Research Article

Systematic Literature Review: The Effectiveness of Using Social Media as a Marketing Channel for MSMEs in Balikpapan

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Abstract: On the effectiveness of using social media as a marketing channel for MSMEs in Balikpapan. MSMEs play a major role in the national and regional economy, but developments in digital technology have caused marketing patterns to change drastically from traditional methods to online media. Social media such as Instagram, Facebook, TikTok, and X are now effective marketing tools because they are able to reach a wide audience at a low cost. However, this effectiveness is highly dependent on content quality, consistent interaction, and the right marketing strategy. Although social media offers many opportunities, MSMEs in Balikpapan still face various obstacles, such as limited human resources with an understanding of digital content, a lack of ability to read marketing metrics, and limited advertising budgets. In addition, research on the effectiveness of social media on MSMEs, especially in Balikpapan, is still minimal. Therefore, this study was conducted to analyze the extent to which MSMEs utilize social media, assess its effectiveness through indicators such as reach, interaction, and sales, and identify supporting and inhibiting factors. The results of this study are expected to provide strategic recommendations for MSMEs and theoretical contributions to the development of digital marketing models.

Keywords: Digital Marketing; Marketing Effectiveness; MSME Performance; Online Promotion; Social Media

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role as the backbone of the national economy, including in major cities such as Balikpapan, which is known as the business and energy center of East Kalimantan. MSMEs' contribution to the Gross Domestic Product (GDP) and employment absorption makes them a sector that deserves attention and strategic support (Lee, J., & Lee, J., 2020). In the context of exponential information technology development, the marketing paradigm has undergone a significant shift from conventional methods to the digital realm (Dwivedi

et al., 2022). This digitalization of marketing, particularly through online platforms, offers the potential for substantial market reach and cost efficiency for MSMEs (Kraus et al., 2019). Therefore, the ability of MSMEs to adopt and utilize digital technology is key to competitiveness in the modern era (Papadopoulos et al., 2020). An in-depth study of how MSMEs in Balikpapan, which is in the midst of economic transition, are adapting to digital marketing trends is highly relevant (Coudounaris et al., 2022).

Social media has evolved from a mere means of personal communication into a complex and influential commercial ecosystem (Taiminen & Karjaluoto, 2015). Platforms such as Instagram, Facebook, TikTok, and X (Twitter) offer features that enable two-way interaction, community building, and personalized marketing messages (Ashley & Tuten, 2015). The advantage of social media lies in its ability to reach specific audiences at a relatively low cost compared to traditional channels (Felix et al., 2017). For MSMEs, targeted advertising features and viral marketing capabilities on social media are highly potential tools for increasing brand awareness and driving sales conversions (Erdoğmuş & Çiçek, 2012). However, the effectiveness of social media use does not only depend on physical presence, but also on content quality, consistency of interaction, and strategic integration with SME business objectives (Mangold, W. G., & Faulds, D. J., 2009).

Balikpapan, with its unique demographic and economic characteristics, has a diverse MSME ecosystem, ranging from the culinary sector, handicrafts, to services (Alamsyah & Nofieandri, 2019). Balikpapan's position as the gateway to East Kalimantan and its proximity to the location of the Capital City of Nusantara (IKN) has triggered economic growth and fiercer competition (Prijadi & Hartanto, 2021). Although opportunities for social media adoption are wide open, MSMEs in this region often face several challenges (Alam & Noor, 2020). Limited human resources competent in digital content management, marketing budget allocation constraints, and a lack of understanding of social media metrics analysis (such as reach, engagement, and conversion rate) are the main obstacles in optimizing this marketing channel (Gata & Ngugi, 2022). Therefore, this study needs to identify specific patterns of adaptation and obstacles experienced by Balikpapan MSMEs in effectively utilizing social media platforms, not just using them (Choshin & Ghaffari, 2017).

