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Digital Marketing Strategy for Sustainable Performance of MSMEs: Literature Review

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Abstract

The development of digitalization has opened up great opportunities for Micro, Small and Medium Enterprises (MSMEs) to improve business performance sustainably through the adoption of digital marketing strategies. The study explores key themes such as influence analysis methods, the role of digital marketing in improving performance, and the challenges MSMEs face in digital adoption. A systematic literature review methodology and thematic analysis of articles indexed in Scopus between 2020 and 2024 are used in this study. Selected studies that focus on the role of digital marketing strategies in improving the sustainable performance of MSMEs. The review followed PRISMA guidelines to ensure a comprehensive and unbiased selection of articles, with thematic analysis used in identifying key factors and trends in digital marketing approach relevant for MSMEs. The results advance our understanding of how digital marketing helps MSME sustainability, particularly in a market that is highly competitive. The study shows that the use of digital marketing, particularly through social media, digital advertising, these results provide practical insights for stakeholders to support the adoption of digital marketing in the MSME sector through policy support, financial assistance and technological training.

Keywords

Digital Marketing Strategy, Digital Transformation, MSME, Business Performance.

1. Introduction

Micro, Small, and Medium-Sized Enterprises (MSMEs) are reorganizing and adjusting their operations through various physical changes, technological breakthroughs, and digital media engagement in the face of swift economic and technological changes. This enables them to create a global presence. In today's social and economic environment, MSMEs are essential. One way to think of marketing is as a series of steps that companies take to encourage people to buy their goods or services. Using marketing techniques, businesses continuously strive to draw in new clients and hold onto their current clientele during this process. The promotion of goods or services through digital platforms is specifically referred to as digital marketing.

The internet and digital marketing have become essential components in the business sector as a result of the growing demand for technological adoption. Chaffey et al. (2009) define internet marketing as a marketing strategy that leverages digital technologies to achieve objectives. According to Martínez-Peláez et al. (2023), MSMEs are the most prevalent business type, accounting for approximately 95% to 99% of all firms and 60% to 70% of employment (OECD). As such, they play a significant role in economic growth.

With increased global competition, using digital technologies to engage customers has become a critical strategy that is expected to grow over the next ten years (Smith, 2011). Companies constantly look to improve their competitive position through innovation and technological breakthroughs that promote expansion. As a result, many businesses now understand how important it is to embrace and use advanced technology applications that improve operations and provide timely, pertinent information (Aggarwal & Padhan, 2017). Conventional marketing techniques have been found to be inadequate for navigating the fiercely competitive business environment of today and creating a long-lasting competitive advantage (Kaur, 2017). Businesses can build long-lasting relationships with suppliers and customers through effective marketing communication, and digital technologies make it easier for people to interact with each other (Yoga, 2019).

Promoting goods and services through digital distribution channels and using online or digital advertising to reach customers are characteristics of digital marketing (Smith, 2011). Rakić & Rakić (2014) state that digital marketing entails actions meant to build and preserve connections with customers and partners by providing digital experiences and value via digital technologies. Digital marketing includes managing a business's online presence using strategies like search engine marketing, digital advertising, online partnerships, online public relations, email branding, and social media marketing, according to Chaffey et al. (2006). Online marketing Shifa & Harto (2024), internet marketing, Chaffey et al. (2009), e-marketing, Strauss & Frost (2009), and digital marketing, Chaffey et al. (2009) are some of the terms that have been created by the use of the internet in marketing.

Nowadays, every business must implement a digital strategy in order to function. However, because every industry has different objectives, there is a great need for appropriate guidance when implementing digital marketing. These businesses are working hard to build their online presence and attract clients there. Being able to evaluate how these investments will affect the company is crucial, though. What are the real benefits for businesses of investing in digital platforms? How much of an effect has it had on their business? Through a number of studies, this research sought to determine how digital marketing has changed in relation to MSMEs and how it affects their performance.

