



Exploration Of Literacy And Marketing Strategies Of Msmes: A Conceptual Study Through A Thematic Analysis Approach

Akbar Saleh Sope ¹, Nur Alvi Sahari ², La Faris ³

^{1,2,3} Institut Teknologi Bisnis dan Kesehatan Muhammadiyah Muna Barat

Email: ¹⁾ akbar.sope@gmail.com

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Abstract

Marketing literacy, which encompasses a holistic understanding of modern marketing concepts and practices, is a critical foundation for MSMEs in Muna Regency to develop effective strategies, particularly in facing digital transformation; this study used a qualitative approach with a reflexive thematic analysis method on purposively selected MSME actors, and the results revealed that the level of marketing literacy is still limited and partial, digital adoption is minimal, and there is a disconnection between local strengths and digital strategy, where marketing literacy proves to function as a crucial mediator in transforming local potential into a competitive advantage, so that its enhancement through contextual policies oriented towards training, infrastructure, and sustainable mentoring is a fundamental prerequisite for increasing MSME competitiveness.

INTRODUCTION

Marketing literacy also plays an important role in entrepreneurial success, as found by Elmobayed et al. (2023) in Palestine, and the use of information technology and strategic partnerships has been shown to support the growth of MSMEs in the digital age (Umami et al., 2024). Additionally, digital marketing serves as a mediating variable in the relationship between financial technology and financial inclusion (Al-Slehat, 2023) and has a significant impact on building brand image through social media in South Asia (Hawaldar et al., 2022). These findings highlight the need for further exploration to address research gaps, such as the role of digital literacy as a mediator, specific marketing skill gaps, and the impact of eco-friendly strategies on the global competitiveness of MSMEs.

Increased digital literacy and skills, as well as the implementation of eco-friendly strategies, have the potential to improve the performance and competitiveness of MSMEs in the global market. This research will answer three main questions:

1. What is the level of marketing literacy among MSMEs in Muna, Southeast Sulawesi, and what is its relationship and role in the effectiveness of local and digital marketing strategies?
2. What are the challenges faced by MSMEs in Muna in improving marketing literacy, adopting digital marketing strategies, and utilizing local cultural potential and environmentally friendly strategies?
3. How can marketing literacy serve as a mediator in improving the competitiveness and performance of MSMEs in Muna, and what policy recommendations can be implemented?

Additionally, this research is part of a five-year research roadmap that began in 2023, focusing on the analysis of marketing strategies. 2025 is focused on exploring literacy and marketing strategies for MSMEs, followed by applied research on strengthening marketing literacy and digitalization in 2026, and the development of a model based on local culture and environmental friendliness in 2027. Thus, this research contributes to building a conceptual foundation and strategic model relevant to the characteristics of MSMEs in Muna, as well as supporting Indonesia's creative, green, and sustainable economic development agenda.

LITERATURE REVIEW

Digital transformation is fundamentally changing communication patterns and marketing strategies. Melović et al. (2020) show that implementing digital marketing through social media and Google Analytics plays a significant role in enhancing promotion, brand positioning, and the development of e-commerce. However, Cuijten et al. (2024) identified a digital skills gap among MSME actors, particularly in mastering SEO, affiliate marketing, and online interaction with consumers.

Digital development is also changing the role of consumers from passive recipients to active participants. Rohde and Mau (2021) and Noguti (2022) show that consumers now act as curators of marketing content on social media, meaning marketing communication approaches must be more interactive and experience-based.

Research Gaps and Contextual Novelty

Most previous research has focused on MSMEs in urban areas with adequate digital infrastructure, while studies in remote areas are still very limited. This creates a research gap, particularly regarding marketing strategies based on local wisdom and sustainability in island regions like Muna.

This research presents novelty by integrating thematic analysis, local cultural values, and eco-friendly marketing strategies to build a conceptual model of literacy and marketing strategies relevant for MSMEs in island regions. Additionally, this research is also part of the roadmap for developing a local culture-based marketing model in Indonesia, which has not been extensively studied comprehensively (Braun & Clarke, 2006; 2021).

METHODS

Research Design

The study was designed as an exploratory study within an experiential qualitative framework (Braun & Clarke, 2006; Braun & Clarke, 2021), which recognizes participants' experiences and perspectives as their lived realities. This design aimed to identify key themes emerging from the data related to MSME marketing literacy and strategies.

Participants and Recruitment

Participants were recruited through purposive sampling based on the following criteria:

- (a) Owners or managers of MSMEs operating in West Muna.
- (b) At least two years of business experience.

