

Digital Marketing and Innovation Effects on Marketing Performance:

A Competitive Advantage as a Mediator

Indra Muis*, Triyogo Mulyo Adhi, Ramadienna Fachrunnisa Kamalia

Faculty of Business
Bina Insani University
Bekasi, Indonesia

*indramuis@binainsani.ac.id

Abstract—Effects of Digital Marketing (DM) and Innovation (Inn) on Marketing Performance (MP), mediated by Competitive Advantage (CA) in the context of food and beverage micro businesses are not widely discussed and well understood. This study aims to describe Digital Marketing, Innovation, Competitive Advantage and Marketing Performance and examine the effects of Digital Marketing and Inn on Marketing Performance mediated by Competitive Advantage. The unit analysis is food and beverage micro business owners in Bekasi Municipality, West Java Province, Indonesia. The respondents are 100 owners of food and beverage micro businesses and the sampling technique is the simple random sampling. The data analysis uses the PLS technique. The results show that Digital Marketing and Inn had a positive effect on Competitive Advantage. Digital Marketing had also a positive direct effect on Marketing Performance. Competitive Advantage, however, did not mediate the Digital Marketing and Marketing Performance relationship. Competitive Advantage had less effect on Marketing Performance (<0.3). Innovation had no effect on Marketing Performance. For the operational implications, food and beverage micro business owners need to implement Digital Marketing to improve Marketing Performance. They also need to implement Digital Marketing and Innovation to improve Competitive Advantage. As a conclusion, business owners need to maintain communication with customers through internet-based media, make customers experience speed and efficiency in information access about the products, make products content popular and relevant to current trends, deliver the products as promised and update information about the products on the market places. Besides, business owners also need to make some changes in the way they do business in more efficient and productive way to meet the customers' needs and wants.

Keywords—digital marketing, innovation, competitive advantage, marketing performance, micro business

I. INTRODUCTION

Law of The Republic of Indonesia Number 20 Year 2008 regarding Micro, Small and Medium Enterprises or abbreviated as MSMEs explains the definition of these MSMEs based on the number of assets and the turnover they have. Micro

enterprises have assets worth a maximum of 50 million Rupiah and a turnover of a maximum value of 300 million Rupiah. Small enterprises have assets with a value of > 50 million rupiah up to ≤ 500 million rupiah and a turnover of > 300 million rupiah up to ≤ 2.5 billion rupiah. Meanwhile, Medium Enterprises have assets worth > 500 million Rupiah to ≤ 500 million Rupiah and a turnover of > 2.5 billion Rupiah to ≤ 10 billion Rupiah.

According to data from the Coordinating Ministry for Economic Affairs of the Republic of Indonesia in 2018, MSMEs play an important role in national economic growth. It is recorded that 98.68% of the total national businesses are MSMEs and the rest are large-scale businesses, namely business entities with assets valued at > 10 billion Rupiah and a turnover of > 50 billion Rupiah. In addition, MSMEs contributed to the Gross Domestic Product (GDP) of 61.07% and were able to absorb 97% of the workforce. As for the contribution to exports, it was recorded that 14.37% of the total export transaction value came from MSMEs.

Data from the Coordinating Ministry for Economic Affairs of the Republic of Indonesia in 2020 explains the sharp decline in the performance of MSMEs. It was recorded that 36.6% of the total MSMEs of 63.35 million business units experienced a condition where they were unable to record sales. 26.6% of MSMEs experienced a decrease in sales > 60%. There are 15% of MSMEs that experienced a decline in sales > 31% to ≤ 60%. And it was recorded that 14.2% of MSMEs experienced a decrease in sales > 10% to ≤ 30%. Meanwhile 4.5% of MSMEs recorded stable sales and 3.6% of MSMEs reported an increase in sales during this Covid 19 and New Normal pandemic.

As a result of this decline, 92.6% of MSMEs required credit restructuring and 26.6% of MSMEs stated that they were unable to pay their loan installments to banks. Covid 19 has devastated public health, led to many deaths, also disrupted social relations with the need to comply with social distancing and the impact of economic downturns.

From the statistical exposure above, it can be said that MSMEs are in a very bad condition and it is necessary to immediately look for solutions that are effective in responding to the financial problems faced by MSMEs. Internal aspects that can be examined are the marketing activities carried out so far. It is necessary to reshape marketing activities.

In a situation that is very unfavorable for this business, marketers need to review all marketing decisions, both strategic and tactical in nature. The traditional marketing approach has slowly shifted towards a digital marketing approach. In the midst of the Covid 19 pandemic and the New Normal era, the evolutionary digital marketing approach is now forced to use a revolutionary digital marketing approach. It needs a very quick and thorough change. Marketers need to reform their marketing communications which will provide a plan for marketing communication activities that scientifically can prove their effectiveness in conveying marketing messages to the public. Marketers need to formulate digital-based methods that are effective for carrying out public relations activities, marketing, promotional strategies, Corporate Social Responsibility, digital marketing communications, and others.

