

DIGITAL MARKETING AND MARKET ENTRY AGILITY ON THE MARKETING PERFORMANCE OF PONTIANAK CULINARY MSMEs

Ariadi^{1*}, Mahlia Muis¹, Cokki¹

¹ Management Science Doctoral Study Program, Universitas Tarumanagara, Jakarta, Indonesia*
Email: ariadi.118221006@stu.untar.ac.id

*Corresponding Author

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ABSTRACT

This study examines the influence of digital marketing activities and market entry agility on marketing performance of Pontianak Culinary MSMEs. The sample size for this study consists of 31 culinary entrepreneurs in Pontianak. The method used in this study to collect the data is convenience sampling where questionnaires were distributed directly to the respondents. The results of this study show that marketing performance is affected directly by market entry agility, but not by digital marketing, while market entry agility is directly affected by digital marketing. There is also an indirect effect of digital marketing on marketing performance through market entry agility. Additionally, this study suggests that Pontianak culinary MSMEs should enhance their digital marketing and market entry agility to improve marketing performance.

Keywords: digital marketing, market entry agility, marketing performance, MSMEs.

1. INTRODUCTION

Digital marketing refers to using online platforms, including blogs, websites, email, adwords, and social networks, to facilitate the promotion and advertising of products or services by entrepreneurs [1]. The widespread accessibility of the internet and smartphones enables digital marketing to effectively target a larger audience and be conducted from any location. The utilization of digital marketing offers various advantages, including rapid and real-time distribution, easily assessable marketing activities, and broader marketing coverage [2]. The emergence of information technology and digital marketing is expected to revolutionize the traditional marketing approach, shifting towards the utilization of digital platforms. This transformation will not only affect marketing aspects but also have a profound impact on all business operations, regardless of scale or scope.

Digital marketing serves as a middleman for marketing communication, facilitating the presentation of items or services to customers and functioning as an advertising medium. Micro, Small, and Medium Enterprises (MSMEs) could leverage digital marketing as a significant avenue for expanding their business. Utilizing digital platforms for marketing enables MSMEs to effectively present their products and services without being constrained by limits of time and location. The growing adoption of information technology in recent times has significantly influenced business development, with digital marketing playing a crucial role.

According to Law No. 20/2008, MSMEs are enterprises that are run by individuals, households, or small-scale corporate entities. The level of competition is a crucial factor for MSMEs when deciding to participate in a highly competitive market. Utilizing appropriate marketing tactics and media channels ensures effective targeting of the desired market, resulting in a consistent growth in income. MSMEs must possess the ability to effectively participate in the market, endure, and foster the growth of their organization. In today's highly competitive period, it is imperative for

MSME companies to possess a strong command of information technology in order to effectively promote their products both domestically and internationally.

According to data from the Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM), there are over 64 million MSME entities across Indonesia. Out of these, a total of 20.67 million MSMEs have been integrated into the digital marketing ecosystem. MSMEs in Indonesia account for 61% of the country's gross domestic product (GDP) and employ approximately 97% of the workforce in Indonesia [3]. According to data from the Office of Cooperatives and SMEs and the Pontianak City Industry and Trade Office, there were a total of 16,018 MSMEs in Pontianak City by the end of 2022 [4]. The quantity of MSMEs in Pontianak City is much lower in comparison to the national count of MSMEs. Therefore, it necessitates more focused attention in order to foster growth and enable it to serve as a protective and propelling force for economic development in West Kalimantan.

According to the Office of Cooperatives and SMEs and the Office of Industry and Trade of Pontianak City, there are 1,333 Culinary MSMEs in Pontianak City, which accounts for 8.3% of the total MSMEs. Conversely, according to the data from BPS Pontianak City, the food and beverage sector accounted for 3.2% of Pontianak City's Gross Regional Domestic Product (GRDP) in 2022 [5]. This demonstrates the significant contribution of MSMEs in the food and beverage industry to the economy of Pontianak City. While there is a lack of data regarding the specific number of culinary MSMEs in Pontianak city that have integrated into the digital marketing ecosystem, the utilization of digital marketing by MSMEs in Pontianak city has been steadily increasing.

Amidst the current digital age, it is imperative for MSMEs participants to possess appropriate information technology in order to expand, advance, and effectively contend with others. MSMEs face challenges in obtaining suitable information technology solutions due to the lack of specialist staff knowledgeable in the intricacies of the IT industry. A further challenge arises from the multitude of digital marketing channels, which can cause MSME players to feel uncertain when selecting the most suitable channel for their products or services. Hence, it is imperative for MSME players to receive proper help in selecting the appropriate digital marketing channel based on their business kind and requirements. Additionally, they should have a comprehensive understanding of how to effectively utilize digital marketing strategies to ensure that consumers are well-informed about the promoted offerings, thereby enhancing their overall marketing performance.

