

Digital MSME Transformation: The role of strategy E-marketplace mediates the Influence of Social Media Promotion and Marketing Innovation on Marketing Performance



I Komang Ari Santika ^a
Ida Bagus Raka Suardana ^b

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Abstract

The development of digital technology has driven transformation in Micro, Small, and Medium Enterprises (MSMEs), which play a strategic role in the Indonesian economy. Despite their significant contribution, most MSMEs still face obstacles in utilizing digital platforms to improve their marketing performance. Social media and marketing innovation are believed to be capable of strengthening the competitiveness of MSMEs, but previous research findings have been inconsistent. This study aims to analyze the influence of social media promotion and marketing innovation on marketing performance, as well as to examine the strategic role of e-marketplace utilization as a mediating variable. The study uses a quantitative approach with a survey method targeting MSME actors in Bali. Data were analyzed using SEM-PLS. The results show that social media promotion and marketing innovation have a positive effect on marketing performance, both directly and through the use of e-marketplaces. In addition, e-marketplaces are proven to be able to mediate the relationship between social media promotion and marketing innovation with the marketing performance of MSMEs. These findings emphasize the importance of utilizing digital platforms as a strategy to increase competitiveness and expand markets. This study concludes that digital transformation through the integration of social media, marketing innovation, and e-marketplaces can be a key factor in improving the marketing performance of MSMEs. The practical implications of this study encourage MSME players to strengthen their digital literacy and optimize the use of e-marketplaces as a strategic tool in modern marketing.

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Corresponding author:

I Komang Ari Santika,

Universitas Pendidikan Nasional, Denpasar, Indonesia.

Email address: odonalinski@gmail.com

^a Universitas Pendidikan Nasional, Denpasar, Indonesia

^b Universitas Pendidikan Nasional, Denpasar, Indonesia

1 Introduction

The development of digital technology has had a significant impact on various sectors, including Micro, Small, and Medium Enterprises (MSMEs), the backbone of the Indonesian economy. MSMEs contribute more than 60% to Gross Domestic Product (GDP) and absorb approximately 97% of the national workforce (Indonesian Chamber of Commerce and Industry, 2024). In Bali Province, the number of MSMEs continues to increase, reaching 448,434 units by the end of 2024. However, adoption of digital platforms remains low, with only around 19.2% utilizing e-marketplaces (BPS, 2024). This situation indicates that despite the enormous potential available, the utilization of digital technology to support MSME marketing performance is not yet optimal.

Previous studies have confirmed that digital marketing strategies through social media promotion can increase sales, customer satisfaction, and expand the market share of MSMEs (Tajvidi & Karami, 2021; Purwantini & Anisa, 2018; Primanto & Athia, 2020). Furthermore, marketing innovation is also recognized as a crucial factor in enhancing product competitiveness and strengthening marketing performance (Efrata et al., 2019; Sari et al., 2021). However, other research findings remain inconsistent. Quantananda & Haryadi (2015), Karabulut (2015), and Prihartini & Sanusi (2019) report that marketing innovation does not always have a significant impact due to the constraints of suboptimal implementation of innovative ideas in MSMEs. Contrary results were also found in studies by Izakova et al. (2021) and Spotts et al. (2022), which suggest that excessive promotional activities can reduce the effectiveness of marketing performance.

Furthermore, e-marketplaces utilization is increasingly relevant in the context of MSME digital transformation. Research by Ardiansyah & Nilowardono (2019) and Syafitri & Ramdani (2022) demonstrates a positive correlation between social media promotion and increased e-marketplace utilization. Marketing innovation has also been shown to significantly drive digital platform adoption (Halim et al., 2015; Ahsyar et al., 2020; Fachriyan et al., 2021). Furthermore, e-marketplaces have been shown to play a crucial role in expanding market access, improving operational efficiency, and strengthening MSME marketing performance (Farida et al., 2017; Helmalia & Afrinawati, 2018; Sandri & Sandri & Hardilawati, 2019).