Digital marketing enables consumers to access information about products or services at any given time. Through the internet, consumers can visit a company's website, review product details, make purchases, and make informed buying

decisions. This strategy improves customer satisfaction and their entire experience. Digital marketing guarantees that customers receive accurate and trustworthy information about goods or services, in contrast to traditional marketing, which runs the risk of salespeople giving them false information (Mariam et al., 2021). Many businesses now leverage digital marketing to promote their offerings, allowing consumers to easily compare products from various companies without the need to visit a physical store.

Customers can also share information about goods and services with others through digital media. Businesses use digital platforms to display product prices, which increases transparency and makes them more easily accessible to customers when they are making decisions about what to buy. Additionally, businesses can change their prices during festivals or holidays to give customers direct discounts. Consumers typically view advertisements on television, posters, and other traditional media before visiting a store to make a purchase under traditional marketing practices. Customers can purchase a product right away after viewing an advertisement thanks to digital marketing, which significantly streamlines the marketing funnel's steps.

This study highlights the importance of understanding the relationship between the impact of digital marketing strategies on sustainable business performance in the MSME segment based on journals that have been widely studied to be able to draw conclusions from various research perspectives. Along with the increasing awareness of MSMEs towards the issue of marketing digitalization in improving business performance, they also need to explore the existing obstacles in order to solve the problems faced. The author formulates clear questions to ensure that the literature review remains focused on the topic discussed. This study aims to answer several questions, including:

RQ 1: What methods are used to analyse the role of digital marketing strategies in improving the sustainable business performance of MSMEs?

RQ 2: What is the role of digital marketing strategies in improving sustainable business performance in MSMEs?

RQ 3: What are the challenges and obstacles faced by MSMEs in adopting and implementing digital marketing strategies?

2. Methods

The Systematic Literature Review (SLR) approach is used in this study to examine how digital marketing strategies affect MSMEs' sustainability performance. An extensive literature review and the ensuing data analysis and discussion comprise the two main sections of the research (Göcke et al., 2022). According to Moher et al. (2009), the study follows the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines, which offer a strict protocol frequently used in domains like business and marketing (Siddaway et al., 2019). Panic et al. (2013) found that studies implementing PRISMA exhibited higher methodological quality compared to those that did not adopt this framework. Additionally, the systematic review process in this study was facilitated by the Watase Uake tool, as demonstrated in recent research by Hariningsih et al. (2024), where it has increasingly gained traction for similar analyses. The application of Watase Uake in this study followed a structured, multi-step approach designed to ensure comprehensiveness and reliability.

The use of Watase Uake went through several key steps. First, the constraints, criteria, and keywords were determined. Next, pertinent articles were examined to identify relevant sources. Once the articles were located, those that were not relevant were filtered out. The titles, abstracts, and keywords of the selected articles were then analyzed in detail. Following this, data was extracted from the chosen articles.

Finally, a thorough analysis of the selected articles was performed, initiating a discussion about the variables, techniques, and the impact of digital marketing strategies on the long-term business performance of MSMEs.

Because of its strict indexing and citation accuracy requirements, the Scopus database was chosen for this investigation (Lasda Bergman, 2012; Rocha et al., 2020). Prior research has demonstrated that, in comparison to other databases, Scopus provides better coverage in the social sciences (Aghaei Chadegani et al., 2013; Norris & Oppenheim, 2007). In the world of peer-reviewed social science research, Scopus is one of the biggest and most respected repositories. It is frequently utilized to support empirical and quantitative studies (Farrukh et al., 2020;), making it an essential resource in social science research. This viewpoint aligns with Paul et al. (2021); See, Sauer & Seuring (2023), who advocate for Scopus as the database of choice for literature reviews due to its comprehensive quality and reliability. Consequently, Scopus remains indispensable for robust social science research and literature exploration.