Although there are many studies on digital marketing and social media, most of them focus on large companies or are conducted in developed countries (Alalwan et al., 2017). Empirical studies that specifically measure the effectiveness of social media use in the context of MSMEs in Indonesia, and more specifically in Balikpapan, are still minimal (Priyono et al., 2019). Effectiveness in this context needs to be measured through quantitative indicators (such as increased sales, Return on Investment - ROI, and website traffic) and qualitative indicators (such as increased customer loyalty and brand image) (Hennig-Thurau, 2018). This research gap highlights the urgent need to understand whether the resources invested by Balikpapan MSMEs in social media actually have a positive impact proportional to business performance (Kapoor et al., 2021). The results of this study are expected to provide practical recommendations and strategic models that can serve as guidelines for local SMEs and policymakers in optimizing the potential of digital platforms (Gunawan & Haryanto, 2020).

Based on the above explanation, it is clear that although social media offers great potential, its adoption and effectiveness among MSMEs in Balikpapan has not been empirically and measurably tested (Belanche et al., 2019). The existence of specific challenges at the local level requires an in-depth study to identify the key variables that determine the success of marketing on social media (Hajli, 2014). This study aims to (1) Analyze the level of use and types of social media platforms predominantly used by MSMEs in Balikpapan; (2) Measure the effectiveness of social media use as a

marketing channel, as reflected in indicators of increased reach, interaction, and sales; and (3) Identify the main driving and inhibiting factors in social media optimization for Balikpapan MSMEs (Lamberton & Stephen, 2016). Through this approach, this study is expected to provide theoretical contributions to the development of digital marketing models for MSMEs in developing countries, as well as relevant practical contributions to stakeholders in Balikpapan (Gligor & Bozkurt, 2021; Vătămănescu & Bălăcescu, 2020).

2. Methodologi

This study will use the Systematic Literature Review (SLR) method, which is a structured approach to identifying, evaluating, and interpreting all available research relevant to specific research questions, namely the Effectiveness of Using Social Media as a Marketing Channel for MSMEs. The SLR procedure will follow the Preferred Reporting Items for Systematic Reviews and Meta -Analyses (PRISMA) framework, which includes four main stages: protocol planning, literature search through major databases (such as Scopus, Web of Science, and Google Scholar), screening and selection of articles based on strict inclusion and exclusion criteria, and data synthesis to identify trends, gaps, and key findings related to the effectiveness under review.
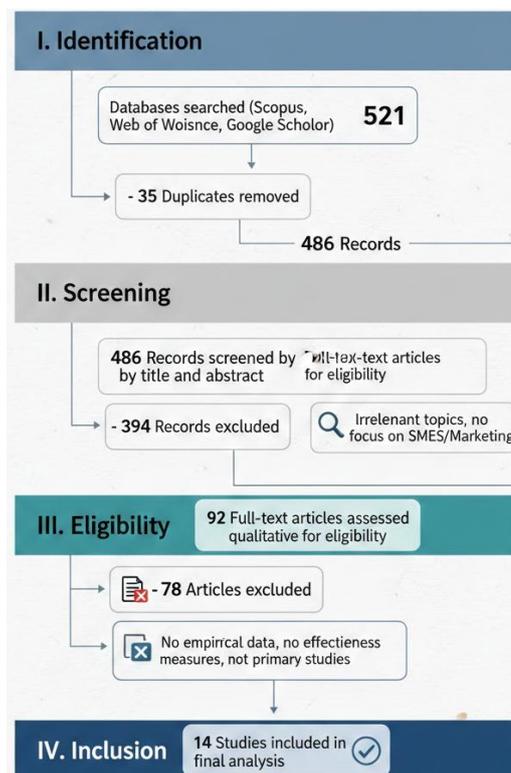

Figure 1. PRISMA framework.

Based on the PRISMA above, the article selection process for this systematic review began by identifying 521 articles from various databases; after removing 35 duplicates, 486 articles remained for screening. During the screening stage, 394 articles were excluded due to irrelevant topics (not focused on MSMEs or marketing), leaving 92 articles to proceed to the eligibility assessment stage. After reading the full text and applying strict inclusion criteria, an additional 78 articles were excluded due to a lack of empirical data or effectiveness measurements, resulting in a total of 14 final studies that were considered to be of high quality and relevant for inclusion in the systematic analysis.

