

Small Business Survival Strategies in the Online Market Ecosystem: A Qualitative Study Based on Literature Study

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Abstract

Article history:

Received: January 5, 2023
Revised: February 17, 2023
Accepted: April 10, 2023
Published: June 30, 2023

Keywords:

Small Businesses,
Online Marketplaces,
Survival Strategies,
Digital Literacy,
Digital Transformation.

Identifier:

Nawala
Page: 15-30
<https://nawala.io/index.php/ijdb>

This research aims to identify survival strategies used by small businesspeople in dealing with challenges and opportunities in the online market ecosystem. Using a qualitative approach based on literature review. Content analysis techniques are used to extract and categorize data from these sources in order to find strategic patterns that appear consistently. The results of the study show that the survival strategy of small businesses includes digital marketing through social media, strong customer orientation, product and process innovation, the use of digital technology, and strategic collaboration with business partners. Digital literacy is a key factor that underlies the successful implementation of these strategies. This research contributes to enriching the digital entrepreneurship literature and offers practical recommendations for MSME actors and policymakers to strengthen the resilience of small businesses in the digital era. These findings also open opportunities for further research with an empirical approach to explore the practices and challenges faced by business actors directly.

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1. Introduction

Small and medium enterprises (SMEs) have long been the backbone of the economy, both in developed and developing countries. Their role in creating jobs, encouraging local innovation, and strengthening economic self-sufficiency has been widely recognized. In Indonesia, this sector even absorbs more than 97% of the workforce and contributes to the national Gross Domestic Product (GDP). However, in recent years, massive digital transformation has fundamentally changed the business landscape (Neumeyer et al., 2020). The emergence of an online marketplace ecosystem brings great opportunities, as well as serious challenges for the sustainability of small businesses during rapid technological disruption and increasingly fierce market competition (Simangunsong, 2022).

Online marketplaces allow small businesses to reach consumers without geographical and time restrictions. Platforms such as Tokopedia, Shopee, Bukalapak, to Instagram and TikTok open space for business actors to market their products directly to consumers at a relatively low cost. In addition, the various technological features offered by the platform, from digital payment systems, data analytics, to targeted advertising, provide a competitive advantage that was previously difficult for small businesses to access. However, to be able to take advantage of these opportunities optimally, high adaptability is needed, especially in aspects of digital literacy, product innovation, and technology mastery (North et al., 2020).

On the other hand, many small businesses are having a hard time navigating these changes. Reliance on traditional business models, limited access to technology, low understanding of digital consumer behavior, and lack of capacity in managing

online marketing strategies are the main obstacles (Neumeyer et al. 2020). These challenges have become more complex with increasing competition, not only between local players, but also with large players who have superior resources and more mature technological advantages. In this situation, there is a need to understand more deeply how small businesses strategize to survive during a highly dynamic digital ecosystem (Hanelt et al., 2021).

However, most research still focuses on quantitative approaches that measure the impact of technology or consumer behavior on business performance. Meanwhile, strategic aspects that are contextual and dynamic often go unnoticed (Simangunsong, 2022). In fact, a small business survival strategy cannot be separated from factors such as customer orientation, business actors creativity, social networks, and the ability to read opportunities and build relevant collaborations. It is in this context that a qualitative approach based on literature studies is important to explore more deeply the strategic patterns that emerge from empirical experiences and practices that have been documented in various scientific literature (Khurana et al., 2022).

This research aims to identify and synthesize survival strategies used by small businesses in facing the challenges of the online market ecosystem. The focus of this study is how small businesses leverage digital marketing, build relationships with customers, integrate innovation and technology, and establish strategic collaborations to improve the competitiveness and sustainability of their businesses. This research uses a qualitative approach with a literature study method, which allows researchers to examine various secondary sources such as scientific journals,

reference books, research reports, and policy documents relevant to the topic. The analysis was carried out using content analysis techniques to identify recurring patterns, themes, and key concepts from the various literature analyzed.

