

## **PLATFORM-BASED BUSINESS DEVELOPMENT STRATEGY: INCREASING CUSTOMER ENGAGEMENT AND COMPETITIVE ADVANTAGE IN SMEs**

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### **ABSTRACT**

*The aim of this research is to determine the factors that influence the continuity of micro, small and medium enterprises (MSMEs) in Kendari. Using a cross-sectional survey, we analyze access to capital, supporting infrastructure, and digital technology adoption as independent variables. The analysis shows that access to capital, supporting infrastructure, and the application of digital technology have a significant impact on MSMEs operations and sustainability. These findings show the importance of developing policies that support access to capital and supporting infrastructure, as well as increasing awareness among SMEs of the importance of adopting digital technology to increase the competitiveness and sustainability of their businesses. Realizing this impact, it is hoped that small, medium and micro businesses in Kendari City can develop sustainably and contribute more to regional economic growth.*

**Keywords:** MSMEs, Strategy, Challenges and Opportunities

### **INTRODUCTION**

The development of information and communication technology has fundamentally changed the business landscape throughout the world. As business models transform into the digital era, the role of technology and digital platforms is very important in formulating successful business development strategies. This phenomenon is no exception in the small and medium enterprise (SME) sector which is the backbone of the economy of many countries, including Kendari City. As one of the cities in Indonesia which is located in the eastern region of Indonesia, Kendari City has its own uniqueness in business development, especially for small and medium enterprises (SMEs). As a result, digital transformation impacts all aspects of business operations, from marketing and sales to customer service. With the increasingly widespread spread of the Internet and the adoption of digital technology in society, small and medium businesses in the city of

Kendari face great opportunities to optimize their business using digital platforms. However, small and medium enterprises (SMEs) in Kendari face big challenges to remain competitive and relevant amidst changes in business models caused by the digital revolution, (Husriadi and Nurjanah nd) . In this context , the digital era has created a business environment that continues to change rapidly, with information technology and digital platforms becoming the main drivers of innovation and growth, (Xie et al. 2024) . SMEs, one of the most important sectors of the economy, are not immune to the impacts of these changes. They face increasing competition, demands for greater customer engagement, and rapidly changing market dynamics, (OECD 2020) .

In today's ever-growing digital era, small and medium enterprises (SMEs) in Kendari City focus on customer engagement and competitive advantage. However, while the importance of these two aspects is widely recognized, small and medium-sized companies often face various obstacles, hampering their efforts to achieve high customer participation and sustainable competitive advantage. These barriers include various factors related to technology, resources, and business strategy. For example, 1) limited access and use of digital technology is often an obstacle for SMEs to run business effectively. Limited internet access, lack of understanding of digital technology, and expensive technological infrastructure are some examples of technological obstacles faced by SMEs in Kendari. In addition, (2) human resource constraints are also a significant factor that hinders customer engagement and competitive advantage. Lack of skills and knowledge in digital marketing, customer service and data analysis are challenges that SMEs often face when using technology to improve customer interactions and create sustainable added value, (Harney and Nolan 2023) .

Therefore, to develop an effective and sustainable business development strategy in this digital era, an in-depth understanding of the various obstacles faced by SMEs in facing the challenges of attracting customers and achieving competitive advantage is very important ( Husriadi 2023) . Currently there is a lot of literature regarding platform-based business development and the challenges faced by SMEs in the digital era. However, there are specific knowledge gaps that need to be addressed. One of these gaps is the lack of research that focuses on implementing platform business development strategies at the local level, for example in Kendari City.

In this case, this research aims to achieve several main objectives. Among other things, analyzing the relationship between the use of digital platforms and customer engagement as well as the competitive advantages achieved by SMEs. In addition, it provides practical recommendations for the development and implementation of effective platform-based business development strategies for SMEs in Kendari City, providing various valuable new aspects, including new aspects that focus on

implementing platform-based business development strategies at the local level, especially in Kendari City . Then, this research also makes a new contribution by analyzing the relationship between the use of digital platforms by SMEs and customer engagement and achieving competitive advantage. The rationale for this research is based on the urgent need to overcome existing knowledge gaps and provide concrete solutions for SMEs in Kendari City to face the digital era. By providing practical and evidence-based advice, it is hoped that this research can make a significant contribution to supporting the growth and development of SMEs and encouraging innovation at a wider local level. Therefore, this research should be able to fill this gap by providing an in-depth understanding of platform-based business development strategies that are relevant and effective for SMEs in Kendari. Thus, this points to the need to better understand the relationship between digital platform use and customer engagement and achieving competitive advantage for SMEs.

