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# Influencer Marketing as a Catalyst for Sustainable MSME Growth in Indonesia

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**Abstract** — Micro, Small, and Medium Enterprises (MSMEs) constitute 99.9% of Indonesian businesses and employ 97% of the national workforce, yet face persistent challenges in market access and brand visibility. This literature review examines how influencer marketing—particularly through micro-influencers (10K–100K followers) and nano-influencers (<10K followers)—can enable sustainable MSME development in Indonesia. Through comprehensive analysis of academic literature and industry reports, we identify that nano-influencers achieve up to seven times higher engagement rates compared to macro-influencers, making them cost-effective marketing partners for resource-constrained MSMEs. The review integrates three theoretical frameworks: Social Capital Theory explains trust transfer mechanisms in collectivist cultures; Technology Acceptance Model addresses adoption barriers including digital literacy gaps (62% of MSMEs affected); and Stakeholder Theory demonstrates how sustainability-integrated marketing creates multi-dimensional value beyond profit maximization. Key findings reveal that influencer marketing enables MSMEs to compete through authenticity and values alignment rather than advertising budgets, with particular effectiveness on platforms like TikTok where 18% of organic MSME posts exceed 100,000 views. However, systemic barriers persist: infrastructure disparities (33% gap between Java and Eastern Indonesia), financial constraints (67% of MSMEs allocate <2% revenue to marketing), and influencer identification challenges (45% struggle to find authentic partners). The study proposes a five-phase implementation roadmap and ecosystem-level policy interventions targeting government, social media platforms, financial institutions, and industry associations. This research contributes to CENTIVE 2025's mission of advancing sustainable solutions through multidisciplinary approaches, demonstrating how digital marketing innovation can drive inclusive economic development while preserving cultural heritage and environmental resources.

**Keywords** – *influencer marketing, MSMEs, sustainable development, micro-influencers, digital transformation, Indonesia, social capital*

## I. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) form the economic backbone of Indonesia, representing 99.9% of all business entities (64.2 million units), contributing 61.1% to national GDP, and employing 116.9 million people—97% of the total workforce [1]. Despite their centrality to the national economy, Indonesian MSMEs face critical constraints that limit their growth potential. These challenges include restricted market access, low brand visibility, insufficient capital for traditional advertising, and limited digital marketing capabilities [2]. The situation is particularly acute for rural and traditional craft-based enterprises producing batik, tenun, jamu, and other heritage products, which struggle to reach consumers

beyond local markets despite possessing unique cultural value [3].

The rapid digital transformation of Indonesia—characterized by 77% internet penetration and 215 million social media users as of 2024—has created unprecedented opportunities for MSMEs to engage directly with consumers [4]. Social media platforms have democratized marketing by reducing entry barriers that previously favored large corporations with substantial advertising budgets. Among emerging digital strategies, influencer marketing has gained particular prominence as a cost-effective approach that leverages trust, authenticity, and community engagement—qualities that align with Indonesia's collectivist culture where personal relationships underpin commercial transactions [5].

Influencer marketing involves strategic collaboration between brands and individuals who have established credibility and engaged audiences on social media platforms. Unlike traditional celebrity endorsements requiring substantial budgets, micro-influencers (10K–100K followers) and nano-influencers (<10K followers) offer accessible entry points for resource-constrained MSMEs. Recent evidence suggests these smaller influencers often achieve higher engagement rates and conversion efficiency than their macro counterparts, making them particularly valuable for niche markets [6][7].

However, despite growing anecdotal evidence of success, systematic understanding of influencer marketing's effectiveness for Indonesian MSMEs remains fragmented. Critical questions persist regarding the mechanisms driving impact, barriers hindering adoption, and implications for sustainability—encompassing not only economic viability but also environmental stewardship and social equity. This literature review addresses three research questions:

**RQ1:** What mechanisms explain influencer marketing's effectiveness for MSMEs in the Indonesian context?

**RQ2:** What systemic barriers hinder widespread adoption of influencer marketing among Indonesian MSMEs?

**RQ3:** How can influencer marketing strategies integrate sustainability principles to support triple-bottom-line outcomes (economic, environmental, social)?

