THE ROLE OF DIGITAL MARKETING IN BOOSTING MSME MARKETING PERFORMANCE

Nofrisel¹, Edhie Budi Setiawan², Dian Artanti Arubusman³, Theresye Yoanyta Octora⁴, Amrulloh Ibnu Kholdun⁵

¹²³⁴⁵Institut Transportasi dan Logistik Trisakti
E-mail: ¹ nofrisel@gmail.com, ² edhie.budi@gmail.com, ³ dianartanti0105@gmail.com, ⁴ yoanita.oct@gmail.com, ⁵ ibnu.10@itltrisakti.ac.id

Abstract

Finding out how digital marketing affects the marketing effectiveness of micro, small, and medium-sized firms (MSMEs) in East Java, Indonesia, is the aim of this study. Data from 351 SMEs were gathered using the structural equation model (SEM) to evaluate the research hypothesis. According to the study's results, digital marketing considerably improves MSMEs' marketing efficiency. It was also discovered that digital marketing acts as a link between the marketing performance and capabilities of MSMEs. For MSMEs in East Java and other parts of Indonesia, as well as for policymakers and academics interested in promoting the growth and development of the MSME sector, these findings have significant ramifications.

Keywords: Digital Marketing, Marketing Performance, MSME

1. INTRODUCTION

Digital urgency marketing has been shown to be a successful method for SMEs to boost sales and survive pandemics. COVID-19. SMEs may use a variety of tactics. According to Hong Yun et al. (2019), Mitrega et al. (2012), and Sugiana et al. (2023), digital marketing is similar to machine marketing seeker, marketing content, marketing influencers, social media marketing, and marketing e-mail to promote products and improve sales. Social media marketing has been demonstrated to be a highly effective digital marketing technique for MSMEs (Bizhanova et al., 2019; Hendrawan et al., 2019).

In addition to pandemics, commercial competition is a prevalent phenomena in Indonesia. COVID-19. MSMEs in Indonesia struggle with distribution, company management, and innovation issues, which prevents them from competing (Jatmiko et al., 2021). MSMEs requested that they adapt to the changing economy that is dependent on digital technology in order to be able to participate in the market that exists today (Anatan, 2021). Particularly during a pandemic, digital marketing can boost MSMEs' efforts to continue and increase sales (Mandasari & Pratama, 2020; Syaifullah et al., 2021). MSMEs still need assistance, though, in order to access both global and regional markets (Supriandi, 2022).
Java East is the second-largest producer of MSMEs in Indonesia. Around 350 thousand micro, small, and medium-sized businesses (UMKM) in Java East have been proposed by the Office of Cooperatives and Small Business Province Java East to take financial assistance from the government center. In addition, BNI continues to strengthen partnerships and build capacity for export-import-focused MSMEs in Java East. Results indicate that MSMEs in East Java confront difficulties with regard to technological dissemination (Supandi et al., 2022), financial assistance from the government, marketing performance, and capacity for expansion (Saputri & Utami, 2023; N. Q. P. Sari & Kusumawati, 2022). However, there are initiatives to support MSMEs in East Java, such as partnerships and the development of borrower MSMEs' export and import-oriented capabilities.

Additionally, it has been demonstrated that entrepreneurship and innovation skills can improve SMEs' performance. To be competitive in the market, SMEs must improve their marketing performance and marketing skills (Hermina et al., 2020). Study Capability Marketing Digital And Performance MSMEs Purwanti et al. (2012) found that MSMEs (Micro, Small, and Medium-Sized Enterprises) are influenced by study capability marketing digital and performance. Other studies collect information from 265 MSMEs in East Java via an online survey and find that ability innovation has a bigger impact on MSMEs' performance than marketing businessmen (D. Sari et al., 2023).

Researchers are becoming interested in the relationship between performance MSME marketing in East Java and marketing capabilities and digital marketing. Numerous studies have been conducted to examine the relationship between performance MSMEs and digital marketing capability. According to research (Purwanti et al., 2022) digital marketing capabilities have a favorable impact on MSME performance. Studies conducted by others have examined the effects of e-commerce and digital marketing on the performance of MSMEs with an entrepreneurial orientation (Lukiyan & Joseph, 2022). Studies This study discovered that e-commerce and digital marketing have a beneficial influence on MSMEs' marketing performance.

