The Asian Journal of Professional and Business Studies
https://journal.uptm.edu.my/index.php/ajpbs
e-ISSN 2716-666X, ISSN 2462-1072

Please cite this article as: Fransisca, D., Adriani, Z.., Dahmiri, D., & Nasrullah, M. (2025). Digital marketing strategy and business sustainability: the mediating role of marketing performance among MSMEs in Merangin Regency. The Asian Journal of Professional & Business Studies, *6*(1), 16–31. https://doi.org/10.61688/ajpbs.v6i1.404

DIGITAL MARKETING STRATEGY AND BUSINESS SUSTAINABILITY: THE MEDIATING ROLE OF MARKETING PERFORMANCE AMONG MSMES IN MERANGIN REGENCY

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Received 30 April 2025, Revised 20 May 2025, Accepted 31 May 2025, Published 30 June 2025

ABSTRACT

This study investigates the impact of a digital marketing strategy on business sustainability, with marketing performance as a mediating variable, among Micro, Small, and Medium Enterprises (MSMEs) in Merangin Regency. The research employs a quantitative descriptive analysis method by using SMART PLS. A total of 65 respondents from the souvenir businesses of Merangin Regency participated in the study. The results indicate that digital marketing has a significant effect on marketing performance in these souvenir businesses. Additionally, digital marketing significantly impacts the sustainability of souvenir businesses in Merangin Regency. Marketing performance also significantly influences business sustainability in these businesses. Moreover, marketing performance effectively mediates the relationship between digital marketing and business sustainability in the souvenir businesses of Merangin Regency. These results highlight the strategic importance of digital transformation in strengthening MSME competitiveness and long-term viability. The study provides practical implications for policymakers and business actors to promote digital adoption and improve performance-driven sustainability.

Keywords: *Digital Marketing, Business Sustainability, Marketing Performance*

1. INTRODUCTION

The rapid advancement of digital technology has fundamentally transformed the marketing paradigm, bringing marketing concepts from traditional realms into a dynamic, widely connected digital environment with no geographical limitations. In an era where technology has become the backbone of daily activities, marketing approaches that leverage digital technological advancements have become key to the growth and sustainability of Micro, Small, and Medium Enterprises (MSMEs). Digital marketing is a concept that encompasses various interactive and integrated marketing strategies, opening the door to closer interactions among producers, market intermediaries, and consumers.

The importance of MSMEs' presence in the digital realm lies in the need to enhance product exposure among consumers who are increasingly connected online. MSMEs that are active online, engaged across various social media platforms, and capable of developing their e-commerce presence tend to reap benefits across various aspects of their business, ranging

from increased revenue and job creation to the ability to innovate and remain competitive in the market. However, several MSMEs still lag in adopting information technology, particularly in harnessing the potential of digital media, and they have yet to fully understand the roles and benefits of utilising digital media to expand their reach and influence (Wardhana, 2018). For example, Shopee, *Bukalapak*, Lazada, *Tokopedia*, and others are popular digital marketing platforms that can provide significant support for MSME players. By becoming part of these platforms, MSMEs can enhance their business visibility across various digital services such as Maps and search results, allowing their businesses to be accessed by more potential customers, especially those operating in specific areas (Ridwan et al, 2019).

Additionally, social media plays a crucial role in digital marketing, with Instagram and Facebook being among the main platforms. Instagram offers a Business Account feature that enables business operators to create structured business profiles and optimise their activities through the platform. With this feature, companies of all sizes can introduce their business profiles, analyse follower data and interactions, and develop effective promotional strategies to achieve their business objectives (Rachmawati, 2018). Digital marketing strategies have become a crucial aspect for MSMEs in facing the dynamics of modern business. The development of technology and the increasing use of the internet have changed consumer behaviour patterns, prompting MSMEs to adapt to online-based marketing. Digital marketing enables businesses to reach a wider market through effective strategies and targeted media. By creating a dialogue space between producers, distributors, and consumers, business relationships can become more intimate, thereby enhancing interaction and information exchange. Moreover, building strong relationships between companies and brands is essential for business sustainability. Therefore, Digital marketing needs to be optimised so that MSMEs can continue to compete and grow.

The optimal use of digital marketing will improve marketing performance. Marketing performance is a measure of success obtained from the comprehensive process of marketing activities within a company. This measure serves as an indicator of a company's development and progress. Marketing performance is also the outcome of all efforts and marketing strategies implemented by entrepreneurs (Albi, 2020). Measuring marketing performance is necessary because business objectives include not only creating customers but also generating profits. Furthermore, this measurement can be viewed from several perspectives, including profit levels, sales volume, market share, and customer satisfaction (Kartika, 2021). Several studies on digital marketing and its positive, significant impact on company performance indicate a significant effect on the sustainability of MSMEs (Ardakani et al., 2024). Ketut Gunawan (2024) found in his research that business actors' influence, digital marketing's impact, and access to capital have a positive and significant effect on MSME performance.