The era of traditional marketing is over. Now is the era of digital marketing. Digital marketing is marketing that uses primarily electronic devices such as computers, smartphones, tablets, TVs and even game consoles. Its main tools are technologies or platforms such as websites, applications and social networks, although any type of advertising and marketing material presented in digital form falls within its scope without the need for an Internet connection [1]. Marketing digitization will accelerate brand awareness efforts, brand image and sales growth. In the era of digital marketing, customers are becoming faster and easier to obtain product information. With just one click, customers are immediately presented with detailed product information. Customers also quickly and easily search for comparable products without the need to change places, just switching websites with a very easy search system by just writing keywords. Time is infinite. Whenever information can be obtained and transactions can be made. Including feedback from customers can also be received by marketers through digital marketing. Yasmin, Tasneem, and Fatema explain the advantages of digital marketing [2]. The advantages of digital marketing are such as customers easily getting the latest company information, customer closeness to the company through the website to multiply information, make purchases and provide feedback for companies, ease of comparing products with competitor products, time is no longer limiting, share content of products and services, transparent pricing, and ease of purchase.

Micro, small and medium sized businesses will benefit greatly from digital marketing. In addition to promotion costs that can be kept as low as possible, using far less human resources and user-friendly digital competences is easy to implement. Ritz, W., Wolf, M., and McQuitty explain that small-scale companies receive great benefits from digital marketing strategies, especially in reaching target markets and stimulating sales growth [3].

This study is to analyze and answer some research problems in food and beverage micro businesses operating in Bekasi Municipality. Bekasi is a neighboring city of Jakarta. It is 210,49 sq.km with about 3 million population. In 2019 there was 3.000 MSMEs listed in Bekasi Trade and Industry Office. Unfortunately, there is no information on the number of food and beverage micro businesses.

The research problems are:

- What is the implementation of Digital Marketing, Innovation, Competitive Advantage and Marketing Performance of food and beverage micro businesses in Bekasi Municipality, West Java Province Indonesia?
- Does Digital Marketing have a positive effect on Marketing Performance?
- Does Digital Marketing have a positive effect on Competitive Advantage?
- Does Innovation have a positive effect on Competitive Advantage?
- Does Innovation have a positive effect on Marketing Performance?
- Does Competitive Advantage have a positive effect on Marketing Performance?

The objectives of the research are:

- To describe the implementation of Digital Marketing, Marketing Capability, Innovation and Marketing Performance in Food Beverage Home Industries in Bekasi City West Java Province Indonesia;
- To find the relationships between Digital Marketing and Marketing Performance;
- To find the relationship between Digital Marketing and Competitive Advantage;
- To find the relationship between Innovation and Competitive Advantage;
- To find the relationship between Innovation and Marketing Performance;
- To find the relationship between Competitive Advantage and Marketing Performance.

Based on the objectives, this study only measures 4 (four) variables; Digital Marketing, Innovation, Competitive Advantage and Marketing Performance. The locus is Bekasi Municipality, West Java Province, Indonesia. The respondents are 100 owners of food and beverage micro businesses operating in Bekasi Municipality. There are a lot of researches concerning the 4 variables being studied. However, none has discussed the 4 variables in micro business perspectives. As a result, the literature on micro businesses is hard to find and not commonly discussed.

II. LITERATURE REVIEW

Recently, digital marketing has changed the way companies communicate with customers around the world. The increase in the use of social networks and how users communicate with companies on the internet has led to an increase in new business models in terms of direct communication between companies and internet users [4]. It is hoped that the formulation and determination and implementation of digital marketing at MSMEs can significantly improve their marketing performances which in turn can ensure business sustainability in this difficult time.

Digital marketing becomes a powerful tool when it involves innovation in its implementation. Innovation enables businesses to present their new or improved products to the market before their competitors do and thus increases their market share [5]. It is an idea to make new things for individuals and organizations, with the aim of solving problems and is clear and subjective. It is an easy thing, an idea, and a human development which then has an impact on product, process, and service updates in the form of inventions or coverage and is felt by others in order to achieve a goal.

Innovation is any product or service that creates an extraordinary value for shareholders, real and sustainable competitive advantages and unique and effective solutions valued by customers [6]. As the source of competitiveness and growth, innovation plays a crucial role in creating value in the era of knowledge economy [7]. Product innovation is an important way for organizations to be able to adapt to changing markets, technology and competition [8].

Competitive Advantage is the ability of the organization to acquire, integrate and reconfigure its resources in response to growing and changing customer demands [9]. A company is said to have occupied a Competitive Advantage position if it has a Competitive Advantage in resources that can produce superior value at a low cost [10]. It basically grows from the value of a company that is able to create value for its buyers, exceeding the company's costs incurred for value creation [11]. It is achieved where the rate of economic profit is higher than the rate of competitors [9]. Based on the above definitions, Competitive Advantage can be defined as outstanding capabilities of human resources in a company to utilize its unique resources in order to fulfil the needs and wants of the customers.

Competitive Advantage can directly affect marketing performance or serve as a mediator of the relationship between Market Orientation and Marketing Performance [12]. The researchers have proven the effects of Competitive Advantage on Marketing Performance. They are Tupamahu, K. H., Ghozali, I., and Basuki [13], Anwar [14], Palandeng, I. D., Kindangen, P., Tumbel, A., and Massie [15].

