

Digital Marketing Strategy Based on Sustainability Value in Improving Local Product Competitiveness

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ABSTRACT

This study aims to examine the effect of digital marketing strategies based on sustainability values on improving the competitiveness of local products, using a mixed method approach that combines quantitative and qualitative analysis. The background of this research is based on the weak competitiveness of local products caused by the mismatch of marketing strategies with sustainability trends and increasing consumer preferences for ethical and environmentally friendly products. Quantitative data was collected through a survey of 150 digital consumers, while qualitative data was obtained through in-depth interviews with 10 UMKM players. The results show that the integration of sustainability values such as transparency, use of environmentally friendly materials, and social responsibility in digital strategies can increase positive consumer perceptions and strengthen purchase intentions. The qualitative findings support the quantitative results by revealing that businesses that implement these strategies are more adaptive in reaching digital consumers and strengthening local brand identity. The implications of this study show the importance of synergy between sustainability and digital transformation approaches to create sustainable competitiveness for local products. This research contributes to the development of sustainable digital marketing theory as well as strategic recommendations for UMKM and policy makers.

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1. INTRODUCTION

In the midst of globalization and the development of increasingly massive digital technology, Indonesian local products are faced with serious challenges in maintaining their existence and competitiveness. Despite Indonesia's rich culture and diversity of local resources, the reality is that many local products have not been able to compete effectively in national and international markets. This lag is largely due to the lack of innovation in marketing strategies as well as the limited ability to adapt to increasingly dynamic changes in consumer behavior. Current market conditions show that consumers no longer only consider aspects of product price and quality, but also begin to pay attention to the values inherent in the production and distribution process. Among these are sustainability values, such as environmental impact, empowerment of local communities, and business ethics practiced by producers. This signals a shift in consumer preferences towards more socially and ecologically responsible consumption.

Unfortunately, many local businesses have yet to fully understand and integrate sustainability into their marketing strategies. Most still focus on conventional promotions that do not

reflect the uniqueness or added value of local products. As a result, these products often lose out to global brands that have already implemented sustainability-based approaches in their marketing campaigns. A digital marketing strategy should be the right solution to bridge the limited promotional resources of local businesses. Digital technology offers flexibility, cost efficiency, and broad access to markets. However, optimal utilization of digital media has not yet become a common practice among UMKM, especially in the context of using sustainability values as a key element in marketing communications.

On the other hand, the emergence of a collective awareness of environmental and social issues has created a potential new niche market, the value-based market. Consumers in this segment demand clarity, transparency and commitment from the products they buy. Therefore, it is important for local products to not only be present in the digital space, but also deliver sustainability messages consistently and authentically. The urgency of this research is strengthened when seeing that digital marketing strategies based on sustainability values have not been systematically implemented by local businesses. This can be a strategic opportunity if worked on with the right approach, considering the potential growth of the digital market in Indonesia is very large and continues to increase from year to year.

Several previous studies have examined the effectiveness of digital marketing in improving business performance, and shown that sustainability-based approaches can strengthen consumer loyalty and brand image. However, these studies have generally focused on large companies or global contexts, thus under-representing the realities and challenges faced by local businesses in Indonesia. The literature review also shows that the integration between digital strategy and sustainability values is still an area that has not been optimally explored. Studies on digital marketing are often separated from sustainability issues, and conversely, studies on sustainability tend to highlight less aspects of digital marketing as a strategic instrument.

Based on this gap, a study is needed that is able to integrate both approaches in one analytical framework. Local products need a digital marketing strategy that is not only based on algorithms or social media trends, but is also able to represent the values believed by today's consumers. With a more in-depth and contextual approach, local businesses can create strong differentiation in the midst of increasingly competitive competition. This research aims to address these challenges through a mixed methods approach, combining quantitative and qualitative analysis in one research design. The quantitative approach is used to measure the influence of sustainability elements in digital marketing strategies on consumer perceptions and purchasing decisions. Meanwhile, the qualitative approach is used to dig deeper into the views, experiences, and strategies of local businesses in adopting sustainability values.

Mixed methods were chosen because they provide a more comprehensive picture of complex phenomena. Quantitative data enables the identification of patterns and relationships between variables, while qualitative data provides rich and deep contextual insights. The combination of both is essential to fully understand the challenges and opportunities in implementing sustainable digital marketing strategies for local products. More specifically, this research will examine how local businesses understand the value of sustainability, how they implement it in digital communication, and the extent to which these strategies are able to shape positive perceptions in the eyes of consumers. The results of this research are expected to provide theoretical and practical contributions in the development of digital marketing strategies that are relevant to the local context and the demands of the times.

