

THE ROLE OF E-COMMERCE IN IMPROVING MARKET ACCESS FOR UMKM IN INDONESIA

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Abstract:

This study aims to analyze the role of e-commerce in improving market access for Micro, Small, and Medium Enterprises (UMKM) in Indonesia. The results show that e-commerce has a positive impact on expanding market reach, increasing brand visibility, and driving revenue growth. Approximately 80% of UMKM that adopted e-commerce platforms experienced an increase in sales, while 70% were able to reach consumers beyond their local areas. Despite the benefits, the study also identifies challenges such as limited digital literacy and logistics issues. Therefore, the study recommends the need for training and support for UMKM to optimize e-commerce's potential in expanding their markets.

Keywords: e-commerce, UMKM, market access, sales growth, digital marketing, logistics

Abstrak:

Penelitian ini bertujuan untuk menganalisis peran e-commerce dalam meningkatkan akses pasar bagi Usaha Mikro, Kecil, dan Menengah (UMKM) di Indonesia. Hasil penelitian menunjukkan bahwa e-commerce memberikan dampak positif dalam memperluas jangkauan pasar UMKM, meningkatkan visibilitas merek, dan mendorong pertumbuhan pendapatan. Sebanyak 80% UMKM yang menggunakan platform e-commerce mengalami peningkatan omzet, sementara 70% lainnya dapat menjangkau konsumen di luar wilayah lokal. Meskipun e-commerce memberikan berbagai manfaat, penelitian ini juga menemukan beberapa tantangan, termasuk keterbatasan pengetahuan digital dan masalah logistik.

Kata Kunci: e-commerce, UMKM, akses pasar, peningkatan omzet, digital marketing, logistik

INTRODUCTION

The rapid development of information technology has significantly impacted online commerce and digital marketing. E-commerce is a form of electronic trade conducted through the internet, enabling buyers and sellers to engage in transactions without physical limitations (Santoso et al., 2023). E-commerce platforms and social media have revolutionized how businesses promote and sell products, allowing consumers to make purchases from home using smartphones (Sulistianingsih & Martono, 2023). This digital transformation has created opportunities for economic growth, particularly for small businesses and entrepreneurs (Ratnasari & Asnawan, 2022). E-commerce with cashless

payment system encourages the formation of Less Cash Society (LCS) which is more efficient and practical. The increase in the number of online shop users contributes to the increase in the value of e-commerce transactions in Indonesia. The Ministry of Trade projects the value of e-commerce transactions to reach US\$110 billion or around Rp1,730 trillion by 2025 (Ainur Hardianti et al., 2022). However, another projection states that the Gross Merchandise Value (GMV) transaction value is estimated to reach US\$ 85 billion to US\$ 90 billion. Meanwhile, there are also more conservative predictions, with the value of e-commerce transactions estimated to only increase by 0.5 percent to IDR 471 trillion in 2025.

E-commerce has emerged as a significant development in the digital age, revolutionizing business practices and economic landscapes. It is defined as an electronic system that facilitates the buying, selling, and marketing of goods and services through internet-based technologies (Nugroho, 2016; Syarif et al., 2019). E-commerce offers numerous benefits, including increased production flexibility, improved customer service, and revenue growth (Putri, 2023). The impact of this phenomenon on Micro, Small, and Medium Enterprises (MSMEs) is enormous. UMKM (Usaha Mikro Kecil Menengah) refers to micro, small, and medium enterprises in Indonesia, as defined by Law No. 20 of 2008 (Khasanah, 2023). These businesses can be owned by individuals, households, or small business entities (Al Farisi et al., 2022). According to Prof. Ina Primiana, UMKM are small-scale business activities that drive Indonesia's development and economy. M. Kwartono Adi defines UMKM as business entities with annual profits not exceeding 200 million rupiah (Al Farisi et al., 2022; Khasanah, 2023).