- (c) Direct involvement in marketing practices within their enterprises.
- (d) Willingness to provide information regarding marketing literacy and strategies.

Recruitment was conducted through direct approaches to MSMEs, announcements on social media, and local networks such as MSME associations. Prospective participants were contacted directly and provided with detailed information about the study, including its objectives and procedures. Those who agreed to participate were asked to sign a written informed consent form.

Data Collection (Lochmiller, 2021)

Data were collected through semi-structured interviews, conducted either face-to-face or online (via Zoom/Google Meet), depending on participants' preferences. Each interview lasted between 30 and 60 minutes and followed a question guide designed to explore:

- (a) Participants' understanding of marketing literacy.
- (b) Marketing strategies employed in their businesses.
- (c) Marketing challenges and opportunities in the local context of West Muna.

The interview guide was informed by the literature on marketing literacy and strategies and was iteratively adapted during the interviews to probe emergent themes. All interviews were audio-recorded with participants' permission and transcribed verbatim for analysis.

Data Analysis

Data were analyzed using reflexive thematic analysis (Braun & Clarke, 2006), which involved the following steps:

- a. Familiarization with Data – Repeated reading of interview transcripts to gain a comprehensive understanding of content and context.
- b. Coding – Identifying and labeling units of data relevant to marketing literacy and strategies.
- c. Theme Development – Grouping codes into overarching themes that reflect patterns and relationships within the data.
- d. Theme Review – Evaluating themes for consistency, coherence, and alignment with the research objectives.
- e. Theme Definition and Naming – Assigning clear labels and descriptions to each theme.
- f. Reporting – Presenting findings in narrative form, supported by direct quotations from participants.

RESULTS

Data Collection and Research Procedures Semi-Structured Interviews.

Semi-structured interviews were employed as the primary method of data collection, allowing participants to freely articulate their experiences while providing the researcher with opportunities to probe deeper insights. The research procedure was organized into four phases: preparation, data collection, data analysis, and dissemination. The preparation phase included an extensive literature review and instrument validation, with indicators such as an approved research proposal and verified instruments. Data collection was conducted through semi-structured interviews (45–60 minutes), direct observations, and exploratory surveys (Flick *et al.*, 2004), focusing on understanding marketing practices, challenges, and opportunities. Research participants consisted of MSME actors in Muna, Southeast Sulawesi, who had been operating their businesses for at least three years. Participant selection was conducted through purposive sampling, based on the principle of "information power" (Vasileiou, Barnett, Thorpe, & Young, 2018), with recruitment facilitated via MSME community networks and stakeholder recommendations.

Table 1. Profile of MSME Participants

Code	Gender	Age Category	Education Level	Type of Business	Business Duration	Use of Social Media	Digital Platforms Utilized	Digital Training Participation
PT/01	Female	25-34 years	Senior High School	Handicrafts	1-3 years	Yes	WhatsApp	No
RA/02	Male	25-34 years	Senior High School	Services (Barbershop)	1-3 years	Yes	WhatsApp	No
RS/03	Female	35-44 years	Senior High School	Services (Salon)	1-3 years	Yes	WhatsApp, Facebook	No
RR/04	Female	35-44 years	Senior High School	Fashion	4-7 years	Yes	Facebook, Instagram, WhatsApp	Yes (Cooperative Agency)
VY/05	Female	35-44 years	Senior High School	Food & Beverages	4-7 years	Yes	Instagram, WhatsApp	Yes (Trade Office)
WN/06	Female	35-44 years	Senior High School	Services (Workshop)	4-7 years	Yes	Facebook, WhatsApp	Yes (Cooperative Agency)
YD/07	Male	45-54 years	Senior High School	Fashion	4-7 years	No	WhatsApp (limited)	No
YT/08	Male	≥55 years	Primary School	Agriculture	4-7 years	No	Not utilized	No
YL/09	Female	45-54 years	Senior High School	Services (Tailoring)	1-3 years	No	WhatsApp (limited)	No
RN/10	Male	45-54 years	Senior High School	Trade	>7 years	No	WhatsApp (limited)	No
RN/11	Male	25-34 years	Senior High School	Fashion (Clothing Store)	1-3 years	Yes	Instagram, Facebook, WhatsApp	Yes (MSME Community)
RM/12	Female	35-44 years	Senior High School	Services (Laundry)	1-3 years	Yes (limited)	WhatsApp	No
AN/13	Female	45-54 years	Senior High School	Food & Beverages	>7 years	No	WhatsApp (assisted by children)	No
AN/14	Male	45-54 years	Senior High School	Food & Beverages	>7 years	No	Facebook (assisted by employees)	No
RD/15	Male	35-44 years	Senior High School	Services (Water Depot)	1-3 years	No	WhatsApp (limited)	No
RR/16	Female	35-44 years	Senior High School	Food & Beverages	1-3 years	No	WhatsApp (assisted by family)	No
RM/17	Female	35-44 years	Senior High School	Food & Beverages	1-3 years	No	WhatsApp (assisted by children)	No
RM/18	Male	25-34 years	Senior High	Services (Mobile	1-3 years	Yes (limited)	Facebook, WhatsApp	No

