

The Influence of Market Orientation and Digital Marketing on the Performance of Micro, Small, and Medium Enterprises through Competitive Advantage

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ABSTRACT

This research analyzes the influence of market orientation and digital marketing on the performance of small and medium enterprises (SMEs), considering the role of competitive advantage as a factor that strengthens that relationship. The study was conducted on SMEs located in Tangerang Regency, involving 140 business actors as main respondents. The results indicate that market orientation has a positive impact on competitive advantage, and digital marketing also positively affects competitive advantage. Furthermore, market orientation positively influences the performance of SMEs, while digital marketing has a positive effect on the performance of SMEs. Competitive advantage can mediate the influence of market orientation on the performance of SMEs. Additionally, competitive advantage can mediate the influence of digital marketing on the performance of SMEs. Thus, all relationships studied in this research show results that are consistent with initial assumptions and provide a positive impact.

Keywords: market orientation, digital marketing, MSME performance, competitive advantage

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are a vital pillar of Indonesia's economy. During the economic crises of 1998 and 2008, MSMEs demonstrated resilience and served as a safeguard for the national economy (Mariam & Ramli, 2022; Sutriani et al., 2024; Thamanda et al., 2024). The majority of MSMEs originate from home-based or family-run industries, with a total of 64.19 million units—of which 99.92% are categorized as micro and small enterprises (Sylvia & Ramli, 2024). MSMEs absorb more than 97% of the workforce and contribute approximately 60% to Indonesia's Gross Domestic Product (Janah & Tampubolon, 2024). Spread across various regions, MSMEs play a crucial role in job creation and promoting social and economic inclusion (Arif & Masdupi, 2020).

However, MSMEs continue to face challenges, such as limited knowledge in business management (Megawaty et al., 2024; Rumaidlany et al., 2022; Steven et al., 2023), and vulnerability to global competition from businesses with strong capital and extensive networks (Bagnulo et al., 2024; Chan et al., 2021). Therefore, strengthening MSMEs' competitive advantage is essential, especially in today's digital era (Amalia et al., 2024; Chandra et al., 2019; Miaty et al., 2024).

Technological advancements have enabled consumers to shop across borders (Affandi et al., 2023; Agnihotri et al., 2023), including purchasing goods and services from foreign producers

(Kwan & Sarjono, 2024). This development underscores the importance of digital marketing for MSMEs to remain competitive globally (Khunin & Al-Nsour, 2024; Dybchuk et al., 2024; Agustina & Fasa, 2024). Consumer demand is now driven by shifting preferences and lifestyle changes (Ardhana et al., 2024; Arifah et al., 2024; R. A. Pratama et al., 2023).

Previous studies have shown that digital marketing has a positive impact on competitive advantage (Bachtiar et al., 2023; Mariam & Ramli, 2019; Saputra et al., 2024), and also improves business performance (Kalim et al., 2024; Oktavia et al., 2024; Supiati et al., 2021; Takaya et al., 2019; Utama et al., 2020).

Furthermore, competitive advantage is influenced by market orientation (Ghazmahadi et al., 2020; Mariam et al., 2022; Mariam & Ramli, 2023; Yunus et al., 2023), which in turn also affects the performance of MSMEs (Mariam et al., 2020; Mulyadi et al., 2020; M. P. Pratama et al., 2023).

Several studies have explored the relationship between market orientation and business performance through competitive advantage (Suwandana, 2023), as well as the effect of digital marketing on MSME performance separately (Zahara et al., 2023). However, few have examined both simultaneously or analyzed the interaction between digital marketing and market orientation with competitive advantage as a mediating variable (Arslan, 2020; Ogundare & van der Merwe, 2023; Sudari & Pambreni, 2024; Suwandana, 2023), particularly in the context of post-pandemic economic recovery (Chan et al., 2021; Khan et al., 2021; Utami et al., 2024).

Therefore, this study aims to assess the influence of digital marketing and market orientation on MSME performance, with competitive advantage as a mediating variable. This integrated approach is expected to provide both theoretical contributions and practical implications for MSME actors and policymakers in formulating more effective and sustainable marketing strategies in the digital era (Sephthiarsyah & Junita, 2021).

