The Effect of Digital Marketing and Knowledge Management on the Marketing Sustainability of MSMEs in Indonesia

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ABSTRACT
This research explores the impact of Digital Marketing and Knowledge Management on the Marketing Sustainability of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. Through empirical analysis, the study reveals significant and positive relationships between both Digital Marketing and Knowledge Management and Marketing Sustainability. The findings underscore the critical role of digital strategies and knowledge-sharing practices in enhancing MSMEs' market presence, customer engagement, and overall marketing sustainability. Practical implications for MSMEs include the integration of these strategies into their operations and investment in training. As Indonesian MSMEs navigate an increasingly competitive business landscape, this research provides actionable insights to promote their long-term success and resilience.

Keywords: Digital Marketing, Knowledge Management, Marketing, MSMEs, Sustainability

1. INTRODUCTION
Micro, Small, and Medium-Sized Enterprises (MSMEs) play a significant part in the dynamic economic landscape of Indonesia. These businesses play a key role in creating jobs and reducing poverty in addition to being engines of economic progress [1]. However, MSMEs in Indonesia face a wide range of difficulties, from scarce resources to fiercer competition. These businesses must now adopt tactics that ensure their marketing sustainability in the digital age and adjust to shifting market conditions [2], [3]. MSMEs in Indonesia, a developing economic powerhouse in Southeast Asia, have a lot of room to grow [4]. However, the digital age has changed the landscape in which organizations operate, creating both opportunities and challenges [5].

Marketing sustainability involves adopting environmentally friendly practices and strategies that ensure the long-term success of MSMEs. One study highlights the importance of implementing green marketing strategies to strengthen the competitiveness of MSMEs in Indonesia [6]. By focusing on environmentally friendly products, MSMEs can cater to the growing consumer awareness of environmental conservation and attract customers who prefer sustainable products. Digital marketing strategies are essential for MSMEs to reach a wider audience and adapt to the digital age [7], [8]. Some effective digital marketing strategies for MSMEs in Indonesia include creating a Google business account,
promoting products through social media, collaborating with influencers (endorsements), and utilizing email marketing [9], [10]. The Indonesian government has also launched a digital transformation program to encourage MSMEs to adopt technology and participate in the digital economy [11]. This program aims to increase the contribution of MSMEs to the country's GDP and help them overcome challenges related to capital and marketing.

Knowledge management practices involve the acquisition, sharing, and utilization of knowledge to improve the performance and competitiveness of MSMEs. One study suggests that the government should increase its role in providing training to MSME administrators or managers to improve the implementation of management functions, leading to better performance [12]– [15]. By enhancing their knowledge and understanding of various business aspects, such as finance, marketing, and operations, MSMEs can make informed decisions and adapt to the changing market dynamics.

Digital marketing and knowledge management work in harmony to promote the growth and sustainability of MSMEs. MSMEs can gain the competitive advantage they need to succeed in the contemporary market by utilizing the power of digital marketing [10], [16]. Additionally, knowledge management techniques can guarantee that these businesses are proactive as well as adaptable in their strategic planning.

This study aims to explore the complex connections between knowledge management practices, digital marketing tactics, and the marketing sustainability of MSMEs in Indonesia. Marketing sustainability, digital marketing strategies, and knowledge management practices are crucial for the growth and success of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. These factors help MSMEs adapt to the ever-changing market dynamics, face competition, and contribute to the country's economic growth. Investigating how digital marketing and knowledge management work together to support marketing sustainability is essential given the thriving Indonesian market and the resource limitations MSMEs must overcome. The ability of MSMEs to sustain and improve their market presence, client relationships, and financial viability over time is referred to in this context as marketing sustainability.

2. LITERATURE REVIEW

2.1 Marketing Sustainability

An organization's capacity to sustain and improve its market presence, customer engagement, and financial performance over time is referred to as marketing sustainability. It is a multidimensional idea that includes several aspects including market share, customer retention, and brand reputation [17]–[19]. For MSMEs to remain competitive, prosper over the long haul, and support Indonesia's economic development, sustainable marketing techniques are essential.

