

Model of digital marketing to enhance marketing performance at Pontianak culinary MSEs



Authors:

Ariadi Ariadi¹ 
Mahlia Muis^{1,2} 
Cokki Cokki¹ 

Affiliations:

¹Faculty of Economics and Business, Universitas Tarumanagara, Jakarta, Indonesia

²Department of Management, Faculty of Economics, Universitas Hasanuddin, Makassar, Indonesia

Corresponding author:

Ariadi Ariadi,
ariadi.118221006@stu.untar.ac.id

Dates:

Received: 09 Jan. 2025

Accepted: 20 May 2025

Published: 19 Aug. 2025

How to cite this article:

Ariadi A., Muis M. & Cokki C., 2025, 'Model of digital marketing to enhance marketing performance at Pontianak culinary MSEs', *Southern African Journal of Entrepreneurship and Small Business Management* 17(1), a1063. <https://doi.org/10.4102/sajesbm.v17i1.1063>

Copyright:

© 2025. The Authors.
Licensee: AOSIS. This work is licensed under the Creative Commons Attribution License.

Read online:



Scan this QR code with your smart phone or mobile device to read online.

Background: Digital marketing and market entry agility play crucial roles in enhancing marketing performance, particularly for micro and small enterprises (MSEs). However, the moderating role of innovation capability in these relationships requires further investigation.

Aim: This study explores the influence of digital marketing and market entry agility on the marketing performance of Pontianak's culinary MSEs. It also examines whether innovation capability moderates these relationships.

Setting: This study focuses on Pontianak's culinary MSEs.

Methods: Data were collected from 100 culinary MSE entrepreneurs in Pontianak using stratified non-proportional and cluster sampling techniques, followed by non-probability sampling. Questionnaires were distributed directly to respondents, and results were analysed using partial least squares structural equation modelling.

Results: Digital marketing and market entry agility enhance marketing performance. Market entry agility mediates the relationship between digital marketing and marketing performance. However, innovation capability does not statistically moderate these relationships.

Conclusion: Pontianak culinary MSEs should prioritise digital marketing strategies and improve market entry agility to enhance their marketing performance. Addressing gaps in innovation capabilities could further bolster their competitiveness.

Contribution: This study highlights the importance of digital marketing and market entry agility as drivers of marketing performance. It provides actionable insights for policymakers and entrepreneurs in fostering MSE growth through tailored digital strategies.

Keywords: digital marketing; market-entry agility; innovation capabilities; marketing performance; micro and small enterprises.

Introduction

Digital marketing is a form of internet-based marketing that makes it easier for entrepreneurs to market a product or service using various web-based tools such as blogs, websites, e-mail, adwords, or social networks (Tarigan & Sanjaya 2013). Digital marketing can reach a wider target and can be done anywhere because of the availability of the internet and smartphones owned by almost everyone (Nadia 2018). The application of digital marketing provides benefits, including a very high speed of dissemination and real time, marketing activities that are easy to evaluate with a wider audience (Nadia 2018). The development of information technology and marketing through digital marketing is predicted to be a changing point in the technique of marketing an item product from conventional marketing to using digital marketing (Tarigan & Sanjaya 2013). Digital marketing is not only in the marketing element but will have an impact on all business activities as a whole, be it a large-scale and national business or an individual business that has a small scale (Tarigan & Sanjaya 2013).

Digital marketing is used as an intermediary for marketing communication to present products or services to customers and also as an advertising medium (Susanto et al. 2023). The micro and small enterprises (MSEs) need to utilise digital marketing as a great opportunity to grow their business. Marketing through digital channels allows MSEs to showcase their products and services without being limited by time and space (Jadhav, Gaikwad & Bapat 2023). Especially, with the development of information technology that is very widespread in recent times, business development is largely determined by the utilisation of digital marketing (Jadhav et al. 2023).

Law No. 20/2008 on micro-, small- and medium-enterprises (MSMEs) defines it as businesses operated by individuals, households, or small-scale business entities. The number of competitors is a consideration for MSMEs to enter into a very tight competition. The right marketing strategy and marketing media are used to reach the intended market so that the volume of revenue always increases (Nadia 2018). Micro and small enterprise actors must be able to compete in the market, survive, and develop their business. Especially in this era of competition, MSEs should have information technology literacy to facilitate the marketing of their products locally and abroad (Koperasi 2023).

Based on data from the Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM), there are more than 64 million MSE units throughout Indonesia. Among these, there are 20.67 million MSEs have been using digital marketing. The MSEs in Indonesia contribute to 61% of national gross domestic product (GDP), and absorb up to 97% of the workforce in Indonesia (Koperasi 2023). Data from the Office of Cooperatives and small- and medium-enterprises (SMEs) along with the Office of Industry and Trade of Pontianak City also state that a total of 1333 MSEs or 8.3% of the total MSEs in Pontianak city are culinary MSEs. On the other hand, BPS Pontianak city data show that the food and beverage sector contributed 3.2% of Pontianak city's Gross Domestic Regional Product (GRDP) in 2022 (Dinas Koperasi 2023). This shows the important role of food and beverage sector MSEs in the economy of Pontianak city. Although there is no data on the number of culinary MSEs in Pontianak city, which have been on-boarded into the digital marketing ecosystem, the use of digital marketing by MSEs in Pontianak city has been growing.

