

Muslim fashion business development strategy through digitalization in Medan City

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Abstract

This study aims to analyze strategies for developing Muslim fashion businesses through digitalization in Medan City. The research background is based on the rapid growth of digitalization, the rising awareness of modest fashion, and the increasing use of social media and online marketplaces by entrepreneurs. This research employed a qualitative method with a SWOT analysis approach, involving interviews with 10 Muslim fashion business owners. The findings reveal that digitalization significantly contributes to expanding market reach, improving consumer interaction, and facilitating transactions through social media and e-commerce. The main strengths are creative digital content and the adoption of modern payment systems, while weaknesses include limited digital literacy, low promotional budgets, and basic business management practices. Major opportunities come from the rise of online shopping, government support, and the growing demand for halal products. On the other hand, the main threats include intense competition, changing social media algorithms, and the rapid shift of fashion trends. This study concludes that the development of Muslim fashion businesses in Medan holds great potential if entrepreneurs can adapt to digitalization, strengthen branding, and enhance digital literacy through collaboration and training.

Keywords: Digitalization, Muslim Fashion, SMEs, SWOT, Medan City.

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INTRODUCTION

In Indonesia, digitalization has advanced rapidly. In this digital era, people must be proficient in using electronic devices. According to data from the Ministry of Communication and Information Technology, 89% of Indonesia's population now uses electronic devices. Following the outbreak of COVID-19, digitalization has accelerated. This is because, to reduce the spread of the virus, people are required to perform all their tasks from home. People's buying and selling behavior has also been affected by the rapid growth of digitalization. Electronic devices that make human work easier reduce human activity (Ratnawati, 2020).

These initiatives have improved the operation of Indonesia's digital market. As of September 2022, 34.10% of the population used e-commerce applications, according to statistics from the Central Statistics Agency (BPS). More successful and efficient community activities are driving this growth. Business development, promotional tools, and increased sales turnover are benefits for companies. These innovations drive the digital market to create companies that meet the needs of the Indonesian people (Imsar, Harahap, 2023).

According to estimates by Global Religious Future, there are 237.53 million Muslims in Indonesia, representing 87% of the country's total population. Medan alone is home to 1.67 million Muslims, representing 69.4% of that total. This research shows that Muslims generally use the concept of halal in their transactions. Every Muslim has the right to live a halal lifestyle to maintain self-respect and moral control in all areas of their lives (Faiza, 2022). The digital market adapts to the lifestyle demands of the majority of Indonesia's Muslim population.

Currently, several digital marketplaces in Indonesia are quite popular among the general public. A poll conducted by dataindoneisa.id shows that Shopee is the most popular app, followed by Tokopedia and Lazada. The halal lifestyle of the majority of Indonesia's Muslim population is already supported by the features on these three online marketplaces (Fradesa, 2020).

The Barokah Shopee feature was introduced in November 2019 on the Shopee app, the Salam Tokopedia feature was introduced in 2019, and the Amanah Lazada feature was introduced in April 2021 on the Lazada app. Indirectly, these characteristics maximize the potential of Indonesian halal fashion. The halal fashion market is expected to grow at a Compound Annual Growth Rate (CAGR) of 6.2% between 2018 and 2024 (DinarStandard, 2019), indicating continued growth year after year. As a Muslim-majority country, Indonesia is undoubtedly greatly impacted by this potential. Food, beverages, pharmaceuticals, fashion, cosmetics, chemicals, and halal tourism are just some of the industries that make up the halal fashion sector, which should have a growth strategy to boost the national economy.

Medan, Indonesia's third-largest city, is home to a sizable Muslim community. The North Sumatra Provincial Statistics Agency reports that there are 1,641,401 Muslims in Medan. This opens up a potential market for Muslim fashion, particularly among Gen Z and millennials. Muslim fashion companies in Medan are leveraging digitalization to expand their marketing reach and boost growth amid rising internet and social media adoption. Digitalization is a crucial element in the growth of Muslim fashion companies in Medan. Despite the challenges, the industry has ample room for growth as long as entrepreneurs can adapt strategically and creatively to the broad market prospects and the ease of digital access (BPS North Sumatra Province, 2023).

