

Analysis of MSME Development in the Digital Era Using the Business Model Canvas from an Islamic Economic Perspective

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Article Information:

Received: 7 April 2026

Revised: 10 June 2026

Accepted: 16 June 2026

Published: 21 June 2026

Keywords:

Development Strategy, MSMEs, Digitalization, Business Model Canvas, Islamic Business Ethics.

Abstract

Micro, Small, and Medium Enterprises (MSMEs) have significant potential to leverage technology to expand their markets and become more competitive in the digital era. This study uses the Business Model Canvas (BMC) approach to examine MSME development strategies in the digital era within the Medan Orang Bazar Community. A descriptive qualitative research methodology was employed, and information was collected through observation, interviews, and documentation. The Miles and Huberman model was used to analyze the data. The results indicate that the MSME development plan within the Medan Orang Bazar Community centers on maximizing the nine components of the Business Model Canvas. Young individuals and young families active on social media constitute this customer segment, offering distinctive local goods at affordable prices and attractive packaging. The plan was developed in collaboration with local communities and influencers, and using digital platforms such as Shopee, Instagram, and TikTok. Active engagement on social media and loyalty programs maintain customer relationships. This approach demonstrates how MSMEs can utilize the Business Model Canvas as a roadmap to develop their companies creatively, effectively, and sustainably in the digital era. The findings also revealed that some MSMEs in this community inherently apply Islamic business principles, particularly in terms of offering halal products, honest promotional practices, and community-based economic empowerment (*ta'awun*), indicating that the BMC framework can be complemented with a sharia-based business development perspective.

How to Cite this Article: Sari, T. M., Hasibuan, R. R. A., & Nurbaiti, N. (2026). Analysis of MSME Development in the Digital Era Using the Business Model Canvas from an Islamic Economic Perspective. *Dalwa Islamic Economic Studies: Jurnal Ekonomi Syariah*, 5(1), 67–82. <https://doi.org/10.38073/dies.v5i1.5053>

INTRODUCTION

Due to their significant job creation, particularly at the local level, Micro, Small, and Medium Enterprises (MSMEs) are crucial for economic progress. In small towns and areas difficult for larger businesses to reach, MSMEs often serve as primary employers (Dewi et al., 2025). Therefore, support from all parties is crucial for MSME development initiatives (Nurhasanah et al., 2024). The Ministry of Cooperatives and SMEs reports that MSMEs employ over 97% of the workforce and contribute over

61% to the country's GDP. Many MSMEs still struggle to keep up with technological developments despite their crucial role, especially in the digital era (Wiyani et al., 2025).

In the era of Industry 4.0, all economic activities have moved towards digitalization, so MSMEs and cooperatives must be able to become the mainstay in driving the economy (Saputra et al., 2023). Digitalization can be felt in various aspects of life, both in companies, government institutions, educational institutions, and daily life (Mujiatun et al., 2023). This shows that digitalization has become an integral component of progress and evolution in the modern era. However, according to research (Nisfah et al., 2024), digitalization provides an increase in operational efficiency of around 45%, especially in inventory management and customer interactions, based on surveys and case studies of 100 MSMEs. Existing technological developments prove that science and technology are always developing and innovating rapidly (Khairani et al., 2023).

The Medan People's Bazaar Community faces several challenges in its digitalization process. The main issue is limited digital literacy, where not all MSMEs are able to utilize social media and various digital tools effectively. Many businesses still rely on offline promotions, and their ability to create consistent digital content is still limited due to limited time, editing skills, and the tools they use. The Medan People's Bazaar Community is a group that actively organizes various bazaars in Medan City, especially in shopping centers such as Yuki Simpang Raya and Plaza Medan Fair. They also collaborate with universities to hold events involving MSMEs and providing job opportunities. They focus on culinary events, accessories, and activities aimed at supporting the local economy through MSME participation. The Business Model Canvas is a tool that can be used to create new and successful tactics. It logically represents the creation, delivery, and capture of value for an organization. This tool provides a detailed and interconnected visual representation of the fundamental elements of a business (Dewi et al., 2023).