By synthesizing evidence from academic literature and industry reports, this study contributes to CENTIVE 2025's mission of advancing sustainable technological and industrial solutions. The research bridges marketing theory, digital transformation, sustainability science, and development economics to offer both theoretical insights and practical guidance for MSMEs, policymakers, and ecosystem stakeholders.

## II. RESEARCH METHOD

This study employs a comprehensive literature review methodology to synthesize evidence on influencer marketing effectiveness for Indonesian MSMEs. The review draws upon academic publications, industry reports, and gray literature to construct a holistic understanding of current practices, theoretical foundations, and future directions.

### A. Literature Search Strategy

Literature identification utilized multiple complementary approaches. Initial exploratory synthesis was conducted using Stanford STORM

(Synthesis of Topic Outline through Retrieval and Multi-perspective question asking), an AI-powered research tool that facilitates comprehensive literature discovery across diverse sources [8]. The STORM-generated report provided foundational understanding and identified key themes, which were subsequently verified and expanded through direct database searches.

Academic literature searches focused on six major databases: Scopus, Web of Science, Google Scholar, ProQuest, EBSCO Business Source Complete, and the Indonesian Journal Database (Garuda Portal). Search terms combined three thematic clusters: (1) influencer marketing ("influencer marketing," "micro-influencer," "nano-influencer," "content creator"); (2) business type ("MSME," "SME," "UMKM," "small business"); and (3) geographic context ("Indonesia," "Southeast Asia," "emerging market"). The search covered publications from 2018 to 2024 to capture the post-pandemic acceleration of digital adoption.

To supplement academic sources and capture practitioner insights, we incorporated industry reports from credible organizations including the Ministry of Cooperatives and SMEs, Ministry of Communication and Information Technology, Asian Development Bank, Nielsen Indonesia, Katadata Insight Center, TikTok Indonesia Business, and Instagram Business.

### B. Selection and Analysis Framework

Literature sources were selected based on relevance to Indonesian MSME contexts, discussion of influencer marketing or social media strategies, and availability of empirical insights or performance data. Given the nascent state of research on this specific intersection, the review adopted an inclusive approach, incorporating both peer-reviewed academic studies and high-quality industry reports that provide valuable empirical observations.

Analysis employed thematic synthesis methodology, identifying recurring patterns, success factors, barriers, and theoretical mechanisms across sources. Particular attention was given to: (1) performance metrics and outcomes reported for MSME-influencer collaborations; (2) platform-specific dynamics (TikTok, Instagram, Facebook); (3) influencer tier effects (nano vs. micro vs. macro); (4) implementation challenges and enablers; and (5) sustainability integration approaches.

### C. Theoretical Framework Integration

The literature synthesis was structured around three complementary theoretical lenses that together explain influencer marketing effectiveness in Indonesian MSME contexts:

**Social Capital Theory** [9] posits that social relationships generate economic value through trust networks, reciprocity norms, and information flows. This framework explains how influencers function as trust intermediaries in collectivist cultures.

**Technology Acceptance Model (TAM)** [10] explains technology adoption through perceived usefulness and perceived ease of use. This framework

illuminates the adoption gap between awareness and implementation among MSMEs.

**Stakeholder Theory** [11] argues that sustainable enterprise value derives from satisfying multiple stakeholders—owners, employees, communities, environment, customers—rather than profit maximization alone. This framework contextualizes sustainability integration in marketing strategies.

By integrating these theoretical perspectives with empirical evidence, the review develops a comprehensive understanding of mechanisms, barriers, and pathways for effective and sustainable influencer marketing adoption among Indonesian MSMEs.