Data were collected between 2020-2024 using the keywords “Digital Marketing Strategy Sustainable Business Performance, Digital Marketing Strategies, Digital Marketing SME's Sustainable Business Performance, Digital Marketing Strategies SMEs” in the “article title, abstract, or keywords” section of Scopus, in compliance with Lim et al. (2022) suggestions for a worldwide review of this research. This search targeted articles on the influence of digital marketing strategies in supporting sustainable business performance in global SMEs, producing 373 documents before the screening process. The criteria applied to narrow the search included several items listed in the following table:

Table 1. Inclusion Criteria and Exclusion Criteria

Inclusion Criteria	Exclusion Criteria
Research articles published within the period 2020 - 2024.	Research articles not published in the 2020 - 2024 range.
Articles addressing research topics relevant to Digital Marketing Strategy and Sustainable Business Performance of SMEs.	The research article does not discuss the appropriate research focus related to Digital Marketing Strategy and Sustainable Business Performance of SMEs.
Articles published in either national or international journals, or presented at national or international conferences.	Research articles are not published in national or international journals or have been presented at national or international conferences.
Journals indexed in Scopus categories Q1 to Q4.	Journals not indexed by Scopus Q1-Q4

According to Sauer & Seuring (2023), 90% of SLRs pertaining to management were released within the previous ten years. Restrictions on search time are frequently used to update earlier reviews or guarantee the breadth of current and pertinent knowledge. By concentrating on recent studies, researchers can eliminate data that is out-of-date or unnecessary, keeping the review in line with current knowledge and practices. After applying these criteria, the number of selected articles was reduced to 21. A comprehensive examination of titles and abstracts resulted in detailed tables, followed by a content analysis that excluded 14 articles due to limited relevance or access limitations. This filtered database finally included 7 articles, as depicted in the PRISMA Diagram using Watase UAKE (Figure 1). This screening process assured a relevant body of literature for further review.

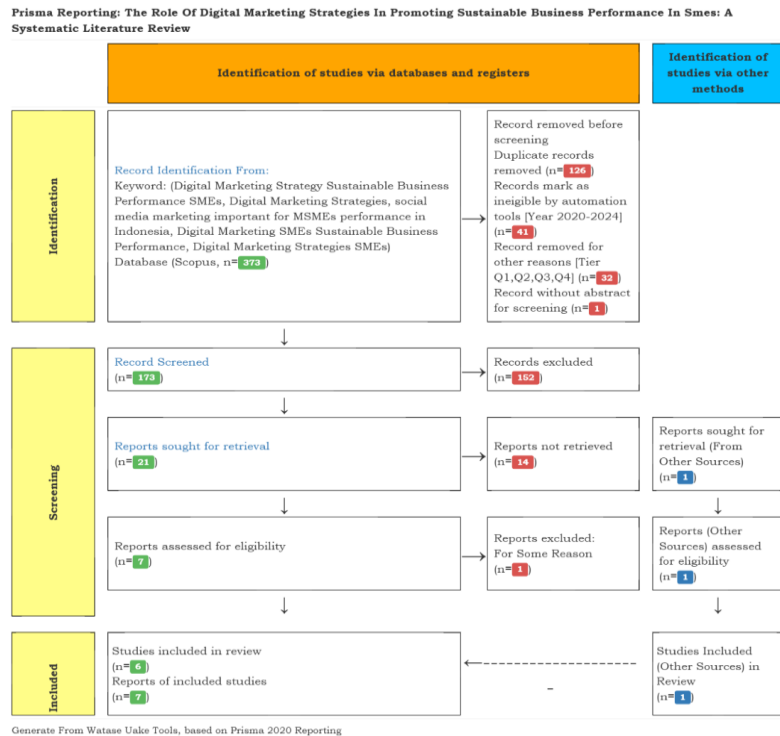


Figure 1. Prisma Analysis Method use Watase UAE

3. Results

This Systematic Literature Review aimed to provide an understanding of how the role of Digital Marketing Strategy affects Sustainable Business Performance in MSMEs. This study reviewed selected articles to address the research questions comprehensively. The findings from the literature review were systematically organized based on parameters such as title, source, research outcomes, and specific challenges highlighted in each article (Atif, 2021). The results of this systematic literature review of the seven research articles reveal various themes and insights, which are summarized in Table 2 below. This mapping offers a structured overview of the current state of knowledge and identifies key gaps for future research.