RM/19	Male	45–54 years	School Senior High School	Counter) Agriculture	4–7 years) No	WhatsApp (limited)	No
RR/20	Female	45–54 years	Senior High School	Food & Beverages	1–3 years	Yes (limited)	WhatsApp	No
PR/21	Female	45–54 years	Senior High School	Food & Beverages	1–3 years	Yes (limited)	WhatsApp	No
RR/22	Female	35–44 years	Senior High School	Food & Beverages	4–7 years	Yes	Facebook, WhatsApp	No
LA/23	Male	45–54 years	Senior High School	Animal Husbandry	>7 years	No	WhatsApp (limited)	No
MR/24	Male	35–44 years	Diploma/ Bachelor	Services (Printing)	>7 years	Yes	WhatsApp, Instagram	Yes

Participant Profile

Based on the data presented in Table 1, the characteristics of the research participants can be described as follows. The demographic data of 24 MSME participants in Raha, Muna, indicate that the majority are micro-enterprises (96%), predominantly owned by women (58%), aged between 25 and 54 years, and holding a senior high school education. WhatsApp is the primary digital platform utilized for marketing (83%), although only 21% have ever attended digital training programs. The types of businesses are largely concentrated in the food and beverage sector (33%) and services (29%), with most enterprises operating between 1 and 7 years. These findings highlight the challenges of digital literacy and the limited adoption of digital marketing technologies among MSME actors.

DISCUSSION

Theme 1: Limited Marketing Understanding And Literacy

Sub-theme 1.1: Narrow Perceptions of Marketing as Mere Promotion

The narrow perception that marketing is limited to promotion and pricing reflects a lack of comprehensive marketing literacy. This is illustrated by a participant's statement: "Marketing is just about selling. To sell well, the price must be low, and the quality must be good" (DN/03). Such a view is consistent with (Elmobayed, Al-Hattami, Al-Hakimi, Mraish, & Al-Adwan, 2023), which emphasizes that marketing literacy is a critical element for entrepreneurial success, where limited understanding can hinder the development of effective strategies. This limitation highlights the gap between the practical knowledge possessed by MSME actors and the broader concept of strategic marketing, which encompasses market analysis, segmentation, and branding, as discussed by (Sope et al., 2023).

Sub-theme 1.2: Informal and Trial-and-Error Learning

The dominance of informal learning through observation and trial-and-error indicates limited access to structured training. Although valuable, this learning pattern is often insufficient to develop the marketing and digital competencies required in the modern era, as reflected in a participant's statement: "I just learn by watching others or trying things out myself" (RR/16). This finding reinforces (Cuijten, Wongpun, Buaprommee, & Suwannahong, 2024), which identifies gaps in digital marketing skills as a major barrier, as well as (Dahmiri, Junaidi, Johannes, & Yacob, 2024), which asserts that organizational learning orientation positively influences innovation and MSME marketing performance.

Sub-theme 1.3: Limited Awareness of the Importance of Branding

The low awareness of the strategic value of branding and consistent brand identity demonstrates partial marketing literacy. This is evident in a participant's remark: "My product is just like others, maybe only the taste is different. People buy it just because they are regular customers" (RR/22). Yet, (Melović, Jocović, Dabić, Vulić, & Dudic, 2020) highlights that digital marketing is highly effective for brand positioning. This lack of awareness prevents MSME products from being differentiated in competitive markets, thus underutilizing the potential of social media as a brand-building tool, as highlighted by (Hawaldar, Ullal, Sarea, Mathukutti, & Joseph, 2022).