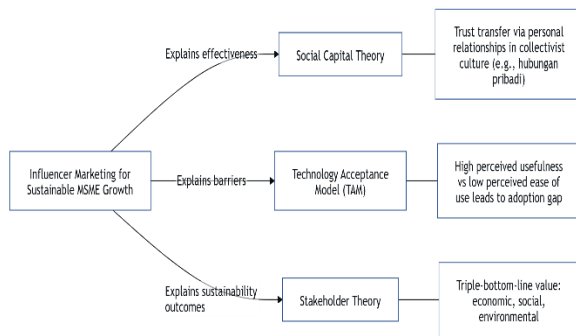


Fig 1. Integrated conceptual framework: Mechanisms of influencer marketing effectiveness for sustainable MSME growth in Indonesia.

.Source : Authors’ synthesis based on Coleman (1988) [9], Davis (1989) [10], and Freeman (1984) [11].

### III. RESULT

Table 1 : Summary of Key Empirical Findings

Indicator	Key Finding
MSME share of total Indonesian businesses	99,9%
MSME contribution to national employment	97%
MSMEs allocating <2% of revenue to marketing	67%
Digital literacy gap among MSME owners	62%
Digital infrastructure gap (Java vs. Eastern Indonesia)	33%
Nano-influencer engagement rate vs. macro-influencers	7x higher
Organic MSME TikTok posts exceeding 100K views	18%
Consumers willing to pay premium for sustainable products	73%
MSMEs struggling to identify authentic influencers	45%

Source: Compiled from [1], [12], [14], [15], [19], [21], [22].

#### A. The Effectiveness of Influencer Marketing for MSMEs

Literature evidence consistently demonstrates that influencer marketing delivers disproportionately strong results for MSMEs compared to traditional advertising methods. A critical finding is the inverse relationship between influencer follower count and marketing effectiveness—smaller influencers consistently outperform larger ones across key metrics [6][7].

**Engagement Rate Patterns:** Nano-influencers (<10K followers) achieve engagement rates up to seven times higher than macro-influencers (>100K followers) [12]. This dramatic difference reflects the intimate, community-like relationships nano-influencers maintain with their audiences. In the Indonesian context, where social cohesion and personal recommendation carry substantial weight, these close-knit networks prove particularly valuable for MSMEs targeting niche markets [5][13].

**Platform Dynamics:** TikTok has emerged as exceptionally effective for Indonesian MSMEs, with research indicating that 18% of organic posts by small businesses exceed 100,000 views without paid promotion [14]. This performance is attributed to TikTok's algorithm, which prioritizes authentic, creative, and culturally resonant content—characteristics that align well with MSME storytelling capabilities. Instagram and Facebook, while still valuable, show lower organic reach, making nano-influencer partnerships even more critical for amplification [12][14].

**Cost Efficiency:** Influencer marketing offers substantial cost advantages for resource-constrained MSMEs. Collaboration with nano- and micro-influencers typically involves commission-based compensation (10–20% of attributed sales) or modest fixed fees (Rp 500K–2M), dramatically lower than traditional advertising agency retainers (typically Rp 10–50 million minimum) [15]. This accessible pricing democratizes marketing effectiveness, enabling even micro-enterprises to compete through authentic storytelling rather than budget size.

**Conversion and Purchase Intent:** Multiple studies document that consumers are 61% more likely to trust recommendations from influencers than traditional advertisements [16]. This trust advantage translates directly into higher purchase intent and conversion rates, particularly when influencer values align with brand positioning. For MSMEs producing heritage crafts, sustainable products, or regional specialties, influencer partnerships provide crucial credibility signals that formal advertising cannot replicate [5][13].

## B. Success Factors and Strategic Approaches

Analysis of literature on successful MSME-influencer collaborations reveals five recurring success factors:

### 1. Authenticity and Values Alignment

The most effective partnerships involve influencers with genuine product usage history and shared values (environmental sustainability, cultural preservation, social responsibility) [5][13]. Indonesian consumers, particularly millennials and Gen Z demographics, demonstrate strong preference for authentic brand narratives over polished commercial messaging. Influencers who naturally integrate products into lifestyle content achieve significantly higher engagement than those creating obvious promotional material [17].