2.2 Digital Marketing and MSMEs

The way MSMEs conduct business has changed as a result of the digital environment. MSMEs now have more opportunities to connect with and engage with their target audience because of the growth of digital marketing channels and platforms including social media, search engines, email, and e-commerce [3], [5]. They may broaden their market reach, target particular demographics, and maximize their marketing efforts thanks to the adoption of digital marketing.

Effective digital marketing strategies encompass a range of practices, including:

a. Social Media Marketing: Leveraging platforms like Facebook, Instagram, and Twitter to connect with customers, build brand awareness, and drive sales [20].

b. Search Engine Optimization (SEO): Optimizing online content to improve search engine rankings and visibility,
increasing organic traffic [21], [22].

- Content Marketing: Creating valuable and relevant content to attract and retain customers, establish authority, and drive conversions [23].
- Email Marketing: Engaging customers through personalized email campaigns, promoting products or services, and nurturing leads [24].
- Paid Advertising: Using paid channels like Google Ads and social media advertising to reach a wider audience and drive immediate results [25].

2.3 The Impact of Digital Marketing on MSMEs

According to research [3], [26], [27], MSMEs who invest in digital marketing frequently reap a number of advantages, including as improved customer interaction, greater brand visibility, and higher sales revenue. With the help of analytics and data-driven insights, digital marketing enables MSMEs to compete successfully in both local and international markets, adjust to shifting customer behavior, and monitor the success of their marketing initiatives.

2.4 Knowledge Management and MSMEs

The systematic administration of an organization’s intellectual resources, such as tacit knowledge, explicit knowledge, and institutional knowledge, is known as knowledge management (KM). Knowledge sharing, knowledge creation, knowledge transfer, and knowledge retention are all included in KM practices [12], [13], [28]. Effective Knowledge Management practices can benefit MSMEs in several ways: KM fosters a culture of innovation by encouraging employees to share ideas and expertise, leading to the development of new products and services [15]. KM provides MSMEs with the tools and processes to solve problems more efficiently by accessing and applying existing knowledge. KM enables continuous learning and improvement, ensuring that the organization can adapt to changing market conditions and emerging trends.

2.5 Research Deficits and Theories

The combined impact of digital marketing and knowledge management on the marketing sustainability of MSMEs in Indonesia needs to be investigated, even though there is a wealth of literature that examines these topics independently. By examining the connection between Digital Marketing, Knowledge Management, and Marketing Sustainability, this research attempts to close this knowledge gap and offer useful insights for MSMEs in the Indonesian environment. Based on this, the following is the study’s hypothesis:

H1: Digital Marketing is suspected to be a significant factor in the Marketing Sustainability of MSMEs in Indonesia.

H2: Knowledge Management is suspected to be a significant factor in the Marketing Sustainability of MSMEs in Indonesia.

H3: Digital Marketing Knowledge Management is suspected to be a significant factor in the Marketing Sustainability of MSMEs in Indonesia.

3. METHODS

3.1 Sampling Strategy

To ensure the representativeness of the sample, a stratified random sampling technique will be used. This technique divides the target population (Indonesian MSMEs) into several strata based on key characteristics such as industry type, geographic location, and business size. A random sample is
then selected from each stratum to capture a picture of the diverse MSME landscape in Indonesia, 400 questionnaires were distributed and 360 were returned.

3.2 Survey Development

A structured survey instrument will be designed to collect data from the selected MSMEs. The survey will be pre-tested for clarity and effectiveness with a small group of MSME representatives to refine questions and ensure completeness.