The nine components of the Business Model Canvas (BMC), a business development technique, encompass ways to characterize, describe, evaluate, and modify a company's business model (Amanullah, 2015). The Business Model Canvas logically represents an organization's processes for creating, delivering, and capturing value. It is a useful tool for facilitating transformation and rapidly launching new ventures. Furthermore, the BMC can examine a business's strengths, weaknesses, opportunities, and threats across all fundamental building blocks (Suwarsi et al., 2022).

Glithi Manis in Blitar Regency is one MSME that has effectively implemented BMC to develop its business. After only two years of operation, Glithi Manis used BMC to define and examine its business model. As a result, they received suggestions for business development tactics that helped their business grow, such as modernizing packaging design, running promotional advertising, and collaborating with educational tourism. A. Zaki Bakery in Deli Serdang, North Sumatra, is another example. This MSME struggled with traditional management, product quality, and sales stagnation. A. Zaki Bakery successfully improved product quality, product variety, production capacity, asset size, and turnover with the support of BMC implementation. Furthermore, BMC implementation encouraged creativity in developing more competitive and successful company strategies (Azhar, R. M., Suparno, O., & Djohar, 2017).

The case study of the Medan People's Market community provides a practical example of how digital tactics are applied to MSME development. Local goods such as traditional culinary delights and handicrafts are sold by various small business owners in this community. They have effectively raised

their profile and attracted more customers by leveraging internet platforms. According to data, social media is the primary marketing tool used by over 70% of MSMEs in this group.

Research by Haryanti & Harahap (2023) and Nasution et al. (2025), which found that the use of social media and digital marketing significantly improved MSME performance, further supports the importance of social media in MSME marketing. MSMEs in Medan's People's Market can reach a wider audience with the right digital marketing approach, even beyond Medan. However, problems persist. Diani & Lubis (2022) and Indah & Ramadani (2022) state that inadequate digital literacy and limited access to technology are major barriers to MSME adoption. Managing digital tools is a competency lacking among many business owners. As a result, increasing their competitiveness requires training and assistance in the use of technology.

Around 60% of members still rely on offline promotional strategies, with only 40% utilizing Instagram, and of those, only a small fraction consistently create content. Furthermore, only around 25% of members are truly active on Instagram. The digital payment system is also suboptimal, with around 30% of members still experiencing difficulties using QRIS (Quick Response) and digital wallets. These problems are further exacerbated by limited human resources. The majority of MSMEs must manage production, marketing, and customer service themselves, neglecting online management. Digital marketing training has been conducted by the community and external partners, but it has not been sustainable and has not reached all members. Limited devices, such as low-spec phones, also hinder the production of quality content. Furthermore, digital collaboration among members remains spontaneous and unorganized.

Nevertheless, the implementation of the digital era within the Medan People's Bazaar Community is already evident. Online promotion through Instagram has become the primary medium for product introductions. The community actively holds digital marketing training and sharing sessions to improve members' skills. Collaboration in the form of reposts and mutual product reviews is also practiced. Customer interactions have also expanded through Q&A sessions and live streaming, which allows consumers to feel closer to businesses. Although numerous studies have explored the application of BMC in MSME development, research that integrates Islamic economic principles such as halal product standards, transparent promotion, and community-based partnership (*ta'awun*) remains scarce. In practice, many Indonesian MSMEs, including those in community bazaar settings such as Bazar Orang Medan, already embody these values without explicit awareness. Therefore, this study also aims to identify BMC elements that align with sharia-based business development principles.

Based on research conducted by Luthan et al. (2019) found that business development has implemented most elements of the Business Model Canvas (BMC) in its management, although not yet fully optimized. Possible development strategies include expanding customer segments through social media and e-commerce, product and packaging innovation, and improving customer service through digital platforms. Furthermore, maintaining raw material quality, operational consistency, and establishing strategic partnerships are also key to business development using the BMC approach.

In line with this, Aulawi et al. (2024) demonstrated that the implementation of BMC helped identify the strengths and weaknesses of a business strategy, thus serving as a reference for more effective and sustainable business development in the future. In this regard, collaboration between the government, academic institutions, and the business sector is crucial for MSME growth initiatives in the digital era. MSMEs can adapt and thrive with financial support, technology, and training.

