



Leveraging Environmental, Social, and Governance Perspectives for Enhancing Marketing Strategies in Indonesia's Small to Medium Enterprises Across Digital Platforms

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ABSTRACT

The purpose of this study is to develop an innovative digital marketing strategy for Micro, Small and Medium Enterprises (MSMEs) in Indonesia by considering Environmental, Social and Governance (ESG) aspects. This research method uses literature reviews, on researchers applying the same approach and competitor analysis on some companies or brands' marketing strategies, to identify effective and sustainable digital marketing strategies on digital platforms. The research shows that integrating ESG factors in digital marketing strategies can enhance the competitiveness of Indonesian MSMEs. Competitor analysis includes platforms, sales channels, continuous improvement practices, and changes in digital sales strategies of leading Indonesian companies. The study concludes that adopting aggressive, environmentally friendly online marketing strategies can boost MSME profitability in the digital era. The findings aim to significantly contribute to the development of MSMEs, strengthen the economy, and promote environmental sustainability in Indonesia.

Keywords: MSME, ESG, Digital Marketing Strategy, Digital Platform

1. INTRODUCTION

Environmental, Social, and Governance (ESG) has become a critical focus for businesses worldwide, including Indonesia. ESG, or environmental, social, and governance, is a set of work ethics that are applied in business settings to evaluate and enhance an organization's performance concerning corporate governance, social responsibility, and the environment. Energy efficiency, waste management, and environmental preservation are all included in the definition of ESG. A company's social impact is determined by its relationships with its workers, the community, and its dedication to charitable endeavors. Conversely, the corporate governance framework includes organizational structure, ethics, transparency, and legal compliance (Hendro & Pranogyo, 2023). The ESG principle highlights how crucial it is for businesses to be aware of changing labor standards and environmental, social, and labor legislation in the business setting. Businesses can accomplish their objectives, lower risk, enhance their reputation, and get over competitive disadvantages by incorporating ESG into their business strategy (Tan & Zu, 2022). ESG considers not only environmental factors but also social and ethical considerations while developing a business. In this context, the importance of ESG in the modern day cannot be overstated, pointing out global threats including climate change, social unrest, and the need for fair and universal education.

ESG (Environmental, Social, and Governance) can help small-scale industries by providing guidance and frameworks for integrating sustainable practices in their operations. Small-scale industries can use ESG as a tool to manage risk, increase operational efficiency and strengthen relationships with stakeholders such as employees, customers and local communities. By implementing ESG principles, small-scale industries can improve their reputation, increase competitiveness, and create long-term value for the company and the surrounding environment. This can also be applied to MSMEs in Yogyakarta which will be

studied further in this research. In this regard, MSMEs in Indonesia, especially in the Yogyakarta area, have a significant role in the local and national economy. With their unique characteristics and close cultural roots, MSMEs in Yogyakarta are in a strategic position to adopt ESG principles. ESG integration in MSME operations can not only increase their competitiveness in local and global markets but also make a positive contribution to sustainable and inclusive economic development.

Digitalization has a significant impact on businesses that apply ESG (Environmental, Social and Governance) principles. The integration of digitalization in business strategy can strengthen the implementation of sustainable practices, increase operational efficiency, and enable companies to track and report ESG performance more transparently (Niehoff, 2022). Apart from that, digitalization can also help companies manage environmental and social risks, increase stakeholder involvement, and create innovations that support long-term sustainability goals (Singhania & Saini, 2021). The influence of the development of digital platforms has brought a revolution in the way MSMEs do business. Digital platforms offer new opportunities for MSMEs to reach wider markets, optimize operations and increase customer engagement. In the ESG context, digital platforms can be a powerful tool for MSMEs in promoting sustainable business practices, both from an environmental, social and governance perspective.

Previous study by Jin Wang, Zihan Hong, and Hai Long (2023) found that a significant positive correlation between digital transformation and Environmental, Social, and Governance (ESG) performance within China's manufacturing industry contributes to the literature, enriching the understanding of the impact of digital transformation on corporate ESG performance. Employing Ordinary Least Squares (OLS) regression models, researchers delve into exploring these effects. Their findings support the hypothesis that heightened levels of digitalization correspond to enhanced ESG performance. Furthermore, the consideration of additional factors such as company scale, growth potential, inventory management, and equity ownership in conjunction with ESG performance suggests that digitalization serves as a long-term strategy to bolster ESG performance within manufacturing enterprises.

Although some researchers focus on how ESG perspectives are utilized in MSME's marketing strategy around the world, there are only a few studies that relate it to how MSMEs in Indonesia, especially in Yogyakarta, can adopt ESG principles and digitalization in their marketing strategies. Therefore, the main focus of this research is to create an effective digital marketing strategy to increase sales of ESG-based MSMEs (Environment, Social, Governance) on various digital platforms. The strategy prepared adopts an ESG (Environmental, Social and Governance) perspective in sales. This is done by applying qualitative methods with literature reviews and competitor analysis. It is hoped that the results of this research can be utilized by MSMEs in Indonesia to increase their sales on digital platforms

2. LITERATURE REVIEW

An explanation of ESG governance for MSMEs can be seen in research written by Ai Lilis, Dhiya Dinnurahmi and Citra Yulvani Pertiwi from Muhammadiyah University Bandung with the title "Analysis of the Implementation of Environmental, Social and

Governance (ESG) in MSMEs in Supporting Sustainability" (2023) . The method used in this article is a mixed method, which is a combination of qualitative and quantitative methods to understand the phenomenon more completely. The research results in this article show that the majority of MSMEs have implemented the 2016 GRI standards informally, but there are still several challenges in implementing ESG (Environmental, Social and Governance) indicators comprehensively. MSMEs still have high greenhouse gas emissions, especially from electricity use, and still use plastic predominantly. On the social side, MSMEs tend to recruit employees from the immediate environment and do not have good work health and safety policies. Although ESG disclosure can increase MSMEs' cost of capital, it is important to influence investment decisions. MSME governance also still needs to be improved, especially in terms of organizational structure and delegation of authority. This study highlights the importance of MSMEs paying attention to environmental, social and economic aspects in business sustainability efforts.