This research is also expected to be a reference for the government, business community, and UMKM support institutions in formulating policies or programs for sustainability-based local business development. By combining technology and value approaches, local products can not only compete in the digital market, but also contribute to building a more inclusive and sustainable economy. Based on the description above, the problem formulations in this study are as follows: (1) How do local businesses implement sustainability values in their digital marketing strategies? (2) To what extent does the presence of sustainability values in digital marketing strategies affect consumers' perceptions and purchasing decisions of local products? (3) What are the challenges and strategies used by local businesses in integrating sustainability into digital marketing? The objectives of this study are: (1) Analyzing the form and practice of implementing sustainability values in digital marketing strategies for local products; (2) Measuring the effect of sustainability on the

competitiveness of local products based on consumer responses; and (3) Identifying inhibiting and supporting factors in the implementation of sustainability-based digital marketing strategies among local businesses in Indonesia.

2. RESEARCH METHOD

This research uses a mixed method approach, which is a mixture of quantitative and qualitative approaches carried out in a balanced manner to gain a more comprehensive understanding of digital marketing strategies based on sustainability values in increasing the competitiveness of local products. This approach was chosen because the phenomenon studied requires in-depth exploration of business strategies (through qualitative data) as well as measurement of the influence of sustainability values on consumer decisions (through quantitative data). By using two approaches simultaneously, researchers can obtain strong and in-depth empirical data in answering the problem formulation. The research design used was a combination of a quantitative survey and a qualitative case study. The survey was used to collect data from consumers regarding the extent to which they respond to digital marketing strategies for local products that contain sustainability values. Meanwhile, case studies were used to explore how local businesses develop and implement sustainability values in their digital strategies, including the challenges faced and the impact on the competitiveness of their products in the market. The population in this study is divided into two main categories, namely consumers and local businesses. For the quantitative study, the population is millennial consumers in Indonesia who actively shop for local products digitally. The sampling technique was purposive sampling with the criteria that respondents had seen or purchased local products through digital platforms in the last six months. The number of respondents in this study is planned at 150 to 200 people to be sufficient for regression or SEM analysis. Meanwhile, for the qualitative study, the sample consisted of 5 to 7 local businesses known to have adopted sustainability values in their marketing strategies. The selection was done through a snowball sampling technique, starting from several businesses recommended by the community or UMKM support institutions.

Quantitative data was collected through an online questionnaire constructed using a 1-5 Likert scale and distributed through digital platforms. The questionnaire covered key indicators such as consumer perceptions of sustainability, digital marketing strategies, and purchasing decisions. As for qualitative data, it was collected through in-depth interviews with local businesses, as well as secondary document analysis such as social media posts, official business websites, social activity reports, and relevant sustainability publications. Data triangulation techniques were used to ensure the validity of the qualitative data. Research instruments for quantitative data have been tested for validity and reliability. The validity of the instruments was tested using the item-total correlation test, while the reliability test was conducted by calculating the Cronbach's Alpha value, where a value of ≥ 0.7 is considered to qualify for good reliability. Meanwhile, the qualitative instrument is a semi-structured interview guideline designed to capture the understanding and practice of sustainability in digital marketing strategies in depth. The guidelines were also flexible to adjust to the flow of conversations that emerged during the interview process. Quantitative data analysis techniques are carried out with descriptive statistics to see the characteristics of respondents and their perceptions of sustainability strategies, then continued with multiple linear regression analysis to determine the effect of sustainability-based digital marketing variables on local product purchasing decisions. If the data meets the structural requirements, researchers will use the Structural Equation Modeling (SEM) approach based on Partial Least Squares (PLS) for further analysis. This technique was chosen because it is suitable for processing data with a moderate number of samples and is able to measure latent relationships between variables simultaneously. Meanwhile, qualitative data was analyzed using a thematic analysis approach. This technique allows researchers to identify patterns, main themes, and deep meanings from the narratives expressed by business actors. The stages of analysis included the transcription process, initial coding, grouping of themes, and interpretation of meaning. This analysis is expected to provide a deeper context to the quantitative findings, and enrich the understanding of the strategies and challenges of implementing sustainability-based digital marketing for local products in Indonesia.

3. RESULTS AND DISCUSSIONS

data findings systematically.

The research involved 180 millennial consumer respondents and six local businesses. The majority of respondents are 25-35 years old and actively buy local products digitally. Most stated that they pay attention to sustainability aspects in choosing products, such as being environmentally friendly and supporting UMKM. Quantitative data shows that sustainability value in digital marketing has a significant effect on purchasing decisions. Linear regression results reveal that the sustainability value variable ($\beta = 0.51$) has the strongest influence, followed by information clarity ($\beta = 0.34$) and social media interaction ($\beta = 0.27$). From the interviews with businesses, three main themes emerged: sustainability integration, storytelling-based digital strategies, and implementation challenges. Businesses are actively conveying sustainability messages through social media and collaboration with relevant influencers. However, they face obstacles such as green production costs and market education.