Based on the state of the art of previous research, a research gap exists regarding the consistent influence of social media promotion and marketing innovation on MSME marketing performance. Some studies show a significant positive influence, while others show inconsistent results. This study offers novelty by examining the strategic role of e-marketplaces as a mediating variable that clarifies the relationship between social media promotion and marketing innovation on MSME marketing performance (Suryathi et al., 2022). Thus, this study not only fills the theoretical gap but also provides a practical contribution in supporting MSME digital transformation through the integration of social media, marketing innovation, and e-marketplaces. Based on the background, empirical studies, and identification of research gaps, the objectives of this study are:

- 1) to analyze the influence of social media promotion on MSME marketing performance,
- 2) to test the influence of marketing innovation on MSME marketing performance,
- 3) to assess the role of e-marketplaces in improving marketing performance, and
- 4) to examine the mediating role of e-marketplaces in the relationship between social media promotion and marketing innovation on MSME marketing performance

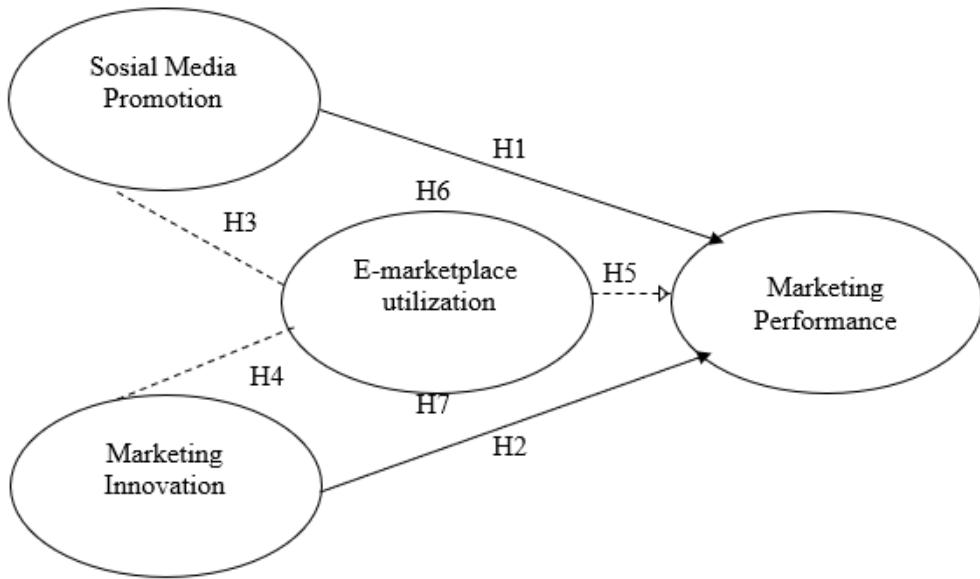


Figure 1. Research Model
Source: Processed Data 2025

H1 : Social media promotion has a positive and significant influence on marketing performance
 H2 : Marketing innovation has a positive and significant influence on marketing performance
 H3 : Social media promotion has a positive and significant influence on e-marketplace utilization
 H4 : Marketing innovation has a positive and significant influence on e-marketplace utilization
 H5 : E-marketplace utilization has a positive and significant influence on marketing performance
 H6 : E-marketplace utilization significantly mediates the effect of social media promotion on marketing performance
 H7 : E-marketplace utilization significantly mediates the effect of marketing innovation on marketing performance

2 Materials and Methods

This study used a quantitative approach with a survey design to examine the relationships between research variables. Data collection was conducted through the distribution of questionnaires to Micro, Small, and Medium Enterprises (MSMEs) in Bali Province. The research instrument was structured on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree), to more accurately reflect respondents' perceptions.

The study population comprised all MSMEs actively operating in Bali Province. Given the large population and the researcher's limited ability to reach all units, the study sample was determined using a non-probability sampling technique. The approach used was purposive sampling, as respondents were selected based on specific criteria: MSMEs who had been operating their businesses for at least two years and had used social media or e-marketplaces as marketing tools. The sample size was determined based on the minimum requirement for Partial Least Squares-based Structural Equation Modeling (SEM-PLS), which is 5–10 times the number of indicators (Hair et al., 2019). Based on the above calculations, the sample size for this study was 150 Micro, Small, and Medium Enterprises (MSMEs) in Bali Province registered on e-marketplaces.

The variables studied consist of: (1) Social Media Promotion (X1), measured by indicators of promotion intensity, content variation, interaction with consumers, and consistency of social media use; (2) Marketing Innovation (X2), measured by indicators of product innovation, process innovation, distribution innovation, and marketing communication innovation; (3) E-Marketplace (M), measured by indicators of ease of use, market access, transaction effectiveness, and contribution to sales; and (4) Marketing Performance (Y), measured using indicators of sales growth, increase in number of customers, market share, and customer satisfaction.

The primary analytical tool used in this study was Structural Equation Modeling based on Partial Least Squares (SEM-PLS) with the aid of SmartPLS software. This technique was chosen because it is capable of testing complex structural

models, accommodating mediating variables, and is suitable for use in research with relatively small to medium sample sizes. The analysis was conducted in two stages: an outer model test to verify the validity and reliability of the instrument, and an inner model test to test the research hypotheses.

