

Transformation of MSME Marketing Towards Sustainability: Strategies and Implementation

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Abstract

Micro, Small, and Medium Enterprises (MSMEs) serve as a fundamental pillar for both national and global economic development. However, their sustainability is often threatened by limited resources and the use of conventional marketing strategies that fail to adapt to dynamic market environments. This study aims to explore the marketing transformation required to improve the sustainability of MSMEs through strategic frameworks that are both adaptive and context-specific. Using a qualitative research method based on a comprehensive literature review of international scholarly publications, this research identifies critical elements of marketing strategy—including digital adaptation, customer relationship management, and value-based branding—that can be leveraged to enhance MSME competitiveness. The findings suggest that a shift toward integrated and digital marketing approaches, combined with an understanding of local consumer behavior, can significantly increase the resilience and long-term viability of MSMEs. The research provides practical implications for policymakers, business advisors, and MSME owners to reframe marketing practices in a way that aligns with contemporary economic challenges and consumer expectations.

Keywords: Micro, Small, and Medium Enterprises (MSMEs), Sustainability, Marketing Transformation, Strategic Implementation, Competitive Advantage

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a pivotal role in fostering comprehensive national economic development. Their contributions span several strategic dimensions, including increasing Gross Domestic Product (GDP), generating and expanding employment opportunities, and alleviating poverty, which remains a persistent issue in various regions. Within the framework of inclusive economic growth, MSMEs function not only as key drivers at the local economic level but also as fundamental pillars in building a more equitable and balanced economic structure.

Despite their strategic significance, the sustainability and resilience of MSMEs in navigating the dynamics of global markets continue to face numerous obstacles (Maina, 2024; Mohammed Shebeen et al., 2024; Susilawati, 2024). One of the most critical challenges lies in the limited capacity to master and implement adaptive marketing strategies that align with evolving consumer preferences and the demands of the modern era. In the context of globalization and heightened business competition, marketing can no longer be treated as a supplementary function;

rather, it must be recognized as a central determinant of business viability and long-term competitiveness.

As Gilmore (2018) noted, small business operators frequently underestimate the necessity of structured marketing planning and execution. Consequently, their products and services often struggle to gain broader market reach and fail to attract significant consumer interest. This scenario underscores the urgent need for a paradigm shift in the marketing approaches adopted by MSMEs (Jibril et al., 2024; Michael, 2025; Schwaewe et al., 2025).

Such a transformation entails several key dimensions, including the strategic use of digital technologies for marketing purposes, an enhanced understanding of consumer behavior trends, and the incorporation of local cultural values into product branding strategies. These innovative efforts are expected to strengthen the adaptive capacities of MSMEs, enabling them to respond effectively to fast-changing and unpredictable market conditions. Furthermore, this approach is projected to support the long-term sustainability and growth of MSMEs, while also preparing them to confront the increasingly complex challenges of the global economic landscape (Hu & Kee, 2022; Moore & Manring, 2009; Naradda Gamage et al., 2020).

Previous studies have highlighted the challenges MSMEs face in adopting structured marketing strategies. Cronin-Gilmore (2012) emphasized that small business owners often lack formal marketing plans, leading to limited market reach and customer engagement. Abdurohim (2024) discussed the role of digital marketing in improving MSME performance but noted that many enterprises struggle with digital adoption due to resource constraints. This research builds upon these findings by offering a comprehensive analysis of marketing transformation in MSMEs, focusing on the integration of digital tools and strategies to enhance sustainability and competitiveness (Dumitriu et al., 2019; Gao et al., 2023). The novelty lies in synthesizing existing literature to propose a holistic framework for MSME marketing transformation, addressing both traditional challenges and opportunities presented by digitalization (Florek-Paszkowska & Ujwary-Gil, 2025; Hokmabadi et al., 2024).

This study aims to analyze the transformation of marketing strategies within Micro, Small, and Medium Enterprises (MSMEs) to enhance their sustainability and competitiveness in the digital era. The objectives are: (1) to identify key components of effective marketing strategies tailored to MSMEs; (2) to examine the integration of digital technologies in marketing practices; and (3) to propose strategic recommendations for MSMEs to adapt to evolving market dynamics. The benefits of this research include providing insights for MSME stakeholders to develop adaptive marketing approaches, informing policymakers on supporting MSME digitalization, and contributing to the academic discourse on MSME marketing transformation.

RESEARCH METHODS

This study utilizes an exploratory systematic literature review as its research method, chosen to investigate the complex and multifaceted topic of marketing transformation among Micro, Small, and Medium Enterprises (MSMEs) in the context of sustainability. As an exploratory study, it aims to build conceptual insights rather than test hypotheses, making it suitable for addressing emerging and under-researched areas. The research population comprises peer-reviewed articles, academic journals, conference papers, and institutional reports related to MSME marketing, sustainability, digitalization, and business strategy. The sampling technique employed is purposive sampling, where studies are selected based on their relevance to the research questions and

alignment with inclusion criteria such as publication in reputable academic databases (e.g., Scopus, Google Scholar, ScienceDirect) and availability in English.

