



The Effect of Social Media Advertising, Product Quality, and Market Orientation on MSME Resilience with Sales Performance as a Mediation Variable

Kussudyarsana Kussudyarsana^(✉), Bella Febrianti, and Soepatini

Universitas Muhammadiyah Surakarta, Surakarta, Indonesia
Kus165@ums.ac.id

Abstract. In the millennial era, advertising can be categorized as the most effective means to increase sales of specific products or brands, such as advertisements carried out with the help of social media. It encourages marketers out there to compete in creating creative and unique ads. Market orientation is an essential factor that can affect the company's performance. Good product quality can also form consumer confidence to buy products. This study aims to explain the effect of social media advertising, product quality, and market orientation on MSME resilience with sales performance as a mediating variable for all MSMEs in Solo Raya. Respondents in this study were 200 people who were conducted through offline and online surveys with a google form. The sampling technique used non-probability sampling with a purposive sampling method. Test the validity and reliability using smart PLS analysis on the outer model. Hypothesis testing uses the outer model and inner model smart PLS. The analysis results show that sales performance partially mediates the relationship between social media advertising, product quality, and market orientation toward MSME resilience.

Keywords: Advertisement SocialMedia · Product Quality · Sales Performance · and SMEs Solo Raya

1 Introduction

MSMEs significantly influence the community's economic progress, particularly in developing countries. As a result, the country's economy may go forward, and the number of jobless people can be decreased [1]. In addition to providing opportunities for new employment, Micro, Small, and Medium Enterprises (MSMEs) also contribute significantly to the pace of economic growth in Indonesia [2]. MSMEs also contribute to creating new entrepreneurs in Indonesia [3].

One of the strategies that can be used during the COVID-19 pandemic by MSME business actors is to utilize the use of digital marketing. The fast growth of technology, the internet, and the digital world impacts the marketing industry. Conventional marketing (offline) has given way to digital marketing (online) as a worldwide marketing trend. This

digital marketing method is promising because it lets potential customers get product-related information and buy them online [4].

Advertising continues to evolve, and this development creates an attraction that can stimulate curiosity from the recipient. With the support of increasingly advanced technology, it will be easier for MSMEs to market or introduce their products. Morissan (2014: 342) argues that the appeal of advertising can be said to be a driving force that attracts people to be “moved” in expressing both their wants and needs and ultimately builds their interest in particular products [5].

Good product quality can also form consumer confidence to buy products. MSME business actors need to pay attention to product quality. Regarding raw materials, processing must be sound to maintain product quality. Product quality is the main thing in the company’s success. The concept of a product must be attractive and is needed by the community. With attractive product innovations, consumers can increase and help the MSME resilience process [6].

Market orientation is essential to the company’s performance [7]. Market-oriented companies always use market information to meet customer needs and predict/anticipate future needs. In addition, the market orientation system used to retain customers and read consumer needs is currently a concern for the company.

This study aims to explain the effect of social media advertising, product quality, and market orientation on MSME resilience with sales performance. as a mediating variable for all MSMEs in SoloRaya.

2 Theoretical Basis

Resilience is something that every company and MSME must own in dealing with any existing conditions. Every condition cannot be predicted in advance. Therefore every preparation needs to be made to anticipate all bad things that will make the business back off [8].

Advertising is a form of marketing communication often used in business to show customers what products are for sale. The competitive market situation enables businesses to survive long, supported by an effective and efficient marketing communication mix such as advertising [9].

The research framework in this study can be structured as shown in Fig. 1.

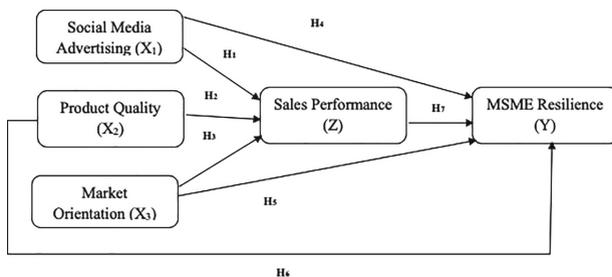


Fig. 1. Conceptual Framework

Mubarok (2014) defines social media advertising as electronic advertising that uses an application to be accessed and used by marketers to be delivered to consumers. Meanwhile, Instagram is a photo-sharing application that enables users to take pictures, add digital filters, and share them with social networking sites. Instagram has started opening advertising services such as service, fashion, food, and other products. Based on the explanation above, advertising on social media is intended to attract attention or reach consumers through applications or websites that are expected to increase one's awareness of the products or services displayed [10].

According to the explanation above, the researcher formulates the following hypothesis:

H1: Social media advertising positively and significantly affects sales performance.

Product quality is closely related to purchasing decisions because if the product consumers purchase does not meet the standards or needs better quality. Consumers will likely choose other similar product alternatives, even those from competitors. Product quality is the main thing in the company's success. Product quality, if improved, will increase sales performance because consumers are loyal, and even the number of consumers will increase [11].

