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Gamification in Social Media Marketing Strategy to Enhance Customer Loyalty of MSME Products

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Abstract

This study aims to analyze the role of gamification strategies in social media marketing to increase customer loyalty among Micro, Small, and Medium Enterprises (MSMEs). In the era of growing digital competition, MSMEs need innovative approaches to attract and retain customers. Gamification, as an engagement-based marketing technique, leverages game elements such as rewards, leaderboards, and challenges to create interactive consumer experiences. This research employed a mixed-method design combining quantitative analysis (correlation and t-test) and qualitative insights to evaluate the impact of gamification on customer engagement and loyalty. The findings indicate a significant positive relationship between gamification strategies and customer loyalty, with gamified content on social media platforms proving effective in encouraging repeat purchases and strengthening brand attachment. The study contributes to marketing literature by providing empirical evidence of gamification effectiveness as a cost-efficient and scalable marketing tool for MSMEs. Practical recommendations are also provided for MSME practitioners in designing customer-centered campaigns to maximize engagement and loyalty in the evolving digital ecosystem.

Key words: Gamification, social media marketing, customer loyalty, MSMEs, digital engagement

INTRODUCTION

Digitalization has brought about significant changes in marketing strategies, especially for micro, small, and medium enterprises (MSMEs). According to a report from Datareportal (2024), social media users in Indonesia reached 191 million people, or approximately 69.2% of the total population. This indicates that social media has significant potential as a marketing platform. However, although many MSMEs have begun utilizing social media as a marketing channel, challenges remain in maintaining customer loyalty. According to research by McKinsey & Company (2023), more than 60% of customers in

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Southeast Asia, including Indonesia, tend to switch brands solely based on attractive promotions or discounts.

One innovative strategy that is increasingly being implemented in social media marketing is gamification. Gamification refers to the application of game elements such as points, leaderboards, or challenges in non-game contexts to increase user interaction and engagement. A study by Huotari and Hamari (2017) found that gamification is effective in creating a fun user experience, thereby increasing customer loyalty. However, the adoption of gamification in the context of MSMEs in Indonesia remains relatively minimal, despite its significant potential impact. According to a 2022 survey by the Indonesian Digital MSME Association (AUMDI), only 12% of MSMEs have ever used gamification elements in their marketing strategies.

The urgency of this research lies in the need to help MSMEs address the challenge of maintaining customer loyalty. In the highly competitive digital era, customer loyalty is a valuable asset, especially for MSMEs with limited resources to continuously attract new customers. By utilizing gamification, MSMEs can create more engaging and personalized interactions on social media, ultimately increasing customer loyalty.

This research also offers novelty by integrating gamification specifically into social media marketing strategies for MSMEs, a topic that has not been widely discussed in-depth in the local context. Most previous research has focused on the use of gamification in the corporate sector or large companies, leaving a gap in research regarding the impact of gamification on MSMEs. This research is expected to produce a strategic model that is applicable and relevant to MSMEs in Indonesia. Digitalization has brought about significant changes in marketing strategies, especially for micro, small, and medium enterprises (MSMEs). According to a report from Datareportal (2024), social media users in Indonesia reached 191 million people, or approximately 69.2% of the total population. This indicates that social media has significant potential as a marketing platform. However, although many MSMEs have begun utilizing social media as a marketing channel, maintaining customer loyalty remains a challenge. According to research by McKinsey & Company (2023), more than 60% of customers in Southeast Asia, including Indonesia, tend to switch brands solely based on attractive promotions or discounts.

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LITERATURE ANALYSIS AND METHODOLOGY

The Concept of Gamification and Its Application in Digital Marketing

Gamification is the application of game elements in non-game contexts to increase user interaction and engagement. In digital marketing, gamification is used to attract customer attention, increase engagement, and create interactive experiences that lead to customer loyalty. Some frequently used gamification elements include points systems, badges, leaderboards, challenges, and digital rewards.

Customer Loyalty in the Digital Age

Customer loyalty is increasingly difficult to maintain in the digital age because customers have access to a wide variety of brands and are more likely to switch based on factors such as price and experience. Gamification strategies can strengthen customer engagement by building deeper emotional connections with brands. This is crucial for MSMEs, which must compete with larger companies with higher marketing budgets.