2. Literature Review

2.1. Digital Marketing and Customer Onboarding as Pillars of Resilience

Digital marketing, especially through social media, is the main strategy that supports the sustainability of small businesses in the online market ecosystem. Social media provides ample opportunities to reach consumers more personally, increase engagement, and strengthen brand identity. Fatini et al. (2021) emphasized that social media is not only a promotional tool, but also a means of building emotional relationships with customers. This strategy strengthens customer loyalty while providing space for collaboration and co-creation. Additionally, customer orientation remains a key cornerstone in small business strategy. Berliandaldo et al. (2020) stated that small businesspeople tend to maintain traditional customer orientation principles even though they have entered the digital realm.

This approach is in line with the theory of Marketing *Myopia* by Levitt (2004), which emphasizes the importance of a deep understanding of customer needs rather than focusing only on the product. Balik et al. (2020) also shows that local community involvement and social responsibility can strengthen relationships with customers and increase the competitiveness of small businesses during increasingly complex online market competition. Thus, the combination of a social media-based marketing strategy and a sustainable customer onboarding approach has proven

effective in strengthening the position of small businesses. This strategy not only drives sales growth but also strengthens the foundation of the business to survive in the long term, especially in a dynamic and challenging digital ecosystem.

2.2. Innovation, Technology, and Strategic Collaboration in Answering Online Market Challenges

In the face of the challenges of a competitive and ever-changing online marketplace, the literature affirms the importance of technology adoption, innovation, and strategic collaboration as the primary strategies of small businesses. The use of data-driven marketing strategies helps small businesses understand customer preferences, reach new markets, and optimize decision-making efficiently. This strategy is supported by the Technology Acceptance Model (TAM) which states that the acceptance of technology by business actors is a crucial factor in the success of digital transformation (Yang et al., 2022). Product and process innovation also plays a vital role in strengthening competitiveness. Asri et al. (2022) found that small businesses such as *batik* MSMEs that combine traditional techniques with digital approaches have succeeded in expanding market reach without losing local identity. This innovation is in line with the views of Schumpeter and Drucker who value innovation as the core of entrepreneurship and economic growth.

Finally, collaboration and alliance strategies are also key in increasing the visibility and competitiveness of small businesses. Berliandaldo et al. (2020) identified various forms of digital partnerships that can be leveraged by small businesspeople, ranging from forming alliances with large players to building synergies between similar industry players. strategic to expand the network and

overcome resource limitations. By blending innovation, technology adoption, and strategic partnerships, small businesses can develop adaptive strategies to survive and even thrive in the digital ecosystem. This approach makes small businesses more responsive to market dynamics and able to anticipate better changes in trends (Zhang et al., 2022).

3. Methods

This study uses a qualitative approach with a focus on the study of secondary sources. Data was collected through a literature study that included analysis of scientific journal articles as well as previous research results relevant to the theme of small business survival strategies in the online market ecosystem. The purpose of this study is to identify the main strategic patterns, theoretical frameworks used, as well as empirical findings that explain how small business actors adapt to the dynamics and pressures of the digital market. The literature analyzed was selected based on the level of relevance, credibility of the source, and up to date, with an emphasis on publications in the last two decades. Data analysis is carried out using content analysis techniques, namely by grouping important information, identifying themes that appear repeatedly, and mapping the relationships between concepts from various literature sources. This process allows researchers to build a thorough understanding of the strategies used by small businesses, such as digital marketing, customer onboarding, innovation, technology utilization, and strategic collaboration. This study also highlights the research gaps that are still open and challenges that

have not been widely studied in literature, which then become the basis for the preparation of strategic recommendations.