Theme 2: Strengths and Marketing Strategies Rooted in Local Values**Sub-theme 2.1: Utilization of Local Wisdom and Natural Resources**

The use of local raw materials and traditional methods represents a natural and authentic competitive advantage. As one participant explained: "We just take the ingredients from the surrounding nature, traditionally" (VY/05). This approach aligns with (Flores-Gómez & Pérez-Villarreal, 2024), which demonstrates how Mexican cultural institutions successfully promoted cultural heritage through digital marketing. Local values serve as a strong foundation for developing storytelling-based strategies and green marketing, as proposed by (Ahmed, Streimikiene, Sulaiman, Asim, & Streimikis, 2024) and (Baltacı & Vural, 2024), which enhance product appeal in markets that increasingly value authenticity and sustainability.

Sub-theme 2.2: Trust-Based Relational Marketing

Marketing strategies centered on personal relationships and trust exemplify a customer-oriented market approach. Such practices are highly effective in building loyalty and enhancing marketing performance, as highlighted by (Dahmiri, Junaidi, Johannes, & Yacob, 2024). Although traditional, these values can serve as a powerful basis for transitioning to digital marketing, for instance by leveraging positive reviews and online word-of-mouth (WOM), which (Bahadir & Pauwels, 2023) found to significantly influence consumer brand perceptions.

Sub-theme 2.3: Flexible and Human-Centered Pricing Strategies

Flexibility in pricing that considers customers' social conditions reflects a human-centric marketing approach. While not a primary growth strategy for scaling up, this practice fosters a socially sustainable business ecosystem at the local level. This approach can be integrated with modern marketing concepts that emphasize value creation for consumers, consistent with the evolution from 4Ps to 4Es as explained by (Festa, Cuomo, Metallo, & Festa, 2016).

Theme 3: Segmented Digital Adoption and Limited Innovation**Sub-theme 3.1: Reliance on Personal Communication Platforms for Business**

The heavy reliance on WhatsApp as the sole digital channel illustrates segmented and minimalist digital adoption, as expressed by a participant: "I can only use WhatsApp to take orders" (RN/11). This reflects (Wulandari, Lizam, Mohd, & Asari, 2025), which stresses that digital literacy has a direct impact on competitiveness, while limited tools constrain market reach. This also aligns with the integrated TAM model discussed by (Awa, Harcourt, & Emecheta, 2014), where ease of use drives adoption but often restricts engagement to the simplest tools.

Sub-theme 3.2: Passive Use of Digital Platforms

The passive use of social media—posting without engagement strategies—indicates a lack of understanding of algorithms and interaction dynamics. As one participant noted: "I tried promoting on Facebook but didn't know what to write to make it interesting" (PT/01). This reflects the digital marketing skills gap identified by (Cuijten, Wongpun, Buaprommee, &

Suwannahong, 2024). Yet, (Melović, Jocović, Dabić, Vulić, & Dudic, 2020) stresses that social media can be a powerful tool for promotion and brand positioning if used actively and strategically.

Sub-theme 3.3: Unplanned and Uncreative Content

Low-quality and inconsistent content results from insufficient planning and resources. This undermines digital marketing effectiveness, as unattractive content fails to capture audience attention. These findings are consistent with (Noguti, 2022) on social media marketing content consumption, which emphasizes the importance of quality and relevance for building engagement, and (Harrison-Walker, 1995) on the necessity of effective communication design tailored to specific audiences.

Theme 4: Barriers and Challenges in Digital Marketing

Sub-theme 4.1: Technological Infrastructure Constraints

Infrastructure challenges such as unstable connectivity and outdated devices are fundamental barriers faced by MSMEs in remote areas. As one participant lamented: “The signal here often drops, it’s difficult to upload videos” (YT/08). Such barriers widen the digital divide and hinder the implementation of digital marketing strategies promoted by studies such as (Melović, Jocović, Dabić, Vulić, & Dudic, 2020) on Google Analytics usage. Without adequate infrastructure, efforts to enhance digital literacy become meaningless, echoing discussions on financial inclusion in (Al-Slehat, 2023).

Sub-theme 4.2: Human Resource (HR) and Time Constraints

Limited time and human resources represent key internal obstacles. Micro-enterprises are often overwhelmed by operational tasks, leaving no capacity to learn and apply complex digital tools. As one participant explained: “I manage everything myself, from production to selling. There is no time or anyone to help with the complicated online stuff” (RM/18). This reinforces (Cuijten, Wongpun, Buaprommee, & Suwannahong, 2024) on skill gaps and highlights the importance of practical, applicable training, as also suggested by (Elmobayed, Al-Hattami, Al-Hakimi, Mraish, & Al-Adwan, 2023).