Communities like Bazar Orang Medan can serve as examples of how other MSMEs can successfully use digital technology. MSMEs at Bazar Orang Medan are able to explore new business prospects through the implementation of BMC. By understanding customer categories and their value propositions, the company can develop products that better align with consumer demand. The result is a more profitable and sustainable corporate ecosystem.

METHOD

This study uses a descriptive qualitative methodology to examine how MSMEs in the Medan Bazar Orang Community have developed in the digital era by utilizing the Business Model Canvas (BMC) framework. This method was chosen because it can provide a comprehensive picture of how MSMEs use digital technology to develop their operations. Osterwalder and Pigneur (2010) state that the Business Model Canvas is a strategic analysis tool that uses nine key components to explain how a company generates, provides, and captures value, namely customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure (Wibowo & Sriyana, 2024). The research subjects were MSMEs (Micro, Small, and Medium Enterprises) members of the Medan People's Bazaar Community. Subjects were selected using a purposive sampling technique, which involves selecting informants based on specific criteria deemed relevant to the research objectives. A total of eight (8) informants were interviewed, consisting of active MSME members of the Medan People's Bazaar Community. The informants represented diverse business sectors within the community, including culinary and food products (5 informants) and fashion accessories and handicrafts (3 informants). In terms of business scale, all informants operated at the micro enterprise level, with business tenure ranging from one to five years. The majority of informants were female entrepreneurs (6 out of 8), aged between 22 and 45 years, and had been actively participating in community bazaar events for at least one year prior to the study. These criteria were established to ensure that selected informants possessed sufficient experience with both the community's activities and the use of digital platforms for business purposes.

The data sources for this study were both primary and secondary. Secondary data came from documents, literature reviews, and previous research findings relevant to the research issue, while primary data came from field observations and interviews with relevant individuals (Ramlan et al., 2023). The three main phases of data reduction, data presentation, and conclusion drawing form the basis of data analysis. Data presentation is done by organizing information in narrative form according to the nine elements of the BMC; data reduction is done by filtering and selecting relevant data; and conclusions are drawn inductively based on the patterns of findings that emerge in the field (Rahmani, 2022).

RESULTS AND DISCUSSION

Results

The informants in this study were MSMEs members of the Medan People's Bazaar Community, a forum that brings together various creative and culinary entrepreneurs in Medan. This community actively participates in bazaar activities and utilizes digital technology to expand its marketing reach.

Based on interviews with several MSMEs, this study used the Business Model Canvas (BMC) framework to describe the business strategies and development of MSMEs in the digital era. The nine

BMC elements answered by the informants were used to understand the patterns of adaptation and innovation employed by community members in managing their businesses. The following are findings from each of the nine BMC elements within the Medan People's Bazaar Community MSMEs.

1. Customer Segments.

MSMEs in the Medan People's Bazaar Community target customers aged 18 to 45 who are active on social media. The majority of customers are young women and young families who care about quality local products. In addition to local customers from Medan, some entrepreneurs also serve buyers from outside the city through digital platforms. Understanding customer needs is gained through direct interactions at the bazaar and online communication such as comments and messages on Instagram. This was confirmed by one of the culinary MSME owners (Informant 1), who stated:

“Most of my buyers are young women and young mothers. They find out about my products from Instagram, and sometimes they order from outside Medan after seeing my content on TikTok.”

Another informant running a traditional snack business (Informant 3) added:

“I learn what customers want from the comments and DMs on Instagram. At the bazaar, I can talk to them directly and ask what flavors or packaging they prefer.”

2. Value Proposition.

The main value proposition is unique, handmade, high-quality products with a local story behind them. Affordable prices and attractive packaging are added value that differentiate MSME products from competitors. MSMEs use social media to highlight product advantages through visual content, live streaming, and customer testimonials. This strategy makes their products appear professional and trustworthy to consumers. These products implicitly meet halal standards as they are locally-based culinary offerings free from prohibited ingredients, aligning with the concept of halal and thayyib in Islamic economics. As expressed by a homemade culinary MSME owner (Informant 2):

“My products are homemade with local ingredients. I sell them at affordable prices so they can be enjoyed by everyone, not just those with money. I also make sure the packaging looks beautiful so that customers are happy to give them as gifts.”

