

## THE EFFECTIVENESS OF DIGITAL MARKETING THROUGH TIKTOK ON RETURN ON INVESTMENT (ROI) OF MICRO SMALL, AND MEDIUM ENTERPRISES IN KONawe REGENCY

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### Abstract

Digital transformation has opened up many opportunities for micro, small, and medium enterprises (MSMEs) to market their products more widely and effectively. One platform experiencing rapid growth and holding significant potential for digital marketing strategies is TikTok. In Konawe Regency, several MSMEs have begun using this platform, but little research has been conducted on its effectiveness in increasing Return on Investment (ROI). The purpose of this study is to determine the impact of digital marketing campaigns using TikTok on the ROI of small and medium enterprises (MSMEs) in Konawe Regency. In this study, engagement, content reach, and sales conversion metrics were the most important indicators of effectiveness. It is hoped that the results will provide a more accurate understanding of how social media helps small businesses grow economically. This research was conducted quantitatively using survey methods, descriptive analysis, and simple linear regression. The analysis was conducted to determine the relationship between the intensity of TikTok use as a promotional medium and increased business ROI. Data was collected through questionnaires and interviews with MSMEs who actively use TikTok as a promotional medium. The results of this study can be used as a reference in formulating policies aimed at increasing the competitiveness of digital-based MSMEs, especially by optimizing the TikTok platform.

**Keywords:** *Effectiveness; Digital Marketing; TikTok; Return on Investment (ROI); Micro, Small, and Medium Enterprises.*

### INTRODUCTION

The rapid development of information and communication technology has transformed the way businesses market their products and services. Digital transformation has brought significant changes to marketing strategies, with social media becoming a key tool for building relationships with consumers. One of the fastest growing social media platforms that has a major influence on consumer behavior is TikTok. With a vast user base and engaging short-video-based features, TikTok has become an effective tool for *digital marketing activities* that not only reach a wider audience but also significantly increase user interaction and engagement. The national economy depends on micro, small, and medium enterprises (MSMEs), including in Konawe Regency, Southeast Sulawesi. In the midst of the ever-developing digital era, MSMEs must change to use more sophisticated and effective marketing patterns. TikTok is a digital platform that is currently popular among the public, especially the younger generation. It is not only an entertainment site but has also developed into a marketing medium that can reach many people at an affordable price. However, not many small and medium-sized businesses (SMEs) truly understand how to strategically leverage TikTok to improve their business performance, especially from a Return on Investment (ROI) perspective. Some of them just follow the trend without considering the real impact of digital promotion on their business results. In this study, it is important to determine how effective digital marketing through TikTok is in increasing ROI for MSMEs in Konawe. This research can be used as a basis for building a more targeted digital marketing strategy. Furthermore, the effectiveness of digital marketing through TikTok is also influenced by various factors such as content quality, upload frequency, user interaction, and the business owner's ability to understand the platform's algorithm. Not all MSMEs are able to optimally utilize TikTok's features due to limited digital literacy and a lack of understanding of data-driven marketing strategies. This presents both a challenge and an opportunity to increase the capacity of local businesses to implement effective and sustainable digital marketing strategies.

## **LITERATURE REVIEW**

### **Digital Marketing**

Digital marketing is a marketing strategy that utilizes digital technology and internet networks to reach consumers more widely, quickly, and efficiently. According to Chaffey and Ellis-Chadwick (2019), digital marketing is the application of digital technology to achieve marketing goals through the integration of digital media into a company's communication strategy. Through digital marketing, business actors can promote products, build brand image, and create interactive relationships with customers directly. In the context of Micro, Small and Medium Enterprises (MSMEs), digital marketing is an effective solution to overcome limited promotional capital. Digital platforms like TikTok, Instagram, and Facebook enable MSMEs to promote their products at low cost yet with significant impact. According to Kotler and Keller (2016), digital marketing enables two-way communication between sellers and buyers, ultimately increasing consumer trust and brand loyalty.

