

Innovation Strategy Through E-Commerce Utilization in Increasing MSMEs in the Digital Era in the Niar Chips Business

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Abstract

The development of digital technology has encouraged Micro, Small, and Medium Enterprises (MSMEs) to innovate in maintaining and increasing competitiveness. This study aims to explore innovation strategies through the use of e-commerce in improving the performance and market reach of MSMEs, with a case study on Niar's Kripik Business. The method used is descriptive qualitative with data collection techniques through in-depth interviews, observation, and documentation. The results of the study show that Niar Kripik has succeeded in utilizing e-commerce platforms such as Shopee, Tokopedia, and social media as a digital marketing strategy. Innovation is carried out through product repackaging, digitalization of promotions, and improving customer service. These findings reinforce the importance of technology adaptation in the sustainable development of MSMEs in the digital era.

Keywords: Innovation Strategy, E-Commerce, Niar Chips.

INTRODUCTION

The current era of globalization, which is characterized by the rapid development of information and technology, has led to fierce competition in the commercial sector. Every business and company must change its response and plan to compete as a result of this fierce competition. The most unexpected and dynamic environment is the business environment. Both young and experienced company management must now be able to respond to market problems

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and take advantage of market opportunities in the existing and future competitive structures due to an increasingly difficult business climate, such as in the food sector (Santoso, 2024).

MSMEs have a strategic role in the national economy, including as labor absorbers and drivers of the local economy. However, in the digital era, the challenges faced by MSMEs are increasingly complex, especially related to competitiveness and adaptation to technological developments. Innovation is the key to maintaining business existence (Nurjaman, 2022). The use of e-commerce is considered as a form of innovative strategy that is able to open up new market opportunities, increase operational efficiency, and expand customer reach. This research focuses on how Kripik Niar, as a local MSME actor, implements e-commerce-based innovation strategies to survive and thrive in the digital era.

E-commerce is the activity of distributing, purchasing, selling and marketing products and services over the Internet. With the increasing use of the internet and mobile phones, e-commerce is a great opportunity for MSMEs to develop their businesses. Research shows that the average income of Indonesian MSMEs who adopt e-commerce has increased by more than 160% and productivity has increased by around 110%. An explanation of the current and will continue to develop MSME e-commerce development strategies in Indonesia was conveyed in a study that recorded around 301,115 micro, small and medium enterprises (MSMEs) have moved to digital platforms during this period Mumtahana et al., 2017. corona pandemic or from May 14 to June 9, 2020 (Agus et al., 2021). E-commerce development strategies for MSMEs are needed because economic conditions are changing and increasingly competitive, so it requires innovation and development of the digital economy.

In recent years, the snack business in Indonesia has grown significantly. This is due to the increasing consumer demand for delicious, convenient, and easy-to-get snacks. Snacks are an important component of modern lifestyles in addition to being a necessity to suppress hunger. Many people eat it for fun, at family gatherings, or even as a study and work friend. (Yolanda, F., & Dwieidhotjahjono, 2020) a variety of snacks that always meet the changing needs and preferences of customers.

One of the regions in South Sulawesi that contributes to the snack industry is Bone Regency. Niar Chips is one of the MSMEs that are developing in this area. Niar Chips was established in 2017 and produces a variety of snacks, including long bean chips, jalangkote chips, balado chips, and hidden beans. However, Kechipik Niar must continue to come up with new ideas to remain competitive in the increasingly tight local and regional markets.



MSME E-Commerce

In the digital era, businesses are growing very rapidly. Technology and the Internet have opened up new opportunities for businesses to access larger markets, improve operational efficiency, and drive growth (Sri and Ahmad, 2017). According to the study, the wave of the digital economy that comes with inclusive and equitable opportunities challenges the industry to continue creating new innovations. Not only in the industry, startups must also be able to compete by collaborating and creating synergies (Vania & Anwar, 2022), because the digital economy is a shared economy that has encouraged more small and medium enterprises to join the business world. Believing that now is the time for entrepreneurs to start taking advantage of the speed of technology to support their management processes (Solihin, 2021). Strong global competition requires economic actors to continue to improve product innovation by using existing technology to address these global challenges. An effective e-commerce development strategy for MSMEs in Indonesia can be implemented through several steps:

1. Improve product quality: MSMEs should pay attention to the quality of products sold through electronic commerce. Product quality is one of the determining factors for the success of a business.
2. Innovation Process: MSMEs need to implement an innovation process to update products and services sold through e-commerce. Innovation is a determining factor for competitiveness in the e-commerce market.
3. Strengthen the company's brand or brand: MSMEs need to strengthen the company's brand or brand through e-commerce. Trademarks are factors that determine customer trust in the products and services sold.
4. Network development, MSMEs build a strong network through e-commerce. Network is a determining factor in the effectiveness of marketing products and services.