A similar sentiment was shared by an accessories seller (Informant 6):

“I always tell the story behind each product I make on Instagram. Customers like knowing that it is handmade, made locally, and has a meaning behind it. That is what makes them trust my products.”

3. Channels.

The distribution channels used consist of two main channels: offline bazaars and digital platforms. Instagram, TikTok, Shopee, and WhatsApp are important tools for marketing products. Furthermore, collaborations with local influencers and e-commerce platforms help expand market reach. This strategy demonstrates the community's ability to effectively combine conventional and digital marketing. Informant 4, who sells fashion accessories, explained:

“I sell both at bazaars and through Shopee. Bazaar events are good for building direct relationships with customers, while Shopee helps me reach buyers who cannot come in person. I also promote through Instagram stories every day.”

Informant 7 added:

“I once collaborated with a local influencer to review my product on TikTok. After that, my Shopee orders went up significantly, especially from buyers outside Medan. That taught me that offline and online channels have to work together.”

4. Customer Relationship.

Customer relationships are maintained through friendly service, quick responses, and two-way communication on social media. MSMEs frequently respond to customer messages, hold polls, giveaways, and repost customer testimonials. Some businesses also implement loyalty programs such as discounts and small gifts for loyal customers, creating a strong emotional bond between sellers and buyers. This two-way, honest communication approach is consistent with the Islamic principle of *sidq* (truthfulness) and the prohibition of *ghisysy* (deceptive promotion) in *muamalah* transactions. Informant 5, a culinary entrepreneur, described her approach:

“I always reply to every comment and message on Instagram, even just to say thank you. I also do giveaways occasionally so that my followers feel appreciated. For loyal customers, I give small discounts or free samples. They feel valued, and that makes them come back.”

Informant 2 reinforced this view:

“I never exaggerate when promoting my products online. I show real photos and honest descriptions, because in the end, the customer will know if the product matches what I advertised. Trust is everything in this business.”

5. Revenue Streams.

Primary revenue comes from product sales at bazaars and online stores. Digitalization creates new revenue opportunities through pre-order systems, product collaborations, and live shopping. Seasonal discount strategies, product bundling, and paid promotions on social media have also helped significantly increase sales volume. From an Islamic economic perspective, transaction mechanisms such as pre-order and live shopping should be critically examined to ensure they are free from *gharar* (excessive uncertainty), as transaction clarity is a fundamental requirement in Islamic *muamalah*. Informant 1 explained her revenue diversification strategy:

“Before, I only sold at bazaars. Now I also take pre-orders through WhatsApp and do live shopping on TikTok every week. My income has definitely increased, especially during Eid season when hamper orders come in large numbers.”

Informant 8, who runs a handicraft business, noted:

“I collaborate with other sellers to create product bundles during special events. We combine our products and sell them as a package. This way we both benefit and the customers get a better deal too.”

6. Key Resources.

Key resources used include production skills, local raw materials, digital promotional tools, and technologically savvy human resources. This community regularly holds training in digital marketing, product photography, and video content creation to strengthen its members' capacity to compete in the digital era. Informant 3 described the importance of skill development:

“My biggest resource is my recipe and production skill that I have developed over years. But now I also have to learn how to take good product photos and edit videos for Instagram. The community helped me with training on that, and it really made a difference in my online presence.”

Informant 6 echoed this:

“I use my smartphone for everything from designing my catalog on Canva to promoting on TikTok. Before joining the community training, I did not even know how to use Canva. Now it is one of my most important tools.”

7. Key Activities.

MSMEs' primary activities include production, promotion, and customer interaction. Digital platforms such as Canva and Google Forms are used for efficient design and order management. Regular promotion through creative content and social media insight analysis are key to increasing product exposure and reaching a wider market segment.

Informant 4 described her daily routine:

“Every morning I check my social media insights to see which posts get the most engagement. Then I use that to plan my next content. I use Canva to design the posts and Google Forms for customers to submit their orders. It makes everything more organized.”