Marketing Performance can be interpreted as very important thing in building a company because with high marketing performance the company's survival ability will be strong with the help of innovations made [16]. Furthermore,

Muis [17] explains that the dimensions used to measure marketing performance are market performance and financial performance. In the market performance dimension, the indicators used are sales growth, market share growth, sales to current customers and acquisition of new customers compared to competitors. Meanwhile, the financial performance indicators used are the condition of the company's profit, return on investment, the ability to achieve the company's financial targets and return on sales.

Based on the above postulates, it is hypothesized that:

H1: Competitive Advantage has a direct and positive effect on Marketing Performance

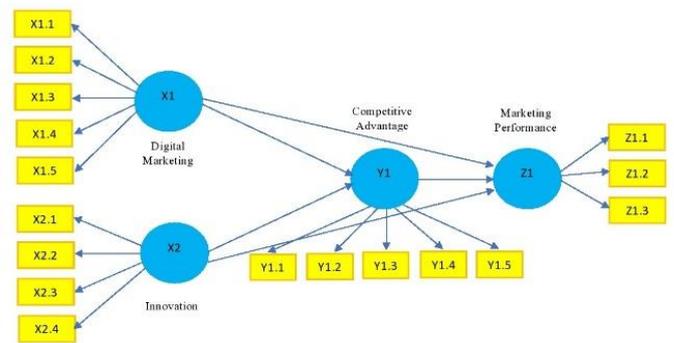
H2: Digital Marketing has a direct and positive effect on Competitive Advantage

H3: Digital Marketing has a direct and positive effect on Marketing Performance

H4: Innovation has a direct and positive effect on Competitive Advantage

H5: Innovation has a direct and positive effect on Marketing Performance

The hypothesis is based on a conceptual research model as shown in the following figure 1:



Source: Researcher's Data Collection

Fig. 1. Structural research model.

There have been some previous researches concerning about the relationships among the variables being studied. DM has a positive effect on CA Valdez Palazuelos, O., and Sánchez Beltrán [18], Gakiria [19] and Obeidat, U., Obeidat, B., Alrowwad, A., Alshurideh, M., Masadeh, R., and Abuhashesh [20]. DM has a positive effect on MP Guci, D. A., Ghazali, P. L., Foziah, N. H. M., and Arifin [21], T. Nuseir, M., Basheer, M. F., and Aljumah [22] and Djakasaputra, A., Wijaya, O., Utama, A., Yohana, C., Romadhoni, B., and Fahlevi [23]. Inn has a positive effect on CA Distanont, A., and Khongmalai [5], Olazo [24], Puspita, L. E., Christiananta, B., and Ellitan, [25], Udriyah, U., Tham, J., and Azam [26]. Inn has positive effect on MP Nurhasanah, N., and Murwatiningsih [27], Afriyie, S., Duo, J., Appiah, K., and Musah [28], Kristinae, V., Wardana, I., Giantari, I. G. A. K., and Rahyuda [29], Setini, M., Yasa, N.,

Supartha, I., and Giantari [30], Wiwoho, G., Suroso, A., and Wulandar [8] and CA has positive effect on MP such as Winarso [31], Yasa, N., Giantari, I. G. A. K., Setini, M., and Rahmayanti [32], Respatiningsih [33] and Nurmala [34].

Generally, the previous researches have used the owners of Small Medium Enterprises as their unit analysis. There have been no previous researches using owners of food and beverage micro businesses as unit analysis of the researches so far. As a consequence, the effects of DM and Inn as the independent variables and CA as a mediating variable on MP of food and beverage micro businesses as the dependent variable are not thoroughly explained due to lack of literature.

This study provides two contributions to the literature. Firstly, we describe the implementation of DM, Inn, CA, and MP. Secondly, we offer a confirmation that there is possibly an intervening variable in the relationship between independent variables and dependent variable. We study the CA variable that intervenes DM, Inn and CA - OP relationship

III. METHODOLOGY

This research employed the Partial Least Square (PLS) method using the Smart PLS Version 2 program. Owners of food and beverage micro businesses in Bekasi Municipality, West Java Province Indonesia are unit analysis of this research. This research examined the relationship between DM and Inn on MP of food and beverage micro business, mediated by CA. The independent variables of this study were DM and Inn. The dependent variable is MP. And the intervening variable is CA. To examine the effects among the independent variables and a dependent variable as well as an intervening variable, respondents were sampled. There were 100 respondents of food and beverage business owners in Bekasi Municipality, West Java province obtained. we use simple random sampling technique because the amount of the population is unknown. We distributed questionnaires randomly. We asked them voluntarily to participate. Respondents were food and beverage micro business owners operating in Bekasi Municipality, West Java Province Indonesia.

