

## DEVELOPING DIGITAL MARKETING AND SERVICE EXCELLENCE TO MICRO SMALL AND MEDIUM ENTERPRISES PERFORMANCE

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### Abstract:

Research Objectives are to determine the influences of digital marketing and service excellence on micro small and medium enterprises (MSME) performance partially and simultaneously. The population of the research are the producers as MSME in Bekasi City. And the samples are accidental sampling of 42 respondents, as MSME owner. Research method in this experiment is quantitative analysis pre-experimental design with one group pretest and posttest design. Data processing is based on multiple linear regression (multivariate analysis) method. The research results are: (1) for the pretest that there are no significant influences of digital marketing and service excellence to MSME performance partially and simultaneously; (2) for the posttest that there are partially positive significant influences and simultaneously significant influences of digital marketing and service excellence to MSME performance.

**Keywords:** DIGITAL MARKETING, SERVICE EXCELLENCE, MICRO SMALL AND MEDIUM ENTERPRISES PERFORMANCE

### Abstrak:

Tujuan penelitian adalah untuk mengetahui pengaruh *digital marketing* dan *service excellence* terhadap kinerja Usaha Mikro Kecil dan Menengah (UMKM) secara parsial maupun simultan. Populasi dalam riset adalah para produsen sebagai UMKM di Kota Bekasi. Dan sampelnya adalah 42 responden sebagai pemilik UMKM secara *non-probability sampling (accidental sampling)*. Metode riset dalam penelitian ini yaitu analisis kuantitatif pre-experimental design dengan one group pretest and posttest design. Pemrosesan data menggunakan metode regresi linier berganda (*multivariate analysis*). Hasil riset adalah: (1) untuk *pretest*, *digital marketing* dan *service excellence* tidak berpengaruh signifikan terhadap kinerja UMKM secara parsial maupun simultan; (2) untuk *posttest*, secara parsial *digital marketing* dan *service excellence* berpengaruh positif signifikan terhadap kinerja UMKM, serta secara simultan *digital marketing* dan *service excellence* berpengaruh signifikan terhadap kinerja UMKM.

**Kata Kunci:** DIGITAL MARKETING, SERVICE EXCELLENCE, KINERJA UMKM.

## INTRODUCTION

Nowadays, it has become a habit for almost all people to utilize digital technology through mobile phones. On the producer side, this creates digital marketing and service excellence digitally that can improve the performance of producer as micro, small and medium enterprises. Meanwhile, on the consumer side, they just have to watch advertisements digitally, contact the producer via the purchasing application on their mobile phone, then just wait at home, and receive the ordered package in good condition.

Micro, small and medium enterprises (MSME) need a good understanding of digital marketing and excellence digital service (service excellence) so that it will improve their performance. Upgrading knowledge in digital marketing and service excellence to improve performance is important for micro, small and medium enterprises.

Mandal and Joshi wrote that digital marketing is an umbrella term for the marketing of products or services using digital technologies, mainly on internet, but also including display advertising, mobile phones, and any other digital medium. Digital marketing techniques such as Search Engine Optimization (SEO), Search Engine Marketing (SEM), content marketing, influencer marketing, content automation, campaign marketing, data-driven marketing and e-commerce marketing, etc. In fact, digital marketing now extends to non-Internet channels that provide digital media, such as mobile phones, callback, on hold mobile ring tones, etc. (Mandal & Joshi, 2016).

Search Engine Optimization (SEO) and Search Engine Marketing (SEM) play a vital role in enhancing brand visibility and online presence in today's digital era. SEO refers to the process of optimizing a website to attain a higher rank in search engine results pages (SERPs). This involves various on-page and off-page optimization techniques, including keyword research, link building, and optimized content creation. On the other hand, SEM involves paid advertising methods, such as pay-per-click (PPC) or display advertising, to increase brand visibility and drive targeted traffic to a website. SEM complements SEO efforts by ensuring immediate visibility on search engine results pages, especially for businesses in highly competitive industries. The significance of studying the importance of SEO and SEM in improving brand visibility lies in its potential to directly impact a business's bottom line. Higher brand visibility can lead to increased website traffic, greater conversion rates, and ultimately, higher revenue. Moreover, brand visibility not only supports customer acquisition but also

helps in building brand recognition and trust, leading to repeat business and long-term customer loyalty (Ologunbe & Taiwo, 2023).