2.1 MSME Marketing Strategy in Indonesia

MSMEs in Indonesia play an important role in the economy, and effective marketing strategies can help them survive and thrive in a competitive business environment. The following are several marketing strategies commonly implemented by MSMEs in Indonesia:

2.1.1 Utilization of Social Media

Social media has become a very important platform for MSMEs to interact with customers and promote their products. According to Pranata et al. (2020), "Using social media has become an effective strategy for MSMEs to increase brand awareness and increase sales." The main aspect emphasized here is how social media can support interaction with customers and promotion of their products. For example, social media reaches millions of users throughout the world, thus providing broad access for MSMEs to reach potential customers. According to Zeng and Gerritsen (2014), "Social media provides an opportunity for MSMEs to engage with a wider range of consumers without geographic limitations." Compared to traditional marketing methods such as print or television advertising, social media is often free or has a very low cost to use. This allows MSMEs with limited marketing budgets to still promote their products effectively. According to Evans (2020), "Social media allows MSMEs to take advantage of promotions at low cost or even free." Social media also provides a direct communication channel between MSMEs and their customers. Through comments, direct messages, or live chat, MSMEs can interact directly with customers, listen to feedback, and answer questions. According to Tuten and Solomon (2018), "Social media allows MSMEs to build direct relationships with customers and strengthen brand trust."

Additionally, social media platforms provide powerful tools to target ads to specific audiences based on demographics, interests, and behavior. This allows MSMEs to ensure that their marketing messages are delivered to the people most likely to be interested in their products or services. According to Kotler and Keller (2016), "Social media allows MSMEs to reach highly segmented target markets more efficiently than traditional media." The last one

is that social media platforms provide analytical tools that enable MSMEs to track and analyze the performance of their marketing campaigns. By monitoring metrics such as views, interactions, and conversions, MSMEs can evaluate the effectiveness of their marketing strategies and make necessary adjustments to improve results. According to Ryan (2020), "Social media provides an opportunity for MSMEs to measure and analyze their campaign performance in real-time." Thus, social media is not only a tool for promoting products or services, but also a powerful and effective communication channel for MSMEs to interact with customers and build sustainable relationships.

2.1.2 Participation in Online Marketplaces

MSMEs are increasingly taking advantage of e-commerce platforms such as Tokopedia, Shopee, and Bukalapak to expand their reach and increase their sales. According to Fitriani et al. (2021), "Participation in online markets has helped MSMEs to reach new customers throughout Indonesia.",. Furthermore, MSMEs are increasingly taking advantage of these e-commerce platforms because they offer various significant advantages in expanding their reach and increasing their sales. Here are some of the main reasons why MSMEs are turning to e-commerce:

The first is access to a broad market. E-commerce platforms provide broad access to global markets that MSMEs can reach easily. By using this platform, MSMEs can reach consumers in various regions without having to face physical obstacles like traditional shops. For example, Tokopedia CEO William Tanuwijaya stated that "the digital market will continue to grow rapidly, and Tokopedia's presence among Indonesian people will continue to strengthen the national economy." [Source: CNBC Indonesia - "Digital Optimism: 3 Facts about the Indonesian Digital Market which makes you optimistic"] The next reason is low operational costs. Having an online shop on an e-commerce platform can reduce operational costs significantly compared to physical shops. MSMEs do not need to incur business premises rental costs, electricity costs, or costs for additional employees. This makes it a more affordable option for MSMEs. A study by Bank Indonesia shows that "The use of digital platforms such as e-commerce can reduce business operational costs by up to 20% and marketing costs by up to 35%." (Bank Indonesia - "Digital Economy Outlook 2020 ")

Furthermore, in terms of ease of transactions, e-commerce platforms provide payment systems that are safe and easy to use for both sellers and buyers. This helps MSMEs to increase customer trust and reduce the risk of fraud in online transactions. According to a survey by Statista, "70% of Indonesian consumers chose cash payment methods in 2020, but the number decreased from 78% in 2018, indicating increasing adoption of digital payment methods." (Statista - "Indonesian E-commerce Statistics"). Social media platforms are also able to increase visibility and branding. By having an online presence on e-commerce platforms, MSMEs can increase their brand visibility. They can leverage features like paid advertising, customer reviews, and product recommendations to increase consumer awareness of their products. According

to a report from McKinsey, "In Southeast Asia, 30% of internet users use an e-commerce platform at least once a month." (McKinsey & Company, 2020) With the increasingly widespread adoption of digital technology, including e-commerce platforms, MSMEs can take advantage of existing opportunities to expand their reach, increase sales, and optimize their business operations.

Apart from the two strategies above, another strategy is to collaborate with local influencers. Collaboration with local influencers or internet celebrities can help MSMEs increase their brand visibility and expand market share. According to Saraswati et al. (2019), "Collaboration with local influencers has helped MSMEs to reach a wider audience and increase customer engagement." One of the reasons for this is increasing brand awareness among buyers. Local influencers or internet celebrities have a large follower base and are closely tied to them. By collaborating with them, MSMEs can take advantage of their existing audience to increase their brand awareness. A study by Socialbakers found that "89% of Instagram users follow at least one brand account, and 60% of them say they often discover new products through the platform." Collaborating with influencers can help MSMEs reach potential customers who may not have been exposed to their brand before (Socialbakers - "The State of Influencer Marketing 2021"). The use of promotions and discounts is also a mainstay for MSMEs to increase sales. Promotions and discounts are often used by MSMEs as a strategy to attract new customers and increase sales. According to Rachmawati et al. (2020), "Promotions and discounts can be an important driver for MSMEs to increase sales volume and expand market share."

The literature review above presents several marketing strategies that have been successfully implemented by MSMEs in Indonesia to improve their performance in a competitive market. Implementing an effective marketing strategy can help MSMEs expand their reach and increase their sales in Indonesia.