According to the explanation above, the researcher formulates the following hypothesis:

H2: Product quality has a positive and significant effect on sales performance.

Market orientation is a strategic orientation comprising a set of behaviors and actions related to SMEs' intense focus on the customer, marketing coordinated across the company, and profitability [12]. Market orientation is the best and most efficient way for a company's culture to produce good value for customers, which will lead to the company's continued success.

According to the explanation above, the researcher formulates the following hypothesis:

H3: Market orientation has a positive and significant effect on sales performance.

Social media advertising is defined by Kotler and Keller (2016: 642) as a tool or technique that customers use to give information in the form of video, photos, audio, and text to other companies and people, or vice versa. Resilience is something that every company and MSME must own in dealing with any existing conditions. Every condition cannot be predicted in advance. Therefore every preparation needs to be made to anticipate all bad things that will make the business back off. Social media is a solution for MSMEs to rise in the new average era [13].

According to the explanation above, the researcher formulates the following hypothesis:

H4: Social media advertising has a positive and significant effect on the resilience of SMEs.

Creative economic development is one option to maintain economic resilience. So many companies create products with similar models but have different qualities. In this case, this is a gap and will make consumers careful in choosing. This issue will make

product quality considered the main focus of MSME resilience [14]. Product quality is the main thing in the company's success. The concept of a product must be attractive and is needed by the community. With attractive product innovations, consumers can increase and help the MSME resilience process.

According to the explanation above, the researcher formulates the following hypothesis:

H5: Product quality has a positive and significant effect on MSME resilience.

Market orientation is a strategic orientation comprising a set of behaviors and actions related to SMEs' intense focus on the customer, marketing coordinated across the company, and profitability [12]. Organizations that embrace a market-oriented culture concentrate only on customer demands instead of trying to get new customers or comprehend the needs of existing customers [15]. With the focus of MSMEs or companies on understanding customer needs, the MSME resilience process will run smoothly, and even MSMEs can rise faster.

According to the explanation above, the researcher formulates the following hypothesis:

H6: Market orientation has a positive and significant effect on MSME resilience.

With the agility to carry out and formulate strategic steps, MSMEs can efficiently respond to external environment changes, including stakeholders' social support. MSMEs must also prove their ability to innovate by maintaining their business in the face of critical impacts. Good performance will impact the MSME resilience process because one of the goals of MSMEs is to earn a profit. Therefore, sales performance is one of the things that MSMEs must pay attention to [16].

According to the explanation above, the researcher formulates the following hypothesis:

H7: Sales performance has a positive and significant effect on MSME resilience.

Technological sophistication is one solution for reviving MSMEs in the new standard era. With the support of increasingly advanced technology, it will be easier for MSMEs to market or introduce their products. In addition, the market orientation system used to retain customers and read consumer needs is currently a concern for the company. Market orientation is the best and most efficient way for a company's culture to produce good value for customers, which will lead to the company's continued success. Product quality and innovation will also attract customers, increasing MSME profits [17].

According to the explanation above, the researcher formulates the following hypothesis:

H8: Sales performance mediates the relationship between social media advertising, product quality, and market orientation on MSME resilience.

3 Research Method

This research uses quantitative methods with MSMEs in the Soloraya region as a population. Purposive sampling establishes the study sample based on certain factors or criteria to obtain representative data (Sugiyono, 2010). MSMEs in the Soloraya region are the sample that may serve as respondents.

In this research, there are 20 question indicators which are then multiplied by 10 to obtain the minimum required sample. Through this Maholtra calculation, the minimum number of samples required is 200 respondents.

This research is prepared using primary data. The questionnaire distribution is the data collection technique used in this study. The questionnaire was formatted using a Likert scale. This research employed the Partial Least Squares (PLS) data analysis method. The components of PLS-SEM analysis are the Inner model and the Outer model.

4 Discussion

This study focused on SMEs in the Soloraya area. The dissemination of the questionnaire yielded 200 respondents who met the required qualifications.

Based on the results of the study, respondents with the most dominant culinary businesses in this study. The location of the business in Surakarta is dominating in this study. Most of the respondents obtained use social media, Instagram.

Data analysis in this study used a Structural Equation Modeling (SEM) approach based on PLS, assisted by the SmartPLS 3.0 software analysis tool.

a. Outer Model Analysis (Measurement Model Evaluation)

1). Validity test

According to the data processing findings using SmartPLS, provided in Table 1, all loading factors have a value > 0.5 , indicating that all variable indicators are valid and fulfill convergent validity.

2). Reliability Test

The results show that all Cronbach Alpha values are > 0.60 . This result means that the Cronbach Alpha value meets the standards so that all constructs can be said to be reliable (Table 2).