### 2. Strategic Tier Selection

Leading practice involves tiered influencer strategies that leverage different influencer categories for complementary objectives. Macro-influencers (100K–1M followers) generate broad brand awareness and social proof, while micro- and nano-influencers drive deeper engagement and conversions within specific communities [7][12]. For MSMEs with limited budgets, prioritizing nano-influencers for initial campaigns proves most cost-effective, with potential to scale toward micro-influencers as revenue grows.

### 3. Co-Creation and Community Participation

Campaigns that invite active audience participation—through contests, design voting, recipe sharing, or storytelling challenges—generate substantially more user-generated content (UGC) than passive endorsements [18]. This "ripple effect" amplifies reach beyond the influencer's direct audience while building stronger community connections. In Indonesia's highly social media-engaged culture (average 3.2 hours daily), participatory campaigns tap into existing behavioral patterns [4].

### 4. Performance-Based Compensation Models

Commission structures align incentives between MSMEs and influencers while minimizing upfront financial risk. Typical arrangements involve 10–20% commission on sales attributed through unique discount codes or trackable links [15]. Hybrid models combining small fixed fees with performance commissions balance influencer income stability with accountability, making partnerships mutually beneficial and sustainable.

## 5. Cultural Resonance and Local Relevance

Content that celebrates Indonesian cultural heritage, incorporates local language and humor, and addresses community-specific concerns achieves substantially higher engagement than generic promotional material [13][17]. For MSMEs producing traditional crafts or regional products, this cultural authenticity constitutes a competitive advantage against mass-market brands—one that influencer marketing effectively amplifies.

### C. Integration with Sustainability Principles

Recent literature highlights growing consumer demand for sustainability and social responsibility, creating opportunities for MSMEs to differentiate through values-based positioning. Nielsen Indonesia's 2023 survey found that 73% of Indonesian consumers express willingness to pay premiums for sustainable products, yet only 34% can accurately identify them—indicating a critical communication gap [19].

Influencer marketing proves particularly effective for communicating sustainability credentials because:

**Transparency and Storytelling:** Influencer content enables MSMEs to showcase behind-the-scenes processes, document ethical sourcing practices, and quantify environmental impacts in accessible narratives [17]. Video documentation of traditional production techniques, artisan profiles, and conservation efforts builds consumer trust more effectively than certifications alone.

**Values Alignment:** Influencers increasingly advocate for environmental and social causes, partnering with brands that reflect their personal values [20]. MSMEs embedding sustainability into core operations (not as add-on CSR) can attract passionate influencer partners who amplify messages authentically to values-aligned audiences.

**Premium Positioning:** Literature documents that sustainability-positioned products command 15–30% price premiums when effectively communicated [19]. Influencer marketing enables MSMEs to justify premium pricing by making invisible practices visible—showing rather than telling consumers why products merit higher prices.

**Multi-Dimensional Impact:** Effective sustainability storytelling highlights economic (dignified employment, fair wages), environmental (conservation, waste reduction), and cultural (heritage preservation, traditional knowledge) outcomes simultaneously. This holistic narrative resonates strongly with Indonesia's growing middle class and conscious consumer segments [19][20].

#### D. Barriers to Adoption

Despite demonstrated effectiveness, influencer marketing adoption among Indonesian MSMEs remains limited. Literature identifies five systemic barriers:

##### 1. Digital Literacy Gaps (62% of MSMEs affected)

Significant knowledge deficits exist across content creation (photography, videography, editing), platform proficiency (understanding algorithms, features), analytics interpretation, and community management [21]. These gaps are particularly acute among older entrepreneurs and traditional craft sectors. Only 23% of MSME owners report formal digital marketing training [22].

##### 2. Infrastructure Disparities (33% urban-rural gap)

Digital infrastructure inequality creates severe geographic constraints. While urban Java achieves 92% 4G coverage with average 24 Mbps mobile speeds, Eastern Indonesia (Papua, Maluku, Nusa Tenggara) has only 67% coverage with 8 Mbps average speeds [22]. This 33% gap constrains both content production (uploading high-quality video) and market reach (customer access to content).