The studies reviewed in the table reveal various insights into the role of digital marketing and digitalization in enhancing SME performance and addressing the challenges faced by SMEs. Sharabati et al. (2024) in "Technological Forecasting & Social Change" examine digital marketing and SME performance, finding that digital marketing significantly enhances the exposure and appeal of SME products. The main challenges are technological limitations and human resource constraints. Sauer & Seuring (2023) in "Sustainability" analyse digitalization and innovation, showing that digitalization strongly correlates with improved marketing performance by facilitating faster product innovation aligned with market demand. The high implementation costs are the main challenge. Sharabati et al. (2024), also in "Sustainability," explore customer loyalty and marketing performance as parts of a digital strategy, finding that digital marketing strategies enhance customer loyalty and marketing outcomes, but the lack of digital skills among workers is a significant obstacle. Chatterjee & Kar (2020) in the "International Journal of Information Management" analyse social media marketing's impact on business, indicating that social media significantly boosts customer engagement in India. However, the absence of strategic guidance in maximizing social media marketing is the biggest obstacle. Yasa et al. (2024) in the "International Journal of Data and Network Science" examine the Tri Hita Karana philosophy and sustainable performance in

SMEs, finding that integrating this philosophy with digital strategies enhances sustainable business performance. The challenges include the need for environmental awareness and government support. Shifa & Harto (2024) in the "Asia Pacific Journal of Marketing and Logistics" analyse social media and SME performance in Indonesia, revealing that social media significantly improves SME performance by expanding reach and consumer engagement. Infrastructure limitations and restricted access to technology are the main obstacles. Lastly, Alnajim & Fakieh (2023) in "Data" examine social media marketing and tourism, finding that tourism-focused social media enhances promotional reach and attracts visitors. The key challenges are the rapidly evolving digital landscape and the need for continuous content quality updates to remain relevant to tourists' needs.

3.1. The Role of Digital Marketing Strategies in Improving Sustainable Business Performance of MSMEs

In an attempt to answer RQ1 regarding the methods used to analyse the role of digital marketing strategies on sustainable business performance in MSMEs, various studies apply a variety of analytical approaches tailored to their respective research objectives and contexts. Sharabati et al. (2024) used Partial Least Squares Structural Equation Modelling (PLS-SEM) to examine the relationship between digital marketing and MSME business performance, with results showing significant improvements in product visibility and attractiveness. Sauer & Seuring (2023) chose an empirical analysis method to measure the correlation between digitalization, product innovation, and marketing performance, which showed that technology adoption has a positive impact on marketing outcomes.

On the other hand, Sharabati et al. (2024) used mediation models to examine the effect of digital strategies on customer loyalty and marketing performance, highlighting the importance of intermediary variables in amplifying the effects of digital strategies. A survey approach combined with Structural Equation Modelling (SEM) was also used by Chatterjee & Kar (2020); Shifa & Harto (2024) to evaluate the effectiveness of social media marketing (SMM) to increase customer engagement and brand visibility of MSMEs. Furthermore, Yasa et al. (2024) applied Path Analysis with SEM-PLS to evaluate the impact of Tri Hita Karana-based digital strategies on the sustainability of traditional MSMEs in Bali, meanwhile Alnajim (2023) utilized machine learning to examine social media marketing strategies in the tourism sector, showing how user preferences can be optimized through user-generated content and marketing (Awa et al., 2015). Taken collectively, these methods include quantitative approaches that enable in-depth analysis of the relationships between key variables in digital marketing strategies, while providing a foundation for MSMEs to maximize digital strategies to achieve sustainable business performance.

3.2. The Role of Digital Marketing Strategies in Improving the Performance and Competitiveness of MSMEs

Research by Sharabati et al. (2024) used Partial Least Squares Structural Equation Modelling (PLS-SEM) to show that digital marketing strategies significantly increase the market reach and brand visibility of MSMEs. This increased exposure supports business sustainability by making MSMEs more competitive in the broader market, although challenges such as limited technological infrastructure and personnel skills limit the full utilization of these digital tools. These findings emphasize the need for MSMEs to overcome resource limitations in order to maximize the benefits of digital for sustainable growth. This is in line with the findings of Sharabati et al. (2024), which showed that the adoption of digital marketing plays an important role in improving the organizational performance of MSMEs. Through analysis using the PLS-SEM method, they found that the use of

digital platforms helps MSMEs to expand their market and increase customer loyalty, which significantly impacts their business sustainability performance.