Digital marketing capabilities have a positive and significant effect on entrepreneurial orientation, whereas digital marketing assets do not. The indirect effect of digital marketing capabilities, with entrepreneurial orientation as an intervening variable, positively and significantly influences the marketing performance of MSMEs, whereas Digital marketing assets, with entrepreneurial orientation as an intervening variable, do not affect marketing performance (Adnan Hasan, 2023). Research by Effendi et al. (2022) shows that Digital marketing has a positive and significant effect on marketing performance and product innovation, mediated by digital marketing; both Digital marketing and digital finance have a positive and significant impact on the sustainability of MSMEs (Achmad Kautsar, 2022).

Sustainability originates from the word "sustain," which means to continue, and "ability," which means capability. In other words, sustainability refers to the resilience of a system and its processes. Sustainability in the business context is the ability of a business system to maintain its production levels in the long term in accordance with environmental balance. Sutrisno et al. (2024), in their research, concluded that Digital marketing influences marketing performance and That Digital marketing strategies impact the finances of MSMEs. However, a significant influence was found between Digital marketing strategies and MSME sustainability when MSME finances were mediated by e-commerce, with performance sustainability showing positive and significant results (Jianli Gao et al., 2023). In the context of marketing, entrepreneurship provides a competitive advantage for businesses by offering new solutions and identifying untapped market gaps. Entrepreneurs can take risks and transform how businesses operate through innovative marketing strategies. One way to gain market share in the digital era is to implement digital marketing.

This supports the findings of Firdaus (2023), which state that Digital marketing positively influences business sustainability, marketing performance positively affects business sustainability, e-commerce positively impacts marketing performance, and Digital marketing positively influences marketing performance. Marketing performance mediates the influence of marketing performance on business sustainability, and marketing performance mediates the effect of Digital marketing on business sustainability. This is consistent with the research of Lamidi (2021), which explains that Digital marketing affects the sustainability of MSMEs and that marketing performance influences their sustainability; entrepreneurs will be able to enhance their business sustainability effectively.

In this context, the shift in marketing paradigms from conventional to digital has become inevitable. The implementation of Digital marketing is no longer just an option but a necessity for MSMEs that want to remain relevant and competitive in an ever-changing business environment. The primary objective of this research is to understand, analyze, and explore how the application of Digital marketing strategies has influenced the performance and competitiveness of MSMEs in an increasingly digitally connected market. Various digital techniques and platforms have become the main instruments for reaching markets, building brands, and increasing sales for MSMEs. The use of social media, search engine optimization (SEO), digital advertising, and content strategies is just a few of the tools available to enhance visibility and customer engagement. However, the challenges faced by MSMEs in implementing Digital marketing strategies cannot be overlooked. Resource limitations, a lack of technological understanding, and the need to adapt to rapid change are among the obstacles that must be addressed to maximize the benefits of digital marketing.

In this study, the subjects are MSME actors in the local souvenir business in Merangin Regency. The reason for selecting this subject is that the researcher wants to determine the impact of Digital marketing strategies on marketing performance and the sustainability of these businesses. As we know, we have now entered the digital era, where all activities can be conducted through media.

2. LITERATURE REVIEW

2.1 Theory of Reasoned Action

The Theory of Reasoned Action was first described by Ajzen in 1975. The Theory of Reasoned Action (TRA) describes behavior that changes based on the outcome of behavioral intentions, and behavioral intentions are influenced by social norms and individual attitudes (Eagle et al., 2013). According to Lee & Kloter (2011), the best predictor of a person's behavior is that person's interests. The interest of behavior is based on two main factors, namely the individual's belief in the results of the behavior carried out and the individual's perception of the views of the individual's closest people about the behavior carried out.

2.2 Marketing Strategy

According to Assauri (2017) in the company's marketing strategy plan, there is a strategic foundation in company marketing known as product-market strategy, namely the products that will be marketed by the company and the markets that the company serves.