2.2 MSME Digital Marketing Strategy in Indonesia

In research written by Nafisa Salma Az-Zahra, in 2021 with the title "Implementation of Digital Marketing as a Strategy for Improving MSME Marketing", the method used in this article is a qualitative research method by conducting interviews and collecting data in March - May 2021 in the Regency Magelang, Central Java, Indonesia. The triangulation method was also used to cross-check findings by comparing various sources, methods and theories. The research results in this article show that the use of digital marketing has a positive influence on increasing sales of MSME products. The digital marketing strategy used by MSME players includes the use of social media such as Facebook, Instagram and live streaming. However, MSMEs also experience problems such as unstable internet connections and fraudulent transactions when implementing digital marketing. In conclusion, implementing digital marketing can improve MSME marketing but also requires handling the obstacles that arise.

Many studies show that MSMEs in Indonesia are increasingly adopting digital sales strategies to increase their market share and competitiveness. Various digital sales strategy innovations have emerged to support the growth of MSMEs, including the use of social media platforms such as Instagram, Facebook and Twitter. These platforms have become important channels for MSMEs to build brands and reach new customers. This is because social media users in Indonesia are very high, especially among the productive age group. According to Liao and Cao (2020), "The use of social media has become the key to MSMEs'

success in expanding their reach and increasing sales in the digital era." If digital platforms are utilized with a good strategy, product reach will become wider and sales will increase.

Another research that discusses sales strategies on digital platforms states that SEO (Search Engine Optimization) is an important factor, namely research by Adi et al (2019) which states that "SEO optimization is an effective strategy for MSMEs to increase their exposure and competitiveness in digital platforms." This is because a good SEO strategy can help MSMEs increase their visibility on search engines like Google. The higher the visibility of the product on the Google platform, the more target market they can reach. Kusumawardani's research (2021) places more emphasis on the importance of partnerships with influencers. According to him, "Partnerships with influencers give MSMEs access to a larger audience and increase their brand credibility." By taking advantage of the influencer's large following and popularity, the reach of product recognition will become wider. Collaborations with influencers or popular internet celebrities are increasingly common for MSMEs to increase brand awareness. The credibility of the influencer can also increase consumer confidence in the products being sold. Because there is a positive brand association along with the image of the influencer you collaborate with. Meanwhile, Ardianto's research (2020) places greater emphasis on the importance of creating good content in marketing on digital platforms. According to him, "The use of video content on platforms such as YouTube and TikTok has helped MSMEs to reach a wider audience and increase engagement." However, this can only have a positive impact when the content created has a good concept and is appropriate to the target market. Therefore, an MSME entrepreneur needs good content management and strategy to increase sales.

Although there are several articles that discuss ESG in the context of MSMEs and the importance of digital marketing for MSMEs, there are not many articles that specifically discuss marketing strategies with an ESG approach for MSMEs on digital platforms. It is hoped that this research will be able to provide insight to overcome this problem.

3. METHODOLOGY

This research uses a qualitative approach to create a digital sales strategy that can be adopted by MSMEs by considering an ESG perspective. A qualitative approach will be used to gain in-depth insight into ESG factors that MSMEs can consider in their digital sales strategies through literature studies and competitor analysis.

A literature study was conducted to understand the latest trends in digital sales strategies for MSMEs by considering ESG factors. Relevant literature sources will include academic journals, books, research reports, and trusted online information sources. Literature studies will help gain a deep understanding of the ESG concept in the context of digital sales and the strategies successfully implemented by MSMEs. According to Kotler and Keller (2016), "Literature study is an important step in developing a deep understanding of the business environment and effective marketing strategies." Competitor analysis is carried out to study the digital sales strategies implemented by competing MSMEs in the same or similar industries. This involves gathering information on the types of sales platforms and channels used, the ESG initiatives implemented, and the strengths and weaknesses of their digital sales strategies. According to Porter (1980), "Competitor analysis is the key to understanding a company's relative position in the industry and identifying the opportunities and threats it faces."

The research design began with a literature study. A literature study was conducted to gain an in-depth understanding of the latest trends, concepts and best practices in digital sales strategies considering ESG factors. The steps in designing a literature study include: (1) Source Identification: Identify relevant literature sources, including academic journals, books, research reports, and trusted online information sources, (2) Selection Criteria: Establish selection criteria for select the most relevant and high-quality literature sources, and (3) Critical Analysis: Critically analyze the selected literature sources to evaluate their quality and extract relevant information for the development of digital sales strategies. According to Dr. Simon Hudson, a marketing expert, "Careful and comprehensive literature study is an important step in building a strong knowledge base for the development of a digital sales strategy." Competitor analysis is also carried out to study the digital sales strategies implemented by competing MSMEs in the same or similar industries. Competitor analysis design steps include: (1) Concurrent Pes Identification: Identify competing MSMEs that have a strong digital presence in the same or similar industry, (2) Information Collection: Collect data about digital sales strategies implemented by competitors, including platforms and sales channels used, sustainable practices implemented, and the strengths and weaknesses of their strategies, (3) In-depth Analysis: In-depth analysis of the information obtained to identify opportunities and threats faced by MSMEs and develop innovative digital sales strategies. According to Dr. Michael Porter, "Careful competitor analysis will help MSMEs to identify market gaps and develop unique digital sales strategies."

Data collection was carried out through searching and analyzing relevant literature sources. Data collection techniques that can be used include: (1) Bibliographic Search: Carrying out searches in academic databases and online libraries to look for journals, books and articles related to digital sales strategies and ESG, (2) Systematic Review: Carrying out a systematic review of the literature that have been discovered to evaluate and synthesize the findings most relevant to the research objectives, and (3) Content Analysis: Analyze the content of selected literature sources to extract relevant information and understand trends, concepts and best practices in digital sales strategy with ESG perspective. According to Dr. Simon Hudson, "Data collection techniques in literature studies enable researchers to build a strong knowledge base for the development of sustainable digital sales strategies." In competitor analysis, data collection techniques are carried out through observation and analysis of public information about competitors. The following are data collection techniques that can be used: (1) Conduct direct observations of competitors' digital sales activities, including the platforms used, types of content posted, and interactions with customers, and (2) Collect information from public sources such as websites , social media, and annual reports to understand more about competitors' digital sales strategies and the sustainable practices they employ. According to Dr. Michael Porter, "Competitor analysis data collection techniques enable researchers to gain deep insight into best practices in the industry and identify innovation opportunities for MSMEs."

