

## **ABSTRACT**

*The digitalization has brought significant changes to the marketing landscape for SMEs in Indonesia, with the valuation of the digital economy reaching US\$70 billion in 2021 and projected to increase to US\$146 billion by 2025. This growth is driven by e-commerce and transportation services. SMEs play a crucial role in the economy, contributing 61% to GDP. However, digital transformation poses a major challenge for SMEs to compete globally, particularly in terms of technology adoption and digital literacy, which are essential in the era of the Fourth Industrial Revolution.*

*Data indicates that only 27 million out of 65.46 million SMEs in Indonesia have undergone digitalization, leaving approximately 38.46 million still undigitized. Given that SMEs contribute nearly 61% to the GDP, increasing digitalization becomes crucial. This study aims to compare the effectiveness of Generative AI with traditional methods in creating digital marketing content, particularly in terms of engagement on Instagram..*

*The study employs an experimental approach using an exploratory sequential mixed-method, involving qualitative methods in the first phase, which are then reinforced with quantitative methods. The qualitative method involved direct observation, and the results of the observations were tested using the Mann-Whitney U Test.*

*The findings indicate a significant difference in engagement between content created using Generative AI and traditional methods. For the Najma Tours and Travel account, Generative AI resulted in more likes and shares, although comments remained low. Similarly, for the KreatifinAja account, Generative AI also outperformed in terms of likes, but there was no significant difference in the number of comments and shares. These results suggest the potential of AI in enhancing engagement, but there are inconsistencies in certain variables, such as comments and shares.*

*Based on these findings, it is recommended that KreatifinAja and Najma Tours and Travel (1) utilize Generative AI in content creation, considering its effectiveness in generating high engagement, and (2) integrate clear CTAs in each content piece to increase engagement and conversion. Future research may further explore the potential of AI in various aspects of marketing, as well as how to better understand the elements that can make content more appealing to the audience.*

**Keywords:** *Artificial Intelligence, Content Creation, Social Media Engagement, Social Media Marketing, Traditional Methods*