



Digital Synergy and Communication Strategies for Competitive Advantage: The Case of Food and Beverage MSMEs in Surabaya

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ABSTRACT

The rapid digital transformation in urban environments has compelled micro, small, and medium enterprises (MSMEs) in the food and beverage sector to transition from traditional operations to digital ecosystems. This study explores how MSMEs in Surabaya leverage e-commerce and digital communication strategies (such as social media engagement and online marketing) to build a competitive advantage and enhance business performance. Using a qualitative exploratory approach, the research employs semi-structured interviews and thematic analysis (comprising data reduction, categorization, and interpretation) to understand the strategic decision-making dynamics of MSME actors. The findings reveal that while most MSMEs perceive e-commerce primarily as a sales and market-expansion channel, more advanced actors use it as a sophisticated strategic tool. Furthermore, digital communication often focuses on basic product information and promotion; however, enterprises that successfully integrate e-commerce with consistent, meaningful communication can achieve a stronger brand image, greater customer trust, and more stable sales performance. These results indicate that competitive advantage and business performance in urban MSMEs are not determined solely by technology adoption, but are also heavily influenced by strategic orientation, digital literacy, and consistent communication practices. Theoretically, this study contributes to the discourse on digital communication by asserting that technological integration must be balanced with strategic depth. In practice, it provides industry insights on managing technological innovation to maintain long-term sustainability and market relevance in a dynamic digital environment.

Keywords

e-commerce, digital communication, competitive advantage, MSMEs, business performance

To cite this article (7th APA style):

Mauludin, M. F., Napitupuluh, P. A. W., Yuniyati, E., & Mamduh, A. (2022). Digital synergy and communication strategies for competitive advantage: The case of food and beverage MSMEs in Surabaya. *Journal Communication Spectrum: Capturing New Perspectives in Communication* 12(2), 155-166. <https://doi.org/10.36782/jcs.v12i2.2233>

INTRODUCTION

Micro, small, and medium enterprises (MSMEs) in the food and beverage sector are one of the main drivers of the urban economy, particularly in the city of Surabaya, which is known as the center of trade, services, and creative industries in East Java. The high number of businesses in this sector has

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led to increasingly fierce competition, requiring MSMEs not only to survive but also to develop sustainable competitive advantages. From a strategic management perspective, competitive advantage is understood as an organization's ability to create unique and difficult-to-imitate value through the management of resources, capabilities, and appropriate strategies (Porter, 1990; Porter, 2008; Barney, 2010).

The dynamics of MSME competition in Surabaya City are reflected in the growing awareness among business actors of the importance of differentiation and business protection. One indicator of this is the increase in the number of MSMEs applying for Intellectual Property Rights (IPR). According to data from the Surabaya City Trade Office, during 2015–2019, approximately 700 MSMEs applied for IPR registration. In detail, the number of MSMEs that applied for IPRs in 2015 was 90, decreased to 85 in 2016, then increased significantly to 150 in 2017, decreased again to 125 in 2018, and peaked at 250 in 2019. The data is presented in Table I.

Table I. Number of MSMEs that Managed Intellectual Property Rights (IPR) in Surabaya City from 2015 to 2019.

Number	Year	Number of MSMEs (Units)
1	2015	90
2	2016	85
3	2017	150
4	2018	125
5	2019	250
	Total	±700

Source: Surabaya City Trade Office (Wiwiek Widayati, official statement, 23 December 2019).

Despite an increase in intellectual property rights ownership, empirical evidence in the field shows that this has not been fully accompanied by an increase in the competitive advantage and performance of MSMEs. Many food and beverage MSMEs in Surabaya have registered trademarks, but still face obstacles in communicating the value, uniqueness, and differentiation of their products to consumers. Competition is still dominated by product uniformity, similar business concepts, and price-based marketing strategies. This situation indicates that legal protection through IPR has not been fully integrated with effective communication and marketing strategies.

Theoretically, competitive advantage is achieved through market orientation, innovation, and the organization's ability to leverage knowledge and learning as strategic sources of value (Kumar et al., 2011; Urbancova, 2013; Talaja et al., 2017). A number of previous studies have shown that competitive advantage has a significant effect on the performance of MSMEs, in both marketing and business sustainability (Djodjobo & Tawas, 2014; Dalimunthe, 2017). In addition, knowledge management, learning orientation, and innovation have been shown to contribute to improved SME performance through competitive advantage (Mauludin, 2020). However, most of these studies use a quantitative approach, so they are unable to describe in depth the strategic processes and dynamics of decision-making by SME actors in the context of real competition.