3 Results and Discussions

The respondents used in this study had several different characteristics or identities in filling out the questionnaire. The characteristics of the respondents are presented in Table 1.

Table 1
Characteristics Research Respondents

No	Characteristics	Classification	Number of Respondents	Percentage (%)
1	Based in Bali	MSME	155	100
		Total	155	100
2	Gender	Man	97	62,6
		Woman	58	37,4
		Total	155	100
3	Age	20-25	14	9
		26-31	26	16,8
		32-37	19	12,3
		38-43	40	25,8
		> 44	58	37,4
		Total	155	100
4	Last education	High School	49	31,6
		Diploma	1	0,6
		Bachelor's degree (S1)	102	65,8
		Postgraduate (S2)	2	1,3
		Others	1	0,6
		Total	155	100

Source: Processed Data 2025

All research respondents resided in Bali Province. Based on gender, males predominated at 62.6%, while females made up 37.4%. In terms of age, the over-44 age group comprised the largest number, comprising 37.4%, or 58 respondents. This was followed by those aged 38–43 (25.8%), 26–31 (16.8%), 32–37 (12.3%), and 20–25 (9%).

In terms of education, the majority of respondents had a bachelor's degree (S1) at 65.8%, followed by a high school or equivalent (31.6%), a postgraduate degree (S2) at 1.3%, and diplomas and other degrees at 0.6% each. This indicates that the majority of respondents had a higher educational background that supported their understanding of the research topic.

Based on regional distribution, the largest number of respondents came from Klungkung Regency (23.23%), Gianyar (21.29%), and Karangasem (17.43%). Meanwhile, the smallest number of respondents came from Bangli Regency, at 1.94%.

Individual indicators are considered reliable if they have a correlation above 0.70. Hair et al. (2014) stated that factor weights with values of 0.50 to 0.6 are considered to have sufficient validity to explain latent constructs, because this is the initial stage of developing a measurement scale, and the number of indicators per construct is not large, ranging from three to seven indicators. The results of the convergent validity test can be seen in Table 2.

Tabel 2
Convergent Validity Test Results

Variable		Outer Loadings	Information
Social Media Promotion (X ₁)	<i>Content</i> (X _{1.1})	0.774	<i>Valid</i>
	Context (X_{1.2})	0.855	Valid
	<i>Continuity</i> (X _{1.3})	0.817	<i>Valid</i>
	<i>Interaction</i> (X _{1.4})	0.744	<i>Valid</i>
	Acceptability(X _{1.5})	0.833	<i>Valid</i>
	Credibility (X _{1.6})	0.725	<i>Valid</i>
Marketing Innovation(X ₂)	<i>Packaging</i> (X _{2.1})	0.953	<i>Valid</i>
	Design Produk (X_{2.2})	0.955	Valid
	Price Placement (X _{2.3})	0.952	<i>Valid</i>
	Product Diversification (X _{2.4})	0.735	<i>Valid</i>
Marketing Performance(Y ₁)	<i>Sales Return</i> (Y _{1.1})	0.750	<i>Valid</i>
	Sales Volume (Y_{1.2})	0.898	Valid
	<i>Market Share</i> (X _{1.3})	0.829	<i>Valid</i>
	Marketing Profitability ((Y _{1.3})	0.884	<i>Valid</i>
E-Marketplace utilization (Y ₂)	Facility (Y _{2.1})	0.930	<i>Valid</i>
	Ease of use (Y_{2.2})	0.962	Valid
	Site quality (Y _{2.3})	0.949	<i>Valid</i>
	Payment (Y _{2.4})	0.933	<i>Valid</i>
	Shipping (Y _{2.5})	0.941	<i>Valid</i>
	Information quality (Y _{2.6})	0.940	<i>Valid</i>

Source: Processed Data 2025

Table 2 shows the results of convergent validity testing for all variable indicators, with outer loadings greater than 0.50 and p-values less than 0.05. Therefore, all variable indicators in this study are considered valid or have met the requirements for convergent validity.

One method for assessing discriminant validity is to compare the square root of the average variance extracted (\sqrt{AVE}) for each variable with the correlation between each variable and the other variables in the model. A model has sufficient discriminant validity if the \sqrt{AVE} value for each variable is greater than the correlation between each variable and the other variables in the model. The following are the results of the discriminant validity test, shown in Table 3.