Sub-theme 4.3: Cognitive and Psychological Barriers

Fear, shyness, and lack of confidence in using technology are psychological barriers often overlooked. These are closely tied to digital literacy levels and prior experiences. The relevance of (Edmundson-Bird & Keegan, 2015) on the importance of digital literacy in education is clear here, as it demonstrates that confidence in using technology is an integral part of digital competence that must be developed.

Theme 5: Disconnection Between Local and Digital Strategies

Sub-theme 5.1: Inability to Translate Storytelling into Digital Narratives

The inability to transform local uniqueness and production processes into compelling digital narratives represents a major disconnection. While participants recognize their strengths—“We just take the ingredients from the surrounding nature, traditionally” (VY/05)—they lack the skills to package them into engaging stories. Yet, (Flores-Gómez & Pérez-Villarreal, 2024) demonstrates how cultural values can be marketed digitally in innovative ways. This gap prevents the added value of products from being effectively communicated, thereby diminishing brand differentiation potential as emphasized by (Melović, Jocović, Dabić, Vulić, & Dudic, 2020).

Sub-theme 5.2: Generic Digital Strategies That Overlook Local Uniqueness

The reliance on generic strategies and hashtags causes MSME products to blend into the vast sea of digital content. As a participant admitted: “I only write ‘ready stock’ or ‘COD available’. The important thing is that people know the item is there” (RR/22). This indicates a lack of

understanding of the importance of differentiation and clear positioning. Research on the effectiveness of STP (Segmenting, Targeting, Positioning) and the marketing mix (Sope et al., 2023) is particularly relevant here, as successful digital strategies must begin with a deep understanding of product uniqueness and target audiences.

Sub-theme 5.3: Separation Between Local and Online Marketing Activities

The clear separation between offline and online marketing reflects a dichotomous view. Participants tend to treat them as distinct activities, as illustrated in the statement: "If it's online, I sell through WhatsApp; if it's direct, then at the stall or market" (RA/02). Yet, integration of these channels (omnichannel) could be mutually reinforcing. Offline events could serve as powerful online content, while online promotions could drive traffic to physical locations. The failure to integrate both represents a missed opportunity to maximize reach and engagement, consistent with integrated marketing principles.

Theme 6: The Need for Training and External Support

Sub-theme 6.1: Demand for Practical and Applicable Training

Requests for practical, hands-on training highlight the ineffectiveness of purely theoretical approaches for MSMEs. This aligns with (Elmobayed, Al-Hattami, Al-Hakimi, Mraish, & Al-Adwan, 2023), which stresses the importance of applied marketing literacy, and (Cuijten, Wongpun, Buaprommee, & Suwannahong, 2024), which highlights the need to address specific skill gaps. Training tailored to the local Muna context would be more effective in enhancing both marketing literacy and digital competencies.

Sub-theme 6.2: Need for Infrastructure and Access Support

Demands for infrastructure support and access to capital emphasize that literacy improvements must be supported by an enabling environment. As one participant stated: "It would help if there were assistance with modems or Wi-Fi for business, and of course capital to add stock" (RD/15). Research (Umami, Bin, Pee, & Bin, 2024) shows that information technology use and strategic partnerships support MSME growth, but such efforts require adequate basic infrastructure. This support is a prerequisite for MSMEs to fully participate in the digital economy.

Sub-theme 6.3: Need for Government Policy and Facilitation

Expectations for government involvement in sustained promotion and mentoring indicate that sustainable solutions require structured policy interventions. As one participant expressed: "Hopefully the government can help promote our products, not just give training once and then leave" (RR/04). This aligns with research recommending supportive policies for MSMEs. Long-term government programs, rather than one-off training sessions, can foster an ecosystem that strengthens marketing and digital literacy, as needed to address the challenges identified in this study.

Theme 7: The Impact of Literacy on Business Effectiveness and Growth

Sub-theme 7.1: Impact on Market Reach

The difference in market reach between MSMEs with medium and low levels of digital literacy provides direct empirical evidence of literacy's impact on market expansion. A more digitally literate participant explained: "Now I can receive orders from outside Muna, such as Kendari and even Java, through Instagram" (WN/06). This finding supports (Wulandari, Lizam, Mohd, & Asari, 2025), which states that digital literacy directly impacts competitiveness, and (Melović, Jocović, Dabić, Vulić, & Dudic, 2020), which emphasizes the effectiveness of digital marketing in business development. The ability to expand beyond immediate geographic markets is a tangible benefit of effective digital adoption.

