



# Empowering Coastal Smes to Strengthen Sustainable Destination Image: A Social and Cultural Perspective in Coastal Communities

Aldina Shiratina <sup>1,a)</sup> and Adnan Rajak <sup>2, b)</sup>

<sup>1</sup>Universitas Mercu Buana, Jakarta, 11650, Indonesia

<sup>2</sup>Universitas Khairun, Ternate, 97719, Indonesia

<sup>a)</sup> Corresponding Author Email: [aldina.shiratina@mercubuana.ac.id](mailto:aldina.shiratina@mercubuana.ac.id)  
<sup>b)</sup> [adnanmetnan@gmail.com](mailto:adnanmetnan@gmail.com)

**Abstract.** Coastal communities in Indonesia play an essential social, cultural, and economic role, particularly in the development of halal creative industries such as Muslim fashion. Coastal SMEs function not only as economic actors but also as cultural agents shaping the identity and destination image of coastal cities. However, digital disruption, environmental pressures, and market competition demand enhanced digital capabilities and knowledge management practices. This study examines the influence of digital marketing and knowledge management on the business performance of coastal Muslim fashion SMEs, with entrepreneurial marketing as a mediating variable. A quantitative approach with a descriptive-verify design was employed, and data were analyzed using SEM-PLS with SmartPLS 4.0. The findings indicate that digital marketing and knowledge management significantly affect entrepreneurial marketing and business performance, both directly and through mediation. These results highlight the importance of digitalization, knowledge-sharing systems, and entrepreneurial practices in strengthening the position of SMEs as cultural actors and contributors to sustainable destination image.

**Keywords:** Coastal SMEs; Destination Image; Digital Marketing; Knowledge Management; Entrepreneurial Marketing; Social and Cultural Perspective.

## 1 Introduction

Indonesia's coastal regions represent dynamic socio-cultural spaces where cultural heritage, economic activities, and environmental challenges intersect. SMEs particularly those operating in the Muslim fashion sector serve a dual function as economic drivers and custodians of cultural identity. Their products encapsulate cultural symbols, local preferences, and community narratives that contribute to shaping tourists' perceptions of a destination. Accordingly, coastal SMEs hold a strategic role in reinforcing a sustainable coastal destination image [1].

Indonesia's potential in the halal industry, especially Muslim fashion, continues to grow in line with the projected Muslim population, which is expected to reach 256 million by 2050. This growth trajectory is supported by legal frameworks such as the Halal Product Assurance Law No. 33 of 2014, advancements in digital technology, and Indonesia's advantageous geographical position [2]. Despite this potential, the Muslim fashion industry in coastal regions requires integrated readiness across pre-production, marketing, and distribution phases. Strengthening this sector necessitates collaboration among designers, entrepreneurs, textile producers, retail centers, government agencies, private institutions, and media stakeholders to ensure sustainable and competitive development.

Digital marketing has emerged as a critical instrument enabling coastal SMEs to establish interactive communication with consumers, expand market reach, and reinforce cultural identity through digital platforms. Prior studies underscore its positive influence on business performance and its role in enhancing entrepreneurial marketing through innovation and value creation. At the same time, knowledge management is an essential component for optimizing the acquisition, storage, dissemination, and utilization of local knowledge, creative design capabilities, and market insights. Empirical evidence demonstrates that knowledge management significantly contributes to business performance, innovation capacity, and opportunity-oriented entrepreneurial behavior [3].

Although existing literature has recognized the individual contributions of digital marketing, knowledge management, and entrepreneurial marketing to SME performance, integrated studies that contextualize these constructs within coastal socio-cultural settings remain scarce. Coastal SMEs exhibit distinctive characteristics as cultural and economic actors that shape destination image through their products, narratives, and interactions with the

community. Previous research has yet to fully examine how digital capabilities and knowledge resources within these SMEs translate into enhanced business performance and destination image formation through entrepreneurial behavior. This gap presents an opportunity for theoretical advancement by exploring how technology adoption, knowledge processes, and entrepreneurial orientation collectively support cultural identity and destination attractiveness [4].

Based on this context, the present study aims to analyze the influence of digital marketing and knowledge management on the performance of coastal SMEs, both directly and indirectly through entrepreneurial marketing [5]. The study also seeks to explain how coastal SMEs contribute to strengthening destination image through their digital practices, knowledge-based processes, and entrepreneurial behavior, thereby supporting sustainable coastal destination development [6].

## 2 Methods

This study employs a quantitative approach with a descriptive–verificative design to examine the relationships among variables influencing the performance of coastal SMEs [7]. The population comprises owners or managers of Muslim fashion SMEs operating in Indonesian coastal communities. Respondents were selected using purposive sampling based on the following criteria:

- (1) the SME operates in the Muslim fashion sector;
- (2) it is located in a coastal area; and
- (3) it actively engages in digital marketing activities.