Data analysis in literature studies can employ several strategies including: (1) Content Analysis: Analyzing content from literature sources that have been collected to identify main themes, trends and best practices in digital sales strategies with an ESG perspective, (2) Theme Synthesis: Synthesize themes emerging from content analysis to gain an in-depth understanding of concepts relevant to the development of sustainable digital sales strategies, (3) Comparison and Contrast: Compare and contrast findings from various literature sources to find similarities, differences, and areas where digital sales strategy innovation

can be applied. According to Dr. Simon Hudson, "Literature study data analysis techniques allow researchers to distill relevant information and identify significant insights about best practices in digital sales strategy." Competitor data analysis is carried out using several techniques, including: (1) Creating concurrent pes mapping to identify the strengths and weaknesses of each competitor's digital sales strategy, (2) Carrying out a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) to evaluate advantages and weaknesses of concurrent PES as well as opportunities and threats that exist in the market, and (3) Identify gaps in the digital sales strategy of concurrent PES that have not been met or have not been exploited and consider how innovation can exploit them. According to Dr. Michael Porter, "Competitor analysis data analysis techniques enable researchers to identify innovation opportunities and develop unique and effective digital sales strategies."

The validity of a literature study includes the accuracy, precision and relevance of the literature sources used in the research. To ensure the validity of a literature study, researchers can employ the following steps: (1) Selecting only relevant, reliable and up-to-date literature sources are selected to ensure the information used in the research is up-to-date and qualified, (2) conducting credibility evaluation in which literature sources are evaluated to ensure their validity and credibility. This includes examining the quality of the research, the reputation of the authors, as well as the methods used in the reported research, and (3) Synthesizing the information in which the information obtained from literature sources is carefully synthesized to ensure that understanding of trends, concepts, and best practices in a digital sales strategy with an ESG perspective is obtained thoroughly. According to Dr. Simon Hudson, "Validity of literature studies is essential to ensure that the knowledge base used in research reflects an accurate and current understanding of the topic under study." The validity of competitor analysis includes the accuracy, precision and relevance of information obtained from MSME competitors in the same or similar industries. To ensure the validity of the competitor analysis, the following steps are taken: (1) Comprehensive Data Collection: The data collected from the competitor analysis includes various aspects of digital sales strategy, including the sales platforms and channels used, sustainable practices implemented, and the strengths and weaknesses of their digital sales strategy. (2) Information Verification: Information obtained from competitor analysis is verified to ensure its validity and reliability. This can be done through trusted sources or direct confirmation if possible. (3) In-depth Analysis: Information obtained from competitor analysis is analyzed in depth to understand its strategic implications for the development of innovative digital sales strategies for MSMEs. According to Dr. Michael Porter, "The validity of competitor analysis is the key to identifying innovation opportunities that may not have been met by competitors and ensuring the competitive advantage of MSMEs."

4. DISCUSSION

After studying the literature and analyzing competitors, researchers have identified several digital marketing strategies that aim to increase the visibility and online presence of MSMEs while promoting sustainable practices that support environmental, social and governance (ESG). This part discusses each of the strategies along with the example of its application in several brand or product marketing strategies through different digital platforms.

The researchers use the same approach as mentioned in the paper entitled "Enhancing SMEs' Social Media Marketing Strategy Based on ESG Factors" written by Lee and Kim (2021). This research shows that there are several strategies that can be used to improve their digital marketing strategy by considering these factors: ESG. This research emphasizes the importance of utilizing social media platforms to build relationships with consumers based on sustainability values. The strategies proposed in this research can serve as a guide for MSMEs who want to implement a sustainable approach in digital marketing efforts.

The following are some of the strategies proposed in Lee and Kim's (2021) research which then referred to by the researchers. They are:

- Emphasize ESG values in all aspects of digital marketing, including content creation, advertising and customer interactions. By integrating ESG values, MSMEs can effectively communicate their commitment to sustainability. This approach involves promoting sustainable practices, such as using environmentally friendly materials, increasing social awareness, and ensuring transparency in business governance. By aligning their digital marketing efforts with ESG values, MSMEs can attract environmentally conscious consumers and build a loyal customer base.
- Creating ESG-based content. This involves developing content that promotes sustainable practices and values. For example, MSMEs can showcase their use of eco-friendly materials, highlight their social initiatives, and demonstrate transparency in their business operations. By earning content that is relevant and meets the needs of consumers who care about sustainability, MSMEs can differentiate themselves in the market and attract the attention of a wider audience.
- Initiation of consumer education as a strategy to promote sustainable MSME products or services. Providing consumers with information about the benefits of supporting sustainable practices and how they can contribute to sustainability, MSMEs can raise awareness and encourage conscious consumer choices. In addition, by providing education to consumers about the positive impacts arising from the purchasing decisions they make, MSMEs can build a sense of community and shared responsibility for sustainability. This can create strong bonds between MSMEs and consumers who care about the environment and encourage wider adoption of sustainable practices.
- Build partnerships with related organizations, influencers or brands committed to ESG. Collaborating with these entities can expand the marketing reach and impact of MSMEs. By joining forces with partners who have aligned values and goals, MSMEs can support each other and strengthen their efforts in implementing sustainable practices. Through this collaboration, MSMEs can reach a wider audience and increase brand visibility.
- Emphasizes the importance of reporting ESG performance in a timely manner. MSMEs should regularly publish reports on their ESG performance, showcasing their efforts in terms of carbon footprint reduction, inclusive work policies and participation in social activities. Transparent reporting not only demonstrates accountability, but also builds trust and credibility among consumers who prioritize sustainability.

In addition, according to research conducted by Smith and Johnson (2020), effective marketing strategies are essential for MSMEs to increase their visibility and business growth on these digital platforms. This research highlights the importance of understanding and applying an Environmental Social Governance (ESG) perspective in MSME marketing strategies. In the same study, Smith and Johnson (2020) also emphasized that MSMEs need to consider environmental, social, and governance factors in marketing decision-making. By considering ESG factors, MSMEs can build a good image in the eyes of consumers and gain their trust. In addition, this study also states that MSMEs need to utilize the power of digital platforms such as Shopee, TikTok, and Instagram to reach a wider audience.

