

The Role of Digital Acceleration Using Digital Advertising on Marketing Performance for Msmes in Badung Regency

Ni Nyoman Suriani^{1*}, Nengah Ganawati², I Made Yogiarta³

^{1,2,3} Faculty of Economics and Business, Warmadewa University, Denpasar, Bali, Indonesia

*corresponding author

Abstract: *The digital era for MSME players, especially those based on the creative economy, is a new era full of challenges. This era requires every MSME to have high-quality resources that master technology, especially information technology which is very important to use in the process of marketing and selling the products it produces. The purpose of this study is to analyze whether digital acceleration directly affects the marketing performance of MSMEs in Badung Regency, as well as to analyze the role of digital advertising in moderating this influence. The population in this study were all MSMEs in Badung Regency, and after being calculated by the Slovin formula ($\alpha = 0.05$), the sample size was 100 MSMEs. Data was collected through a questionnaire that has been tested for reliability and validity. After the data is collected, then the data is analyzed using the SEM-PLS analysis technique with SmartPLS software. The results of data analysis show that digital acceleration has a direct positive and significant effect on the marketing performance of MSMEs in Badung Regency. Digital advertising did not significantly moderate the effect of digital acceleration on the marketing performance of MSMEs in Badung Regency. The nature of moderation is predictor moderation, where incentives are the only predictor variable.*

Keywords: *Digital Acceleration, Digital Advertising, Marketing Performance*

I. INTRODUCTION

The digital era for MSME players, especially those based on the creative economy, is a new era full of challenges. In this disruptive technology era, company size cannot be a guarantee for a company's success in dealing with changing eras, instead industrial agility is the main key in all operational processes [1]. Continuous innovation in the field of digital technology is claimed to be able to accelerate many developing countries towards prosperity.

Connectivity that is established through digital technology also makes MSME actors connected with access to capital and new markets, even leading to new, more promising business opportunities. However, the existence of the Covid-19 pandemic which almost killed the entire world economy made the challenges that MSMEs have to face even more severe. Almost all marketing techniques used have no impact on marketing performance. Digital Advertising is the only marketing technique that is the most reliable way to survive the Covid-19 pandemic so that the decline in marketing performance does not reach 100%.

Digital acceleration obtained by using digital advertising is felt to provide a channel that has great potential in achieving the effectiveness of company goals in meeting consumer needs [2]. The definition of digital advertising stated by Wardhana is marketing activities involving internet-based media [3]. This digital advertising strategy is very influential, up to 78% for competitive advantage for MSME actors to market their products by utilizing digital marketing [4].

During the Covid-19 pandemic, the impact of digital advertising could not be felt by MSMEs in Badung Regency because people's purchasing power had also decreased drastically as a result of the PSBB and other policies. Taking into account the enormous decline in marketing performance and the Covid-19 pandemic, which cannot be predicted with certainty when it will end, MSME players in Badung Regency are struggling to strengthen networks, especially the MSME community network that has similar products and the creative economy community as a whole. These MSME actors share information with each other through social media

groups. The practice of digital acceleration by using digital advertising has been made as much as possible by creative economy-based MSME actors in Badung Regency.

Research on the performance of MSMEs was previously conducted by Herman [5], stating that product innovation greatly influences the marketing performance of MSMEs. Saripudin et al. [6], found that Fintech was very helpful in increasing the growth of MSMEs, especially during a pandemic, Fintech's ability to accommodate MSME activities greatly impacted the efficiency and effectiveness of MSME activities themselves. Lee [7] found that digital advertising is a way that can be used by businesses to reach consumers and market products more easily to the target market, the ease of using technology is directly proportional to the increasing use of digital advertising as a marketing tool so that it is considered quite effective. in the current era of digital acceleration. Simanjuntak [8], research results show that the TAM model is very effective in improving the marketing performance of a business with a note that it must be supported by resources who understand the procedures for its use.

The objectives of this study are: (1) To analyze the effect of digital acceleration on marketing performance for MSMEs in Badung Regency; and (2) to find out whether digital advertising moderates the effect of digital acceleration on marketing performance for MSMEs in Badung Regency. It is hoped that the results of this research can become one of the reference materials for MSME actors, academics, government and other stakeholders to determine strategic steps in the pentahelix collaboration to revive MSME performance after the Covid-19 pandemic.

II. LITERATURE REVIEW

2.1 Marketing Performance

Marketing performance is also interpreted as a concept that is a measure of how far marketing is achieved by a product produced by the company [9]. Every company is interested in studying its achievements to reflect the success of its business in market competition [10]. Marketing is an activity, a set of institutions and processes for creating, communicating, delivering and exchanging offerings that are valuable to customers, customers, partners and society at large [11]. Marketing performance is a concept used to measure company performance in marketing its products [12]. Measuring the company's marketing performance uses units such as sales, customer growth, and customer turnover to better describe marketing and competition performance [13].

