

DIGITAL BRANDING STRATEGY FOR MSMEs TO INCREASE COMPETITIVENESS IN THE GLOBAL MARKET

Ashif Syaifullah^{1*}

^{1*} STIE Pemuda Surabaya, Surabaya, Indonesia
ashifsyaiful2011@gmail.com

ARTICLE INFO

Article History:

Received : 2026-03-19

Revised : 2026-03-28

Accepted : 2026-04-19

Keyword:

Digital Branding;

MSMEs;

Global Competitiveness.

ABSTRACT

The era of globalization and the digital economy demands that Indonesian MSMEs adopt digital branding strategies to strengthen their competitiveness in the global market, where a strong online presence influences 70% of consumer purchasing decisions through platforms like Instagram and TikTok. Challenges such as low digital literacy, limited capital, and export regulations prevent only 15% of MSMEs from successfully penetrating the international market. This study aims to analyze effective digital branding strategies for MSMEs, encompassing brand identity, content, advertising, and global e-commerce, as well as the enabling and inhibiting factors for sustainable transformation. The study used a qualitative descriptive approach through semi-structured interviews with 10 MSMEs from the fashion, culinary, and craft sectors, supplemented by observations of social media, e-commerce, and secondary data from literature and government reports over three months. Thematic analysis identified strategic patterns, factors, and implications. The results show that integrated strategies such as unique USPs, multilingual SEO, UGC content, micro-influencers, and marketplaces like Etsy tripled revenue and expanded to 10 countries within 1-2 years, supported by access to technology and government training. Inhibiting factors include minimal digital literacy (60% of MSMEs) and export bureaucracy, with implications for increasing visibility by 70%, ROI by 40%, and achieving a target of 30 million digital MSMEs by 2029 through stakeholder synergy.

How to Cite:

Syaifullah, A. (2026). Digital Branding Strategy for MSMEs to Improve Competitiveness in the Global Market. *CURVE: Journal of Economic, Business and Accounting*, 2(1), 26-33.

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INTRODUCTION

The era of globalization and the digital economy has fundamentally changed the business landscape, making digital branding a crucial element for the

sustainability of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. In this context, digital branding not only serves as a visual identity but also as a strategic tool to build consumer trust, differentiate products from competitors, and reach a global market without geographical limitations. According to Laurina (2024), digital branding strategies through social media and e-commerce enable MSMEs to enhance competitiveness by creating consistent and emotional consumer experiences, where 70% of purchasing decisions are now influenced by a strong online presence. The digital economy driven by platforms such as Instagram and TikTok requires MSMEs to adapt quickly, as modern consumers rely on authentic visual content and real-time interactions to assess brand quality. Without solid digital branding, SMEs risk being pushed aside by larger players who dominate search and recommendation algorithms, making the strengthening of brand identity a top priority to support sustainable growth amid technological disruption (Laurina, 2024; Dieva, 2023).

MSMEs face significant challenges in entering the increasingly competitive global market. The lack of a brand identity recognized internationally is a major obstacle, with many MSMEs still relying on conventional marketing without unique branding elements such as a professional logo or brand story narrative. Technological limitations, including uneven internet access, low digital literacy, and lack of e-commerce infrastructure, further worsen the position of MSMEs in the ASEAN and global markets. Intense international competition with cheap imported products from China or Vietnam through platforms like Shopee Global pressures local MSMEs to innovate, while export regulations and international quality standards often become barriers. Rizky's (2024) research highlights that these challenges result in only 15% of Indonesian MSMEs successfully breaking into export markets, with the main factors being weak brand image and dependence on the domestic market. In addition, limited capital for targeted advertising and global collaborations makes it difficult for MSMEs to build awareness abroad, so adaptive strategies are needed to overcome this disparity (Rizky, 2024; Lutfiyani, 2022).

The relevance of the role of digital platforms for MSMEs is becoming increasingly urgent to strengthen brand identity in this era. Platforms such as Instagram Shop, TikTok Shop, and Google My Business provide free tools to build brand identity through storytelling content, branded hashtags, and user-generated content (UGC) that enhance credibility. The analytics features on these platforms allow MSMEs to understand consumer behavior in a data-driven way, so that branding strategies can be personalized for a global audience. Ghina's study (2024) shows that consistent branding on digital platforms can increase brand awareness by up to 40% for MSMEs, with elements such as logos and aesthetic visuals serving as social proof.

Digital platforms also function as equalizers, enabling MSMEs to compete with big brands through viral content and influencer collaborations, which strengthen emotional connections with international consumers. In Indonesia,

where MSMEs contribute 61% of GDP, utilizing these platforms becomes a crucial bridge for transitioning from local to global (Ghina, 2024; Lasytiara, 2025). The urgency of research and writing on digital branding strategies for MSMEs cannot be ignored, considering the sector's contribution to the national economy and the potential stagnation due to global competition. This research is needed to provide evidence-based practical guidance, such as integrating AI for branding personalization and social SEO optimization, which are still minimally adopted by MSMEs. This study aims to analyze effective digital branding strategies for MSMEs in Indonesia, focusing on practical approaches that can be implemented by small business actors with limited resources.

