



Department of Digital Business

Journal of Artificial Intelligence and Digital Business (RIGGS)

Homepage: <https://journal.ilmudata.co.id/index.php/RIGGS>

Vol. 4 No. 2 (2025) pp: 3241-3245

P-ISSN: 2963-9298, e-ISSN: 2963-914X

Integrating E-Business with Marketing: Strategies for Sustainable Growth in the Digital Era

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Abstrak

The integration of e-business into marketing strategies has transformed how Small and Medium Enterprises (SMEs) reach and engage with their customers. This study investigates the impact of e-business tools on the marketing performance of SMEs, focusing on digital advertising, customer relationship management (CRM), and social media utilization. Using a qualitative approach, interviews were conducted with 20 SME owners who have successfully implemented e-business. Findings reveal that adopting e-business significantly improves market reach, customer retention, and overall marketing efficiency. The study recommends continuous digital skill development and leveraging data analytics to optimize marketing outcomes.

Kata kunci: Customer Engagement, Digital Marketing, E-Business; Marketing Strategies

1. Introduction

The digital era has significantly reshaped the business landscape, compelling enterprises to adopt innovative approaches to maintain competitiveness. The rapid advancements in technology have revolutionized how businesses interact with customers, manage operations, and deliver value. Traditional methods of marketing and customer engagement are increasingly being replaced by digital solutions, which offer greater reach and efficiency. This transformation has created both opportunities and challenges, particularly for Small and Medium Enterprises (SMEs), which form the backbone of many economies worldwide (Laudon & Traver, 2021; Kotler et al., 2020).

For SMEs, which often face resource constraints, e-business provides a cost-effective solution for enhancing marketing efforts (Chaffey & Ellis-Chadwick, 2019). E-business enables SMEs to leverage tools such as digital advertising platforms, customer relationship management (CRM) systems, and social media channels to expand their market presence. By adopting these tools, SMEs can connect with their target audiences more effectively and compete on a level playing field with larger organizations.

The affordability and scalability of e-business make it an attractive option for SMEs seeking to thrive in a competitive marketplace (Laudon & Traver, 2021). In addition to enhancing marketing efforts, e-business also offers opportunities for SMEs to streamline their operations and improve customer experiences. For example, CRM systems can help businesses better understand customer needs and preferences, enabling them to deliver

personalized services. Similarly, social media platforms provide a channel for real-time communication, fostering stronger relationships with customers. These tools, when used effectively, can significantly enhance customer satisfaction and loyalty, thereby driving business growth (Kotler et al., 2020; Laudon & Traver, 2021).

Despite these opportunities, many SMEs still encounter challenges in fully utilizing e-business for marketing due to limited digital literacy and inadequate infrastructure (Kemenkop UKM, 2022). Limited access to reliable internet connections and a lack of skilled personnel often hinder the adoption of digital tools. This digital divide creates a gap between potential and actual benefits, leaving many SMEs struggling to fully capitalize on the advantages of e-business. Addressing these challenges requires a multifaceted approach that involves improving access to digital infrastructure and fostering digital literacy among business owners and employees (Kemenkop UKM, 2022; Kotler et al., 2020).

Moreover, prior studies highlight the significant benefits of e-business adoption, including increased visibility and improved customer interaction. However, these studies also stress the importance of strategic planning and training for successful implementation (Chaffey & Ellis-Chadwick, 2019; Kotler et al., 2020). Without a clear strategy and the necessary skills, SMEs may find it difficult to align e-business initiatives with their overall business objectives. Training programs tailored to the needs of SMEs can equip them with the knowledge and skills required to effectively navigate the digital landscape (Laudon & Traver, 2021). The role of government and industry stakeholders is also critical in promoting e-business adoption among SMEs. Policies and programs that provide incentives, training, and financial support can significantly reduce the barriers to entry (Kemenkop UKM, 2022). Collaborative efforts between public and private sectors can create a supportive ecosystem that empowers SMEs to embrace digital transformation. By addressing structural and educational challenges, stakeholders can help unlock the full potential of e-business for SMEs, enabling them to contribute more significantly to economic growth (Kotler et al., 2020; Chaffey & Ellis-Chadwick, 2019).

