

## Digital Marketing Strategies of Local Businesses in Competing Against Imported Smartphone Accessories in the Indonesian Market

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### ARTICLE INFO

#### Article history:

Received 20 May 2026

Revised 25 May 2026

Accepted 30 May 2026

Available online 05 June 2026

#### Keywords

Competitive Advantage; Content Marketing; Cross-border E-commerce; Digital Marketing; Local UMKM; Smartphone Accessories.



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### ABSTRACT

*This study aims to analyze the digital marketing strategies adopted by local entrepreneurs in competing against imported smartphone accessories in the Indonesian market. The development of globalization and the rapid growth of e-commerce have facilitated the entry of imported products into the domestic market through cross-border trading systems, thereby intensifying competition especially in terms of price and product variety. These conditions require local businesses to develop adaptive and effective marketing strategies to maintain competitiveness. This study uses a qualitative descriptive approach, with data obtained through observation and literature review. The findings indicate that digital marketing strategies such as social media utilization, creation of engaging and informative content, and active consumer interaction play an important role in building trust and increasing purchase intention. Empirically, content marketing is proven to have the strongest influence on consumer purchase intention ( $\beta=0.359$ ), followed by brand image ( $\beta=0.351$ ) and social media engagement ( $\beta=0.209$ ), with the model explaining 68.1% of purchase intention variance ( $R^2=0.681$ ). Furthermore, e-commerce adoption by*

*local UMKM has resulted in average sales volume increases of 75%, active customer growth of 77%, and monthly revenue increases of 87%. Service differentiation including fast response, good communication, and flexibility in transaction systems also serves as a supporting factor in creating competitive advantage that imported products cannot easily replicate. Thus, digital marketing functions not merely as a promotional tool, but as a primary strategy in facing global competition.*

### INTRODUCTION

Globalization of trade and the rapid development of e-commerce technology have created a fundamentally different competitive landscape for local businesses in Indonesia. The cross-border e-commerce system, now regulated under Indonesian Government regulations, enables products from China, Korea, and other Asian countries to enter the domestic market at highly competitive prices and without significant distribution costs (BP Lawyers, 2024). This phenomenon is most acutely felt in the smartphone accessories category a segment characterized by the most intense price competition due to the low technical differentiation between products.

Data from Daya.id (2023) show that imported products particularly those from cross-border platforms have captured a significant market share in the electronics and accessories category on Indonesian e-commerce platforms. This situation creates a dual pressure for local SMEs: they must compete not only on price, where imported products have a structural cost advantage, but also in terms of digital visibility and online market reach.

Amid this pressure, digital marketing has emerged as the most accessible strategic instrument for local SMEs to build competitiveness. Rahmini Hadi (2025) affirms that the systematic integration of digital strategies encompassing social media use, search engine optimization (SEO), content-based marketing, and e-commerce platform utilization can enhance

brand visibility, reach wider markets, and improve the operational efficiency of SMEs. This finding is supported by concrete data from Ni Wayan Adelia (2025), who found that e-commerce adoption by local SMEs resulted in an average sales volume increase of 75%, active customer growth of 77%, and monthly revenue growth of up to 87%.

Nevertheless, significant challenges remain for SMEs in effectively implementing digital marketing strategies. Low digital literacy, limited technological infrastructure, and insufficient understanding of content strategy are the primary barriers (Maharani, 2023; UNIKOM, 2025). This gap creates an urgency to examine the most effective and contextually appropriate digital marketing strategies for local businesses, particularly in competing against the unceasing influx of imported smartphone accessories into the Indonesian market.

Based on this background, this study aims to synthesize the most relevant and empirically proven digital marketing strategies for local smartphone accessories businesses in facing the competitive intensity of imported products, and to identify differentiation factors that can serve as sources of sustainable competitive advantage in Indonesia's digital market.

## **THEORETICAL REVIEW**

### **Digital Marketing and SMEs**

Digital marketing refers to the pursuit of marketing objectives through the application of digital technology and media, encompassing websites, social media, search engine optimization (SEO), content marketing, and e-commerce platforms (Maharani, 2023). Compared to conventional marketing, digital marketing is far more cost-effective data from the Gartner Digital Marketing Spend Report indicates that marketing budgets can be reduced by up to 40% by shifting to digital strategies, and 28% of small business owners have been proven to switch to digital due to its superior effectiveness.