The growing awareness of Islamic clothing, particularly among the younger generation, is a phenomenon fueled by digitalization and is driving the growth of the Muslim fashion industry in Medan. The modest fashion trend, which combines Islamic and contemporary trends, is quite popular. The Muslim fashion industry has seen a rise in MSMEs, particularly among women and millennials. Digital marketing is helping local companies become more recognized nationwide and even internationally. To reach a wider audience, businesses are using social media sites like Instagram and TikTok, as well as online marketplaces like Shopee and Tokopedia. Interactive content and direct selling are quickly becoming popular sales tactics (Ministry of Cooperatives and SMEs, 2022).

However, many business owners still lack a comprehensive understanding of digital marketing tactics. Digital insight analysis, ad copywriting, content management, and SEO strategies are still lacking in many areas. Competition is increasing due to the rise of Muslim fashion brands and the proliferation of online retailers. Local products face direct competition from products manufactured in other cities or even abroad. MSMEs often struggle to secure funding to develop their own websites, improve product quality, or employ expert digital marketing services. In some areas, internet connections can still be unstable or slow. Some companies continue to offer uninspired products that do not align with the latest trends in Muslim fashion. Limited access to knowledge or expertise often hinders design innovation and product differentiation (Zahratunnisa, 2022).

Indonesia continues to face various challenges in the development of halal fashion, including policies on the implementation of Halal Product Assurance (JPH), which is still in its early stages; limited certification and standardization of halal products; and an inadequate roadmap for the development of the halal industry (Widodasih, 2022). According to the State of the Global Islamic Economy Report 2020/2021, Indonesia ranks second among the top 10 global fashion industries (Jannah, 2020). Therefore, Indonesia has the potential to lead and pioneer the global Muslim fashion industry. It has been stated that we need protection to preserve local products. To reduce imports, this protection strategy must not "offend" importing countries. The goal is to maintain international contacts while protecting regional goods.

Thanks to advances in technology and information, fashion has become a global phenomenon easily accessible to Generation Z. However, this convenience has a downside that must be acknowledged. It is impossible to discuss Muslim fashion without mentioning Islamic economics (Pohan et al., 2024). Muslims constitute the majority of Medan's population, and Muslim MSMEs, particularly Muslim fashion players in Medan, dominate the city's MSMEs. Undoubtedly, there are objectives of Sharia that Muslims must fulfill; these objectives are known as *maqasid sharia*. Ibn Asyur defined *maqasid sharia* as wisdom and understanding that originate from Allah SWT and are evident in all or most of Allah SWT's provisions. The objectives established by Sharia (Allah) for the welfare of His servants are known as *maqasid sharia*, or Islamic principles. All of humanity has unlimited rights and obligations to provide these benefits. According to Surah Al-Anbiya', verse 107, Allah only commands for the benefit of His servants (Azro'i et al., 2023).

This research, informed by the aforementioned studies, concludes that halal fashion has made significant progress in many areas while also facing several challenges. To enhance Muslim fashion in Medan, this study aims to maximize the advantages and potential of the digital market while minimizing its shortcomings and risks. The research gap in the study of strategies for developing Muslim fashion businesses through digitalization remains evident, as studies predominantly discuss digital marketing or digital transformation in general, without specifically linking them to the characteristics of Muslim fashion businesses in Medan. Previous research also tends to emphasize online marketing or social media. However, few have examined the integration of business strategies, digital readiness of business actors, and local factors such as consumer behavior, MSME capacity, and the regional digital ecosystem. Furthermore, the limited number of studies that comprehensively link digital adoption levels to the performance of Muslim fashion businesses indicates a new space for this research to fill.

Based on these gaps, the research problem statement focuses on how Muslim fashion entrepreneurs in Medan City develop their businesses through digitalization, the factors that influence the success of this strategy, and the extent to which digitalization can improve competitiveness and business performance. This research is motivated by the need to formulate a contextual development strategy, grounded in the realities of local entrepreneurs and aligned with the dynamics of the digital economy. Therefore, this study is expected to make a new contribution by providing a more practical digital strategy model for developing Muslim fashion businesses in Medan City. This prompted the author to investigate the growth of Muslim

fashion, which has grown rapidly compared to other industries. The research question is: What digital market development tactics promote Muslim fashion in Medan City?