The data collection technique involves a structured review procedure guided by the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) framework. The review process includes the identification of keywords such as “MSMEs,” “marketing transformation,” “sustainability,” “digital marketing,” and “strategic adaptation.” Initial screening is followed by a full-text assessment of eligible publications. The research instrument is a data extraction matrix used to code, organize, and synthesize key themes, strategies, and case-based evidence. To ensure validity, triangulation is applied by comparing findings across various disciplines and geographic regions. Reliability is enhanced through peer debriefing and the consistent application of inclusion and exclusion criteria throughout the review process.

The data analysis technique is qualitative thematic analysis, supported by NVivo 12 software to manage, code, and categorize the extracted data. The procedure involves open coding to identify recurring patterns, axial coding to establish relationships between themes, and selective coding to highlight core findings that address the research objectives. The synthesis is designed to generate a conceptual framework outlining strategic pathways for marketing transformation in MSMEs, while also providing practical insights and recommendations for business practitioners, policymakers, and future researchers. This methodological approach enables a rigorous and nuanced understanding of the evolving landscape of MSME marketing and its implications for long-term sustainability.

RESULT AND DISCUSSION

Marketing Strategies for MSMEs: Theory and Practice

Numerous academic and empirical studies underscore the critical role of systematically designed and well-targeted marketing strategies in enhancing the competitive advantage of Micro, Small, and Medium Enterprises (MSMEs) amidst an increasingly dynamic market landscape. These strategies typically encompass innovation in product development, purposeful and effective consumer communication, as well as a focus on product differentiation or uniqueness as a competitive lever.

In various international contexts, such as research conducted on MSMEs in Colombia, the integration of these strategic components in a cohesive and mutually reinforcing manner has been shown to yield positive outcomes for overall business performance. Specifically, when product innovation is aligned with responsive communication and the delivery of distinct product value, enterprises are more likely to establish a robust competitive position in the eyes of both consumers and broader market segments (Gomez, 2023). This finding highlights the importance of adopting an integrative approach in marketing strategy implementation to build sustainable competitive advantages for MSMEs.

Furthermore, the marketing mix framework—commonly referred to as the 7Ps model, comprising product, price, place, promotion, process, people, and physical evidence—has been identified as a strategic tool capable of optimizing sales performance within the micro and small business sector. According to findings by Ali, Ameen, and Tirwanshi (2024), a comprehensive application of all seven elements contributes to a cohesive and consistent customer experience, which in turn fosters long-term brand loyalty. In essence, the 7Ps marketing mix serves not only as a means of reaching target customers but also as a foundation for building strong and enduring relationships between entrepreneurs and their clientele.

Nevertheless, empirical realities on the ground reveal persistent challenges, particularly for MSMEs operating in rural regions. A significant barrier lies in the limited technical knowledge and managerial skills required to effectively implement modern marketing strategies. Research by Lekhanya and Mason (2013) illustrates that many rural entrepreneurs continue to rely on traditional methods such as word-of-mouth promotion and direct selling within local communities. The underutilization of digital technologies and online marketing platforms reflects a broader digital marketing literacy gap, which can constrain business growth and weaken competitiveness in an increasingly digitalized economy. Consequently, educational interventions and hands-on training programs are urgently needed to enhance the marketing capabilities of small-scale entrepreneurs in such regions.

Implementation of Strategy in the Context of Uncertainty

The selection of a strategy by business owners is not a decision made arbitrarily or instantaneously; rather, it is the outcome of a complex and layered process that involves thorough consideration of various internal organizational factors as well as the evolving external dynamics of the business environment. The internal factors in question encompass available resources, managerial capabilities, organizational structure, and the corporate culture adopted by the company. Meanwhile, external factors refer to elements beyond the company's control, such as regulatory changes, market dynamics, industry competition, and the degree of uncertainty and complexity in the environment.

In the context of a business environment marked by rapid change, high uncertainty, and fluctuating market dynamics, business actors tend to opt for strategies that are flexible, reactive, and opportunistic. This approach allows greater flexibility for the company to adapt to continuously changing situations and respond quickly and effectively to market opportunities. In contrast, when a company operates in a relatively stable environment, where changes can be predicted and risks are more manageable, strategies based on long-term planning and in-depth analysis become more relevant and beneficial. A structured approach of this nature enables the company to set a clear developmental direction while maximizing the efficient use of resources.