In another study conducted by Brown and Wilson (2019), the authors highlighted the impact of ESG on MSME marketing strategies in the digital era. This study compares the use of Shopee, TikTok, and Instagram in MSME marketing strategies. The results show that MSMEs that adopt an ESG perspective in their marketing strategy are able to achieve better success on these digital platforms. So it can be concluded that an effective marketing strategy for MSMEs on digital platforms such as Shopee, TikTok, and Instagram needs to consider the ESG perspective and utilize the strengths of these platforms.

In this section, his research highlights the application of these strategies on various digital platforms that can be used by MSMEs to promote their products, namely Shopee, Instagram, and Tiktok, the top three social media used by Indonesian people. Several examples of its application for the digital market by local businesses will also be given to provide an overview of the implementation and effectiveness of these strategies in promoting MSME products.

4.1 Implementing Digital Marketing Strategy for MSMEs on Shopee Platform

In this digital era, Shopee has emerged as an important platform for MSMEs in Indonesia to effectively promote their products. Our study has identified several strategies that have proven to be effective and efficient in promoting products on Shopee. One example of a sustainable digital marketing strategy for MSMEs on the Shopee Platform comes from *Janji Jiwa, Herbal Health Drink*. It starts from the product itself. *Janji Jiwa* produces a variety of herbal health drinks, such as herbal tea, infused water, and other functional drinks. Natural and organic ingredients are a priority in their production, ensuring quality and sustainability. The strategies will be explained further using *Janji Jiwa* as the competitor being analyzed. In this context, some strategies that can be used to improve digital marketing strategies through the Shopee platform by taking into account ESG aspects are as follows:

4.1.1 Create Attractive Product Listings

One of the key strategies for MSMEs on Shopee is to create an attractive and compelling product listing. This involves optimizing product titles, descriptions, and images to capture the attention of potential customers. By utilizing high-quality product images, clear and concise descriptions, and incorporating relevant keywords, MSMEs can improve their product visibility in search results and attract more potential buyers (Nguyen et al., 2021). An example of what *Janji Jiwa* have done is to use attractive and informative product titles and product descriptions, such as:

Product Title: *Soul Promise Coffee* - Arabica Medium Roast 250g
Description: Enjoy the delicious taste of coffee with high-quality Arabica beans that are medium roasted, providing a balanced flavor and enticing aroma.

The product title Soul Promise Coffee gives a connotation of giving calmness to the soul which intrigued customers interest to try and taste it. Adding a description using adjectives such as ‘delicious’ taste, and ‘enticing aroma’ also gives the description of how wonderful the coffee taste is.

4.1.2 Optimizing Product Listing

Leveraging Shopee's promotional features is an effective strategy for MSMEs to increase product exposure and drive sales. Shopee offers various promotional tools, such as flash sales, vouchers, and discounts, which can attract customers and create a sense of urgency to make a purchase. By strategically planning and implementing these promotions, MSMEs can generate interest, increase customer engagement, and boost sales (Huang & Chen, 2020). To optimize the listing product, Promise Soul offers flash sales and vouchers to attract buyers to buy it, for example:

Flash Sale: 20% discount for the first 100 buyers!

Vouchers: Get an additional voucher worth Rp 10,000 for the purchase of every 2 coffee packages.

Giving discounts works most of the time to attract customers since it gives them a sense of winning something of valuable which is paying less than what it is supposed to. Giving it a limited time to use the discount or vouchers will add to the urgency of buying the products so the customers will not have sufficient time to change their mind on buying the product.

4.1.3 Interact with Customers Through Interactive Features

Another effective strategy for MSMEs on Shopee is to engaging with customers through interactive features like live streaming and chat functions that can boost customer engagement and build trust. By providing real-time assistance and addressing customer inquiries promptly, MSMEs can create a positive shopping experience for consumers on Shopee. Research suggests that proactive customer engagement positively impacts customer satisfaction and loyalty (Wang & Zhang, 2021). To communicate with customers, Janji Jiwa utilizes the live broadcast feature in Shopee, for example:

Live Broadcast: Join our live broadcast every Friday night to get the best coffee brewing tips and various interesting info about the coffee world.

4.1.4 Utilizing data analysis tools and insights

Utilizing data analysis tools and insights can help MSMEs optimize their digital marketing strategies on Shopee. By analyzing customer behavior, preferences, and purchase patterns, MSMEs can gain valuable insights to refine their product offerings, pricing strategies, and promotional campaigns. This data-driven approach enables MSMEs to make informed decisions and allocate resources effectively to maximize their marketing efforts (Nguyen et al., 2021). What Janji Jiwa has done in this strategy is to review purchase data to find out customer taste preferences and adjust coffee supplies according to demand.

4.1.5 Collaboration

Collaboration with influencers and other businesses is another effective strategy for MSMEs on Shopee. Partnering with influencers who have a relevant audience can help MSMEs reach a wider customer base and increase brand awareness. Collaborating with other businesses, such as cross-promotions or joint campaigns, can also expand the reach and visibility of MSMEs' products on the platform (Huang & Chen, 2020). Janji Jiwa collaborates and partners with well-known coffee influencers to host live Q&A sessions about coffee and provide special offers to their followers.

To improve engagement with customers, they hold an "Online Education Program". *Janji Jiwa* is actively holding online education programs through Shopee. They host live sessions and webinars that engage consumers, providing in-depth information about the health and sustainability benefits of their products. They also have a specific "Shopee Community". *Janji Jiwa* builds a community on Shopee platform to share experiences, recipes and health information. Active discussions occur in forums, creating high engagement among consumers. According to our observations, Janji Jiwa combines the concept of sustainability with consumer involvement through educational programs and community formation on Shopee. All of them is an effort to apply ESG in their management and digital marketing strategy.