The population of this research was unknown. We distributed questionnaires door to door. 100 business owners were willing to take part. This research used two types of data including primary and secondary data. Secondary data was used to support primary data consisting of literature studies, journals and other information. Meanwhile, primary data were obtained from the results of questionnaires by respondents. We gathered the data from July - August 2021. All independent, intervening and dependent variables in this study are measured with indicators table 1-4 below:

TABLE I. INDICATORS TO MEASURE DIGITAL MARKETING

No.	Indicators
1	We always maintain communication with customers through the internet-based communication media that we currently have
2	We believe that our customers feel the speed and efficiency in accessing information about our products through our internet-based communication media
3	Our product content is popular and relevant to current trends
4	We send customers' ordered products quickly
5	We always update information about our products on the market place and the information media we use

Source: Researcher's Data Collection

TABLE II. INDICATORS TO MEASURE INNOVATION

No.	Indicators
1	We make changes in our product policies to meet customers' needs and wants.
2	We make changes in production procedures and or product delivery to meet customer needs and wants
3	We are making changes to the way we introduce our products to the public according to customers' needs and wants
4	We are making changes in managing our business to become more efficient and productive

Source: Researcher's Data Collection

TABLE III. INDICATORS TO MEASURE COMPETITIVE ADVANTAGE

No.	Indicators
1	Our products have positive added values
2	Our business has unique or scarce resources
3	Our business has resources that are difficult to imitate
4	Our business has sufficient resources to compete
5	Our business has capability to compete

Source: Researcher's Data Collection

TABLE IV. INDICATORS TO MEASURE MARKETING PERFORMANCE

No.	Indicators
1	Sales Growth
2	Customer Growth
3	Profit Growth

source: Researcher's Data Collection

IV. RESULTS

Respondents' perceptions of each item of every dimension in the measured variables are rated in five categories. Those categories are Very Good (4,21–5,00), Good (3,41–4,20), Fair (2,61–3,40), Poor (1,81–2,60), and Very Poor (<1,81) (see in table 5-10).

TABLE V. THE SCORE OF ALL VARIABLES

No.	Variables	Scoring	Remarks
1	Digital Marketing	4.41	Very Good
2	Innovation	4.37	Very Good
3	Competitive Advantage	4.06	Good
4	Marketing Performance	3.77	Good

Source: Researcher's Data Collection

TABLE VI. THE SCORE OF DIGITAL MARKETING

No	Indicators	Scoring	Remark
1	We always maintain communication with customers through the internet-based communication media that we currently have	4.37	Very Good
2	We believe that our customers feel the speed and efficiency in accessing information about our products through our internet-based communication media	4.52	Very Good
3	Our product content is popular and relevant to current trends	4.29	Very Good
4	We send customers their ordered products quickly	4.33	Very Good
5	We always update information about our products on the market place and the information media we use	4.55	Very Good

Source: Researcher's Data Collection

TABLE VII. INDICATORS TO MEASURE INNOVATION

No.	Indicators	Scoring	Remarks
1	We make changes in our product policies to meet customers' needs and wants.	4,49	Very Good
2	We make changes in production procedures and or product delivery to meet customers' needs and wants	4,21	Very Good
3	We are making changes to the way we introduce our products to the public according to customers' needs and wants	4,34	Very Good
4	We are making changes in managing our business to become more efficient and productive	4,44	Good

Source: Researcher's Data Collection

TABLE VIII. INDICATORS TO MEASURE COMPETITIVE ADVANTAGE

No.	Indicators	Scoring	Remarks
1	Our products have positive added value	4,54	Very Good
2	Our business has unique or scarce resources	3,9	Good
3	Our business has resources that are difficult to imitate	3,45	Good
4	Our business has sufficient resources to compete	4,11	Good
5	Our business has capabilities to compete	4,32	Very Good

Source: Researcher's Data Collection

TABLE IX. THE SCORE OF MARKETING PERFORMANCE

No.	Indicators	Scoring	Remarks
1	Sales Growth	3.81	Good
2	Customer growth	3.76	Good
3	Profit Growth	3.75	Good

Source: Researcher's Data Collection

TABLE X. THE SCORES OF ALL VARIABLES

No.	Indicators	Scoring	Remarks
1	Digital Marketing	4.41	Very Good
2	Innovation	4.37	Very Good
3	Competitive Advantage	4.06	Good
4	Marketing Performance	3.77	Good

Source: Researcher's Data Collection

A. Measurement Evaluation of (Outer) Model

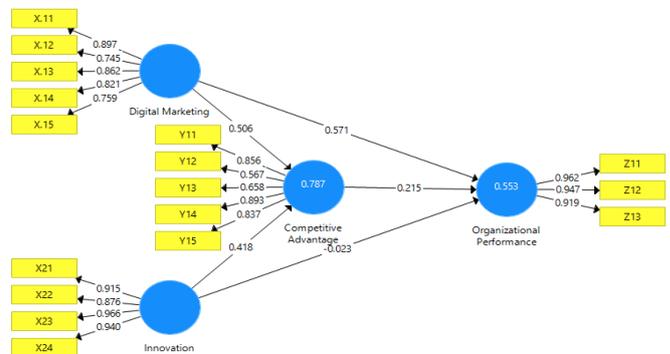
1) Validity testing: An indicator is considered valid if its loading factor is above 0.5. The SmartPLS output for loading factor which is calculated through PLS Algorithm presents the results as follows table 11:

TABLE XI. RESULT FOR OUTER LOADINGS

	Competitive Advantage	Digital Marketing	Innovation	Marketing Performance
X1.1		0.897		
X1.2		0.745		
X1.3		0.862		
X1.4		0.821		
X1.5		0.759		
X2.1			0.915	
X2.2			0.876	
X2.3			0.966	
X2.4			0.940	
Y1.1	0.856			
Y1.2	0.567			
Y1.3	0.658			
Y1.4	0.893			
Y1.5	0.837			
Z1.1				0.962
Z1.2				0.947
Z1.3				0.919

Source: primary data, processed

The loading factor value is considered valid or meets convergent validity when it exceeds 0.5. The lowest loading factor is 0.567 as shown in Table 12 so the indicators were valid or met convergent validity. A loading factor diagram of each indicator in the structural research model is shown in the following Figure 2.