LITERATURE REVIEW

Understanding Digitalization

Mumtaz & Karmilah (2021) define digitalization as technological advancements that lead to full digitalization, in which people typically adopt new lifestyles closely tied to electronic devices. Digitalization, according to Sukmana in Erwin (2023), is the conversion of media from print, audio, or video formats to digital formats. According to Gartner (2020), digitalization is the process of shifting to a digital business model by utilizing digital technology to transform the company model and generate new revenue and value streams—Ministry of Communication and Informatics of the Republic of Indonesia. The process of integrating digital technology into all aspects of people's lives, including economic, social, and government sectors, is known as digitalization. Digitalization, according to Brennen & Kreiss (2014), is the process of transforming analog information into digital formats, as well as the social changes brought about by the daily use of digital technology (Widodasih, 2022).

In Indonesia, digitalization has advanced significantly. People need to be proficient in using technology in this digital age. According to the Ministry of Communication and Informatics, 89% of Indonesians use gadgets. Following the outbreak of COVID-19, digitalization has accelerated (Daulay et al., 2023).

According to Dede (2023), social media are online platforms, such as blogs, social networks, wikis, forums, and other virtual worlds, where users can easily engage, share, and produce information. In research, Dede (2023) social media indicators include: working with a specific purpose, engaging and entertaining content, communication between buyers and sellers, consumer interaction with one another, easy-to-find product information, public access to information, and social media trust.

According to research by Kotler & Armstrong (Widwi, 2024), e-commerce is an internet channel accessible to anyone using a computer. Businesses use it to conduct their commercial operations, while consumers use it to obtain information. Providing information services to customers to aid their decision-making is the first step in the process. According to the research by Tiara (2024), several factors influence e-commerce performance, including:

1. Cost Leadership

One business method that reduces expenses is cost leadership. Consequently, we might see that unit A in a business is more profitable than unit B if unit A requires fewer resources than unit B, or can produce more goods with the same amount of resources. Efficiency can be measured by comparing intended and actual results or by comparing units, as in Anthony and Govindarajan's idea.

2. Reputation

For consumers, reputation is a crucial factor because it increases their trust in a manufacturer and informs them about product and service quality. Because most customers and sellers do not know each other and trust is difficult to build, reputation plays a crucial role in business development. Consumer trust in integrity and service stems from past interactions between manufacturers and consumers.

3. Marketing

In today's digital age, consumers demand comprehensive and accurate information about the advertised product quality. Consequently, entrepreneurs need to be able to create effective marketing plans. Marketing is one of the most crucial elements for business growth and sustainability. Creating customer value, acquiring customers, and retaining customers are all aspects of traditional marketing techniques that are also present in web-based marketing tactics.

4. Ease of Doing Business Online (Business Entry)

Online transactions, often known as e-commerce, are a measure of a person's level of intention to engage in a particular activity. The ease of use of a system influences behavior; the more a person believes a system is easy to use, the more they will use it. The accessibility of information makes it easier for consumers to participate in online activities, which also affects online businesses.

The Big Indonesian Dictionary (KBBI) defines infrastructure as anything that facilitates the implementation of a process, including projects, businesses, development, and infrastructure (Heni, 2020). Several infrastructure indicators were identified in Whinarko's (2021) research, including Economic Growth, Infrastructure Development, and Human Resource Development.

Understanding Fashion Business Development

One of the things business owners do to grow their companies and increase revenue is to focus on business development. Business growth is crucial for business owners to thrive in a highly competitive business environment (Nurbaiti et al., 2024). According to Thomas Carlyle, fashion is a sign of the soul, meaning that a person's clothing, as part of social culture, reflects their soul. As for fashion, Malcolm Bernard claims that it has a strong connection to the Latin term "factio," meaning "to do." Consequently, clothing can be considered a form of fashion (Tohiruddin, 2022).

Profit growth is a term used in research to denote increases in profits (Faizal et al., 2024). Companies with healthy profit growth have sound financial health, which increases the company's value. Business conditions determine how much is paid in dividends. A company's financial health is indicated by positive profit growth, which also increases the company's value. In studies by Renny et al. (2021) and Swastha (1993), sales turnover is defined as sales activity in the form of products or services that continues to increase and can be calculated comprehensively over a given period in the accounting process, according to research by Jumarni et al. (2025). Sales turnover is the total amount of money earned from the sale of products or services during a specific period. The total sales activity of a product, good, or service during a specific period, whether continuous or in a single accounting operation, is known as sales turnover. According to the definition above, sales turnover is the total amount of sales of products or services made during a specific period, measured by the amount of money generated.