2.3 Marketing Performance

Performance is a system that relates to processes and results achieved. Marketing performance is a measure of the success of a company's or organization's overall marketing process activities. Marketing performance is a concept that measures a company's marketing performance. Every company is interested in examining its performance to reflect its success in competing in the market (Pattipeilohy, 2018). Marketing performance is a marketing activity The Company notes that marketing performance can be measured using several indicators, namely (Haque & Fawzi, 2022): 1). Sales turnover is the result of the sale of the company's products in a certain period of time. 2). Increase in sales, which is an increase in the number of sales from year to year or from time to time. 3). Sales return, which is the amount of product sales that are returned. 4). Marketing area coverage, which is the coverage of customer areas that can be served by the company.

2.4 Business Sustainability

Business sustainability is the condition in which a company has sufficient funds to operate and grow. Business sustainability is always related to bankruptcy (Manullang, 2016). In general, every company pays close attention to conditions that could harm it, such as bankruptcy. In the indicators of business sustainability (Manullang, 2016): 1) Capital, 2) Raw Materials, 3) Deployment, 4) Technology, 5) Labor.

2.5 Digital Marketing

Digital marketing is a modern and promising approach to improving a company's business performance. The advantage of this strategy is that it allows advertisers to communicate directly with potential customers without obstacles posed by time and geographic location (Nurcahyo, 2018). According to Muljono (2018), the measurement of indicators on

Digital marketing variables will define 3 indicators from the following: 1) Internet use, 2) Digital content, and 3) Social media use.

3. METHODOLOGY

Data analysis was conducted using the Partial Least Squares (PLS) method. PLS is a multivariate statistical technique that compares multiple dependent variables with multiple independent variables. PLS is a variance-based SEM method designed to address multiple regression when specific problems arise in the data, such as small sample sizes, missing data, and multicollinearity (Ghozali, 2016). The selection of the PLS method is based on the consideration that this study includes three latent variables measured with formative indicators and that these variables create moderating effects. The formative model assumes that the construct or latent variable influences the indicators, with causality flowing from the construct to the indicators (manifest variables) (Ghozali, 2016). Furthermore, Ghozali states that the formative model assumes that the indicators influence the construct, with causality flowing from the indicators to the construct (Ghozali, 2016). The PLS approach shifts the analysis from estimating model parameters to measuring relevant predictions. Thus, the focus of the analysis shifts from merely estimating and interpreting significant parameters to the validity and accuracy of predictions.

3.1 Partial Least Squares (PLS) Method Measurement

Parameter estimation in PLS includes three aspects, namely (Ghozali, 2016): 1) Weight estimates used to create latent variable scores. 2) Path estimates that connect latent variables and the loading estimates between latent variables and their indicators. 3) Means and location parameters (regression constant values, intercepts) for indicators and latent variables. To obtain these three estimates, PLS uses a three-stage iterative process, with each iteration producing estimates. The first stage generates weight estimates, the second stage produces estimates for the inner and outer models, and the third stage generates means and location estimates (constants). In the first two stages, the iteration process is carried out using a deviation approach from the mean values (averages). In the third stage, estimates can be based on the original data matrix and/or the results of weight estimates and path coefficients from the second stage, with the aim of calculating and locating the parameters (Ghozali, 2016).

3.2 Analytical Techniques

In this study, the analysis technique used is Partial Least Squares (PLS). This PLS is a Structural Equation Modeling (SEM) model with a variance-based approach. According to Ghozali (2016), PLS is an alternative approach that changes from a covariance-based SEM approach to a variance-based approach. PLS is a powerful analytical method that does not rely on many assumptions. This approach to Partial Least Squares does not assume specific data. It can be nominal, categorical, ordinal, interval, or ratio. This data analysis uses Smart PLS software, which uses a bootstrapping or random duplication method. This PLS technique is divided into two stages, namely: 1). Measurement model test, to test the validity and reliability of the design of each indicator. 2). Structural model test, to find out if there is an influence between variables between constructs.