Informant 7 further explained:

“Production and promotion have to happen at the same time. While I am making products in the morning, I am also thinking about what content to post that day. If I stop promoting even for a few days, the orders drop immediately.”

8. Key Partnerships.

Partnerships are established with local influencers, bazaar organizers, the Cooperatives & SMEs Office, microfinance institutions, and digital training providers. These strategic collaborations help expand the market and strengthen the competitiveness of MSMEs. Support from the government and digital communities also provides opportunities for joint training and promotion that benefit all community members. The community-based partnership model involving local government, cooperatives, and micro-influencers reflects the Islamic principle of ta'awun (mutual cooperation), which underpins collective economic empowerment in Islamic economics. Informant 5 shared her experience with partnerships:

“The community introduced me to a local influencer who has around 20,000 followers. We did a collaboration and she reviewed my product for free in exchange for some samples. That one post brought me more than 50 new followers and several orders.”

Informant 8 highlighted the role of government support:

“The Cooperatives Office once invited us to a free digital marketing training. I learned how to set up a proper Shopee store and how to run paid promotions. Without that support, I would not know where to start. We really help each other in this community.”

9. Cost Structure.

Key cost components include raw materials, packaging, digital promotion, and shipping. Online advertising costs and the purchase of content-supporting equipment such as ring lights and cameras are also significant expenses. To reduce operational costs, MSMEs implement pre-order systems, collaborative promotions, and utilize free features available on various social media platforms. The cost efficiency achieved through the utilization of free social media features is also aligned with the Islamic principle of avoiding israf (wasteful spending), reflecting responsible resource management as encouraged in Islamic economic thought. Informant 3 explained the pressure of managing costs:

“The cost that goes up the most is packaging. Customers now expect nice packaging, so I cannot cut corners there. But for promotion, I mostly use Instagram and TikTok for free. I only pay for ads when I have a new product to launch.”

Informant 1 added:

“I use the pre-order system so I do not overproduce and waste ingredients. I only make what has been ordered. This way I save on raw material costs and nothing goes to waste. It is more efficient and also more responsible.”

Taken together, these nine BMC elements form a comprehensive picture of the current business model of the Medan People's Bazaar Community MSMEs. The findings above are summarized in Table 1.

Table 1 shows that the MSMEs within the Medan People's Bazaar Community have implemented a business model that is quite adaptive to the developments in the digital era. Each element of the Business Model Canvas (BMC) is integrated to support business sustainability and development. In terms of customer segment, MSMEs have successfully identified a suitable target market: the younger generation and young families who actively use social media and are interested in local products. This is then reinforced by a value proposition that emphasizes product uniqueness, quality, affordability, and product storytelling as key consumer attractions.

Furthermore, in terms of channels and customer relationships, MSMEs utilize digital platforms such as Instagram, TikTok, WhatsApp, Shopee, and Tokopedia as marketing and communication tools with customers. Social media is utilized not only for product promotion but also to build emotional connections with customers through active interaction, live shopping, giveaways, and loyalty programs. This strategy demonstrates that digitalization has become a crucial part of the marketing and customer service activities within the Medan People's Bazaar Community MSMEs.

From an internal business perspective, key resources and key activities demonstrate that the success of MSMEs depends not only on their products but also on the ability of their human resources to manage digital technology. Digital marketing training, creative content creation, and social media

analysis are crucial activities in enhancing business competitiveness. Furthermore, key partnerships with local influencers, the Cooperatives and SMEs Office, bazaar communities, and e-commerce platforms significantly contribute to expanding marketing networks and strengthening MSMEs' presence amidst the competitive digital market.