4. Results

4.1. Digital Marketing and Customer Onboarding as Pillars of Strategy

The results of the literature review show that digital marketing, especially through social media, is one of the dominant strategies used by small businesses to survive and thrive in the online market ecosystem. This strategy was chosen because it has broad reach, cost efficiency, and flexibility in building relationships with customers (Rupeika-Apoga et al., 2022). In various sources analyzed, the use of platforms such as Instagram, Facebook, and TikTok has been proven to be effective in creating brand awareness, strengthening interactions, and driving customer loyalty through a more personalized approach. Pull marketing models, such as the use of creative and interactive content, are also widely applied as an alternative to conventional promotions that are more expensive and less relevant in the digital context (Simangunsong, 2022).

Additionally, customer orientation is an important foundation in a small business survival strategy. In contrast to the large corporate approach that often emphasizes efficiency and scale, small businesses tend to maintain closeness to customers and provide responsive, empathetic service. Adequate digital literacy allows businesses to understand consumer preferences through digital interactions, both in the form of comments, reviews, and personal messages (North et al., 2020). This helps them design communication strategies that are targeted and based on the

actual needs of consumers. By combining the power of digital media and the values of personal relationships that are the hallmarks of small businesses, digital marketing strategies and customer orientation have proven to be able to increase competitiveness during increasingly dense online market competition. The emphasis on customer engagement is also a key element in building loyalty and business sustainability in the long term (Neumeyer et al., 2020).

4.2. Innovation and Utilization of Technology as an Adaptive Response

In the context of an ever-evolving online market, innovation and the use of technology have emerged as an adaptive strategy that is crucial for the sustainability of small businesses (Hanelt et al., 2021). The results of a literature review show that small businesses that survive generally can innovate, both in the form of products and business processes. Product innovation includes customizing design, packaging, or services to better suit the preferences of digital consumers (Khurana et al., 2022). Meanwhile, process innovations include production efficiency, technology-based customer service integration, and partial automation of transaction flows through online systems. In addition to innovation, the ability to effectively utilize digital technology is an important factor. In various literature analyzed, it was found that small business actors who utilize technology such as dashboard analytics, application-based inventory management, and integration with digital payment systems tend to have advantages in managing their businesses efficiently and accurately (Yang et al., 2022).

Technology is not only used to support operations, but also to understand consumer behavior through data available on e-commerce platforms and social

media. The use of technology also opens opportunities to personalize services and expand market share. With digital data, small businesspeople can identify potential customer segments and tailor their offerings more appropriately (Hanelt et al., 2021). This shows that survival strategies depend not only on creativity and intuition, but also on the ability to process technology-based information. By integrating innovation and technology, small businesses can navigate the challenges of the online market in a more adaptive, efficient, and responsive manner to changing customer needs.

4.3. Strategic Collaboration and the Role of Digital Literacy

Other findings from the literature analysis show that strategic collaboration is an increasingly important survival strategy for small businesses in the face of competitive pressures in the online market. This collaboration can be in the form of cooperation with fellow MSME actors, alliances with logistics service providers, to partnerships with e-commerce platforms (Neumeyer et al., 2020). This form of collaboration allows small businesses to expand market reach, access better technology infrastructure, and share resources for operational efficiency. This strategy is especially important given the limited capital and internal capacity that are often a major obstacle for small businesses.

In addition to collaboration, digital literacy is also the main foundation for the success of the survival strategy. Based on various sources analyzed, small businesspeople who have adequate digital understanding and skills tend to be better prepared to deal with changes in platform algorithms, digital marketing dynamics, and content management (North et al., 2020). Good digital literacy not only helps in

technical aspects, but also in data-driven decision-making, online reputation management, and protection of customer data security. The combination of strategic collaboration and strong digital literacy provides a significant competitive advantage. Small businesses that can network and take advantage of cooperation opportunities have an easier time adapting to market changes and technological innovations (Neumeyer et al., 2020). On the other hand, digital literacy allows business actors to remain relevant during rapid digital disruption. Therefore, increasing the capacity of digital literacy and strengthening the collaborative ecosystem are important recommendations for the sustainability of small businesses in the current digital era.