Niar Chips Innovation

1. Utilization of E-Commerce in the Niar Chips Business
Kripik Niar has adopted various e-commerce platforms such as social media such as Instagram and Facebook for the marketing of its products. With the use of e-commerce, Kripik Niar is able to reach a wider range of consumers, both inside and outside the region (Irmawati, 2011).
2. Innovation Strategies in Digital Marketing
 - a. Creation of engaging marketing content (high-quality product photos and videos).



- b. Implementation of digital marketing strategies through social media and influencer marketing.
 - c. SEO optimization in product descriptions on e-commerce platforms.
 - d. Leveraging paid advertising features to increase product visibility
3. The Impact of E-Commerce on Business Growth

With the adoption of e-commerce, Kripik Niar has experienced a 40% increase in sales in the past year. In addition, the reach of this business market has expanded beyond areas that were previously difficult to reach through conventional methods. The use of e-commerce also reduces marketing and distribution costs, thereby increasing operational efficiency (Nasution et al., 2020).
4. Challenges and Solutions in the Utilization of E-Commerce

While it provides many benefits, there are some challenges in utilizing e-commerce, such as fierce competition, more complex stock management, and the need for improved customer service. To overcome this challenge, Kripik Niar implements strategies such as:

 - a. Maintain product quality and customer service.
 - b. Using analytics data to understand consumer preferences.
 - c. Develop product variations according to market trends.

Niar Chips Product and Packaging Innovation diversifies products with various flavor variants and packaging designs that are more modern and environmentally friendly. This step aims to attract the youth market segment and the online market. E-commerce platforms such as Shopee and Tokopedia are used to reach consumers outside the region. Instagram is used to build a brand image and reach customers interactively (Asmoro & Indrarini, 2021). Customer service is done through WhatsApp Business and an automatic retaliation system on social media. This increases responsiveness and customer satisfaction. The main obstacle is the limitation of digital literacy and logistics. Kripik Niar gets around this with independent training and cooperation with local delivery services and freelance digital marketing.

RESEARCH METHODS

This study uses a descriptive qualitative approach. This approach was chosen to describe in depth the innovation strategy carried out by Usaha Kripik Niar in utilizing e-commerce platforms to increase competitiveness and business growth in the digital era. This qualitative research does not focus on numbers, but on the meaning, understanding, and experiences experienced by



business actors.

This research was conducted at the Niar Chips Business, which is located in Bone Regency, South Sulawesi. The research implementation time starts from May to July 2025.

Research informants were selected by purposive sampling, which is the selection of informants based on certain considerations relevant to the research objectives. The main informants consist of:

1. Owner/manager of Kripik Niar Business
2. Employees involved in the marketing and digitalization process of the business

Data Collection Techniques Data is collected using the following techniques:

1. In-depth interviews: Conducted with business owners and parties involved in digital marketing to obtain information related to e-commerce strategies, challenges, and benefits.
2. Direct observation: The researcher observed the operational activities, use of technology, and digital marketing strategies carried out by the Kripik Niar business.
3. Documentation: Collect documents such as product photos, e-commerce account displays, customer testimonials, and sales reports before and after the use of e-commerce.

The data analysis techniques used in this study follow the Miles and Huberman interactive model, which includes three main stages:

1. Data reduction: Simplify and filter important information from interviews, observations, and documentation.
2. Data presentation: Organize data into narratives, tables, and images to make it easier to understand.
3. Drawing conclusions and verification: Drawing conclusions from emerging patterns and verifying them with field data.

To test the validity of the data, the researcher used source triangulation techniques and triangulation techniques, namely:

1. Source triangulation: Compare data from owners, employees, and customers.
2. Triangulation techniques: Combining the results of interviews, observations, and documentation to corroborate the validity of information.