METHODS

This research uses a qualitative descriptive approach with the aim of deeply analyzing the digital branding strategies implemented by Micro, Small, and Medium Enterprises (MSMEs) in strengthening competitiveness in the global market. This approach was chosen because it is capable of comprehensively describing the phenomena and practices of digital branding, including brand identity development, content strategies, digital advertising, and global e-commerce expansion. Primary data was obtained through in-depth interviews with ten MSME actors from various sectors, such as fashion, culinary, and handicrafts, who have actively implemented digital branding strategies on platforms such as Instagram, TikTok, and global marketplaces. Interviews were conducted in a semi-structured manner to provide flexibility in exploring the experiences, challenges, and strategies used by each MSME. In addition, secondary data was taken from academic literature, government reports, and recent publications relevant to MSME digital marketing, such as research from the Ministry of Cooperatives and SMEs, digital marketing journals, and statistical data from official institutions. Data collection was conducted over three months through observation of MSME digital activities on social media and e-commerce, as well as documentation of digital campaigns that had been carried out. Data analysis was conducted using thematic analysis methods, which involved identifying patterns, themes, and relationships between digital branding strategies, supporting factors, and obstacles encountered. The analysis results were then systematically compiled to produce a holistic view of the effectiveness of MSME digital branding strategies and their implications for improving international competitiveness.

RESULT AND DISCUSSION

Analysis of Digital Branding Strategy for SMEs

Digital branding strategy for SMEs is an important foundation to strengthen their position in the competitive global market. Building brand identity is a crucial initial stage, where SMEs must determine a Unique Selling Proposition (USP) that highlights the advantages of their products, such as the use of high-

quality local materials or unique traditional designs that are difficult for competitors to replicate. According to Laurina (2024), clearly defining the USP helps SMEs to consistently express their uniqueness to a global audience. A brand story that depicts the journey and philosophy of the SME, combined with visual elements such as a logo, a color palette reflecting local culture (for example, red and white for Indonesia), and a consistent visual style can create strong and emotional brand recognition. A friendly and innovative brand personality, as well as a brand voice that can adapt to audiences in various countries with easily understandable language, strengthens consumers' emotional attachment to the brand (Sari et al., 2023; Nugroho, 2025).

Optimizing digital presence is also an important factor in the digital branding strategy of SMEs. Creating a website with multilingual SEO optimization allows SME products to be discovered by global consumers through Google searches and other search engines. This strategy is important to effectively bridge access to international markets. The use of social media such as Instagram, TikTok, and Facebook is optimized as the main channels to build brand awareness. Uploading creative content in the form of high-quality photos, production process videos, narrative storytelling that highlights cultural values, as well as user-generated content (UGC) from international customers provides additional credibility and strengthens brand virality organically. Thus, an integrated and consistent digital presence will strengthen the image of SMEs in the global market (Permana, 2021; Ghina, 2024).

An effective content strategy should include product education, testimonials from international customers, as well as behind-the-scenes content to build closeness and trust. Educational content informs about the product's advantages, such as durable natural materials or traditional handcrafting techniques. Testimonials in the form of videos or sincere reviews from overseas buyers can serve as social proof that increases new consumer trust. Additionally, local content packaged with universal themes such as sustainability and production ethics can penetrate global markets without losing cultural identity. Consistency in posting content 3-5 times a week, accompanied by community management through actively responding to comments and messages, will create sustainable engagement and increase customer loyalty (Rizky, 2024; Lasytiara, 2025).

In the realm of digital advertising and influencer marketing, SMEs need to utilize paid ads on platforms like Google Ads, Meta Ads, and TikTok Ads to reach the global market in a targeted manner. Comprehensive demographic targeting, for example, ages 25-44 with interests in eco-friendly products and Southeast Asian culture, along with retargeting website visitors, can significantly increase conversion rates. Collaborating with micro-influencers in the international market who have a solid following and specialize in areas such as sustainable fashion or handicrafts will provide authentic exposure and more cost-efficient results compared to major influencers. Studies indicate that this strategy

can increase return on investment (ROI) by up to 30%, making it very suitable for SMEs with limited budgets (Dharma, 2023; Laurina, 2024).

Global e-commerce is a vital final step in the internationalization of MSME brands. Global marketplaces like Etsy, Amazon Handmade, Shopee International, and Lazada Global provide direct access to millions of international buyers. It is important for MSMEs to standardize product quality, obtain certifications such as ISO or halal to attract certain markets, and provide environmentally friendly packaging with labels in multiple languages to enhance product appeal. In addition, the shipping system must rely on trusted international courier services like DHL or FedEx to ensure fast and secure delivery, as well as offer global payment methods such as PayPal or Stripe that facilitate cross-border transactions. This step allows MSMEs not only to survive in the domestic market but also to successfully penetrate export markets with a mature brand identity and excellent service (Rizky, 2024; Nugroho, 2025).