5. Discussion

The results of this study underscore the importance of a flexible, adaptive, and customer-oriented survival strategy in the face of online market challenges. Small businesses, despite having limited capital and technology, can demonstrate resilience by utilizing social media as a primary marketing tool (Khurana et al., 2022). Digital marketing strategies have proven to be effective not only for increasing visibility, but also for strengthening relationships with customers through more personalized interactions. These findings are in line with the concept of customer engagement, where active customer engagement is one of the keys to success in building brand loyalty.

The discussion also highlighted how customer orientation that has become a hallmark of small businesses remains relevant even in the digital realm. Fast service, two-way communication, and responsiveness to consumer needs have been proven

to be able to distinguish small businesses from large competitors that tend to be more rigid (Eller et al., 2020). This shows that traditional values can still be integrated with digital approaches and instead become a competitive force in an increasingly homogeneous online ecosystem.

In terms of innovation and technology, the study shows that small businesses that survive are those that are willing to adapt to new ways of thinking, from product customization to the use of digital tools such as inventory applications, customer data analytics, and digital payment platforms. Innovation strategies do not necessarily require advanced technology, but rather the courage to change old approaches to new business models that are more relevant to market needs (Khurana et al., 2022). This supports Schumpeter's view of innovation as a key driver of business dynamics. In addition, the importance of strategic collaboration was an interesting finding in this discussion.

Small businesses that build cooperation with e-commerce platforms, local communities, or fellow MSME actors are better able to survive and thrive (Steininger, 2019). This collaboration allows for access to a wider market, logistics efficiency, and collective sharing of resources. This strategy is in line with the strategic alliance approach in business management, where mutually beneficial cooperation can be a solution to internal limitations. The underlying factor of all these strategies is digital literacy. The ability of business actors to understand and manage technology is the main differentiator between stagnant small businesses and those that can grow (Gregori and Holzmann, 2020). Good digital literacy allows businesses to read consumer data, understand platform algorithms, manage digital

content effectively, and respond quickly to market trends. Therefore, strengthening digital literacy is not only a technical necessity, but also part of a long-term survival strategy (Soluk et al., 2021). This discussion emphasized that the success of small businesses in the online market ecosystem is not solely determined by the scale of the business or the amount of capital, but by the ability to adapt, innovate, and establish relevant connections in the digital world. With a good understanding of these dynamics, small businesses can not only survive but thrive in the ever-changing digital economy landscape.

6. Conclusion

In The survival strategy of small businesses in the online market ecosystem is largely determined by the adaptability to digital transformation. The main strategies found include the use of social media for marketing, strong orientation to customer needs, product and process innovation, efficient use of digital technology, and strategic collaboration with various business partners or digital platforms. Digital literacy is an important foundation in the overall strategy, as it allows businesses to understand consumer behavior, manage online platforms effectively, and make data-driven decisions. Small businesses that have digital and innovative capacity are proving to be more resilient in the face of competition in an increasingly complex online market.

This research provides theoretical and practical implications. Theoretically, these findings reinforce the importance of digital entrepreneurship approaches and strategy adaptation in the context of small-scale businesses. Meanwhile, practically,

these results can be used as a reference for MSME actors to develop survival strategies that are more relevant to the characteristics of the online market. These findings are also useful for policymakers and MSME companion institutions to design programs to strengthen digital literacy, online marketing training, and develop an inclusive collaborative ecosystem.

However, this study has limitations. All data used comes from secondary sources, so it does not represent direct field experience. The literature study approach also limits the scope of analysis to the general context without distinguishing the local or sectoral characteristics of business actors. Therefore, the results of this study are conceptual and cannot be generalized widely without verification of primary data. For further research, it is recommended to conduct qualitative field studies through in-depth interviews or case studies of small business actors in certain sectors to obtain a more contextual picture. The mixed methods approach can also be used to measure the effectiveness of digital strategies and understand the social and policy factors that also affect the resilience of MSMEs in the ever-growing online market ecosystem.

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