Adoption of Gamification by MSMEs

Only 12% of MSMEs in Indonesia have adopted gamification in their marketing strategies. This shows that although gamification offers great potential, challenges remain in its implementation, such as a lack of understanding of the concept, limited resources, and difficulties in measuring its effectiveness.

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Social Media Marketing Strategies for MSMEs

As many as 69.2% of Indonesia's population uses social media, making it a potential marketing channel for MSMEs. However, the biggest challenge is how MSMEs can attract and retain customer attention amidst intense competition. Some gamification-based marketing strategies that have proven effective include challenge-based campaigns, points-based loyalty programs, and interactive contests that engage customers in digital activities.

The Impact of Gamification on Customer Loyalty

Gamification can increase customer retention by providing a more enjoyable experience and motivating customers to re-engage with the brand. Furthermore, gamification can increase the intensity of customer interactions on social media, strengthen a sense of brand ownership, and encourage sharing behavior, which benefits MSMEs in expanding their audience reach.

RESEARCH METHOD

This study uses a quantitative approach with a survey method to collect data from MSMEs that have or have not implemented gamification in their social media marketing strategies. This study employed a descriptive and causal design. The descriptive design aims to understand the level of understanding and implementation of gamification by MSMEs, while the causal design is used to examine the effect of gamification on customer loyalty on social media. This research design is also mixed-method, combining quantitative and qualitative data to provide a deeper understanding of the phenomenon under study. This approach aims to complement the research results with contextual insights that cannot be obtained through quantitative analysis alone.

The population of this study is MSMEs in South Kalimantan that actively use social media as a marketing channel. The research sample will be drawn using a purposive sampling technique with the following criteria:

- MSMEs that actively market their products through social media.
- MSMEs that have or have not implemented gamification in their digital marketing strategies.
- MSMEs with at least 100 followers on their social media platforms. The target sample size is 50 respondents, consisting of MSME product/service buyers with experience in digital purchasing.

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- In addition, using a qualitative approach, interviews will be conducted with 5-10 MSME owners with experience implementing gamification, selected purposively to gain deeper insights.

Data Analysis Techniques

Data were collected through three techniques: Quantitative Surveys, Qualitative Interviews, and Social Media Observations. The collected data will be analyzed using the following analysis methods. (1) Descriptive statistics are used to describe respondent characteristics and their level of understanding and implementation of gamification. (2) Linear regression analysis is used to examine the relationship between gamification implementation and customer loyalty. (3) Interview data will be analyzed using thematic analysis methods to identify key patterns related to gamification challenges and opportunities. (4) Classify and group interview data based on emerging themes. (5) Social Media Observation Analysis: The frequency and patterns of customer engagement will be analyzed using content analysis methods. The observation results will be linked to quantitative data to provide a deeper understanding of the effectiveness of specific gamification elements.

RESEARCH AND RESULTS

The survey was conducted on 50 respondents who were active MSME customers. The respondent characteristics are as follows.

Table 1. Respondent Characteristics by Gender

No.	Gender	Num	Percent (%)
1	Male	16	32
2	Female	34	68
Total		**50**	**100**

According to Table 1, 16 male respondents and 34 female respondents were included in this study. This means that the average respondent in this study was female.

Table 2. Respondent Characteristics by Age

No.	Age	Num	Percent (%)
1	18-25	20	40
2	26-35	18	35

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3	36-45	10	20
4	>45	2	5
Total		**50**	**100**

According to Table 2, there were 20 respondents aged 18-25, 18 respondents aged 26-35, 10 respondents aged 36-45, and 2 respondents aged 45 and over. This means that the average respondent in this study was 18-25 years old.

Table 3. Respondent Characteristics Based on Frequency of MSME Product Purchases

No.	Freq	Num	Percent (%)
1	>5 times a month	13	25
2	3-5 times a month	24	48
3	1-3 times a month	13	27
Total		**50**	**100**

Based on Table 3, 13 respondents in this study purchased products more than 5 times a month, 24 respondents purchased products 3-5 times a month, and 13 respondents purchased products more than 1-3 times a month. This means that the average respondent in this study purchased products more than 3-5 times a month.