For SMEs to perform better, marketing entrepreneurship and innovation capabilities were also discovered in addition to digital marketing (D. Sari et al., 2023). A study done during the COVID-19 pandemic revealed that MSME owners should be able to think rationally and creatively in order to develop and use their own marketing skills in order to boost performance. Studies This study shows that business owners may raise sales and attract customers by using their own marketing skills and innovative ideas.
For MSME, improving performance marketing is crucial, especially during challenging periods like the COVID-19 pandemic. MSMEs in East Java experience a significant influence, and it is necessary to acquire marketing skills (Hermina et al., 2020). Digital marketing, e-commerce, marketing entrepreneurship, and capability innovation are a few tactics that MSMEs can utilize to boost their marketing effectiveness. However, there are numerous studies that influence the success of MSMEs through digital marketing. Studies This demonstrates the favorable effect that digital marketing has on MSMEs' performance (Jung & Shegai, 2023; Kitsios et al., 2022; Phiri, 2020).

Conclusion: Despite the fact that there aren't any studies that specifically discuss how marketing capabilities and marketing digital can improve MSME marketing performance in Java East, numerous studies have shown that marketing digital capability improves MSMEs' performance. Additionally, improving MSMEs' management perpetrators' abilities is crucial for development.

2. REVIEW WRITING

2.1 Internet Advertising

The literature on digital marketing demonstrates how it has evolved into a crucial component of contemporary marketing strategy. A full explanation of the growth of digital marketing and its different components, such as media marketing social, marketing cellular, strategy marketing, and digital marketing strategy, is provided in a literature study on the subject by (Basimakopoulou et al., 2022). Overview of the literature and other studies conducted by Singh (2020) that was used by sellers to market their products online during the middle epidemic COVID-19. The systematic overview of the literature by (Phiri, 2020) focuses on draft digital marketing based on reviews of research papers, explains excess and lack of digital marketing, and suggests solutions to problems with adopting digital marketing. Numerous studies (Jadhav et al., 2023; Tabuena et al., 2022) demonstrate the power of digital marketing's influence on business performance, particularly for small and medium-sized firms (SMEs). Overview and comprehensive analysis of the literature on the use of digital marketing and its effects on SMEs are available (Jadhav et al., 2023). The literature evaluation enables authors to draw the conclusion that in the coming decades, global business, on the whole, and marketing, on the whole, will decide which strategy is more focused on marketing digitally (Figueiredo et al., 2021). As a result, literature on digital marketing emphasizes its significance
in modern marketing strategy and effects on corporate performance.

2.2 Performance Marketing Through Digital Marketing

Literature demonstrates that digital marketing competence has a considerable impact on Micro, Small, and Intermediate Business (UMKM) performance (Kadarisman, 2019). According to research on the relationship between digital marketing abilities and performance in MSMEs, careful evaluation of this factor is essential for business growth (Phiri, 2020). This study also discovered a moderating effect of dynamical environment on the relationship between MSMEs’ performance and aptitude for digital marketing. In order to remain competitive in the market, SMEs must strengthen their digital marketing capabilities. According to other studies, it is crucial for the growth of SMEs to increase the managerial perpetrators' ability through appropriate technology education, training in management finance, and production, as well as through network development through market expansion and counseling (Falahat et al., 2020; G. Liu et al., 2015; Purwanti et al., 2022). This study also highlights the value of marketing strategy for entrepreneurs since it is a tool for achieving goals like business expansion abroad. Because of this, it is crucial for MSMEs to expand their marketing skills, including digital marketing, in order to enhance their performance and maintain their competitiveness in the market.