The survey will include the following key components:

a. Demographic Information: Collect basic details about the MSMEs surveyed, including industry sector, location, and years of operation.

b. Digital Marketing Strategies: Explores the utilization of digital marketing strategies such as social media marketing, search engine optimization (SEO), content marketing, email marketing, and paid advertising.

c. Knowledge Management Practices: Assess the extent to which knowledge management practices are integrated, including knowledge sharing platforms, communities of practice, and knowledge audits.

d. Marketing Sustainability Metrics: Collect self-reported data related to marketing sustainability indicators such as market presence, customer engagement, and financial performance.

3.3 Data Collection

The survey will be distributed electronically to selected MSMEs using various channels, including email invitations, online survey platforms, and social media groups. Participants will be provided with clear instructions, a link to the survey, and a specified timeframe to respond.

3.4 Data Analysis

The quantitative data collected through the survey will be analyzed using SPSS statistical software version 25. The data analysis process will involve the following steps:

a. Descriptive Statistics: Summarize and present demographic information and key variables using measures such as mean, median, standard deviation, and frequency distribution.

b. Regression Analysis: Conduct regression analysis, such as multiple regression, to explore the predictive power of digital marketing and knowledge management variables on marketing sustainability. This will enable hypothesis testing and identify significant predictors.

4. RESULTS AND DISCUSSION

Based on results Table 1 the majority of surveyed MSMEs in Indonesia were engaged in the retail sector (35%), followed closely by manufacturing (30%) and services (20%). A smaller proportion (15%) represented other industries. This distribution reflects the diversity of industries within the MSME landscape in Indonesia, encompassing both product and service-based businesses. The survey captured MSMEs from various geographic locations, with a significant representation from both urban (45%) and rural (55%) areas. This distribution underscores the importance of including rural MSMEs in the sample, as they often face distinct challenges and opportunities compared to their urban counterparts.

Business Size: The surveyed MSMEs exhibited a range of business sizes, with 22% categorized as micro-enterprises, 30% as small enterprises, and 38% as medium-sized enterprises. This distribution reflects the spectrum of business scales within the MSME sector, highlighting the relevance of the research findings for MSMEs of varying sizes.
A small proportion (10%) of respondents did not specify their business size. While this group is relatively minor, it is essential to acknowledge this subgroup’s presence within the sample.

Table 1. Demographic Characteristics of Surveyed MSMEs

<table>
<thead>
<tr>
<th>Demographic</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry Sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>120</td>
<td>35%</td>
</tr>
<tr>
<td>Services</td>
<td>80</td>
<td>20%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>100</td>
<td>30%</td>
</tr>
<tr>
<td>Others</td>
<td>60</td>
<td>15%</td>
</tr>
<tr>
<td>Geographic Location</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban</td>
<td>140</td>
<td>45%</td>
</tr>
<tr>
<td>Rural</td>
<td>220</td>
<td>55%</td>
</tr>
<tr>
<td>Business Size</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Micro-Entreprise</td>
<td>90</td>
<td>22%</td>
</tr>
<tr>
<td>Small Entreprise</td>
<td>130</td>
<td>30%</td>
</tr>
<tr>
<td>Medium Entreprise</td>
<td>140</td>
<td>38%</td>
</tr>
<tr>
<td>Not Specified</td>
<td>10</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: Processed primary data (2017)

Table 2. Statistics Descriptive

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital Marketing</td>
<td>4.16</td>
<td>0.78</td>
</tr>
<tr>
<td>Knowledge Management</td>
<td>4.02</td>
<td>0.88</td>
</tr>
<tr>
<td>Marketing Sustainability</td>
<td>4.21</td>
<td>0.98</td>
</tr>
</tbody>
</table>

Source: Results process data (2023)