The performance of MSMEs is generally understood as business achievements reflected through financial and non-financial indicators, such as sales growth, operational efficiency, and business sustainability (Li et al., 2006; Rhee et al., 2010). Previous studies have also shown that learning orientation, innovation, and internal and external environmental factors significantly influence SME performance (Eshlaghy et al., 2011; Riyanto, 2018). However, the dominance of quantitative approaches in these studies tends to position MSME actors as objects of statistical measurement, thereby failing to explore how business actors interpret the strategies and challenges they face in their daily practices.

The development of e-commerce has further intensified competition among food and beverage MSMEs in Surabaya. The use of e-commerce has proven to be effective in helping MSMEs expand their market reach and improve marketing efficiency (Jauhari, 2010; Nugrahani, 2011; Ramadhani & Arifin, 2013). However, recent developments show that e-commerce not only serves as a platform

for online transactions but also as a strategic communication medium between MSME players and consumers. In practice, many MSMEs still use e-commerce solely as a sales channel, without complementary communication strategies to build perceptions of quality, trust, and brand differentiation. As a result, the potential of e-commerce to strengthen competitive advantages and improve business performance has not been fully realized.

Based on these conditions, a research gap can be identified. Previous studies have mostly examined the relationship between competitive advantage and SME performance quantitatively, including the roles of innovation and knowledge management, but remain limited in qualitatively exploring how e-commerce and communication strategies are interpreted and implemented by SME actors as part of their efforts to build competitive advantage. Furthermore, studies integrating aspects of intellectual property rights, e-commerce, and communication in the context of urban food and beverage MSMEs remain relatively limited.

Based on this research gap, this study aims to analyze and gain an in-depth understanding of how food and beverage MSMEs in Surabaya utilize e-commerce and communication strategies to build competitive advantages and improve business performance. Specifically, this study is directed at answering the following research questions: (1) how SME actors interpret the role of e-commerce in business activities; (2) what communication strategies are implemented by SMEs through digital platforms; and (3) how the integration of e-commerce and communication contributes to the competitive advantage and performance of SMEs. Using a qualitative approach, this study is expected to provide more contextual, theoretical, and practical contributions to the development of SMEs in the era of digital competition.

METHOD

This study uses a qualitative approach with an exploratory design to gain an in-depth understanding of the use of e-commerce and communication strategies by Micro, Small and Medium Enterprises (MSMEs) in the food and beverage sector in Surabaya in building competitive advantages and improving business performance. A qualitative approach was chosen because this study does not aim to test the causal relationship between variables statistically, but rather to explore the meanings, experiences, and strategic processes carried out by MSME actors in the context of dynamic digital competition. The exploratory design allows researchers to examine phenomena that are still developing and have not been studied in depth, particularly regarding the integration of e-commerce and communication as competitive strategies for urban MSMEs

This research was conducted in Surabaya, focusing on food and beverage MSMEs that have utilized e-commerce platforms and digital media for their marketing and communication activities. The location was chosen based on Surabaya's role as a center of trade and services in East Java, as well as the high level of competition among MSMEs, which has encouraged business actors to develop digitally based differentiation strategies. The research subjects were purposively selected: MSME players with direct experience in managing businesses, using e-commerce, and conducting digital marketing communications. The number of informants was not determined precisely from the outset but was gradually determined until data saturation was reached, which is the point at which the information obtained was repetitive and no new significant findings were found.

This study uses a qualitative approach, a scientific method commonly used in the social sciences to understand complex phenomena that cannot be captured by statistical or other quantitative methods (Nugrahani, 2014). Qualitative research allows researchers to examine community life, history, behavior, organizational functioning, social movements, or kinship relationships (Strauss & Corbin, 1998; Nugrahani, 2014). In addition, qualitative research aims to understand phenomena as experienced by research subjects, such as behavior, perceptions, motivations, and actions, holistically and descriptively using words in a natural context (Meolong, 2009).