### 2.1 Research Instruments

Variables were measured using Likert-scale instruments (1–5), covering [8]:

- a. Digital Marketing: use of social media, online advertising, and email marketing.
- b. Knowledge Management: knowledge acquisition, knowledge sharing, and knowledge application.
- c. Entrepreneurial Marketing: innovation, proactiveness, and opportunity orientation.
- d. Business Performance: market performance, internal processes, customer relations, and contribution to destination image.

### 2.2 Data Collection Procedure

Data were collected via online and offline questionnaires distributed to SMEs in selected coastal regions. All respondents provided informed consent and participated voluntarily [7].

### 2.3 Data Analysis Technique

Data were analyzed using Structural Equation Modelling–Partial Least Squares (SEM-PLS) with SmartPLS 4.0. Model evaluation included:

1. Measurement Model Assessment (Convergent validity (outer loadings, AVE), Discriminant validity (HTMT), and Construct reliability (CR, Cronbach’s Alpha)
2. Structural Model Assessment (Coefficient of determination ( $R^2$ ), Effect size ( $f^2$ ), Predictive relevance ( $Q^2$ ), and Predictive power via PLSpredict [9])
3. Hypothesis Testing (Bootstrapping for direct and indirect effects, and Mediation analysis to evaluate entrepreneurial marketing’s role)
4. Results and Discussion [10]

#### Research Findings

SEM-PLS analysis produced the following key results:

- a. Digital marketing → entrepreneurial marketing: positive and significant
- b. Digital marketing → business performance: significant
- c. Knowledge management → entrepreneurial marketing: highly significant
- d. Knowledge management → business performance: positive and significant

- e. Entrepreneurial marketing → business performance: significant
- f. Mediation: entrepreneurial marketing significantly mediates the effects of digital marketing and knowledge management on business performance

(Numerical outputs such as  $R^2$ ,  $f^2$ ,  $Q^2$ , and bootstrapped path coefficients can be inserted accordingly.) [10].

### 3 Result Research

The findings of this study show that digital marketing occupies a central role in strengthening the competitiveness of coastal SMEs by enhancing their ability to communicate with consumers through dynamic digital touchpoints. Through these interactions, SMEs can build stronger relationships, present personalized promotional messages, and establish customer trust an increasingly critical element in current digital consumer behavior patterns. Digital platforms such as social media, online marketplaces, and visual content channels allow SMEs to extend their market reach beyond geographical constraints, enabling them to connect with consumers at regional, national, and even global levels [11].

In coastal cultural settings, digital marketing carries a distinctive identity-building function. Muslim fashion SMEs embed symbolic motifs, cultural elements, and heritage-based narratives in online promotional materials, giving their products a unique cultural signature. These cultural expressions enhance brand authenticity and shape consumer perceptions of the coastal identity represented in the products. As potential tourists increasingly evaluate destinations through digital information, the online presence of SMEs indirectly contributes to shaping destination image [6]. In this way, SMEs serve as cultural communicators who convey the aesthetic characteristics and socio-cultural richness of coastal communities.

Knowledge management emerges as another strong determinant of SME performance, particularly in contexts where cultural knowledge, creative practices, and consumer insights hold strategic value. Effective knowledge governance allows SMEs to blend tacit knowledge such as artisanal skills, traditional motifs, and cultural symbolism with explicit knowledge like fashion trend analysis and digital marketing techniques [12]. The acquisition of relevant knowledge equips SMEs to adjust rapidly to shifting consumer preferences, evolving technologies, and competitive market conditions.

The study further indicates that knowledge sharing within and across SME networks strengthens collaborative creativity and maintains product authenticity [13]. In coastal regions, knowledge flows through interactions among artisans, designers, community elders, and creative workers, thereby preserving cultural narratives and artistic heritage that shape design innovation. When this accumulated knowledge is applied, SMEs can create new product variations, improve design quality, refine production processes, and craft more compelling digital narratives. These outcomes significantly enhance market responsiveness, as confirmed by the structural equation modeling results.

Entrepreneurial marketing plays a critical behavioral function by converting digital resources and knowledge assets into proactive, innovative, and opportunity-oriented actions. SMEs displaying strong entrepreneurial tendencies are more adept at identifying emerging market opportunities, experimenting with new business strategies, and adapting to environmental uncertainty. This entrepreneurial responsiveness contributes directly to improved business performance, especially in sectors characterized by rapid change such as Muslim fashion [5].

The mediating role of entrepreneurial marketing is particularly notable, illustrating that digital capabilities and knowledge resources produce stronger impacts when SMEs demonstrate entrepreneurial initiative [10]. This finding suggests that technology and knowledge alone are not sufficient; instead, they must be accompanied by an entrepreneurial mindset capable of leveraging these resources strategically. In coastal contexts, this behavioral mechanism also supports cultural sustainability, as SMEs are encouraged to innovate without compromising cultural authenticity. Such balance reinforces the cultural narratives embedded in products, making them more appealing to culturally motivated consumers and tourists.