## **LITERATURE REVIEW**

### **A. Understanding Strategy**

Strategy is defined as a way to achieve goals, and its development cannot be separated from the concept of strategic management, namely the decision-making process to use company resources effectively and efficiently in dealing with changes in the company's environmental conditions, (Malik 2020) .

### **B. Types of Strategy**

Strategies can be grouped based on three types as follows, (Suriyankietkaew and Petison 2020) , (Liberati et al. 2009) , (Samiee, Katsikeas, and Hult 2021) , (Pickering 2022) , (Ogohi Daniel 2018) , (Ogohi Daniel 2018) :

#### **1. Management Strategy**

Strategy includes strategies that management can implement based on the development of macro strategies, such as product strategy development strategies, pricing strategies, acquisition strategies, market development strategies, financial strategies, and others.

#### **2. Investment Strategy**

This strategy is an investment-oriented activity, for example the company wants to carry out an aggressive growth strategy or is trying to penetrate the market, a survival strategy, a new division rebuilding strategy and so on.

### **3. Business strategy**

These strategies are usually functional business strategies, as they focus on operational management functions such as marketing, product or operational strategies, and finance-related strategies.

#### **C. Customer engagement**

Customer engagement is the process of developing, nurturing, and protecting consumers to continually build a relationship with a company so that consumers are not just buyers of a business that ever outnumber the buyers, who are marketing employees for the company expressing it. Indicators of customer involvement or customer management according to, namely, (Zhang et al. 2020) , (Nyadzayo, Leckie, and Johnson 2020):

1. Enthusiasm, refers to a strong level of personal excitement, interest and enthusiasm for the brand;
2. Attention, refers to the extent to which customers pay attention to a particular brand;
3. Mindfulness, is a pleasant state that allows customers to fully focus on the brand and not feel the passage of time;
4. Interaction, refers to the various interactions that occur between customers and brands and other customers outside the purchasing process;
5. Appreciation, which reflects the customer's understanding of brand unity or ownership.

#### **D. Competitive advantage**

Competitive advantage is a company's ability to provide value to customers that exceeds what competitors can provide. Companies will have a competitive advantage when implementing strategies by creating the best value for customers and direct competitors. Products or resources that are unique and cannot be duplicated or are too expensive to imitate are one of the competitive advantages. There are three dimensions that can be defined as measuring competitive advantage variables, namely, (Nyadzayo, Leckie, and Johnson 2020) :

1. Differentiation
2. price leadership
3. responsive

### **RESEARCH METHOD**

The research design used in this research method is qualitative research using the case study method. This method was chosen because it will give researchers a deeper understanding of the business development strategies implemented by cold drink

companies in Kendari and a deeper understanding of the factors that influence customer engagement and competitive advantage. The population of this research is cold drink operators in the city of Kendari. In this study, the population consisted of 32 active cold drink business actors in the city of Kendari. The research sample will be selected purposively, taking into account differences in company size, types of cold drinks sold and marketing methods used. The research procedure will begin with primary data collection through in-depth interviews with owners or managers of cold drink companies selected as samples.

Interviews will be conducted either in person or by telephone, depending on the respondent's preference. Interviews will focus on entrepreneurs' business development strategies, use of digital platforms, and their experiences and perceptions of customer engagement and competitive advantage. The main data collection method that will be used is in-depth semi-structured interviews. In addition, secondary data will be collected through literature research, including academic journals, books, and other relevant documents regarding platform business development, customer engagement, and competitive advantage. The data analysis technique that will be used is thematic qualitative analysis. The data collected will be analyzed systematically to identify important patterns, themes and categories that emerge from the interviews. Analysis will be carried out using specialized qualitative analysis software, which will help to organize, group and understand the data carefully. Interviews will be conducted either in person or by telephone, depending on the respondent's preference. Interviews will focus on entrepreneurs' business development strategies, use of digital platforms, and their experiences and perceptions of customer engagement and competitive advantage. The main data collection method that will be used is in-depth semi-structured interviews. In addition, secondary data will be collected through literature research, including academic journals, books, and other relevant documents regarding platform business development, customer engagement, and competitive advantage. The data analysis technique that will be used is thematic qualitative analysis. The data collected will be analyzed systematically to identify important patterns, themes and categories that emerge from the interviews. The analysis will be carried out using special qualitative analysis software, which will help to organize, group and understand the data carefully.