In this study, the data sources consist of primary and secondary data. Primary data was obtained directly from informants through in-depth interviews and non-participant observation. The interviews were conducted in a semi-structured manner to give informants the freedom to express their views, experiences, and strategies related to e-commerce use, digital communication strategies, and efforts to build competitive advantages and improve business performance. Non-participant observation was conducted on the digital activities of MSMEs, including online store

displays, promotional content, and patterns of interaction with consumers through e-commerce platforms and social media

Secondary data were obtained from supporting documents, including reports from relevant agencies, government policies, and scientific literature on MSMEs, intellectual property rights (IPR), e-commerce, and marketing communications. This secondary data was used to reinforce and confirm the findings of the primary data, while also providing a more comprehensive context and understanding of the phenomenon under study. With this qualitative approach, the study is expected to capture the strategic processes, decision-making dynamics, and meanings attributed by MSME actors to the use of e-commerce and digital communication strategies for building competitive advantages and improving business performance in depth and in context.

The validity of the data in this study was maintained through triangulation, including source, technique, and time triangulation. Source triangulation was carried out by comparing information obtained from various informants, while technique triangulation was carried out by matching the results of interviews, observations, and documentation. Time triangulation was conducted by collecting data at different times to ensure consistency of findings. In addition, the researcher increased diligence by conducting in-depth observation and data analysis, and by reflecting on the research findings against a relevant theoretical framework.

In this study, two data collection methods were used: primary and secondary data. Primary data were obtained directly from the original source through in-depth interviews with informants and the collection of official documents from relevant parties, enabling researchers to obtain authentic information regarding the use of e-commerce, digital communication strategies, efforts to build competitive advantages, and the performance of MSMEs (Sugiyono, 2013). Secondary data were obtained from literature studies, books, scientific articles, agency reports, and other supporting documents, which served to strengthen, confirm, and provide context for the findings from the primary data (Herviani & Febriansyah, 2016).

Data analysis was conducted using descriptive qualitative methods, following the stages of data reduction, data presentation, and conclusion drawing. The data obtained were selected and focused on information relevant to the research objectives, and then presented as thematic narratives describing patterns of e-commerce utilization, MSME digital communication strategies, and their contribution to the formation of competitive advantages and business performance.

The empirical findings were then interpreted by relating them to the concepts of competitive advantage, SME performance, and the literature on e-commerce and marketing communication, yielding a comprehensive, contextual understanding of the dynamics of competition among SMEs in Surabaya's food and beverage sector. Thus, the combination of primary and secondary data sources analyzed qualitatively enables this study to capture the strategic meaning, empirical experiences, and decision-making dynamics of MSME actors in depth, while providing a strong theoretical basis for understanding the integration of e-commerce and digital communication in building competitive advantage and improving business performance

FINDINGS AND DISCUSSION

This study produced empirical findings from in-depth interviews and observations of MSME actors in Surabaya's food and beverage sector who have utilized e-commerce platforms in their business activities. Data analysis was conducted thematically through data reduction, category grouping, and meaning extraction to identify patterns of meaning, digital communication strategies, and forms of e-commerce and communication integration that contribute to competitive advantage and business performance. Based on the analysis results, the research findings can be grouped into three main themes that directly reflect the research questions, namely:

1. MSME actors' interpretation of the role of e-commerce in business activities
2. Digital communication strategies implemented through e-commerce platforms and
3. Integration of e-commerce and digital communication in building competitive advantage and MSME performance

To provide a systematic overview of the research results, the main findings are summarized in Table 2 below.

Table 2. Summary of Research Findings

Number	Main Theme	Subtema	Field Findings Indicators
1	The meaning of e-commerce	Operational functions	E-commerce is understood as a sales channel and a means of market expansion.
		Strategic function	E-commerce is increasingly being positioned as part of long-term business strategies.
2	Digital communication strategy	Informative communication	Focus on product information, prices, and sales promotions
		Brand differentiation	Efforts to build uniqueness, business narratives, and brand value remain limited.
3	E-commerce and communications integration	Consistency of message	Product value is communicated repeatedly and purposefully.
		Impact on performance	Sales stability, business image enhancement, and business sustainability

Source: Researcher data processing source for 2020

Table 2 shows that MSMEs' use of e-commerce and digital communication varies in maturity. These differences reflect variations in resource capacity, digital literacy, and the strategic orientation of MSME actors. These variations have direct implications for MSMEs' ability to build competitive advantages and improve business performance.

The development of e-commerce and digital communication has opened up new opportunities for MSMEs to strengthen their business position. A deep understanding of e-commerce and digital communication strategies is key for MSME players to differentiate their brands by building strong brand awareness and reputation. This strategy enables SMEs not only to reach a wider customer base but also to maintain consistency in their messaging and business direction. By effectively integrating e-commerce and digital communication, SMEs can build a solid foundation for sales stability, enhanced business image, and long-term business sustainability.