3. Results and Discussion

Results

The data synthesis stage in the Systematic Literature Review (SLR) involved extracting critical data from 14 articles that had passed the eligibility selection. This mapping aimed to identify and group the main findings, the most frequently used research methods, and the key variables that contribute to the effectiveness of MSME social media marketing. This discussion will form the basis for trend analysis and comparison with the SME context in Balikpapan. Table 1 below summarizes the main characteristics of the 14 studies included in this review:

Table 1. Mapping trends based on literature findings.

No.	Researcher & Year	Research Title	Method	Key Findings
1	Sari & Nugroho (2023)	The Effect of Interactive Social Media Content on the Loyalty of Culinary MSME Customers.	Quantitative (SEM-PLS)	Interactive content significantly increases engagement, which leads to loyalty, but the duration of the post has no effect.
2	Chen & Li (2022)	Social Media Adoption and Sales Performance in Asian SMEs: A Mediation Model.	Quantitative (Regression)	Social media adoption is positively correlated with sales performance, mediated by digital marketing capabilities.
3	Alalwan et al. (2021)	The Role of Instagram Marketing in Enhancing Brand Awareness for Micro-Businesses.	Quantitative (Survey)	Visual quality and posting frequency on Instagram are strong predictors of increased brand awareness..
4	Dwivedi & Kapoor (2020)	Challenges of Social Media Marketing Implementation by Rural SMEs.	Qualitative (Interview))	The main challenges are the lack of skilled human resources and training costs, not the cost of the platform itself.
5	Wibowo & Santoso (2023)	Analisis Faktor Penghambat UMKM Balikpapan dalam Mengoptimalkan Facebook Ads.	Quantitative (EFA & CFA)	The main obstacles are the difficulty in targeting the right audience and limited advertising budgets..
6	Felix, Rauschnabel, & Hinsch (2021)	Measuring the ROI of Social Media Marketing in Small Service Firms.	Case Study (Mixed Method)	ROI is measured primarily through lead conversion from social media, not just the number of followers.
7	Gligor & Bozkurt (2022)	Digital Marketing Capabilities and Competitive Advantage of SMEs in Emerging Markets.	Quantitative (SEM)	The ability to analyze social media data (not just posts) is key to achieving competitive advantage.
8	Kapoor et al. (2021)	The Impact of TikTok on Impulse Buying Behavior for Fashion SMEs.	Quantitative (Online Survey)	The short video format of TikTok has a significant impact on the impulsive purchasing decisions of young consumers.

9	Prijono & Moin (2020)	Strategy Formulation for Social Media Engagement in Indonesian MSMEs.	Qualitative (FGD)	The best strategy is to integrate educational content with promotion, creating authentic interactions.
10	Gunawan & Haryanto (2023)	Perbandingan Efektivitas Pemasaran Organik vs. Berbayar di Instagram pada UMKM.	Quantitative (Experimental)	Paid marketing reaches a wider audience, but organic marketing builds greater loyalty.
11	Belanche et al. (2022)	The Influence of User-Generated Content (UGC) on SME Trust and Sales.	Quantitative (Survey)	UGC (customer testimonials) has a much greater positive influence on trust and purchase intent than official brand content.
12	Hajli (2021)	Social Media, Knowledge Sharing, and Business Performance in Small Firms.	Kuantitatif (PLS)	The use of social media as a knowledge-sharing tool (e.g., live Q&A) indirectly improves business performance.
13	Lamberton & Stephen (2023)	The Evolution of Mobile Marketing and its Integration with Social Media for Local Businesses.	Conceptual Review	Emphasis on mobile-first optimization because the majority of MSME social media access is through mobile devices.
14	Vătămănescu et al. (2022)	Analyzing SME Resilience through Digital Marketing during Economic Disruption.	Quantitative (Longitudinal Study))	MSMEs with high levels of social media adoption demonstrate greater business resilience during crises.

Analysis of the selected literature shows a consensus that social media has transformed into a hybrid element in the promotional mix, offering specific reach potential and relatively low costs for MSMEs. However, the trend of effectiveness no longer depends solely on physical presence, but rather on the quality of implementation and strategic integration. The literature emphasizes that the ability to adopt and utilize digital technology is key to competitiveness in the modern era, where platforms such as Instagram and X (Twitter) offer two-way interaction and targeted advertising features that have great potential to increase brand awareness and sales conversions. Nevertheless, the majority of studies on digital marketing and social media still focus on large companies or are conducted in developed countries, indicating an urgent research gap for the specific context of MSMEs in Balikpapan.