Sub-theme 7.2: Impact on Innovation and Competitiveness

The ability to innovate in packaging by following online trends, compared to stagnation among MSMEs with low literacy, illustrates how digital literacy fosters innovation and competitiveness. As a digitally literate participant shared: "I saw that other products on Instagram had attractive packaging, so I tried to make mine more appealing as well" (RN/11). This reinforces (Dahmiri, Junaidi, Johannes, & Yacob, 2024), which argues that learning orientation positively influences innovation. Access to digital information and new ideas serves as a catalyst for MSMEs to improve their product offerings.

Sub-theme 7.3: Impact on Revenue and Business Sustainability

The revenue growth experienced by more literate MSMEs, compared to those merely surviving, suggests a relationship between digital marketing literacy and financial performance. As one participant stated: "Since being active on Instagram, revenue has increased by almost 30% because of orders from outside the city" (RR/04). While (Wulandari, Lizam, Mohd, & Asari, 2025) found that digital literacy does not mediate between market orientation and business performance, the findings here indicate a direct effect. Improved literacy enables MSMEs to implement more effective marketing strategies, ultimately translating into revenue growth, as implied by the evidence.

Response to the Second Research Question

The second research question—"What challenges do MSMEs in Muna face in improving marketing literacy, adopting digital marketing strategies, and leveraging local cultural potential as well as eco-friendly strategies?"—is addressed through the identified themes. The findings highlight disconnections between local strengths and digital practices, the lack of applied and contextual training, infrastructural and resource constraints, insufficient government facilitation, and the varied impact of literacy levels on market reach, innovation, and revenue growth. Together, these challenges underscore the critical need for integrated solutions that combine literacy development, digital adoption, cultural value utilization, and supportive external interventions.

1. Challenges in Enhancing Marketing Literacy

Sub-theme 1.1: Narrow and Partial Perceptions of Marketing

The primary challenge identified lies in the narrow perception of marketing, where MSME actors, such as participants, regard it merely as promotional activities and price setting, rather than as a comprehensive strategy. This is reflected in the statement, "Marketing is simply selling. To make it sell, the price must be cheap and the quality good" (DN/03). This limited understanding highlights the low level of marketing literacy, which constitutes a critical foundation for entrepreneurial success, as emphasized by (Elmobayed, Al-Hattami, Al-Hakimi, Mraish, & Al-Adwan, 2023). Consequently, their marketing efforts often lack direction and impact, preventing MSMEs from implementing structured marketing strategies encompassing segmentation, targeting, positioning, and the marketing mix—approaches proven effective in boosting sales (Sope et al., 2023).

Sub-theme 1.2: Informal Learning Methods and Lack of Learning Orientation

Most participants rely on informal learning through observation and trial-and-error, indicating limited access to structured training. Although valuable, this learning pattern is often insufficient to develop the competencies required, as expressed by a participant: "I learn just by observing others or trying it myself" (RR/16). This finding supports (Dahmiri, Junaidi, Johannes, & Yacob, 2024), which asserts that learning orientation positively influences innovation and marketing performance. Without a strong learning orientation and access to curated knowledge, MSMEs struggle to build marketing literacy needed to adapt to dynamic market changes.

Sub-theme 1.3: Limited Awareness of the Strategic Value of Branding

A lack of awareness regarding the importance of branding and consistent brand identity reflects immature marketing literacy. This is evident in the statement: “My product is just the same as others, maybe only the taste is different. People buy because they are regular customers” (RR/22). However, studies (Melović, Jocović, Dabić, Vulić, & Dudic, 2020) and (Hawaladar, Ullal, Sarea, Mathukutti, & Joseph, 2022) emphasize that digital marketing is highly effective in building positioning and brand image. This unawareness results in MSMEs missing opportunities to differentiate their products and establish brand equity in the face of competition, thereby weakening their overall competitiveness.

2. Challenges in Adopting Digital Marketing Strategies

Sub-theme 2.1: Infrastructure Constraints and Access to Basic Technology

The most fundamental barrier stems from inadequate infrastructure, such as poor internet connectivity and outdated devices. This challenge is critical, as digital marketing cannot be executed without sufficient supporting infrastructure, as participants complained: “The signal here sometimes disappears, making it difficult to upload videos” (YT/08). This finding aligns with (Al-Slehat, 2023) and (Umami, Bin, Pee, & Bin, 2024), which highlight that the use of information technology is a prerequisite for growth in the digital era. Such infrastructural gaps exacerbate the digital divide and hinder MSMEs in remote areas from even initiating digital transformation.