These qualitative findings corroborate the survey results that digital campaigns based on sustainability values can increase consumer trust and competitiveness of local products. Consumers in big cities showed a more positive response, although education is still needed in semi-urban areas. Overall, sustainability-based digital strategies have proven to be relevant and effective in strengthening the position of local products in a competitive market. Businesses are advised to continue developing educational, authentic, and visual content to reach out to environmentally and socially conscious consumer segments.

Table 1: Respondent Profile

Category	Number of Respondents	Percentage (%)
Age		
18-24 years old	50	28%
25-35 years old	112	62%
36 years and above	18	10%
Frequency of Purchasing Local Products		
Have purchased in the last 3 months	135	75%
Never bought	45	25%

This table illustrates the demographic characteristics of the respondents involved in the study, including age group, as well as the frequency of purchasing local products. This data provides insight into who participated in the survey and how their characteristics may influence perceptions of sustainability-based digital marketing.

Table 2: Effect of Sustainability Value on Purchasing Decision

Variables	Regression Coefficient (β)	Significance (p-value)
Sustainability Value	0,51	< 0,01
Clarity of Digital Information	0,34	< 0,05
Social Media Interaction	0,27	< 0,05

This table presents the results of the regression analysis that measures the relationship between sustainability values in digital marketing and consumer purchase decisions. The regression coefficient (β) and significance value (p-value) indicate how strong and significant the effect is. The results of the analysis show that sustainability values have a significant influence on purchasing decisions.

Table 3: Key Themes in Local Business Practices (Qualitative Analysis)

Theme	Description	Percentage (%)
Integration of Sustainability Values	Businesses demonstrate commitment to sustainability through eco-friendly materials and production transparency.	40%
Digital Strategy and Storytelling	Use of digital platforms to tell the story of sustainability and product quality.	35%
Implementation Challenges	Obstacles faced include the cost of eco-friendly materials and lack of market awareness.	25%

This table identifies key themes that emerged from the interviews with local businesses. These findings cover aspects such as the integration of sustainability values in products, the use of storytelling-based digital strategies, and challenges faced in implementing sustainability. Each theme is also followed by a percentage that illustrates the frequency or presence of the theme in the interviews.

Table 4: Distribution of Consumer Responses to Sustainability

Perception of Sustainability	Number of Respondents	Percentage (%)
Positive	150	83%
Negative	30	17%

This table shows the differences in consumer responses to sustainability-based digital marketing. Based on the survey results, the majority of consumers show a positive perception of sustainability, but there is a small percentage who still don't care or don't realize the importance of it.

4. DISCUSSIONS

Relationship of results to previous literature.

The results of this study indicate that the value of sustainability in digital marketing strategies has a significant influence on consumer purchasing decisions for local products. This finding is in line with previous research conducted by Leonidou et al. (2013), which emphasizes that the integration of sustainability principles in marketing not only improves brand image, but also strengthens consumer loyalty. In the digital context, sustainability-based marketing strategies have proven to be more effective in attracting consumer attention, especially the younger generation who tend to be more concerned about environmental and social issues. Furthermore, this finding also supports research results from Lim et al. (2020), which showed that digital storytelling that contains sustainability values can build emotional connections with consumers and encourage more conscious purchasing decisions. In this study, digital strategies that emphasize transparency of production processes, the use of environmentally friendly materials, and corporate social responsibility are important factors that influence consumer preferences for local products.

Qualitative analysis of interviews with local businesses also confirmed that sustainability practices are increasingly becoming part of their marketing narrative. This is consistent with the findings of Kumar & Christodoulou (2014), who explain that sustainability has shifted from being a social responsibility to a strategic element in building competitive advantage. However, constraints such as cost limitations and lack of market education are still barriers that were also noted in the study by Hall et al. (2016). Thus, the results of this study not only corroborate previous findings, but also add a new dimension that in the current digital context, the adoption of sustainability values is no longer an additional option, but a core strategy that can improve the competitiveness of local products. This research also fills a gap that is still minimally explored, namely the direct link between consumer perceptions of sustainability values in digital marketing and their influence on purchasing decisions for local products in the broader market.

Implications of the findings for digital marketing practices and sustainability.

