International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Global Market Segmentation Strategy On Indonesian Local Products In The Digital Era

Fany Fadilah [1)], Alya Nur Putri Natasya [2)], Atiqo Zummah [3)], Febriyatul Hasanah [4)], Humaidi [5)], Nunuk Indarti [6)]

Universitas PGRI Wiranegara

[1)]fanyfadilah073@gmail.com[2)]Alya63953@gmail.com[3)]atiqozummah617@gmail.com[4)]febriatulhasana@gmail.com[5)] dhiayee0@gmail.com[6)]nunukindarti53@gmail.com

Abstract

The development of digital technology provides a great opportunity for local Indonesian products to grow in the international market. With the internet, social media, and e-commerce platforms, businesses can promote their products without the need to have a physical store abroad. Local products such as batik, coffee, handicrafts, traditional foods, and natural cosmetics have great potential because they contain cultural values and uniqueness that are unique to Indonesia, which attracts the interest of consumers abroad. In the face of global competition, market segmentation is a very important strategy to ensure marketing is carried out more effectively and appropriately. Market segmentation includes geographical, demographic, psychographic, and consumer behavior aspects that help businesses understand what is needed and the characteristics of the global market. In addition, targeting and positioning strategies are very important to determine the appropriate consumer groups and build the image of local products in the eyes of international consumers. The use of social media, influencers, and digital marketplaces can increase visibility and expand the market for local products. On the other hand, e-commerce offers many advantages such as cost efficiency, ease of promotion, and wider access to international markets. However, there are various challenges that need to be faced, such as very tight competition in the global market, low consumer confidence, data security problems, logistical constraints, and limited digital literacy among MSME actors. Therefore, innovation, product quality improvement, the right digital marketing strategy, and brand image strengthening are needed to ensure that

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

local Indonesian products can compete and maintain their position in the international market

Keywords: Global market segmentation strategy, Indonesian local products, Digital era.

INTRODUCTION

The development of digital technology and the phenomenon of globalization have brought significant changes in the marketing realm. Today, businesses are not only competing at the local level, but also must be ready to face competition in the international market. Innovations in the internet, social media, and e-commerce platforms provide a huge opportunity for local Indonesian products to be known around the world. Items such as batik, coffee, traditional foods, handicrafts, and natural-based beauty products are now easier to market to various countries without the need to have physical stores abroad. This situation shows that the digital age provides ample opportunities for local business actors to expand the market and increase the competitiveness of Indonesian products on a global scale.

In the face of this competition, the right marketing strategy is needed so that local products can be accepted by international consumers. One of the important strategies is the application of the concept of Segmenting, Targeting, and Positioning (STP). Market segmentation helps businesses segment consumers based on certain characteristics, such as geographical, demographic, psychographic, and consumer behavior. After that, business actors can determine the most suitable target market and build a unique and different product image compared to competitors. With the right STP strategy, local Indonesian products can have added value and be able to attract the attention of global consumers.

In addition to offering great opportunities, digital marketing also presents a number of challenges for local business people. Increasingly fierce competition, low consumer confidence in new products, lack of understanding of digital literacy, and logistical constraints are obstacles that must be overcome to enter the global market. Therefore, business people must improve product quality, strengthen innovation, and utilize digital technology effectively in order to survive and thrive in the global era. Based on this, this article will discuss the international market segmentation strategy for Indonesian local products in the digital era, including segmentation, target market setting, market

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

placement, and the use of e-commerce in expanding the distribution of local products to the international market.

DISCUSSION

The Potential of Local Products and Global Market Segmentation in the Digital Era

The development of digital technology opens up many opportunities for Indonesian local products to be recognized in the global market. With the internet, social media, and e-commerce platforms, business people can now market their goods without the need to have a physical store abroad. This makes local products such as traditional foods, handicrafts, batik, coffee, natural beauty products, and local fashion increasingly accessible to buyers around the world. In addition, the increasing interest of the international community in products rich in cultural value and regional uniqueness is a great opportunity for Indonesia to spread its wings in the global market.

In today's digital age, market separation is a crucial aspect in formulating promotional strategies for local products. Market separation is a step to group the market into several consumer segments based on certain characteristics so that marketing can be carried out more efficiently and in the right direction. With the separation of markets, business people can better understand customer needs at the global level so that the marketing strategies implemented are more suitable for the intended market segment. The market segmentation globally can be differentiated into several categories.