According to research, achieving turnover, meeting expectations, matching with other companies, and matching capital to results are all signs of higher turnover (Haslindah et al., 2025). Market expansion is an effort to increase product sales, according to research by Hendar et al. (2020). Market expansion is the effort to increase a product's sales. According to Himawan and Santoso (2014) and Hendar et al. (2020), online marketing can be used to improve marketing and reach more customers. In research by Suwantik et al. (2022), expanding into a wider marketing area, reaching further, and serving various client categories are two markers of increasing market share.

RESEARCH METHOD

With developments tailored to the needs of Indonesia's Muslim majority, the digital industry is growing. Digital market innovations can help halal businesses in Indonesia, including the fashion industry. With developments tailored to the needs of Indonesia's Muslim majority, the digital industry is growing. Digital market innovations can help halal businesses in Indonesia, including the fashion industry. A Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis was used in this qualitative study, which focused on the internet market supporting Muslim fashion businesses in Medan City. Both primary and secondary data served as the basis for the data sources. Secondary data came from scientific publications and related ideas on the issue under study, while primary data came from informants who actively participated in this study. The reason for applying a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis is that this method is effective for systematically mapping the internal and external conditions of Muslim fashion businesses. A SWOT analysis allows

researchers to identify the internal strengths and weaknesses of business actors, while simultaneously assessing the opportunities and threats posed by the ever-evolving digital environment. The selection of this method is based on the research objective, which is not only to describe business conditions, but also to formulate applicable and relevant development strategies for Muslim fashion business actors in Medan City in the face of competition in the digital era.

Informant interviews were used to collect primary data. Muslim fashion entrepreneurs operating in Medan's online marketplace served as informants. Ten Muslim fashion MSMEs were interviewed, including two at Petisah Market, two at Fish Market, two on Halat Street, two on Setia Budi Street, two at MMTC Market, two on Dr. Mansyur Street, and two in Central Market. Business owners in hijab, Muslim fashion, and prayer equipment were interviewed in person. The interviews focused on the prospects, risks, vulnerabilities, and strengths of these companies in the online marketplace. Journal articles, statistics, news, surveys, reports, and hypotheses related to the research topic served as secondary data sources.

RESULTS AND DISCUSSION

RESULT

Interview Results: Digitalization-Based Strategies for the Development of Muslim Fashion Businesses in Medan. The majority of the 10 Muslim fashion businesses interviewed in Medan stated that, especially since the pandemic, digitalization has significantly helped them survive and thrive. They acknowledged that shifts in customer behavior have prompted businesses to modify their sales strategies as consumers become more digitally savvy. Several noted that sites like Instagram, TikTok, Shopee, and WhatsApp Business have replaced their previous reliance on local marketplaces or brick-and-mortar stores as their primary source of support. As one interviewee put it, "Nowadays, it is a first-come, first-served system. Customers will leave us if we are slow to digitize."

Ms. Arifin, a Muslim fashion SME entrepreneur at Petisah Market, said that "the bigger their business, the easier it is to calculate or predict future profits. When their business is small, everything is still trial and error, there is not much data, and sometimes profit and loss are difficult to predict. However, after their business grows, they have many customers, permanent employees, and neat financial records, and they feel more confident in setting annual profit targets. She said, "When the business is more established, we can think more strategically, not just thinking about what to eat tomorrow."

Furthermore, Pamela, a Muslim fashion SME entrepreneur at Petisah Market, said, "The age of a business is very influential. Those who have been in business for only 1-2 years admit they are often confused about predicting profits because everything is still fluctuating. However, those whose businesses have been running for more than 5 years feel they have a better understanding of market rhythms when sales fluctuate. From there, they can more accurately prepare profit growth estimates. Some say, "Experience is the best teacher; the longer a business runs, the more you understand the ins and outs."

Mr. Priadi, a Muslim fashion SME entrepreneur on Jl. Setia Budi explained that "their experience with taking out loans, whether from banks or cooperatives, for business capital or expansion. According to them, if the debt is too large, it creates pressure. Some honestly said, "When we have a lot of installments, we really want to show that our business is healthy, so sometimes we can arrange reports to look good." However, others have learned from experience and are now more careful, because high debt makes it difficult to predict profits honestly and realistically."

Mr. Vicky, a Muslim fashion SME owner at a fish market, also said regarding sales levels, "If sales increase in recent months, they are usually very optimistic that future profits will also increase. However, they also realize that high sales do not always mean high profits. One source said, "If sales are high but costs are also inflated, it is useless, and profits are slim." So, in essence, they use sales as an indicator, but still take costs into account."

