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Optimizing MSMEs Marketing Strategies in Facing Modern Business Competition: Lely Salon

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ABSTRACT

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This paper aims to analyze the marketing strategies of the Lely Salon MSMEs in maintaining customer loyalty and enhancing competitiveness in the digital age. Using a descriptive qualitative approach, data was collected through observation, documentation, and interviews with the business owner and customers. The results show that Lely Salon has successfully maintained customer loyalty over its 25 years of operation thanks to consistent service quality, strong personal relationships, and the implementation of a fairness pricing system. Despite having a strong customer base, Lely Salon faces challenges such as business relocation and limited market reach due to conventional promotional methods, which are limited to word of mouth and personal selling. As a solution, optimizing digital marketing strategies and electronic word of mouth (e-WOM) is essential to expand market reach beyond the traditional market environment and strengthen Lely Salon competitive position.

I. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are the main pillars of the Indonesian economy in driving growth and creating jobs, although they must continue to adapt to intense competition. In this sector, the beauty industry, such as salon businesses, is rapidly growing along with increasing public awareness of modern lifestyles. Regarding this phenomenon, Azizah and Astuti (2022) stated that although salon businesses are very promising, they face significant challenges in implementing effective marketing strategies to ensure business sustainability. In addition, Kamiliyah and Rohman (2024) emphasized that the success of micro and small-scale salons is highly determined by the business owner's ability to design targeted marketing strategies to meet community needs while enhancing competitiveness.

As a micro-enterprise operating in the traditional market, Lely Salon is a real example of an MSMEs that is able to grow by relying on trust and personal relationships with customers. Regarding this dynamic, Supertini et al. (2020) stated that customer trust has a positive and significant impact on loyalty; the higher the level of trust, the stronger the loyalty that is formed. Lely Salon has successfully maintained its loyal customer base through a combination of personal relationships and excellent service quality. This is in line with the findings of Fajarini and Meria (2020), which show that service quality has a positive effect on customer trust and loyalty in the beauty service industry.

Although it has loyal customers, Lely Salon continues to face operational challenges that threaten the stability of its business. The first challenge is the relocation of the business due to increasing rental prices. Regarding this, Widiyanti and Octavia (2024) stated that business relocation has a significant impact on MSMEs revenue because it can disrupt business stability, considering that existing customers do not always follow the relocation. The second challenge is increasingly intense business competition, where Ramadani and Syariati (2021) noted that fierce competition amid dynamic economic conditions exerts significant pressure on MSMEs actors to maintain their income. Ultimately, these various factors have limited Lely Salon market reach to only the local community. This issue is reinforced by Maeshinta et al. (2024), who show that business location directly affects revenue, which means that geographical limitations directly contribute to the limited number of customers that can be reached.

To address this situation, Lely Salon needs to adopt a more modern marketing approach to expand its market reach. Responding to this need, Manik et al. (2025) state that digital marketing strategies are an effective and efficient step that businesses can take to boost sales and expand the market. Considering that Lely Salon already has strong personal relationships with its customers, the electronic word-of-mouth (e-WOM) approach becomes very relevant. As explained by Hasna and Irwansyah (2019), e-WOM utilizes digital platforms to spread information and positive experiences from customers to a broader audience of potential consumers. Ultimately, the implementation of digital marketing serves as an important tool for market penetration to reach new customer segments beyond the local area. This is reinforced by Romadhon and Izazi (2024), who emphasize that optimizing digital marketing as a primary strategy can help businesses become more competitive amid increasingly tight business competition. In conclusion, the implementation of the right digital strategy will be a key solution for Lely Salon to expand its customer base and strengthen its long-term competitiveness in the digital era.

II. METHODS

This activity was conducted on May 18, 2026, at Lely Salon, a beauty service business located in Tanjung Priok, North Jakarta. The location was chosen because Lely Salon is an MSME that has been operating for quite some time and has regular customers in the surrounding area, yet still faces

various challenges in business development. Moreover, the business's close connection with the community makes Lely Salon a relevant target for MSME mentoring and empowerment.

The activities were carried out through interviews and direct discussions with business owners. The implementation team held discussions regarding the salon's operational conditions, the marketing strategies used, the pricing of services, as well as the obstacles faced in maintaining the business amid competition in the beauty service industry. Through these discussions, various business problems and needs could be identified more deeply, thus facilitating the preparation of business development recommendations.



Figure 1 Interview with the Owner of Lely Salon

In addition to discussions, the activities also included in-depth interviews with Mrs. Mariana, the owner of Lely Salon. This interview provided an overview of the business's history, experiences running the business for approximately 25 years, as well as changes in business conditions over time. The information obtained served as the basis for formulating strategies and recommendations to support the development of Lely Salon so that it can continue to survive and grow.