Research by Sauer & Seuring (2023) identified a strong positive correlation between digital innovation, product customization according to market demand, and overall performance of MSMEs. Their empirical study shows that digital marketing, through product innovation and customization, increases customer satisfaction thereby driving long-term business sustainability. However, the high cost associated with digital adoption is a challenge that prevents many MSMEs from fully integrating technology, limiting their potential to grow sustainably. If MSMEs are to use digital tools for sustainable performance, this barrier is a crucial area that requires attention. These results are consistent with research by Khin & Ho (2019), who emphasized that digital capabilities and orientation positively impact digital innovation, which enhances firms' financial and non-financial performance. They also underlined the potential obstacles to digital technology adoption, such as the requirement for specialized skills and implementation costs.

Sharabati et al. (2024) examined how digital marketing affected both overall marketing success and customer loyalty. They discovered, using a mediation model, that digital tactics are crucial for establishing and preserving client relationships, which is necessary for sustained success. However, the efficient execution of strategies is hampered by MSME employees' lack of digital skills. This skills gap emphasizes how crucial it is to raise MSMEs' digital literacy in order to fully utilize digital marketing's potential for long-term business results. These findings are in line with research by D'souza et al. (2022), who emphasized that market orientation and innovation act as mediators in improving the performance of MSMEs in Indonesia. They highlighted that innovation, including the adoption of digital strategies, can improve firm performance, but challenges such as the lack of digital skills among employees can hinder its effectiveness. In addition, a study by Murawski & Bick (2017) highlighted the importance of workforce digital competencies in the context of digital transformation. They emphasized that the lack of digital skills among employees can be a significant obstacle in the implementation of effective digital strategies, including in marketing.

Research by Chatterjee and Kar (2020) highlighted that social media marketing (SMM) in Indian MSMEs is influenced by perceived ease of use and benefits, which contribute to increased brand visibility and customer engagement. Their findings confirm that SMM is an effective tool in building a sustainable customer base by enabling MSMEs to connect meaningfully with consumers. However, the lack of strategic guidance in the use of SMM limits the ability of MSMEs to fully leverage this platform for sustainable growth. This emphasizes the need for MSMEs to adopt a structured approach in SMM that is aligned with their sustainability goals. This finding is in line with research by Ainin et al. (2015), which showed that the use of Facebook by MSMEs significantly improved their financial and non-financial performance. This study emphasizes the importance of an effective social media marketing strategy to achieve optimal business outcomes. In addition, a study by Yadav & Rahman (2018) revealed that customer-perceived social media marketing activities have a positive influence on customer loyalty in the e-commerce industry. This highlights the important role of SMM in building strong and sustainable customer relationships.

Research by Yasa et al. (2024) explored the integration of Tri Hita Karana philosophy with digital strategy in traditional weaving MSMEs in Bali. Their findings, based on Path Analysis with SEM-PLS, showed that digital orientation combined with cultural values supported long-term business sustainability in a way that aligned with the local ethos. However, they identified that environmental awareness and government support are needed to overcome sustainability challenges. This suggests that to achieve sustainable business performance through

digital marketing in culturally rooted MSMEs, additional institutional support is required. These results are consistent with a study by Hauke-Lopes et al. (2023), which emphasized that interactive digital and non-digital resources are necessary for value creation in traditional firms undergoing digital transformation. In order to overcome the conflict between traditional and digital processes, they underlined the significance of interpersonal communication and attitudes toward change. In addition, the study by Ammirato et al. (2022) emphasized that digitalization in cultural tourism should consider the integration of digital technology with the needs of culturally oriented tourists. They highlighted the importance of digital business models aligned with cultural values to enhance the tourist experience and business sustainability.