The findings of this study have significant implications for digital marketing practices, particularly in the context of local products that seek to improve competitiveness in an increasingly competitive market. One of the main implications is the importance of explicitly incorporating sustainability values in digital marketing messages. Strategies such as storytelling that highlight eco-friendly production processes, the use of sustainable raw materials, and commitment to corporate social responsibility have proven to be more effective in shaping consumers' positive perceptions and influencing their purchasing decisions.

In addition, the findings suggest that local businesses need to optimize digital platforms such as social media, websites, and marketplaces to deliver sustainability narratives in a consistent and engaging manner. Strong visual content, such as videos or infographics that demonstrate sustainable practices, can increase consumer trust and engagement. Therefore, digital and creative capacity building for businesses is an urgent need to make their marketing strategies relevant to increasingly environmentally conscious market trends.

Another implication lies in the importance of cross-sector collaboration, such as working with influencers who share sustainability values, as well as with environmental communities or organizations to expand the reach of marketing messages. This shows that sustainability is not just an add-on element, but an integral part of a long-term business strategy. From the consumer side, the findings also encourage the need for continuous education so that people increasingly understand the importance of supporting products that are not only quality, but also socially and ecologically responsible. Thus, digital marketing practices that strategically integrate sustainability values not only enhance the appeal of local brands, but also strengthen their position in the face of global competition. The application of these findings can help create a business ecosystem that is not only economically profitable, but also makes a tangible contribution to environmental sustainability and social well-being.

Key Findings

This study found that sustainability values have a significant influence on consumers' purchasing decisions for local products. Consumers show a strong preference for brands that actively communicate sustainability practices through digital channels. Marketing strategies that emphasize transparency, ethical production, and environmental responsibility tend to gain more trust from consumers, especially in the productive age group who actively use social media. Quantitative data also revealed that digital elements such as the quality of information on social media, sustainability narratives and two-way interactions with consumers have a positive impact on perceived product value. Meanwhile, in-depth interviews show that businesses that consistently build sustainability narratives are better able to reach the market and create consumer loyalty. This reinforces the relevance of sustainability as a strategic element in today's digital marketing.

Strategy Analysis

Based on the research findings, an effective strategy for marketing local products based on sustainability values involves three main approaches. First, a narrative communication strategy that emphasizes the story behind the product: from the raw materials, to the eco-friendly production process, to the positive social impact. This approach is proven to increase the emotional connection between consumers and brands. Second, the use of high-quality visual content, including short videos, infographics, and customer testimonials that showcase sustainability practices. This strategy makes marketing messages easier to understand and captures consumers' attention on digital platforms. Third, collaborations with public figures and communities with environmental concerns serve as a bridge between local businesses and the wider target market. This collaboration increases the credibility of the campaign and expands its reach organically. These strategies should be tailored to the characteristics of the intended consumers, and carried out in a sustainable and measurable manner.

Challenges and Solutions

Local businesses face various challenges, particularly in terms of resources and knowledge of sustainability. One of the main challenges is higher production costs due to the use of environmentally friendly materials, as well as limited access to value-based digital marketing training. In addition, not all consumers understand the importance of sustainability, so market education is still a big task. As a solution, businesses can partner with training institutions or the government to get technical and financial support for sustainable digital transformation. In addition, strengthening local sustainability-based business communities can also be a collective solution to share best practices and resources. On the marketing side, an educational and inspirational approach in digital content can change the perception of consumers who previously did not care to become more caring and loyal. Overall, the challenges of integrating sustainability values in digital strategies can be overcome with collaboration, innovation and consistency, which will ultimately support the increased competitiveness of local products in an increasingly environmentally conscious market.

5. CONCLUSION

Based on the results of the study, it can be concluded that digital marketing strategies based on sustainability values have a significant influence in increasing the competitiveness of local products. Sustainability values that are effectively communicated through digital media are proven to be able to shape positive consumer perceptions and encourage more conscious purchasing decisions. This

finding answers the problem formulation that the weak competitiveness of local products can be strengthened through a marketing approach that is not only digitally innovative, but also full of social and environmental meaning. This research makes an important contribution to the development of marketing science, particularly in the context of local business and sustainability. The integration of sustainability in digital strategy is not only an ethical approach, but also a competitive strategy relevant to modern market dynamics. In addition, the findings expand the understanding of the role of consumers in driving a more responsible and sustainable transformation of local businesses. As practical advice, UMKM players need to start developing marketing strategies that highlight the sustainability value of their products, whether through visual narratives, collaboration with environmental communities, or social media optimization. For policymakers, it is important to provide training, mentoring and incentives for UMKM to adopt sustainable marketing practices more widely. Meanwhile, future research is recommended to explore the long-term effects of this strategy on consumer loyalty and analyze the effectiveness of sustainability campaigns across various digital platforms and more diverse market segments.

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