Source: primary data, processed

Fig. 2. Loading factor value.

In SmartPLS, research indicators are tested for discriminant validity by cross loading as indicated in Table 12.

TABLE XII. RESULT FOR CROSS LOADINGS

	Competitive Advantage	Digital Marketing	Innovation	Marketing Performance
X1.1	0.739	0,897	0,787	0.609
X1.2	0.617	0,745	0,693	0,470
X1.3	0.725	0.862	0.724	0.594
X1.4	0.702	0.821	0.725	0.658
X1.5	0.713	0.759	0.515	0.657
X2.1	0.732	0,730	0.915	0,513
X2.2	0.721	0,708	0,876	0,559
X2.3	0.822	0.835	0.966	0.649
X2.4	0.835	0.823	0.940	0.627
Y1.1	0,856	0,748	0,718	0,696
Y1.2	0,567	0,398	0,509	0,323
Y1.3	0.658	0.504	0.444	0.296
Y1.4	0.893	0.801	0.708	0.588
Y1.5	0.837	0.754	0.800	0.610
Z1.1	0,649	0,698	0,606	0,962
Z1.2	0,661	0,723	0,616	0,947
Z1.3	0.627	0.659	0.582	0.919

Source: primary data, processed

An indicator is valid if its loading factor is higher than loading factor of other constructs. As shown in Table 13 the loading factor for MP (Z1.1) has a higher loading factor for the MP construct than the other constructs. As an illustration, Z1.1 loading factor for is 0.966 which is higher than loading factor for CA (0.649), Inn (0.606), and DM (0.698).

Another way to find out discriminant validity is to look into the square root of average variance extracted (AVE) values. The value is recommended to be above 0.5. As shown in Table 14 the AVE value is above 0.5 for all constructs contained in the research model. The lowest value of AVE is 0.597 in the CA construct.

TABLE XIII. AVERAGE VARIANCE EXTRACTED (AVE)

	Average Variance Extracted (AVE)
Competitive Advantage	0,597
Digital Marketing	0,670
Innovation	0,855
Marketing Performance	0,889

Source: primary data, processed

2) *Reliability test*: Reliability test is conducted by means of considering the composite reliability value of indicator measuring the construct. Composite reliability results will be considered as a satisfactory value when it is above 0.7.

TABLE XIV. COMPOSITE RELIABILITY

	Composite Reliability
Competitive Advantage	0,878
Digital Marketing	0,910
Innovation	0,959
Marketing Performance	0,960

Source: primary data, processed

As shown in Table 14 the composite reliability value is above 0.7 for all constructs. It indicates that all constructs in the estimated model have met the discriminant validity criteria. In this study the lowest composite reliability value is 0.960 in the MP construct. The reliability test is strengthened by Cronbach's alpha as follows:

TABLE XV. CRONBACH'S ALPHA

	Cronbach's Alpha
Competitive Advantage	0,828
Digital Marketing	0,876
Innovation	0,943
Marketing Performance	0,937

Source: primary data, processed

Table 15 has shown the Cronbach's alpha value for all constructs is above 0.6. The lowest value is 0, 828 in the CA construct as the value is recommended above 0.6.

3) *Structural model testing (inner model)*: After the estimated model fulfils the outer model criteria, the structural model is then tested. The following table shows the R-Square value in the construct.

TABLE XVI. R SQUARE AND R SQUARE ADJUSTED

	R Square	R Square Adjusted
Competitive Advantage	0,787	0,782
Marketing Performance	0,553	0,539

Source: primary data, processed

Table 16 shows that CA is able to explain the variance in MP.

Hypothesis testing in Smart PLS is seen in the total effects (mean, standard deviation, t-values) as shown in the following table.

TABLE XVII. HYPOTHESIS TESTING

	Original Sample	Mean	Standard Deviation	T Statistics	P Value
CA -> MP	0.215	0.201	0.149	1.446	0.149
DM -> CA	0.506	0.508	0.081	6.222	0.000
DM -> MP	0.571	0.579	0.116	4.939	0.000
Inn -> CA	0.418	0.408	0.074	5.633	0.000
Inn -> MP	-0.023	-0.037	0.141	0.162	0.871