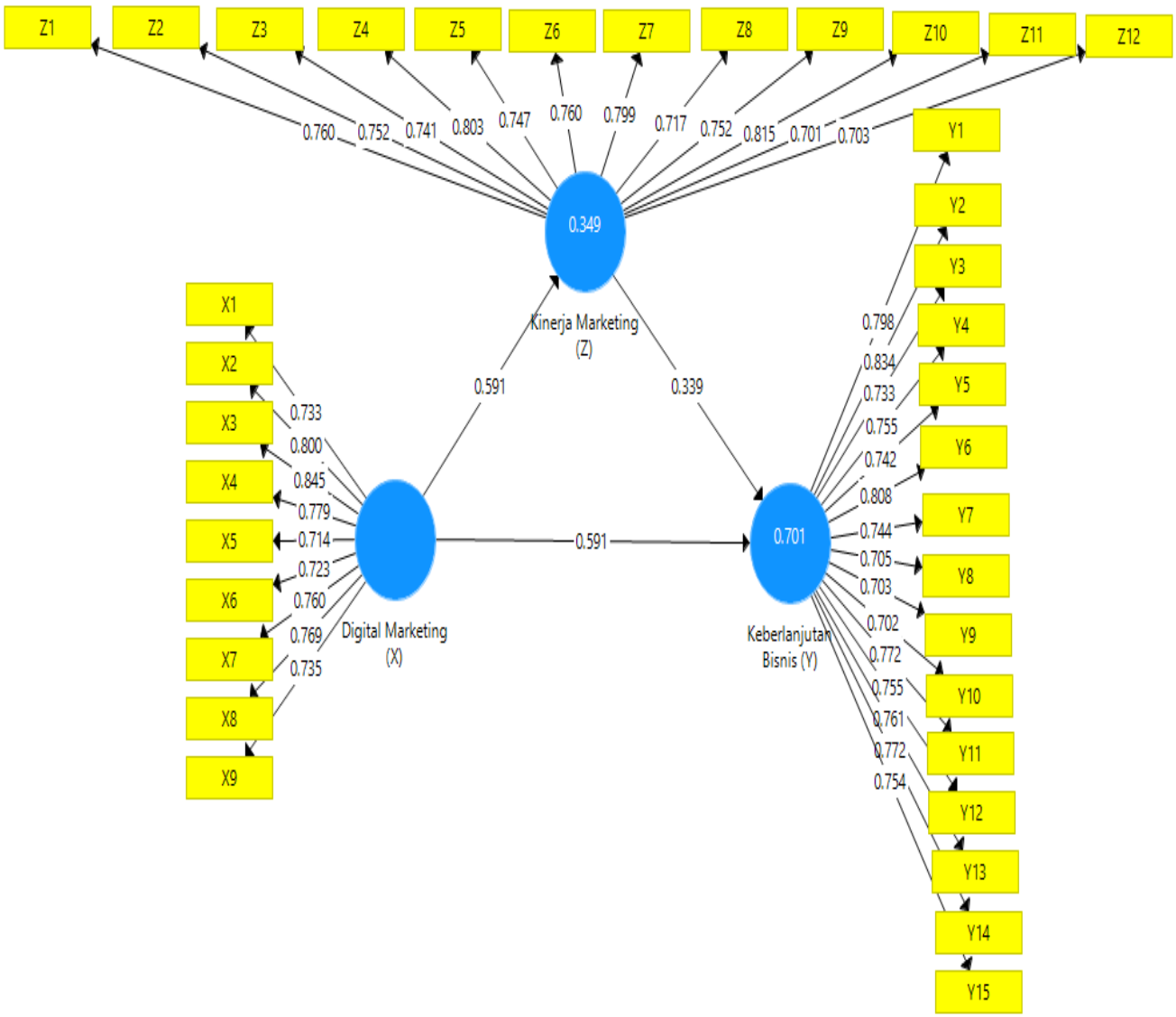
4. FINDINGS AND DISCUSSION

4.1 Measurement Model Results

The design of the PLS measurement model is important because it relates to whether indicators are reflective or formative. The reflective model mathematically models' indicators as sub-variables influenced by latent variables, so that these indicators are said to be influenced by the same factors, namely the latent variables. The model used in this study is reflective. This study uses SmartPLS version 3 software to perform inputs and calculations for each indicator. In the study, all latent variables had reflective indicators.

Convergent validity assesses the validity of each relationship between an indicator and its latent construct or variable. There are two types of validity in PLS-SEM: convergent and discriminant validity. Convergent validity means that a set of indicators represents a single latent variable and that the indicators are underlying the latent variable. Outer loading testing is carried out to demonstrate that an indicator within a construct has the largest loading factor within its construct, compared with its loading factors across other constructs. The results of the initial model calculation of the research can be seen in the following figure:

Figure 1
Results of the Initial Research Model Calculation



Information:
X = Digital marketing
Z = Marketing Performance
Y = Business Sustainability
Source: Smart PLS 3 Processed Data (2025)

The figure above shows that the results of the initial research model calculation yielded outer loading values above 0.70 for all loading factors, passing the outer loading test. For more details, please see the following table:

Table 1
Outer Loading

	Digital marketing (X)	Business Sustainability(Y)	Marketing Performance(Z)
X.1	0.733		
X.2	0.800		
X.3	0.845		
X.4	0.779		
X.5	0.714		
X.6	0.723		
X.7	0.760		
X.8	0.769		
X.9	0.735		
Y.1		0.798	
Y.2		0.834	
Y.3		0.733	
Y.4		0.755	
Y.5		0.742	
Y.6		0.808	
Y.7		0.744	
Y.8		0.705	
Y.9		0.703	
Y.10		0.702	
Y.11		0.772	
Y.12		0.755	
Y.13		0.761	
Y.14		0.772	
Y.15		0.754	
Z.1			0.760
Z.2			0.752
Z.3			0.741
Z.4			0.803
Z.5			0.747
Z.6			0.760
Z.7			0.799
Z.8			0.717
Z.9			0.752
Z.10			0.815
Z.11			0.701
Z.12			0.703

Source: Smart PLS 3 Processed Data (2025)

Based on Figure 1 and Table 1 showing all loading factors that are above 0.70, the results of the model calculation from the three variables, namely digital marketing, business sustainability, and Marketing Performance, are considered to be reliable because all indicators for the loading factor have been above > 0.70 according to the set criteria (Ghozali, 2016). This shows that all indicators of each variable have outer loadings above 0.70, indicating that the variable is in a realistic condition and meets the requirements.

Next, we move on to another measure of convergent validity at the construct level: the average variance extracted (AVE). The outer measurement model specifies that AVE is considered valid if the AVE value exceeds the average of the extract variant, which is set to 0.50. AVE value results are as follows:

Table 2
Average Variance Extracted Value

Variable	AVE Value	Information
Digital marketing (X)	0.582	Valid
Business Sustainability(Y)	0.573	Valid
Marketing Performance(Z)	0.570	Valid

Source: Smart PLS 3 Processed Data (2025)

Table 2 shows that all variables, namely Digital marketing at 0.582 > 0.50, Business Sustainability at 0.573 > 0.50, and Marketing Performance at 0.570 > 0.50, indicate that the AVE values of each construct or indicator in the research variables can be considered valid. Based on this, it can be concluded that the constructs have passed the validity test at the convergent stage.

The next step is to conduct a discriminant validity test. In PLS testing, the discriminant validity test uses cross-loadings. Cross-loadings is an initial approach used to assess the discriminant validity of indicators, followed by Cronbach's Alpha. The discriminant validity test uses cross-loading values to ensure that each concept of the latent variables is distinct from the others. An indicator is considered to meet discriminant validity if the cross-loading value is greater than 0.70. The results of the discriminant validity test are as follows:

Table 3
Cross Loading

	Digital marketing (X)	Business Sustainability(Y)	Marketing Performance(Z)
X.1	**0.733**	0.513	0.393
X.2	**0.800**	0.572	0.420
X.3	**0.845**	0.604	0.541
X.4	**0.779**	0.622	0.514
X.5	**0.714**	0.635	0.385
X.6	**0.723**	0.665	0.514
X.7	**0.760**	0.643	0.490
X.8	**0.769**	0.607	0.388
X.9	**0.735**	0.539	0.366
Y.1	0.645	**0.798**	0.631
Y.2	0.687	**0.834**	0.635
Y.3	0.577	**0.733**	0.426
Y.4	0.584	**0.755**	0.624
Y.5	0.512	**0.742**	0.465
Y.6	0.627	**0.808**	0.441
Y.7	0.666	**0.744**	0.359
Y.8	0.496	**0.705**	0.413
Y.9	0.495	**0.703**	0.532
Y.10	0.533	**0.702**	0.571
Y.11	0.649	**0.772**	0.519
Y.12	0.625	**0.755**	0.423
Y.13	0.549	**0.761**	0.542
Y.14	0.664	**0.772**	0.568
Y.15	0.617	**0.754**	0.594
Z.1	0.362	0.454	**0.760**
Z.2	0.449	0.472	**0.752**
Z.3	0.493	0.523	**0.741**
Z.4	0.566	0.634	**0.803**
Z.5	0.531	0.619	**0.747**
Z.6	0.424	0.536	**0.760**
Z.7	0.396	0.442	**0.799**
Z.8	0.351	0.391	**0.717**

	Digital marketing (X)	Business Sustainability(Y)	Marketing Performance(Z)
Z.9	0.457	0.505	**0.752**
Z.10	0.472	0.530	**0.815**
Z.11	0.357	0.517	**0.701**
Z.12	0.403	0.518	**0.703**

Source: Smart PLS 3 Processed Data (2025)

Based on Table 3, all indicators in the variables, namely digital marketing, business sustainability, and Marketing Performance, have a cross-loading value greater than 0.70. Based on the results obtained, it can be stated that the indicators used in this study have good discriminant validity in the compilation of variables, as all indicators have cross-loadings greater than 0.70. Based on the results obtained, it can be stated that the indicators used in this study have good discriminant validity in compiling their respective variables.