2. LITERATURE REVIEW

Market Orientation

Market orientation is crucial for companies, especially in the face of increasing global competition and changing customer needs. Companies must remain close to their markets to stay relevant (Batara et al., 2023; Irfandi et al., 2024). It reflects a business culture where organizations are committed to continuously creating superior value for customers (Anggraini et al., 2022; Astana & Adnyana, 2024; Avrilia & Alam, 2025; Zendrato Miseri et al., 2023). According to Jauharoh et al. (2023), Zhang (2024), and Avrilia & Alam (2025), market orientation represents a company's ability to understand customer needs and competitor behavior, as well as to design and implement appropriate marketing strategies. This involves the process of acquiring, disseminating, and applying market information to meet consumer needs and respond to competitive dynamics (Mariam et al., 2025).

Digital Marketing

Digital marketing refers to the use of digital technologies to promote products or services (Jung & Shegai, 2023). Innovations in digital marketing can enhance business performance by considering factors such as marketing capabilities and business size (Yang et al., 2024; Rosalina et al., 2025). According to Vahabzada & Andersone (2024) and Ashar & Yayuk (2025), digital marketing aims to quickly attract new customers. A study by Primadhita et al. (2023) found that MSMEs in the food and beverage sector improved brand awareness and sales through social media advertising and search engine optimization (Gianis et al., 2025). Digital marketing also enables MSMEs to compete with larger firms by using analytics tools to swiftly adapt their marketing strategies based on consumer behavior (Hartati & Mala, 2024; Theodorakopoulos & Theodoropoulou, 2024).

Competitive Advantage

Competitive advantage is the ability of a business to produce goods or services more effectively or at a lower cost than its competitors (Sudirjo et al., 2023), thereby increasing sales or profit margins (Rodhiah & Bravo, 2023; Fahmi et al., 2024; Rubio-Andrés et al., 2024). Jabawidhiartha et al. (2024) highlight that utilizing local marketplace platforms and engaging in strategic collaborations can also foster competitive advantage. This is essential for the long-term sustainability of MSMEs. Darmanto et al. (2018) define competitive advantage as an organization's capacity to gain superior benefits over its rivals. In essence, competitive advantage involves crafting and implementing strategies that deliver unique value to consumers, which influences their purchasing decisions (Ibrahim et al., 2025; Ramli et al., 2025).

MSME Performance

MSME performance refers to the extent to which a business achieves its financial, operational, and non-financial goals (Winbaktianur & Siregar, 2021). This includes business growth, profitability, operational efficiency, and customer satisfaction. Darmanto (2018) explains that performance reflects how well an organization attains its goals on a sustainable basis. Mudjiarto & Vimesa (2020) emphasize that improving MSME performance also requires human resource development. During the COVID-19 pandemic, MSMEs faced significant challenges such as declining demand and supply chain disruptions. However, digital marketing and product innovation have been proven to enhance performance (Sudirjo et al., 2023). In West Java, digital marketing positively impacted sales and customer loyalty. Riyanto & Heriyanti (2024) also note that innovation and strategic collaboration improve MSME performance. According to Alwi, Cahyaningrum, & Sundari (2023), sustainable MSME growth depends not only on internal factors like marketing strategies but also on their ability to leverage external resources and adapt to market dynamics.

RELATIONSHIP BETWEEN VARIABLES

The Relationship Between Market Orientation and Competitive Advantage

Market orientation serves as a guideline in formulating business strategies focused on customers and competitors (Abbas, 2018). This focus helps companies create products that satisfy customers while simultaneously posing a challenge to competitors (Zhang, 2024). Previous studies have shown that market orientation has a positive and significant effect on competitive advantage (Batara et al., 2023; Zhang, 2024; Hanaysha & Al-Shaikh, 2024).

H1: Market orientation has a positive and significant effect on competitive advantage.

The Relationship Between Digital Marketing and Competitive Advantage

The use of social media and websites in digital marketing is crucial for MSMEs, as it helps expand consumer reach and enhances competitive advantage (Calysta et al., 2025). Several studies support that digital marketing positively affects competitive advantage (Naninsih et al., 2022; Zhang, 2024; Hanaysha & Al-Shaikh, 2024).

H2: Digital marketing has a positive and significant effect on the competitive advantage of MSMEs.

The Relationship Between Competitive Advantage and MSME Performance

According to Arbawa & Wardoyo (2018), competitive advantage is at the core of business performance and is vital for success in a competitive environment. Other studies also show that competitive advantage positively influences MSME performance (Sidi & Yogatama, 2019; Fadhillah et al., 2021; Marjukah, 2022; Mamengko et al., 2023).

