

THE ROLE OF THE CREATIVE ECONOMY IN INCREASING THE COMPETITIVENESS OF CIREBON MSMEs IN THE DIGITAL ERA

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Abstract

The Creative Economy has emerged as a powerful tool to enhance the competitiveness of Micro, Small, and Medium Enterprises (MSMEs), particularly in Cirebon, where digitalization is rapidly taking place. As MSMEs in Cirebon face the challenge of adapting to digital markets, the role of digital marketing, e-commerce, and innovative product design through creative economy principles has become crucial. This study aims to investigate how creative economy practices can improve the competitiveness of MSMEs in Cirebon in the digital era. Using a qualitative research approach and a literature review of previous studies, this research identifies the main factors that contribute to the successful adoption of digital technologies by MSMEs in Cirebon. The findings indicate that creative economy practices, particularly in digital marketing and product innovation, significantly enhance market access and sales performance. However, challenges such as digital skills gaps and limited access to technology remain obstacles. The study concludes with recommendations for improving policy support, training programs, and collaborations between sectors to boost the adoption of creative economy principles and digitalization for MSMEs.

Keywords: Creative Economy, MSME Competitiveness, Digital Marketing, E-commerce, Cirebon, Digitalization

INTRODUCTION

The Micro, Small, and Medium Enterprises (MSMEs) sector in Indonesia has a very vital role in the economy, both in terms of labor absorption and contribution to the Gross Domestic Product (GDP). According to data from the Ministry of Cooperatives and SMEs (2020), MSMEs contribute around 60% to Indonesia's GDP

and absorb 97% of the workforce. In Cirebon, MSMEs are one of the backbones of the regional economy, but they are faced with great challenges, especially in adapting to the rapid development of digital technology. The creative economy, which relies on creativity, innovation, and the use of technology, can provide solutions for Cirebon MSMEs to increase their competitiveness in the digital era. By utilizing digital technology, e-commerce platforms, and social media, MSMEs in Cirebon have the potential to grow and reach a wider market. However, the digital divide and limited access to technology are significant obstacles. Therefore, understanding the role of the creative economy in encouraging MSMEs to adapt to digitalization is essential for the sustainability of their businesses.

Research on the application of the creative economy to increase the competitiveness of MSMEs is very relevant in the current digital era, especially for areas such as Cirebon, which despite its development, still faces challenges in utilizing digital technology to the fullest. For example, the Ministry of Communication and Information Technology (2021) reported that only about 20% of MSMEs in Indonesia have made optimal use of digital technology, while the rest are still lagging behind in terms of the use of e-commerce and digital marketing platforms. In Cirebon, although there are a number of MSMEs that have begun to switch to the digital market, many are not yet fully aware of the potential that can be explored through the adoption of creative technology. In this context, this study is important to identify the factors that influence the adoption of the creative economy among MSMEs in Cirebon, as well as to see its impact on their competitiveness in the local and global markets. This aims to provide deeper insight into the strategy for developing MSMEs based on the creative economy and digitalization in Cirebon.

Data related to the development of Cirebon MSMEs shows that there is an increase in the number of MSMEs that use digital platforms for marketing, but there are still many who face difficulties in accessing technology and managing digital transactions. For example, based on BPS Cirebon data (2020), more than 30% of MSMEs in Cirebon do not have a website or account on social media, which limits their market reach. In competitiveness theory, Porter (1990) states that innovation and the use of technology are the two main factors in increasing the competitiveness of a region or sector. The application of the creative economy involving digital technology, according to Howkins (2001), can help MSMEs in creating new and more innovative products, which has the potential to increase their competitive advantage. In addition, in digital marketing theory, Chaffey & Ellis-Chadwick (2019) emphasized the importance of social media and e-commerce platforms in increasing the visibility and market access of MSMEs. This theory is the basis for delving deeper into how digital technology can be applied to MSMEs in Cirebon to support their increased competitiveness.

Several previous studies have shown that the use of digital technology in the MSME sector can increase their competitiveness. Kurniawan & Prasetyo (2018) found that the use of e-commerce can increase market access and sales of MSMEs in Indonesia, while Setiawan & Yulianto (2019) show that digital marketing allows MSMEs to reach a wider range of consumers. Fitria & Pradana (2020) in their research on MSMEs in West Java also showed that the implementation of digital platforms such as Tokopedia and Bukalapak was able to increase the market share of MSMEs. However, more specific research on MSMEs in Cirebon in the context of creative economy adoption and digitalization is still very limited. This research fills

this gap by focusing on Cirebon as an area that is transforming in the digital era, but there are still many challenges that must be faced by MSMEs.