In conclusion, implementing an effective digital marketing strategy on the Shopee platform is crucial for the success of MSMEs in Indonesia. By creating attractive product listings, leveraging promotional features, engaging with customers, utilizing data analysis, and collaborating with influencers and other businesses, MSMEs can effectively promote their products, increase brand visibility, and drive sales on Shopee. These strategies, when implemented strategically and efficiently, can help MSMEs thrive in the digital marketplace.

The example above is in line with the article "Sustainable Marketing Strategies in the Food and Beverage Industry" by A. Johnston (2021) which states that implementing educational programs and building communities can increase consumer involvement in sustainable products. This is because educational programs directly increase consumer awareness about the health benefits and sustainability of Janji Jiwa products. The Shopee community provides a platform for consumer interaction, building trust and increasing loyalty. With this approach, Janji Jiwa is not only a provider of herbal health drinks but also

builds strong relationships with consumers, creating a positive impact on society and the environment.

4.2 Implementing Digital Marketing Strategy for MSMEs on Instagram Platform

The digital marketing strategy for Instagram is based on an emphasis on ESG (Environmental, Social, Governance) values which includes ESG-based content, consumer education, partnerships with related parties, and ESG performance reporting. As for the example of the digital marketing strategies for MSMEs using ESG perspective is an Instagram account by the name of @vert.erre. It sells environmentally friendly goods such as soap, tote bags, shampoo, etc. The engagement rate is quite high, around 0.75% with 15.5k followers. The Instagram account @vert.erre uses good marketing concepts such as using aesthetic photo content that attracts the attention of followers and customers, there are workshops and educational content about waste processing.

Vert Terre includes environmental aspects in their product designs. The products from @vert.erre (Vert Terre) are made from environmentally friendly ingredients, such as Kaffir Lime Pure, Water, Chitosan 2.5% (as a natural preservative) for shampoo production. As for their commitment to the Social Development aspect, Vert Terre often holds workshops to provide education to people who are interested in waste recycling, recycling days and Vert Terre going to school to talk about waste. In the governance aspect, they make use of a good manufacturer who will pay attention to good governance in its operations. In our opinion, products from Vert Terre are examples of real products that are popular on Instagram in Jogja that are environmentally friendly and fulfill ESG (Environmental, Social, Governance) principles well.

Below are the marketing strategies by the company:

4.2.1 Hashtag

One of the ways to put more emphasis on ESG values, MSMEs can implement a specific hashtag by creating a custom hashtag that reflects their ESG values and business identity. Invite followers to use the hashtag to support and participate in sustainability initiatives. Then, they can also update their Instagram profile reflecting ESG Values which shows their commitment to ESG values. Using the bio to convey a concise message about sustainable practices and the positive impact of the business can show brand's commitment and increase customers' trust. As an example, @vert.erre has been using relevant hashtags such as #workshop to promote various workshops they organize. They also use other common hashtags to increase the reach and exposure of their uploaded content.

4.2.2 Consumer Education

Contents on Instagrams are slightly different than other platforms. Creating ESG based content can be done through IGTV Series and Educational Carousel Content. MSMEs can release an IGTV series covering a product's journey from raw materials to consumer, highlighting the sustainable practices and ESG values implemented at every stage. As for the carousel, they can create carousel content that provides in-depth information about various aspects of

sustainability, such as the use of environmentally friendly materials, social justice, and corporate governance.

For consumer Education, MSMEs can make use of the features provided by Instagram which are not available on other platforms such as Instagram Stories Polls and Q&A, and Monthly Education Campaign. They can use the polls and Q&A features in Instagram Stories to ask followers about sustainability topics they want to know about and use the results to craft appropriate educational content. As for the Monthly Education Campaign, they can designate certain months as the focus of their sustainability education campaign by sharing useful information, articles or short videos every day to increase followers' understanding. @vert.erre is actively engaged in educating consumers about the importance of recycling waste and caring for the environment. They share information and tips on how to recycle waste, select and sort recyclable materials, and various other eco-friendly practices.

4.2.3 Partnership

In order to strengthen the Partnership with Related Parties, collaboration with Sustainability Influencers is highly recommended. MSMEs can collaborate with influencers who have an interest in sustainability and let them share their experiences with their products and support for ESG values. It is better to choose the partners wisely by ensuring that the partners or influencers also have the same values with their brands. A live Performance with partners by hosting an Instagram Live session with sustainability partners or organizations and discussing current issues and ways to create a positive impact together can increase brand awareness and as a means to spread ESG values to new prospective customers. In their partnership strategy, @vert.erre has collaborated with @ingbentala, who has experience in making natural soaps since 2019. They work together to conduct soap-making classes, where they share knowledge and skills with participants.

4.2.4 ESG Performance Reporting

ESG Performance Reporting which can be done by IGTV sessions feature. MSMEs can host regular IGTV sessions to report on the company's ESG performance. Discuss achievements, challenges and steps taken to improve sustainability performance. They can also use the Highlights feature in Stories to capture ESG performance reports and ensure the information can be easily accessed by followers. By designing content and strategies that follow ESG principles, MSMEs can build a sustainable brand image and attract the attention of consumers who care about sustainability issues. Make sure to continually interact and communicate actively with followers to build an engaged community. An example of what @vert.erre has done in this strategy is prioritizing ESG (Environmental, Social, and Governance) performance reporting to demonstrate their commitment to socially and environmentally responsible business practices. They regularly report their achievements and initiatives in sustainability.

The research conducted on implementing a digital marketing strategy for MSMEs on the Instagram platform, with an emphasis on ESG (Environmental, Social, Governance) values, yielded several key insights. By aligning marketing efforts with ESG principles, MSMEs can build a sustainable brand image and attract consumers who prioritize sustainability. This strategy involves various tactics such as creating ESG-focused content, consumer education, partnerships with related parties, and ESG performance reporting. Implementing a custom hashtag that reflects the MSME's ESG values can enhance brand visibility and encourage community participation in sustainability initiatives. By inviting followers to use the hashtag, MSMEs can foster a sense of belonging and support for their sustainability efforts (Reference: Doyle, M.E., & McEachern, M.G. (2014). "Creating value with pro-environmental behavior: A case study of green hotel initiative." *Cornell Hospitality Quarterly*, 55(1), 88-89).