##### 3. Financial Constraints (67% allocate <2% revenue to marketing)

Two-thirds of Indonesian MSMEs allocate less than 2% of revenue to marketing activities, making even low-cost influencer campaigns challenging [1]. Specific constraints include limited working capital to fulfill demand surges from viral campaigns, inability to provide free product samples for influencer trials, and lack of budget for content production support [15].

##### 4. Influencer Identification Challenges (45% struggle)

Nearly half of MSMEs struggle to find authentic, values-aligned influencers within budget [15]. Challenges include manually identifying relevant nano-influencers across platforms (time-intensive), distinguishing genuine engagement from purchased followers, and assessing whether influencer values match brand positioning. Existing influencer marketplaces require minimum budgets (Rp 10–50 million) exceeding typical MSME capacity [15].

##### 5. Measurement Difficulties (38% lack analytics capability)

Over one-third lack capabilities to track return on investment accurately [21]. Most MSMEs cannot integrate influencer traffic with e-commerce or point-of-sale systems, complicating attribution. Long conversion windows for premium products further complicate measurement, making budget justification difficult.

#### IV. DISCUSSION

##### A. Theoretical Mechanisms Explaining Effectiveness

The literature reveals three integrated theoretical mechanisms that explain why influencer marketing proves particularly effective for Indonesian MSMEs:

##### Social Capital Theory: Trust Transfer in Collectivist Contexts

Social Capital Theory posits that social relationships generate economic value through trust, reciprocity norms, and information networks [9]. In Indonesia's highly collectivist culture (Hofstede individualism score: 14), where *hubungan pribadi* (personal relationships) underpin commercial transactions, nano-influencers function as trusted intermediaries who transfer bonding social capital to endorsed brands [5].

Close-knit, homogeneous audiences perceive influencer recommendations as peer advice rather than commercial advertising—a critical distinction in high-context cultures where interpersonal trust determines purchase decisions. The superior performance of nano-influencers reflects the monetary value of transferred social capital: audiences "borrow" the influencer's trust assessment rather than conducting independent evaluation. This mechanism explains why follower count inversely correlates with effectiveness—larger audiences become more heterogeneous, diluting bonding capital in favor of weaker bridging capital [9][13].

##### Technology Acceptance Model: The Adoption Paradox

The Technology Acceptance Model explains technology adoption through perceived usefulness and perceived ease of use [10]. Literature reveals a critical divergence: influencer marketing demonstrates high perceived usefulness (strong ROI and engagement), yet faces low perceived ease of use barriers (digital literacy gaps, technical complexity) [21].

This divergence creates an adoption paradox: 78% of MSMEs express awareness of influencer marketing benefits, yet only 32% actively implement campaigns [22]. The TAM framework suggests that addressing "ease of use" barriers—through training, simplified tools, and intermediary support services—could unlock substantial latent adoption potential. Furthermore, the framework predicts that early adopters (higher digital literacy, younger entrepreneurs) achieve

disproportionate first-mover advantages, potentially exacerbating inequality within the MSME sector unless inclusive capacity building is prioritized [10][21].

### Stakeholder Theory: Multi-Dimensional Value Creation

Stakeholder Theory argues that sustainable enterprise value derives from satisfying multiple stakeholders—owners, employees, communities, environment, customers—not solely profit maximization [11]. Literature on sustainability-integrated influencer marketing demonstrates multi-dimensional value creation:

- Economic value for MSME owners (revenue growth)
- Employment value for artisans and workers (dignified livelihoods)
- Cultural value for communities (preservation of traditional knowledge)
- Ecological value for society (resource conservation, waste reduction)
- Identity value for conscious consumers (values-aligned purchasing)

Critically, this value creation occurs through embedded sustainability practices (ethical sourcing, traditional techniques, environmental stewardship) rather than bolt-on CSR programs—making it authentic, cost-effective, and strategically defensible [19][20]. Influencer marketing amplifies embedded sustainability by making invisible practices visible through storytelling. The documented price premiums (15–30%) quantify customers' willingness to pay for stakeholder value beyond functional product benefits [11][19].