In today's digital era, MSEs need the right information technology to grow, develop and compete (Susanto et al. 2023). It is difficult for MSE players to get the right information technology solutions because MSE players do not have specialised staff who know the dynamics of the information technology field (Fan et al. 2021). Another obstacle is that there are many digital marketing channels that make MSE actors confused about choosing the right marketing channel for their products or services. Therefore, MSE actors need guidance to choose the right digital marketing channel according to the type of business and its needs, and understand how to use digital marketing correctly so that consumers know what is being marketed and then improve their marketing performance (Lousã & Gomes 2017).

The rapid growth of technological advancements and the adoption of digital marketing have had a significant impact on firms' success (Susanto et al. 2023). Utilising digital marketing offers significant prospects for MSEs to enhance their competitiveness in the digital realm, particularly in terms of incorporating digital methods in marketing (Jadhav et al. 2023). Utilising digital media enables MSEs 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 MSE (Jadhav et al. 2023). Utilising digital marketing enables MSEs to effectively engage with their clients and establish strong connections (Abrokwhah-Larbi 2024). Amid the unstable external circumstances faced by MSEs, establishing digital connectivity between MSE participants and their clients might enhance the performance of MSEs (Rajala & Hautala-Kankaanpää 2023).

The MSE players require market entrance agility, with digital marketing, to effectively adapt to new market penetration strategies for promoting their products (Soluk, Decker-Lange & Hack 2023). Market entry agility refers to the capacity to effectively implement and execute business strategies, thereby enhancing business processes and improving overall performance (Gupta et al. 2019). 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 (Rezvani, Lashgari & Yadollahi Farsi 2019) and effectively penetrate the market with the appropriate focus (Darmawulan, Farida & Andriyansah 2018). Market entry agility, which refers to the ability to quickly adapt to market needs, can enhance the acceptance of MSE products and eventually enhance marketing effectiveness (Soluk et al. 2023).

The various conveniences offered by digital marketing that can improve the marketing performance of MSEs, need to be balanced with innovation capabilities by MSE actors (Fan et al. 2021). Fan et al. (2021) defines innovation capability as a concept regarding the ability of a company to develop new ideas into an innovation. The innovation capability of MSE actors will enable them to develop new products and new service concepts (Lousã & Gomes 2017). Reliable resources are needed to explore consumer market-based needs. With a superior ability to collect and process market information, MSEs actors will quickly understand any changes in market needs (Lousã & Gomes 2017). Market-based innovation is the key to differentiating a company from its competitors and serves as a customer preference (Lousã & Gomes 2017). The research results of Fan et al. (2021) explain that the ability of MSE innovation strengthens the influence of social media use on increasing sales of MSE products.

While previous studies have explored the significance of digital marketing and market entry agility as mediating variables on marketing performance of MSEs, there is a lack of research integrating the model with innovation capability as moderating variables in the context of culinary MSEs in Pontianak city. Existing literature often focuses on either digital marketing or market entry agility, but few studies comprehensively address their intersection with innovation capabilities. This research fills the gap by providing a holistic analysis using market entry agility as mediator and innovation capabilities as moderator, offering new insight into the marketing performance of culinary MSEs in Pontianak city.

Despite ongoing policy initiatives, practical challenges remain in MSEs' marketing performance because of inadequate coaching and developing strategy from government. Previous studies have not sufficiently examined how market entry agility and innovation capabilities affect real-world outcomes, leading to inefficiencies in culinary MSEs sector. This study contributes by identifying actionable strategies to enhance innovation capabilities coaching, bridging the gap between theory and practice. By addressing these issues, the findings can guide policymakers and stakeholders in optimising marketing performance of culinary MSEs.

Literature review and hypothesis development

The influence of digital marketing on market entry agility

Micro and small enterprises may swiftly and efficiently penetrate the market through digital marketing (Fachrunnisa et al. 2020). Data in digital marketing encompass customer behaviour, market trends, and rival activity (Moi & Cabiddu 2021). Moreover, employing digital channels for marketing enables merchants and buyers to engage in direct engagement (Fready, Vel & Nyadzayo 2022). Digital marketing catalyses a company's rapid and efficient entry into new markets (Kurniati & Hidayat 2022). 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 (Moi & Cabiddu 2021). 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 (Moi & Cabiddu 2021).

Several empirical studies have also shown that digital marketing has a significant effect on increasing market entry agility. Research by Fready et al. (2022) found that e-commerce platforms such as Alibaba enable Chinese SMEs to quickly and accurately identify market opportunities and develop adaptive capabilities in responding to consumer demand. Meanwhile, research by Kurniati et al. (2022) revealed that companies that use an omnichannel strategy (multi-platform digital marketing) tend to be more agile in developing new products, entering wider market segments, and increasing their business scale compared to companies that only use traditional sales channels. Several other studies also confirm the finding that digital marketing can increase a company's agility to quickly identify changing market preferences and adjust its products and services (Moi & Cabiddu 2021). Thus, quantitative evidence through previous studies has consistently shown a positive relationship between digital marketing and market entry agility.