2.3 Mediating Effect Digital Marketing

The literature demonstrates that digital marketing can independently mediate the relationship between innovation in digital marketing and firm performance. According to research by Wardaya et al. (2019), digital marketing in Indonesian SMEs has a mediating impact on capabilities dynamics and firm performance. Additionally, a study by Purwanti et al. (2022; Yuliantari & Flight Attendant, 2022) discovered that marketing capabilities digital have a significant impact on the performance of Micro, Small, and Medium Enterprises (UMKM), and dynamics environment have a moderate connection between capability marketing digital and performance MSMEs. Additionally, a study by (Heredia et al., 2022) presents a model to describe how digital capabilities might affect a company's performance and demonstrates how they can mediate the connection between digital transitions and enterprise performance. In order to improve performance and remain competitive in the market, it is crucial for the organization to build its digital marketing and expertise.
Using justification for this research hypothesis This:

H1: Capability Marketing Influences Performance Marketing Positively And Significantly

H2: Performance marketing benefits from and is significant to digital marketing.

H3: Capability marketing and performance marketing are relationships that digital marketing mediates.

3. MODEL STUDY

Study This will use quantitative design studies (Creswell, 2013). Through a questionnaire survey distributed to MSMEs in Java East, data will be gathered. Ability-related survey questions will be included, along with questions about performance, digital, and digital marketing. For the test hypothesis investigation, data will be evaluated using a structural equation model (SEM) (Hair et al., 2017).

Population analysis This is Java East, Indonesia's MSMEs. Given that Java East is one of the most populous provinces in Indonesia and contains a sizable number of MSMEs, the study's sample size will be estimated using a formula created by Krejcie and Morgan in 1970. Minimum sample size This study's 351 respondents.

Data is gathered using a standardized questionnaire that will be distributed to MSMEs in Java East. With the aid of the Smart-PLS software, survey data will be examined using the model equality structural (SEM). SEM is a statistical technique that is used to investigate the relationship between variables and determine its strength and direction. Utilize a structural model of equality and data analysis to assess influence and test the hypothesis (SEM). The data utilized in this study are processed using partial least squares (PLS). This software, SmartPLS-4, was selected since all of these variables are latent variables that are measured by dimensions and indicators. Multidimensional constructs, including assessment reflective and composite, have been used in this work (Jarvis et al., 2003). This demonstrates that type model measurement can be decided in a separated method. First and second order constructions for construction order (Jarvis et al., 2003). Common elemental composites have a structure that is crucial to the second phase of construction. The first construct order uses a measurement model that is reflective in a generic combined factor configuration, whereas the second construct order is a composite made up of the first order constructs. This methodology, which is most frequently employed to research social knowledge, highlights the need for more in-depth
analysis of this kind of hierarchical component model, according to Ringle et al. (2012).

4. CONCLUSION AND RESULTS

4.1 Results

54% of the 351 MSMEs questioned were owned by men, while 46% were. The majority of SMEs (76%) have fewer than 10 employees, whereas 22% have between 11 and 50. Large MSMEs (65%) have not operated sufficiently for the past five years.

Table 1. Mark Cronbach alpha, Composite reliability and AVE

<table>
<thead>
<tr>
<th>Second-order constructs</th>
<th>First-order constructs</th>
<th>Cronbach alpha</th>
<th>Composite reliability</th>
<th>Average Variant Extracted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital marketing</td>
<td>Website</td>
<td>0.811</td>
<td>0.903</td>
<td>0.801</td>
</tr>
<tr>
<td></td>
<td>social Media</td>
<td>0.783</td>
<td>0.874</td>
<td>0.528</td>
</tr>
<tr>
<td></td>
<td>Promotions</td>
<td>0.812</td>
<td>0.901</td>
<td>0.805</td>
</tr>
<tr>
<td>marketing performance</td>
<td>share Market</td>
<td>0.896</td>
<td>0.942</td>
<td>0.917</td>
</tr>
<tr>
<td></td>
<td>Satisfaction Customer</td>
<td>0.871</td>
<td>0.921</td>
<td>0.794</td>
</tr>
<tr>
<td></td>
<td>Loyalty Customer</td>
<td>0.831</td>
<td>0.919</td>
<td>0.812</td>
</tr>
<tr>
<td></td>
<td>Equity Brand</td>
<td>0.861</td>
<td>0.925</td>
<td>0.835</td>
</tr>
<tr>
<td></td>
<td>Innovation</td>
<td>0.792</td>
<td>0.883</td>
<td>0.665</td>
</tr>
</tbody>
</table>