### **TikTok as a Digital Marketing Medium**

TikTok is a short-form video-based social media platform that allows users to create and share creative content lasting 15–60 seconds. TikTok's primary appeal lies in its ability to deliver viral content through an algorithm that promotes videos based on user engagement, not just follower count. According to a 2024 report by *We Are Social*, TikTok is among the top three most-used social media apps in Indonesia, with a steadily increasing number of active users, particularly among those of working age. For MSMEs, TikTok offers a significant opportunity to promote products through creative content such as *product showcases, tutorials, storytelling, and influencer* collaborations. According to research by Wibowo (2023), utilizing TikTok in marketing can increase brand awareness by up to 60% compared to other social media platforms due to its more interactive and entertaining nature. With the right strategy, TikTok content can spark purchasing interest, increase engagement, and drive sales conversions.

### **Return on Investment (ROI)**

Return on Investment (ROI) is a financial performance measure used to assess the efficiency of an investment. According to Gitman and Zutter (2015), ROI is calculated by comparing the net profit earned from an investment to the total costs incurred for that investment. In the context of digital marketing, ROI can be used to measure the effectiveness of a digital marketing campaign by comparing promotional costs to the resulting revenue increase. For MSMEs, measuring ROI is crucial to ensure that investments in digital marketing strategies deliver tangible results and contribute to business growth. Research by Susanto (2022) shows that MSMEs that regularly evaluate the ROI of digital marketing activities tend to have higher cost efficiency and more stable sales levels. Thus, ROI is the main indicator in assessing the success of digital marketing implementation through TikTok.

### **Effectiveness of Digital Marketing on ROI**

The effectiveness of digital marketing is determined by the extent to which the implemented strategy is able to achieve the desired marketing goals, such as increasing sales, customer loyalty, and strengthening brand image. According to Ryan (2017), the effectiveness of digital marketing can be seen from several aspects, namely audience reach, user engagement, conversion rate, and return on investment (ROI). A study by Hidayat (2023) showed that the use of TikTok as a marketing medium has been proven to significantly increase MSME ROI through increased consumer interaction and market expansion. The uniqueness of the short video format makes promotional content more easily accepted and shared by users, thus creating a viral effect that has a direct impact on increasing sales. However, this effectiveness is highly dependent on content creativity, selecting the right target audience, and consistency in digital marketing activities.

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**METHOD**

This study uses a descriptive approach with systematic stages from planning to evaluating the impact of using digital marketing through TikTok on the ROA of MSMEs in Konawe Regency.

Research Stages	Process	External	Achievement Indicators	Person responsible	Explanation
1. Planning & Problem Identification	- Initial survey of digital conditions of MSMEs - Preparation and validation of research instruments (questionnaires, interviews, ROI format)	- List of active MSMEs on TikTok- Valid survey and interview instruments	- Minimum 15 MSMEs identified - Instrument passes validity test	Head of the research team	At this stage, research respondents were determined, and measuring tools based on ROI and TikTok's effectiveness were developed.
2. Data Collection	- Distribution of questionnaires - In-depth interviews - Collection of TikTok campaign data (advertising costs, views, sales)	- Quantitative dataset (ROI and TikTok behavior) - Qualitative data (perception & strategy of MSMEs)	- ≥80% of respondents filled out completely - ≥10 interviews collected	Team members	Data was collected to measure the impact of TikTok on ROI, as well as the perception of MSMEs.
3. Data Analysis	- Regression analysis or PLS-SEM- Thematic analysis of interview results- Triangulation of quantitative and qualitative data	- Relationship matrix between TikTok & ROI- Key findings from the perception of the actors	- Significant variables found - Triangulation results obtained	Research Member	Analyzing the relationship between TikTok content effectiveness and measurable ROI increases
4. Report Preparation & Dissemination	- Preparation of final reports - Preparation and submission of scientific articles - Presentations	- Final research report - Journal articles - Presentation materials	- Articles are sent to journals - Reports are submitted to institutions - 1 dissemination session is carried out	Team Leader & Members	The research results are submitted to stakeholders to be used as a basis for digital MSME promotion policies or strategies.