The influence of digital marketing on marketing performance

Social networking theory emphasises the importance of interconnections and relationships within social networks,

which is highly relevant to the modern digital marketing context. Within the framework of social networking theory, digital marketing can be viewed as a complex network that connects companies with consumers, influencers and other stakeholders through various digital platforms (De-Zubielqui & Jones 2022). The key strength of digital marketing lies in its ability to create and utilise these connections effectively (De-Zubielqui & Jones 2022). The ability to use digital marketing promptly can act as particular quality, which serves as the foundation for achieving better firm performance (Hasbolah et al. 2022). One of the competencies of a firm that distinguishes it from other firms is its ability to use technology for digital marketing (Ewah et al. 2021). Therefore, a firm's competitive advantage depends on effectively utilising its resources and competencies, as well as driving the link between the utilisation of technology to conduct digital marketing and its value for improving the marketing performance of MSEs (Joensuu-Salo, Viljamaa & Kangas 2023).

The ability to utilise digital technology is a valuable resource for organisations (Marei et al. 2023). The use of technology to conduct digital marketing can be used to enhance a company's image, market products, communicate with customers, collaborate with other organisations, 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 MSEs (Hasbolah et al. 2022).

Several previous studies have successfully proven the positive influence of digital marketing on improving marketing performance of MSEs. For example, Joensuu-Salo et al. (2023) found that the use of social media by MSEs in Finland can significantly increase their sales. Similar findings were also presented by Marei et al. (2023) who showed social media as the most effective digital marketing platform for increasing sales turnover of creative MSEs in Jordan. Another study by Caputo et al. (2022) also revealed that the intensity of digital platform utilisation by MSEs in Italy has a positive effect on the sales performance of their products outside Italy. Thus, the quantitative findings from these empirical studies have consistently proven the positive impact of the implementation of digital marketing strategies by MSEs on improving their marketing performance.

The influence of market entry agility on marketing performance

Digital marketing encompasses the deliberate promotion of goods and services through digital distribution channels, employing online advertising techniques to engage with consumers successfully (Jadhav et al. 2023). Digital marketing encompasses the activities of establishing and nurturing connections with customers and collaborators, with a primary emphasis on digital channels (Chaffey & Ellis-Chadwick 2019). 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 (Chaffey & Ellis-Chadwick 2019). Many 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 MSEs to swiftly enter the market (Kiyabo & Isaga 2020).

Previous studies have attempted to examine the role of market entry agility possessed by MSEs on their marketing performance. One of them is the study by Fachrunnisa et al. (2020), which found that market entry agility enables MSEs to significantly increase their sales growth. Meanwhile, another empirical study by Moi and Cabiddu (2021) on Spotahome revealed that their flexibility in responding to changing market trends has a positive impact on increasing the profitability and market share of the company. Thus, the results of existing quantitative research have consistently confirmed the positive influence of MSE market entry agility on their marketing performance.

The Influence of digital marketing on marketing performance through market entry agility

Market entrance agility encompasses the aptitude to identify favourable circumstances and the proficiency to promptly execute actions (Canhoto et al. 2021). 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 (Nadia 2018). 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 (Ewah et al. 2021).

Although empirical evidence supports a positive direct effect of MSE digital marketing on marketing performance, some researchers speculate that this relationship may be mediated by increased market entry agility. This means that the implementation of digital marketing by MSEs can improve their ability to be more agile in reaching the market and adapting to changing consumer tastes. This increased agility then allows MSEs to develop products and marketing strategies that are more relevant to consumer needs, thereby increasing their sales performance and profitability. Thus, the variable of market agility has the potential to be a mediator that explains the causal relationship between digital marketing and marketing performance in the context of MSEs. Riyoko's (2021) research found that the use of digital marketing channels accompanied by market agility made MSEs in the wood industry in Central Java successfully adapt to a dynamic business environment and ultimately increase their sales growth significantly.

The influence of digital marketing on marketing performance through innovation capability

Innovation capability refers to the act of making changes to increase competitive advantage and outperform competitors (Olazo 2023). Innovation capability plays an important role in marketing as it enables companies to not only create new market segments but also to introduce significant changes in product design or packaging, product placement, product promotion, and pricing through the adoption of new marketing methods (Riyoko 2021). In other words, consistently enhanced innovation capabilities help to increase productivity and achieve a superior competitive advantage. Ultimately, innovation capabilities applied to companies actively marketing in new ways, one of which is through digital marketing, will result in positive marketing performance (Shehadeh et al. 2023). The research model of this study is shown in Figure 1.

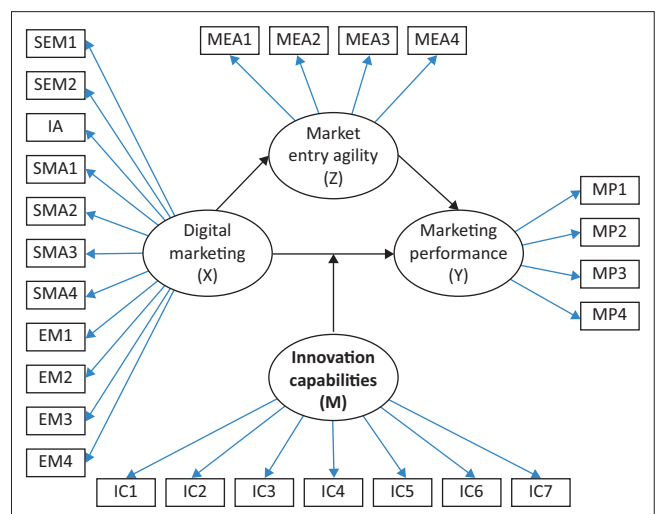
The following are the hypotheses proposed in this study:

- 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.
- H5:** Innovation capability moderates the effect of digital marketing on marketing performance.