Table 1 Business Model Canvas of the Medan People's Bazaar Community MSME

No.	BMC Element	Contents
1	Customer Segments	<ol style="list-style-type: none"> 1. Young people aged 18–35 2. Young families 3. Local and out-of-town consumers 4. Local product enthusiasts 5. Marketplace users
2	Value Proposition	<ol style="list-style-type: none"> 1. Unique and high-quality products 2. Affordable prices 3. Attractive packaging and product storytelling 4. Easy digital access
3	Channels	<ol style="list-style-type: none"> 1. Instagram, TikTok, WhatsApp 2. Shopee, Tokopedia 3. Bazaar events 4. Influencer collaborations 5. Pre-order & direct delivery
4	Customer Relationship	<ol style="list-style-type: none"> 1. Social media interaction 2. Loyalty program 3. Testimonials & reposts 4. Fast service 5. Live shopping & giveaways
5	Revenue Streams	<ol style="list-style-type: none"> 1. Direct and online sales 2. Pre-orders & collaborations 3. Live shopping 4. Endorsements & paid promotions 5. Hampers & event orders
6	Key Resources	<ol style="list-style-type: none"> 1. Local raw materials 2. Smartphone and internet production tools 3. Digital marketing human resources 4. Product catalog
7	Key Activities	<ol style="list-style-type: none"> 1. Production & Packaging 2. Online Promotion 3. Participate in bazaars/exhibitions 4. Create digital content 5. Analyze social media
8	Key Partnerships	<ol style="list-style-type: none"> 1. Influencers 2. Cooperatives & SMEs Office 3. E-commerce platforms 4. Cooperatives & financial institutions 5. Local bazaar communities
9	Cost Structure	<ol style="list-style-type: none"> 1. Raw materials and packaging 2. Online advertising 3. Digital content tools 4. Shipping & logistics 5. Electricity, internet, training

Source: 2026 research results

Meanwhile, in terms of revenue streams and cost structure, digitalization offers opportunities for increased revenue through online sales, pre-order systems, live shopping, and collaborative promotions. However, additional costs are incurred, such as digital advertising, packaging, content support tools, and logistics. Nevertheless, MSMEs continue to strive to streamline operational costs by utilizing free social media features and collaborative promotional strategies. Thus, the application of the Business Model Canvas to the Medan People's Bazaar Community demonstrates that integrating digital strategies can help MSMEs improve marketing effectiveness, expand markets, and maintain business sustainability in the digital era.

Discussion

The results of the study indicate that the application of the Business Model Canvas (BMC) to the Medan Bazar Orang Community MSMEs is able to describe a business development strategy that is adaptive to the digital era. The nine elements of the BMC are interconnected in supporting business sustainability, starting from determining customer segments, creating product value, to managing customer relationships and digital marketing strategies. This finding is in line with the theory put forward by Alexander Osterwalder and Yves Pigneur that the Business Model Canvas is a strategic tool used to describe how companies create, deliver, and capture value in a business model (Matondang et al., 2025).

Regarding the customer segment element, the research results show that the Medan Community Bazar Orang MSME targets young people and young families who actively use social media. This segmentation indicates that MSMEs have understood the changing consumer behavior in the digital era, where people increasingly seek product information through online platforms. This finding aligns with research (Daud et al., 2022) which states that understanding customer needs is the primary basis for determining a business's value proposition. Furthermore, the research results also show that social media enables MSMEs to reach consumers outside Medan, thus expanding the market and not being limited to conventional marketing.

In terms of value proposition, MSMEs offer unique, handmade, high-quality products at affordable prices, along with attractive packaging, enhanced by digital storytelling. This strategy demonstrates that MSME products are not solely marketed based on their functionality, but also on their inherent emotional value and local identity. This aligns with the value proposition theory, which states that a product will be competitive if it can provide added value and a unique experience for consumers (Bahukeling et al., 2024). In this context, the use of storytelling through social media is an important strategy for building product image and increasing customer trust. These findings also support research (Wang et al., 2018) and (Rukmana et al., 2023) which explains that digital marketing is able to increase the attractiveness of MSME products through the presentation of creative and interactive content. Notably, these products implicitly meet halal standards as they are locally-based culinary offerings free from prohibited ingredients, aligning with the concept of *halal* and *thayyib* in Islamic economics. This dimension of product integrity further reinforces consumer trust, as the assurance of permissible and wholesome goods constitutes an intrinsic value proposition for Muslim consumers in particular.