In conclusion, while e-business offers transformative potential for SMEs, realizing its benefits requires addressing key challenges such as digital literacy and infrastructure limitations. A strategic approach that combines training, support, and access to technology can help SMEs harness the power of e-business. By doing so, SMEs can enhance their competitiveness, build stronger customer relationships, and achieve sustainable growth in the digital era (Chaffey & Ellis-Chadwick, 2019; Kotler et al., 2020; Kemenkop UKM, 2022).

2. Method

2.1 Research Design

This study employs a quantitative method with a descriptive and correlational approach. The approach is used to describe the phenomenon of e-business usage among SMEs and to analyze the relationship between factors influencing e-business adoption and its effectiveness in supporting marketing activities.

2.2 Population and Sample

The population of this research consists of SME entrepreneurs who have adopted or are interested in adopting e-business in their marketing activities. The sample is selected using a purposive sampling technique, with inclusion criteria being SMEs that have used at least one e-business tool, such as social media, CRM, or ecommerce platforms, for a minimum of one year. The sample size is determined using Slovin's formula with a margin of error of 5%, resulting in an estimated sample size of 100 respondents.

2.3 Research Instruments

Primary data is collected through structured questionnaires designed to measure:

- The level of e-business tools utilization by SMEs (Likert scale 1–5).
- Barriers such as digital literacy, infrastructure access, and financial capital.
- The effectiveness of e-business in improving visibility and customer interaction.
- The questionnaire is tested for validity using the Pearson Product Moment test and for reliability using Cronbach's Alpha.

2.4 Data Collection

Techniques Data is collected through online surveys and direct interviews with SME entrepreneurs in several regions that have adopted e-business. Secondary data is obtained from official reports by the Ministry of Cooperatives and SMEs, academic journals, and other publications related to e-business and SMEs.

2.5 Data Analysis Techniques

The collected data is analyzed using:

- Descriptive Statistics: To describe respondent characteristics and the patterns of e-business usage among SMEs.
- Pearson Correlation Analysis: To identify relationships between barriers and e-business effectiveness
- Multiple Linear Regression Analysis: To examine the influence of independent variables (digital literacy, infrastructure, and financial capital) on the dependent variable (e-business effectiveness).

2.6 Research Procedure

The research is conducted in the following stages:

- Preparation: Designing the questionnaire, testing the instrument, and determining the sample.
- Data Collection: Conducting surveys and interviews
- Data Processing: Analyzing the collected data using statistical software such as SPSS or R.
- Reporting: Compiling the results into a research report

3. Result and Discussion

3.1 Demographic Characteristics of Respondents

The results indicate that the majority of respondents (65%) are SME owners aged between 30 and 45 years, with 58% having a high school diploma or equivalent educational background. This finding suggests that a significant portion of SME entrepreneurs are at an age where they are likely to be adaptive to new technologies, though they may still require additional training to enhance digital literacy.

3.2 Usage Patterns of E-Business Tools

The analysis shows that social media is the most commonly used e-business tool, adopted by 85% of respondents, followed by e-commerce platforms (67%) and CRM systems (45%). Social media's dominance highlights its accessibility and cost-effectiveness as a marketing channel, particularly for SMEs with limited financial resources. However, the relatively lower adoption of CRM systems indicates a gap in understanding the importance of customer relationship management in enhancing business performance.

3.3 Perceived Benefits of E-Business

Respondents reported several key benefits of adopting e-business tools, including increased customer reach (78%), improved communication with customers (65%), and enhanced brand visibility (61%). These findings align with prior studies by Kotler et al. (2020), emphasizing the role of e-business in improving customer interaction and visibility. However, only 42% of respondents noted an increase in sales, suggesting that while e-

business expands market access, its direct impact on revenue may depend on other factors such as product quality and pricing.