Tabel 3
Discriminant Validity Test Results

Variable	AVE	\sqrt{AVE}	Correlation			
			Social Media Promotion (X ₁)	Marketing Innovation (X ₂)	Marketing Performance (Y ₁)	E-Marketplace utilization (Y ₂)
Social Media Promotion (X ₁)	0.628	0.792	0.793	0.166	0.490	0.477
Marketing Innovation(X ₂)	0.816	0.903	0.166	0.903	0.388	0.397
Marketing Performance (Y ₁)	0.709	0.842	0.490	0.388	0.842	0.505
E-Marketplace utilization (Y ₂)	0.889	0.943	0.477	0.397	0.505	0.943

Source: Processed Data 2025

Based on the results of the discriminant validity test in Table 3, it is obtained that the square root of the AVE value is greater than the correlation value between latent variables. The square root of the AVE correlation between social media promotion and social media promotion is greater than social media promotion with marketing innovation, social media promotion with e-marketplace utilization, and social media promotion with marketing performance. The square root of the AVE correlation between marketing innovation and marketing innovation is greater than marketing innovation with e-marketplace utilization, marketing innovation with marketing performance. The square root of the AVE correlation between e-marketplace utilization and e-marketplace utilization is greater than the correlation between e-marketplace utilization and marketing performance. It can be said that the data in this study have met the requirements of discriminant validity.

This study tested reliability using Cronbach's Alpha and Composite Reliability parameters. The results of the Cronbach's Alpha and Composite Reliability tests showed that the values of all constructs were greater than the minimum limits of Cronbach's Alpha (greater than 0.70) and Composite Reliability (greater than or equal to 0.7).

Table 4
Composite Reliability Test Results

No.	Variable	Cronbach's Alpha	Composite Reliability	Information
1	Social Media Promotion (X_1)	0.884	0.910	Reliable
2	Marketing Innovation(X_2)	0.921	0.946	Reliable
3	Marketing Performance (Y_1)	0.862	0.907	Reliable
4	E-Marketplace utilization (Y_2)	0.975	0.980	Reliable

Source: Processed Data 2025

Table 4 shows the test results, which obtained Cronbach's Alpha and Composite Reliability values for all constructs greater than 0.70. Therefore, all variables in this study met the Composite Reliability requirements. Inner model testing is done by looking at the R-squared value, which is the goodness of fit of the model. The coefficient of determination (R^2) is used to assess how much the endogenous construct is influenced by the exogenous construct. An R-square value of 0.75 indicates a strong model, an R-square value of 0.50 indicates a moderate model, and an R-square value of 0.25 indicates a weak model (Hair et al., 2014). The R-square value is used to determine how much (percentage) the influence of exogenous variables on endogenous variables, the range of R-square values is 0-1, if the R-square value is close to 0, the weaker the influence of exogenous variables on endogenous variables, conversely, if it is close to 1, the stronger the influence of exogenous variables on endogenous variables.

Table 5
R-Square Test Results

Variable	R Square
Marketing Performance (Y_1)	0.381
E-Marketplace utilization (Y_2)	0.332

Source: Processed Data 2025

Table 5 shows the R-square value of the Marketing Performance variable, which has an R-square value of 0.381. This means that 38.1 percent of the variability in the Marketing Performance construct can be explained by the variables Social Media Promotion, Marketing Innovation, and E-Marketplace Utilization, while the remaining 61.9 percent of the Marketing Performance variable is explained by other variables outside the model.

The E-marketplace utilization variable is 0.332. This means that 33.2 percent of the variability in the E-marketplace utilization construct can be explained by the Social Media Promotion and Marketing Innovation variables, while the remaining 66.8 percent of the E-marketplace utilization variable is explained by other variables outside the model.

Testing the direct effect hypothesis using Partial Least Squares (PLS) will reveal five hypotheses. The hypothesis test aims to determine the extent of influence of the independent variable on the dependent variable. Significance values can be obtained using the bootstrapping technique developed by Geisser and Stone. The statistical test used for hypothesis testing is the t-test. The alternative hypothesis is accepted if the p -value $< \alpha$ 5%. Table 5 shows the direct effect with bootstrapping from the PLS analysis.

Table 6 shows the results of the direct influence test of each variable. The direct influence of the social media promotion variable on marketing performance has a t-statistic value of $3.995 > t\text{-table } 1.96$ and a p-value of $0.000 < 0.05$, so it can be said that H1 is accepted. Social media promotion has a positive impact on marketing performance, and an increase in social media promotion is expected to increase marketing performance by the given path coefficient value (0.330) in the assumption that other variables remain constant.