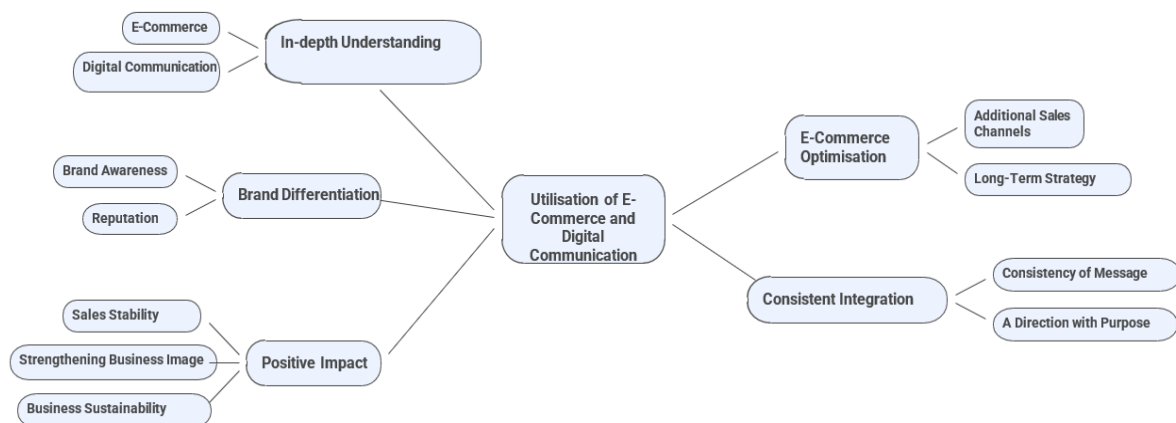


Figure 1. Analysis of e-commerce and digital communication utilization in MSMEs.

Analysis shows that the use of e-commerce and digital communication has a tangible positive impact on MSMEs. Brand differentiation through reputation and customer awareness is achieved, while the consistent integration of digital strategy ensures the business remains on track. Optimizing sales channels and long-term strategies helps MSMEs improve operational efficiency while expanding their market reach. Thus, e-commerce and digital communication are not merely transaction tools,

but integrated strategies that can enhance competitiveness and ensure the sustainability of MSMEs in the digital era

MSME Actors' Interpretation of the Role of E-commerce in Business Activities

The results of the study indicate that MSME actors have diverse interpretations of e-commerce's role in their business activities, shaped by their real-world experiences navigating the dynamics of the digital market. In general, e-commerce is seen as an important means of supporting business operations, particularly in expanding market reach, facilitating transactions, and increasing product visibility (Jauhari, 2010; Nugrahani, 2011; Ramadhani & Arifin, 2013). Many MSME players realize that their presence on digital platforms opens up opportunities that were previously difficult to access through conventional sales channels.

One informant stated, 'When selling through e-commerce, buyers are not only from around here. Although it is not always busy, the market has become wider' (MSME Informant A). This statement reflects the initial understanding of e-commerce as a tool for reaching consumers beyond the local sphere. For SMEs that are just starting out, e-commerce serves as a 'bridge to new markets' that allows their products to be known more widely without adding physical branches or high distribution costs. This strategy can also increase competitive advantage by broadening market access, consistent with the concept of competitive advantage as the ability to create added value that competitors find difficult to imitate (Porter, 2008; Kumar et al., 2011; Urbancova, 2013).

However, the interpretation of e-commerce is not homogeneous. Some MSME players still position it as an additional, sporadic sales channel, used only when demand increases or when offline strategies are unable to meet targets. One informant emphasized, "When it's online, sometimes there are orders, sometimes there aren't. So we just focus on the physical store" (MSME informant B). Conversely, more experienced MSMEs or those with high digital literacy perceive e-commerce as a strategic resource. They utilize digital platforms not only for transactions but also to monitor market trends, read consumer preferences, and design data-based promotional strategies (Patton, 1991; Suharsaputra, 2012). Some MSMEs routinely use analytics and customer reviews to adjust their products and services, making e-commerce part of business management that is oriented towards sustainability and performance improvement (Li et al., 2006; Rhee et al., 2010; Riyanto, 2018).