Source: primary data, processed

As shown in Table 17 the relationship between CA and MP is the T-statistic of 1.448 < t table (1.66). The original sample estimate value is positive, that is 0.215, showing that the direction of the relationship between CA and MP is less than what is required. Thus, the H1 hypothesis stating that CA has a positive effect on MP is rejected. Besides, Table 17 also shows that the relationship between DM and CA is significant with a T-statistic of 6.222 > t table (1.66). The original sample estimate value is positive that is equal to 0.506 indicating that the direction of the relationship between DM and CA is positive. Thus, the H2 hypothesis in this study stating that DM has a positive effect on CA is accepted. And then, table 17

shows that the relationship between DM and MP is significant with a T-statistic of $4.939 > t$ table (1.66). The original sample estimate value is positive that is equal to 0.571 which shows that the direction of the relationship between DM and MP is positive. Thus, the H3 hypothesis in this study stating that DM has a positive effect on MP is also accepted. Furthermore, Table 17 shows that the relationship between Inn and CA is significant with a T-statistic of $5.633 > t$ table (1.66). The original sample estimate value is positive that is equal to 0.418 which shows that the direction of the relationship between Inn and CA is positive. Thus, the H4 hypothesis in this study stating that Inn has a positive effect on CA is also accepted. Table 17 also shows that the relationship between Inn and MP is less than what is needed with a T-statistic of $1.62 < t$ table (1.66). The original sample estimate value is negative -0.023 which shows that the direction of the relationship between Inn and MP is negative. Thus, the H5 hypothesis in this study stating that Inn has a positive effect on MP is rejected.

The research results are in Table 11 and Figure 2. Overall, the results indicate that DM affects MP positively. It means that the business owners need to implement digital marketing to improve their marketing performance. They need to maintain communication with customers through internet-based media, make products content popular and relevant to current trends, update information about the products in the market places and make customers experience speed and efficiency in accessing information concerning with the products. They also need to deliver the products quickly. This study has confirmed the previous researches conducted by Guci, D. A., Ghazali, P. L., Foziah, N. H. M., and Arifin [21], T. Nuseir, M., Basheer, M. F., and Aljumah [22], and Djakasaputra, A., Wijaya, O., Utama, A., Yohana, C., Romadhoni, B., and Fahlevi [23]. DM also affects CA positively. It implies that DM has been implemented well so far so that the food and beverage micro businesses have had positive added values, unique resources, sufficient resources and capabilities to compete. This study has confirmed the previous researches conducted by Palazuelos, O. V., and Beltrán [35], Gakiria [19], and Obeidat, U., Obeidat, B., Alrowwad, A., Alshurideh, M., Masadeh, R., and Abuhashesh [20]. In this study, CA did not mediate either the DM-MP relationship or the Inn-MP relationship. It rejects the previous research results conducted by Winarso [31], Yasa, N., Giantari, I. G. A. K., Setini, M., and Rahmayanti [32], Respatiningsih [33] and Nurmala [34]. DM and Inn also affects CA positively. It implies that business owners also need to make some changes in their product policies, in production procedures and product delivery, in the way they introduce their products to the public according to customers' needs and wants and do their businesses in more efficient and productive way. By doing so they can improve their competitive advantage in which their products have positive added values, unique and scarce resources, sufficient resources that are difficult to imitate and capability to compete. This study has confirmed the previous researches conducted by Distanont, A., and Khongmalai [5], Olazo [24], Puspita, L. E., Christiananta, B., and Ellitan [25], and Udriyah, U., Tham, J., and Azam [26]. Inn does not affect MP. It means that in food and beverage

micro businesses Innovation does not improve the marketing performance. This study rejects the previous researches conducted by Nurhasanah, N., and Murwatningsih [27], Afriyie, S., Duo, J., Appiah, K., and Musah [28], Kristinae, V., Wardana, I., Giantari, I. G. A. K., and Rahyuda [29], Setini, M., Yasa, N., Supartha, I., and Giantari [30], and Wiwoho, G., Suroso, A., and Wulandari [31].

As theoretical implications, this study has confirmed some relationships among the variables measured. The relationships are that Digital Marketing affects Marketing Performance positively, that Digital Marketing also affects Competitive Advantage positively, and that Innovation also affects Competitive Advantage positively. This study has also confirmed that Innovation does not affect Marketing Performance and that Competitive Advantage does not mediate the Digital Marketing and Marketing Performance relationship and Innovation and Marketing Performance relationship.

For practical implications, it is important for the food and beverage micro businesses to consistently implement Digital Marketing and innovation in their daily business operation. Digital Marketing and Innovation implementation will strengthen Competitive Advantage of the businesses. It is also important for the food and beverage micro businesses to implement Digital Marketing to improve Marketing Performance.

This research has several limitations. Firstly, due to limited resources number of samples is only 100 respondents. Secondly, the number of populations is unknown. Besides, there are only four variables being measured. There should be possibly more variables being able to be measured. And at last, the populations are only the food and beverage micro business owners who are running their businesses in Bekasi Municipality West Java Province.

For future research, some other variables are being measured such as Digital Marketing Capability, Digital Marketing Strategy, Market Orientation and so on. Besides, the researchers are formulating a research instrument that can measure the variables more objectively. And, researchers are using more adequate number of respondents by confirming a number of populations and samples.

V. CONCLUSION

The research has confirmed the results of previous studies in terms of the effects of DM and Inn on MP and the possible role of CA as a mediator. It is found that both DM and Inn have positive effects on CA. CA, however, does not mediate both the DM – MP relationship and Inn – MP relationship. It is also found that DM affects MP but Inn does not affect MP of the food and beverage micro businesses in Bekasi Municipality West Java Province, Indonesia.