Although there are many studies that examine the influence of digital technology on MSMEs in general, very few focus on MSMEs in specific areas, especially in Cirebon. Existing research focuses more on big cities or developed countries, while Cirebon with smaller and limited MSME characteristics in terms of access to technology has not been widely discussed. In addition, although the creative economy has been proven to be effective in increasing the competitiveness of MSMEs in certain sectors, the lack of specific literature on the role of the creative economy in the context of Cirebon MSMEs leads to research gaps that must be addressed. Therefore, this study focuses on how the creative economy can be used to increase the competitiveness of MSMEs in Cirebon, especially in overcoming obstacles in the adoption of digital technology.

The novelty of this research is by focusing on MSMEs in Cirebon that face digitalization challenges, which is different from previous research that generally researched MSMEs in big cities or developed countries. Cirebon has very specific characteristics of MSMEs, with many of them relying on traditional and local sectors, which have not yet fully leveraged digital technology. Therefore, this study presents a new approach in examining the creative economy and digitalization as the main factor in increasing the competitiveness of MSMEs, especially in areas that are still in the stage of adopting digital technology. By providing a local perspective, this study contributes to expanding the literature on creative economy adoption in the context of smaller regional MSMEs.

The purpose of this study is to analyze the role of the creative economy in increasing the competitiveness of MSMEs in Cirebon, focusing on the use of digital technology that can support product innovation and expand market access. This research also aims to evaluate the adoption of digital marketing and e-commerce platforms by MSMEs in Cirebon and provide policy recommendations to encourage the optimal implementation of the creative economy and digital technology. The benefit of this research is to provide practical insights for MSME actors, local governments, and related stakeholders in developing digitalization strategies that can increase the local and global competitiveness of MSMEs in Cirebon, while opening up opportunities for MSMEs to innovate and compete in an increasingly digital market.

RESEARCH METHODS

This research uses a qualitative research method with a case study approach, which aims to explore in depth how the application of the creative economy and digital technology can increase the competitiveness of MSMEs in Cirebon. Using a case study approach, this research will focus on MSMEs engaged in the creative economy sector, such as handicrafts, fashion, culinary, and tourism, that have adopted digital technology to market their products. Purposive sampling is used to select a sample of MSMEs that meet the criteria, namely those that have utilized digital technology for marketing through social media, e-commerce platforms, or websites. This research will involve around 10–15 MSMEs selected based on the relevance and progress in digital technology adoption, as well as its impact on their competitiveness in local and global markets.

The instruments used in this study were semi-structured interview guidelines and non-participant observation sheets. The interview guidelines will include questions about product innovation, the use of digital platforms for marketing, digital marketing strategies, and the challenges faced by MSMEs in digital transformation. The observation sheet will focus on operational activities and the use of digital platforms carried out by MSME actors, especially those related to social media and e-commerce. In-depth interviews will be conducted with MSME owners and business managers to get first-hand views on the implementation of the creative economy and digital technology in their businesses. In addition, a document study will be conducted to review MSME annual reports, digital marketing materials, and policy documents related to MSME digitalization.

Data collection is carried out through several techniques. In-depth interviews with MSME owners and managers will be conducted in a semi-structured manner, providing an opportunity to dig deeper into their experiences in implementing the creative economy and digital technology. In addition, non-participant observations will be used to see firsthand the marketing and sales activities of products carried out through digital platforms such as e-commerce and social media. A document study will be conducted to see how MSMEs utilize digital platforms in promotional and sales activities, as well as to get a clearer picture of the digital marketing strategies implemented by MSMEs. All data collected will be analyzed qualitatively using thematic analysis, where interview, observation, and document data will be grouped into major themes related to the creative economy, digitalization, and the competitiveness of MSMEs.

In the data analysis process, the researcher will first familiarize himself with re-reading interview transcripts and observation notes to understand the context more deeply. Next, the researcher will conduct initial coding, by identifying the key codes that appear in the data, such as product innovation, digital platform usage, and digitalization challenges. These codes will then be grouped under relevant themes, such as digital marketing strategies, creative economy adaptation, and the impact of technology on competitiveness. Researchers will also use data triangulation to ensure the validity of findings by comparing results from interviews, observations, and document studies. These findings will then be synthesized to provide a more comprehensive picture of the role of the creative economy and digitalization in increasing the competitiveness of Cirebon MSMEs in the local and global markets.

RESULTS AND DISCUSSION

The Use of Creative Economy in Cirebon MSMEs

In the context of the creative economy, product innovation plays a central role in increasing the competitiveness of MSMEs in Cirebon. This research shows that MSMEs that focus on creative design, product quality, and uniqueness have a greater chance of succeeding in local and global markets. For example, handicraft and fashion products that carry elements of local culture receive high appreciation in both the domestic and export markets. Suryanto (2020) revealed that product innovation can encourage increased competitiveness by creating added value that distinguishes MSME products from competitors. In line with that, research by Kurniawan & Prasetyo (2018) states that the application of creative design that utilizes digital technology will significantly increase the visibility of MSME products. Therefore, the

creative economy is the key to creating a competitive advantage for MSMEs in Cirebon.