### B. Ecosystem Failures and Policy Implications

Importantly, identified barriers reflect systemic ecosystem failures rather than individual MSME deficiencies. This reframing fundamentally shifts policy responsibility from MSMEs themselves to ecosystem actors:

**Infrastructure gaps** stem from decades of geographically concentrated public investment, requiring government infrastructure policy intervention rather than MSME-level solutions [22].

**Digital literacy gaps** reflect insufficient integration of digital marketing into vocational training curricula and limited availability of affordable, culturally appropriate training programs [21].

**Financial constraints** indicate failures in inclusive finance provision—traditional collateral requirements exclude MSMEs, necessitating innovation in alternative credit assessment and performance-based financing [23].

**Influencer identification challenges** reveal market inefficiency in matching MSMEs with appropriate influencers, suggesting opportunity for intermediary

platforms with MSME-specific pricing and features [15].

This ecosystem perspective implies that isolated MSME-level interventions will achieve limited scale and sustainability. Instead, coordinated ecosystem-level reforms—addressing infrastructure, education, finance, and market intermediation simultaneously—are necessary for transformative impact.

### C. Indonesia's Structural Advantages

Indonesia possesses unique structural advantages for MSME influencer marketing:

1. **Demographic dividend:** Median age 29.7 years creates digitally native consumer base and influencer pool
2. **Social media intensity:** 77% internet penetration, 215 million users averaging 3.2 hours daily [4]
3. **Cultural assets:** Rich heritage of batik, tenun, jamu, traditional crafts providing authentic differentiation
4. **Collectivist values:** Strong interpersonal trust networks amplify influencer effectiveness [5]
5. **Sustainability consciousness:** 73% of consumers willing to pay premiums for sustainable products [19]

However, these advantages must be leveraged through locally adapted strategies rather than imported Western models that prioritize individualism, efficiency, and scale. Indonesian MSMEs' competitive advantage lies precisely in embeddedness within communities, cultural traditions, and sustainability practices—qualities that resonate powerfully in influencer storytelling [13][17].

## V. CONCLUSION

### A. Key Findings and Contributions

This literature review establishes that influencer marketing—particularly through nano- and micro-influencers—constitutes a high-potential pathway for sustainable MSME growth in Indonesia. Five key findings emerge:

1. **Inverse effectiveness-reach relationship:** Nano-influencers achieve up to 7× higher engagement than macro-influencers, making them cost-effective partners for resource-constrained MSMEs [6][12]
2. **Platform-specific advantages:** TikTok demonstrates exceptional organic reach for MSMEs (18% of posts exceed 100K views), attributed to algorithmic preference for authentic, culturally resonant content [14]
3. **Accessibility through flexible compensation:** Commission-based models (10–20% of sales) reduce upfront financial risk while aligning incentives, democratizing access to effective marketing [15]

4. Sustainability integration opportunities: Influencer marketing effectively communicates embedded sustainability practices, enabling 15–30% price premiums and attracting values-aligned consumers [19][20].
5. Systemic adoption barriers: Digital literacy gaps (62%), infrastructure disparities (33%), and financial constraints (67%) prevent widespread adoption despite demonstrated effectiveness [21][22].

The study makes three theoretical contributions: (1) integrating Social Capital Theory, Technology Acceptance Model, and Stakeholder Theory to explain influencer marketing effectiveness in collectivist, emerging market contexts; (2) demonstrating how digital marketing strategies can simultaneously advance economic development and sustainability goals; and (3) reframing adoption barriers as ecosystem failures requiring coordinated multi-stakeholder interventions.