First, geographical separation, which is the grouping of markets according to a specific location or country. For example, Indonesian specialties are easier to sell in Asian countries that have similar tastes to Indonesia. Second, demographic separation, which is grouping by age, gender, income, and type of consumer occupation. For example, high-end local fashion products are more aimed at middle-to-upper income consumers.

Second, demographic segmentation is the market division by age, gender, income, education level, and type of consumer occupation. This approach makes it easier for business people to determine the type of product that suits the needs and purchasing power of consumers. For example, premium fashion items from within the country are usually aimed at consumers who have middle-to-upper incomes, while items with more affordable prices are aimed at teenagers or the wider community. Third, psychographic segmentation is the market division based on lifestyle, interests, personal characteristics, and values embraced by consumers. This approach is very important because each individual has different tastes when choosing a product. For example, products that are environmentally friendly and made from natural materials are more attractive to

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

consumers who care about health and environmental sustainability. On the other hand, consumers who have a modern lifestyle tend to prefer products that are practical, unique, and have an attractive design. Fourth, segmentation based on consumer behavior, namely how to divide the market based on buying habits, expected benefits, product usage levels, and loyalty to certain brands. This segmentation is useful for business people to understand consumer behavior when they buy goods. For example, consumers around the world who are actively shopping online typically choose products with positive reviews, guaranteed quality, competitive prices, and attractive offers such as discounts and free shipping. Additionally, consumers who are satisfied with a particular product are more likely to make a repeat purchase and recommend it to others.

Social media and digital marketing also play a very important role in expanding the local product market in Indonesia. Platforms such as Instagram, TikTok, Facebook, and international online marketplaces allow businesses to promote their products more efficiently and widely. Through digital content, business people can show product excellence, establish relationships with consumers, and increase buying interest among the international community. In addition, influencer engagement and digital advertising also help increase the visibility of local products in the global market.

Examples of original goods from Indonesia that have successfully penetrated the international market can be seen from a number of superior products that are now starting to be known in various parts of the world. One example is batik which has been recognized by UNESCO as a world cultural heritage. Batik is not only used by people in Indonesia, but also popular with buyers from abroad because of its distinctive design and high cultural value. In addition to batik, coffee from Indonesia such as Gayo, Toraja, and Kintamani has also managed to penetrate the global market thanks to its unique taste and high quality. Many Indonesian coffee products are exported to Europe, America, and Asia. Local beauty items are also increasingly developing in the international market, especially products that use natural ingredients from Indonesia's natural resources. Several local brands have successfully promoted their products through digital platforms and e-commerce, making it easier for consumers abroad to reach. In addition, handicraft products such as wicker, wood carving, and traditional jewelry also attract attention because they are considered unique and have high artistic value. The success of these local goods shows that with adequate quality, innovation, and an effective digital marketing strategy, products from Indonesia can compete and be accepted in various global markets.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Although it has significant possibilities, the promotion of local goods in the international market also requires the correct approach in order to be able to compete with goods from other countries. Business people must ensure product quality, improve innovation, and create a strong brand image so that local Indonesian goods have an advantage in the eyes of global consumers. With the appropriate market share and the help of digital technology, Indonesian local goods have a great opportunity to continue to advance and be widely known internationally.

Market Targeting Strategy for Local Products

A market targeting strategy is a step to select the group of consumers who are most likely to be buyers of a product. In terms of local products, this strategy is very important so that business actors do not sell their products too widely. They should focus more on consumer groups who have appropriate needs, interests, and purchasing powers. According to the concept of Segmentation, Targeting, and Placement (STP), targeting is carried out after business actors divide the market based on certain characteristics so that marketing becomes more effective and efficient. Local products that have the uniqueness of a certain region, culture, or raw materials need to use appropriate targeting strategies in order to compete in a modern and digital market.

1. **Targeting Strategy Based on Demographics**

The strategy to target demographics is carried out by determining the market based on age, gender, occupation, education, and income level of the consumer. Local products need to adapt to the characteristics of the intended market to make them more acceptable. For example, traditional handicraft products can be aimed at tourists or middle-class people who like ethnic goods, while local snacks can be offered to students and young workers at affordable prices. By knowing the demographic conditions of consumers, business actors can choose the appropriate product design, price, and promotional media, so that marketing becomes more effective.