Results through Data (2023) as a source

According to (Ghozali, 2014), reliability alpha and composite Cronbach are employed to quantify results for construct reliability testing. When the alpha Cronbach's alpha value increases from 0.60 to 0.70, the construct is regarded dependable. In contrast, 0.5 is the average variances extract (AVE) value that is required to assess validity (Ghozali, 2014).

Table 2. Results Loading Factor

<table>
<thead>
<tr>
<th>Second-Order Constructs</th>
<th>First-Order Constructs</th>
<th>Indicator</th>
<th>Loading Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital marketing</td>
<td>Website</td>
<td>DM. 1</td>
<td>0.903</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DM. 2</td>
<td>0.874</td>
</tr>
<tr>
<td>Media Social</td>
<td></td>
<td>DM. 3</td>
<td>0.901</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DM. 4</td>
<td>0.792</td>
</tr>
<tr>
<td>Promotion</td>
<td></td>
<td>DM. 5</td>
<td>0.921</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DM. 6</td>
<td>0.891</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DM. 7</td>
<td>0.782</td>
</tr>
<tr>
<td>share Market</td>
<td></td>
<td>MP. 1</td>
<td>0.942</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MP. 2</td>
<td>0.921</td>
</tr>
</tbody>
</table>
5. DISCUSSION

5.1 Capability for Mediating in Digital Marketing Marketing Activities and Marketing Results

One study finds that innovation serves as a mediator between ability marketing and performance marketing, with digital ability marketing having its own effects on this connection (Wardaya et al., 2019). Another study looked at the relationship between digital marketing innovation and corporate performance and discovered that marketing capabilities mediated the relationship between the two (Jung & Shegai, 2023). In addition, a study discovered that brand resonance ability mediates the link between performance marketing UKM and social media marketing (Munir et al., 2023). A number of studies have found, however, that the ability to sell digitally is unlikely to have a substantial impact on how well a business performs and that the environment can play a moderating influence in this (Purwanti et al., 2022). Kindly this study demonstrates that digital marketing can mediate the relationship between ability marketing and marketing performance, but the exact mediating element will depend on the circumstance.

6. CONCLUSION

Results research this emphasizes the significance of ability marketing and digital marketing in raising MSMEs' performance marketing. MSMEs that use digital channels to advertise their products or services and have stronger marketing capabilities typically outperform their peers in terms of revenue growth, client acquisition, retention, and satisfaction. Additionally, digital marketing is crucial in bridging the relationship between performance in MSME marketing and ability marketing. These findings have substantial implications for MSME, policymakers, and academia.
The results for SMEs demonstrate that investing in capability marketing and digital marketing will help them increase performance market and compete more successfully with large companies. MSMEs with limited sources of power might employ digital marketing as a low-cost form of client outreach and service or product promotion. MSMEs may boost revenue, gain new customers, retain existing customers, and increase customer satisfaction by modernizing their marketing capabilities and using digital channels in a smart way.

Finally, this study provides crucial perspective on the relationship between marketing and digital marketing performance MSME marketing in Indonesia's East Java. The results demonstrate that SMEs who invest in marketing capabilities and strategically leverage digital channels tend to do better in terms of sales growth, client acquisition, retention, and satisfaction. Maker policies can encourage MSMEs' growth and development while also promoting the local economy's expansion and reducing poverty in the region.

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Setiawan, E. B., Marina, S., Setyowati, A., & Agusinta, L. THE INFLUENCE OF PRICE FAIRNESS ON INTENTION TO PURCHASE LOW COST CAR IN INDONESIA.


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Tabuena, A. C., Necio, S. M. L., Macaspac, K. K., Bernardo, M. P. E., Domingo, D. I., & De