“The study by Alnajim and Fakieh (2023) developed a social media-based framework tailored to tourism MSMEs, showing that user-generated content (UGC) and marketing-generated content (MGC) are essential to attract tourists. The tourism sector's rapidly evolving digital landscape presents additional challenges as MSMEs must continuously produce high-quality content to remain relevant. Therefore, even though digital marketing is crucial to sustaining interest in the travel industry, this ever-changing landscape necessitates constant adjustment to digital trends. This result is in line with research by Stojanovic et al. (2022), which demonstrated that through the mediating function of destination brand equity, both user-generated content (UGC) and destination-generated content (DGC) have a positive impact on traveller behaviour. UGC is essential in building a positive and more valuable destination image to enhance the perceived quality and value of the destination. In addition, a study by Wu et al. (2021) highlighted that consumers' social capital and co-creation behaviour in tourism social media are influenced by the mediating role of psychological control. This shows that consumer involvement in content creation on social media can increase their loyalty and attachment to tourist destinations.

3.3. The Challenges and Obstacles Faced by MSMEs in Adopting and Implementing Digital Marketing Strategies

Based on the findings of Hidayat et al. (2023), limitations in technological infrastructure are a major obstacle in the implementation of digital marketing in MSMEs. Many MSMEs have lack of access to digital devices and adequate internet networks, limiting the reach and effectiveness of digital marketing strategies. This is especially a problem in rural areas or places with limited access to technology. These limits prevent MSMEs from tapping into the full potential of digital marketing, resulting in their lack of competitiveness in an increasingly digitalized marketplace. Limited technology and digital infrastructure are significant barriers for MSMEs in adopting digital marketing strategies. Based on research by Ghobakhloo et al. (2022), many MSMEs have faced challenges in accessing advanced technology and proper digital infrastructure, which has hindered their digital transformation.

Sauer & Seuring (2023) point out that the high costs associated with the adoption of digital technology are a significant challenge for MSMEs. Many MSMEs face difficulties in providing the budget to invest in digital marketing software, training, and equipment. These costs can be prohibitive, especially for MSMEs with limited funds. This financial barrier often makes MSMEs hesitant to invest in full digital technology, which ultimately limits their ability to compete effectively in the digital marketplace. This is supported by a study by Awa et al. (2015) highlighted that both implementation and staff training costs are barriers to the adoption of new technologies by MSMEs. In addition, research by AL-Shboul (2019) identified that in developing countries, high costs associated with technology adoption are a major inhibiting factor for MSMEs.

One of the other key challenges is the lack of digital skills among MSME employees, as explained by Sharabati et al. (2024). This lack of digital literacy inhibits MSMEs' ability to optimally implement digital marketing strategies. Many MSMEs do not have human resources who are capable of managing digital platforms, marketing tools, or understanding marketing data analytics. Therefore, improving digital literacy in the MSME workforce is important to ensure the successful adoption of digital strategies. A study by Nikou et al. (2022), information and digital literacy directly influences employees' perceptions of the ease of use of technology, which in turn affects their intention to use digital technology in the workplace. These findings highlight the necessity of improving digital literacy among employees to ensure successful technology adoption in MSME operations. In another study by Kozanoglu & Abedin (2021) highlighted that employee digital literacy serves as an important organizational affordance in digital transformation. This study indicated that the lack of digital skills among employees could hinder the digital transformation process in organizations, including MSMEs. Hence, investment in employee digital skills development is becoming crucial to support the implementation of effective digital marketing strategies.

Findings from Chatterjee & Kar (2020) and Shifa & Harto (2024) show that many MSMEs face difficulties in using social media strategically. As social media could be a highly effective marketing tool, many MSMEs do not have sufficient guidelines or knowledge on how to optimize the use of social media to increase brand visibility and customer engagement. This gap in understanding causes MSMEs to underutilize the full potential of social media for sustainable growth. Research by Tsimonis & Dimitriadis (2014) suggests that companies often lack a deep understanding of how to use social media to build relationships with customers and increase brand loyalty. This points to the need for better strategic guidance for MSMEs in managing their social media presence. Additionally, the study by Drummond et al. (2020) highlighted that many MSMEs lack a well-defined strategy for digital engagement, which has resulted in ineffective use of social media. This lack of strategy may inhibit MSMEs' ability to utilize social media as a robust marketing tool.