Regarding past changes, Mr. Suprianto, a Muslim fashion MSME entrepreneur on Jl. Setia Budi explained, "Their profits in previous years were often unstable. Sometimes they rose drastically, sometimes they fell sharply. Because of this, they found it difficult to make accurate projections. However, after they started managing their finances more neatly, diversifying their product offerings, and attracting more loyal customers, profits began to stabilize. One source said, "It used to be up and down like a roller coaster, but now it is calmer, so it is easier to plan."

In addition to several other factors, such as the use of social media marketplaces, Mrs. Rini said that "All sources use social media as a primary means of promotion. Instagram is most often mentioned because the visuals of fashion products can immediately attract attention. Some are also active on TikTok, because it can reach young people and attract high traffic through short videos. Marketplaces such as Shopee and Tokopedia are also considered very helpful for consumer reach and secure payment systems. A hijab brand owner said, "Previously, we had to wait for people to come to the store; now, customers from outside the city can buy every day. Just use Shopee or Tokopedia."

And not only that, Mrs. Ayu, a Muslim fashion MSME entrepreneur on Jl. Stadion Teladan said that "The majority of entrepreneurs here admit to starting to learn to create interesting and interactive content, such as hijab tutorial videos, live streaming, and behind-the-scenes production processes. They feel that direct interaction through live streaming or comments can build consumer trust. One entrepreneur said, "Consumers now like to see the process, not just the result. If we are transparent, they trust us."

Ms. Riri, a Muslim fashion MSME entrepreneur in Petisah Market, has also started using a digital cashier app, an automated inventory system, and simple accounting software to simplify business management. For payments, they now offer various digital methods, including QRIS, bank transfers, OVO, GoPay, and Dana. This is considered crucial because consumers now prefer convenient and cashless transactions.

According to Ms. Santi, a Muslim fashion MSME entrepreneur on Jalan Halat, the challenges of digitalization are numerous. Despite its many benefits, entrepreneurs also acknowledge that digitalization has its own challenges. For example, learning social media algorithms, increasingly fierce competition, and the need for capital for digital advertising. Some also complained about the rapid changes in fashion trends, requiring them to adapt their models quickly. One source said, "Sometimes we just start production, and the trend has already changed. That is why we have to be responsive, and digital helps us see trends more quickly."

Nearly all respondents' future goals and aspirations include expanding their company's online presence. To reach a wider audience, some have begun developing their own websites, others intend to register their brands for Intellectual Property Rights (IPR), and still others want to collaborate with regional influencers. Their goals are simple: to continue growing their companies and attracting more local workers, particularly homemakers and sewists who work from home.

Based on interviews with these ten respondents, it can be concluded that their ability to predict profit growth is significantly influenced by variables such as company size, age, debt levels, sales, and past earnings stability. They all agreed that strong financial management and experience are crucial. The more established a company is, the more accurate and realistic its forecasts are.

This interview demonstrates how digitalization has emerged as a key strategy for the growth of Muslim fashion companies in Medan. Businesses are using social media, marketplaces, and other digital technologies to expand their customer base, increase market share, and improve management. The spirit of innovation and digital adaptation among these MSMEs demonstrates the significant potential for sustainable growth in the digital era, despite various obstacles.

Discussion

Based on interviews with Muslim fashion businesses in Medan and digitalization indicators, the following SWOT (Strengths, Weaknesses, Opportunities, and Threats) study is conducted. To accurately represent the digitalization tactics respondents employed, this study was comprehensive.

1. Strength

- a. Active Utilization of Social Media and Marketplaces: Companies have expanded their marketing reach beyond the city and even beyond the province by utilizing social media sites such as Instagram and TikTok, as well as marketplaces such as Shopee and Tokopedia.
- b. Innovation in Digital Materials: The production of engaging materials, such as live broadcasts, short films, and hijab lessons, has effectively increased consumer engagement and trust.
- c. Implementation of Digital Payment Systems: Simplified transactions by bank transfers, e-wallets, and QRIS increase customer convenience and speed up the buying and selling process.
- d. Technology Flexibility and Adaptability: The majority of business owners are very flexible in adopting new digital tools such as digital inventory systems, accounting software, and point of sale applications.

