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Retail Communication Mix to Strengthen the Competitiveness of MSMEs in the Digital Age

Nur Hidayah^{1*}, Erlinda Desmawati², Cathleen Anabel Tunru³

¹⁻³Faculty of Economics and Business, Universitas Tarumanagara Jakarta, Indonesia

E-mail: ¹⁾ nurh@fe.untar.ac.id

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*Corresponding author:

Nur Hidayah

nurh@fe.untar.ac.id

ABSTRACT

The purpose of this activity is to provide guidance on the application of retail communication mix as a marketing strategy that can increase the competitiveness of Micro, Small and Medium Enterprises (MSMEs) in the digital era. In the context of increasingly fierce business competition, MSMEs are required to be more creative and innovative in reaching consumers. Retail communication mix, which consists of various elements such as new media and traditional media, is considered one of the keys to the success of a business. The activity was carried out with MSME partners engaged in the food sector. The main problem faced by partners was a lack of knowledge about using retail communication to maintain their competitiveness and existence. The methods used were initial observation and training. This activity is expected to contribute to the development of the partners' knowledge, particularly in the fields of management and retail marketing. In addition, the results of this activity are also expected to provide recommendations for partners in designing effective retail marketing strategies to increase their business competitiveness in the digital era.



Keywords: Competitiveness, Digital Era, Retail Communication Mix, SMEs.

1. Introduction

The business landscape has been transformed by the digital era. Rapid growth in digital technology has provided MSMEs with the opportunity to reach a wider market and enhance their business reputation. However, with increasingly fierce business competition, MSMEs must have more effective, creative, and efficient marketing strategies. Digital marketing has the potential to significantly change consumer behaviour, therefore, companies need to adapt by implementing responsive and flexible marketing strategies (Khan et al., 2021). Marketing strategies are designed to attract, retain, and expand the customer base, as well as increase company profits. These strategies include market segmentation and targeting more specific groups within the most potential segments. The main objective of a marketing strategy is to build strong relationships with customers and increase the company's competitiveness (Khan et al., 2021).

Levy et al. (2019) mention that communication in retail is not limited to advertising, but also includes strategies such as personal selling, in-store promotions, digital marketing, and direct marketing. This emphasises that consistency in the messages conveyed through various communication channels plays an important role in building customer trust and loyalty. The retail communication mix is an important tool in marketing strategies that MSMEs can use to convey messages to their target consumers. The retail communication mix is a strategy that utilises various communication tools consistently and synergistically to build a strong brand image, enhance the shopping experience, and encourage customer loyalty (Kotler & Armstrong, 2008). In the digital era, the components of SME communication with their target consumers have

evolved and now include various offline and online channels. With increasingly fierce competition, the growing importance of branding, budget constraints, and increasingly digital consumer behaviour, the role of the retail communication mix is indispensable. Purnama et al. (2022) noted that MSMEs that adopt digital marketing strategies can experience an increase in sales turnover of up to 50%. This shows how important the role of digital marketing is in the success of MSMEs. The retail communication mix encompasses various marketing communication tools used to reach and influence consumers. These include advertising, sales promotions, public relations, direct marketing, and digital marketing (Kotler & Armstrong, 2021). In the context of MSMEs, the application of this strategy is very important to increase brand awareness, improve interaction with consumers, and increase MSME sales. By adopting a digital marketing strategy, MSMEs can expand their market reach without geographical limitations.

In today's rapidly developing digital era, MSMEs can utilise digital media to market and promote their business products to strengthen and increase their competitiveness (Sihite, 2018). Competitiveness is crucial for MSMEs because it determines the sustainability and growth of their businesses amid increasingly fierce market competition. To compete, MSMEs need to be able to differentiate themselves from competitors and attract customers (Khilola & Jibril, 2024). The communication mix plays an important role in strengthening this competitiveness. By using the right communication mix strategy, MSMEs can increase brand awareness, build strong relationships with customers, and effectively convey the unique value of their products or services. With the right combination of promotion, public relations, direct marketing, and digital communication, MSMEs can reach a wider target market, increase engagement, and ultimately increase sales. Tsikirayi et al. (2013) state that 'the adoption of an integrated marketing communications mix (IMCM) is very important for MSMEs to increase awareness of their products and services'. This emphasises that many MSMEs do not realise the importance of integrated marketing communications to reach customers effectively.