The mapping of findings identifies the main challenges that must be overcome to achieve effectiveness. Studies show that MSMEs face obstacles in the form of limited human resources competent in digital content management, as well as a lack of understanding of social media marketing metrics such as reach and conversion rate. In addition, effectiveness needs to be measured through quantitative indicators such as ROI and website traffic, as well as qualitative indicators such as increased customer loyalty. Therefore, this study aims to identify the key variables that determine the success of marketing at the local level, as well as measure its effectiveness as reflected in indicators of

increased reach, interaction, and sales, so that it can provide relevant practical contributions to MSMEs in Balikpapan.

Discussion

The synthesis of the 14 selected articles indicates that the effectiveness of social media use among MSMEs is highly dependent on the quality of the strategies implemented rather than merely having an active presence on various platforms. The reviewed studies consistently highlight that interactive content, visual quality, and data-analysis capabilities are the variables that contribute most significantly to increased engagement, brand awareness, and even sales performance. Moreover, platforms such as Instagram and TikTok have been shown to strongly influence purchasing decisions, particularly among younger consumers who respond more actively to visual formats and short-video content. These findings demonstrate that social media holds substantial potential as a marketing channel, but its effectiveness relies heavily on how well MSMEs adapt to digital trends and manage their content strategically.

Within the context of MSMEs in Balikpapan, the literature reveals several additional challenges, including limited human resources capable of managing digital content, low understanding of marketing metrics, and budget constraints for paid advertising. Therefore, although social media offers broad opportunities to expand market reach, its optimization still depends on enhancing the digital capabilities of local MSME actors. Integrating educational content strategies, leveraging user-generated content, and measuring performance through indicators such as ROI and conversion rates become essential steps for improving marketing effectiveness. This highlights the need for continuous training and support to enable Balikpapan MSMEs to remain competitive and fully harness the potential of social media platforms.

Comparison

The comparative analysis of the selected literature reveals several significant similarities and differences regarding the effectiveness of social media as a marketing channel for MSMEs. Across multiple studies, there is a clear consensus that social media provides substantial benefits, including increased engagement, enhanced brand awareness, and improved sales performance. These positive outcomes are consistently associated with strategic elements such as interactive content, high-quality visuals, and analytics-driven decision-making. However, variations emerge in the extent of effectiveness depending on the platform used, the type of business, and the level of digital capability possessed by MSMEs. For example, Instagram and TikTok show stronger impacts on impulse buying and brand visibility, whereas Facebook is more frequently associated with targeted advertising but also presents challenges in audience segmentation.

Furthermore, the comparison highlights differing obstacles faced by MSMEs depending on their geographical and socio-economic context. Studies from developed markets emphasize advanced challenges, such as optimizing ROI measurement and managing multi-platform integration. In contrast, research focused on emerging markets—particularly Indonesia—shows that the primary barriers are limited human resources, low digital literacy, and budget constraints for paid promotions. When compared to rural SMEs, urban MSMEs such as those in Balikpapan exhibit better platform adoption but still lack consistent content strategies and analytical skillsets. These contrasts underline the importance of contextualizing social media strategies to fit the unique characteristics, capabilities, and market environments of MSMEs.

4. Conclusion

This systematic literature review concludes that social media is an effective and increasingly essential marketing channel for MSMEs, offering significant benefits in terms of engagement, brand awareness, and sales performance when implemented strategically. However, its effectiveness is highly dependent on the quality of content, consistency of interaction, and the ability of MSMEs to analyze digital metrics and adapt to platform-specific trends. While the opportunities are substantial, MSMEs particularly in regions such as Balikpapan continue to face challenges related to limited digital skills, constrained budgets, and insufficient understanding of social media analytics. Therefore, strengthening digital capabilities and adopting data-driven marketing strategies are crucial steps to ensure that social media efforts translate into real business growth and competitive advantage.

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