Sub-theme 2.2: Digital Skills Gap and Human Resource Constraints

Limitations in time and human resource capacity serve as major internal obstacles. Participants admitted they “do not understand” how to use more complex digital tools, which is a clear indication of the digital marketing skills gap, as expressed: “I only use WhatsApp to take orders, I don’t understand the rest” (RN/11). This challenge reinforces the findings of (Cuijten, Wongpun, Buaprommee, & Suwannahong, 2024) and is compounded by digital marketing training models that are often not tailored to audiences with limited literacy, as highlighted by (Harrison-Walker, 1995).

Sub-theme 2.3: Psychological Barriers and Passive Adoption

Fear, shame, and lack of confidence in using technology are significant psychological barriers. This is closely related to the importance of building digital literacy as the foundation of confidence, as emphasized in the context of marketing education by Edmundson-Bird & Keegan (2015). Such conditions lead to passive adoption, where social media is used merely as a bulletin board without effective engagement strategies, as reflected in the statement: “I tried promoting on Facebook but did not know what to write that would be interesting” (PT/01). Yet, (Melović, Jocović, Dabić, Vulić, & Dudic, 2020) asserts that social media and analytical tools are key to digital transformation.

3. Challenges in Leveraging Local Culture and Eco-Friendly Strategies

Sub-theme 3.1: Disconnection between Local Values and Digital Narratives

MSMEs in Muna possess strengths in local raw materials and traditional wisdom but face difficulties in digitally “telling” these values. This represents a strategic challenge—the inability to conduct compelling storytelling, as expressed: “We only use ingredients from the surrounding environment, traditional” (VY/05)—yet participants do not know how to package this into engaging narratives. However, study (Flores-Gómez & Pérez-Villarreal, 2024) has demonstrated that adapting local cultural values into digital marketing can be an innovative and powerful strategy. Failure to transform local uniqueness into appealing digital content results in untapped competitive potential.

Sub-theme 3.2: Generic Strategies that Overlook Differentiation

Many MSMEs that have gone online are trapped in generic strategies such as “Ready stock” or “Cash on Delivery available” (RN/11), without highlighting their local uniqueness or eco-friendly practices. This approach ignores the principles of segmentation, targeting, and positioning (STP), which are central to effective marketing strategies (Sope et al., 2023). They have yet to realize that local uniqueness and sustainability serve as their primary differentiation tools, as sustainability has been shown to strengthen international competitiveness (Baltacı & Vural, 2024).

Sub-theme 3.3: Untapped Potential of Green Marketing as a Strategy

Although some participants use natural ingredients and traditional packaging (which are inherently eco-friendly), these aspects are not communicated as “green” value propositions. This oversight leads to missed opportunities to build a sustainable brand image and attract environmentally conscious consumer segments, which has been proven to increase green purchase intentions (Ahmed, Streimikiene, Sulaiman, Asim, & Streimikis, 2024). The potential to position eco-friendly strategies as mediators of competitiveness, as suggested in previous studies, remains unrealized due to the lack of literacy in framing them as clear marketing strategies.

The third research question is (3) How can marketing literacy function as a mediator in enhancing the competitiveness and performance of MSMEs in Muna, and what policy recommendations can be implemented?

Theme: “Marketing Literacy as a Lever for MSME Competitiveness in Muna: Mediation Mechanisms and Policy Directions.”**Sub-theme 3.1: Mediation through Strengthening Strategic Capacity**

Marketing literacy plays a crucial mediating role by enhancing the strategic capacity of MSMEs to transform local resources and basic technological access into structured competitive advantages. Data reveal that MSMEs in Muna possess potential in culturally and environmentally based products (VY/05, RR/20) and basic technological access (WhatsApp). However, these resources remain underutilized due to limited understanding of branding, differentiation, and digital narratives. Adequate marketing literacy enables MSME actors to design effective marketing strategies that leverage local uniqueness as their primary value proposition, thereby strengthening competitiveness in broader markets, consistent with the importance of market orientation and competitive advantage highlighted by (Dahmiri, Junaidi, Johannes, & Yacob, 2024).

Sub-theme 3.2: Mediation through Enhancing Digital Adaptability

Marketing literacy also mediates by improving MSMEs’ digital adaptability in responding to modern market dynamics. Findings reveal that limited understanding of digital tools beyond WhatsApp (such as social media for branding and analytics) hinders market expansion. By enhancing digital marketing literacy, MSMEs can more effectively leverage digital platforms not only for transactions but also for building brand image and consumer engagement, which in turn improves their marketing performance. This aligns with (Melović, Jocović, Dabić, Vulić, & Dudic, 2020), which highlights the effectiveness of digital marketing in brand positioning.