2.2 Digital Acceleration

Digital acceleration can be defined as a system change from conventional to a better visualization system by utilizing the latest technology. Digital acceleration indicators consist of 3 things which include: technological changes with better use of the internet and visualization, the effectiveness of the system used, and the delivery of information in real time and appropriate [14].

2.3 Digital Advertising

According to Heidrick & Struggles [15], digital advertising uses technological developments and the digital world to carry out promotions or advertisements that are not heralded directly, but have very influential effects. Sites such as Facebook, Youtube, Instagram, or other types of social media are often used to do digital advertising.

III. RESEARCH METHODS

This study uses an explanatory research approach, where explanatory research is research that aims to examine causality between variables that explain a particular phenomenon [16]. Questionnaire which is a data collection instrument with a Likert Scale. The research population is all MSMEs in Badung Regency, which is a total of 40,989 units. The sample size is determined by the Slovin Formula, with an error of 10%, so the number of samples in the study is 100 MSME units. The collected data is then tabulated and analyzed using the SEM-PLS analysis technique, through the SmartPLS application. PLS is a component or variant-based Structural Equation Modeling (SEM) model [17].

IV. RESEARCH RESULTS AND DISCUSSION

4.1 Results of Data Analysis

4.1.1 Outer Model Evaluation

An indicator can be said to be valid (convergent validity) if it has a loading factor above 0.6 and an AVE above 0.5 for the intended construct. Based on the results of the convergent validity test, it shows that almost all research indicators have a loading above 0.5 with the construct so that it can be said to be valid, except for the consumer relationship management indicator (M8). The invalid indicators were then eliminated from the system, and retested, and the results were obtained as Fig. 1

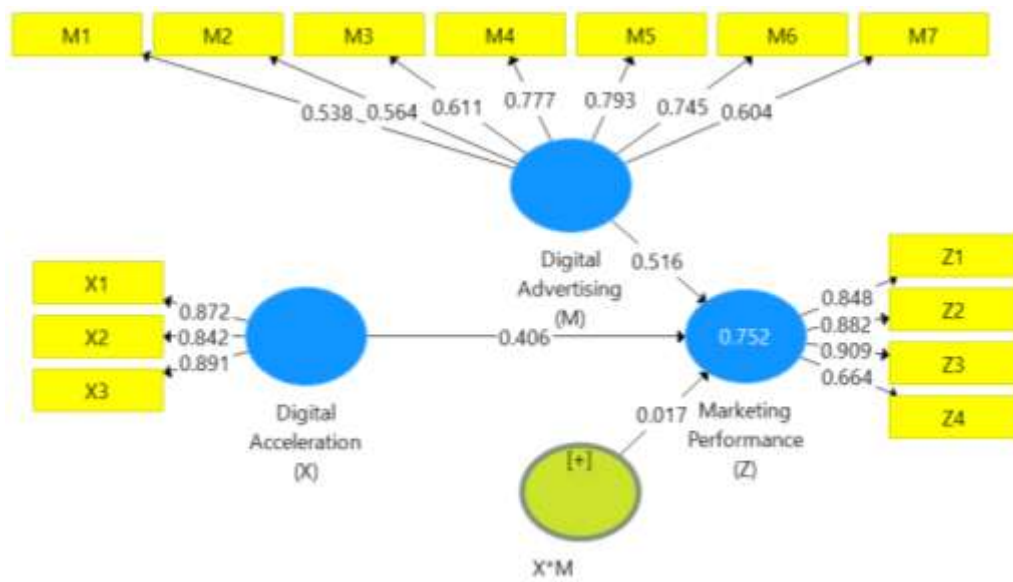


Figure 1. Outer Model Test Output (Algorithm) After Elimination

Cronbach's Alpha measures the lower limit of the reliability value of a construct, whereas Composite Reliability measures the true value of the reliability of a construct [18]. The role of thumb value of Cronbach's Alpha or Composite Reliability must be greater than 0.6, but if the results obtained are close to 0.6, this is still acceptable in exploratory studies [19]. The results of the construct reliability test can be seen in Table 1.

Table 1. Cronbach's Alpha and Composite Reliability Values

Variable	Cronbach's Alpha	Composite Reliability	AVE
Digital Acceleration (X)	0.837	0.902	0.754
Digital Advertising (M)	0.805	0.847	0.448
Marketing Performance (Z)	0.848	0.898	0.691

Table 1 shows the Cronbach's Alpha and Composite Reliability values of each construct that are close to or greater than 0.60 so that it can be said that the gauges used in this study are reliable. Likewise, the Average Variance Extracted (AVE) value is close to or greater or closer than 0.5, so it can be said that all research indicators are valid.