2. **Geographically Based Targeting Strategy**

Geo-targeting is done by selecting specific marketing areas based on the characteristics of the consumer area. Local products usually have a unique culture or flavor that is unique to the region, so this strategy is very important. For example, typical foods from a region can be promoted more actively in tourist attractions, big cities, or in areas where many immigrants miss food from their hometowns. In addition, the

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

advancement of digital platforms makes it possible for local products to reach the domestic market and even abroad without the need to open physical stores in many places. Choosing the right geographic location helps businesses reduce distribution and promotion costs.

3. Psychographic-Based Targeting Strategies

Psychographic strategies focus on consumers by looking at their lifestyle, interests, values, and personality. Local products today are not only purchased for their usefulness, but also for the emotional value and cultural identity that they have. For example, local products made from environmentally friendly materials can be aimed at consumers who care about sustainability concerns, while high-quality traditional products are suitable for consumers who appreciate local culture and uniqueness. By understanding the way consumers think, entrepreneurs can create promotional messages that are more in line with the emotional needs of the intended market.

4. Targeting Strategy Based on Consumer Behavior (Behavioral Targeting)

This strategy is done by understanding how consumers shop for products, such as how often they buy, what benefits they are looking for, and how loyal they are as customers. Local products can be aimed at buyers who are often looking for regional specialties, like products from small and medium businesses, or who usually shop in the marketplace. For example, a local food business can create promo packages for loyal customers or use customer reviews on social media to attract new buyers. By understanding how the market works, business people can increase satisfaction and also maintain consumer loyalty.

5. Niche Market Targeting Strategy

Local products usually have unique characteristics, so they are perfect for sale in specialized markets. This strategy is carried out by targeting certain consumer groups who have special needs. For example, herbal products from the region are aimed at people who live a healthy lifestyle, while regional crafts are sold to art enthusiasts and cultural collectors. Targeting a specific market makes local products have strong characteristics and do not need to compete directly with mass products from large companies.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

6. Strategy for Targeting Digital through Social Media and Marketplace.

The development of digital technology makes targeting strategies more appropriate because business actors can determine targets based on interests, age, location, and behavior of internet users. Local products can use social media such as Instagram, TikTok, and marketplaces to reach the right consumers. For example, traditional foods can be promoted with short videos that appeal to young people, while high-quality craft products can be aimed at professionals or collectors through digital marketing. This digital strategy has been proven to help MSMEs to reach more customers at a much lower cost compared to traditional marketing methods.

Market Positioning Strategy for Local Products in the Eyes of Global Consumers

Market positioning strategy is a company's effort to place products or brands in the minds of consumers so that they have a different image and are superior to competitors. In the global market, positioning is very important because competition comes not only from local products, but also from various international brands that already have a strong reputation. , market positioning is a strategy to create a unique and positive perception of a product in the eyes of consumers compared to competitors' products.

Indonesian local products need to build a clear positioning so that they can be accepted by global consumers. One step that can be taken is to highlight local cultural characteristics as the added value of the product. For example, local fashion products can carry traditional batik or weaving motifs as identities that are not found on foreign goods. In this way, local products are not only seen as shopping items, but also as an image of Indonesian culture. This approach can create emotional value so that international buyers have a different experience when using the product.

In addition, companies need to be aware of what consumers in each country are going to need and want. That global positioning must be accompanied by adjustments to marketing strategies to suit the culture, language, way of life, and economic capabilities of the local community. Therefore, companies must conduct market research so that advertising messages and product characteristics match the target consumers at the international level.

Positioning strategies can also be done by emphasizing product quality. Consumers around the world tend to choose goods that have high quality standards, are safe to use, and can be trusted. Local products must be able to demonstrate their quality through international certification, innovation in products, and the use of quality raw materials. With good quality, local products can create a positive image and increase

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

consumer loyalty. This quality-focused positioning is essential to remove the stigma that local products are of lower quality than external products.

The use of digital platforms and social networks is an effective way to establish the position of local products in the global market. Promotion through digital media allows companies to reach consumers around the world at a more cost-effective cost. Engaging marketing content, influencer roles, and stories about the uniqueness of local products can strengthen a brand's image in the eyes of global consumers. With regular marketing communication, local products can increase brand awareness and gain a solid position in international competition.