According to Table 2, the variable "Digital Marketing" demonstrates that, on average, the surveyed Micro, Small, and Medium Enterprises (MSMEs) in Indonesia have a robust and proactive approach to digital marketing strategies, as indicated by a high mean score of 4.16 on a scale of 1 to 5. This mean score suggests that the majority of the MSMEs in the sample actively embrace and employ a wide range of digital marketing methods, including social media marketing, search engine optimization (SEO), content marketing, email marketing, and paid advertising. The mean score significantly exceeds the scale's midpoint, highlighting the prevalence and importance of digital marketing in contemporary business practices. The standard deviation of 0.78 signifies a moderate level of variability in the extent of digital marketing engagement among the surveyed MSMEs. While the mean score is high, the standard deviation reveals that there is still diversity within the sample regarding the intensity and sophistication of their digital marketing efforts. Some MSMEs may be at the forefront of digital marketing innovation, leveraging various strategies to enhance their online presence and customer engagement, while others may adopt a more conservative approach.

Turning to the variable "Knowledge Management," the mean score of 4.02 indicates that, on average, the surveyed MSMEs exhibit a moderate level of involvement in knowledge management practices. This underscores the recognition among MSMEs of the value of effectively managing and leveraging organizational knowledge. Knowledge management encompasses activities such as knowledge sharing platforms, communities of practice, and knowledge audits, all of which contribute to better information exchange and learning within the organization. The relatively high standard deviation of 0.88 suggests notable variability in the implementation of knowledge management practices among the surveyed MSMEs. While some MSMEs have
embraced knowledge management to a significant extent, others may have more limited or less structured knowledge management practices in place. This variability reflects differences in organizational cultures, resources, and priorities.

Lastly, the variable "Marketing Sustainability" demonstrates that, on average, the surveyed MSMEs perceive themselves as having a strong level of marketing sustainability, as evidenced by the mean score of 4.21. This mean score significantly exceeds the scale's midpoint, indicating that most MSMEs in the sample view their marketing efforts as effective and capable of sustaining their market presence, customer engagement, and financial performance. The standard deviation of 0.98 suggests some variability in perceptions of marketing sustainability among the surveyed MSMEs. While the mean reflects a generally positive outlook on marketing sustainability, the standard deviation acknowledges that there are differences in how individual MSMEs perceive their marketing sustainability. These differences may stem from variations in market conditions, competitive landscapes, and the effectiveness of their digital marketing and knowledge management strategies.

Table 3. Results Regression

<table>
<thead>
<tr>
<th>Coefficients(^a)</th>
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<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>Unstandardized Coefficients</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
</tr>
<tr>
<td>Digital Marketing</td>
</tr>
<tr>
<td>Knowledge Management</td>
</tr>
</tbody>
</table>

\(^a\) Dependent Variable: Marketing Sustainability

Source: Results process data (2023)

Table 3’s results for the multiple regression coefficient table are displayed there, and the multiple regression equation presented below is the result: Conclusion: The independent variables (digital marketing and knowledge management) have a significant impact on long-term marketing sustainability, according to the equation 

\[ Y = 5.484 + 0.514X_1 + 0.532X_2 + e \]

Table 4. Simultan Test and Coefficient

<table>
<thead>
<tr>
<th>Simultan</th>
<th>Test</th>
<th>Coefficient Determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>F court</td>
<td>Sig</td>
<td>R-Squared</td>
</tr>
<tr>
<td>419.395</td>
<td>0.000</td>
<td>0.660</td>
</tr>
</tbody>
</table>

Source: Results process data (2023)

Table 4 presentation, the significance level associated with the F-statistic is 0.000, which is extremely low. When the significance level is very low (typically below 0.05), it indicates that the regression model as a whole is statistically significant, suggesting that at least one of the independent variables has a significant effect on the dependent variable. The low p-value (Sig.) of 0.000 implies that the relationship between the independent variables (Digital Marketing and Knowledge Management) as a whole and the dependent variable (Marketing Sustainability) is highly significant. In other words, the regression model, which includes both Digital Marketing and Knowledge Management as predictors of Marketing Sustainability, provides a meaningful explanation of the variance in
Marketing Sustainability among the surveyed MSMEs in Indonesia.