H3: Competitive advantage has a positive and significant effect on MSME performance.

The Relationship Between Market Orientation and MSME Performance

Market orientation reflects the application of marketing concepts tailored to consumer needs and market changes (Tjiptono & Chandra, 2017; Heryadi et al., 2023). MSME performance refers to achievements in operational, marketing, and financial aspects. Previous studies indicate that market orientation positively influences MSME performance (Lorensa & Hidayah, 2022; Pastika et al., 2025; Yulianto & Nuvriasari, 2025).

H4: Market orientation has a positive and significant effect on MSME performance.

The Relationship Between Digital Marketing and MSME Performance

Digital marketing is the process of communication and value creation using digital technology (Kumar et al., 2016). Activities include SEO, SEM, content marketing, social media, email marketing, and digital advertising (Wardhana, 2015). Studies show that digital marketing positively impacts MSME performance (Septhiarsyah & Junita, 2021; Effendi et al., 2022; Sudirjo et al., 2023).

H5: Digital marketing has a positive and significant effect on MSME performance.

The Relationship Between Market Orientation and MSME Performance Through Competitive Advantage

Market orientation helps companies understand customer needs, which can then be developed into a competitive advantage (Heryadi et al., 2023; Arbawa & Wardoyo, 2018). Several studies confirm that market orientation significantly influences MSME performance through competitive advantage (Mujahidah, 2021; Wijaya et al., 2023; Prabawati & Handayani, 2019).

H6: Market orientation significantly affects MSME performance through competitive advantage.

The Relationship Between Digital Marketing and MSME Performance Through Competitive Advantage

Digital marketing facilitates communication and value creation for consumers (Kumar et al., 2016). When combined with competitive advantage, it supports the improvement of MSME performance (Arbawa & Wardoyo, 2018). Previous studies confirm this relationship (Yolanda et al., 2024; Sekardwiwangi & Graciafernandy, 2023).

H7: Digital marketing significantly affects MSME performance through competitive advantage.

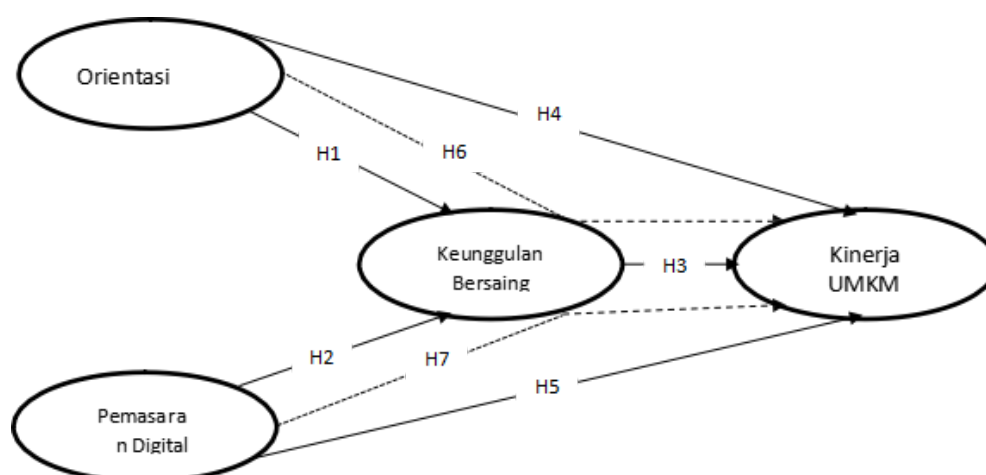


Figure 1 Research Model

2. RESEARCH METHODS

Research Design

This study uses a quantitative approach to examine the causal relationship between the independent variables (Market Orientation and Digital Marketing) and the dependent variable (MSME Performance), with Competitive Advantage as a mediating variable. This approach is in line with previous studies emphasizing the importance of quantitative methods in evaluating MSME performance through descriptive and verificative research. The descriptive method aims to describe the characteristics of respondents and variables, while the verificative method tests hypotheses through cause-and-effect analysis. The focus of this research is on how market orientation and digital marketing can enhance MSME performance by increasing competitive advantage.

Instrument Measurement

The research instrument is a questionnaire developed based on indicators from previous studies: Market Orientation: 6 items (Sefnedi, 2017); Digital Marketing: 8 items (Oktaviani et al., 2022); Competitive Advantage: 7 items (Emir & Santoso, 2023); MSME Performance: 4 items (Nasrullah & Pohan, 2020).