The integration of digital marketing, knowledge management, and entrepreneurial marketing creates synergistic effects that significantly elevate SME performance. SMEs that successfully combine digital visibility, structured knowledge systems, and entrepreneurial agility are better positioned to design culturally resonant promotional strategies that strengthen both product appeal and destination identity [14]. These integrated capabilities amplify the cultural and economic contributions of SMEs to coastal communities.

Overall, the findings highlight the need for a unified strategic framework that simultaneously strengthens digital literacy, supports knowledge-sharing ecosystems, and fosters entrepreneurial behavior. When these components operate holistically, SMEs become more resilient, competitive, and culturally expressive. This integrated capacity

positions them not only as economic actors but also as cultural agents who help shape and reinforce sustainable coastal destination image[1].

From a broader perspective, empowering coastal SMEs requires multi-stakeholder collaboration involving government bodies, tourism authorities, industry associations, educational institutions, and local communities. Such collaboration ensures that SMEs are equipped with the digital tools, knowledge infrastructures, and entrepreneurial competencies necessary to thrive in an increasingly digital and culturally competitive marketplace. The study ultimately concludes that enhancing SME performance in coastal regions is not merely a business-oriented initiative but an essential effort for sustaining cultural identity and supporting long-term destination development.

#### 4 Conclusion

This study concludes that digital marketing and knowledge management significantly influence the performance of coastal SMEs, both directly and indirectly through entrepreneurial marketing. The integration of these three constructs strengthens SMEs' strategic capabilities, enabling them to operate more competitively in dynamic market environments. Digital marketing enhances market reach and cultural visibility, while knowledge management supports continuous learning, innovation, and responsiveness. Entrepreneurial marketing serves as the behavioral mechanism that transforms digital and knowledge resources into proactive, opportunity-driven actions. Collectively, these findings highlight the need for SMEs to develop robust digital competence, structured knowledge systems, and adaptive entrepreneurial orientations. Strengthening these elements not only improves business performance but also contributes meaningfully to sustainable coastal destination image. Therefore, SME empowerment strategies should prioritize technological adoption, knowledge ecosystem development, and entrepreneurial innovation to support long-term coastal economic resilience.

#### Acknowledgments

The authors would like to express sincere gratitude to Universitas Mercu Buana, Universitas Khairun Ternate Maluku Utara, and all participating coastal SMEs for their support and cooperation throughout the data collection process.

#### References

1. F. Ali, S. Rasoolimanesh, and C. Cobanoglu, "Digital influence on destination image," *Tourism Management Perspectives*, vol. 44, p. 101030, 2022.
2. A. Fathoni and H. Syahputri, "Indonesia's halal industry potential," *Journal of Halal Studies*, vol. 2, no. 1, pp. 45–56, 2020.
3. H. Guo, Z. Yang, and W. Liu, "Knowledge and innovation in SMEs," *Technological Forecasting and Social Change*, vol. 155, pp. 119–139, 2020.
4. K. Bizhanova, D. Mamrayeva, A. Umarov, and S. Amerkhanova, "The impact of digital tools on entrepreneurial marketing and innovation," *Entrepreneurship and Sustainability Issues*, vol. 7, no. 2, pp. 1374–1387, 2019.
5. N. Williams and T. Vorley, "Entrepreneurial marketing models," *Journal of Small Business Management*, vol. 57, no. S2, pp. 67–90, 2019.
6. A. Khan and A. Haleem, "Halal branding and digital identity," *Journal of Islamic Marketing*, vol. 13, no. 8, pp. 1674–1692, 2022.
7. J. F. Hair, G. Hult, C. Ringle, M. Sarstedt, and N. P. Danks, "PLS-SEM: An emerging tool in business research," *Journal of Business Research*, vol. 128, pp. 1–12, 2021.
8. J. Henseler, G. Hubona, and P. A. Ray, "Using PLS path modeling in new technology research," *Industrial Management & Data Systems*, vol. 121, no. 2, pp. 210–234, 2021.
9. G. Shmueli, S. Ray, J. M. Estrada, and S. B. Chatla, "Predictive model assessment in PLS-SEM," *European Journal of Marketing*, vol. 53, no. 11, pp. 2322–2347, 2019.
10. C. Nitzl, J. L. Roldán, and G. Cepeda, "Mediation analysis in partial least squares path modeling," *Industrial Management & Data Systems*, vol. 120, no. 12, pp. 2251–2272, 2020.
11. M. Nuseir and A. Aljumah, "The role of digital marketing adoption on SMEs' competitiveness," *Management Science Letters*, vol. 10, no. 15, pp. 3561–3570, 2020.

12. C. Limsangpetch, P. Charoensukmongkol, and M. Wiboonrat, "Knowledge management capabilities and innovation," *Journal of Knowledge Management*, vol. 26, no. 5, pp. 1102–1121, 2022.
13. Y. Liu, M. Zhang, and Y. Ye, "Knowledge sharing and creative SMEs," *Journal of Business Research*, vol. 134, pp. 471–482, 2021.
14. C. S. Ramírez et al., "Digital marketing strategies and market expansion in SMEs," *Journal of Business Research*, vol. 144, pp. 1203–1216, 2022.

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