III. RESULTS AND DISCUSSION

3.1 History of the Business

Lely Salon is a beauty service business owned by Mrs. Mariana that has been operating for approximately 25 years in the area around the traditional market. The name "Lely Salon" is taken from her first child, Lely, to signify that the business began when Lely was born. At the beginning, the salon had several employees supporting business operations, and some former employees went on to open their own salons after gaining direct experience under Mrs. Mariana. Nevertheless, customers still prefer Lely Salon for its better service quality, which has earned the trust of the surrounding community. This is evident from customer loyalty, such as their habit of asking about the owner's whereabouts when she is not present. Over time, the number of employees decreased, making the business smaller in scale, yet Lely Salon continues to survive by maintaining its service quality.

Initially, Lely Salon was located in a more strategic place with better conditions compared to its current location. However, due to high customer demand that caused the shop rental prices to increase several times, Mrs. Mariana decided to move to another location with more affordable costs, even though the condition of the place was less adequate. Despite changing locations and reducing the scale of the business, Lely Salon still maintains the quality of service and relatively

affordable prices, which range from Rp20,000 to Rp25,000 for a haircut and Rp30,000 to Rp35,000 for a haircut with a blow-dry.

3.2 Type of the Business

Lely Salon operates in the beauty and hair care service industry, positioning itself as an affordable unisex salon that is inclusive and comprehensive. The salon offers a variety of services for both men and women, including hair styling, hair treatment, coloring, facial aesthetics, and makeup services. It targets a broad market segment, from students to the general public.

The salon's strategic innovation lies in the implementation of a fairness pricing system, where pricing is based on the physical condition of the client rather than gender. Service costs are calculated proportionally and transparently based on the volume of materials used, hair length, and the complexity of the treatment. This personalized approach provides fair cost efficiency for each customer while strengthening the salon's competitive advantage in the market

3.3 Current Marketing Activities

Marketing activities at Lely Salon are currently still carried out in a simple manner by relying on traditional methods, as follows:

a. Word of Mouth (WOM)

Marketing is done through recommendations from customers who have previously used the services. Information about the salon services is spread directly from person to person in the surrounding environment. This strategy is quite effective in building customer trust because it is based on the real experiences of service users.

b. Personal Selling

Marketing is also carried out through direct interaction between the business owner and customers during the service process. This approach creates a close and personal relationship with customers, thereby increasing loyalty and customer comfort with the services provided. Overall, these marketing activities are still conventional and have not utilized digital media, so the promotional reach is still limited to the business's surrounding environment.

3.4 New Marketing Strategy That Can Be Applied

a. Price

Lely Salon can implement several more innovative pricing strategies to increase the number of customers and the loyalty of regular customers.

- Membership System for Boarding House Students

Lely Salon can provide a monthly package with special prices for certain services such as hair blow-drying or regular haircuts. This strategy aims to encourage customers to have regular treatments while also creating a more stable income for the business.

- Salon Happy Hour Program

Lely Salon can offer discounts during certain hours when the salon is quiet, such as during the daytime. This strategy is carried out to increase customer visits and maximize the salon's operational hours so that it is not too empty at certain times.



Service	Price (Rp.)
Gunting	Rp. 20.000
Gunting Blow	Rp. 30.000
Gunting Cuci Blow	Rp. 40.000
Creambath Pendek	Rp. 35.000
Creambath Panjang	Rp. 50.000
Masker Pendek	Rp. 40.000
Masker Panjang	Rp. 70.000
Catok Pendek	Rp. 30.000
Catok Panjang	Rp. 50.000
Semir Pendek	Rp. 60.000
Semir Sebah	Rp. 75.000
Cat Warna+Bleaching Pendek	Rp. 150.000
Cat Warna+Bleaching Panjang	Rp. 200.000
Smoothing Pendek Bob	Rp. 150.000
Smoothing Sedang	Rp. 200.000
Smoothing Panjang	Rp. 300.000
Keriting Sedang	Rp. 80.000
Curly	Rp. 50.000
Rebonding Sedang	Rp. 200.000
Rebonding Panjang	Rp. 300.000
Facial-Totok Wajah	Rp. 60.000

Henerima: Make Up 0852 1270 1117

Figure 2 Lely Salon Price List

b. Product

Lely Salon can develop more innovative services to increase customer attraction and expand market reach.

- Home Service

Lely Salon can provide home-visit services for customers in the Tanjung Priok area and surroundings. This strategy aims to reach customers who have limited time or feel more comfortable receiving treatments at home, especially housewives and busy working customers. Besides enhancing customer convenience, this service can also expand the market without having to rely on a fixed business location.