Research methodology

Research design

This research model is quantitative research. This research was conducted to test the proposed hypotheses with the



SEM, Search Engine Marketing; IA, Interactive Advertising; SMA, Social Media Advertising; EM, Engagement Marketing; MEA, Market Entry Agility; IC, Innovation Capability; MP, Marketing Performance.

FIGURE 1: Research model.

intention of justifying or strengthening the hypotheses so that it can ultimately strengthen the theory used as a basis. Concerning the above, the type of research used is explanatory research. A quantitative approach was used in this study, and a self-administered questionnaire approach was applied to collect data. The data obtained from this study emphasise the explanation of the relationship between research variables descriptively.

Participants

The population in this study was 1333 MSEs in the form of food stalls, mobile food providers, restaurants, catering services, and small processed food industries in Pontianak city. Sampling in this study used the probability sampling method in the form of cluster sampling and then continued with non-probability sampling in the form of purposive sampling.

The researcher used the cluster sampling technique to select samples based on geographical location. Pontianak city consists of six sub-districts, so samples were taken from each sub-district without considering the proportion of the sample to the population in the sub-district. The sampling process was then continued with non-probability sampling to determine the sample in each existing sub-district.

The determination of the number of samples used by the author in this study was based on the Slovin method as a measuring tool to calculate the sample size because the known population was more than 100 respondents.

All responses were included in the data analysis. The sample was predominantly female at 76%, with males making up the remaining 24%. Regarding age distribution, 46% of respondents were between 36 years and 45 years. Instagram is the predominant digital marketing channel, utilised by 69% of survey participants.

Measurement

Digital marketing was evaluated using search engine marketing, interactive marketing, and social media advertising (Purwanti, Lailyningsih & Suyanto 2022). This research used sales growth, consumer growth, and profit growth to measure marketing performance (Rezaei & Ortt 2018). Market entry agility as variable was measured by following market trends, being faster than competitors, easy-to-find buyers, and readiness of internal team support (Muna et al. 2022). Innovation capabilities were evaluated using participatory leadership culture, work climate and well-being, ideation and organising culture, know-how development, exploiting external knowledge, regeneration, and individual activity (Saunila 2016). The data obtained were analysed using partial least squares structural equation modelling to test the proposed hypotheses.

The research data analysis was conducted using the structural equation model (SEM) technique with the help of the

SmartPLS statistical tool. The SEM technique was chosen for the analysis of this research data because SEM allows us to see the relationship between variables simultaneously and takes into account both direct and indirect effects between variables. Meanwhile, the SEM technique was chosen with SmartPLS because the number of samples needed in the analysis is relatively small and SmartPLS analysis does not have to have a normal distribution. In addition, SEM analysis with SmartPLS can handle many independent variables, even when there is multicollinearity between the independent variables.

The validity testing of the PLS-based research data carried out was the convergent validity of the research model by assessing the average variance extracted (AVE) value, and the discriminant validity by assessing the heterotrait monotrait (HTMT) ratio. The results of the validity test showed that the AVE value of all research variables was > 0.5 and the HTMT ratio between research variables was < 0.8 , so that the research model was statistically proven to have high validity.

The reliability testing of PLS-based research data was carried out by assessing Cronbach's alpha and composite reliability. The results of the reliability test show that the Cronbach's alpha and composite reliability values of all research variables are > 0.7 , so that the research instrument meets the requirements for construct reliability.

Ethical considerations

Ethical clearance to conduct this study was obtained from the Universitas Tarumanagara Human Research Ethics Committee with reference number 021-UTHREC/UNTAR/XII/2024.

Results

The results of the hypothesis testing is presented in Table 1. The data from Table 1 indicate a significant relationship between digital marketing and market entry agility (t -value = 5.052, p -value: 0.000). Digital marketing has a statistically significant influence on marketing performance (t -value: 2.025, p -value: 0.043). Market entry agility is also proven to have a significant effect on marketing performance (t -value: 5.236, p -value: 0.000). Market entry agility also mediates an indirect significant effect of digital marketing on marketing performance (t -value: 3.368, p -value: 0.001). Otherwise, there is no significant moderation effect of innovation capabilities

TABLE 1: Results of hypothesis testing.

Hypotheses	Relationship between variables	t	p
H1	Digital marketing on market entry agility	5.052	0.000**
H2	Digital marketing on marketing performance	2.025	0.043*
H3	Market entry agility on marketing performance	5.236	0.000**
H4	Digital marketing on marketing performance through market entry agility	3.368	0.001**
H5	Digital marketing on marketing performance moderated by innovation capabilities	0.506	0.613 ^{ns}

** p -value less than 0.010; * p -value less than 0.050; ^{ns}, not significant.

on the relationship between digital marketing and marketing performance (t -value: 0.506, p -value > 0.050).

Discussion

Our research findings reveal significant insights into the impact of market entry agility variable that mediates the digital marketing variable on the marketing performance variable, as well as the combination of the mediation variable of market entry agility, and the moderation variable of innovation capability, as a single research model where digital marketing acts as an independent variable, and marketing performance as a dependent variable on culinary MSEs in Pontianak. Market entry agility acts as a partial mediator in the influence of digital marketing on marketing performance. However, innovation capability only acts as a homologue moderator that does not have a significant moderating role in the research model that was formulated.