The composite reliability test is carried out to determine the extent to which a measuring instrument can be trusted for use. (Ghozali, 2016) All variables are declared reliable if the loading factor value is above 0.70. The value of composite reliability and Cronbach's Alpha for each variable can be seen in Table 4 as follows:

Table 4
Composite Reliability dan Cronbach's Alpha

Variable	Composite Reliability	Information	Cronbach Alpa	Information
Digital marketing (X)	0.926	Reliable	0.910	Reliable
Business Sustainability(Y)	0.953	Reliable	0.947	Reliable
Marketing Performance(Z)	0.941	Reliable	0.931	Reliable

Source: Smart PLS 3 Processed Data (2025)

Based on Table 4 of the results of the composite reliability test and Cronbach Alpa, it shows that the value of all variables, namely digital marketing, is (0.926; 0.910), Business Sustainability by (0.953; 0.947), and Marketing Performance (0.941; 0.931) can be said to be reliable because it has a composite reliability value greater than 0.70. This means that all variables can be considered realistic and reliable, and that research data can be used to produce the best research.

4.2 Structural Model Results

The value of R2 is used to see how much influence the variability of dependent variables can be explained by independent variables:

Table 5
R-Square Value

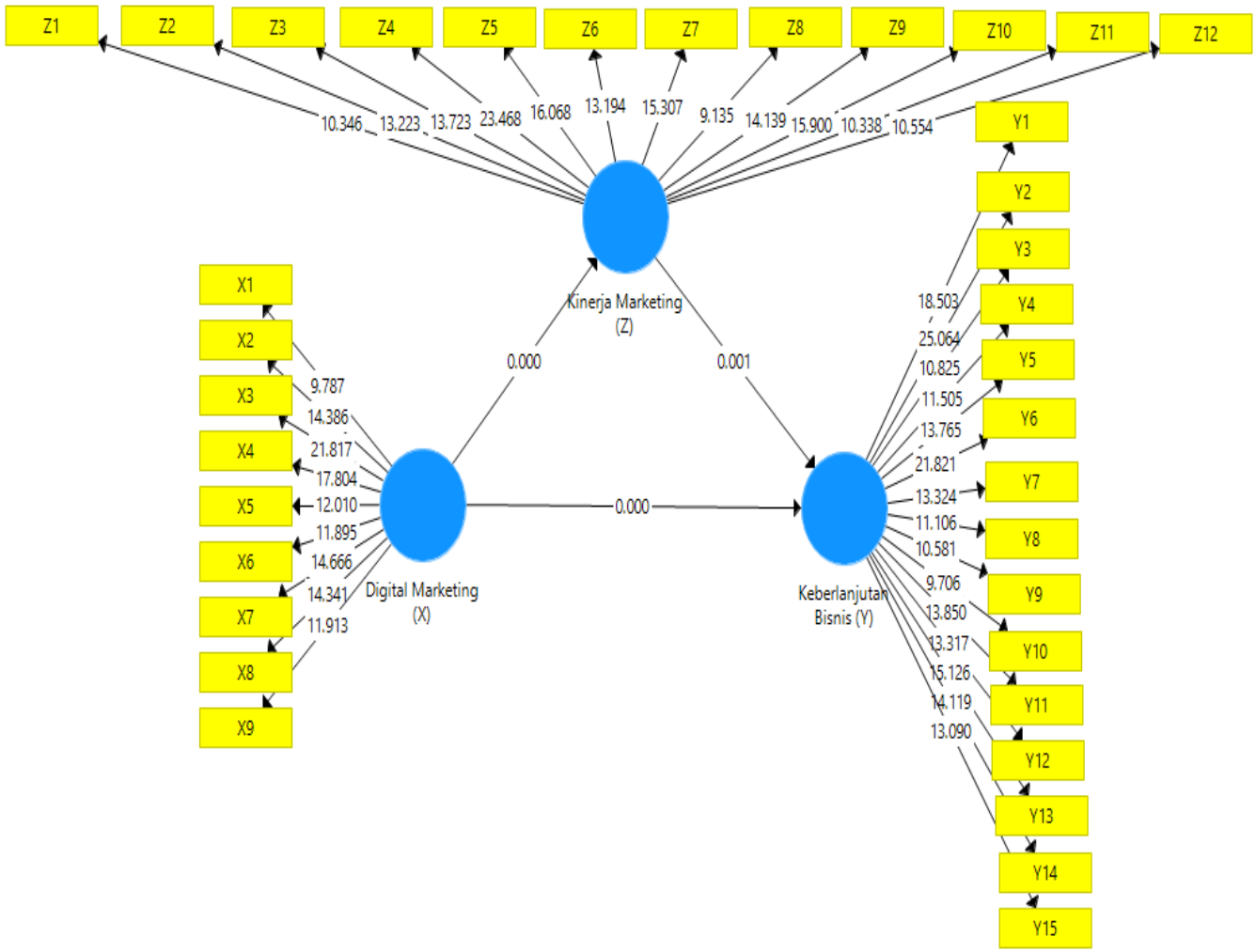
Variable	R-Square	Adjusted R-Square
Business Sustainability(Y)	0.701	0.691
Marketing Performance(Z)	0.349	0.339