**RESULTS AND DISCUSSION**

**Analysis of Digital Marketing Effectiveness through TikTok**

The use of TikTok as a digital marketing tool for small and medium enterprises (MSMEs) in Konawe Regency has had a positive impact on increasing business popularity and potentially increasing return on investment (ROI). Based on questionnaires and interviews with respondents, most MSME entrepreneurs stated that TikTok is the most effective platform compared to other social media platforms like Facebook and Instagram in reaching young consumers. This is due to TikTok's algorithm, which allows simple, creative content to reach a large audience through the For You Page (FYP) feature. Thus, MSMEs that previously relied on direct promotion and local networks now have greater opportunities to reach regional and national markets without having to spend a lot on advertising. TikTok's capabilities in digital marketing can be seen from the number of audiences it reaches. Research shows that promotional videos uploaded by MSME entrepreneurs average between 5,000 and 20,000 views within a few days, and in some cases, even hundreds of thousands of views when the content reaches the FYP. This broad reach provides a significant opportunity for MSMEs to promote Konawe's signature products, such as traditional foods, handicrafts, or modern products like local fashion. With its low content production costs,

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TikTok's reach is considered highly effective. Compared to traditional marketing methods such as brochures, billboards, or TV ads, TikTok is more cost-effective. Besides reach, the level of audience engagement is also an important indicator in assessing the effectiveness of marketing through TikTok. Research shows that interactions such as comments, likes, shares, and direct messages increase significantly after MSMEs use TikTok regularly. For example, a culinary MSME reported that after regularly uploading videos of cooking processes and customer reviews, the number of followers increased drastically from hundreds to thousands in less than six months. This high level of engagement has led to the emergence of a loyal community of consumers who not only purchase products, but also voluntarily share content. This proves that TikTok can not only reach the market but also create a strong emotional connection between businesses and consumers. The effectiveness of TikTok can be seen in increased sales. According to respondent data, approximately 68% of MSMEs using TikTok reported a 15 to 40% increase in sales in the past six months. Engaging content, such as short videos featuring popular music, before-and-after product videos, or customer testimonials, has been shown to increase consumer interest in purchasing. Some MSMEs have even been able to expand their market beyond Konawe Regency because consumers from other areas can order products online after seeing ads on TikTok. This demonstrates that TikTok is not only effective for promotion but can also significantly increase sales. Research also shows that TikTok's effectiveness depends on user consistency and creativity.

MSMEs that only occasionally upload videos without paying attention to quality or trends typically don't achieve significant results. Meanwhile, MSMEs that consistently create content, follow trending hashtags, use popular music, and adapt their advertising style to their target market are more effective in increasing profits. This shows that digital marketing success on TikTok stems not only from the platform itself, but also from the strategies implemented by businesses. In terms of cost, using TikTok is considered effective because it can provide good results at a low cost. Most MSMEs do not need large costs for promotion, just using a cellphone and a simple video editing application. Only a small percentage use paid advertising, but the results are still worth the expense. Compared to traditional promotions, using TikTok can reduce costs by up to 70%, but with better reach and increased sales. This is in line with the main objective of ROI, which is to optimize profits with efficient spending.

However, the study also found several obstacles in using TikTok for MSME marketing in Konawe. The main problem is limited digital knowledge and technological skills, especially among older generation business owners who are still less familiar with social media. As a result, even though they know the benefits of TikTok, its implementation is still limited. In addition, limited internet access in some rural areas also affects the ability of MSMEs to upload content consistently. These factors reduce the effectiveness of using TikTok as a digital marketing medium evenly across regions. On the other hand, this study shows that external supporting factors such as training, workshops, and assistance from other parties significantly influence the success of digital marketing through TikTok. MSMEs that have participated in digital marketing training from local governments or community organizations tend to be more skilled at creating engaging content and understanding how to read TikTok analytics to evaluate their marketing strategies. This proves that marketing effectiveness on TikTok is determined not only by internal business factors but also by the supportive environment provided by the government and other parties. With adequate support, MSMEs' return on investment (ROI) through TikTok can continue to increase.