Each item is measured using a Likert scale ranging from 1 to 5: *Strongly Disagree (1)* to *Strongly Agree (5)*. In total, 25 items are used to measure the four main variables. Likert scales are commonly used in MSME-related studies, as they effectively measure attitudes and perceptions.

Population and Sample

The target population includes MSME actors in Tangerang Regency who own and operate a business. This region is chosen due to the intense competition and widespread use of digital marketing among MSMEs.

The sampling method used is purposive sampling, where respondents are selected based on the following criteria: (1) Residing in Tangerang Regency; (2) Owning an MSME that has been operating for at least 3 years; (3) Minimum education level of senior high school (SLTA); (4) Monthly business income of at least IDR 10,000,000, based on the classification from the Ministry of Cooperatives and SMEs.

The sample size is determined based on Hair et al. (2021), who suggest that for unknown populations, the sample should be 5 to 10 times the number of indicators. With 25 indicators, the target sample is around 140 respondents, which exceeds the minimum requirement.

Data Collection Technique

Data is collected through questionnaires distributed both online and offline. Online questionnaires are created using Google Forms and shared via WhatsApp groups and MSME social media communities. Offline distribution involves printed questionnaires handed directly to respondents at their place of business. Before widespread distribution, a pre-test was conducted on a small group to ensure the clarity of questions and the reliability of the instrument. Data confidentiality was also assured.

Data Analysis Method

Data is analyzed using Structural Equation Modeling (SEM), which can comprehensively assess direct and indirect relationships among latent variables. SEM is ideal for exploratory research, especially when the data is not normally distributed and the sample size is relatively small (Hair et al., 2021).

The analysis is carried out using SmartPLS version 3.0 or 4.0, based on the PLS-SEM approach.

The steps include: (1) Outer Model Evaluation: Validity and reliability are tested using outer loading, Average Variance Extracted (AVE), and Composite Reliability, with a minimum threshold of 0.7; (2) Inner Model Evaluation: Assesses the strength of relationships between variables using

R^2 , Q^2 , and path coefficients (Hair et al., 2021); (3) Hypothesis Testing: Conducted using the bootstrapping method, with criteria of t-statistic > 1.96 and p-value < 0.05 ; (4) Mediation Analysis: Used to test the role of Competitive Advantage as a mediator between the independent variables and MSME performance.

SEM is considered the most suitable method for this study as it provides a comprehensive overview of the factors influencing MSME performance and competitive advantage through market orientation and digital marketing—especially in the context of MSMEs in Tangerang Regency.

3. RESULTS

The respondents in this study consist of MSME (Micro, Small, and Medium Enterprises) owners residing in Tangerang Regency, aged between 25 and 45 years old. Based on the online distribution of questionnaires, a total of 140 respondents were collected, comprising 55% male and 45% female participants. All respondents own MSMEs that have been operating for at least three years.

In terms of age, the majority of respondents are between 25–30 years old: 47%. 31–45 years old: 22%. Over 45 years old: 31%.

Regarding education level, most respondents (74%) have completed senior high school (SLTA/SMA).

In terms of monthly business income 87% earn IDR 10,000,000. 11% earn between IDR 11,000,000 – 20,000,000. 2% earn between IDR 21,000,000 – 30,000,000.

Table 1. Validity and Reliability Results

Construct	Items	Factor Loading	Alpha	CR
Competitive Advantage (CA)	CA01	0.950	0.966	0.972
	CA02	0.926		
	CA03	0.916		
	CA04	0.848		
	CA05	0.941		
	CA06	0.873		
	CA07	0.925		
MSME Performance (MP)	MP-1	0.929	0.951	0.964
	MP02	0.929		
	MP03	0.932		
	MP04	0.944		
Market Orientation (MO)	MO01	0.978	0.987	0.990
	MO02	0.966		
	MO03	0.968		
	MO04	0.973		
	MO05	0.969		
	MO06	0.964		
Digital Marketing (PM)	PM01	0.962	0.984	0.986
	PM02	0.936		
	PM03	0.973		
	PM04	0.950		
	PM05	0.916		
	PM06	0.938		
	PM07	0.959		
	PM08	0.946		

Source : SmartPls Data

Based on the results of the validity and reliability testing, all indicators are declared valid (outer loading > 0.70) and reliable (Cronbach's Alpha and Composite Reliability > 0.70). This means that all indicators for the variables Competitive Advantage, MSME Performance, Market Orientation, and Digital Marketing can be used to consistently and accurately measure the constructs.