To increase the MP of the micro businesses, the business owners need to implement DM to improve MP. They also need to implement DM and Inn to improve CA. It means that business owners need to maintain communication with

customers through internet-based media, make customers experience speed and efficiency in information access about the products, make products content popular and relevant to current trends, deliver the products as promised and update information about the products on the market places. Besides, business owners also need to make some changes in the way they do business in more efficient and productive way to meet the customers' needs and wants

As mentioned earlier, this study has some limitations. One of them is that the number of populations is unknown so that it is difficult to predict the adequate number of samples. Besides, variables are measured by small number of indicators. For future researches it is advisable to conceptualize more dimensions and indicators in order to measure the variables comprehensively.

Last but not least, it is hoped that this research can be useful references for food and beverage micro business to improve their MP by means of implementing digital marketing in their business operations.

REFERENCES

- [1] T. Bencheva, N., Nikolova-Alexieva, V., and Mihova, "Digital Marketing as a Prerequisite for Innovation in the Tourism Business of Plovdiv," *Knowl. Int. J.*, vol. 31, no. 1, pp. 169–174, 2019.
- [2] K. Yasmin, A., Tasneem, S., and Fatema, "Effectiveness of Digital Marketing in the Challenging Age: An Empirical Study," *Int. J. Manag. Sci. Bus. Adm.*, vol. 1, no. 5, pp. 69–80, 2015.
- [3] S. Ritz, W., Wolf, M., and McQuitty, "Digital Marketing Adoption and Success for Small Businesses: The Application of the Do-It-Yourself and Technology Acceptance Models," *J. Res. Interact. Mark.*, 2019.
- [4] P.R. Saura, J. R., Reyes-Menendez, A., and Palos-Sanchez, "Digital Marketing Strategies for Tourism, Hospitality, and Airline Industries," pp. 1–22, 2020.
- [5] O. Distanont, A., and Khongmalai, "The Role of Innovation in Creating a Competitive Advantage," *Kasetsart J. Soc. Sci.*, vol. 41, no. 1, pp. 15–21, 2020.
- [6] E. Dogan, "A Strategic Approach to Innovation," *J. Manag. Mark. Logist.*, vol. 4, no. 3, pp. 290–300, 2017.
- [7] A. Tjahjadi, B., Soewarno, N., Nadyaningrum, V., and Aminy, "Human Capital Readiness and Global Market Orientation in Indonesian Micro-, Small-and-Medium-Sized Enterprises Business Performance," *Int. J. Product. Perform. Manag.*, 2020.
- [8] S. Wiwoho, G., Suroso, A., and Wulandari, "Linking Adaptive Capability, Product Innovation and Marketing Performance: Results from Indonesian SMEs," *Manag. Sci. Lett.*, vol. 10, no. 10, pp. 2379–2384, 2020.
- [9] M. Yamin, "Examining the Role of Transformational Leadership and Entrepreneurial Orientation on Employee Retention with Moderating Role of Competitive Advantage," *Manag. Sci. Lett.*, vol. 10, no. 2, pp. 313–326, 2020.
- [10] K. Muhajirin, M., and Kamaluddin, "Orientasi Pasar Dan Invasi Produk Pengaruhnya Terhadap Keunggulan Bersaing (Studi Pada UMKM Tenun Gedogan Kota Bima)," 2019.
- [11] R. Widiastuti, "Pengaruh Kepemimpinan Transformational Dan Kepuasan Kerja Terhadap Komitmen Organisasional Studi Pada Pegawai Pengadilan Negeri Se Wilayah Yogyakarta," Universitas Gadjah Mada, 2016.
- [12] Z. Kamboj, S., and Rahman, "Market Orientation, Marketing Capabilities and Sustainable Innovation: The Mediating Role of Sustainable Consumption and Competitive Advantage.," *Manag. Res. Rev.*, 2017.
- [13] P.T. Tupamahu, K. H., Ghozali, I., and Basuki, "Lean Management, Competitive Advantage, and Firm Performance: The Role of Management Control Systems (Evidence from Indonesia Manufacturing Firms)," *Acad. J. Interdiscip. Stud.*, vol. 8, no. 3, pp. 221–221, 2019.
- [14] M. Anwar, "Business Model Innovation and SMEs Performance—Does Competitive Advantage Mediate?," *Int. J. Innov. Manag.*, vol. 22, no. 7, p. 1850057, 2018.
- [15] J. (2018) Palandeng, I. D., Kindangen, P., Tumbel, A., and Massie, "Influence Analysis of Supply Chain Management and Supply Chain Flexibility to Competitive Advantage and Impact on Company Performance of Fish Processing in Bitung City," *J. Res. business, Econ. Manag.*, vol. 10, no. 1, pp. 1783–1802, 2018.
- [16] J. Zhang, S., Yang, D., Qiu, S., Bao, X., and Li, "Open Innovation and Firm Performance: Evidence from the Chinese Mechanical Manufacturing Industry," *J. Eng. Technol. Manag.*, vol. 48, pp. 76–86, 2018.
- [17] I. Muis, "Marketing Strategy and Capability as the Mediators in Relationship of Market Orientation and Export Performance: A Case Study of Rattan Processing SMEs," *Binus Bus. Rev.*, vol. 11, no. 1, pp. 31–42, 2020.
- [18] L.A. Valdez Palazuelos, O., and Sánchez Beltrán, "Aprovechamiento Del Marketing Digital Como Estrategia Para Generar Ventaja Competitiva En La Pequeña Empresa de Sinaloa Exploitation of Digital Marketing as a Strategy to Generate Competitive Advantage in the Small," 2019.
- [19] P.N. Gakiria, "Effect Of E-Business Strategy On Competitive Advantage Of Safaricom Limited, Kenya," 2019.
- [20] M. Obeidat, U., Obeidat, B., Alrowwad, A., Alshurideh, M., Masadeh, R., and Abuhashesh, "The Effect of Intellectual Capital on Competitive Advantage: The Mediating Role of Innovation," *Manag. Sci. Lett.*, vol. 11, no. 4, pp. 1331–1344, 2021.
- [21] J. Guci, D. A., Ghazali, P. L., Foziah, N. H. M., and Arifin, "Conceptual Framework of Factors Affecting SME Development: Moderating Factor on the Relationship between Determinant Factors Selection and Performance of SMEs in Indonesia," *J. Manag. Theory Pract.*, pp. 36–38, 2021.
- [22] A. T. Nuseir, M., Basheer, M. F., and Aljumah, "Antecedents of Entrepreneurial Intentions in Smart City of Neom Saudi Arabia: Does the Entrepreneurial Education on Artificial Intelligence Matter?," *Cogent Bus. Manag.*, vol. 7, no. 1, p. 1825041, 2020.
- [23] M. Djakasaputra, A., Wijaya, O., Utama, A., Yohana, C., Romadhoni, B., and Fahlevi, "Empirical Study of Indonesian SMEs Sales Performance in Digital Era: The Role of Quality Service and Digital Marketing," *Int. J. Data Netw. Sci.*, vol. 5, no. 3, pp. 303–310, 2021.
- [24] D. Olazo, "The Mediating Role of Marketing Innovation to the Marketing Competence and Sustainable Competitive Advantage of the Selected Small and Medium Enterprises," *EasyChair*, vol. (No. 4738), 2020.
- [25] L. Puspita, L. E., Christiananta, B., and Ellitan, "The Effect of Strategic Orientation, Supply Chain Capability, Innovation Capability, on Competitive Advantage and Performance of Furniture Retailers," *Int. J. Sci. Technol. Res.*, vol. 9, no. 3, pp. 4521–4529, 2020.
- [26] S. Udriyah, U., Tham, J., and Azam, "The Effects of Market Orientation and Innovation on Competitive Advantage and Business Performance of Textile SMEs," *Manag. Sci. Lett.*, vol. 9, no. 9, pp. 1419–1428, 2019.
- [27] M. Nurhasanah, N., and Murwatningsih, "The Influence of Market Orientation, Learning Orientation, Innovation and Competitive Advantage to Improve Marketing Performance," *Manag. Anal. J.*, vol. 7, no. 4, pp. 458–468, 2018.
- [28] A.I. Afriyie, S., Duo, J., Appiah, K., and Musah, "The Nexus between Types of Innovation and Marketing Performance of SME in an Emerging Economy," *Int. Rev. Manag. Mark.*, vol. 8, no. 6, p. 78, 2018.