Rahmini Hadi (2025) identifies four key pillars of digital marketing strategy for SMEs: (1) social media utilization as a direct interaction channel with consumers; (2) informative and relevant content strategy (content marketing); (3) e-commerce optimization as a digital distribution channel; and (4) the strengthening of a consistent brand identity across all digital platforms. These four pillars reinforce one another and must be systematically integrated to produce an optimal competitive impact.

### **Cross-Border E-Commerce and Competition from Imported Products**

Cross-border e-commerce refers to electronic commerce transactions involving buyers and sellers from different countries. In Indonesia, this system is regulated under provisions that require e-commerce platforms to comply with specific taxation and consumer protection requirements for imported products sold across borders (BP Lawyers, 2024). However, ease of access and low international shipping costs continue to make imported products especially from China a formidable price competitor for local products.

Daya.id (2023) notes that the dominance of imported products on Indonesian e-commerce platforms is felt most acutely in the electronics and accessories category, where price differences between local and imported products can reach 30–60%. This situation forces local businesses to seek differentiation beyond price, and digital marketing becomes the arena where such differentiation is most feasibly realized through brand storytelling, content quality, and service response speed.

### **Content Marketing, Social Media Engagement, and Brand Image**

Parhusip et al. (2025) conducted quantitative research using SmartPLS with 119 respondents and found that all three digital marketing variables content marketing, social media engagement, and brand image have a positive and significant influence on consumer purchase

intention. Content marketing demonstrated the greatest influence with a coefficient of  $\beta=0.359$  ( $t=3.691$ ,  $p<0.05$ ), followed by brand image at  $\beta=0.351$  ( $t=3.375$ ,  $p<0.05$ ), and social media engagement at  $\beta=0.209$  ( $t=2.107$ ,  $p<0.05$ ). Together, these three variables explain 68.1% of the variance in consumer purchase intention ( $R^2=0.681$ ).

These findings carry important strategic implications for local businesses: in digital competition, the quality of informative and relevant content is proven to be the most decisive factor in whether a consumer will choose a local product over an imported one. This means that investment in content rather than merely paid advertising is the more effective and sustainable strategy for building competitive advantage in the digital market.

### **Competitive Advantage through Digital Differentiation**

Porter's (1985) concept of competitive advantage holds that companies can achieve superiority through two primary strategies: cost leadership or differentiation. In the context of competition between local SMEs and imported products, cost leadership is nearly impossible to win given the production cost advantages held by manufacturers from countries with lower labor costs. Therefore, differentiation remains the only viable strategic pathway.

UNIKOM (2025) affirms that digital differentiation for local products can be built through: consistent branding across all digital platforms, fast customer service response, authentic and personal content, and the ability to foster a loyal consumer community. These aspects reflect relational and contextual advantages something that local businesses, with their deep understanding of Indonesian consumer culture and preferences, are inherently better positioned to build than mass-produced, impersonal imported products.

## **RESULT AND DISCUSSION**

### **The Competitive Landscape: Local vs. Imported Products in the Smartphone Accessories Market**

The smartphone accessories market in Indonesia is one of the e-commerce segments with the highest competitive intensity between local and imported products. Through cross-border platforms such as Shopee International, Lazada Global, and AliExpress, accessories from China can reach Indonesian consumers at structurally lower prices due to massive production scale and minimal labor costs (BP Lawyers, 2024). This creates what the authors term a competitive asymmetry where imported products excel in price and variety, while local products have the potential to excel in trust, service, and cultural relevance.

The authors argue that this competitive asymmetry actually creates strategic opportunities that are frequently overlooked by local businesses. When price competition cannot be won, value differentiation becomes the only viable path and this is precisely where digital marketing plays an irreplaceable role. Imported products that are cheap yet lack strong brand identity, responsive after-sales service, or authentic brand narratives will always remain vulnerable to substitution. Local products that successfully build all three through digital marketing possess an advantage that is far more sustainable.

Ni Wayan Adelia (2025) confirms that the primary factors influencing consumers' purchase intention toward local SME products are product quality (score 4.6 out of 5) and trust in the seller (score 4.5). Both of these factors trust and quality perception are exactly the domain where digital marketing can have the most significant impact, through informative content, authentic customer reviews, and responsive interaction on digital platforms.