2. Weaknesses

- a. Limited Digital Knowledge: Some business owners are unable to expand their customer base due to a lack of in-depth understanding of SEO, SEM, and social media algorithm tactics.
- b. Limited Capital for Digital Advertising: Although today's social media algorithms highly recommend paid content, many small businesses do not have the resources to run paid promotions regularly.
- c. Digital and human resource management is still done manually: Since some companies are still operated by individuals or families, digital account management, customer support, and stock updates are still done manually and are prone to delays.
- d. Inadequate Digital Data Assessment: Few entrepreneurs examine data insights from the market and social media to make more strategic decisions.

3. Opportunities

- a. The Growing Trend of Online Shopping: As people's lifestyles become increasingly digital, there are many opportunities to increase sales of Muslim fashion products online.
- b. Government and MSME Digital Community: To help MSMEs go digital, the government, startups, and local communities provide various digital training programs.
- c. Possibility of Collaborating with Local Influencers: Many Muslim content producers and influencers in Medan can be collaborated with to build the company's brand.
- d. Growing Interest in Local and Halal Products: MSMEs have a great opportunity to enhance their product identity as a result of increasing public awareness of local and halal Muslim fashion.

4. Threats

- a. Increasing competition in the internet realm: Due to the large number of Muslim fashion companies operating on internet platforms, competition is now increasingly fierce, especially regarding product design and pricing.
- b. Social Media Algorithm Modifications: Modifications to the algorithm system can have an unexpected impact on content reach and cause a sudden drop in engagement.
- c. Rapidly Changing Fashion Trends: Businesses must constantly innovate to stay ahead in the market as Muslim fashion trends change rapidly.
- d. Reliance on Third-Party Platforms: Businesses that rely on social media and online marketplaces as their primary sales channels are vulnerable to disruptions on these platforms (such as account suspensions or rule changes).

Muslim fashion entrepreneurs in Medan have a strong foundation for expansion, thanks to their core competencies in creatively leveraging social media and adapting to digitalization. Training, teamwork, and strengthening internal strategies are still needed to overcome obstacles such as low digital capital and limited technological knowledge.

Table 1. SWOT Matrix – Muslim Fashion Business through Digitalization in Medan City

Strengths	Weaknesses
1. The content on social media is interesting and fun.	1. Not every company uses digital tools such as accounting software or point-of-sale systems.
2. Use social media to interact with customers actively.	2. Lack of human resources experienced in digital technology.
3. Increased online transactions (e-wallets, bank transfers, and QRIS).	3. Lack of utilization of SEO and SEM in marketing.
4. The market for Muslim fashion goods is in great demand and growing.	4. Some companies do not have a website yet.
5. High level of trust in social media as a marketing tool.	5. The quality of business digital materials varies.
Opportunities	Threats
1. Medan has a large population of social media and internet users.	1. There is fierce competition between national and local Muslim fashion brands.
2. Government assistance for MSMEs that have switched to digital.	2. Fashion trends change rapidly.
3. Easy access to online markets (e.g., Shopee, Tokopedia).	3. Risks related to digital security (fraud, account hijacking, etc.).
4. Possibility of expanding e-commerce in domestic and foreign markets.	4. Dependence on ever-evolving algorithms on social media.
5. The emergence of a young, fashion-conscious, and online-active Muslim group.	5. Small business owners are not digitally literate.

Table 2. Development Strategy Formulation (TOWS Matrix)

Internal /External Factors	Strength (S)	Weaknesses (W)
Opportunity (O)	SO Strategy (Strength – Opportunity) 1. To reach a wider audience, make your social media content more engaging. 2. Use digital channels to increase customer trust and brand recognition. 3. Collaborate with Muslim influencers and the fashion community. 4. Use e-commerce to increase sales outside your region.	WO Strategy (Weakness – Opportunity) 1. Digitalization training (content design, marketing) for business owners. 2. Taking advantage of government assistance programs or tech startups. 3. Leveraging free, easy-to-use digital platforms. 4. Collaborating with the community to create a digital product catalog.
Threat (T)	ST Strategy (Strength – Threat) 1. To foster loyalty and prevent customers from switching to competitors, increase consumer engagement. 2. Create learning materials that are in line with trends without sacrificing the company's uniqueness. 3. Use a	WT Strategy (Weakness – Threat) 1. Form local business communities to support each other and exchange information. 2. Create standard operating procedures (SOPs) for digital management to ensure security and uniformity. 3. Improve

Internal /External Factors	Strength (S)	Weaknesses (W)
	secure, official, and verified company account.	digital literacy through business communities and workshops.