## B. Practical Implementation Roadmap

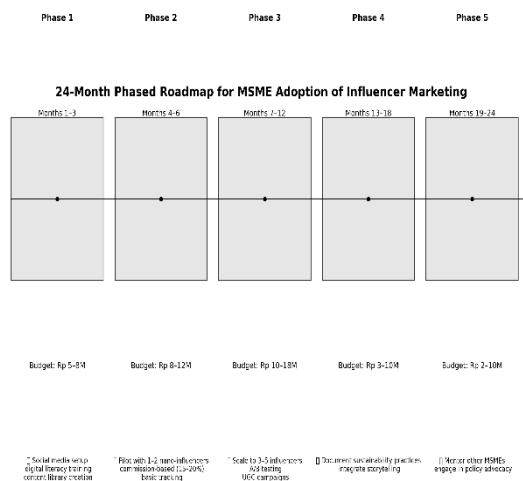


Fig 2. Proposed 24-month phased roadmap for MSME adoption of influencer marketing [1], [14], [15].

To enable widespread adoption among resource-constrained MSMEs, we propose a practical five-phase implementation roadmap:

### Phase 1: Foundation (Months 1-3) — Investment: Rp 5-8 million

- Establish professional social media presence (Instagram Business, TikTok Business, WhatsApp Business)
- Complete digital literacy training through government programs or online courses
- Develop brand story emphasizing unique value proposition
- Create content library (20-30 quality photographs using smartphone)
- Identify 3-5 potential nano-influencers through hashtag exploration

### Phase 2: Pilot Partnership (Months 4-6) — Investment: Rp 8-12 million

- Initiate collaboration with 1-2 nano-influencers using commission model (15-20% of sales)
- Provide product samples for authentic testing
- Co-create 5-10 content pieces (showcases, behind-the-scenes, founder stories)
- Establish basic tracking (discount codes, URL parameters, surveys)
- Document learnings for optimization

### Phase 3: Scale and Optimize (Months 7-12) — Investment: Rp 10-18 million

- Expand to 3-5 influencer partnerships (mix nano and micro)
- Implement A/B testing (content formats, posting times, calls-to-action)
- Upgrade analytics (Google Analytics, platform insights)
- Launch co-creation campaigns (contests, UGC drives)
- Develop consistent content calendar (3-5 posts weekly)

### Phase 4: Sustainability Integration (Months 13-18) — Investment: Rp 3-10 million

- Document sustainability practices (photography/video of production processes)
- Pursue relevant certifications if applicable (organic, fair trade, heritage craft)
- Develop educational content series with influencers
- Integrate sustainability narrative across all marketing touchpoints
- Calculate and communicate concrete impacts

### Phase 5: Ecosystem Leadership (Months 19-24) — Investment: Rp 2-10 million

- Mentor 2-3 emerging MSMEs in best practices
- Participate actively in industry associations
- Share anonymized data with researchers and policymakers
- Explore collaborative partnerships with government programs or NGOs
- Consider formal brand ambassador program with top performers

**Total investment:** Rp 28-58 million (USD 1,820-3,770) over 24 months. This phased approach minimizes upfront risk, enables learning-by-doing, and aligns with typical MSME cash flow constraints.

### C. Policy Recommendations for Ecosystem Actors

Table 2: Ecosystem-Level Policy Recommendations by Stakeholder [1], [2], [15], [21], [22], [23].

STAKEHOLDER	RECOMMENDED ACTION
Government	Integrate $\geq$ 40-hour digital marketing modules into national MSME training programs
	Launch matching grant scheme (50% co-funding up to Rp 20M per MSME)
	Accelerate 4G/5G rollout to achieve 90% coverage parity by 2027
Social Media Platforms (TikTok, Instagram)	Develop "MSME Starter Kits" with Bahasa Indonesia templates and simplified analytics
	Offer tiered ad pricing with 80% discount for MSMEs (<Rp 10B revenue)
Financial Institutions	Introduce "Digital Marketing Performance Loans" (Rp 10–50M) tied to campaign ROI
	Accept influencer contracts and social metrics as alternative collateral
Industry Associations & NGOs	Build regional MSME–influencer matchmaking platforms with authenticity verification
	Publish open-source "Influencer Marketing Toolkit for MSMEs" in Bahasa Indonesia