### **Social Media and Content Strategy: The Primary Weapon of Local SMEs**

Social media has proven to be the most effective and affordable marketing tool for local SMEs in competing against imported products. Widodo et al. (2025) documented the

implementation of social media marketing strategies at SMEs in Semarang, where the integrated use of Instagram, Facebook, and WhatsApp Business produced significant improvements in market understanding and consumer reach. These three platforms were selected due to their highest user penetration among the Indonesian consumer segment targeted by the smartphone accessories market.

Suwarno (2024), in a study on social media training for local product promotion, found that after completing training on the use of Instagram, Facebook, and TikTok, SME participants demonstrated measurable improvements in product interaction and sales. This confirms that the primary barrier lies not in the platforms' potential, but in the capacity of SME operators to utilize these platforms strategically. Effective content, as identified across multiple studies, includes: high-quality product photography, tutorial videos, authentic customer testimonials, and behind-the-scenes stories about the production process that build emotional connections with consumers.

Parhusip et al. (2025) proved that content marketing is the variable with the greatest influence on purchase intention ( $\beta=0.359$ ), outperforming brand image ( $\beta=0.351$ ) and social media engagement ( $\beta=0.209$ ). The practical implication is that local smartphone accessories businesses should allocate their marketing resources proportionally, with content as the top priority. Content that visually and narratively demonstrates the quality of materials, design uniqueness, and durability of local products can effectively reverse the consumer tendency to associate imported products with better value.

The authors argue that the most effective content strategy for local smartphone accessories businesses is honest, comparative content directly demonstrating the quality of local products against similar imported ones. This approach leverages the higher trust consumers place in reviews that appear authentic, while capitalizing on local advantages such as ease of warranty claims, fast response, and after-sales availability.

### **Service Differentiation as an Irreplicable Competitive Advantage**

Beyond content and social media, service differentiation represents the dimension of competitive advantage that imported products find most difficult to replicate. UNIKOM (2025) identifies response speed, ease of communication, and transaction flexibility as factors that consistently distinguish the shopping experience at local SMEs from cross-border products, which require cross-language communication and significantly longer delivery times.

Service differentiation strategies that local smartphone accessories businesses can adopt include: (1) guaranteeing responses to consumer inquiries within one hour via WhatsApp Business; (2) flexible and easily processed product return policies; (3) product customization services an offering inherently unavailable from mass-produced imported goods; (4) community-based customer loyalty programs in digital channels; and (5) after-sales care content that builds long-term relationships with consumers. Ni Wayan Adelia (2025) confirms that responsive customer service (score 4.3) is one of the most effective strategies influencing consumers' purchasing decisions for local SME products.

### **E-Commerce as a Catalyst for Local Product Competitiveness**

E-commerce adoption by local SMEs is not merely a shift in sales channels it represents a fundamental transformation in how they compete. Ni Wayan Adelia (2025) documented the highly significant impact of e-commerce adoption on SMEs in Mataram: an average sales volume increase of 75%, active customer growth of 77%, and monthly revenue increase of 87%. These are figures that far exceeded the expectations of SME operators prior to adopting digital platforms.

Domestic e-commerce platforms such as Shopee and Tokopedia actually offer advantages that are frequently overlooked by local businesses: algorithms that can be optimized through positive reviews, store ratings, and delivery speed all factors that naturally favor local sellers over cross-border sellers. Perindag Sleman (n.d.) affirms that with the right digital marketing strategy, local products are not only capable of surviving but also have the potential to dominate the domestic market and even expand into international markets.

The authors argue that local smartphone accessories businesses should not view e-commerce as a battlefield for price competition, but rather as an arena for building an ecosystem of trust. The algorithms of e-commerce platforms fundamentally favor sellers with the most positive reviews, fastest response times, and highest customer satisfaction rates. This is a competitive arena where local businesses hold a genuine structural advantage over imported products so long as they are willing to consistently invest in service quality and digital reputation management.