RESULT

The Niar Chips Business is one of the micro, small, and medium enterprises (MSMEs) engaged in the production of snacks, especially chips. This business has adopted an innovation



strategy through the use of e-commerce platforms to increase market reach and product competitiveness. In its implementation, Kripik Niar utilizes various digital platforms such as WhatsApp Business as a means of product promotion and distribution. This step has proven effective in expanding market access to regional and national regions, as well as increasing sales volume compared to the period before digital transformation. Despite facing challenges such as limited human resources in digital content management and low technology literacy in the early stages, Kripik Niar managed to overcome them through internal training and independent learning. The positive response from consumers to the digital innovations implemented, especially in terms of ease of transactions and quality of customer service, shows the success of the digitalization strategy implemented by Kripik Niar.

1. Implemented Innovation Strategy

Based on the results of interviews and field observations, the innovation strategy implemented by the Niar Chips Business includes several main aspects as follows:

a. Digitizing Marketing Channels

Kripik Niar's business began to adopt digital media as the main marketing channel, by utilizing social media platforms such as Instagram and Facebook, as well as joining popular marketplaces such as Shopee and Tokopedia. This strategy aims to expand market reach, increase product visibility, and adapt to modern consumer behavior that tends to shop online.

b. Product and Packaging Innovation

Niar Chips products have undergone a transformation in the packaging aspect, with a more attractive, informative, and in accordance with hygiene standards. The product packaging is equipped with a composition information label, expiration date, and QR code that is directly connected to the official e-commerce account, to increase consumer trust and provide easy access to information.

c. Online Booking Services

To provide convenience in the transaction process, Kripik Niar provides an online ordering service through WhatsApp Business which has been equipped with a digital catalog and automatic response feature. This approach improves customer service efficiency as well as strengthens relationships with consumers directly.

2. The Impact of E-Commerce Utilization

Digital transformation carried out through the use of e-commerce has had a significant impact on the development of Kripik Niar's business, including:



a. Increased Sales Volume

There was an increase in product orders of 35-50% in the six-month period after Kripik Niar actively sold through the marketplace platform. This increase reflects the effectiveness of e-commerce in expanding market reach and attracting more consumers.

b. Promotion and Cost Efficiency

Marketing through social media and marketplace platforms has proven to be more cost-efficient compared to conventional promotional methods, such as brochure distribution or physical store rentals. This digital approach provides an opportunity for small businesses to promote at a more affordable cost.

c. Increased Customer Loyalty

The use of a customer service system through WhatsApp and a review facility in the marketplace provides faster, more transparent, and more reliable interactions, which in turn increases customer loyalty levels. Customers feel more connected and valued, which contributes to better customer retention.

3. Obstacles and Solutions

Although Kripik Niar has successfully implemented its digitalization strategy quite effectively, in the process there are several obstacles faced, along with solutions implemented to overcome them:

a. Limitations of Technological Knowledge

In the early stages, business actors experience obstacles in managing marketplace accounts due to a lack of knowledge and skills of digital technology. This barrier is overcome through participation in online training and informal learning processes from networks of fellow MSME actors who have already adopted e-commerce technology.

b. Price Competition on the Marketplace

Niar chips face competition pressure from similar products produced by large-scale industries at more competitive prices. To respond to this challenge, Kripik Niar prioritizes differential advantages in the form of authentic local flavors and maintained quality of raw materials, so as to be able to build added value for consumers.

c. Limitations of Human Resources in Digital Management

Limited workforce, especially in content management and digital marketing



activities, is one of the operational obstacles. As a solution, this business recruited an additional staff who was specifically responsible for the field of digital marketing, to ensure the consistency and effectiveness of the digital communication strategy.

DISCUSSION

This study examines how Niar's Chips Business utilizes e-commerce-based innovation strategies in order to increase its competitiveness and business scale in the digital era. Based on the results of interviews, observations, and documentation, it was found that digital innovations carried out by this business were able to have a real impact on business growth, especially in terms of marketing, market reach, and relationships with customers.