Table 6
Direct Effect Test Results

Construct	Path Coefficient	T-statistics	p-values	Information
Social Media Promotion (X_1) → Marketing Performance (Y_1)	0.330	3.995	0.000	Accepted
Marketing Innovation (X_2) → Marketing Performance (Y_1)	0.232	2.719	0.007	Accepted
Social Media Promotion (X_1) → E-Marketplace utilization (Y_2)	0.423	5.153	0.000	Accepted
Marketing Innovation (X_2) → E-Marketplace utilization (Y_2)	0.326	4.564	0.000	Accepted
E-Marketplace utilization (Y_2) → Marketing Performance (Y_1)	0.255	2.488	0.013	Accepted

Source: Processed Data 2025

The direct influence of marketing innovation variable on marketing performance has a t-statistic value of $2.719 > t\text{-table } 1.96$ and p-values of $0.007 < 0.05$, so it can be said that H2 is accepted. Marketing innovation has a significant positive impact on marketing performance, and an increase in marketing innovation is expected to increase marketing performance by the given path coefficient value (0.232) in the assumption that other variables remain constant.

The direct influence of social media promotion variables on e-marketplace utilization has a t-statistic value of $5.153 > t\text{-table } 1.96$ and a p-value of $0.000 < 0.05$, so it can be said that H3 is accepted. Social media promotion has a positive impact on e-marketplace utilization, and an increase in social media promotion is expected to increase e-marketplace utilization by the given path coefficient value (0.423) in the assumption that other variables remain constant.

The direct influence of the marketing innovation variable on e-marketplace utilization has a t-statistic value of $4.564 > t\text{-table } 1.96$ and p-values of $0.000 < 0.05$, so it can be said that H4 is accepted. Marketing innovation has a positive impact on e-marketplace utilization, and an increase in marketing innovation is expected to increase e-marketplace utilization by the given path coefficient value (0.326) in the assumption that other variables remain constant.

The direct influence of the e-marketplace utilization variable on marketing performance has a t-statistic value of $2.488 > t\text{-table } 1.96$ and a p-value of $0.015 < 0.05$, so it can be said that H5 is accepted. E-marketplace utilization has a positive impact on marketing performance, and an increase in e-marketplace utilization is expected to increase marketing performance by the given path coefficient value (0.255) in the assumption that other variables remain constant.

The examination of mediating variables in this study concerns the mediating role of e-marketplace utilization variables on the indirect influence of social media promotion and marketing innovation on marketing performance. The examination of indirect effects in this study can be seen in the explanation of the analysis results in Table 7.

Table 7 shows the role of e-marketplace utilization in mediating the influence of social media promotion on marketing performance, with a VAF value of 0.416. This means that the role of e-marketplace utilization as a mediating variable is 41.6 percent. The mediation value of 41.6 percent is between 20 percent and 80 percent, so the e-marketplace utilization variable is included in the category of partial mediating variables. Therefore, it can be concluded that e-marketplace utilization can partially mediate the influence of social media promotion on marketing performance.

Table 7
Indirect Influence Test Results (Inspection of Mediation Variables)

Variable	Indirect Influence	
	Correlation Coefficient	T-Statistic
Social Media Promotion (X_1) → E-Marketplace utilization (Y_2) → Marketing Performance (Y_1)	0,108	1,968
Marketing Innovation (X_2) → E-Marketplace utilization (Y_2) → Marketing Performance (Y_1)	0,083	2,283
Variable	Total Impact	
	Correlation Coefficient	T-Statistic
Social Media Promotion (X_1) → Marketing Performance (Y_1)	0,438	6,652
Social Media Promotion (X_1) → E-Marketplace utilization (Y_2)	0,423	5,153
Marketing Innovation (X_2) → Marketing Performance (Y_1)	0,316	4,351
Marketing Innovation (X_2) → E-Marketplace utilization (Y_2)	0,326	4,564
E-Marketplace utilization (Y_2) → Marketing Performance (Y_1)	0,255	2,488
VAF → Indirect Influence / Total Impact (0,108 / 0,438)	0,246	
VAF → Indirect Influence/ Total Impact (0,083 / 0,316)	0,263	

Source: Processed Data 2025

The role of e-marketplace utilization in mediating the influence of marketing innovation on marketing performance, with a VAF value of 0.263. This means that the role of e-marketplace utilization as a mediating variable is 26.3 percent. The mediation value of 26.3 percent is between 20 percent and 80 percent, so the e-marketplace utilization variable is included in the category of partial mediating variables. Therefore, it can be concluded that e-marketplace utilization can partially mediate the influence of marketing innovation on marketing performance.

