



Opportunities and Challenges of Business Digitalization: A Case Study of Interest Bucket MSMEs

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ABSTRACT

This study aims to examine how micro-business actors utilize digitalization as a strategy to navigate the dynamics of the modern market, as well as to identify the opportunities and challenges they encounter. A descriptive qualitative approach was employed through a case study of Bucket Bunga, a creative florist business that has been operating for seven years and is managed by a young entrepreneur in City X. Data were collected through in-depth interviews with the business owner. The results show that digitalization has had a positive impact on market reach, service efficiency, and increased customer interest through social media platforms such as Instagram and WhatsApp. However, several challenges persist, including limited understanding of social media algorithms, fluctuating content visibility, and the rising competition in the online business landscape. The main strategy adopted by the business owner involves improving product quality and customer service, although no external support has been received from communities or educational institutions. This study highlights the importance of digital literacy and institutional support to help micro-businesses adapt effectively to the digital economy ecosystem.

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INTRODUCTION

Advances in information technology have changed almost every aspect of life, including the way we do business. The digitalization process is now a necessity and has a big influence on business management strategies. Through online channels such as social media, e-commerce platforms, and instant messaging applications, business people are able to reach consumers more widely and quickly, penetrating geographical and time boundaries.

This change requires micro, small, and medium enterprises (MSMEs) to adapt to remain competitive. Digitalization provides a variety of opportunities, including operational efficiency, increased sales volume, and market share expansion. However, challenges also arise in the form of limited digital literacy, ignorance of social media algorithms, and increasingly fierce levels of online competition.

The study highlights Flower Bucket, a florist business owned by Sepia Imelda that has been running for seven years. Since its establishment, this business has utilized digital platforms as the main means of promotion and transactions, making it relevant as an object of study. By tracing the first-hand experience of owners, this article aims to map the opportunities as well as obstacles faced by business actors in managing their businesses in the midst of digitalization flows.

LITERATURE REVIEW

Digitalization in the Business World

Digitalization is a process of transformation from a conventional system to a system based on digital technology. In the business context, digitalization includes the use of information technology to improve operational efficiency, marketing, communication, and customer service (Rifai, 2020). Digital technology allows businesses to access a wider market and respond to consumer needs in real time.

According to Laudon & Traver (2021), digital businesses are creating a new model of interaction between producers and consumers, where speed and ease of access are key values. Therefore, adaptability to digital change is the key to success for business actors, especially MSMEs.

Business Opportunities in the Digital Era

Digitalization provides various opportunities for business actors. Among them are reduced operational costs, increased market reach through social media and e-commerce, and the ability to innovate products and services (Kotler & Keller, 2016).

Social media such as Instagram, Facebook, and TikTok are effective and cost-effective means of promotion. The platform allows businesses to build a brand directly to consumers and create emotional closeness through visual and interactive content (Hootsuite, 2021).

Business Challenges in the Digital Era

Although full of opportunities, digitalization also poses a number of challenges. Many business actors have difficulty understanding digital technology, including social media algorithms that are constantly changing and affecting the reach of their content (Santosa, 2021). Lack of digital literacy, limited human resources, and unpreparedness of infrastructure are also the main obstacles for some MSMEs.

Rifai (2020) added that limited access to technology, especially in suburban or non-urban areas, as well as the low understanding of business actors about digital strategies, are an inhibiting factor in the overall digital transformation process of MSMEs. These challenges show that not all business actors are in an equal position in facing the digital era.

In addition, competition in the digital world is getting tighter because more and more similar businesses are emerging. This requires business actors to continue to innovate and build a competitive advantage through a unique and sustainable approach.

The Role of MSMEs in the Digital Economy

MSMEs have an important role in the national economy, including in the digital economy ecosystem. According to data from the Ministry of Cooperatives and SMEs (2022), MSMEs contribute more than 60% to Indonesia's Gross Domestic Product (GDP). In facing digitalization, MSMEs need to get support through training, business assistance, and access to technology and digital markets.

This support is important so that business actors not only become users of technology, but also can optimize the potential for digitalization for sustainable business development.

RESEARCH METHODS

This study uses a descriptive qualitative approach, which is an approach that aims to describe in depth the phenomenon that is happening based on the direct experience of the source. This method was chosen because it is suitable to explore the understanding and perception of business actors in depth on the opportunities and challenges they experience in the digitalization era.