Yasa et al. (2024) highlighted that to achieve sustainability in digital marketing, environmental awareness and government support are also important. A lot of MSMEs that focus on cultural products, such as MSMEs in Bali, require an in-depth understanding of how to integrate local environmental and cultural values into their digital marketing strategies. In addition, government support in the form of incentives or assisting for digital adoption is needed to mitigate the barriers that MSMEs are faced with, especially in terms of funds and access to technology. The study carried out by Pradana et al. (2022) emphasized that sustainable innovation in the public sector requires legitimacy and support from public leaders to assure long-term sustainability. This suggests that the sustainability efforts by MSMEs may not be effective without strong government support.

In a recent study, Alnajim & Fakieh (2023) found that the tourism sector faces particular challenges related to the rapid changes in digital trends. MSMEs in this sector are required to always produce content that is interesting and relevant to the audience, which requires rapid adaptation to new trends. The necessity to constantly update content and keep up with digital trends can be a burden for MSMEs, especially those with limited resources in digital marketing. A study by Hauke-Lopes et al. (2023), digital transformation changes traditional business processes and affects the co-creation and co-destruction of value in the company. Traditional companies frequently face difficulties in adjusting to rapid digital changes, which can hinder their ability to adapt to dynamic market trends. In addition, the study by Massa et al. (2023) highlighted that digital technology and knowledge processes give rise to new strategies in international business. Companies need to develop flexible

and adaptive strategies to keep up with changing technology and digital trends. Failure to adapt to these changes may result in loss of competitiveness and market opportunities.

A study by Shifa & Harto (2024) highlighted that in Indonesia, limited infrastructure and access to digital resources are major barriers for MSMEs in fully utilizing digital marketing. In many regions, MSMEs face constraints on access to stable and fast internet, which hinders their ability to run effective digital marketing campaigns. Having uneven infrastructure shows the need for improved digital facilities that can reach all levels of MSMEs in various regions. Based on research by Ha & Chuah (2023), a strong digital infrastructure is essential for national and regional integration, cooperation, and development. However, many countries in Southeast Asia, including Indonesia, still face digital infrastructure disparities that inhibit the ability of MSMEs to effectively utilize digital technology. Additionally, research by Putro et al. (2024) highlighted the importance of critical information infrastructure protection in smart government. They have developed a framework for protecting sensitive information infrastructure in smart government, which covers aspects such as purpose, interdependencies, functions, risk management, resources, and governance. This may serve as a guide for MSMEs in understanding and addressing challenges related to digital infrastructure (Abror & Muharam, 2024).

The study's findings suggest that, despite ongoing limitations due to technological infrastructure and a lack of digital skills, digital marketing strategies are essential for increasing MSMEs' market reach and customer engagement. Utilizing PLS-SEM and mediation models, the study demonstrates how digital platforms enhance visibility and customer loyalty, thereby bolstering MSMEs' long-term viability. However, the expense of digital adoption and skills shortages hinder many MSMEs from maximizing these benefits. Comparative analysis reveals that while social media marketing (SMM) is effective at increasing brand visibility, especially if conducted in a structured manner, MSMEs still require strategic guidance to make optimal use of it. The integration of local values with digital strategies, such as Tri Hita Karana in MSMEs in Bali, also shows promising results, but requires institutional support to assure environmental alignment and cultural relevance.

4. Conclusion

This study highlights the critical role of digital marketing strategies in enhancing the sustainable performance of MSMEs, particularly by expanding market reach and fostering customer loyalty. The research, using methods like PLS-SEM and mediation models, confirms that implementing digital strategies can significantly improve product visibility and increase customer engagement, both of which are essential for long-term business sustainability. The findings suggest that MSMEs, through effective use of digital marketing, are better positioned to maintain competitive advantages, attract new customers, and retain existing ones, leading to steady growth even in challenging market conditions. However, the adoption of digital marketing in MSMEs is not without its challenges. Key barriers include limited access to technological infrastructure, high costs associated with digital marketing implementation, and a digital skills gap among MSME workers. These constraints hinder the full potential of digital strategies in these businesses, preventing them from reaching a broader market or fully capitalizing on online opportunities. The study indicates that overcoming these challenges requires strong institutional and policy support, including investments in digital infrastructure, affordable training programs, and financial assistance. Such support would enable MSMEs to leverage digital tools more effectively, enhance their operational

efficiency, and improve market competitiveness, ultimately contributing to their sustainable growth in the digital era.

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