The rapid growth of technological advancements and the adoption of digital marketing have had a significant impact on firm success [6]. Utilizing digital marketing offers significant prospects for MSMEs to enhance their competitiveness in the digital realm, particularly in terms of incorporating digital methods in marketing [7]. Utilizing digital media enables MSMEs to discern novel prospects and generate innovative product concepts, enhance customer relations, and foster collaboration both internally and externally. However, the extent of these benefits varies based on the capabilities and geographical position of each MSME [7]. Utilizing digital marketing enables MSMEs to effectively engage with their clients and establish strong connections [8]. Amidst the unstable external circumstances faced by MSMEs, establishing digital connectivity between MSME participants and their clients might enhance the performance of MSMEs [9].

MSME players require market entrance agility, with digital marketing, to effectively adapt to new market penetration strategies for promoting their products [10]. Market entry agility refers to the capacity to effectively implement and execute business strategies, hence enhancing business

processes and improving overall performance [11]. This capability enables business owners to enhance key business processes that serve as vital assets for managing and satisfying the requirements and preferences of potential customers [12], and effectively penetrate the market with the appropriate focus [13]. Market entry agility, which refers to the ability to quickly adapt to market needs, can enhance the acceptance of MSME products and eventually enhance marketing effectiveness [10].

In light of this research gap, our study aims to deliver deeper into the correlation between digital marketing and market entry agility on marketing performance, particularly in the context of culinary MSMEs in Pontianak. By exploring this relationship, we hope to provide valuable insights into the potential of digital marketing driven strategy to enhance marketing performance of culinary MSMEs.

2. RESEARCH METHOD

MSMEs may swiftly and efficiently penetrate the market through digital marketing. Data in digital marketing encompasses customer behavior, market trends, and rival activity. Moreover, employing digital channels for marketing enables merchants and buyers to engage in direct engagement. Digital marketing serves as a catalyst for a company's rapid and efficient entry into new markets. Digital marketing equips individuals with the necessary tools, knowledge, and skills to effectively navigate and take advantage of emerging market prospects in a rapidly changing and data-centric setting. The amalgamation of digital marketing and the capacity to swiftly penetrate new markets is vital for firms aiming to thrive in the contemporary dynamic and constantly evolving commercial landscape [14].

The Resource-Based View (RBV) examines how a firm's resources, such as assets and capabilities, can be leveraged to create a sustainable competitive advantage that leads to outstanding long-term performance. This paradigm, which also applies to MSMEs, can be used to explain gaps in MSME marketing performance. Based on the RBV viewpoint, for a firm's resources to provide a sustainable competitive advantage, they must have scarcity and value-added qualities that are difficult to replicate [15]. The distribution of firm resources and competencies with these particular qualities is not uniform across the organization, which serves as the foundation for achieving better firm performance. One of the firm's competencies that distinguishes it from other firms is its ability to use technology for digital marketing [16]. Therefore, a firm's competitive advantage depends on effectively utilizing its resources and competencies, as well as driving the link between the utilization of technology to conduct digital marketing and its value for improving the marketing performance of MSMEs.

The ability to utilize digital technology is a valuable resource for organizations. The use of technology to conduct digital marketing can be used to enhance the company's image, market products, communicate with customers, collaborate with other organizations, involve customers in product development, and facilitate internal knowledge exchange within the corporate group. This ultimately improves the overall efficiency, effectiveness, and marketing performance of MSMEs [17].

Digital marketing encompasses the deliberate promotion of goods and services through digital distribution channels, employing online advertising techniques to engage with consumers successfully [7]. Digital marketing encompasses the activities of establishing and nurturing connections with customers and collaborators, with a primary emphasis on digital channels. This

is accomplished by generating, transmitting, and showcasing digital content and experiences with digital technology. Digital marketing ensures continuous availability of product or service information to consumers around the clock. Diverse enterprises employ digital marketing to promote their items, facilitating consumers in comparing products across multiple companies. Enhanced consumer awareness enables digital marketing to effectively introduce new products to the market and enhance the capacity of MSMEs to swiftly enter the market [18].

Market entrance agility encompasses the aptitude to identify favorable circumstances and the proficiency to promptly execute actions. Digital marketing facilitates this adaptability by providing essential data and resources to make well-informed and prompt decisions when entering new markets or adjusting marketing tactics in existing areas. Market entry agility acts as a mediator by transforming the knowledge and expertise acquired through digital marketing into influential actions that affect marketing performance. The integration of digital marketing with the ability to quickly enter new markets enables the development of adaptable and responsive marketing strategies, ultimately leading to enhanced overall performance [14].

Therefore, the research model of this study are as follows:

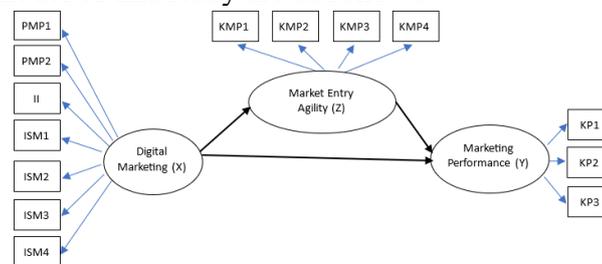


Figure 1. Research Model

H1: Digital marketing has a positive effect on market entry agility

H2: Digital marketing has a positive effect on marketing performance.