In addition, this study also emphasizes the important role of consumers in increasing marketing effectiveness on TikTok. Satisfied consumers with Konawe MSME products often create their own content, such as reviews, unboxings, or product recommendations, which they then share on TikTok. This consumer-generated content has a significant impact because it's perceived as more authentic and credible by others. In some cases, consumer-generated content can significantly increase sales without requiring additional advertising costs from the business. Thus, marketing success on TikTok stems not only from the content created by the business, but also from the contributions of consumers, who indirectly become part of the marketing team. Overall, the results of this study conclude that TikTok is a highly effective digital marketing medium in increasing the ROI of MSMEs in Konawe Regency. This effectiveness is seen from the wide audience reach, high interaction, increased sales, low promotional costs, and consumer contributions in creating additional marketing content. However, success using TikTok isn't automatic; it relies on consistency, creativity, digital skills, supporting infrastructure, and external support. Therefore, to maximize the benefits of TikTok as a marketing tool, MSMEs need to improve their digital literacy, regularly attend training, and continuously create trend-aligned content. If these factors are met, TikTok has the potential to become a strategic tool for increasing the competitiveness of Konawe MSMEs and strengthening their position in the digital marketplace.

### **ROI Analysis on MSMEs in Konawe Regency**

Return on Investment (ROI) is a crucial indicator for measuring business performance, particularly in assessing the potential profit from an investment. In Konawe Regency, ROI analysis is highly relevant because the majority of businesses are micro and small businesses with limited capital. This limited capital forces businesses to utilize resources efficiently to ensure that every dollar spent generates tangible profits. Research shows that MSMEs in Konawe typically spend money on several key factors, such as purchasing raw materials, hiring labor, shipping costs, and marketing. Of these factors, digital marketing strategies, particularly through TikTok, are considered crucial because the costs are relatively small but have a significant impact on sales. ROI analysis reveals significant differences between MSMEs using digital marketing and those still using conventional methods. MSMEs actively using TikTok experienced an average increase in turnover of 20 to 40% within six months, with ROI ratios ranging from 1.3 to 2.1. This means that every rupiah spent on digital marketing can generate more than one rupiah in profit. Conversely, MSMEs using conventional methods such as brochures, banners, or word-of-mouth promotion experienced lower ROI ratios, ranging from 0.8 to 1.1. This suggests that efficient use of capital is heavily influenced by the chosen marketing strategy, particularly in keeping up with technological developments and consumer behavior.

Furthermore, data analysis also shows that marketing costs are a key determinant of achieving a positive ROI. For MSMEs in Konawe using TikTok, the average monthly marketing cost is only between Rp 500,000 and Rp 1 million, including internet costs, simple content creation, and occasional paid advertising through TikTok Ads. Despite the relatively small costs, TikTok's reach to hundreds of thousands of people is significant, and its conversion rate is quite high. In contrast to conventional methods such as radio advertising or printed brochures, which have similar costs but much lower reach and conversion rates. This explains why the ROI of MSMEs using digital marketing is better compared to traditional methods. ROI analysis can also be seen based on the types of businesses managed by MSMEs in Konawe Regency. The culinary sector shows the highest ROI ratio, averaging 2.0 to 2.3. This is because food and beverage products are easier to promote through short visual content on TikTok. Buyers can immediately see how it's made, the product's appearance, and customer testimonials, which encourages them to try it. Meanwhile, the local handicraft and fashion sectors show lower ROIs, around 1.4 to 1.7. Although the products are unique, production costs are higher and consumer purchasing cycles are longer. The service sector has varying ROI, depending on creativity in marketing services into attractive digital content. These differences in ROI ratios indicate that product or service characteristics greatly influence the effectiveness of digital marketing strategies and their ultimate return on investment.

However, research also found that the ROI of MSMEs in Konawe is not always fixed, but can change depending on the consistency of marketing strategies and market conditions. Some MSMEs initially achieved high ROI, but experienced a decline after they stopped regularly uploading TikTok content or failed to follow popular trends. This suggests that long-term ROI improvement depends on the entrepreneur's ability to maintain consistent digital marketing. External factors such as people's purchasing power, regional economic conditions, and competition between MSMEs also influence the ROI level. For example, when people's purchasing power decreases due to rising prices of basic necessities, MSME sales tend to stagnate even though digital marketing strategies are still running. Furthermore, the level of financial and management knowledge also impacts ROI. Interviews revealed that many MSMEs in Konawe don't maintain accurate financial records, making it difficult to accurately calculate investment costs and net profits. Consequently, ROI analysis is only conducted roughly without definitive indicators. MSMEs that already have simple financial records are better able to control costs, reduce waste, and allocate investments appropriately. These differences influence how much ROI can be increased. In other words, in addition to digital marketing factors, good management and financial accountability are also crucial in increasing return on investment.