Source: Smart PLS 3 Processed Data (2025)

Table 5 shows the R-squared values for Business Sustainability (0.701, 70.10 percent) and Marketing Performance (0.349, 34.90 percent). This shows that Digital marketing for business sustainability is a strong category. Then, digital marketing to Marketing Performance is a fairly strong category.

The next step is to estimate the path coefficient, which is the estimated value of the path relationship in the structural model obtained via bootstrapping. This test aims to minimize problems with the research data. If the P-values are smaller than the predetermined significance ($P < 0.05$), the relationship between the variables can be considered significant. The test results using the bootstrap method from the PLS SEM analysis are as follows:

Figure 2
Bootstrapping



Information:
X = Digital marketing
Z = Marketing Performance
Y = Business Sustainability
Source: Smart PLS 3 Processed Data (2025)

To find out the structural model in this study, you can see the following table:

Table 6
Path Coefficients

Variable	T Statistics	P Values
Digital marketing (X) -> Business Sustainability(Y)	5.208	0.000
Digital marketing (X) -> Marketing Performance(Z)	8.054	0.000
Marketing Performance(Z) -> Business Sustainability(Y)	3.198	0.001

Source: Smart PLS 3 Processed Data (2025)

Based on Table 6, it can be stated as follows: 1) The digital marketing variable is significant to the Business Sustainability variable with a p-value of 0.000 < 0.05. 2) Variable Digital marketing is significant to the variable Marketing Performance with a p-value of 0.000 < 0.05. 3) Variable Marketing Performance is significant to the variable Business Sustainability with a p-value of 0.001 < 0.05.

4.3 Hypothesis Testing

In the analysis of PLS SEM, the value of the structural model in this study can be seen from the value of direct effects which is also called the path coefficient. Furthermore, path coefficients between constructs are measured to assess the significance and strength of the relationships and to test the hypothesis. The value of path coefficients ranges from -1 to +1. The closer the path coefficients are to +1, the stronger the relationship between the two constructs. Relationships that get closer to -1 indicate a negative relationship. To find out the structural model in this study, you can see the following table.

Table 7
Path Coefficients

	Path Coefficient	P Values
Digital marketing (X) -> Business Sustainability(Y)	0.591	0.000
Digital marketing (X) -> Marketing Performance(Z)	0.591	0.000
Marketing Performance(Z) -> Business Sustainability(Y)	0.339	0.001
Digital marketing (X1) -> Marketing Performance(Z) -> Business Sustainability(Y)	0.200	0.007

Source: Smart PLS 3 Processed Data (2025)

Based on the results of the path coefficient analysis in Table 7 above, the following conclusions can be drawn: 1) The direct effect of digital marketing has a significant impact on Business Sustainability, as indicated by a p-value of 0.000 < 0.05 and a coefficient value of 0.591, meaning that if digital marketing increases by one percent, Business Sustainability can increase by 59.10%. This effect is positive. 2) The direct effect of digital marketing also has a significant impact on Marketing Performance, with a p-value of 0.000 < 0.05 and a coefficient value of 0.591, indicating that if digital marketing increases by one percent, Marketing Performance can increase by 59.10%. This effect is positive. 3) The direct effect of Marketing Performance significantly affects Business Sustainability, as shown by a p-value of 0.001 < 0.05 and a coefficient value of 0.339, which means that if Marketing Performance increases by one percent, Business Sustainability can increase by 33.90%. This effect is positive. 4) The indirect effect of Digital marketing significantly impacts Business Sustainability through Marketing Performance as a mediating variable, with a p-value of 0.007 < 0.05 and a coefficient value of 0.200, indicating that if digital marketing increases by one percent, Business Sustainability can increase indirectly through Marketing Performance by 20.00%. This effect is positive.

The estimated parameters provide very useful information about the relationship between the study variables. The basis for testing the hypothesis is the value found in the output for the inner weight. Table 8 provides the estimated output for structural model testing.