The results of the Confirmatory Factor Analysis (CFA) conducted on all research indicators show that each construct has a KMO value greater than 0.50 and MSA values above 0.50. This indicates that all research indicators are valid and can be measured accurately. Furthermore, each indicator has a Cronbach's Alpha value above 0.70, confirming that all indicators are reliable and dependable. The CFA test results are presented in the following table :

Table 2. CFA analysis results

	KB0	KN0	OP0	PD0
CA01	0.950			
CA02	0.926			
CA03	0.916			
CA04	0.848			
CA05	0.941			
CA06	0.873			
CA07	0.925			
MP01		0.929		
MP02		0.929		
MP03		0.932		
MP04		0.944		
MO01			0.978	
MO02			0.966	
MO03			0.968	
MO04			0.973	
MO05			0.969	
MO06			0.964	
PM01				0.962
PM02				0.936
PM03				0.973
PM04				0.950
PM05				0.916
PM06				0.938
PM07				0.959
PM08				0.946

Source: data processing results (2025)

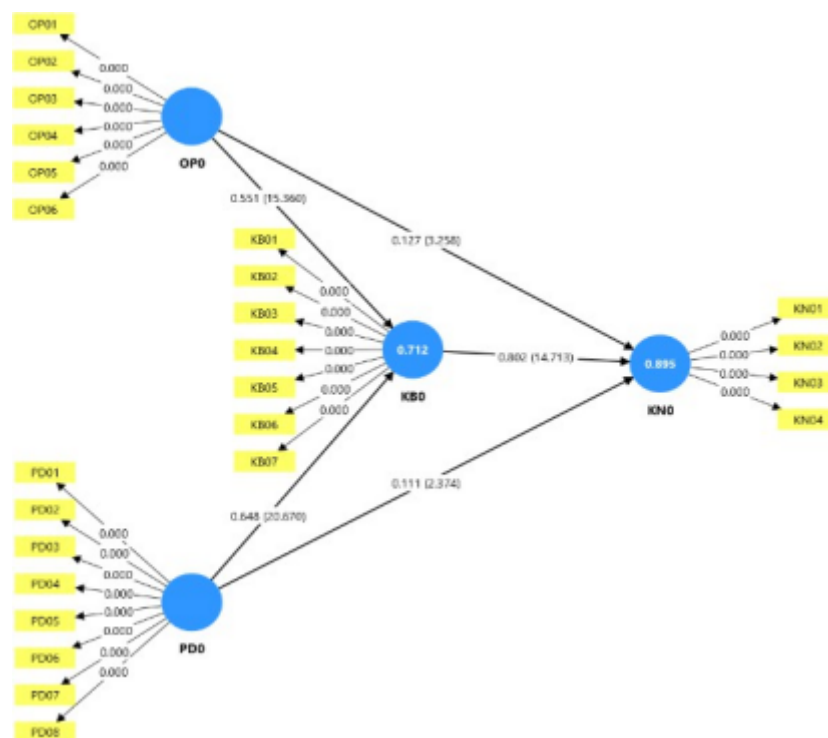
Furthermore, to analyze construct reliability, each research indicator is required to have a Cronbach's Alpha value greater than 0.70, indicating that all indicators are reliable and dependable. The results are presented in the following table :

Table 2. measurement model evaluation results

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)
CA0	0.966	0.967	0.972
MP0	0.951	0.951	0.964
MO0	0.987	0.988	0.990
PM0	0.984	0.985	0.986

Source: data processing results (2025)

Fornell & Larcker (1981) also indicated that the square root of the AVE for all variables is greater than the correlation between any pair of latent variables. This means that the research constructs meet the criteria for reliability, convergent validity, and discriminant validity, and therefore can be used to explain the structural model.



Gambar 2. Path Diagram T statistic

The Path Diagram T-statistic, used to analyze the hypothesis testing in this study, can be seen in the following table.