The application of digital technology for the marketing of MSME products is one of the main aspects that increase market access and product visibility. Based on the findings of this study, most of Cirebon MSMEs have begun to utilize digital platforms such as Instagram, Tokopedia, and Shopee to reach a wider range of consumers. Putri & Mardiana (2019) show that the use of social media in digital marketing can accelerate the process of product introduction to the wider community. This is also in line with the findings of Fitria & Pradana (2020), which states that MSMEs that use e-commerce platforms show a significant increase in sales. In Cirebon, fashion and handicraft products marketed through social media have succeeded in creating a strong niche market, even penetrating the international market. The following image shows a comparison of MSMEs that adopt social media and e-commerce compared to those that do not adopt digital technology.

Although the creative economy can increase the competitiveness of MSMEs, many challenges are faced, especially in terms of access to technology and digital knowledge. The findings of this study show that although some MSMEs have adopted digital technology, the limitation of digital knowledge is the main obstacle in optimizing online marketing and sales. Kurniawan (2020) emphasized that more structured digital training for MSMEs is needed so that they can make the most of digital technology. Local governments and educational institutions need to play an active role in providing technical guidance related to the use of digital platforms, as well as helping to build a better digital infrastructure in Cirebon.

The Impact of the Use of Digital Technology on the Competitiveness of MSMEs

One of the significant impacts of the application of digital technology in Cirebon MSMEs is the increase in market access, both locally and globally. MSMEs that use digital platforms such as e-commerce can reach consumers who previously could not be reached through traditional markets. For example, culinary MSMEs in Cirebon, which previously only served the local market, can now serve consumers from outside the city and even abroad through platforms such as GoFood and GrabFood. Suryanto (2020) revealed that digitalization allows MSMEs to expand their customer base without being bound by geographical restrictions. This is also revealed by Wahyudi & Sari (2021) who found that MSMEs that adopt digital technology experience increased visibility and wider global market access.

Table 1. Increasing Market Access for Cirebon MSMEs through Digital Platforms

Platform Digital	Before Digitization	After Digitization	Increase in Sales (%)
Posted on Instagram	15%	35%	120%

Tokopedia	10%	50%	400%
Shopee	5%	30%	500%

The use of digital technology in marketing also has a positive impact on the operational efficiency of MSMEs in Cirebon. Based on the results of the study, MSMEs that use digital platforms experience a significant reduction in marketing costs, because they can directly communicate with end consumers without going through intermediaries. Chaffey & Ellis-Chadwick (2019) explain that digital marketing allows for more efficient targeting, which reduces the cost of traditional marketing that is more expensive. For example, the use of Instagram for product marketing allows MSMEs to reach more specific audiences at a lower cost compared to print or broadcast TV ads. This gives Cirebon MSMEs the opportunity to allocate more resources to product development and customer service.

Although the benefits of implementing digital technology are enormous, this study also found that there are limitations in human resources and digital infrastructure that hinder MSMEs in Cirebon from developing more rapidly. Some MSMEs are still experiencing difficulties in accessing e-commerce platforms and understanding effective digital marketing strategies. In addition, limited internet connectivity and lack of government support in terms of digital training are real bottlenecks. Kurniawan & Prasetyo (2018) highlight the importance of more intensive mentoring and training programs to help MSMEs overcome these challenges.

Policy Recommendations and Practical Implications

As an important step to support the digital transformation of MSMEs, local governments need to strengthen digital infrastructure, such as better internet access and access to adequate technological devices for MSMEs. Local governments can work with internet service providers and technology companies to provide affordable technology solutions for MSMEs. In addition, strengthening internet connectivity in rural areas will also help MSMEs outside the city of Cirebon to transact digitally.

The government must also hold a more comprehensive digital training program for MSMEs in Cirebon, both regarding digital marketing, e-commerce platforms, and data management. This training program needs to involve digital practitioners, academics, and digital platforms who have experience in helping MSMEs grow. With the right training, MSMEs can maximize the use of technology to build a brand, develop the market, and increase sales.

Another recommendation is to encourage collaboration between sectors, both from the government, industry players, and education, to create a creative economy ecosystem that supports the development of MSMEs in Cirebon. The establishment of creative business incubation centers and cooperation with e-commerce platforms can be an effective solution to accelerate the adoption of digital technology among

MSMEs. With this collaboration, MSMEs can more easily obtain market access, access to financing, and innovation support needed to survive and thrive in the global market.

CONCLUSION

This research shows that the creative economy and digitalization have a very important role in increasing the competitiveness of Cirebon MSMEs. The application of digital technology such as social media, e-commerce, and digital marketing has been proven to have a positive impact on market access, increased sales, and operational efficiency. However, the limitations of digital infrastructure and knowledge among MSME actors are the main challenges in this transformation process. Therefore, joint efforts are needed from the government, the private sector, and educational institutions to support Cirebon MSMEs in optimizing digital technology and utilizing the creative economy to increase their competitiveness.

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