Transformative MSME development requires coordinated ecosystem interventions:

#### 1. Government (National and Regional)

- Integrate digital marketing modules (minimum 40 hours) into national MSME training curricula
- Establish matching grant program (50% co-funding up to Rp 20 million per MSME)
- Create regional "Digital Marketing Hubs" in underserved areas with free consultation and content production facilities
- Accelerate 4G/5G infrastructure deployment targeting 90% coverage parity by 2027
- Offer tax incentives: 200% deduction for traditional craft preservation and sustainability documentation

#### 2. Social Media Platforms (TikTok, Instagram, Facebook)

- Develop simplified analytics dashboards for low-literacy users in Bahasa Indonesia
- Create "MSME Starter Kits" with free templates and step-by-step campaign builders
- Implement graduated pricing: MSME tier with 80% advertising discount (revenue <Rp 10 billion)
- Launch "Verified Sustainable MSME" badges for certified enterprises
- Establish quarterly workshops in major cities covering content creation and optimization

#### 3. Financial Institutions (Banks, Microfinance, Fintech)

- Launch "Digital Marketing Performance Loans" (Rp 10-50 million) with repayment tied to campaign ROI
- Accept influencer contracts and social media analytics as alternative collateral
- Develop "Success-Based Financing" with zero upfront cost, repayment as percentage of incremental sales
- Integrate social media metrics into creditworthiness algorithms

#### 4. Industry Associations and NGOs

- Establish regional "MSME-Influencer Matchmaking Platforms" with authenticity verification
- Organize quarterly networking events connecting MSMEs with nano-influencers
- Develop open-source "MSME Influencer Marketing Toolkit" in Bahasa Indonesia
- Create peer learning networks with monthly experience-sharing meetups
- Lobby for policy reforms and produce annual "State of MSME Digital Marketing" reports

#### D. Limitations and Future Research

This literature review has several limitations. First, reliance on published sources may exclude valuable unpublished experiences and failed campaigns. Second, the nascent state of Indonesian MSME influencer marketing research means empirical evidence remains limited and fragmented. Third, most existing studies focus on Java, leaving Eastern Indonesia contexts underrepresented.

Future research should prioritize: (1) longitudinal studies tracking 3-5 year MSME trajectories to assess sustained impacts; (2) experimental designs with randomized controlled trials enabling causal inference; (3) examination of ethical dimensions including disclosure transparency and parasocial manipulation risks; (4) investigation of emerging phenomena including AI-generated influencers and live commerce integration; (5) comparative cross-cultural analysis to identify generalizable versus context-specific mechanisms; and (6) macro-economic modeling to quantify aggregate national-level impacts on employment, inequality, and export competitiveness.

#### E. Concluding Remarks

Influencer marketing represents more than a tactical communication channel—it constitutes a strategic paradigm enabling resource-constrained MSMEs to compete through authenticity, cultural capital, and values alignment rather than financial resources. For Indonesia's 64.2 million MSMEs, this democratization of marketing effectiveness offers unprecedented opportunity to achieve inclusive, resilient, and sustainable growth.

The evidence is compelling: nano-influencers deliver 7× higher engagement, TikTok enables organic viral

reach, commission models minimize financial risk, and sustainability storytelling commands price premiums. Yet systemic barriers prevent 68% of MSMEs from capturing these benefits. Unlocking this potential requires moving beyond individual interventions toward coordinated ecosystem transformation involving government infrastructure investment, platform product adaptation, financial innovation, and civil society capacity building.

Indonesia possesses structural advantages—young population, high social media engagement, rich cultural heritage, collectivist values, sustainability consciousness—that position it uniquely for success. Strategic ecosystem development can transform these latent advantages into realized prosperity, not only for MSME owners but for the artisans, farmers, communities, and ecosystems they support. With coordinated action, influencer marketing can become a catalyst transforming Indonesia's vast MSME sector into an engine of inclusive prosperity, cultural preservation, and environmental stewardship—demonstrating that economic development and sustainability are mutually reinforcing imperatives.

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