Table 4. output evaluation results PLS - Direct Effect (T tabel=1,97756)

	Original sample (O)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
CA0 -> MP0	0,802	0,055	14,713	0,000
MO0 -> CA0	0,551	0,036	15,360	0,000
MO0 -> MP0	0,127	0,039	3,258	0,001
DM0 -> CA0	0,648	0,031	20,670	0,000
DM0 -> MP0	0,111	0,047	2,374	0,018

Table 3: Path Diagram T-Value

Based on the PLS output for direct effects, the results show that each hypothesis has a significant influence, with T-statistic values above 1.97. A detailed explanation of the hypothesis testing is presented in Table 4 below:

Table 5. research model hypothesis test

	Pernyataan Hipotesis	Original Sample (O)	T-Statistic	Keterangan
H1	<i>Orientasi Pasar</i> → Keunggulan Bersaing	0.551	15.360	Data Mendukung Hipotesis
H2	Pemasaran Digital → Keunggulan Bersaing	0.000	11.182	Data Mendukung Hipotesis
H3	Keunggulan Bersaing → Kinerja UMKM	0.000	4.204	Data Mendukung Hipotesis
H4	<i>Orientasi Pasar</i> → Kinerja UMKM	0.000	3.778	Data Mendukung Hipotesis
H5	Pemasaran Digital → Kinerja UMKM	0.462	2.094	Data Mendukung Hipotesis
<i>Indirect Effect</i>				
H6	<i>Orientasi Pasar</i> → Keunggulan Bersaing → Kinerja UMKM	0.126	2.752	Data Mendukung Hipotesis
H7	Pemasaran Digital → Keunggulan Bersaing → Kinerja UMKM	0.427	2.750	Data Mendukung Hipotesis

In hypothesis testing, a result is considered significant when the T-statistic value is greater than 1.96; if the T-statistic is less than 1.96, it is considered not significant. Based on the results, five hypotheses are accepted: H1, H2, H3, H4, and H5.

DISCUSSION

This study found that Market Orientation has a positive effect on Competitive Advantage. This means that MSMEs (Micro, Small, and Medium Enterprises) that align their marketing strategies with market needs and desires will have a stronger competitive position. This finding is consistent with Bushara et al. (2023) and Aji et al. (2020), who stated that market orientation positively influences MSME performance.

Digital Marketing was also found to positively impact Competitive Advantage. The more active a brand is on social media—through interactive content, reviews, or online campaigns—the greater consumer trust in that brand. This, in turn, increases customer loyalty and purchase intention. This result is supported by research from Pintol & Hadziahmetovic (2023) and Ali et al. (2024).

Furthermore, Competitive Advantage significantly enhances MSME Performance. Social media plays an important role in building a positive brand image in the minds of consumers. A strong brand image makes consumers more trusting and loyal. These findings align with studies by

Waskito & Hwihanus (2023) and Moslehpour et al. (2022), which indicate that competitive advantage drives improved MSME performance.

This research also shows that Market Orientation directly affects MSME Performance. When the product price matches its quality, consumers develop a positive perception of the brand. Fair and competitive pricing strengthens the image and performance of MSMEs (Purba et al., 2021; Wydyanto & Yandi, 2020).

However, contrary to expectations, initial findings revealed that Digital Marketing does not always have a direct effect on MSME Performance. This aligns with Verina et al. (2014), who stated that digital marketing is not always a key factor in consumer purchase decisions.

Nevertheless, further analysis showed that Digital Marketing still has a positive influence on MSME Performance, especially when it builds brand trust. Positive reviews and good consumer experiences encourage actual purchases. This supports the findings of Shukla et al. (2023), Salirrosas et al. (2024), and Ling et al. (2023).

The study also confirms that Market Orientation influences MSME Performance through Competitive Advantage, meaning competitive advantage acts as an important mediator in this relationship (Al-najjar, 2023; Alam et al., 2023; Bin Khunin & Al-Nsour, 2024). Consumers who perceive value and benefits from products via social media tend to trust the brand more, which originates from strong market orientation.

Finally, the research proves that Digital Marketing also affects MSME Performance through Competitive Advantage. This supports previous studies by Ellitan et al. (2022) and Huda et al. (2022), confirming that competitive advantage mediates the relationship between digital marketing and MSME performance.

4. CONCLUSION

All the hypotheses developed in this study have been proven to show relationships between the variables of Market Orientation, Digital Marketing, Competitive Advantage, and MSME Performance. The results indicate that six out of ten hypotheses have significant effects regarding the influence of Market Orientation and Digital Marketing on Competitive Advantage, MSME Performance, and the performance of MSME product users.