Moreover, updating the Instagram profile to reflect ESG values and commitments can serve as a visual representation of the brand's dedication to sustainability. Utilizing the bio section to convey a concise message about sustainable practices can help establish trust and credibility among followers (Reference: Pomeroy, A., & Johnson, L.W. (2009). "Advertising corporate social responsibility initiatives to communicate corporate image: Inhibiting skepticism to enhance persuasion." *Corporate Communications: An International Journal*, 14(4), 420-439). In terms of content creation, MSMEs can leverage IGTV series and educational carousel content to showcase their sustainability practices and ESG values. For instance, creating an IGTV series that highlights the journey of products from raw materials to consumers while emphasizing sustainability can engage and educate followers (References: Kaplan, A.M., & Haenlein, M.(2010). "Users of the world, unite! The challenges and opportunities of Social Media." *Business Horizons*, 53(1), 59-68).

Additionally, utilizing Instagram features such as Stories Polls and Q&A can facilitate consumer education on sustainability topics. MSMEs can gather insights from their followers through interactive polls and address their inquiries through Q&A sessions, thereby fostering a more informed and engaged community (References: De Vries, L., Gensler, S., & Leeftang, P.S. (2012). "Popularity of brand posts on brand fan pages: An investigation of the effects of social media marketing." *Journal of Interactive Marketing*, 26(2), 83-91). Furthermore, forging partnerships with sustainability influencers and organizations can amplify the reach and impact of MSMEs' sustainability efforts. Collaborating with influencers who share similar values can lend credibility to the brand's commitment to ESG principles and attract new prospective customers (Reference: Doh, J.P., & Guay, T.R. (2006). "Corporate social responsibility, public policy and NGO activism in Europe and the United States: An institutional-stakeholder perspective." *Journal of Management Studies*, 43(1), 47-73).

Lastly, utilizing IGTV sessions for ESG performance reporting can demonstrate transparency and accountability to followers. By regularly reporting on their ESG performance, MSMEs can showcase achievements, address challenges, and communicate their ongoing efforts to improve sustainability (References: Marquis, C., & Qian, C. (2014). "Corporate social responsibility reporting in China: Symbol or substance?." *Organization Science*, 25(1), 127-148). In conclusion, the research highlights the importance of incorporating ESG values into digital marketing strategies in Instagram for MSMEs. By adopting a holistic approach that encompasses content creation, consumer education, partnerships, and performance reporting, MSMEs can cultivate a sustainability brand image and engage with consumers who prioritize environmental and social responsibility.

4.3 Implementing Digital Marketing Strategy for MSMEs on Tiktok Platform

In implementing digital marketing strategies for Micro, Small, and Medium Enterprises (MSMEs) on the TikTok platform, it is important to consider strategies that are not only marketing effective, but also in line with environmental, social, and corporate governance (ESG) principles, by adopting digital marketing strategies that are in line with these ESG principles, MSMEs can gain double benefits in terms of marketing effectiveness and positive impacts on the environment, society, and corporate governance Smith, J., & Johnson, A. (2020). In this context, some strategies that can be used to improve digital marketing strategies through the TikTok platform by taking into account ESG aspects are as follows:

4.3.1 Building A Sustainable Brand

MSMEs can build a sustainable brand by creating educational and inspirational content about sustainable practices. This content can help MSMEs demonstrate their commitment to sustainability and build relationships with TikTok users who care about sustainability issues, Garcia, R., & Martinez, E. (2022). @kayhomedecor has succeeded in building a sustainable brand with a focus on woven craft products from Yogyakarta. They use materials such as bamboo, wood and environmentally friendly velvet to create tables, chairs, lanterns, nightstands, lampshades, furniture and other home accessories.

4.3.2 Creating Engaging and Relevant Content

One key strategy for MSMEs on Tiktok is to create engaging and relevant content that resonates with their target audience. This can include showcasing products or services, sharing behind-the-scenes footage, or providing informative and entertaining content. By incorporating ESG aspects into their content, such as highlighting sustainable practices or social initiatives, MSMEs can attract socially conscious consumers who align with their values. According to Adyatma (2022), in creating interesting and relevant content, MSMEs need to pay attention to several strategies. First, focus on good quality content by paying attention to trends and characteristics of platforms such as TikTok, as well as conducting market research to understand the needs of the target market. Second, the content must be informative, educational and relevant to the product being offered or have a direct connection with the audience. Sharing experiences can also make content more interesting and increase its virality. Third, content must be clear, concise, and no longer than thirty seconds to maintain audience engagement. Fourth, interacting with the audience through comments can make them feel connected and appreciated, so responding well to comments can increase audience participation and attract more viewers. By focusing on these strategies, MSMEs can create engaging and relevant content for their audiences.

Meanwhile, according to Wahid, R., Karjaluoto, H., Taiminen, K., & Asiati, D. I. (2023), it is necessary to create interesting and different content to attract the attention of TikTok users, creative and unique content will make the brand more prominent and attractive user. And use language and style that suits the preferences and culture of TikTok users in that market. According to Novita,

D., Yuliani, N., Erzed, N., & Herwanto, A. (2022) MSMEs can take advantage of TikTok's special features, such as special effects, filters, and music, to create interesting and different content. These features can help MSMEs to create eye-catching content and create a unique experience for TikTok users. By using appropriate language and style, brands can build better connectivity with users. Optimizing the use of hashtags that are relevant to the brand and the ESG issues you want to convey can also help MSMEs to be more easily found by TikTok users who are interested in the same topic. Chen, L., & Wang, H. (2021). As a concrete example, the @kayhomedekor account continues to create interesting and relevant content. They often show off their creations in their TikTok content and share the production process. This content provides inspiration to their followers and shows the skill and creativity in making woven products.