Improving MSME Performances need best qualities of service excellence too. Service is an activity or benefit offered to consumers or service users so that it can satisfy or meet consumer needs and desires. Quality not only emphasizes aspects of the final result, namely products and services, but also concerns human quality, process quality and environmental quality. Service businesses place great importance on the human element. There are several factors that can influence consumer satisfaction, namely service quality and product quality. It is impossible to produce quality products and services without quality people and processes. Consumers pay in return for the convenience, service and satisfaction they receive from the service, not for ownership of the service (Sono, 2024).

An effective way to boost customer satisfaction and firm performance is service excellence strategy. Service excellence and customer satisfaction have become a main concern for operating management in service industries. Service excellence strategy is defined as firm's capability to provide best-in class service. In another view, service excellence refers to being "easy to do business with," delivering promises and being an expression of very high satisfaction. Service excellence results in not only customer satisfaction, but also customer delight, greater customer loyalty, and the long term profitability (Chuwiruch, 2016).

Understanding digital marketing and service excellence that affect business performance underlies this research. This research is directed to develop digital marketing and service excellence for MSME performance. The purpose of the research is to prove that digital marketing and service excellence will have a significant positive effect on MSME performance partially or simultaneously.

## **METHOD**

Research method in this experiment is quantitative analysis pre-experimental design with one group pretest and posttest design. The independent variables are Digital Marketing (x1) and Service Excellence (x2). The dependent variable is MSME Performance (y).

The population of the research are the producers as micro, small, and medium enterprises (MSME) in Bekasi City. And the sample of the research are accidental sampling of 42 respondents, as MSME owner. Data processing uses Statistics Application SPSS 22.

Data processing is based on multiple linear regression method. With  $x$  as independent variable,  $y$  as dependent variable,  $b_0$  as constant,  $b_1$  and  $b_2$  as regression coefficient, the method is used to find the regression equation (Walpole et al., 2013):

$$\hat{y} = b_0 + b_1x_1 + b_2x_2$$

where  $b_0$ ,  $b_1$ , and  $b_2$  are calculated by solving following normal equations.

$$nb_0 + b_1 \sum_{i=1}^n x_{1i} + b_2 \sum_{i=1}^n x_{2i} = \sum_{i=1}^n y_i,$$

$$b_0 \sum_{i=1}^n x_{1i} + b_1 \sum_{i=1}^n x_{1i}^2 + b_2 \sum_{i=1}^n x_{1i}x_{2i} = \sum_{i=1}^n x_{1i}y_i, \text{ and}$$

$$b_0 \sum_{i=1}^n x_{2i} + b_1 \sum_{i=1}^n x_{1i}x_{2i} + b_2 \sum_{i=1}^n x_{2i}^2 = \sum_{i=1}^n x_{2i}y_i.$$

After the values of  $b_0$ ,  $b_1$ , and  $b_2$  are known, the value of the simultaneous determination coefficient ( $R^2$ ) is obtained based on the following formulation (Nurhayadi et al., 2019).

$$R^2 = \frac{JKR}{Jyy} = \frac{[b_0 \sum_{i=1}^n y_i + b_1 \sum_{i=1}^n x_{1i}y_i + b_2 \sum_{i=1}^n x_{2i}y_i - (\sum_{i=1}^n y_i)^2/n]}{\sum_{i=1}^n y_i^2 - \frac{(\sum_{i=1}^n y_i)^2}{n}}.$$

Then, the value of the simultaneous correlation coefficient ( $R$ ) is calculated from the square root of the simultaneous determination coefficient (Nurhayadi et al., 2018).

$$R = \sqrt{R^2} = \sqrt{\frac{[b_0 \sum_{i=1}^n y_i + b_1 \sum_{i=1}^n x_{1i}y_i + b_2 \sum_{i=1}^n x_{2i}y_i - (\sum_{i=1}^n y_i)^2/n]}{\sum_{i=1}^n y_i^2 - \frac{(\sum_{i=1}^n y_i)^2}{n}}}.$$

The determination coefficient ( $R^2$ ) value (in percent) will show the percentage of influence of the independent variable ( $x$ ) on the dependent variable ( $y$ ). While the correlation coefficient ( $R$ ) value will show the strength of the relationship between the independent variable and the dependent variable. The criteria for the correlation coefficient value are explained in the following table (Nurhayadi et al., 2020).