Based on the results of the hypothesis test, H1 is accepted, indicating that social media promotion has a positive and significant effect on the marketing performance of MSMEs in Bali Province. This finding supports the Resource-Based View (RBV) Theory, where promotion through social media is viewed as a cognitive dimension that emphasizes the importance of knowledge, understanding, and skills in managing digital promotion strategies. By optimizing this cognitive dimension, MSMEs can increase marketing effectiveness, strengthen competitiveness, and achieve a competitive advantage in an increasingly digital and socially connected market.

Descriptively, respondents agreed that the use of social media for promotions contributed to a decrease in product returns, increased sales, increased customer base, and increased net profit year over year. These results are consistent with previous research (Primanto & Athia, 2020; Mahdi et al., 2022), which found a positive effect of social media promotions on marketing performance. In line with the indicators proposed by Sidi & Yogatama (2019), good marketing performance is reflected in revenue growth, number of customers, and sales volume. Therefore, social media promotions have proven to be a crucial factor in improving the marketing performance of MSMEs in Bali.

The Influence of Marketing Innovation on Marketing Performance in MSMEs

Based on the hypothesis test, it shows that H2 is accepted, indicating that marketing innovation has a positive and significant effect on the marketing performance of MSMEs in Bali Province. This finding confirms the Theory of Resource-Based View (RBV), where marketing innovation reflects a behavioral dimension that emphasizes creativity, collaboration, an organizational culture that encourages innovation, and the company's learning capabilities. By paying attention to these behavioral dimensions, MSMEs are able to generate innovative ideas and implement more effective marketing strategies, thus impacting market share increases, value creation, and sustainable competitive advantage.

Descriptively, respondents emphasized the importance of marketing innovation through attractive product packaging, regular design updates, competitive pricing, and product diversification to drive sales. These results are consistent with previous research (Riyadi & Yasa, 2016; Putri & Yasa, 2018; Karinda et al., 2018), which shows that marketing innovation plays a crucial role in improving the marketing performance of MSMEs. Therefore, the better the marketing innovation implemented by MSMEs in Bali, the higher their marketing performance.

The Influence of Social Media Promotion on the Utilization of E-Marketplace by MSMEs

Based on the hypothesis test, it shows that H3 is accepted. This means that social media promotion has a positive and significant effect on the utilization of e-marketplaces, which means that the better the social media promotion carried out by MSMEs in Bali Province, the better the use of e-marketplaces will be. This confirms that the Theory Resource-Based View (RBV) supports the research reflected in the social media promotion variable. Social media promotion is a cognitive dimension of Theory Resource-Based View. By optimally utilizing the cognitive dimension, business actors can optimize their promotions on social media to increase e-marketplace utilization. Relevant knowledge, understanding, and skills in managing and utilizing social media and e-marketplaces can help achieve a competitive advantage in utilizing digital platforms to reach and retain customers.

The summary results of respondents' assessments in descriptive statistics show that respondents' assessments of social media promotions carried out by MSMEs in Bali Province are very high, with statements related to the use of e-marketplaces. Respondents in the study strongly agreed with the statements that stated that E-Marketplaces have complete facilities, e-marketplaces are easy to use, e-marketplaces have good application quality, payment methods provided by e-marketplaces are diverse, delivery services provided by e-marketplaces are diverse, and the quality of information presented on e-marketplaces is very informative. Based on the relevant descriptive data, what MSMEs in Bali Province can do is to use e-marketplace facilities so that MSMEs can conduct digital sales and collaborate on promotions carried out on social media.

These results align with previous research conducted by Ardiansyah & Nilowardono (2019), who found that the use of e-marketplaces through social media promotion will improve marketing performance, as the role of e-marketplace use will be assisted by social media promotion by disseminating products sold through the use of e-marketplaces through social media promotion. This is in line with research conducted by Evans (2010), who stated that social media promotion is practiced to engage customers in online social locations where customers naturally spend time. The use of e-marketplaces through social media promotion will improve marketing performance, as the role of e-marketplaces will be assisted by social media promotion by disseminating products sold through e-marketplaces through social media promotion. Syafitri & Ramdani (2022) in their research found that social media marketing has a positive influence on purchasing interest in e-marketplaces.