In this case, partner issues in marketing are related to unmet sales targets, so the solution offered is to educate and provide explanations about the retail communication mix, which aims to improve marketing capabilities and business competitiveness. By understanding the important elements of the retail communication mix, businesses can more effectively convey product value, reach consumers, and build strong relationships with customers. This knowledge is expected to help businesses develop a more focused retail communication mix marketing strategy that is tailored to the needs and preferences of the target market. As such, there are several things that need to be considered and communicated to partners to optimise their marketing communication strategy.

2. Methodology

The purpose of this activity is to deepen understanding of the retail communication mix so that MSME players can better understand and choose the most appropriate promotional media to market their products. The stages of activities in understanding the retail communication mix for MSMEs aim to identify the right target consumers.

2.1. Preparation Stages

At this stage, the team observed the MSMEs that would host the activities through interviews conducted via WhatsApp, made appointments with business owners to arrange interview schedules related to the presentation of retail communication mix material. Next, they conducted interviews with partners to gather the necessary information and also observed the Kedai Nabil business to prepare the material to be presented and the media needed during the activities.

2.2. Implementation Stage

The implementation stage involves compiling material in the form of a PowerPoint presentation to be delivered to partners, followed by a presentation on the retail communication mix through a 50-minute presentation using Zoom with business owners.

2.3. Final Stage

In the final stage, after carrying out the activities, the next step is to compile an activity implementation report in accordance with the guidelines provided, and produce articles and intellectual property rights.

3. Results and Discussion

3.1. Partner Profile

The partner is a culinary business called 'Kedai Nabil', owned by Mrs. Rahmah El Nasiyah. Initially, the business only sold frozen food, but it has since expanded to offer a variety of products such as: rice boxes (with various menus), catering, traditional cakes, boiled snacks (sweet potatoes, corn, beans, etc.), various porridges, rujak, and a variety of fresh fruit drinks. The business is located at Jl Anggur Barat II No 26, RT 09, RW 03, Cipete Selatan, South Jakarta, with the owner named Rahmah El Nasiyah. The business has been operating since 2017, with promotions conducted through E Wom and social media. Mrs Rahmah runs the business with the principle of 'Honesty' as her business motto. If any product received by the customer is unsatisfactory, defective, or damaged, Mrs. Rahmah will provide a replacement. The business is built on providing delicious flavours to consumers. Below are samples of products from the business:



Figure 1. Partner Product Samples

3.2. Activity Analysis

3.2.1. Materials Delivered to Partners

A. Introduction of Retail Communication Mix

The retail communication mix is a strategic combination of various communication tools used by entrepreneurs to convey messages to their target market. In other words, the retail communication mix is a combination of various ways to communicate directly and indirectly with existing and potential customers. The communication tools included in the retail communication mix can be new media and traditional media. The communication mix is a combination of content-based communication and digital experiences that can increase the effectiveness of messages. Delivering relevant information through articles, videos, or product reviews helps brands attract consumers' attention more effectively and build stronger engagement (Dong et al., 2024).

B. Benefits of Implementing a Retail Communication Mix

The application of retail communication mix has important benefits for businesses, especially in establishing effective communication with consumers. Here are some of the main benefits of retail communication mix:

1) Increasing Brand Awareness

Through various communication channels, brands will be seen more often by consumers, thereby increasing business visibility. In addition, consumers will also find it easier to remember and recognise business brands. Ultimately, consistent communication can help build a unique brand image and strengthen the business's competitive edge over its competitors (Lemon & Verhoef, 2016).

2) Increasing Sales

The application of a communication mix through offers and promotions can attract the target market and provide clearer product information, thereby triggering consumers to make purchases and encouraging customers to buy products repeatedly (Ahuvia, 2016).

3) Build Relationships with Customers

Relevant and personalised communication helps build strong relationships with customers. Building a customer community through effective communication creates a loyal and supportive community. Activities such as giveaways, surveys, and regular social media posts encourage customers to interact with SMEs, enabling businesses to build strong and close relationships with customers (Payne & Frow, 2017).

4) Building a Positive Brand Image

Positive communication can improve consumer perception of the brand, and transparent and honest communication can build trust between the brand and customers. The application of the right retail communication mix helps strengthen the brand's image and position in the minds of consumers. Strategies that involve products, prices, promotions, and locations in an integrated manner can help retailers excel in competition and build customer loyalty (Ahuvia, 2016).

5) Differentiating Brands from Competitors

Competitive advantage is necessary for businesses to build a strong market position. This can be done by designing clear and consistent messages so that businesses can occupy a position in the minds of consumers (Grewal et al., 2020).