Table 1. Criteria for the strength and weakness of correlation values.

Correlation Values	Criteria of Correlation
$0 \leq R < 0.2$	very weak
$0.2 \leq R < 0.4$	weak
$0.4 \leq R < 0.6$	moderate
$0.6 \leq R < 0.8$	strong
$0.8 \leq R \leq 1$	very strong

The strength or weakness of the relationship between the independent variable and the dependent variable, apart from being known based on the determination and correlation

coefficient values, is also known based on proof of the hypothesis based on the T Test and F Test. The hypothesis that is planned to be accepted is symbolized by  $H_1$ , indicating that the independent variable has a significant effect on the dependent variable. While the hypothesis that is planned to be rejected is symbolized by  $H_0$ , indicating that the independent variable has no effect on the dependent variable (Walpole et al., 2013).

Walpole et al. wrote that criteria for the T-test based on the comparison of the  $t$ -statistic values and  $t$ -table values and the sig- $t$  values and 0.05. The  $t$ -statistic value is based on the formula  $t_j = \frac{b_j}{s\sqrt{c_{jj}}}$  where  $t_j$  and  $b_j$  are respectively the  $t$ -statistic and coefficient for the  $j$ -th independent variable,  $s$  is the sample standard deviation ( $s = \sqrt{s^2}$ , with  $s^2$  calculated in equation below) and  $c_{jj}$  is the component of the inverse matrix on the  $jj$  diagonal. The  $t$ -table value in Ms Excel is obtained with the command `ttabel =tinv(0.05, n-k-1)`, where  $n$  is the number of sample data and  $k$  is the number of independent variables. Criteria for T-test (Walpole et al., 2013):

1.  $H_0$  is accepted ( $H_1$  is rejected) if  $-t\text{-table} \leq t\text{-statistic} \leq t\text{-table}$  and  $\text{sig} \geq 0.05$ , which means that the independent variable partially does not have a significant effect on the dependent variable;
2.  $H_0$  is rejected ( $H_1$  is accepted) if  $t\text{-statistic} < -t\text{-table}$  and  $\text{sig} < 0.05$ , which means that the independent variable partially has a significant negative effect on the dependent variable; or  $t\text{-statistic} > t\text{-table}$  and  $\text{sig} < 0.05$ , which means that the independent variable partially has a significant positive effect on the dependent variable.

The F-test criteria are based on the comparison of the  $f$ -statistic and  $f$ -table values and the sig- $f$  and 0.05 values. The  $f$ -statistic value is based on the formula  $f = \frac{JKR/k}{s^2}$ , where  $s^2 = \frac{J_{yy} - JKR}{n-k-1}$ . The  $f$ -table values are obtained using Ms Excel with the command `f-table = finv(0.05,k,n-k-1)`. Criteria for F-Test (Walpole et al., 2013):

1.  $H_0$  is accepted ( $H_1$  is rejected) if  $f\text{-statistic} < f\text{ table}$  and  $\text{sig} > 0.05$ , which means that simultaneously the independent variables do not have a significant effect on the dependent variable, and
2.  $H_0$  is rejected ( $H_1$  is accepted) if  $f\text{-statistic} > f\text{ table}$  and  $\text{sig} < 0.05$ , which means that the independent variables have a significant effect on the dependent variable simultaneously.

## RESULTS AND DISCUSSION

As explained in the Methods section, research method in this experiment is quantitative analysis pre-experimental design with one group pretest and posttest design. The group consisted of 42 MSME owners, as respondents of the questionnaire test. Between the pretest and posttest, the treatment was applied in the form of Digital Marketing, Service Excellence, and MSME Performance courses. Then the respondents were given three months period of practice. And at the end a posttest was given.