Innovation capability as the novelty in this study is shown cannot act as moderation in the research model. Dynamic capabilities theory has emphasised the importance of innovation capability as one of the dynamic capabilities that must be possessed by organisations. These conflicting research results highlight the importance of considering specific contexts in applying strategic management theory. It also shows the need to develop a more detailed understanding of how dynamic capabilities can play their role in the context of MSEs in developing economies.

This study shows that digital marketing has a positive effect on the market entry agility of culinary MSEs in Pontianak city. Social media are the main platforms used to increase responsiveness to market changes through customer feedback, trend monitoring, and cost-effective marketing experiments. The use of social media also facilitates co-creation, allowing customers to participate in the development of new products through interactive features such as polling. This finding is in line with previous studies that highlight the role of digital marketing in increasing the flexibility of small businesses, such as the study by Kurniati et al. (2022), which emphasised that social media accelerates business adaptation to market dynamics.

From social networking theory perspective, digital marketing forms a digital social network that accelerates access to information and market opportunities. Social media acts as a structural bridge connecting MSEs with new customers, increasing their centrality in digital information networks. This study confirms the findings of Moi and Cabbidu (2021) that digital social networks strengthen social capital and increase business agility in responding to market changes. However, this study also highlights that some forms of digital marketing, such as SEO, are still under-adopted because of MSEs' high reliance on social media, supporting the findings of Fready et al. (2022) who stated that the adoption of digital technology in MSEs is highly dependent on ease of use and direct relevance to business needs.

Digital marketing has a positive effect on the marketing performance of culinary MSEs in Pontianak city. The use of social media has been proven to improve good relationships with customers by accelerating communication, expanding market reach, and building trust through authentic content and direct interaction. Interesting and educational content marketing also increases customer loyalty and drives purchasing decisions. The results of this study support the study of Joensuu-Salo et al. (2023), which shows that social media plays an important role in building closer customer relationships. However, in contrast to the research of Ewah et al. (2021), which found that viral marketing is a crucial element in the digital marketing strategy of MSEs in developed countries, Pontianak culinary MSEs still rely more on social media as their main digital marketing tool.

From a social networking theory perspective, digital marketing forms a digital social network that accelerates MSE access to new resources and opportunities. Social media acts as a structural bridge connecting MSEs with various customer segments, while collaboration with local influencers reflects the role of 'information brokers' that expand market reach. Quality content produced by MSEs also strengthens social capital, increasing reputation and customer loyalty. However, limited digital skills and resources are challenges in adopting more complex digital strategies, supporting the findings of Marei et al. (2023) that the success of digital marketing depends on technological readiness and organisational capacity. In conclusion, digital marketing not only improves the marketing performance of culinary MSEs but also becomes a strategic instrument in building stronger digital social networks, expanding market access, and increasing competitiveness in the increasingly competitive culinary industry.

Market agility has a positive effect on the marketing performance of culinary MSEs in Pontianak city. The ability of MSEs to make their products easily accessible to consumers is correlated with an increase in good relations with customers. This indicates that MSEs that are able to respond quickly to changes in customer preferences tend to have higher levels of customer satisfaction and loyalty, as well as increase positive word-of-mouth. In addition, the ability to adjust pricing strategies based on demand also allows MSEs to maximise their profitability. However, the speed in launching new products is still relatively low, indicating challenges in adopting a fast and effective diversification strategy. This finding is in line with the research of Fachrunnisa et al. (2020), which emphasises that digital agility plays a key role in improving business performance but also differs from the study of Eisenhardt and Martin (2000).

From the perspective of social networking theory, market agility reflects the concept of network visibility that allows MSEs to gain better access to market information and opportunities. Flexibility in adjusting marketing strategies also indicates 'network adaptability', where MSEs that are dynamic in reconfiguring relationships and resources have a

greater chance of retaining customers and attracting new segments. In addition, rapid innovation in new product launches reflects 'network innovation', where MSEs with good access to market information tend to be superior in detecting new opportunities. However, the challenge in balancing speed and product quality can be attributed to 'network density', where networks that are too tight can limit access to new information and innovation. Therefore, MSEs in Pontianak need to manage their flexibility and innovation well to take advantage of market opportunities without sacrificing product quality and customer satisfaction. These findings support Moi and Cabbidu's (2021) argument on the importance of balancing market response speed and organisational capacity in maintaining long-term competitiveness.

Market entry agility also plays a mediating role in the relationship between digital marketing and marketing performance of culinary MSEs in Pontianak city. With digital marketing, MSEs can test new marketing strategies and products at low cost and in a faster time, so they are more responsive to market changes. This capability supports improved marketing performance by allowing MSEs to adjust their products and services according to customer preferences. This is in line with previous research by Riyoko (2021), which highlights that digital technology increases business flexibility and market responsiveness. However, in contrast to the study by Chaffey and Ellis-Chadwick (2019), which emphasises that digital marketing directly improves marketing performance, this finding suggests that the effect is mediated by market agility, which catalyses the implementation of effective digital strategies.