The research focused on a single case study, namely a florist business called Bucket Bunga, owned by Sepia Imelda, a young 23-year-old entrepreneur. This business has been established for seven years and actively uses digital platforms such as Instagram and WhatsApp in carrying out its business activities.

The data collection technique was carried out through in-depth interviews directly to business owners, using semi-structured interview guidelines. This guide covers five main topics: (1) business background, (2) the use of digital technology, (3) the opportunities from digitalization, (4) the challenges faced, and (5) business adaptation strategies in facing the digital era.

The researcher conducted direct observation of business activities and the use of social media from Bucket Bunga as a form of data validation. The data obtained was analyzed thematically, namely by grouping answers and findings based on categories relevant to previous literature on business digitalization. With this method, the researcher hopes to provide an authentic and representative picture of the dynamics experienced by micro business actors in facing digital transformation.

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RESULTS AND DISCUSSION

Based on the results of an interview with Sepia Imelda, a young entrepreneur who is the owner of Bucket Bunga, it is known that the business was established seven years ago. Initially, this venture arose from Sepia's personal desire to make a birthday gift for her friend. Apparently, the initiative received a positive response from the surrounding environment, especially friends and family, which then encouraged him to continue the activity into a more serious venture. This shows that social drive is often an important factor in starting a business among the younger generation.

The Flower Bucket business has been utilizing digital technology since its inception. The main platforms used are Instagram and WhatsApp. Instagram is used as the main means to visually showcase flower bouquet

products, while WhatsApp is a medium of direct communication with customers. The use of these two platforms has proven to be effective in supporting business operations, from promotions to transactions. According to Sepia, the use of digital media directly impact increasing the number of customers and market reach. In fact, some customers are from out of town, who order products to be delivered to different locations. This shows that digitalization not only opens up wider access to promotions, but also supports the ease of cross-regional transactions.

In practice, Bucket Bunga has utilized digital technology since its inception. The main platforms used are Instagram and WhatsApp. Instagram is used as the main means to visually showcase flower bouquet products, while WhatsApp is a medium of direct communication with customers. The use of these two platforms has proven to be effective in supporting business operations, from promotions to transactions. According to Sepia, the use of digital media directly has an impact on increasing the number of subscribers and market reach. In fact, some customers are from out of town, who order products to be delivered to different locations. This shows that digitalization not only opens up wider access to promotions, but also supports the ease of cross-regional transactions.

On the other hand, Sepia also feels that there are many opportunities that come thanks to the presence of digital platforms. One of the main advantages is the increased interest and engagement of consumers due to the attractive and accessible visuals of the product. Digitalization also allows consumers to order more practically without the need to come directly to the store, thus providing convenience for customers as well as efficiency for business actors. Thus, digital technology is an important tool in strengthening the attractiveness of florist businesses such as Bucket Flowers, especially among millennial consumers who are familiar with the use of social media.

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Interbusiness competition is also a significant challenge. Sepia said that because more and more similar businesses are popping up on social media, she must continue to maintain product quality so that customers remain in demand.

which is significant to the development of micro businesses in the current era. The use of digital platforms such as Instagram and WhatsApp has helped businesses reach a wider market, simplify the promotion process, and create efficiency in customer service. Digitalization also opens up new opportunities, such as increasing consumer interest and open access to orders from outside the region, which were previously difficult to reach by conventional means. However, behind these various opportunities, business actors are also faced with a number of challenges.

Lack of understanding of digital marketing strategies, unpredictable changes in social media algorithms, and increasing competition between online business actors are the main obstacles that need to be faced. The main strategy used by Bucket Bunga is to improve product quality to remain competitive in the midst of an ever-growing digital market.

Digitalization is a great opportunity for business actors, but it also requires the readiness of digital knowledge and skills. To optimize this potential, further support is needed from various parties such as educational institutions, the business community, and the government in the form of training, mentoring, and access to relevant information for MSME actors.

CONCLUSION

Based on the results of research through interviews with Bucket Bunga business actors, it can be concluded that digitalization has a significant impact on the development of micro businesses in the current era. The use of digital platforms such as Instagram and WhatsApp has helped businesses reach a wider market, simplify the promotion process, and create efficiency in customer service. Digitalization also opens up new opportunities, such as increasing consumer interest and open access to orders from outside the region, which were previously difficult to reach by conventional means.

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