Benefits and Challenges of Using E-Commerce in Local Product Marketing

a. The Role and Benefits of E-Commerce for Local Products in the Global Market

Advances in digital technology have revolutionized the business landscape. Through e-commerce, local businesses can now cut through traditional distribution chains and sell their products to international customers without having to meet in person. As stated by Huda (2021), advanced digital technology is no longer limited by space or time, bringing convenience from the production process to the delivery of products to consumers. In Indonesia, the dominance of platforms such as Shopee (through the Shopee Export program), Tokopedia, Lazada, and TikTok Shop have implemented a one-stop shopping system. This integration allows local products to be accessed by consumers from different parts of the world in just one application. In addition to being efficient, this digital business model cuts operational costs significantly; Many online business actors do not need to rent a physical store or recruit many employees at the beginning of their business. This potential is supported by the fact that Indonesia has a very massive social media user base—being the 4th largest Facebook user in the world (122 million people) as well as one of the largest populations of Instagram and Twitter users (Bahtiar, 2020).

The high level of domestic digital activity is the main capital for MSMEs and Creative Businesses to jump into the international market (Sunarta, 2023). The phenomenon of shifting consumer behavior is also seen at the local level, where regional physical stores are starting to go quiet as people turn to online shopping that offers more competitive prices. In the era of the digital economy, information and connectivity are no longer just a communication medium, but the main source of profit. Fajarwati (2020) even projects that all global trade transactions will shift to e-commerce by 2050 or sooner. With a very large e-commerce transaction value reaching hundreds of trillions of rupiah (Maria,

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

2023), the use of this digital platform is a new growth engine for local products to increase per capita income and penetrate the global market.

b. Challenges of E-Commerce in Reaching the International Market

In addition to its great contribution, the use of e-commerce for local products is not spared from complex threats and challenges. According to Masoem University (2023), there are three main challenges for digital business people: Fierce competition: Local products must compete for attention with products from all over the world on a single platform. Low consumer trust: Building a local brand reputation in the eyes of foreign consumers requires extra effort. Data security risks: Protection of privacy and information security in cross-border transactions. In addition, the biggest challenge for an archipelagic country like Indonesia is the logistics sector. The development of e-commerce has triggered a surge in demand for shipping goods. With Indonesia's geographical condition consisting of thousands of islands, logistics integration towards international export gateways often faces delays, risk of damage, or shipping errors (Bahtiar, 2020). From the internal side of business actors, Darmastuti et al. (2023) highlight that the digital literacy gap, limited information technology skills, and high administrative costs or commission deductions from the e-marketplace are a burden for MSMEs. In the future, global e-commerce legal regulations and rules will be increasingly binding and strict. Ensuring transaction security and standardization of international products are legal challenges that must be met by local producers in order to maintain global consumer trust (Bahtiar, 2020). This trust encompasses two crucial dimensions: trust in the quality of local products themselves, and trust in cross-border digital transaction systems.

CONCLUSION

The development of digital technology and e-commerce opens up great opportunities for local Indonesian products, such as batik, coffee, traditional foods, handicrafts, and beauty products, to penetrate the global market without space and time limitations. In order to compete effectively in the international arena, business people need to implement the right Segmenting, Targeting, and Positioning (STP) strategy. Through segmentation and market targeting that includes geographical, demographic, psychographic, behavioral, and social media utilization, manufacturers can understand the characteristics and emotional needs of global consumers more efficiently. In addition, local products must be able to build a strong brand image and establish a clear market position (positioning) by highlighting the uniqueness of Indonesian cultural values and

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

maintaining high quality standards. Although digital platforms offer operational cost efficiency and wide market reach, business actors are still faced with complex challenges, such as fierce global competition, low foreign consumer confidence, data security risks, logistical barriers in island countries, limited digital literacy, and compliance with international legal regulations. Therefore, the synergy between product quality, sustainable innovation, digital literacy, and adaptive marketing strategies is the main key so that Indonesian local products can compete and be accepted sustainably in the world market.

