maintaining competitiveness. In accordance with the concept of Product Differentiation (Kotler, 2012), Askara Kayu consistently presents products with

exclusive designs, high-quality materials, and elegant packaging. In addition to design innovation, the owner also innovates in the business model by selling products in the form of hamper sets to increase the perception of value (*value proposition*).

This reflects Schumpeter's theory of Entrepreneurial Innovation (1934), which emphasizes the importance of courage in introducing something new as a source of competitive advantage.

3. Segmentation and Target Market

The application of the STP (Segmentation, Targeting, Positioning) strategy is very clearly seen in Askara Kayu's business pattern. The main targets are corporate customers, government agencies, and upper-middle-class individuals. Market segmentation based on demographics and psychographics allows Askara Kayu to focus its marketing message on audiences that have high purchasing power and prioritize aesthetic value and product exclusivity.

4. Empowerment of Local Artisans

Askara Kayu also contributes to the empowerment of the local economy by collaborating with artisans from various regions. This step is in line with the concept of Creating Shared Value (CSV) put forward by Porter & Kramer (2011), where business activities are not only oriented to financial gain, but also to the creation of social value for society. The collaboration expands the production network while improving the welfare of local artisans.

5. Business Challenges and Resilience

In the business development process, Askara Kayu faces challenges such as supplier fraud and fluctuations in market demand. However, thanks to adaptability and a strong social network, the owner managed to maintain the existence of the business. According to Herlinawati and Setiawan (2022), the resilience of micro businesses is influenced by creativity, consistency, and adaptability to market changes—all three of which are reflected in Askara Kayu's strategy.

6. Customer Service (After-Sales Service)

Askara Kayu shows a high commitment to customer satisfaction through after-sales service. This strategy reflects the concept of Customer Relationship Management (CRM) according to Kotler (2016), where services that are responsive to customer complaints can increase loyalty, repeat orders, and positive *word-of-mouth* promotion.

7. Potential for International Market Expansion

Although exports are still small-scale, the potential for development to the international market is quite large. Based on the theory of Market Development Strategy (Ansoff, 1957), market expansion requires readiness in *supply chain management* and export regulation. Askara Kayu has shown the direction towards this stage through product quality improvement and distribution management.

8. Development of Askara Kayu Turnover

The implementation of digital marketing strategies and product innovation has a direct impact on the increase in turnover in the last eight months, as shown in Table 1.

Table 1. Askara Kayu Turnover Over the Last 8 Months

Moon	Information	Estimated Turnover (Rp)
October	Regular Months	20.000.000
November	Ahead of Christmas and New Year (increased orders)	50.000.000
December	Christmas moment (year-end peak)	180.000.000
January	New Year (continuation of peak)	120.000.000
February	Ahead of Eid al-Fitr (the beginning of the Eid hampers promotion)	40.000.000
March	Eid al-Fitr (peak of Eid sales)	200.000.000

Source: Primary data from interviews and observations (2025).

From the table, it can be seen that the most significant increase in turnover occurred in December, January, and March, coinciding with Christmas, New Year, and Eid al-Fitr. The average regular turnover ranges from IDR 20 million to IDR 30 million, while in peak periods it can increase up to nine times.

Factors influencing the increase include: the intensity of paid advertising through Meta Ads and Mita Ads, the promotion of thematic products according to the moment, and the increase in orders from large agencies and corporate customers. The bundling strategy and *early bird program* also contributed to the acceleration of sales. These findings confirm that the combination of digital marketing strategies, product innovation, and the use of seasonal momentum is the key to increasing the turnover of creative-based micro, small, and medium enterprises such as Askara Kayu.

4. CONCLUSION

Based on the results of research conducted on Askara Kayu micro, small, and medium enterprises in Karanganyar, Paiton, Probolinggo, it can be concluded that the success of this business in increasing competitiveness and sales is greatly influenced by the digital marketing strategy and consistent product innovation.

The use of social media such as Instagram as the main marketing channel, supported by the use of paid advertising (Meta Ads and Mita Ads), is able to increase market reach to corporate segmentation and upper-middle-class customers. In addition, product innovations in the form of thematic and exclusive hamper designs have managed to attract consumer interest, especially at special moments such as Christmas, New Year, and Eid al-Fitr.

The right market segmentation strategy, empowering local artisans, responsive customer service, and business resilience in facing market challenges, are the main supporting factors for the success of Askara Kayu. Turnover data for the last 8 months shows a significant increase, especially in the peak months of sales, proving that the combination of digital marketing strategies and product innovation can significantly improve business performance.

The limitation of this research lies in its scope which only focuses on one object of study, namely Askara Kayu micro, small, and medium enterprises, so that the findings cannot be generalized to all business actors in the creative industry sector. In addition, the qualitative approach used, although it provides an in-depth understanding of the phenomenon studied, has not been able to present quantitative data that can specifically measure the level of effectiveness of the digital marketing strategy implemented.

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