Field findings indicate that MSME digital communication strategies tend to be pragmatic and short-term, focusing on the rapid delivery of product information, prices, and sales promotions (Jauhari, 2010; Nugrahani, 2011). Visual content, such as product photos and brief descriptions, is the dominant form of communication because it is easy to create and immediately attracts consumers' attention. One informant stated, 'The important thing is that the product looks clear and the price is there. I usually upload photos and provide brief descriptions (MSME Informant B). This digital communication strategy remains transactional and operational in nature, so the main focus is not yet on building brand image or long-term differentiation strategies. Only a small number of MSMEs have begun to highlight the unique value of their products or the stories behind the production process through storytelling and creative visuals. This practice has been proven to increase consumer interaction, comments, reviews, and repeat purchases, thereby potentially building competitive advantage through brand differentiation (Porter, 2008; Kumar et al., 2011; Bharadwaj et al., 1993)

The internal capacity of MSMEs also affects the effectiveness of digital communication. Most MSMEs rely on the owner or a single employee to manage digital platforms, leading to infrequent posting and slow responses to consumers. One informant stated, 'Sometimes I only have time to upload when I have time, so if a message comes in, it is not immediately replied to' (MSME Informant C). In addition, a limited understanding of digital market segmentation makes content less relevant to some consumers. MSMEs that tailor content to market-segment characteristics such as age, aesthetic preferences, and geographic location can improve communication effectiveness, drive sales conversions, and strengthen their competitive position on digital platforms.

The integration of e-commerce with digital communication strategies is key to the competitive advantage and performance of MSMEs. MSMEs that combine e-commerce transaction functions with consistent, targeted communication tend to have a stronger competitive position. One informant

said, "I try to be consistent from the photos, the way I respond to chats, to the product stories. Buyers become more trusting and often return" (MSME Informant C). This integration contributes to improved business performance, both financial and non-financial, including sales stability, business sustainability, and brand image strengthening. Conversely, SMEs that use e-commerce without a clear communication strategy tend to get caught up in price competition and struggle to build customer loyalty, thus failing to achieve a competitive advantage (Porter, 2008; Barney, 2010; Kumar et al., 2011; Djodjobo & Tawas, 2014).

Furthermore, this integration enables MSMEs to leverage real-time customer information, such as consumer feedback, product reviews, and transaction data, to improve products, innovate services, and plan more targeted promotions (Chen et al., 2009; Ramadhani & Arifin, 2013). Social networking and digital collaboration also play an important role, where MSMEs that are active in digital communities or have online marketing mentors are quicker to understand effective communication strategies, are able to create valuable content, and optimize interactions with consumers (Bharadwaj et al., 1993; Mihalic & Buhalis, 2013)

The implications of these findings suggest that digital communication strategies integrated with e-commerce are not merely a means of promoting products, but strategic tools for strengthening brands, instilling business values, increasing customer loyalty, encouraging innovation, and improving the competitive advantage and performance of MSMEs in a sustainable manner. SMEs that combine digital literacy, understanding of market segmentation, message consistency, and social media utilization will be better able to maximize the benefits of digital platforms, while SMEs that merely imitate digital practices tend to experience limited utilization. Thus, the success of e-commerce in improving the performance and competitiveness of MSMEs is not only determined by technology adoption, but by the strategic ability of business actors to integrate digital transactions with meaningful communication, product innovation, and the right market orientation (Porter, 2008; Talaja et al., 2017; Djodjobo & Tawas, 2014; Li et al., 2006; Eshlaghy et al., 2011; Riyanto, 2018)

Digital Communication Strategies for MSMEs through E-commerce Platforms.

The results of the study indicate that MSME actors have diverse interpretations of e-commerce's role in their business activities, shaped by their real-world experiences navigating the dynamics of the digital market. In general, e-commerce is considered an important means of supporting business operations, particularly for expanding market reach and facilitating transactions (Jauhari, 2010; Nugrahani, 2011; Ramadhani & Arifin, 2013). Many MSME players realize that their presence on digital platforms opens up opportunities that were previously difficult to access through conventional sales channels. One informant stated, 'When selling through e-commerce, buyers are not only from around here. Although it is not always busy, the market has become wider' (MSME Informant A). This statement reflects an initial understanding of e-commerce as a tool to reach consumers outside the local sphere, as well as a 'bridge to new markets' that allows their products to be more widely known without having to add physical branches or incur high distribution costs, thereby potentially increasing competitive advantage (Porter, 2008; Kumar et al., 2011; Urbancova, 2013).