Regarding channels and customer relationships, the study found that Instagram, TikTok, WhatsApp, Shopee, and Tokopedia are the primary marketing channels for MSME products. Social media is utilized not only for promotions but also to build two-way communication with customers

through live shopping, giveaways, reposting testimonials, and loyalty programs. This situation indicates that customer relationships in the digital era are more interactive and personal. These findings align with research (Ichsan et al., 2023) which states that the use of e-commerce and social media can increase customer engagement and expand the market reach of MSMEs. Furthermore, an active digital communication approach can increase customer loyalty because consumers feel closer to businesses. From an Islamic economic perspective, this two-way, honest communication approach is consistent with the principle of *sidq* (truthfulness) and the prohibition of *ghisysy* (deceptive promotion) in *muamalah* transactions, underscoring that the community's relational practices are not only commercially effective but also ethically grounded.

Regarding revenue streams, the study found that MSMEs' revenue sources come not only from direct sales at bazaars, but also from online sales, pre-order systems, live shopping, endorsements, paid promotions, and hamper sales. This demonstrates that digitalization opens up opportunities for MSMEs to diversify their revenue streams. This strategy aligns with the revenue streams concept in the Business Model Canvas (BMC), which explains that companies need to create multiple revenue streams to ensure business sustainability. In this context, utilizing digital media allows MSMEs to generate additional revenue with relatively more efficient promotional costs compared to conventional marketing. However, from an Islamic economic perspective, transaction mechanisms such as pre-order and live shopping should be critically examined to ensure they are free from *gharar* (excessive uncertainty), as transaction clarity is a fundamental requirement in Islamic *muamalah*. Ensuring that product specifications, prices, and delivery terms are communicated transparently in these digital transaction formats is therefore an important consideration for sustainable and ethically compliant business practices.

From an internal business perspective, the key resources and key activities elements indicate that MSME success in the digital era is determined not only by product quality but also by the ability of human resources to manage digital technology. Training in digital marketing, product photography, content design, and social media analysis are crucial in increasing business competitiveness. These findings support the research (Munthe & Dewi, 2024) which states that developing a BMC-based business model can help MSMEs improve the effectiveness of their marketing strategies and manage their businesses in a more structured manner. Furthermore, the use of applications such as Canva and Google Forms demonstrates that digital technology has helped MSMEs improve operational efficiency and simplify customer order management.

Regarding key partnerships, the study shows that collaboration with local influencers, the Cooperatives and SMEs Office, bazaar communities, microfinance institutions, and e-commerce platforms is a crucial factor in MSME development. These partnerships help businesses gain access to promotions, training, and market expansion. This finding aligns with business network theory, which states that strategic collaboration can strengthen business competitiveness and sustainability. Support from the government and digital communities also provides opportunities to increase the capacity of MSMEs through digital marketing training and mentoring. The community-based partnership model observed in this study involving local government, cooperatives, and micro-influencers further reflects the Islamic principle of *ta'awun* (mutual cooperation), which underpins collective economic empowerment in Islamic economics. This finding suggests that the community's collaborative ethos is

not merely a pragmatic strategy but is also consonant with the values of solidarity and shared prosperity emphasized in Islamic economic thought.

However, the study also reveals various challenges in implementing digitalization, particularly in terms of cost structure and digital literacy. Costs for digital advertising, packaging, content production tools, and logistics are additional expenses that must be managed efficiently. Nevertheless, MSMEs continue to strive to streamline operational costs by utilizing free social media features and collaborative promotional strategies. The cost efficiency achieved through these approaches is aligned with the Islamic principle of avoiding *israf* (wasteful spending), reflecting responsible resource management as encouraged in Islamic economic thought. Furthermore, not all community members possess adequate digital skills. These findings support the research (Nur Rohmah et al., 2023) and (Suhargo et al., 2022) which states that limited digital literacy and access to technology remain major barriers for MSMEs in adopting digital transformation. Therefore, ongoing training and mentoring in technology use are essential for MSMEs to adapt to digital market developments.