Based on interviews and a SWOT analysis, it can be concluded that Muslim fashion businesses in Medan have begun utilizing digitalization, particularly social media and e-commerce platforms, as a means of promotion and distribution. However, several challenges remain, including limited technological knowledge, low production capacity, and intensifying competition.

SO (Strength-Opportunity) Strategy: This strategy aims to leverage the strengths of Muslim fashion businesses, such as the ability to create engaging content, strong consumer engagement, and market trust, to capitalize on digital opportunities. Extensive social media usage, collaboration with influencers, and market expansion through e-commerce are key to driving widespread business growth.

The Weakness-Opportunity (WO) strategy helps businesses address internal weaknesses, such as limited digital knowledge or limited technology experience. Utilizing digital training, workshops, and support from the government or third parties can help Muslim fashion MSMEs improve their competency. Using free platforms and creating digital catalogs with communities will also be very helpful for new businesses.

Strength-Threat (ST) Strategy: With the strength of consumer engagement and engaging content, Muslim fashion businesses can withstand external threats, including intense competition and rapidly changing market trends. Strategies that can be implemented include building consumer loyalty with educational content and maintaining brand identity to avoid being overshadowed by temporary trends.

Strengthening internal strength-based strategies should focus on developing brand differentiation and consistent customer experiences across digital channels. Several previous studies have shown that fashion MSMEs that maintain consistent visual identity, service quality, and product storytelling tend to have higher customer retention rates in the digital ecosystem. Previous research also confirms that using social media analytics, optimizing live commerce features, and actively managing customer communities can increase engagement and conversion rates. Therefore, businesses in Medan need to begin integrating a data-driven marketing approach so that digital activities are not merely short-term promotions but become a sustainable marketing system.

On the other hand, increasing internal capacity requires more structured interventions, such as strengthening digital literacy and operational management. Several studies of MSMEs in Indonesia have found that the success of digital transformation is significantly influenced by human resource readiness and the organization's ability to adapt to new technologies. Business incubation programs, ongoing mentoring, and partnerships with educational institutions and creative communities have been shown to accelerate the learning process for novice entrepreneurs. With this approach, Muslim fashion entrepreneurs in Medan are not only able to adopt technology but also optimize it for production efficiency, inventory management, and improved customer service.

Furthermore, in the face of increasingly competitive market dynamics, a long-term strategic orientation that emphasizes product innovation and business model resilience is required. Previous literature shows that fashion MSMEs that survive digital competition generally adapt to trends without abandoning their core brand values. Diversifying product lines, strengthening the positioning of local modest fashion, and exploring niche markets such as premium sharia clothing or sustainable fashion could be the next development direction. By combining sustainable innovation, utilizing digital technology, and strengthening collaborative

networks, Muslim fashion entrepreneurs in Medan have the opportunity to expand their competitiveness both nationally and regionally.

CONCLUSION

Most Muslim fashion entrepreneurs in Medan have recognized the value of digitalization in managing their businesses, according to conversations with them. Many business owners have begun aggressively promoting their merchandise on social media sites like Instagram and TikTok, as well as online marketplaces like Shopee and Tokopedia. They say their market reach has increased significantly thanks to digital channels, even reaching beyond their city and region. However, they still have to overcome several obstacles. One is a lack of digital technology skills, particularly among older business owners. Furthermore, some are still inconsistent in developing their company's brand, and others complain of a lack of funds to produce advertising or high-quality content.

Advantages: Entrepreneurs in Medan have unique, appealing concepts that align with consumer preferences and are highly motivated to grow. Furthermore, they have a loyal customer base, particularly among Muslims. Meanwhile, digitalization presents significant opportunities for business expansion, particularly given Indonesia's growing Muslim fashion trend. However, competition in this sector is fierce as well. Due to the constant emergence of new brands, business owners must be agile in maintaining the uniqueness and quality of their products. Another challenge is the rapidly evolving fashion trends. To increase product awareness, tactics include improving internal company management, increasing online promotions, strengthening digital capabilities, and collaborating with influencers or other companies. Digital marketing training is also crucial to enhance their skills. Overall, if business owners are prepared in terms of technology, marketing, and general business management, digitalization offers significant potential for the growth of Muslim fashion companies in Medan.

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