However, the interpretation of e-commerce is not homogeneous. Some MSME players still position it as an additional sales channel, used sporadically to complement sales in physical stores. One informant said, "When it comes to online, sometimes there are orders, sometimes there aren't. So we still focus on physical stores," (MSME informant B). Conversely, more experienced MSMEs or those with high digital literacy have begun to view e-commerce as a strategic resource not only for transactions, but also for monitoring market trends, reading consumer preferences, and designing data-based promotional strategies (Patton, 1991; Suharsaputra, 2012). The use of analytics and customer review features enables them to tailor their products and services, making e-commerce an integral part of business management oriented towards sustainability and performance improvement (Li et al., 2006; Rhee et al., 2010; Riyanto, 2018).

The results of the study also show that MSME digital communication strategies are developing pragmatically and are short-term. E-commerce platforms and social media are used primarily to convey product information, prices, and promotions quickly and directly (Jauhari, 2010; Nugrahani, 2011). Visual content, such as product photos and brief descriptions, has become the dominant mode of communication because it is easy to create and can immediately attract consumers'

attention. One informant stated, "What's important is that the product is clearly visible and the price is there. I usually upload photos and provide a brief description," (MSME Informant B). This shows that MSME digital communication remains transactional and operational in nature, with a focus on conveying basic information rather than on building brand image or pursuing long-term differentiation strategies (Maharani et al., 2012; Ramadhani & Arifin, 2013).

Only a small proportion of SMEs have begun developing brand communication by highlighting the uniqueness of their products, their business values, or the story behind their production process. This approach involves creating narrative content, storytelling, and creative visuals, which increase consumer interaction and build opportunities for differentiation and competitive advantage (Porter, 2008; Kumar et al., 2011; Bharadwaj et al., 1993). However, many SMEs still face limitations in communication planning, resources, and message consistency, resulting in digital posts that are often sporadic and inconsistent with brand identity or long-term goals (Li et al., 2006; Eshlaghy et al., 2011; Riyanto, 2018).

Field findings confirm that internal capacity, including the number of staff managing the platform, available time, and understanding of e-commerce features, affects the effectiveness of digital communication strategies. Most MSMEs rely solely on the owner or a single employee, resulting in infrequent postings and slow responses to consumers. One informant stated, 'Sometimes I only have time to upload when I have time, so if a message comes in, it is not replied to immediately' (MSME Informant C). As a result, digital interactions become sporadic, so the potential for building long-term relationships with consumers is not maximised.

In addition, there is a significant difference between MSMEs that build their brand image through storytelling and MSMEs that only display their products. SMEs that highlight business values, traditional production processes, or unique designs tend to receive higher consumer interaction, including comments, reviews, and repeat purchases. Conversely, SMEs that post only photos and prices see limited engagement, even when the number of products is the same. These findings indicate that content oriented towards business values and stories is more effective in building competitive advantage through digital communication

Consistency of messaging is also an important factor. Many MSMEs only post when there are promotions or new stock, without a clear communication pattern regarding brand identity or product value. This causes consumer perceptions of the brand to become unstable, so that pragmatic digital communication strategies lacking planning and consistency limit MSMEs' ability to build customer loyalty and improve sales performance (Maharani et al., 2012; Porter, 2008). In addition, a limited understanding of digital market segmentation is also an obstacle. Many MSMEs upload content without adjusting it to consumer characteristics, such as age, aesthetic preferences, or geographical location. MSMEs that successfully tailor content to their target market tend to increase communication effectiveness, drive sales conversions, and strengthen their competitive position on digital platforms.

The integration of digital communication with e-commerce strategies enables MSMEs to utilize customer information in real time. Consumer feedback, product reviews, and transaction data can be used as a basis for product improvement, service innovation, and more targeted promotional planning, making digital communication a strategic tool to support business growth and achieve sustainable competitive advantage (Ramadhani & Arifin, 2013; Chen et al., 2009). Social networking and digital collaboration are also important factors, as SMEs that are active in digital communities or have online marketing mentors are quicker to understand effective communication strategies, create valuable content, and optimise interactions with consumers, making digital communication an integral part of business strategies to strengthen the position of SMEs in facing market competition (Bharadwaj et al., 1993; Mihalic & Buhalis, 2013; Chen et al., 2009).

Thus, MSME digital communication strategies not only serve as a means of conveying information or promoting products, but also as a tool to strengthen brands, instill business values, increase customer loyalty, support innovation, and encourage sustainable competitive advantage. The development of digital literacy, an understanding of market segmentation, consistency of messaging, and the utilization of social networks are key to ensuring that digital communication can contribute optimally to the overall performance of MSMEs.