3). Multicollinearity Test

It does not violate the multicollinearity test if each variable has a cut-off value > 0.1 or equal to the VIF value < 5 (Table 3).

b. Inner Model Analysis (Structural Model Evaluation)

Model Goodness Test (Goodness of Fit):

1) Value of R-Square (R²)

Based on the Table 3, the R-Square is used to see the magnitude of the influence of social media advertising variables, product quality, and market orientation on MSME resilience with a value of 0.899 or 89.9%, and it can be said that this relationship is strong. Then the R-Square is also used to see the magnitude of the influence of social media advertising variables, product quality, and market

Table 1. Value of Average Variance Extracted

Variable	AVE (Average Variance Extracted)	Information
Social Media Ads (X1)	0.806	Valid
Product Quality (X2)	0.811	Valid
Market Orientation (X3)	0.793	Valid
Sales Performance (Z)	0.787	Valid
MSME Resilience (Y)	0.695	Valid

Source: Primary Analysis Data, 2022

Table 2. Composite Reliability

Variable	Composite Reliability
Social Media Advertising (X1)	0.954
Product Quality (X2)	0.945
Market Orientation (X3)	0.939
Sales Performance (Z)	0.936
Market Resilience (Y)	0.919

Source: Primary Analysis Data, 2022

Table 3. Collinearity Statistics (VIF)

	MSME resilience	Sales Performance
Social Media Ads (X1)		2,791
Product Quality(X2)		2,596
Market Orientation (X3)		2,810
Sales Performance (Z)	1,499	
MSME Resilience (Y)		

Source: Primary Analysis Data, 2022

orientation on sales performance with a value of 0.819 or 81.9%, and it can be said that this relationship is strong.

2) Q-Square Value

Based on the research results, the Q-Square value is 0.921719. This value explains that the diversity of the research data can be explained by the research model of 92.17%, while other factors outside the research model explain that the remaining 7.83%. have good goodness of fit (Table 4).

Hypothesis test:

- 1). Path Coefficient (Direct Effects) (Table 5)
- 2). *Specific Indirect Effect* (Table 6)

Table 4. R-Square Nilai Value

	<i>R-Square</i>	<i>R-Square Adjusted</i>
Sales Performance	0.819	0.817
MSME resilience	0.899	0.897

Source: Primary Analysis Data, 2022

Table 5. Path Coefficient (Direct Effect)

	Hypothesis		Original Sample	<i>t-Statistics</i>	<i>P Values</i>	Information
X1 -> Z	H1	0.402		4.151	0.000	Significant Positive
X2 -> Z	H2	0.456		4,744	0.000	Significant Positive
X3 -> Z	H3	0.110		2,796	0.003	Significant Positive
X1 -> Y	H4	0.419		7,697	0.000	Significant Positive
X2 -> Y	H5	0.294		4,450	0.000	Significant Positive
X3 -> Y	H6	0.087		3.103	0.001	Significant Positive
Z -> Y	H7	0.216		3,732	0.000	Significant Positive

Source: Primary Analysis Data, 2022

Table 6. Specific Indirect Effect

	Original Sample	<i>t-Statistics</i>	<i>P Values</i>	Information
X1 -> Z -> Y	0.087	2,703	0.004	Significant Positive
X2 -> Z -> Y	0.098	3.063	0.001	Significant Positive
X3 -> Z -> Y	0.024	2,134	0.017	Significant Positive

Source: Primary Analysis Data, 2022

5 Conclusion

Based on the results of research and discussion that have been carried out using the Partial Least Square (PLS) analysis method, the following conclusions can be drawn:

1. Social media advertising positively and significantly affects sales performance, so the first hypothesis is supported.
2. Product quality positively and significantly affects sales performance, supporting the second hypothesis.
3. Market orientation positively and significantly affects sales performance, supporting the third hypothesis.
4. Social media advertising positively and significantly affects MSME resilience, supporting the fourth hypothesis.
5. Product quality positively and significantly affects MSME resilience, supporting the fifth hypothesis.
6. Market orientation positively and significantly affects MSME resilience, supporting the sixth hypothesis.
7. Sales performance positively and significantly affects MSME resilience, supporting the seventh hypothesis.
8. Sales performance partially mediates the relationship between social media advertising, product quality, and market orientation toward MSME resilience.

5.1 Limitations of the Research

Based on the study that has been conducted and the findings that have been acquired, there are research limitations, including the following:

1. The questionnaire for this research is closed so that each responder will only answer based on the supplied response criteria. Respondents in this study were limited because they were selected according to predetermined sample criteria. It may enable respondents to respond inconsistently with the factual circumstances.
2. In this study, the variables are limited. Other factors affecting MSMEs' sales performance and resilience were not examined.

5.2 Suggestions for Upcoming Research

The following suggestions are required for the future and serve as evaluation material:

1. It is anticipated that future researchers will increase the number of respondents with diverse characteristics to boost the generalizability and variety of the research results.
2. Future research will likely use variables not mentioned in this study to explain other elements that may also affect MSMEs' sales performance and resilience.

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