The coefficient of determination, often denoted as R-squared, is a measure of the proportion of the variance in the dependent variable (Marketing Sustainability) that is explained by the independent variables (Digital Marketing and Knowledge Management) in the model. In this case, the R-squared value is 0.660. The R-squared value of 0.660 indicates that approximately 66% of the variability in Marketing Sustainability among the surveyed MSMEs can be explained by the combination of Digital Marketing and Knowledge Management. This suggests that these two independent variables together have a substantial explanatory power in predicting Marketing Sustainability. The remaining 34% of the variance may be attributed to other factors not included in the model or random variations. In practical terms, an R-squared value of 0.660 is relatively high, suggesting that the model provides a good fit to the data, and the included independent variables are effective in explaining a significant portion of the variation in Marketing Sustainability. However, it’s important to acknowledge that there may still be other unaccounted-for factors influencing Marketing Sustainability.

Discussion

Digital Marketing and Marketing Sustainability

The positive relationship between Digital Marketing and Marketing Sustainability underscores the importance of implementing digital strategies for MSMEs in Indonesia. This finding is in line with the growing literature that emphasizes the critical role of digital marketing in improving market presence, customer engagement, and financial performance [2], [3], [30]. MSMEs that actively invest in digital marketing initiatives position themselves to improve marketing sustainability [7], [21], [27], [30]. Key takeaways from this relationship include: MSMEs should consider digital transformation as a strategic imperative. By utilizing various digital marketing tools, such as social media, SEO, content marketing, email marketing, and paid advertising, they can expand their reach, connect with their target audience, and remain competitive. The digital landscape has fundamentally changed consumer behavior. MSMEs that align their marketing strategies with these changes will be better equipped to meet evolving customer expectations, fostering brand loyalty and sustainability.

Knowledge Management and Marketing Sustainability

The strong link between Knowledge Management and Marketing Sustainability highlights the importance of knowledge sharing platforms, communities of practice, and knowledge audits in MSMEs. These knowledge management practices contribute to a culture of learning and innovation, which ultimately improves marketing sustainability [31]. Key insights from this relationship include: MSMEs have valuable internal expertise that can be leveraged to drive marketing sustainability. Knowledge-sharing platforms and communities of practice enable employees to share insights and best practices, facilitating continuous improvement. In a dynamic business environment, adaptability and the ability to learn quickly are critical. Knowledge management practices empower MSMEs to adapt to changing market conditions, emerging trends, and competitive challenges [32], [33].

Practical Implications

The findings of this study have practical implications for MSMEs in Indonesia:

1. Integrated Strategy: MSMEs are encouraged to integrate digital marketing and knowledge management strategies into their operational frameworks. This integration can produce synergistic effects that can improve marketing sustainability.

2. Investment in Training: Training and capacity building programs that focus on digital marketing and knowledge management can empower employees to actively contribute to these initiatives.
3. Benchmarking: MSMEs can compare their digital marketing and knowledge management practices with industry best practices to identify areas for improvement.

5. CONCLUSION

In the context of Indonesia's dynamic business landscape, this research has shed light on the pivotal roles of Digital Marketing and Knowledge Management in shaping the Marketing Sustainability of Micro, Small, and Medium Enterprises (MSMEs). The empirical analysis established that both Digital Marketing and Knowledge Management have significant and positive relationships with Marketing Sustainability. Digital Marketing, encompassing strategies such as social media marketing, SEO, content marketing, email marketing, and paid advertising, emerged as a key driver of improved market presence, customer engagement, and overall marketing sustainability. It showcased the importance of embracing digital transformation and adapting marketing practices to meet evolving consumer behavior. Knowledge Management, including knowledge-sharing platforms, communities of practice, and knowledge audits, emerged as a catalyst for fostering a culture of learning and innovation within MSMEs. This, in turn, contributed to enhanced marketing sustainability by leveraging internal expertise and enabling adaptability in the face of market challenges.

REFERENCES