- [29] A. Kristinae, V., Wardana, I., Giantari, I. G. A. K., and Rahyuda, "The Role of Powerful Business Strategy on Value Innovation Capabilities to Improve Marketing Performance during the COVID-19 Pandemic," *Uncertain Supply Chain Manag.*, vol. 8, no. 4, pp. 675–684, 2020.
- [30] I. Setini, M., Yasa, N., Supartha, I., and Giantari, "The Effects of Knowledge Sharing, Social Capital and Innovation on Marketing Performance," *Int. J. Data Netw. Sci.*, vol. 5, no. 3, pp. 257–266, 2021.
- [31] W. Winarso, "Competitive Advantage and Marketing Performance on SMEs: Market Orientation and Innovation of Local Product in Bekasi, Indonesian," *Test Eng. Manag.*, vol. 83, no. March, pp. 18385–18395, 2020.
- [32] P.J.M.S.L. Yasa, N., Giantari, I. G. A. K., Setini, M., and Rahmayanti, "The Role of Competitive Advantage in Mediating the Effect of Promotional Strategy on Marketing Performance," *Manag. Sci. Lett.*, vol. 10, no. 12, pp. 2845–2848, 2020.
- [33] H. Respatiningsih, "The Impact of E-Commerce on the Marketing Performance of MSMEs During the Covid19 Pandemic Mediated by Competitive Advantage," in *In 3rd International Conference of Banking, Accounting, Management and Economics (ICOBAME 2020)*, 2021, pp. 166–169.
- [34] N. Nurmala, "Building Competitive Advantage for Economic Performance: A Study of the Palm Plantation Company in West Kalimantan," *Int. J. Econ. Financ. Issues*, vol. 8, no. 5, p. 172, 2018.
- [35] L.A.S. Palazuelos, O. V., and Beltrán, "Aprovechamiento Del Marketing Digital Como Estrategia Para Generar Ventaja Competitiva En La Pequeña Empresa de Sinaloa," *Rev. Investig. en Tecnol. la Inf. RITI*, vol. 7, no. 14, pp. 271–281, 2019.