First, there is strong evidence that Market Orientation positively affects MSME Performance, which aligns with previous studies. Second, the relationship between Market Orientation and MSME Performance is also shown to be positive, emphasizing the importance of marketing activities on social media in building consumer trust toward the products offered. Furthermore, it was found that Market Orientation significantly contributes to the formation of MSME Performance in the eyes of consumers. This indicates that a high-quality Market Orientation not only enhances trust but also promotes a positive image of the product among consumers. In addition to Market Orientation, this study confirms that Digital Marketing positively influences MSME Performance.

Further analysis reveals that despite the acknowledged importance of Digital Marketing, no direct effect on MSME Performance was found, which differs from previous studies. This may occur because consumers focus more on functional aspects rather than brand image when making purchase decisions. Another finding confirmed that Competitive Advantage positively influences MSME Performance. Meanwhile, other hypothesis tests show no effect between MSME Performance and MSME Performance.

Hypothesis testing on indirect relationships was also conducted in this study. The results show that Digital Marketing can improve MSME Performance through Competitive Advantage. Additionally, it was proven that Competitive Advantage plays a mediating role in the relationship between Digital Marketing and MSME Performance. Furthermore, Competitive Advantage was found to positively mediate the relationship between Market Orientation and MSME Performance. Finally, the study reveals that MSME Performance does not play a significant mediating role in the relationship between Market Orientation and MSME Performance.

LIMITATIONS AND SUGGESTIONS

First, several limitations of this study should be considered. The study only includes a young population in Tangerang Regency, so the results may not represent MSMEs on a national scale. Therefore, future research should involve a broader age range and more diverse geographic coverage. Second, this study focuses only on four main factors and overlooks other important variables such as service quality, product innovation, or digital literacy, which may also affect MSME performance. Future studies should expand the research model to provide a more comprehensive view. Third, this research is limited to the use of specific social media platforms like Instagram and TikTok. However, user behavior on other platforms such as YouTube, Facebook, or WhatsApp may differ. Further research could explore cross-platform effects to enhance MSME digital strategies. Lastly, to gain a deeper understanding of the studied phenomena, a combination of quantitative and qualitative methods is recommended, as the quantitative approach alone does not fully explain the reasons behind consumer behavior.

Future studies are expected to cover wider regions and more diverse demographic variables to generalize the findings across MSMEs in various areas, age groups, and genders. To enrich the conceptual model, it is advisable to add other variables such as product innovation, digital literacy, service quality, brand awareness, or customer engagement as mediating or moderating variables that can strengthen the relationships among the main variables.

Furthermore, future research can combine quantitative and qualitative approaches, such as in-depth interviews or case studies, to obtain a more comprehensive understanding of the factors influencing MSME performance in the digital era. It is also recommended to conduct sectoral research focusing on specific MSME sectors like culinary, fashion, agribusiness, or crafts, so that digital marketing strategies and market orientation can be more targeted and tailored to the characteristics of each sector.

MANAGERIAL IMPLICATIONS

In this case, the total Likert scale score for market orientation is 709, indicating that most MSME actors are attentive to consumer needs and desires, but there is still room for improvement. Managers or owners of MSMEs need to be more proactive in conducting simple market research, such as observing trends, conducting customer surveys, or monitoring competitors.

Moreover, the highest Likert scale score for digital marketing is 933, showing that digital channels are already being utilized effectively by MSMEs. However, this high score also means that competition in the digital space is becoming increasingly intense. MSME owners must maximize creative content, maintain consistent interaction with customers, and integrate social media with e-commerce platforms.

The Likert scale score for the competitive advantage variable is 830, indicating that MSMEs already have product/service differentiation but still need continuous management. The performance variable, with a relatively lower score of 476, shows that although market orientation, digital marketing, and competitive advantage are running fairly well, the final outcomes in terms of revenue growth, business expansion, or customer satisfaction have not yet reached their full potential.

MSME actors are expected to continuously update their understanding of market needs and desires through customer research, digital interaction, and trend analysis to maintain and improve their competitive advantage. Furthermore, MSMEs need to develop a more comprehensive digital strategy by utilizing more digital platforms beyond Instagram and TikTok, such as websites, SEO, marketplaces, and email marketing, to reach a wider potential customer base and strengthen brand visibility.

MSMEs should also avoid competing solely on price but start building advantages through product quality, excellent customer service, and differentiation to create long-term customer loyalty. Considering the importance of digitalization, training and development of digitally literate human

resources should become a priority in MSME development strategies so that they can independently and sustainably manage marketing technology.

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