The Integration of E-commerce and Digital Communication in the Competitive Advantage and Performance of MSMEs.

The results of the study indicate that MSME actors have diverse interpretations of e-commerce's role in their business activities, shaped by their real-world experiences navigating the dynamics of the digital market. In general, e-commerce is considered an important means of supporting business operations, particularly for expanding market reach and facilitating transactions (Jauhari, 2010; Nugrahani, 2011; Ramadhani & Arifin, 2013). Many MSME players realize that their presence on digital platforms opens up opportunities that were previously difficult to access through conventional sales channels. One informant stated, 'When selling through e-commerce, buyers are not only from around here. Although it is not always busy, the market has become wider' (MSME Informant A). This statement reflects the initial understanding of e-commerce as a tool to reach consumers outside the local sphere, as well as a 'bridge to new markets' that allows their products to be more widely known without having to add physical branches or incur high distribution costs, thereby potentially increasing competitive advantage (Porter, 2008; Kumar et al., 2011; Urbancova, 2013).

However, the interpretation of e-commerce is not homogeneous. Some MSME players still position it as an additional sales channel, used sporadically to complement sales in physical stores. One informant said, "When it comes to online, sometimes there are orders, sometimes there aren't. So we still focus on physical stores," (MSME informant B). Conversely, more experienced MSMEs or those with high digital literacy have begun to view e-commerce as a strategic resource not only for transactions, but also for monitoring market trends, reading consumer preferences, and designing data-based promotional strategies (Patton, 1991; Suharsaputra, 2012). The use of analytics and customer review features enables them to tailor their products and services, making e-commerce an integral part of business management oriented towards sustainability and performance improvement (Li et al., 2006; Rhee et al., 2010; Riyanto, 2018).

The results of the study also show that MSME digital communication strategies are developing pragmatically and are short-term. E-commerce platforms and social media are used primarily to convey product information, prices, and promotions quickly and directly (Jauhari, 2010; Nugrahani, 2011). Visual content, such as product photos and brief descriptions, has become the dominant mode of communication because it is easy to create and can immediately attract consumers' attention. One informant stated, "What's important is that the product is clearly visible and the price is there. I usually upload photos and provide a brief description," (MSME Informant B). This shows that MSME digital communication remains transactional and operational in nature, focusing on delivering basic information rather than on building brand image or pursuing long-term differentiation strategies (Maharani et al., 2012; Ramadhani & Arifin, 2013).

Only a small proportion of SMEs have begun developing brand communication by highlighting the uniqueness of their products, their business values, or the story behind their production process. This approach involves creating narrative content, storytelling, and creative visuals, which increase consumer interaction and build opportunities for differentiation and competitive advantage (Porter, 2008; Kumar et al., 2011; Bharadwaj et al., 1993). However, many SMEs still face limitations in communication planning, resources, and message consistency, resulting in digital posts that are often sporadic and inconsistent with brand identity or long-term goals (Li et al., 2006; Eshlaghy et al., 2011; Riyanto, 2018).

Field findings confirm that internal capacity, including the number of staff managing the platform, available time, and understanding of e-commerce features, affects the effectiveness of digital communication strategies. Most MSMEs rely solely on the owner or a single employee, resulting in infrequent postings and slow responses to consumers. One informant stated, 'Sometimes I only have time to upload when I have time, so if a message comes in, it is not immediately replied to' (MSME Informant C). As a result, digital interactions become sporadic, so the potential for building long-term relationships with consumers is not maximized.

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prices see limited engagement, even when the number of products is the same. These findings indicate that content oriented towards business values and stories is more effective in building competitive advantage through digital communication.

Consistency of messaging is also an important factor. Many MSMEs only post when there are promotions or new stock, without a clear communication pattern regarding brand identity or product value. This causes consumer perceptions of the brand to become unstable, so that pragmatic digital communication strategies lacking planning and consistency limit MSMEs' ability to build customer loyalty and improve sales performance (Maharani et al., 2012; Porter, 2008). In addition, a limited understanding of digital market segmentation is also an obstacle. Many SMEs upload content without adjusting it to consumer characteristics, such as age, aesthetic preferences, or geographical location. SMEs that successfully tailor content to their target market tend to increase communication effectiveness, drive sales conversions, and strengthen their competitive position on digital platforms.