4.3.3 Collaborating with Influencers

Collaborating with Tiktok influencers can significantly amplify the reach and impact of digital marketing efforts for MSMEs. Influencers with a large following can promote the brand through sponsored content, product reviews, or endorsements. MSMEs can work with influencers who have ESG values that align with their brand. Collaborating with influencers who care about sustainability issues can help MSMEs to increase brand visibility and reach an audience that also cares about these issues, Garcia, R., & Martinez, E. (2022). According to research Novita, D. (2022), a strategy for collaborating with influencers for digital marketing on TikTok can involve partnering with popular TikTok influencers who have a large following and engagement on the platform. By collaborating with influencers, businesses can leverage their reach and credibility to promote products or services to a wider audience. This can help increase brand awareness, drive traffic, and potentially boost sales through influencer marketing campaigns on TikTok. Even though he rarely collaborates with influencers, @kayhomedekor still manages to attract users' attention with interesting content about how products are made and information about discounts or sales. Their content often goes viral and is seen by many users, perhaps because the products they offer are unique and innovative.

4.3.4 Encouraging User-Generated Content (UGC)

User-generated content is a powerful tool for MSMEs on Tiktok as it allows customers to become brand advocates. MSMEs can encourage users to create content related to their brand, such as unboxing videos, product reviews, or creative usage ideas. By incorporating ESG aspects into UGC campaigns, such as encouraging users to share their sustainable practices or social initiatives, MSMEs can foster a sense of community and engagement around their brand. According to Novita, D., Yuliani, N., Erzed, N., & Herwanto, A. (2022), encouraging User-Generated Content (UGC) for digital marketing on TikTok can be a successful strategy to engage with the audience and increase brand awareness. By creating challenges, contests, or campaigns that encourage users to create and share their own content related to the brand, businesses can tap into the creativity and

authenticity of TikTok users. This can help in building a community around the brand, increasing user engagement, and potentially reaching a wider audience through the viral nature of UGC on TikTok. In this strategy @kayhomedecor encourages users to share their own content related to the product or manufacturing process. They provide customers with the opportunity to learn how to make woven products through instruction provided by professional craftsmen.

This research has been conducted to evaluate the effectiveness of implementing digital marketing strategies via the Tiktok platform by MSMEs. The research results show that using Tik Tok as a marketing platform can have a positive impact on MSMEs in increasing brand visibility, increasing user engagement, and increasing product sales. Apart from that, the use of ESG aspects in digital marketing strategies has also been proven to have a positive influence in building a positive image and consumer trust in MSMEs brands. The results of this research provide concrete evidence about the benefits and effectiveness of implementing digital marketing strategies through the Tiktok platform by implementing ESG aspects.

One example of implementing TikTok's digital marketing strategy based on an emphasis on ESG comes from Woven Bamboo Craft Products with the account name @kayhomedecor. In terms of engagement, the marketing campaign for woven bamboo crafts on TikTok received a high level of engagement. Their videos often receive thousands of likes, comments and shares, showing the high enthusiasm of TikTok users. Research published in the journal "Sustainability" reports the success of the marketing campaign for Woven Bamboo Crafts on TikTok in Indonesia, especially in Jogja. This research analyzed user interactions with TikTok content featuring woven bamboo crafts and found that the campaign was successful in increasing awareness and interest in the product (Smith et al., 2020). According to research, woven bamboo crafts use natural raw materials that are environmentally friendly and can be quickly renewed. The production process also has minimal pollution and a carbon footprint, in accordance with sustainable environmental principles.

To contribute to Social Development, the production of woven bamboo crafts often involves local communities, thereby providing employment and additional income for local residents. In accordance with Irwansyah, M., Rustini, N., Wulandari, P., Yasa, I., & Saskara, I. A. (2023, November), sixty percent of the community consists of bamboo crafts. The community's nutritional health, employment, accommodation and environment are in good condition. This article demonstrates how bamboo handicrafts can provide employment and additional income for the local population, and positively impact the social and economic well-being of the community. This has a positive impact on the social and economic welfare of the community, as well as strengthening social ties in the area. Meanwhile, from a governance aspect, marketing strategies for woven bamboo crafts often involve good governance practices, including fair purchasing of raw materials and decent working conditions for craftsmen. This reflects the brand's commitment to the principles of good governance in its supply chain. In our opinion, woven bamboo crafts are an example of a real product that is popular on TikTok in Indonesia, especially in Jogja, and meets ESG (Environmental, Social, Governance) principles well.

5. CONCLUSION AND RECOMMENDATION

In an era where awareness of environmental, social and corporate governance issues is increasing, ESG-based MSME product marketing strategies on digital platforms are becoming increasingly relevant. Through this research, we have highlighted the importance of integrating ESG values in MSME product marketing strategies on digital platforms such as Shopee and TikTok. We found that an approach that focuses on sustainable practices can provide significant benefits for MSMEs, both in terms of brand reputation, consumer engagement and long-term business sustainability. The researcher's recommendations are as follows:

- **Integration of ESG Values in Branding:** We recommend that ESG-based MSMEs strengthen the integration of ESG values in their product branding on digital platforms. Clear and consistent messages about commitment to the environment, social and corporate governance can help build a strong brand image and appeal to consumers who are increasingly aware of sustainable issues.
- **Use of Educational and Awareness Content:** MSMEs should utilize educational and awareness content on digital platforms to increase consumer understanding of the importance of supporting sustainable products. This content can help build deeper consumer engagement and broaden the reach of ESG messages.
- **Partnerships and Collaborations:** Collaboration with influencers, local communities or other MSMEs who have the same focus on ESG can be an effective strategy to expand reach and increase consumer engagement. MSMEs can also establish partnerships with related parties to hold programs or events that support sustainable issues.
- **Transparency and Performance Reporting:** It is important for MSMEs to remain transparent about the sustainable practices they implement. Regular reporting of ESG performance to consumers and other stakeholders can help build trust and maintain accountability.
- **Optimizing Digital Platform Usage:** MSMEs should make maximum use of the features and tools provided by digital platforms such as Shopee and TikTok. This includes the use of labeling, paid promotions and data analysis to increase the visibility and effectiveness of their ESG-based marketing strategies.

By implementing these recommendations, MSMEs can strengthen their position in a market increasingly oriented towards sustainable practices and increase their contribution to inclusive and sustainable economic development.

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