MSMEs are often limited by geographical location and limited access to markets. However, by adopting an e-commerce system, MSMEs can now reach a wider market and gain customers in various regions, even globally. By adopting e-commerce, MSMEs can establish online stores, promote products, and conduct transactions digitally, leading to increased sales and faster business growth (Yulianto et al., 2023). E-commerce platforms enable MSMEs to reach a wider customer base without being constrained by physical location, offering more cost-effective promotion opportunities (Mukhsin, 2019).

In this case, the presence of e-commerce provides a great opportunity for MSMEs to grow and thrive amidst increasingly fierce competition. With relatively low investment costs compared to opening a physical store, MSMEs can utilize e-commerce platforms to expand their market reach without having to face huge financial risks. In addition, e-commerce also allows MSMEs to be more flexible in marketing their products, using digital marketing strategies such as online advertising and social media utilization to increase visibility and attract new customers.

But while e-commerce has huge potential, not all MSMEs can easily adapt to these changes. Many of them still face issues in terms of technological understanding, digital skills, and adequate infrastructure. Therefore, we need to understand how e-commerce can be optimized to improve market access for MSMEs in Indonesia. This research aims to explore the role of e-commerce in supporting the growth of MSMEs, as well as identify factors that influence the successful adoption of e-commerce among small and medium enterprises.

RESEARCH METHOD

This research uses a qualitative approach with a case study method to explore the impact of e-commerce on market access for Micro, Small and Medium Enterprises (MSMEs) in Indonesia. Data was collected through in-depth interviews with MSME owners who have adopted e-commerce platforms, as well as direct observation of their business practices. The interviews were conducted using a semi-structured guide that allowed researchers to dig deeper into the experiences, challenges, and strategies implemented by MSMEs in utilizing e-commerce. In addition, this research also involves analyzing relevant documents, such as previous studies related to e-commerce and MSMEs.

The research sample consists of 10 MSMEs operating in various sectors, such as food and beverages, fashion, and handicrafts, which were purposively selected to ensure diversity in perspectives and experiences. The data obtained will be analyzed using thematic analysis techniques, where the researcher will identify patterns and themes that emerge from the interviews and documents analyzed.

FINDINGS AND DISCUSSION

The results of this study show that e-commerce adoption has a significant positive impact on the growth of Micro, Small and Medium Enterprises (MSMEs) in Indonesia. From the analysis of 10 MSMEs, 80% of respondents reported an increase in sales turnover with an average increase of 30% after they started using e-commerce platforms. One of the MSME owners in the food and beverage sector revealed,

“Before using e-commerce, our monthly turnover was only around Rp 10 million. After joining the digital platform, our revenue increased to Rp 13 million. This has really helped our business grow.”

In addition to increased turnover, the study also found that 70% of MSMEs experienced wider market expansion. By utilizing digital promotions through e-commerce and social media, businesses are now able to reach customers outside their region. An MSME owner in the fashion sector said, “In the past, our customers were only from around this city, but now we receive orders from outside the province, some even from outside the

island.” This ability to reach a wider market is a major factor in their business growth in the digital era.

However, while e-commerce brings many benefits, challenges remain. As many as 60% of MSMEs admit that utilizing social media and digital platforms helps increase their brand awareness. A small business owner shares her experience,

“At first we didn't know how to use social media for promotion, but after learning and trying digital marketing strategies, we started to see more customers interested in our products.”

However, 30% of respondents still face obstacles in terms of logistics and delivery, which are the main challenges in online-based businesses. In addition, limited technological knowledge is also an obstacle for some MSME players in optimizing e-commerce platforms to the fullest. The study also noted that 40% of MSMEs that have used e-commerce have succeeded in reducing operational costs, especially in the aspects of product promotion and distribution. With digital marketing, businesses can save marketing costs that were previously allocated more to conventional promotions.

UMKM (Micro, Small, and Medium Enterprises) play a crucial role in Indonesia's economic development. They contribute significantly to the national GDP, accounting for 61% or Rp9,580 trillion. UMKM represent 99% of business units in Indonesia and absorb 97% of the workforce (Fitri Nurul Aftitah et al., 2024). These enterprises are vital for job creation, poverty reduction, and economic stability (Yolanda, 2024). From 2015 to 2020, UMKM absorbed 51.7% to 97.2% of the workforce and increased their contribution to GDP from 57.84% to 60.34% (Ismail et al., 2023). Despite their importance, UMKM face challenges such as limited access to capital, inadequate infrastructure, and marketing difficulties (Yolanda, 2024).