The Influence of Marketing Innovation on MSMEs' E-Marketplace Utilization

Hypothesis testing indicates that H4 is accepted. This indicates that marketing innovation has a positive and significant effect on e-marketplace utilization. The greater the marketing innovation implemented by MSMEs in Bali Province, the greater their e-marketplace utilization. This confirms that the Resource-Based View (RBV) theory supports the research, as reflected in the marketing innovation variable. Marketing innovation is a behavioral dimension of the Resource-Based View theory. The behavioral dimension in the RBV contributes to marketing innovation in e-marketplaces through creativity, team collaboration, a culture of innovation, responsiveness, and organizational learning. By considering these aspects, organizations can create more innovative and effective marketing approaches in e-marketplaces, which can increase platform utilization and achieve a competitive advantage in the increasingly competitive digital marketplace.

The summary results of respondents' assessments in descriptive statistics show that respondents' assessment of marketing innovation in MSMEs in Bali Province is very high, with statements related to the use of e-marketplaces. Respondents in this study, many sellers make attractive and safe product packaging to maintain the quality of their products. Respondents strongly agree with the statement that states that product designs are changed by MSMEs in Bali Province periodically to be able to keep up with the times that will be distributed through digital marketing with the use of e-marketplaces, respondents strongly agree with the statement that states that product pricing made by MSMEs can provide company profits and be able to compete with competitors, respondents strongly agree with the statement that states that companies create products made by MSMEs diverse to increase sales. Based on the relevant

descriptive data, what can be done by MSMEs is to actively carry out marketing innovations to influence consumers both with offline and online sales through e-marketplaces.

These results align with previous research conducted by [Halim et al. \(2015\)](#), that marketing innovation requires significant effort, and achieving marketing performance requires significant sacrifice, one of which is digital marketing through the use of e-marketplaces. This is in line with research conducted by [Fachriyan et al. \(2021\)](#), who found that the use of e-marketplaces supports all activities related to transactions and interactions or planning the transformation of goods, enabling various parties to collaborate in the design, development, production, and distribution of final products in the supply chain, which aligns with the indicators used in this study. [Sin et al. \(2016\)](#), continued that the use of e-marketplaces is a form of marketing innovation that provides benefits for all parties, especially MSMEs or start-up businesses.

The Effect of E-Marketplace Utilization on MSME Marketing Performance

Hypothesis testing indicates that H5 is accepted, indicating that e-marketplace utilization has a positive and significant impact on MSME marketing performance in Bali Province. This finding aligns with the Technology Acceptance Model (TAM) Theory, particularly regarding perceived ease of use. It emphasizes that the easier a technology is to use, the higher its acceptance rate. MSMEs that perceive ease of use in e-marketplaces are more likely to adopt them as a primary tool to support their marketing activities, thereby increasing their business effectiveness and competitiveness.

Descriptively, respondents strongly agreed that e-marketplaces provide comprehensive facilities, are easy to use, have good application quality, offer a variety of payment and delivery methods, and present informative information. These results align with previous research ([Farida et al., 2017](#); [Setyorini et al., 2019](#); [Sandri & Hardilawati, 2019](#)), which confirms that e-marketplace use contributes positively to improving MSME marketing performance and revenue. Therefore, optimal e-marketplace adoption not only expands market reach but also strengthens the positive relationship between digital technology and MSME marketing performance.

The Role of E-Marketplace Utilization in Mediating the Effect of Social Media Promotion on MSME Marketing Performance

The hypothesis test shows that the VAF calculation shows that e-marketplace utilization partially mediates the effect of social media promotion on marketing performance. This means that e-marketplace utilization is able to mediate the social media promotion variable and marketing performance. This means that the better the e-marketplace utilization by MSMEs, the better their social media promotions will be, thus improving their marketing performance in Bali Province. In the Technology Acceptance Theory Model, e-marketplace utilization is included in the perceived ease of use. Perceived ease of use plays a significant role in mediating the effect of social media promotion on marketing performance. Perceived ease of use influences e-marketplace adoption and social media promotional activities, which in turn influence promotional effectiveness and overall marketing performance. By considering the perceived ease of use factor, companies can improve technology acceptance and promotional strategies to achieve better marketing results through e-marketplaces and social media.

The summary results of respondents' assessments in descriptive statistics show that respondents' assessments of marketing performance in MSMEs in Bali Province strongly agree with statements related to MSMEs. Respondents in this study revealed that respondents agreed with the statement that the number of company product returns experienced by MSMEs has decreased from year to year, which allows companies to minimize losses and be able to increase sales results. Respondents strongly agree with the statement that the number of company product sales experienced by MSMEs in Bali Province has increased from year to year. Respondents strongly agree with the statement that company customers experienced by MSMEs in Bali Province has increased from year to year. Respondents strongly agree with the statement that the results of the Company's product sales are able to provide net profit.