C. Applications that can be implemented by Kedai Nabil with the New Element Communication Mix (Levy, 2004)

1) Website

Retailers enhance communication with customers through their business websites, which are used to build brand image, inform customers about store locations, special events, and merchandise availability in stores, and build communities. These sites offer opportunities for customers with similar interests to learn about products and services and share information with others. Visitors can also submit questions to seek information and/or comments on issues, products, and services.

2) Email

Retailers use email to notify customers about new merchandise and special promotions, confirm order acceptance, and indicate when orders have been shipped. When the same message is sent electronically to all recipients, email is more like a more impersonal medium, namely mass advertising. Email recipients can reply back to retailers, which is considered an interactive medium.

3) Mobile Marketing

Mobile marketing is marketing via handheld devices such as mobile phones. Retailers use applications to communicate with mobile phone users and send messages based on their location, as determined by GPS technology. With GPS-based applications, users can also recommend nearby shops to friends in the area. In

addition, the application's data analysis capabilities allow retailers to track the impact of mobile marketing campaigns. Retailers also use mobile channels to send coupons or other promotional offers, such as free shipping to customers who purchase online from retailers while in their physical stores. Retailers may use location-based technology to deliver localised, tailored messages to customers to drive them to the store.

D. Applications that can be implemented by 'Kedai Nabil' with the Traditional Element Communication Mix (Levy, 2004)

1) Advertising

A promotional method that uses mass media such as television, radio, and social media to increase brand awareness, attract customer interest, and encourage purchases through persuasive, informative, and consistent messages.

2) Sales Promotions

Short-term marketing tactics that offer incentives such as discounts, coupons, or gifts to attract customers and increase sales.

3) In-Store Marketing

Methods used in retail stores to attract customers while they are shopping, encourage impulse purchases, and create an engaging shopping experience.

4) Personal Selling

A strategy used by salespeople to interact directly with customers to provide product information and encourage purchases.

5) Public Relations

A strategy to build a positive brand image through press releases, events, and social campaigns to improve relations with the public.

E. Steps in Implementing the Retail Communication Mix Programme (Kotler & Keller, 2016).

1) Situation Analysis

Business understanding: Understanding the vision, mission, objectives, target market, and competitive position of the retail business.

Environmental analysis: Understanding market trends, consumer behaviour, technology, and relevant regulations.

Evaluation of current communication: Evaluating the effectiveness of existing communication, both internally and externally.

2) Determining Communication Objectives

Short-term goals: Increase sales of specific products, increase visitor traffic, or increase brand awareness of new promotions.

Long-term goals: Build customer loyalty, increase market share, or change brand perception.

3) Strategy Development

Identify the target audience: Determine who you want to reach through communication.

Select communication channels: Choose the most effective channels to reach your target audience, such as social media, email marketing, advertising, in-store promotions, and events.

Establish the message: Develop a message that is relevant, engaging, and differentiates your business from competitors.

Allocate the budget: Establish the budget allocation for each communication element.

Implementation:

- a. Creating communication materials: Creating communication materials that are engaging and appropriate for the target audience, such as graphic designs, videos, and written content.
- b. Campaign execution: Executing communication campaigns according to the plan that has been created.
- c. Monitoring and evaluation: Monitoring campaign performance on a regular basis and conducting evaluations to measure success and make improvements if necessary.

F. Measurement and Evaluation

- 1) Metric establishment: Establishing relevant metrics to measure campaign success, such as increased sales, number of visitors, social media engagement rates, and return on investment (ROI).
- 2) Data analysis: Analysing data to identify trends, strengths, and weaknesses of the campaign.
- 3) Decision making: Making decisions based on evaluation results to improve the effectiveness of future campaigns.

4. Conclusion

Through the implementation of this activity, several important conclusions were reached. The presentation and understanding of the retail communication mix were delivered using a PowerPoint format, which included definitions, benefits, explanations of both new and traditional elements of the communication mix, as well as guidance on communication programme planning. The session was conducted through online training with partners via Zoom, where the material was presented in a clear and structured manner. The partners showed great enthusiasm in receiving and listening to the material delivered by the activity team.

Furthermore, during the interview process, the chairperson provided a detailed explanation of the retail communication mix system that could be applied by the partners in their businesses and actively responded to questions raised by participants. As a suggestion, future activities could incorporate practical case studies or simulation exercises to strengthen understanding and allow partners to directly practice the application of the retail communication mix in real business contexts.

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