## **RESULTS AND DISCUSSION**

Based on the findings and discussion of this research, an in-depth study was carried out regarding platform-based business development strategies related to the cold drink business in Kendari. This systematic and structured study provides important findings about how business actors utilize digital platforms to increase customer

engagement and create competitive advantages. In this discussion, the results demonstrate the analysis, implications and relevance of these results in industrial and academic contexts. Therefore, a deep understanding of how to utilize digital platforms can be strategically important for the business transformation of cold drink entrepreneurs in Kendari. Therefore, it can be seen from the results of observations and in-depth analysis in the discussion of the results of this research as follows.



## 1. Business and Use of Digital Platforms

From the research results, it can be seen that cold drink business actors in Kendari City generally run businesses that focus on iced drinks and coffee. They utilize digital platforms such as social media and online ordering applications as a means to promote their products and accept orders from customers. The use of this digital platform provides significant benefits for business actors because it can reach a wider market and reach potential customers. Apart from that, digital platforms also help speed up the transaction process by making it easier for customers to place orders via online ordering applications without having to come directly to the business location. Thus, the use of digital platforms can be said to be an effective strategy for cold drink business actors in Kendari to increase their business visibility and reach online.

## 2. Purpose of Using the Digital Platform

Research findings show that the main goal of cold drink businesses in Kendari city is to expand market reach and increase sales through digital platforms. By using digital platforms, business actors can reach a wider range of potential customers, including outside the *point of sale area*, and streamline the customer ordering process. By taking advantage of the advertising and promotional opportunities offered by digital platforms, companies can increase their company visibility and attract new customers. Apart from that, the use of digital platforms also allows companies to directly measure the success of marketing campaigns by looking at the number of customers and increased sales generated by the platform. Thus, it can be concluded that the aim of using digital

platforms in Kendari city cold drink companies is to achieve sustainable business growth by expanding markets and increasing sales.

### **3. Platform-Based Business Development Strategy**

Research findings show that cold drink business actors in the city of Kendari have implemented various platform-based business development strategies to increase customer engagement and create competitive advantages. A common strategy is to create attractive visual content on social media to attract customer interest. The content consists of attractive product photos and super creative promotions. Apart from that, business actors are also implementing special promotional offer strategies for customers who make orders via online ordering applications to encourage customers to be more active in using digital platforms in transactions. Therefore, it can be concluded that the platform-based business development strategy implemented by the Kendari cold drink business has been proven to increase customer participation effectively and create a competitive advantage for its business.

### **4. Regarding Evaluation of Strategy Effectiveness**

city cold drink business actors are actively evaluating the effectiveness of the business development strategies of the platforms they implement. The evaluation focused on several key metrics, including customer response to social media content, the number of orders received via online ordering applications, as well as increasing *brand awareness* and customer loyalty. By regularly monitoring and evaluating these indicators, business actors can understand the extent to which the strategies implemented have succeeded in achieving the stated goals. Additionally, this assessment helps businesses identify areas that require improvement or adjustments in their marketing strategies. Therefore, it can be said that the assessment of strategy effectiveness is part of the Kendari cold drink business participants based on the platform business development process.

### **5. Regarding Obstacles and Challenges**

From the research findings, it can be seen that cold drink operators in Kendari City face various obstacles and challenges in implementing platform-based business development strategies. One of the big obstacles faced is the intense competition in the online market where business actors have to compete with other similar businesses to win the attention and trust of their customers. Apart from that, another obstacle is managing product inventory and fulfilling customer requests quickly and efficiently. Especially in the cold drink industry, where products have a shelf life, ineffective inventory management can result in losses and lost sales opportunities. However, with a careful approach and creative solutions, businesses can overcome these obstacles and continue to adapt to market changes.

## CONCLUSION AND SUGGESTION

Based on the research results, it can be concluded that the use of digital platforms has a very important role in the development of the cold drink business in Kendari City. Cold beverage companies are successfully leveraging digital platforms such as social media and online ordering apps to expand market reach, increase sales and increase customer engagement. The platform-based business development strategies implemented, such as creating attractive visual content on social media and special promotional offers through online ordering applications, have proven effective in achieving business goals. Even though there are several obstacles and challenges such as intense competition in the online market and complex inventory management, business actors have succeeded in overcoming these obstacles by creating solutions and adapting quickly. Therefore, several recommendations can be given to increase the efficiency of using digital platforms in business development. *First*, business actors must continue to follow technological developments and market trends to remain relevant and competitive. *Second*, business actors can expand collaboration with existing digital platforms or develop *in-house digital platforms* that are more suited to their business needs. Apart from that, it is also important for business actors to continue to improve the quality of content and services provided to customers, as well as strengthen marketing and advertising strategies to attract new customers. By implementing these recommendations, it is hoped that the cold drink business in Kendari City will be able to continue to develop and compete successfully in this increasingly complex digital era.

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