4.1.2 Structural Model Testing (Structural Model/Inner Model)

The structural model in PLS needs to be evaluated using R-square for the dependent variable and its significance value is based on the t-values in each path.

Table 2. R-square Value

Variable	R-square
Marketing Performance (Z)	0.752

Table 2 shows the R-square value of 0.752 for the marketing performance construct. This means that the variability of the marketing performance construct can be explained by the digital acceleration and digital advertising constructs of 75.2 percent, the remaining 34.8 percent is explained by other factors.

4.1.3 *Influence Between Variables*

To determine the effect between variables, it is necessary to analyze the direct effect, indirect effect, and the total effect between research variables. The results of the analysis regarding the influence of the research variables are presented in Table 3. If the p-value is less than 0.05, the effect is significant, otherwise if the p-value is greater than 0.05, the effect is not significant. Regarding the regression coefficient, if the value of the regression coefficient (original sample) is positive then the effect is positive or unidirectional, but conversely if the regression coefficient is negative, then the effect is negative or not unidirectional.

Table 3. Path Coefficient

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Digital acceleration (X) → Marketing performance (Z)	0.406	0.390	0.101	4.036	0.000
Digital advertising (M) → Marketing performance (Z)	0.516	0.539	0.099	5.239	0.000
Digital acceleration *Digital advertising (X*M) → Marketing performance (Z)	0.017	-0.003	0.082	0.211	0.833

Based on Table 3 it is known that digital acceleration has a direct positive and significant effect on marketing performance. This can be seen from the positive regression coefficient, which is 0.406 and the p-value is 0.000 (smaller than 0.05). This means that if there is an increase in digital acceleration, there will also be a significant increase in marketing performance. Furthermore, digital advertising directly has a positive and significant effect on marketing performance, this can be seen from the regression coefficient which is positive (0.516) and the p-value is 0.000 (smaller than 0.05). This means that if there is an increase in digital advertising, it will be followed by a significant increase in marketing performance, and vice versa.

Regarding the role of digital advertising as a moderator, the results of data analysis show that digital advertising does not significantly moderate the effect of digital acceleration on marketing performance. So considering that digital acceleration and digital advertising directly have a significant effect on marketing performance, moderation is a predictor of moderation. This means that this moderating variable only plays a role as a predictor variable in the relationship model formed.

4.2 Discussion

4.2.1 *Effect of Digital Acceleration on Marketing Performance*

Based on the results of data analysis, it is known that digital acceleration has a positive and significant effect on marketing performance. This means that if there is an increase in digital acceleration carried out by MSMEs in Badung Regency, it will have an impact on increasing marketing performance, and vice versa. This is in accordance with the results of previous research [20] that digital transformation has a positive and significant effect on improving marketing performance in food MSMEs in Banyumas.

4.2.2 *The Role of Digital Advertising in Moderating the Effect of Digital Acceleration on Marketing Performance*

The results of the analysis show that digital advertising does not significantly moderate/strengthen the effect of digital acceleration on marketing performance. Furthermore, bearing in mind that digital acceleration directly has a positive and significant effect on marketing performance, moderation is a predictor. This means that digital advertising (moderation variable) only plays a role as a predictor variable in the relationship model formed.

The results of previous research [20] also found that digital content directly has a significant effect on marketing performance at food SMEs in Banyumas. After conducting follow-up interviews with several MSMEs, information was obtained that although digital acceleration is not only limited to marketing, but also governance. The success of digital acceleration is greatly influenced by the quality of the human resources managing the MSMEs themselves. Indeed, currently media for digital advertising can be accessed easily, but if the managing HR does not have skills in the field of digital technology, then the compensation is to pay more for the marketing process.

V. CONCLUSION

Based on the results of the study it can be concluded as follows: (1) Digital acceleration has a direct positive and significant effect on the marketing performance of MSMEs in Badung Regency. This means that increasing digital acceleration will significantly improve the marketing performance of MSMEs in Badung Regency; (2) Digital advertising did not significantly moderate the effect of digital acceleration on the marketing performance of MSMEs in Badung Regency. The nature of moderation is predictor moderation, where incentives are the only predictor variable.

In accordance with the results of the research, the things that are suggested include: (1) The Badung Regency Government needs to optimize programs and activities that can support the MSME digital acceleration process in Badung Regency; (2) For MSMEs in Badung Regency, considering that digital advertising has a direct and significant effect on marketing performance, promotion or advertising through digital media can be the main choice to improve marketing performance; and (3) Further research can be carried out with a focus on studying the factors that influence digital acceleration.

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