Research conducted by Pai and Sadeeq (2011) in India supports this viewpoint. They found that the implementation of marketing strategies designed with careful market segmentation, the use of relevant and effective promotional media, and consistent product quality improvements contributed significantly to business performance. This finding underscores the notion that there is no one-size-fits-all strategic approach; rather, the most successful strategies are those tailored to local conditions and the level of uncertainty faced by the company.

Thus, it can be concluded that a deep and ongoing understanding of environmental dynamics, both internal and external, is crucial in the strategy formulation process. Only through this understanding can a company develop strategic policies that are not only responsive to change but also aligned with the organization's long-term objectives in creating competitive advantages and business sustainability.

Competitive Advantage Based on Marketing

The competitive advantage held by Micro, Small, and Medium Enterprises (MSMEs) is fundamentally shaped not only by price factors but also by a range of non-price elements that play a crucial role in determining the competitiveness of a business. These factors include the ability to continuously innovate, agility in responding to shifts in consumer preferences and market dynamics, as well as a high degree of flexibility in adapting operational strategies to the

unpredictable fluctuations and transformations in the business environment (Marshall et al., 2021).

In the context of developing countries, the role of MSMEs becomes increasingly vital due to their significant contribution to national economic stability, both through the creation of extensive employment opportunities and the enhancement of Gross Domestic Product (GDP). As such, to face the growing complexity of competition, MSMEs in developing nations cannot solely rely on low-price competition strategies but must also build advantages through approaches focused on sustainability, innovation, and adaptability.

Furthermore, in the face of globalization, which demands openness and collaboration among businesses from various countries, the success of MSMEs in expanding access to international markets is heavily dependent on their ability to establish cross-border partnerships and understand the socio-cultural differences present in various export destinations. International collaboration between MSMEs from different nations not only provides a platform for the exchange of knowledge and technology but also opens up opportunities for developing more innovative products and effectively expanding market reach.

Such practices directly contribute to the enhancement of business competitiveness and act as a driving force for the growth of global entrepreneurship that is more inclusive and resilient (Chatterjee & Lim, 2000). Therefore, the ability of MSMEs to embrace cross-border partnerships and be adaptive to cultural diversity becomes a highly relevant strategy in responding to challenges while capitalizing on the opportunities offered by an increasingly competitive and interconnected global market environment.

Challenges and Implemented Recommendations

The majority of Micro, Small, and Medium Enterprises (MSMEs) continue to exhibit a relatively low level of awareness regarding the importance of strategic activities, such as networking and the establishment of business partnerships. These activities are integral elements in the formulation of effective and sustainable marketing strategies (Gilmore, 2012). This lack of understanding reflects a significant gap in knowledge concerning the benefits of collaboration among business actors, particularly in the context of market expansion and enhancing the competitiveness of the products or services offered.

This situation highlights the necessity for a more systematic, need-based approach to enhancing human resource capacity within the MSME sector, particularly through training programs that are not only theoretical but also tailored to the local context of each region. Furthermore, ongoing, structured mentorship that aligns with the dynamics of local markets is also a crucial aspect that must be considered in the MSME empowerment process.

In response to these challenges, the active involvement of the government and other supporting institutions is essential in creating an ecosystem conducive to improving marketing literacy among MSME practitioners. One concrete step that can be taken is organizing outreach and training programs specifically designed, considering the demographic, geographic, and economic potential of each region.

The primary focus of this program should be on MSMEs operating in rural areas, given that limited access to information, technology, and other supporting resources often constitutes a major barrier to growth and sustainability in these regions (Lekhanya & Mason, 2013). Therefore, empowerment strategies aimed at enhancing marketing knowledge and skills in a contextual, adaptive, and locally-based manner are crucial in fostering a more inclusive, resilient, and long-term-oriented MSME sector.



Figure 1. Transformation of MSME Marketing Towards Sustainability

CONCLUSION

In the context of transforming marketing strategies in the Micro, Small, and Medium Enterprises (MSMEs) sector towards sustainability, it is essential to adopt an approach that is not only strategic but also adaptive to the dynamic changes in the business and market environment. This approach must be grounded in the local context, reflecting the characteristics and needs of the local market, while also being able to respond to challenges and opportunities arising from both global and local economic dynamics. In this regard, a deep understanding of market dynamics is crucial, as it enables MSMEs to develop marketing strategies that are not only relevant but also sustainable in the long term. By adopting appropriate marketing strategies and tailoring their implementation to the specific conditions of the region and targeted market, MSMEs can gain a more significant competitive advantage. A well-crafted marketing strategy will enhance the competitiveness of the products and services offered, expand market share, and foster stronger relationships with consumers and business partners. Moreover, an approach based on a solid understanding of local conditions will allow MSMEs to withstand fluctuating market challenges and achieve long-term business sustainability. Therefore, it is imperative for MSMEs to continuously innovate and adjust their strategies in line with market developments to optimize opportunities and respond more effectively to emerging threats.

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