From a social networking theory perspective, digital marketing acts as an 'information broker', facilitating the flow of data between MSEs and their markets, while market entry agility enables MSEs to effectively leverage this information to adapt their products and strategies. The concept of 'network visibility' is also reflected in MSEs' increased digital reach, combined with 'structural flexibility' in adapting marketing strategies. In addition, digital marketing creates many 'weak ties' with potential customers, while market entry agility enables MSEs to capitalise on information from these ties to enhance their competitiveness. These findings support Riyoko's (2021) argument that weak ties in social networks provide access to new information that can be leveraged for business innovation. Thus, this study confirms that the combination of digital marketing and market entry agility enables MSEs to more effectively navigate market dynamics, enhance customer satisfaction, and ultimately strengthen their marketing performance.

Hypothesis 5 states that innovation capability moderates the effect of digital marketing on marketing performance. However, the results of the analysis show that this hypothesis is not statistically supported, meaning that innovation capability does not have a significant moderating effect. With

an *R*-square value of 50.5%, the research model is still able to explain the variation in marketing performance of culinary MSEs in Pontianak city quite well. One possible cause of the insignificant moderation effect is the limited resources of MSEs, where 69% of respondents have less than three employees, so they focus more on daily operations than on integrating innovation into digital marketing. In addition, the innovations carried out by most MSEs tend to be simple and not radical, so they do not fundamentally change the way they utilise digital platforms. Financial limitations also play a role, considering that 58% of respondents have a turnover of less than IDR 5000000.00 per month, which limits their investment in training or technology needed to optimise innovation and digital marketing simultaneously. These results differ from previous studies, such as the study by Shehadeh et al. (2023), who found that innovation plays a significant role in increasing the effectiveness of digital marketing in large-scale companies.

Market dynamics in Pontianak city also influence these results, where product innovation and digital marketing may not always be valued simultaneously by consumers. Culinary consumers tend to value authentic tastes more than innovation in menus or are more influenced by digital visibility than changes in products. This finding shows a contradiction with the dynamic capabilities' theory, which states that organisations with strong innovation capabilities should be more adaptive to technological changes. However, in the context of MSEs in developing cities such as Pontianak, the results of this study indicate that dynamic capabilities do not always produce automatic synergy with digital marketing. This theory was developed in the context of large companies in developed economies, so its application to MSEs may be different. Research by Teece and Pisano (1994) showed that dynamic capabilities theory is more relevant to companies with more abundant resources and organisational structures. The main obstacles faced by MSEs are to choose priority between innovation or the digital marketing due to limited resources. As a result, innovations carried out by MSEs have not been able to effectively moderate the influence of digital marketing on their marketing performance.

Conclusion

The results of this study indicate that market entry agility acts as a significant mediator in the relationship between digital marketing and marketing performance, while innovation capability does not have a significant moderating effect. Market entry agility allows culinary MSEs in Pontianak city to be more responsive in adjusting digital marketing strategies, which ultimately improves their marketing performance. The managerial implication is that MSEs need to further optimise digital platforms to increase product visibility and accelerate responses to changes in consumer preferences. Conversely, the insignificant role of innovation capability moderation indicates that the innovations carried out by MSEs are still simple and not enough to strengthen the effectiveness of digital marketing. Therefore, MSEs need to

increase their innovation capacity by investing in training and technology in order to create more substantial and impactful innovations.

These results also challenge the dynamic capabilities theory in the context of MSEs, indicating that resource constraints can limit the integration between innovation and digital marketing. To improve marketing performance, MSEs need to balance between strengthening innovation and optimising digital marketing so that both can synergise more effectively. The government and stakeholders can play a role in providing support in the form of access to financing, digital marketing training, and facilitation of business networks to strengthen the competitiveness of MSEs in the digital era. Overall, this study confirms that digital marketing and market agility are key factors in improving MSE marketing performance, while innovation capabilities need to be further developed in order to provide a more significant impact in the context of digital marketing.

This study has several limitations that need to be considered. Firstly, this study only focuses on culinary MSEs in Pontianak city, so the results may not be generalisable to MSEs in other regions with different market characteristics. Secondly, the types of innovation tested in this study are limited to simple product innovations, while more complex radical innovations may have different impacts on digital marketing. Thirdly, this study uses a quantitative approach with data collected through a survey, which potentially ignores deeper qualitative dimensions related to MSE marketing strategies and innovations.

For further research, it is recommended to expand the scope of the study to MSEs in various regions with different market characteristics to test the generalisability of the findings. In addition, further research can explore other types of innovation, including radical innovation, to see their impact on digital marketing. More in-depth qualitative research can also help to understand the internal dynamics of MSEs in integrating innovation and digital marketing, as well as how external factors such as government support or technological infrastructure affect MSE marketing performance.

Acknowledgements

This article is based on data from a larger study. A related article focusing on the influence of digital marketing activities and market entry agility on marketing performance of 31 Pontianak Culinary MSMEs has been published in the *International Journal of Application on Economic and Business*, 2(1), a2731. <https://doi.org/10.24912/ijaeb.v2i1.3088-3094>. The present article extends the research, focusing on a broader scope and sample size (100 culinary MSE entrepreneurs in Pontianak), expanded variables and an extended discussion and contribution.

Competing interests

The authors declare that they have no financial or personal relationships that may have inappropriately influenced them in writing this article.