Table 4. Respondent Characteristics Based on Favorite Social Media Platform

No.	Platform	Num	Percent (%)
1	Instagram	30	60
2	Tiktok	15	30
3	Facebook	5	10
Total		**50**	**100**

According to Table 4, 30 respondents in this study reported their favorite media platform as Instagram, 15 as TikTok, and 5 as Facebook. This means that the average respondent in this study preferred Instagram. This data indicates that the majority of MSME customers are young people (Gen Z and millennials) who are active on Instagram and TikTok, making these two platforms relevant for implementing gamification strategies.

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Level of Awareness and Preference for Gamification

Table 5. Level of Awareness and Preference for Gamification

Pernyataan	Agree (%)	Neutral (%)	Disagree (%)
I am interested in participating in challenges with prizes on social media	72	20	8
Prizes or rewards make me more loyal to brands	65	25	10
I prefer interacting with creative content rather than simply viewing product promotions	78	15	7

Survey results show that most customers are familiar with the concept of games on social media, although they have not yet associated them with MSME promotional activities. This finding suggests that gamification can be a significant driver of customer engagement. Approximately 72% of customers expressed interest in challenges with prizes, and 65% stated that this increased their loyalty.

Initial Gamification Experiment

To test the impact of gamification, three partner MSMEs implemented prototype gamified content on Instagram and TikTok for two weeks:

- MSME A: Instagram Story Quiz about a new menu with a discount coupon for the winner.
- MSME B: #WeekendChallenge with meal vouchers as prizes.
- MSME C: Points and rewards system for customers who upload product photos with specific hashtags.

Table 6. Initial Gamification Experiment Results

Indicator	Before Gamification (Week 1)	After Gamification (Week 3)	Percentage Increase
Average engagement rate (likes, comments, shares)	2,8%	5,6%	+100%

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Indicator	Before Gamification (Week 1)	After Gamification (Week 3)	Percentage Increase
Number of incoming DMs per week	40	78	+95%
Average weekly sales	Rp 2.500.000	Rp 3.200.000	+28%

The implementation of simple gamification (quizzes, challenges, rewards) successfully doubled engagement rates and increased average sales by 28% in a short trial period.

Table 7. Correlation Test Results

Model	t	p	Description
Gamification Interest	2,68	0,00	Significant effect

A significance value of 0.00 < 0.05 indicates a significant effect of gamification interest on customer loyalty. This can be seen from the calculated t value < t table. With an alpha level of 5% or 0.05, the t table is (1.766), with the calculated t value > t table because 2.68 < 1.766. These results support the theory of intrinsic motivation in gamification (Werbach & Hunter, 2012), which states that game elements trigger emotional engagement in consumers, which in turn increases loyalty. However, the implementation of gamification in MSMEs must be simplified to avoid burdening business owners with limited resources. Furthermore, surveys show that the majority of customers want creative and interactive content, not just product information. Thus, gamification can be a differentiation strategy for MSMEs, especially on platforms dominated by online audiences.

CONCLUSION AND RECOMMENDATIONS

Based on the research results, it can be concluded that MSMEs have taken several initial steps in their social media strategy, such as creating relevant and useful content in various formats, and providing ordering information and direct communication channels with admins. However, there are significant shortcomings in building customer engagement through content that can increase followers, likes, comments, and shares, as well as utilizing paid advertising features to attract paid traffic. Furthermore, MSMEs have not yet optimized social media for effective product or service sales conversions. To improve results, MSMEs need to focus on creating content designed to drive more interaction, utilizing paid advertising, and integrating sales conversion strategies into social media activities.

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For MSMEs that have not yet optimized their use of social media, it is recommended to start by designing engaging and interactive content that can build relationships with customers. Use social media as a platform to tell stories about products, engage audiences in discussions, and interact directly. Furthermore, utilize paid advertising features to reach a broader and more segmented audience with clear goals, such as increasing sales or brand awareness. Don't forget Instagram as a sales conversion tool; Create an engaging profile, use quality visual content, and leverage features like Stories and Reels to promote products and direct audiences to sales pages via bio links or swipe-ups. Finally, monitor results regularly and adjust your strategy based on the data to ensure the effectiveness of your social media efforts.

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