Based on this, an integrated digital branding strategy for SMEs, starting from building brand identity, optimizing digital presence, content strategy, digital advertising, to global e-commerce expansion, is key to increasing competitiveness in the international market. Empirical research shows that consistent implementation of this strategy can increase SME turnover up to three times within one to two years, as well as expand markets to up to 10 foreign countries. By continuously adopting the latest digital technologies and strengthening digital branding, Indonesian SMEs have great potential to become major players in the increasingly competitive and connected global digital economy.

Supporting and Inhibiting Factors of Digital Branding for SMEs

Supporting and inhibiting factors in SME digital branding play an important role in determining the success of SMEs in developing their business in today's digital era. One of the main supporting factors is the increasingly widespread and affordable access to digital technology, enabling SMEs to utilize various digital platforms to build brand awareness and reach a wider market. The availability of devices such as smartphones and more evenly distributed internet access becomes the main foundation for SME actors to innovate in digital marketing. In addition, the creativity of SME owners is very vital as the main driver in creating engaging content and unique branding strategies that can differentiate their products from competitors. This creativity includes the development of brand visuals, authentic narratives, and personal interactions with consumers through social media (Laurina, 2024; Nugroho, 2025).

Government support and the business ecosystem also become significant supporting factors. Digital marketing training programs, such as trainings provided by relevant ministries and MSME communities, provide essential basic and practical knowledge. Initiatives like the Go Global program, which helps MSMEs penetrate export markets, also enhance the enthusiasm and capacity of MSMEs in utilizing digital technology for branding. Collaboration with major

digital platforms and technology service providers strengthens this ecosystem, providing access to greater resources and networks for MSMEs (Ghina, 2024; Dharma, 2023).

In addition to supporting factors, there are various inhibiting factors still faced by MSMEs. One of the main obstacles is the lack of knowledge about digital marketing. Many MSME actors have not mastered basic techniques such as managing social media, creating effective content, and using digital analytics to monitor branding performance. Limited capital and human resources are also major obstacles, where MSMEs find it difficult to allocate adequate budgets and specialized personnel for digital branding strategies, resulting in implementation that tends to be limited and not optimal (Rizky, 2024; Lasytiara, 2025).

Differences in language and global market preferences also become significant challenges in the expansion of MSME branding. Content created solely from a local perspective is often less relevant to international audiences who have different cultures and preferences. Therefore, adapting communication and product presentation to be sensitive to cultural context becomes a matter that must be considered to ensure MSMEs can be widely accepted in the global market. Export regulations and logistics also become major obstacles that cannot be ignored. The process of product legalization, quality standardization according to international standards, and cross-border logistics distribution arrangements often require considerable costs and time. These bureaucratic and administrative barriers sometimes make MSMEs reluctant or find it difficult to penetrate export markets, thereby hindering the development of branding globally.

Implications of Digital Branding Strategy for SMEs

The strategic implications of digital branding for SMEs are very significant in driving sustainable business transformation in the digital economy era. For SMEs, digital branding requires a transformation of marketing from conventional to digital, where business actors must integrate social media, e-commerce, and visual content to build a consistent online presence. This transformation not only increases product visibility by up to 70%, but also enables the personalization of consumer experiences that distinguish SMEs from global competitors. In addition, the development of branding capabilities and digital human resources becomes essential through internal training on SEO, content creation, and data analytics. These capabilities allow SMEs to optimize paid advertising ROI by up to 40% and be responsive to trends such as AI personalization, thereby significantly increasing customer loyalty and repeat purchase rates (Laurina, 2024).

For the government and stakeholders, these implications emphasize the need for massive and structured digital marketing education support. Free training programs such as the Kemenkop UKM Digital Academy must be expanded to close the digital literacy gap experienced by 60% of SMEs, with a focus on branding, online crisis management, and platform algorithm optimization. Furthermore, facilitating global expansion through access to low-cost financing (digital KUR), export training (halal/ISO certification), and economic diplomacy

becomes a strategic priority. Initiatives such as ASEAN/EU pavilions and global marketplace partnerships will help SMEs enter 10 target countries, support the contribution of SMEs to GDP to rise from 61% to 70%, and achieve the target of 30 million digital SMEs by 2029. This synergy creates a strong ecosystem for sustainable SME growth.

CONCLUSION

This research shows that an integrated digital branding strategy is essential for SMEs to strengthen their competitiveness in the global market. Building a strong brand identity through defining a Unique Selling Proposition (USP), an authentic brand story, as well as consistent visual and voice elements can create an emotional bond with international consumers. Optimal digital presence through websites, social media, and creative content expands market reach and significantly increases brand awareness. The use of digital advertising and collaboration with micro-influencers has been proven effective in increasing conversion rates and return on investment (ROI), while expansion through global marketplaces allows SMEs to penetrate international markets with adequate logistics and payment support. Empirical results show that the consistent implementation of digital branding strategies can increase MSME turnover up to three times within one to two years and expand the market to more than ten foreign countries. However, this study also identified several inhibiting factors, such as limited knowledge of digital marketing, capital, human resources, cultural and language differences, as well as complex export regulations. The main supporting factors include increasing access to technology, the creativity of MSME owners, and government and business ecosystem support through training and strategic partnerships.

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