H3: Market entry agility has a positive effect on marketing performance.

H4: Digital marketing has a positive effect on marketing performance through market entry agility.

The research design employed in this study is associative causal quantitative research.

Data for this research was collected in October 2023 through direct fieldwork involving Pontianak's culinary MSMEs entrepreneurs as participants. These participants were instructed to complete a provided online survey using Google Forms during the data collection process. We gathered a total of 31 responses using convenience sampling. All responses were included in the data analysis. The sample was predominantly female at 52%, with males making up the remaining 48%. Regarding age distribution, 52% of respondents were between 36 and 45. Instagram is the predominant digital marketing channel, utilized by 81% of survey participants.

Digital marketing was evaluated using search engine marketing, interactive marketing and social media advertising [19]. This research uses sales growth, consumer growth, and profit growth to measure marketing performance [20]. Market entry agility is measured by following market trends, faster than competitors, easy to find buyers, and readiness of internal team support [21]. The data obtained were analyzed using partial least squares structural equation modeling to test the proposed hypotheses.

3. RESULTS AND DISCUSSIONS

Table 1. Results of Brand Recall Analysis

Hypotheses	Relationship between Variables	t-value	p-value
H1	Digital marketing on market entry agility	2.906	0.004**
H2	Digital marketing on marketing performance	0.066	0.948 ^{ns}
H3	Market entry agility on marketing performance	3.352	0.001**
H4	Digital marketing on marketing performance through market entry agility	2.310	0.021*

**p-value less than 0.010; *p-value less than 0.050; ns: Not Significant.

The results of the hypothesis testing presented indicate a significant relationship between digital marketing and market entry agility (t-value: 2.906, p-value: less than 0.010). Digital marketing is not statistically significant on marketing performance (t-value: 0.066, p-value: more than 0.050). Otherwise, there is a significant relationship between market entry agility and marketing performance (t-value: 3.352, p-value: less than 0.010). Market entry agility also mediates an indirect significant effect of digital marketing on marketing performance (t-value: 2.310, p-value: less than 0.050).

Our research findings reveal significant insights into the impact of digital marketing on marketing performance through market entry agility. We focused on market entry agility as mediating variable. According to statistical testing, digital marketing has a considerable indirect impact on marketing performance through market entrance agility, but no direct impact on marketing performance. This suggests that the relationship between digital marketing and marketing performance is fully mediated by market entry agility.

Digital marketing is not enough for Pontianak's culinary MSMEs to increase their marketing performance. To increase marketing performance, digital marketing must be used in conjunction with agile market entry. MSMEs that monitor market trends and are able to discern shifts in consumer demand can use digital marketing platforms to promote their new products to their clientele, increasing the likelihood that these products will be noticed and purchased by both current and prospective clients. In order to present a new product to clients ahead of its competitors, it must also be developed faster than those of its competitors. The ability of the internal team to constantly innovate and introduce new items is crucial for this. Digital marketing is a way to quickly present new items to consumers, making it an additional value for MSMEs to boost sales, expand its customer numbers, and gain market share.

MSMEs can leverage data from digital marketing endeavors to enhance decision-making, enabling them to promptly identify opportunities and adapt plans for market entry. Consumer feedback facilitates prompt adjustments to marketing plans by MSMEs, aligning them with consumer demands and market realities, so enhancing their agility in entering the market expeditiously [68]. Digital marketing enables marketing initiatives to effectively reach specific consumer categories and align with consumer preferences, resulting in a faster market penetration by promptly addressing diverse market demands.

Consumers can utilize the internet to partake in a range of activities, such as exploring a company's website, obtaining information, completing a transaction, and eventually determining whether or not to make a purchase. This has augmented consumer engagement and elevated their overall experience. Unlike traditional marketing tactics, digital marketing provides consumers with

transparent and accurate information about any product or service, minimizing the chances of being misled by sales professionals [19].

Comparing our results with previous research, we find consistent patterns. For instance, studies have shown that enhanced consumer awareness enables digital marketing to effectively introduce new products to the market and enhance the capacity of MSMEs to swiftly enter the market, thus increasing the marketing performance [18].

4. CONCLUSIONS AND SUGGESTIONS

In conclusion, our study emphasizes the effectiveness of market entry agility as full mediator in the relationship between digital marketing and marketing performance. From MSMEs perspective, digital marketing is a tool to access new consumers while gathering necessary insights from existing consumer to improve the product. Then MSMEs can use digital marketing to launch their new product effectively and precisely to the target market.

MSMEs must possess the capacity to innovate in order to meet market demands by leveraging digital marketing to gather relevant information and introduce new products. Nevertheless, while MSMEs possess unique capabilities, not all of them have a strong propensity for innovation. Constraints in financial resources and time provide significant barriers to innovation in MSMEs. To further investigate this matter, the researcher suggests incorporating innovation capability into the research framework for the subsequent study. This will allow for testing the influence of innovation capability as a moderating variable in the interaction between the existing factors. Therefore, it may be determined whether there is a pressing need for MSMEs to possess strong innovation capabilities that can enhance the impact of digital marketing on their marketing performance.

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