Authors' contributions

A.A. contributed to the conceptualisation, methodology, and data analysis, focusing on the relationship between digital marketing, market entry agility, and marketing performance. M.M. provided expertise in sampling design and data collection, ensuring robust data gathering across the Pontianak culinary MSEs. C.C. contributed to the writing, review, and editing of the manuscript, refining the discussion and ensuring the clarity of findings.

Funding information

This research received no specific grant from any funding agency in the public, commercial or not-for-profit sectors.

Data availability

Data sharing is not applicable to this article as no new data were created or analysed in this study.

Disclaimer

The views and opinions expressed in this article are those of the authors and are the product of professional research. It does not necessarily reflect the official policy or position of any affiliated institution, funder, agency, or that of the publisher. The authors are responsible for this article's results, findings, and content.

References

- Abrokwhah-Larbi, K., 2024, 'The impact of customer-focus on the performance of business organizations: Evidence from SMEs in an emerging West African economy', *African Journal of Economic and Management Studies* 15(1), 31–59. <https://doi.org/10.1108/AJEMS-04-2022-0167>
- Canhoto, A.I., Quinton, S., Pera, R., Molinillo, S. & Simkin, L., 2021, 'Digital strategy aligning in SMEs: A dynamic capabilities perspective', *The Journal of Strategic Information Systems* 30(3), 101682. <https://doi.org/10.1016/j.jsis.2021.101682>
- Caputo, F., Fiano, F., Riso, T., Romano, M. & Maalaoui, A., 2022, 'Digital platforms and international performance of Italian SMEs: An exploitation-based overview', *International Marketing Review* 39(3), 568–585. <https://doi.org/10.1108/IMR-02-2021-0102>
- Chaffey, D. & Ellis-Chadwick, F., 2019, *Digital marketing*, Pearson Education Limited, London.
- Darmawulan, L., Farida, N. & Andriyansah, A., 2018, 'The role of quality of entrepreneurial networking and responsiveness to global business environment in improving the marketing performance of Indonesian exporting SMEs', *Quality Access to Success* 19(165), 91–97.
- De-Zubielqui, C.G. & Jones, J., 2023, 'How and when does internal and external social media use for marketing impact B2B SME performance?', *Journal of Business & Industrial Marketing* 38(8), 1607–1622. <https://doi.org/10.1108/JBIM-01-2022-0057>
- Dinas Koperasi, P.d.P.P., 2023, 'Izin usaha kecil menengah risk-based approach', Dinas Koperasi, Perindustrian, dan Perdagangan, Pontianak.
- Eisenhardt, K.M. & Martin, J.A., 2000, 'Dynamic Capabilities: What are They?', *Strategic Management Journal* 21(10–11), 1105–1121.
- Ewah, S., Etuk, S.G., Eke, C.U. & Usani, N.E., 2021, 'Social media driven marketing and performance of micro, small and medium scale enterprises in Akwa Ibom State, Nigeria', *International Journal of Management, Accounting & Economics* 8(12), 934–947.
- Fachrunnisa, O., Adhiatma, A., Lukman, N. & Majid, M.N.A., 2020, 'Towards SMEs' digital transformation: The role of agile leadership and strategic flexibility', *Journal of Small Business Strategy* 30(3), 65–85. <https://doi.org/10.1371/journal.pone.0247320>