Figure 3 Lely Salon MSMEs

c. Place

Lely Salon can implement more flexible and innovative service distribution strategies to expand market reach and increase customer access convenience.

- Pop-Up Salon at Certain Events

Lely Salon can offer temporary services at events such as car-free days, bazaars, campus

activities, or market areas to introduce the business to a wider community. This strategy aims to increase brand awareness and attract potential new customers directly through on-site interaction.

- Collaboration with Schools or Certain Residential Areas
Lely Salon can provide collective services at female dormitories or specific neighborhoods with a service system in one location. This strategy aims to make it easier for customers to access services while also improving business efficiency, as it can serve multiple customers at the same time.
- Mobile Mini Salon for Home Service
Lely Salon can utilize simple vehicles, such as motorcycles equipped with business identification or promotional media, to support home service in the Tanjung Priok area and its surroundings. This strategy can increase business appeal, expand service reach, and build a more modern and innovative business image.

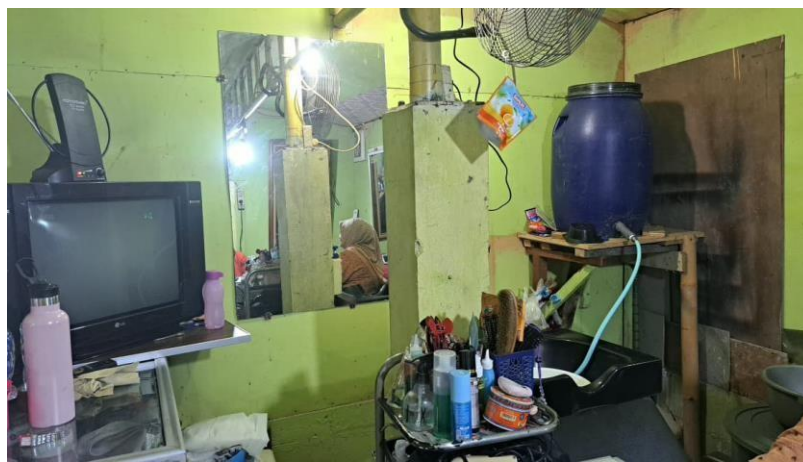


Figure 4 Business Location Conditions

d. **Promotion**

Lely Salon can implement more creative promotional strategies and follow social media trends to increase business appeal as well as expand promotional reach to the public.

- Bring a Friend/Ex Promotion Program with Special Discounts
Lely Salon can offer discounts to customers who come with friends or relatives. This strategy aims to increase the number of customers while expanding word-of-mouth promotion more effectively.
- Creating Makeover Content for Social Media
Lely Salon can provide free makeover services to certain selected customers and document the process and results in the form of social media content such as TikTok or Instagram Reels. This strategy aims to increase social media engagement, expand promotional reach, and attract potential customers through appealing visual content.

IV. CONCLUSION

Based on an in-depth qualitative analysis of Lely Salon, it can be concluded that the sustainability of a micro-enterprise (MSMEs) in the beauty service sector does not solely depend on the length of operations, but rather on the accuracy of adapting marketing mix strategies in facing market disruptions. The essence of customer loyalty successfully maintained by Lely Salon over the past 25 years is deeply

rooted in the value of relational capital in the form of close personal relationships and the implementation of a transparent, fairness-based pricing system. The pricing conditioning system, calculated proportionally based on the volume of materials and the complexity of treatments, has proven to be a very solid foundation for retaining customers, even capable of overcoming the limitations of current business facility conditions.

However, this study also reveals a quite significant growth paradox, where a high traditional customer retention rate does not necessarily drive aggressive market expansion because the business promotion line is still very conventional. The high dependence on physical word-of-mouth promotion and personal selling ultimately limits Lely Salon market reach to only the Tanjung Priok area. Furthermore, with structural challenges such as business relocation due to rent surges, Lely Salon faces threats to revenue stability that demand tactical transformation so that the business is not continually eroded by increasingly intense competition.

As a strategic solution to overcome these geographical and conventional limitations, the future repositioning of Lely Salon must rely on the integration of digital promotion and operational service flexibility. Optimizing digital marketing strategies and electronic word of mouth (e-WOM), such as creating interactive visual content that showcases the process of customer hairstyle transformations on social media like TikTok or Instagram Reels, will be an effective market penetration tool to reach a wider new consumer segment. In addition, dependence on less strategic physical locations can be addressed through adaptive service innovations that proactively reach customers, such as providing a Home Service scheme supported by mini operational vehicles, creating Happy Hour discount programs during off-peak hours, and collaborative initiatives in dormitories or schools. Through the synergy between the strength of existing personal relationships and the flexibility of modern marketing, Lely Salon will be able to escape the local market trap and gain a sustainable competitive advantage in the digital economy era

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