The integration of e-commerce and digital communication emerged as a key finding in this study. MSMEs that combine e-commerce transaction functions with consistent, targeted communication tend to have a stronger competitive position. One informant stated, "I try to be consistent from the photos, the way I respond to chats, to the product stories. Buyers become more trusting and often return," (MSME informant C). This integration contributes to improved business performance, both financially and non-financially, such as sales stability, business sustainability, and brand image strengthening. Conversely, MSMEs that use e-commerce without a clear communication strategy tend to be trapped in price competition and struggle to build consumer loyalty. These findings confirm that the competitive advantage of SMEs is not determined by technology adoption alone, but by the ability to integrate technology with meaningful communication strategies (Porter, 2008; Barney, 2010; Kumar et al., 2011; Djodjobo & Tawas, 2014).

In addition, integrating digital communication with e-commerce strategies enables MSMEs to use customer data in real time. Consumer feedback, product reviews, and transaction data can be used as a basis for product improvement, service innovation, and more targeted promotional planning, making digital communication a strategic tool to support business growth and achieve sustainable competitive advantage (Ramadhani & Arifin, 2013; Chen et al., 2009). Social networking and digital collaboration factors also influence communication effectiveness, where MSMEs that are active in digital communities or have online marketing mentors are quicker to understand effective communication strategies, able to create valuable content, and optimise interactions with consumers. Thus, digital communication has become an integral part of business strategy to strengthen SMEs' position in facing market competition (Bharadwaj et al., 1993; Mihalic & Buhalis, 2013; Chen et al., 2009).

Thus, a digital communication strategy integrated with e-commerce not only serves to convey information or promote products but also to strengthen the brand, instill business values, increase customer loyalty, support innovation, and encourage sustainable competitive advantage. The development of digital literacy, understanding of market segmentation, consistency of messages, and utilization of social networks are key to ensuring that digital communication can contribute optimally to the competitive advantage and overall performance of MSMEs

CONCLUSION

This study shows that the competitive advantage of food and beverage MSMEs in Surabaya is not only determined by the adoption of e-commerce, but mainly by the ability to integrate e-commerce with a consistent and meaningful digital communication strategy. SMEs that view e-commerce as a strategic resource and manage digital communication in a targeted manner can increase consumer trust, strengthen brand image, and stabilize business performance. Conversely, SMEs that use e-commerce solely as an additional sales channel, without differentiating through digital communication, tend to be trapped in price competition and struggle to build customer loyalty.

Strategic orientation, digital literacy, and consistent communication have proven to be key factors in creating competitive advantage and improving MSME performance. MSMEs with a deep understanding of digital market dynamics can use e-commerce not only for transactions but also as

a strategic tool for collecting consumer data, customizing products, and building long-term relationships. This confirms that the competitive advantage of MSMEs encompasses both financial and intangible aspects, such as reputation, consumer loyalty, and brand differentiation (Porter, 2008; Kumar et al., 2011; Barney, 2010).

A structured, storytelling-oriented digital communication strategy tailored to market segmentation has been proven to increase consumer engagement, sales conversions, and the competitive position of MSMEs. Conversely, pragmatic, sporadic digital communication, or communication that only focuses on product promotion, is not sufficient to build customer loyalty or competitive advantage. Therefore, digital literacy, content management, and market understanding are strategic elements for SME development in the digital era (Maharani et al., 2012; Ramadhani & Arifin, 2013).

The integration of e-commerce and digital communication is not merely an operational practice but a strategic resource that enhances sustainable competitiveness. This approach enables MSMEs to utilize real-time consumer interaction data for product innovation, service customization, and more effective promotion planning (Chen et al., 2009; Ramadhani & Arifin, 2013). In addition, social networking and digital collaboration support MSMEs in understanding best practices, optimizing content, and strengthening interactions with consumers, so that digitization not only increases immediate transactions but also strengthens competitive position and business sustainability (Bharadwaj et al., 1993; Mihalic & Buhalis, 2013).

These findings contribute to theory by expanding our understanding of the relationship among digitalization, communication strategies, and SME performance. In practice, this research emphasizes the need for SMEs to develop integrative strategies that integrate e-commerce and digital communication to strengthen competitiveness, brand image, and business sustainability. Further research is recommended to explore more specific and adaptive digital integration mechanisms tailored to SME segment characteristics, as well as the long-term impact of this integration on performance growth and competitive advantage.

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