REFERENCES

Silaen, K., Bachtiar, L. E., Silaen, M., & Parhusip, A. (2024). Digital Marketing Strategies to Increase Sales of Local Products in the Online Era. Journal of Collaborative Service and Innovation of Science and Technology, 2(3), 1072-1079.

Furniawan, I. M., Miskiya, E. L., Zakiyah, A. K., Faqeh, M. S., & Rozak, A. F. (2024). Segmentation, positioning and marketing analysis to formulate a global marketing strategy for MSMEs pt. Landcofarm Indonesia. Journal of Social and Economics Research, 6(1), 1090-1097.

Safa'atin, H. N., & Denata, D. L. (2024). Analysis of local product marketing strategies in the global market. Journal of Entrepreneurial Studies, 1(1), 28-35.

Udango, T. (2025). THE ROLE OF MARKET ANALYSIS, SEGMENTATION, AND BRAND POSITIONING IN DESIGNING EFFECTIVE MARKETING STRATEGIES TO MEET CONSUMER NEEDS AND PREFERENCES IN AN ERA OF GLOBAL COMPETITION. JIEKA: Journal of Integration of Economics, Finance, and Accounting, 2(1), 46-56.

Fadhillah, G. F., Anam, H., & Mashudi. (2023). Application Segmentation, Targeting and Positioning in the MSME Marketing Strategy in Indonesia. Journal of Sharia Economics, 5(1), 120–136.

Innida, L. L., et al. (2024). Introduction to Segmenting, Targeting, Positioning (STP) and the Implementation of Digital Marketing as a Marketing Strategy for Local Instant Ginger Products in Banjarsari Village. Journal of Village Development.

Manngu, B., & Beni, S. (2021). Analysis of the Implementation of Segmentation, Targeting, Positioning (STP) and Marketing Promotion as a Solution to Improve the Development of MSMEs in Bengkayang City. Sebatik, 25(1).

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Puspita, Y. B., & Nurhayati, S. F. (2025). Marketing Strategy of MSME Products with 7P and SWOT Marketing Mix Approach: A Study on Arouma Moringa Tea (Keloruma). Journal of Economic, Business and Accounting (COSTING).

Mashadi, M., Supriadi, Y., & Khim, S. (2020). Improving Marketing Strategies for MSME Actors in Bogor City. Journal of Unity Dedication, 1(2), 217–222.

Ferdinan, J. F., & Rizal, S. (2025). Empowerment of MSMEs through the Implementation of Social Media-Based STP Strategies. Journal of Community Practice and Social Welfare.

Khairi, U. A., Hasibuan, N., & Pratama, A. Z. R. (2024). Marketing strategy and target positioning are the key to business success. Journal of Masharif Al-Syariah: Journal of Sharia Economics and Banking, 9(1).

Safa'atin, H. N., & Denata, D. L. (2024). Analysis of local product marketing strategies in the global market. Journal of Entrepreneurial Studies, 1(1), 28-35.

Suhairi, S., Siregar, M. M., Ningrum, L. D., Bintang, R., & Mutiara, A. (2023). Segmentation, targeting, and positioning strategies in the global market: An approach to international business success. Innovative: Journal Of Social Science Research, 3(6), 5120-5131.

Huda, N. (2021). Opportunities, Challenges and Impact of Digital Marketing in the Society 5.0 Era. Journal of Teratex Islam, 6(2), 126–144

Bahtiar, R. A. (2020). Potential, government role, and challenges of e-commerce development in Indonesia. Journal of Economics and Public Policy, 11(1), 13-25.

FAJARWATI, D. (2020). Introduction to E-Commerce. FACULTY OF ECONOMICS AND BUSINESS, ESA UNGGUL UNIVERSITY, 1-26.

Maria, V. (2023). The Role of E-Commerce in Entrepreneurship in the Society 5.0 Era. Journal of Research Innovation, 4(1), 121-128. DOI: https://doi.org/10.47492/jip.v4i1.2610

Darmastuti, S., Juned, M., Saraswati, D. P., Utami, R. A. A., & Raharjo, P. (2023). Opportunities and Challenges of MSMEs in Indonesia in the Development of E-Commerce: A Comparative Study with MSMEs in ASEAN Countries. DIALECTICAL SOCIOLOGY, 8(1), 42-65. DOI: http://dx.doi.org/10.31942/sd.v8i1.8786

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.