**Table 1. Synthesis of Local SME Digital Marketing Strategies: Findings from the Literature**

| Strategy                     | Source                                      | Concrete Implementation                                                              | Measurable Impact                                                                |
|------------------------------|---------------------------------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| Content Marketing            | Parhusip et al. (2025)                      | Visual content, tutorial videos, customer testimonials on Instagram & TikTok         | $\beta=0.359 \rightarrow$ strongest influence on purchase intention; $R^2=0.681$ |
| Social Media Marketing       | Widodo et al. (2025); Suwarno (2024)        | Business Instagram, Facebook Marketplace, WhatsApp Business catalog                  | Measurable increase in interaction & sales post-training                         |
| E-Commerce Optimization      | Ni Wayan Adelia (2025)                      | Store optimization on Shopee/Tokopedia: ratings, reviews, response speed             | Sales +75%, customers +77%, revenue +87%                                         |
| Service Differentiation      | UNIKOM (2025); Ni Wayan Adelia (2025)       | Response <1 hour, flexible warranty, product customization, customer community       | Responsive service scored 4.3/5 as purchasing decision factor                    |
| Brand Building               | Rahmini Hadi (2025); Parhusip et al. (2025) | Visual identity consistency, local brand narrative, digital reputation strengthening | $\beta=0.351 \rightarrow$ significant influence on purchase intention            |
| Integrated Digital Marketing | Rahmini Hadi (2025); Maharani (2023)        | Integration of SEO, social media, content, e-commerce in a systematic ecosystem      | Cost efficiency up to 40% vs. conventional marketing                             |

*Source: Literature synthesis, processed by the authors (2026)*

### Challenges and Implementation Barriers

Despite the immense potential of digital marketing, implementation challenges at the local SME level cannot be ignored. Rahmini Hadi (2025) identifies three primary barriers: (1) low digital literacy among SME operators, particularly those aged over 40; (2) limited technological infrastructure and stable internet access in non-urban areas; and (3) insufficient adaptive and SME-specific policy support for digital adoption. Maharani (2023) adds that many SME operators

have social media accounts but do not understand how to use them strategically to generate sales conversions.

From a regulatory perspective, BP Lawyers (2024) highlights that while the Indonesian government has issued new regulations regarding cross-border sales through e-commerce, the effective implementation of oversight remains a challenge. Illegal imported products entering through unofficial cross-border channels continue to compete in the same market as local products, creating an uneven playing field that disadvantages SMEs. This situation reinforces the urgency for local businesses not to rely solely on regulation as protection, but to actively build digital marketing capabilities as an independent competitive fortress.

## CONCLUSION

This study concludes that digital marketing is the most relevant and effective strategic instrument for local smartphone accessories businesses in facing the competitive intensity of imported products in the Indonesian market. The synthesis of multiple literature sources yields three main conclusions supported by empirical evidence.

First, content marketing is proven to be the digital marketing variable with the greatest influence on consumer purchase intention ( $\beta=0.359$ ,  $R^2=0.681$ ), affirming that investment in content quality not merely content volume is the primary strategic priority for local SMEs (Parhusip et al., 2025). Businesses capable of producing informative, authentic, and high-quality visual content will hold a real competitive advantage over imported products that lack a strong local narrative.

Second, systematic e-commerce adoption and digital platform optimization yield significant, measurable outcomes a 75% increase in sales, 77% customer growth, and an 87% rise in monthly revenue (Ni Wayan Adelia, 2025). This confirms that digital transformation is not merely an option, but a necessity for local SMEs that wish to survive and grow in the era of global competition.

Third, service differentiation encompassing response speed, transaction flexibility, and product customization capability constitutes a competitive advantage that mass-produced imported products cannot replicate, and should serve as the primary value proposition consistently communicated across all digital marketing channels of local SMEs.

Based on these conclusions, the study recommends: (1) local smartphone accessories SMEs should prioritize the development of content marketing capabilities as a core digital competency; (2) the government and educational institutions should strengthen digital literacy programs specifically targeting e-commerce and social media marketing strategies for SMEs; (3) collaboration among local SMEs through digital communities should be encouraged to share content resources and build collective strength in competing against imported products. Future research is recommended to empirically examine the effectiveness of specific digital marketing strategies within the local smartphone accessories segment across various cities in Indonesia.

## ACKNOWLEDGMENTS

The authors express their gratitude to the lecturers of the Global Marketing course, Department of Management, Universitas Pembangunan Jaya, for their guidance and direction throughout the process of completing this article. This article was prepared in fulfillment of the Global Marketing course assignment for the even semester of the 2025/2026 academic year.

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