- Fan, M., Qalati, S.A., Khan, M.A.S., Shah, S.M.M., Ramzan, M. & Khan, R.S., 2021, 'Effects of entrepreneurial orientation on social media adoption and SME performance: The moderating role of innovation capabilities', *PLoS One* 16(4), e0247320. <https://doi.org/10.1371/journal.pone.0247320>
- Fready, S., Vel, P. & Nyadzayo, M.W., 2022, 'Business customer virtual interaction: Enhancing value creation in B2B markets in the post-COVID-19 era – An SME perspective', *Journal of Business & Industrial Marketing* 37(10), 2075–2094. <https://doi.org/10.1108/JBIM-01-2021-0074>
- Gupta, A., Kumar, A., Grewal, R. & Lilien, G.L., 2019, 'Within-seller and buyer-seller network structures and key account profitability', *Journal of Marketing* 83(1), 108–132. <https://doi.org/10.1177/0022242918812056>
- Hasbolah, H., Rosdi, N.M., Sidek, S., Abdullah, F.A., Daud, R.R.R. & Khadri, N.A.M., 2022, 'The digital marketing practices towards SME's performance in cyber entrepreneurship', *Journal of Information System and Technology Management* 7(27), 289–299. <https://doi.org/10.35631/JISTM.727023>
- Jadhav, G.G., Gaikwad, S.V. & Bapat, D., 2023, 'A systematic literature review: Digital marketing and its impact on SMEs', *Journal of Indian Business Research* 15(1), 76–91. <https://doi.org/10.1108/JIBR-05-2022-0129>
- Joensuu-Salo, S., Viljamaa, A. & Kangas, E., 2023, 'Marketing first? The role of marketing capability in SME growth', *Journal of Research in Marketing and Entrepreneurship* 25(2), 185–202. <https://doi.org/10.1108/JRME-05-2021-0070>
- Kiyabo, K. & Isaga, N., 2020, 'Entrepreneurial orientation, competitive advantage, and SMEs' performance: Application of firm growth and personal wealth measures', *Journal of Innovation and Entrepreneurship* 9(1), 12. <https://doi.org/10.1186/s13731-020-00123-7>
- Koperasi, K., 2023, 'Pelaku UMKM onboarding ekosistem digital'.
- Kurniati, R.R. & Hidayat, F., 2022, 'Adaptive and digital marketing: A sustainable strategy for developing culinary SME business (Law of the Republic of Indonesia, number 20 of 2008) post-pandemic', *International Journal of Artificial Intelligence Research* 6(1).
- Lousã, E.P. & Gomes, A.D., 2017, 'The influence of technology, organizational size and age on innovation', *Revista Psicologia Organizações e Trabalho* 17(4), 252–259. <https://doi.org/10.17652/rpot/2017.4.13887>
- Marei, A., Abou-Moghli, A., Shehadeh, M., Salhab, H.A. & Othman, M., 2023, 'Entrepreneurial competence and information technology capability as indicators of business success', *Uncertain Supply Chain Management* 11(1), 339–350. <https://doi.org/10.5267/j.uscm.2022.9.008>
- Moi, L. & Cabiddu, F., 2021, 'Leading digital transformation through an agile marketing capability: The case of Spotahome', *Journal of Management and Governance* 25(4), 1145–1177. <https://doi.org/10.1007/s10997-020-09534-w>
- Muna, N., Yasa, N.N.K., Ekawati, N.W., Wibawa, I.M.A., Sriathi, A.A.A. & Adi, I.N.R., 2022, 'Market entry agility in the process of enhancing firm performance: A dynamic capability perspective', *International Journal of Data and Network Science* 6(1), 99–106. <https://doi.org/10.5267/j.ijdns.2021.9.018>
- Nadia, P., 2018, 'Studi aplikatif peningkatan penjualan menu kategori puzzle dan plowhorse melalui suggestive selling di 56 Degrees Bandung', Universitas Pendidikan Indonesia.
- Olazo, D.B., 2023, 'Marketing competency, marketing innovation and sustainable competitive advantage of small and medium enterprises (SMEs): A mixed-method analysis', *Asia Pacific Journal of Marketing and Logistics* 35(4), 890–907. <https://doi.org/10.1108/APJML-01-2022-0050>
- Purwanti, I., Lailyningsih, D.R.N. & Suyanto, U.Y., 2022, 'Digital marketing capability and MSEs performance: Understanding the moderating role of environmental dynamism', *Journal of Theory and Applied Management* 15(3), 433–447. <https://doi.org/10.20473/jmtt.v15i3.39238>
- Rajala, A. & Hautala-Kankaanpää, T., 2023, 'Exploring the effects of SMEs' platform-based digital connectivity on firm performance – The moderating role of environmental turbulence', *Journal of Business & Industrial Marketing* 38(13), 15–30. <https://doi.org/10.1108/JBIM-01-2022-0024>
- Rezaei, J. & Ortt, R., 2018, 'Entrepreneurial orientation and firm performance: The mediating role of functional performances', *Management Research Review* 41(7), 878–900. <https://doi.org/10.1108/MRR-03-2017-0092>
- Rezvani, M., Lashgari, M. & Yadollahi Farsi, J., 2019, 'International entrepreneurial alertness in opportunity discovery for market entry', *Journal of Research in Marketing and Entrepreneurship* 21(2), 76–102. <https://doi.org/10.1108/JRME-01-2018-0003>
- Riyoko, S., 2021, 'The role of digital marketing agility and marketing innovation as an efforts to increase business performance wood processing industry', in Z.B. Pambuko, A. Setiawan, M. Setiyo & V.S. Dewi (eds.), *Proceedings of the 3rd Borobudur International Symposium on Humanities and Social Science* 2021, Springer Nature, Berlin, December 15, 2021, pp. 864–868.
- Saunila, M., 2016, 'Performance measurement approach for innovation capability in SMEs', *International Journal of Productivity and Performance Management* 65(2), 162–176. <https://doi.org/10.1108/IJPPM-08-2014-0123>
- Shehadeh, M., Almohtaseb, A., Aldehayyat, J. & Abu-ALSondos, I.A., 2023, 'Digital transformation and competitive advantage in the service sector: A moderated-mediation model', *Sustainability (Switzerland)* 15(3), 2077. <https://doi.org/10.3390/su15032077>
- Soluk, J., Decker-Lange, C. & Hack, A., 2023, 'Small steps for the big hit: A dynamic capabilities perspective on business networks and non-disruptive digital technologies in SMEs', *Technological Forecasting and Social Change* 191, 122490. <https://doi.org/10.1016/j.techfore.2023.122490>
- Susanto, P., Hoque, M.E., Shah, N.U., Candra, A.H., Hashim, N.M.H.N. & Abdullah, N.L., 2023, 'Entrepreneurial orientation and performance of SMEs: The roles of marketing capabilities and social media usage', *Journal of Entrepreneurship in Emerging Economies* 15(2), 379–403. <https://doi.org/10.1108/JEEE-03-2021-0090>
- Tarigan, J. & Sanjaya, R., 2013, *Creative digital marketing*, Elex Media Komputindo, Jakarta.
- Teece, D.J. & Pisano, G., 1994, 'The Dynamic Capabilities of Firms: an Introduction', *Industrial and Corporate Change* 3(3), 537–556.