### A. The Results of Pretest

The results of the multiple linear regression method calculations on the pretest questionnaire scores provide results according to Tables 2, 3, and 4.

Table 2. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	21.036	3.863		5.446	.000
x1	-.290	.185	-.247	-1.569	.125
x2	.122	.180	.106	.675	.504

Table 2 above shows that the linear regression equation obtained is

$$\hat{y} = 21,036 - 0,29x_1 + 0,122x_2$$

with the following analysis.

1. A constant of 21,036 means that when there is no Digital Marketing and Service Excellence, the Performance of MSMEs is 21,036.
2. The  $x_1$  coefficient of -0,29 means that when the Digital Marketing score increases by 1 point, the MSME Performance score decreases by 0,29 points. Between Digital Marketing and MSME Performance is inversely proportional.
3. The  $x_2$  coefficient of 0,122 means that when the Service Excellence score increases by 1 point, the MSME Performance score increases by 0,122 points. Between Service Excellence and MSME Performance is directly proportional.

Table 3. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.285 <sup>a</sup>	.081	.033	1.16877

Based on Table 3, it is obtained that the correlation coefficient ( $R$ ) is 0,285, meaning that simultaneously the correlation between the independent variables and the dependent

variable is in the weak criteria. Meanwhile, the percentage of the influence of the independent variables on the dependent variable ( $R^2$ ) is only 8,1%.

The results of the T-Test, according to Table 2, it can be analyzed as follows.

1. The value of  $t_1 = -1,569$  and  $t\text{-table} = 2,024$  and  $\text{Sig} = 0,125$ . It means  $-t\text{-table} \leq t_1 \leq t\text{-table}$ , which is  $-2,024 \leq -1,569 \leq 2,024$ , and  $\text{sig} \geq 0,05$ , which is  $0,125 \geq 0,05$ . Thus,  $H_0$  is accepted, namely Digital Marketing partially has no effect on MSME Performance.
2. The value of  $t_2 = 0,675$  and  $t\text{-table} = 2,024$  and  $\text{Sig} = 0,504$ . It means  $-t\text{-table} \leq t_2 \leq t\text{-table}$ , which is  $-2,024 \leq 0,675 \leq 2,024$ , and  $\text{sig} \geq 0,05$ , which is  $0,504 \geq 0,05$ . Thus,  $H_0$  is accepted, namely Service Excellence partially has no effect on MSME Performance.

Table 4. ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	4.579	2	2.290	1.676	.201
Residual	51.909	38	1.366		
Total	56.488	40			

The results of the F-Test, according to Table 4, it can be analyzed that the value of  $f = 1,676$  and  $f\text{-table} = 3,245$  and  $\text{Sig} = 0,201$ . It means  $f \leq f\text{-table}$ , which is  $1,676 \leq 3,245$ , and  $\text{sig} \geq 0,05$ , which is  $0,201 \geq 0,05$ . Thus,  $H_0$  is accepted, namely Digital Marketing and Service Excellence have no effect on MSME Performance simultaneously.

#### B. The Results of Posttest

Table 5. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-7.629	2.117		-3.604	.001
x1	1.149	.197	.581	5.846	.000
x2	.696	.177	.391	3.936	.000

Table 5 shows that the linear regression equation obtained is

$$\hat{y} = -7,629 + 1,149x_1 + 0,696x_2$$

with the following analysis.

1. A constant of -7,629 means that when there is no Digital Marketing and Service Excellence, the Performance of MSMEs is -7,629.
2. The  $x_1$  coefficient of 1,149 means that when the Digital Marketing score increases by 1 point, the MSME Performance score increases by 1,149 points. Between Digital Marketing and MSME Performance is directly proportional.

3. The  $x_2$  coefficient of 0,696 means that when the Service Excellence score increases by 1 point, the MSME Performance score increases by 0,696 points. Between Service Excellence and MSME Performance is directly proportional.