These results are consistent with previous research conducted by [Li & Hong \(2013\)](#), which stated that social media promotion has a positive and significant effect on marketing performance, as well as the presence of e-marketplaces, which have a positive and significant effect on marketing performance. Similar research by [Bernadi \(2013\)](#), in his research stated that e-marketplaces are a form of information technology advancement that has brought many changes, including: reducing the cost of interaction between buyers and sellers, more alternatives and easier promotions, opportunities to expand market share without having to invest large capital and investment. So, the results obtained in his research are that e-marketplaces have a positive and significant effect on marketing performance, assisted by social media promotions as a digital promotional tool.

The Role of E-Marketplace Utilization in Mediating the Effect of Marketing Innovation on MSME Marketing Performance

Based on the hypothesis test, the VAF calculation revealed that e-marketplace utilization partially influences marketing innovation on marketing performance. These results indicate that H7 is accepted. This means that e-marketplace utilization mediates the marketing innovation variable and marketing performance. The better the e-marketplace use by MSMEs, the better the effect of marketing innovation on MSME marketing performance in Bali Province. In the Resource-Based View of Theory, marketing innovation is a behavioral dimension. The behavioral dimension plays a role in e-marketplace management and the implementation of marketing innovation. The use of e-marketplaces as intermediaries influences how marketing innovations are adopted and implemented by businesses, which in turn impacts overall marketing performance on the platform. Alignment between the behavioral dimension and e-marketplace utilization in creating and managing marketing innovation can be a key factor in achieving competitive advantage in the digital marketplace.

The summary results of respondents' assessments in descriptive statistics show that respondents' assessments of marketing performance in MSMEs in Bali Province strongly agree with statements related to MSMEs. Respondents in this study revealed that respondents agreed with the statement that the number of product returns experienced by MSMEs decreased from year to year, which enabled the company to minimize losses and increase sales results. Respondents strongly agreed with the statement that the number of product sales experienced by MSMEs in Bali Province increased from year to year. Respondents strongly agreed with the statement that the number of company customers experienced by MSMEs increased from year to year. Respondents strongly agreed with the statement that the results of the Company's product sales were able to provide net profit.

These results align with previous research conducted by [Santika & Yadnya \(2020\)](#), which found that innovation has a positive and significant impact on marketing performance, as well as the adoption of e-marketplaces, which have a positive and significant impact on marketing performance. E-marketplaces also have a positive and significant impact on marketing performance ([Helmalia & Afrinawati, 2018](#); [Setyorini et al., 2019](#); [Sandri & Hardilawati, 2019](#)). When this relationship is linked, e-marketplaces can be tested as a mediating variable between marketing innovation and marketing performance. This research indicates that e-marketplace use can mediate the relationship between marketing innovation and marketing performance.

4 Conclusion

Based on the discussion above, the following conclusions were drawn.

- a) Social media promotion has a positive and significant effect on the marketing performance of MSMEs in Bali Province. This means that better social media promotion by MSMEs in Bali Province will improve their marketing performance.
- b) Marketing innovation has a positive and significant effect on the marketing performance of MSMEs in Bali Province. This means that better marketing innovation by MSMEs in Bali Province will improve their marketing performance.
- c) Social media promotion has a positive and significant effect on e-marketplace utilization. This means that better social media promotion by MSMEs in Bali Province will increase e-marketplace utilization.
- d) Marketing innovation has a positive and significant effect on e-marketplace utilization. This means that better marketing innovation by MSMEs in Bali Province will increase e-marketplace utilization.
- e) E-marketplace utilization has a positive and significant effect on marketing performance. This means that better e-marketplace utilization by MSMEs in Bali Province will improve marketing performance.
- f) E-marketplace utilization partially mediates the relationship between social media promotion and the marketing performance of MSMEs in Bali Province. E-marketplace utilization mediates the relationship between these two variables because social media promotion influences marketing performance, meaning that e-marketplace utilization only has a partial effect on this variable. The analysis results indicate that e-marketplace utilization mediates social media promotion and the marketing performance of MSMEs in Bali Province.

E-marketplace utilization partially mediates the relationship between marketing innovation and the marketing performance of MSMEs in Bali Province. E-marketplace utilization mediates the relationship between these two

variables because marketing innovation influences marketing performance, meaning that e-marketplace utilization only has a partial effect on this variable. The analysis results indicate that e-marketplace utilization mediates marketing innovation and the marketing performance of MSMEs in Bali Province.

Conflict of interest statement

The authors declared that they have no competing interests.

Statement of authorship

The authors have a responsibility for the conception and design of the study. The authors have approved the final article.

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