E-commerce has emerged as a crucial solution for micro, small, and medium enterprises (MSMEs) to enhance their competitiveness and sales (Sangadji & Ramadan, 2024). The adoption of e-commerce offers numerous advantages, including improved customer service, simplified processes, increased productivity, and reduced costs. Studies have shown that e-commerce significantly contributes to the growth of small businesses by expanding their customer reach and facilitating easier transactions (Suhayati et al., 2021). The use of e-commerce has been found to increase MSME income, broaden consumer reach to local and global scales, and provide easier access for consumers from various regions (Sangadji & Ramadan, 2024). Additionally, e-commerce adoption can lead to cost savings in promotion, faster transactions, and ultimately improved competitiveness for MSMEs (Rakanita, 2019).

The results of this study show that e-commerce adoption has a significant impact on the growth of MSMEs in Indonesia. Most businesses that utilize digital platforms experience

an increase in turnover, with an average increase of 30%. This indicates that e-commerce not only acts as a marketing tool, but also as a factor that directly drives revenue growth. Research indicates that e-commerce adoption significantly impacts revenue growth for Micro, Small, and Medium Enterprises (MSMEs). E-commerce adoption increases operating revenue (Effendi & Subroto, 2021) and is positively correlated with revenue growth by expanding product marketing through online platforms (Al Muffarriddin et al., 2024). It enables MSMEs to reach wider markets and compete with larger enterprises (Sharma, 2023). The digital economy, facilitated by e-commerce, streamlines sales data analysis and enables targeted product innovation, directly boosting revenue (Al Muffarriddin et al., 2024).

E-commerce has emerged as a crucial tool for Micro, Small, and Medium Enterprises (MSMEs) to expand their market reach and improve operational efficiency (Moch Rifqi Shihabuddin Al Ubaidillah et al., 2024). Digital platforms, particularly social media and online marketplaces, enable MSMEs to showcase their products to a wider audience, leading to increased brand visibility and sales (Mukhsin, 2019). E-commerce offers several benefits, including cost-effective marketing, reduced operational costs, and enhanced customer service. These platforms facilitate expanded market reach, increased sales, and improved competitiveness. Online marketplaces enable MSMEs to overcome geographical limitations, reaching consumers in various locations (Endang Dwi W et al., 2023). They also provide access to technologies supporting business management and enhance product visibility (Manurung & Juliana Putri, 2025).

Despite these benefits, some UMKM still face challenges in fully optimizing e-commerce for market expansion. Limited digital literacy, lack of expertise in online marketing, and logistical issues remain significant obstacles. Many small business owners struggle to compete with larger, more established brands in the highly competitive digital marketplace. To overcome these challenges, support from the government and private sector is crucial. Providing training programs, digital literacy workshops, and financial assistance can help UMKM maximize the advantages of e-commerce and strengthen their market position.

CONCLUSION

The conclusion of this study shows that e-commerce plays an important role in improving market access for MSMEs in Indonesia. The adoption of digital platforms has helped MSMEs expand their market reach, even to previously unreachable areas, increase brand visibility, and accelerate revenue growth. The use of social media and online marketplaces allows MSMEs to market their products more efficiently and effectively, ultimately supporting business expansion. While many MSMEs are successfully benefiting from e-commerce, there are also challenges related to limited digital knowledge, intense competition, and logistical issues that need to be overcome.

However, this study also has limitations, especially in terms of the limited sample size, with only 10 MSMEs analyzed. The small sample size may not fully represent all MSMEs in Indonesia, especially those in remote areas or with limited access to technology. In addition, this study did not identify in depth other external factors, such as government policies and the role of the private sector in supporting MSMEs in optimizing e-commerce. Therefore, further research with larger samples and a more comprehensive approach is needed to provide a more complete picture of the impact of e-commerce on MSMEs across Indonesia.

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