Table 6. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.893 <sup>a</sup>	.797	.786	1.21062

Based on Table 6, it is obtained that the correlation coefficient ( $R$ ) is 0,893, meaning that simultaneously the correlation between the independent variables (Digital Marketing and Service Excellence) and the dependent variable (MSME Performance) is in the very strong criteria. Meanwhile, the percentage of the influence of the independent variables on the dependent variable ( $R^2$ ) is 79,7%.

The results of the T-Test, according to Table 5, it can be analyzed as follows.

1. The value of  $t_1 = 5,846$  and  $t\text{-table} = 2,024$  and  $\text{Sig} = 0,000$ . It means  $t_1 > t\text{-table}$ , which is  $5,846 > 2,024$ , and  $\text{sig} < 0,05$ , which is  $0,000 < 0,05$ . Thus,  $H_1$  is accepted, namely Digital Marketing partially has positive significant influence on MSME Performance.
2. The value of  $t_2 = 3,936$  and  $t\text{-table} = 2,024$  and  $\text{Sig} = 0,000$ . It means  $t_2 > t\text{-table}$ , which is  $3,936 > 2,024$ , and  $\text{sig} < 0,05$ , which is  $0,000 < 0,05$ . Thus,  $H_1$  is accepted, namely Service Excellence partially has positive significant influence on MSME Performance.

Table 7 ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	218.210	2	109.105	74.444	.000 <sup>b</sup>
Residual	55.693	38	1.466		
Total	273.902	40			

The results of the F-Test, according to Table 7, it can be analyzed that the value of  $f = 74,444$  and  $f\text{-table} = 3,245$  and  $\text{Sig} = 0,000$ . It means  $f > f\text{-table}$ , which is  $74,444 > 3,245$ , and  $\text{sig} < 0,05$ , which is  $0,000 < 0,05$ . Thus,  $H_1$  is accepted, namely Digital Marketing and Service Excellence have significant influences on MSME Performance simultaneously.

### C. Summary and Discussion

The research results are as follows. (1) For the pretest that there are no significant influences of digital marketing and service excellence to MSME performance partially and simultaneously. (2) For the posttest that there are partially positive significant influences of



digital marketing and service excellence to MSME performance. And simultaneously, digital marketing and service excellence have a significant influence on MSME performance. The posttest results are indicated that there is an increase in understanding in terms of digital marketing and service excellence so that there is an increase in MSME performance, after being given courses in digital marketing, service excellence, and MSME performance and being given a sufficient implementation period.

Digital marketing and service excellence that have a significant positive effect on company performance are in accordance with research by Sahara and Prayoga who examined the effect of digital marketing and service excellence on hospital operational performance. Sahara and Prayoga's research is about the application of digital marketing and service excellence in the health sector with hospitals as the research object. Sahara's research shows that intensive digital marketing and quality health services have improved hospital operational performance (Sahara & Prayoga, 2024).

Likewise, in the research of Amin et al. it was found that digital marketing, market orientation, product innovation, and product excellence have a significant positive influence on sales performance. The population in this study are MSMEs in Brebes Regency. In this case, market orientation, product innovation, and product excellence are classified as service excellence; and sales performance is the MSME performance (Amin et al., 2022).

Meanwhile, Hachimi et al. studied 120 companies in the northern region of Morocco. They specifically studied the influence of digital marketing on company performance. The results of their empirical study found that digital marketing had a significant positive effect on companies in the northern region of Morocco (Hachimi et al., 2021).

## **CONCLUSION**

A study has been conducted on the influence of digital marketing and service excellence on the performance of MSMEs in Bekasi City. The population of the study was all MSMEs in Bekasi City. Then, 42 respondents who were MSME owners in Bekasi City were treated with quantitative analysis pre-experimental design with one group pretest and posttest design. The final result of the study is that digital marketing and service excellence have a significant positive effect on MSME performance partially, and simultaneously digital marketing and service excellence have a significant effect on MSME performance. The research results

confirm that digital marketing and service excellence are important in improving the performance of micro, small and medium enterprises in Bekasi City.

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