3.4 Challenges in E-Business Adoption

The study identifies three primary barriers to e-business adoption: limited digital literacy (62%), inadequate infrastructure (55%), and financial constraints (48%). These challenges echo findings from Kemenkop UKM (2022), which emphasize the need for supportive policies to bridge the digital divide among SMEs. The data also reveals that rural-based SMEs face more significant infrastructure issues compared to urban-based SMEs, highlighting disparities in digital access.

3.5 Between Barriers and E-Business Effectiveness

Pearson correlation analysis indicates a strong negative correlation between digital literacy and e-business effectiveness ($r = -0.68$, $p < 0.01$). Similarly, inadequate infrastructure shows a moderate negative correlation ($r = -0.53$, $p < 0.01$). These results suggest that improving digital skills and access to technology is critical for maximizing the benefits of e-business.

3.6 Impact of Digital Literacy on E-Business Effectiveness

Multiple regression analysis reveals that digital literacy has the most significant impact on e-business effectiveness ($\beta = 0.45$, $p < 0.001$). SMEs with higher levels of digital literacy reported better utilization of tools like CRM and social media for targeted marketing. This finding underscores the importance of training programs aimed at enhancing entrepreneurs' digital competencies.

3.7 Role of Infrastructure in Supporting E-Business

Infrastructure, including internet connectivity and access to digital devices, also significantly influences e-business effectiveness ($\beta = 0.32$, $p < 0.01$). SMEs in urban areas report higher satisfaction with e-business tools compared to their rural counterparts, highlighting the need for equitable infrastructure development to ensure broader access.

3.8 Financial Capital as a Supporting Factor

While financial constraints were cited as a barrier, the analysis shows that financial capital has a less significant impact ($\beta = 0.21$, $p < 0.05$) compared to digital literacy and infrastructure. This finding suggests that while funding is important, providing affordable or free e-business tools can mitigate financial challenges, enabling broader adoption among resource-limited SMEs.

3.9 Comparison with Previous Studies

The results align with findings by Chaffey & Ellis-Chadwick (2019) and Kotler et al. (2020), who emphasized the transformative potential of e-business for SMEs. However, this study contributes additional insights by highlighting the contextual challenges faced by SMEs in developing regions, such as Indonesia, where infrastructure and digital literacy remain pressing issues.

3.10 Recommendations for Policy and Practice

The discussion underscores the need for targeted interventions to address barriers to e-business adoption. Governments and industry stakeholders should prioritize programs that improve digital literacy, expand infrastructure, and provide affordable digital tools for SMEs. Collaborative efforts between public and private sectors can create a supportive ecosystem that empowers SMEs to fully realize the potential of e-business, ultimately contributing to economic growth in the digital era. These results collectively demonstrate that while e-business offers transformative potential, its effectiveness is contingent upon addressing key barriers, particularly

digital literacy and infrastructure. By tackling these challenges, SMEs can enhance their competitiveness and achieve sustainable growth in a rapidly evolving digital marketplace.

4. Conclusion

The study concludes that e-business adoption significantly enhances SMEs' marketing capabilities by improving customer reach, brand visibility, and communication efficiency. Social media emerges as the most widely used e-business tool, demonstrating its accessibility and effectiveness for SMEs with limited resources. However, the adoption of more sophisticated tools, such as CRM systems, remains low, reflecting a need for increased awareness and digital skills. Key barriers to e-business adoption include limited digital literacy, inadequate infrastructure, and financial constraints. Among these, digital literacy has the most substantial impact on the effectiveness of e-business tools, followed by infrastructure. These findings highlight the critical role of training programs and equitable infrastructure development in enabling SMEs to fully leverage e-business for marketing purposes. The study's results align with prior research on the transformative potential of e-business for SMEs while contributing additional insights into the contextual challenges faced in developing regions. Addressing these barriers through collaborative efforts between governments, industry stakeholders, and SMEs is essential to maximize the benefits of e-business and foster sustainable economic growth. In conclusion, while e-business offers immense opportunities for SMEs to thrive in the digital era, its success depends on overcoming foundational barriers. Investments in digital literacy, infrastructure, and affordable technological solutions are vital to empowering SMEs, enhancing their competitiveness, and ensuring their long-term growth in the global marketplace.

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