Overall, this study demonstrates that implementing the Business Model Canvas (BMC) can help MSMEs in the Medan People's Bazaar Community map out their business strategies in a more structured and adaptive manner to digital technology developments. The BMC is used not only as a business analysis tool but also as a guide for increasing product innovation, expanding markets, strengthening customer relationships, and enhancing business sustainability. Importantly, the findings of this study also reveal that several BMC elements including value proposition, customer relationship, key partnerships, revenue streams, and cost structure are inherently aligned with Islamic economic principles, even when such alignment is practiced implicitly and without explicit awareness. This finding contributes to the existing literature by demonstrating that BMC implementation among Indonesian MSMEs can serve as a framework for identifying sharia-compatible business practices, thus bridging the gap between conventional business modeling and Islamic economic values. These research findings support the findings of other research studies (Hidayat et al., 2024) which states that the implementation of BMC can help MSMEs identify the strengths, weaknesses, opportunities and threats of their business so that they are able to develop more effective and competitive business strategies in the digital era.

CONCLUSION

The research results show that the implementation of the Business Model Canvas (BMC) in the Medan People's Bazaar Community is effective in mapping and developing business strategies for MSMEs in the digital era. Each element of the BMC reflects interconnected business conditions, where MSMEs have been able to utilize social media and digital platforms as primary marketing tools and build interactive relationships with customers. The primary value offered is unique, high-quality, and affordable local products, while partnerships with various parties, such as the Cooperatives Office, bazaar communities, and local influencers, are supporting factors in expanding business networks and increasing competitiveness.

Furthermore, several BMC elements applied by this community including halal product offerings, honest promotional practices, and community-based partnerships inherently reflect the principles of muamalah in Islamic economics. This suggests that the BMC framework is not only applicable to conventional MSME development but also compatible with a sharia-based business

development approach, making it a potentially valuable tool for Islamic economic empowerment at the grassroots level.

However, MSMEs still face several challenges, such as a lack of digital literacy, a shortage of human resources, and inefficient use of digital payment and promotion systems. Therefore, ongoing training in digital marketing, product development, and strategic community engagement are crucial for developing entrepreneurial capacity. Overall, the Medan People's Bazaar Community MSMEs have been able to develop more flexible and sustainable business development plans in the digital era thanks to the implementation of the Business Model Canvas, which has helped them identify strengths, weaknesses, opportunities, and threats.

Nevertheless, this study has several limitations that should be acknowledged. First, the research was conducted exclusively within the Medan People's Bazaar Community, which limits the generalizability of the findings to other MSME communities or regions with different socioeconomic and cultural contexts. Second, the relatively small number of informants (n=8), while appropriate for an in-depth qualitative inquiry, may not fully capture the diversity of experiences across the broader community. Third, this study relied primarily on interview data, which is subject to social desirability bias, as informants may have presented their business practices in a more favorable light than the actual situation warrants. Fourth, the cross-sectional nature of the data collection means that the findings represent a snapshot in time and do not capture the dynamic changes in MSME digital adoption over a longer period. In view of these limitations, several directions for future research are recommended. Future studies should employ a larger and more diverse sample to allow for greater transferability of findings across different MSME communities in Indonesia. Longitudinal research designs would be valuable for tracking the progression of digital adoption and BMC implementation over time. Additionally, comparative studies between communities with varying levels of digital literacy and government support would yield important insights for policymakers. Future research may also consider integrating quantitative measures, such as sales performance data or digital engagement metrics, alongside qualitative accounts to triangulate findings and strengthen the empirical basis of MSME development research within the Islamic economic framework.

DECLARATION OF AI AND AI ASSISTED TECHNOLOGIES IN THE WRITING PROCESS

In preparing this manuscript, the authors used OpenAI's ChatGPT to assist with language refinement, grammar correction, paraphrasing, and structuring of several sections. All results were carefully reviewed, revised, and validated by the authors. The authors are solely responsible for the accuracy, originality, and final content of this publication.

ACKNOWLEDGMENT

The author would like to express his sincere gratitude to the State Islamic University of North Sumatra for the academic support provided during this research. He also thanks the members of the Medan People's Bazaar Community who volunteered as informants and shared valuable information regarding MSME development in the digital era. He also extends his appreciation to all parties who contributed to the completion of this research, both directly and indirectly.

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