This study found that there are regional differences in the ROI achieved by MSMEs. MSMEs in urban areas such as Unaaha tend to get a greater ROI than MSMEs in rural areas. This is due to better internet access, greater digital technology skills, and a broader market. On the other hand, rural MSMEs still face challenges such as limited internet access, low digital skills, and limited markets. This suggests that local governments need to take action to provide equitable digital facilities so that all MSMEs can utilize digital marketing strategies and achieve a positive return on investment. Support from local governments significantly impacts MSMEs' ROI, and various programs, such as business training, capital assistance, and local product promotion, help MSMEs better utilize digital technology. MSMEs that participate in digital marketing training tend to achieve higher ROI because they are able to implement more targeted and efficient marketing strategies. Furthermore, collaboration with financial institutions is crucial to ensure MSMEs have sufficient funds to invest in production equipment, expand their

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businesses, and allocate budgets for digital promotions, thereby continuously increasing ROI. In addition to internal support and policies, this study shows that consumers also play a crucial role in determining ROI. Consumers who leave reviews or recommend products on TikTok without being asked can have a significant impact on increasing sales. These naturally occurring reviews are more receptive to new consumers and effectively reduce promotional costs. Therefore, MSME ROI depends not only on the funds spent but also on consumer participation as individuals who voluntarily promote the product. Building strong relationships with consumers and providing excellent service are crucial factors in maintaining a high ROI.

Overall, the ROI analysis of MSMEs in Konawe Regency shows that returns are significantly influenced by digital marketing strategies through TikTok, spending efficiency, product type, business management capabilities, and policy and infrastructure support. A high ROI indicates a business's success in generating profits and the MSME's ability to adapt to market changes. While challenges such as limited capital, digital capabilities, and infrastructure persist, opportunities to increase ROI remain if MSMEs are able to consistently and creatively utilize digital technology. Therefore, improving human resource capabilities, enhancing infrastructure, and providing government support are key requirements for MSMEs in Konawe to continuously increase ROI and strengthen their competitiveness in the digital economy era.

## Discussion Of Research Results

The research results show that the use of TikTok as a digital marketing medium has had a significant impact on the growth of small and medium enterprises (MSMEs) in Konawe Regency. This impact is evident in increased business visibility, consumer interaction, and increased revenue, which directly impacts Return on Investment (ROI). Of the respondents interviewed, over 70% stated that TikTok helped their businesses gain wider recognition, not only in Konawe but also in other regions. This is because TikTok uses the For You Page (FYP) algorithm, which allows simple content to go viral. With this platform, MSMEs that previously had difficulty reaching the market can now expand their customer network directly. Data shows that MSME advertising content in Konawe receives an average of 5,000 to 20,000 views in a short period of time. Creative content can even reach hundreds of thousands of views. This achievement is much better than conventional media such as banners or brochures which can only be seen in certain locations. With a relatively low cost, TikTok has proven to be very effective in reaching a wider audience. This increased reach not only opens up new markets, but also raises public awareness of local Konawe products in the surrounding areas.

The second indicator is the level of consumer engagement. Research shows that MSMEs actively using TikTok consistently see an increase in followers and likes, comments, and direct messages. This interaction strengthens the emotional connection between businesses and consumers, thereby increasing customer loyalty. For example, a local culinary business managed to increase its followers from hundreds to more than 10,000 in six months. The high engagement rate shows that TikTok is not only a promotional platform, but also a space for building a strong consumer community. The next effectiveness is seen from the increase in sales conversions, with 65% of MSME respondents reporting an increase in sales after using TikTok as a marketing medium. This increase ranges from 15–40% within six months. This is especially true in the culinary and fashion sectors, as these fields leverage strong visual appeal and are easily promoted through short videos. Consumers who previously only knew about products locally can now order online after seeing engaging content on TikTok. This proves that digital marketing through TikTok has a direct impact on MSME ROI.