Table 8
Direct Effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Digital marketing (X) -> Business Sustainability(Y)	0.591	0.588	0.113	5.208	0.000
Digital marketing (X) -> Marketing Performance(Z)	0.591	0.605	0.073	8.054	0.000
Marketing Performance(Z) -> Business Sustainability(Y)	0.339	0.343	0.106	3.198	0.001

Digital marketing (X1) -> Marketing Performance(Z) -> Business Sustainability(Y)	0.200	0.209	0.074	2.699	0.007

Source: Smart PLS 3 Processed Data (2025)

In PLS testing, as shown in Table 8, each hypothesized relationship is tested statistically using simulations. In this case, the Bootstrapping method is applied to the sample. Testing with bootstrapping is also intended to minimize the problem of abnormalities of research data. The results of the test with bootstrapping from the PLS analysis are as follows:

The results of the hypothesis testing show that the relationship between the Digital Marketing variable and Business Sustainability has a path coefficient of 0.591. The t-statistic value is 5.208 > 1.96, and the p-value is 0.000, which is less than 0.05; therefore, hypothesis H1 is accepted. This indicates that the Digital marketing variable has a positive and significant effect on business sustainability. In other words, if Digital marketing increases, it will significantly affect Business Sustainability. The results of the hypothesis testing show that the relationship between the digital marketing variable and Marketing Performance has a path coefficient of 0.591. The t-statistic value is 8.054 > 1.96, and the p-value is 0.000, which is less than 0.05; thus, hypothesis H2 is accepted. This indicates that the digital marketing variable has a positive and significant impact on marketing performance. This means that if digital marketing improves, Marketing Performance will increase.

The results of the hypothesis testing show that the relationship between the Marketing Performance variable and Business Sustainability has a path coefficient of 0.339. The t-statistic value is 3.198 < 1.96, and the p-value is 0.001, which is less than 0.05, hypothesis H3 is accepted. This indicates that the Marketing Performance variable has a positive and significant effect on business sustainability. This means that if Marketing Performance improves, Business Sustainability will increase. The results of the hypothesis testing show that the relationship between the digital marketing variable and Business Sustainability, with Marketing Performance as a mediating variable, has a path coefficient of 0.200. The t-statistic value is 2.699 < 1.96, and the p-value is 0.007, which is less than 0.05; therefore, hypothesis H4 is accepted. This suggests that digital marketing has a positive and significant impact on Business Sustainability, with Marketing Performance Serving as a mediating variable. In other words, Marketing Performance can indirectly influence the effect of digital marketing on business sustainability.

4.4 Discussion

The findings confirm that digital marketing plays a crucial role in enhancing both marketing performance and business sustainability. MSMEs that effectively utilize digital platforms are better positioned to reach wider markets and improve operational efficiency. Furthermore, marketing performance acts as a key mechanism through which digital strategies translate into sustainable business outcomes. These results align with prior studies emphasizing the importance of digital transformation in improving MSME competitiveness. The mediating role of marketing performance highlights that digital adoption alone is insufficient; it must be accompanied by effective marketing execution to achieve sustainable results.

The findings suggest that policymakers and stakeholders should encourage MSMEs to adopt digital marketing by providing training, infrastructure, and financial support. Business actors should focus on improving marketing performance through the strategic use of digital tools. Additionally, sustainable business development requires a balanced approach that integrates technological adoption with market-oriented strategies.

5. CONCLUSION

Digital marketing has a significant effect on marketing performance among businesses in the typical Merangin Regency. Digital marketing has a substantial impact on the sustainability of typical businesses in Merangin Regency. Marketing Performance has a significant impact on the sustainability of typical businesses in Merangin Regency. Marketing Performance can mediate the influence of digital marketing on Business Sustainability in firms in the typical Merangin Regency. This study contributes to the literature by offering an integrated analysis of digital marketing, marketing performance, and business sustainability within the MSME context. It provides empirical evidence using PLS-SEM and

highlights the mediating role of marketing performance, which has been relatively underexplored in prior studies. The study also offers context-specific insights relevant to regional economic development. This study is limited by its small sample size and focus on a single region. Future research should expand the sample scope, include additional variables such as innovation and financial capability, and apply comparative or longitudinal approaches to enhance generalizability.

6. ACKNOWLEDGEMENT

The authors would like to express their sincere gratitude to the University of Jambi for providing the resources and support necessary to complete this study. We would also like to thank all participants who contributed their time and insights to this research. Special appreciation is extended to colleagues and peers who offered valuable feedback during the development of this manuscript.

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