Sub-theme 3.3: Policy Recommendations Based on Contextual Training

A key policy recommendation is the implementation of tiered and contextual marketing literacy training programs, consisting of a basic level aimed at building a holistic understanding of marketing, and an advanced level focusing on digital storytelling that emphasizes local cultural and environmental values. This approach is specifically designed to address the unique challenges faced by Muna’s MSMEs, such as the skill gaps in digital storytelling (PT/01) and the

reliance on generic marketing strategies (RN/11). Moreover, it aligns with communication design principles tailored to audiences with limited literacy (Harrison-Walker, 1995).

Sub-theme 3.4: Policy Recommendations on Infrastructure and Partnerships

Another policy recommendation involves developing supportive infrastructure, including improving internet connectivity in MSME clusters and establishing regional digital creative hubs equipped with basic content production facilities. In addition, continuous mentoring schemes—such as a “MSME Adoption Program” led by universities and partnerships with local micro-influencers—should be facilitated to provide both technical assistance and authentic promotional support. This policy directly targets the identified barriers related to infrastructure (YT/08) and human resources (RM/18), while also fostering the implementation of culture-based marketing strategies, the effectiveness of which has been demonstrated in prior studies (Flores-Gómez & Pérez-Villarreal, 2024).

Sub-theme 3.5: Policy Recommendations for Strengthening Collective Branding

A strategic policy recommendation is the development of a certification and collective label, “Made in Muna”, which highlights the authenticity and sustainability of local MSME products. This policy is designed to address the challenge of weak product differentiation (RR/22) by providing a collective branding tool that directly communicates the value proposition to consumers, while simultaneously fostering a mutually reinforcing marketing ecosystem among MSMEs. Such an approach resonates with previous findings (Baltacı & Vural, 2024) regarding the added value of sustainability in enhancing international competitiveness.

CONCLUSION

This study reveals that marketing literacy among MSMEs in Muna Regency remains limited and partial. Most business actors perceive marketing narrowly as merely selling and price-setting activities, without a holistic understanding of core concepts such as branding, segmentation, targeting, positioning (STP), and the marketing mix. This limitation is further exacerbated by informal learning methods based on observation and trial-and-error, alongside low awareness of the strategic value of brand-building. Such a weak foundation of literacy constitutes a major barrier to formulating and implementing effective and structured marketing strategies.

The challenges become more complex with the adoption of digital marketing, which remains minimal and constrained. Digital transformation among Muna’s MSMEs is still at its most basic stage, with WhatsApp as the dominant platform, used primarily for transactions. Adoption is hindered by three layers of constraints: infrastructure (unstable internet connectivity), human resources (lack of time and digital competence), and psychological barriers (fear and lack of confidence). As a result, the vast potential of digital marketing to expand market reach and strengthen brand identity has not been fully realized.

Ironically, a significant disconnection exists between local strengths and the digital strategies applied. MSMEs in Muna inherently possess natural competitive advantages through the use of local raw materials, traditional knowledge, and practices that are inherently green. However, these strengths are poorly communicated within their digital marketing strategies. A gap persists between the local values they embody and their capacity to translate these into compelling digital narratives (digital storytelling) that could serve as unique selling points. Instead, strategies tend to be generic, failing to highlight the distinctiveness that constitutes their core value proposition.

The key findings of this study underscore that marketing literacy functions as a critical mediator or leverage point in enhancing competitiveness. Improving literacy enables MSMEs to transform local uniqueness and basic technological access into structured marketing strategies and compelling value propositions, while also strengthening their adaptability in navigating

digital market dynamics. Ultimately, this directly contributes to expanded market reach, product innovation, revenue growth, and business sustainability, as evidenced by a small number of MSMEs with relatively higher literacy.

Therefore, to overcome these challenges and capitalize on opportunities, holistic and contextual policy recommendations are required. The approach should be integrated, encompassing tiered, practical, and applicable training; infrastructure and access support; continuous mentoring through partnership schemes; and collective branding reinforcement with a “Made in Muna” certification. Overall, enhancing marketing literacy—which includes both strategic understanding and digital competence constitutes a fundamental prerequisite for enabling Muna’s MSMEs to transition from traditional to modern marketing practices with stronger competitiveness.

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