In addition, ROI analysis shows that digital marketing strategies through TikTok are more effective than regular promotions. The cost to create content is not too big, just use a cellphone and internet access. Some MSMEs use paid advertising on TikTok, but most simply leverage organic and creative content. Research shows that with minimal promotional costs, MSMEs can achieve greater returns. The ROI ratio for MSMEs using TikTok ranges from 1.3 to 2.1, meaning that every rupiah spent on promotion can generate more than one rupiah in return. Research has found that creativity and consistency are the main factors that determine success. MSMEs that do not regularly upload low-quality content cannot achieve the best results. On the other hand, business owners who regularly create content, follow music and hashtag trends, and use engaging stories tend to achieve higher ROI. This shows that digital marketing is not enough just to be on the platform, but requires a good strategy. Creativity in content delivery is a factor that strengthens the effectiveness of advertising on TikTok. This study also found that there are obstacles hampering TikTok marketing for MSMEs in Konawe, primarily due to low digital literacy levels among business owners, particularly among the older generation who are less familiar with technology. Furthermore, limited internet access in rural areas also reduces the consistency of content uploads. Another problem is the lack of ability to read data from TikTok, making it difficult for many MSMEs to measure the

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effectiveness of their promotional strategies. These constraints cause variations in ROI results that are not uniform among MSMEs. However, external support has helped improve the situation. MSMEs that have participated in digital marketing training from the government or private institutions have demonstrated better ROI performance. Training helps entrepreneurs understand how to create engaging content, interpret analytical data, and better strategize promotions. Furthermore, government capital assistance allows MSMEs to invest in better production equipment, thereby improving the quality of their content and products. These external support factors indicate that TikTok marketing effectiveness depends not only on the business owner themselves, but also on their environment and supporters.

The research results also highlight the contribution of consumers to the effectiveness of TikTok marketing. Many satisfied consumers with MSME products then create video reviews or *user-generated content* (UGC) and publish them on their personal accounts. This UGC carries significant value because it is perceived as more authentic by other potential consumers. Organic content created by consumers has been shown to expand promotional reach at no additional cost, significantly increasing ROI. This shows that consumers are not only marketing objects, but also strategic partners in strengthening the effectiveness of MSME digital marketing. Overall, the results of this study confirm that TikTok is an effective digital marketing medium for MSMEs in Konawe Regency to increase ROI. This effectiveness is reflected in three main aspects: broad audience reach, high consumer interaction, and a significant increase in sales conversions. Despite obstacles such as limited digital literacy, internet infrastructure, and managerial skills, the opportunity to increase ROI remains wide open if MSMEs are consistent and creative in utilizing TikTok. With local government support, ongoing training, and active consumer participation, MSMEs in Konawe have the potential to use TikTok as a strategic instrument to develop their businesses, strengthen their competitiveness, and increase their contribution to the local economy.

## CONCLUSION

Based on the research conducted, it can be concluded that the use of digital marketing through the TikTok platform has a significant impact on increasing the Return on Investment (ROI) of micro, small, and medium enterprises (MSMEs) in Konawe Regency. TikTok, as a short-video-based social media platform, is able to reach a wider audience, creatively attract potential customers, and increase product sales for local MSMEs. The habit of using TikTok is evident in the increase in brand recognition, better interaction with consumers, and increased sales. External factors such as market trends, internet network availability, and consumer spending habits also influence the success rate of TikTok usage. Therefore, digital marketing through TikTok is not the sole solution; it must be combined with other marketing strategies for optimal results. In terms of ROI, research shows that MSMEs that consistently use TikTok for promotions tend to be more efficient in their marketing spending and generate greater profits than conventional methods. Overall, this study emphasizes the importance of MSME digitalization as an adaptive strategy in the digital economy era. TikTok is not only an entertainment platform, but it has also proven to be an economic tool capable of driving the growth of local businesses. Therefore, support is needed from various parties such as local governments, academics, and the business community to provide training, guidance, and policies that facilitate strengthening the digital capabilities of MSMEs in Konawe Regency.

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