1. Innovation as an Adaptation Strategy for MSMEs

The results of the study show that the innovative steps taken by Kripik Niar are a form of adaptation to changes in consumer behavior who now prefer online transactions. This strategy is in accordance with the concept of innovation according to Schumpeter (1934), who states that innovation is not only related to products, but also distribution methods, business processes, and new market penetration. The implementation of e-commerce allows Kripik Niar to expand its market reach from just local consumers to intercity and inter-provincial customers. This reflects the success of digital transformation as a survival and growth strategy in an increasingly competitive business ecosystem.

2. The Application of Digital Technology as an Enabler

The use of platforms such as marketplaces (Shopee, Tokopedia), social media (Instagram, Facebook), and WhatsApp Business proves that digital technology is not only an aid, but an enabler that facilitates two-way interaction with customers. This initiative supports the theory from Laudon & Traver (2020) that e-commerce enables efficiency in business processes and personalization of customer service. In the context of Niar Chips, this technology is used not only to sell, but also to build a brand (branding), manage customer relationships (a simple CRM), and collect customer feedback quickly.

3. Changes in Promotion and Distribution Patterns

The shift from a conventional promotion system to digital promotion shows that Kripik Niar is innovating in the distribution pattern of product information. Promotions that were previously only carried out through direct social networks and offline stores, are now combined with promotions through creative content on social media, customer reviews



on marketplaces, and endorsements from local influencers. This step supports the concept of digital promotion in the modern marketing mix, which emphasizes the importance of content, engagement, and accessibility strategies.

4. Digital Challenges and Learning

Although innovation brings benefits, it also faces challenges, such as limited human resources in the management of digital platforms and low technology literacy in the early stages. However, this challenge has been successfully overcome through gradual learning and the use of online learning resources, which show the resilient characteristics of MSMEs. This finding is in line with a study by Sari (2021), which states that the success of MSME digitalization is highly dependent on the willingness to learn and mental readiness of business actors to get out of the comfort zone of traditional operations.

5. Increased Added Value and Competitiveness

Overall, the e-commerce-based innovation strategy has provided real added value to Kripik Niar. Not only in the sales aspect, but also in forming a modern product identity that is relevant to the digital market. By combining the uniqueness of local products and a modern technological approach, Kripik Niar has managed to build a competitive advantage that is difficult to replicate by competitors who rely only on conventional methods.

CONCLUSION

Based on the results of the research that has been conducted, it can be concluded that the innovation strategy implemented by the Niar Chips Business through the use of e-commerce platforms has proven to be effective in increasing market reach, marketing activity efficiency, and product competitiveness. These innovations include the use of social media, marketplace platforms, online ordering systems, and improving the quality of product packaging in accordance with logistics distribution standards. The use of digital platforms such as Shopee, Tokopedia, Instagram, and WhatsApp Business plays a significant role as a promotional and distribution medium that expands market access to regional and national areas. The implementation of this strategy has substantially impacted the increase in sales volume compared to the period before digital adoption.

Some of the obstacles identified in the digital transformation process include limited human resources in digital content management, low technological literacy in the early stages of implementation, and high levels of price competition on online platforms. However, these



challenges have been successfully overcome through internal training and self-learning initiatives by business actors. Consumer responses to digital innovations have tended to be positive, especially in terms of ease of transactions, the availability of various payment methods, and improving the quality of customer service through digital channels.

SUGGESTION

Based on the results of the research, some suggestions that can be conveyed are as follows:

1. For Kripik Niar, it is recommended to continuously develop the digital competence of human resources, especially in terms of improving digital content design skills, optimizing marketplace use, and managing customer data. This effort aims to ensure the sustainability of digital innovations that have been implemented and expand the positive impact on business performance.
2. For other Micro, Small, and Medium Enterprises (MSMEs), the use of e-commerce should be seen as a long-term strategy in dealing with market dynamics, not merely as a momentary trend. The initial stages that can be done include understanding the characteristics of the digital market, choosing a platform that is in accordance with product segmentation, and creating product uniqueness both in terms of visual and taste.
3. For the government and related institutions, it is expected to design and implement mentoring and training programs for MSME digitalization in a sustainable manner. This program needs to be focused on areas that have high local product potential but are not optimal in the use of digital technology, in order to accelerate the equitable distribution of digital transformation in the MSME sector.

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