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# **Article**

Entrepreneurial marketing and marketing performance through digital marketing capabilities of SMEs in postpandemic recovery

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# MARKETING | RESEARCH ARTICLE

# Entrepreneurial marketing and marketing performance through digital marketing capabilities of SMEs in post-pandemic recovery

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**Abstract:** The use of digital resources through digital marketing is an option to be able to reach customers, build interactions with customers in real time and finally achieve customer satisfaction. This research intends to determine the influence of entrepreneurial marketing through digital marketing capabilities on marketing performance in Palu, Indonesia. The population in the study amounted to 21,696 with a total number of samples of 197 SMEs obtained with the Yamane and Isaac formula. The sampling technique in this study went through two stages, namely the Area Sampling Technique and then the Stratified Random Sampling Technique. Hypothesis testing used was path analysis with Smart-PLS software. The results showed that entrepreneurial marketing have positive and significant effects on digital marketing capabilities and on marketing performance. Furthermore, digital marketing capabilities have a positive and significant effect on marketing performance. However, digital marketing is less likely to mediate the relationship between entrepreneurial marketing and marketing performance. As practical implications, SMEs should continue to improve their capabilities and sharpen the implementation of entrepreneurial marketing strategies, in order to utilize their resources to find opportunities and create added value for customers, in order to continue to achieve marketing performance in a sustainable manner.

Subjects: Internet / Digital Marketing / e-Marketing

Keywords: Entrepreneurial marketing; digital marketing capabilities; marketing performance; SMEs

# 1. Introduction

Small and Medium Enterprises (SMEs) are pillars of the people's economy that absorb both formal and informal workforce and contribute to a country's Gross Domestic Product (GDP). In Indonesia, from 2010 to 2018, SMEs absorbed an average of 95 million workers each year. Even in 2015 SMEs were able to absorb a workforce of 123.2 million. The contribution of SMEs to Gross Domestic Product (GDP) from 2010 to 2019 was 56% (Nadyan et al., 2021). SMEs are businesses that have resilience in facing economic turmoil. When Indonesia experienced an economic crisis in 1998 and in 2008 the SMEs sector made a major contribution as a support for the economy (Karyadi & Rizki, 2018). However, when the COVID-19 pandemic hit the whole world, SMEs were the first to







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experience and feel the impact. Both business performance and its contribution to GDP experienced a very large decline, namely around 37%. The pandemic has provided logical consequences for the government to adopt policies such as limiting various social activities in the community and ultimately impacting economic activities (Wahyuni & Huda, 2021). Since this policy was implemented, as many as 90% of SMEs have been affected. A report from the Asian Development Bank (ADB) stated that around 50% of SMEs closed their businesses and 88% no longer had savings, resulting in a decline in sales turnover of an average of 40% to 70% (Nadyan et al., 2021).

SMEs need to create new patterns in marketing their products that are triggered by changes in lifestyle, preferences, priorities, and completely new patterns of decision making (Adam & Alarifi, 2021; Caballero-Morales, 2021). One area of SMEs experiencing challenges in marketing their products is SMEs in the food and beverage sector, because consumers are very concerned about product quality and price and at the same time tend not to want to make purchases directly at the SMEs that provide the food and beverages. Instead, consumers want the product purchased to receive clear and open information regarding product quality, packaging, brand, price offered, promotion, service process and comparison with similar products offered by other SMEs before the consumer makes a purchase decision. Mort et al. (2012) argued that SME actors are required to be able to make strategic decisions made by an entrepreneur in dealing with uncertain situations such as during the pandemic and the post-pandemic recovery as it is today. The strategic decision in question is a strategy to improve the situation or adjust to conditions in the post-pandemic recovery through the creation of new opportunities or innovative ideas, so that SMEs have a competitive advantage. Several previous studies, entrepreneurial marketing, hereinafter referred to as Entrepreneurial Marketing, was applied to describe the marketing process of companies pursuing opportunities in uncertain marketing conditions and often in conditions of limited resources. Entrepreneurial marketing is a combination of the entrepreneurial spirit which is synonymous with passion, risk taking, proactive seeing opportunities with marketing which is identical to efforts to market and introduce a product and service to the community (Morris et al., 2002; Mort et al., 2012; Purwanti et al., 2022; Rashad, 2018; Sadiku Dushi et al., 2019). The post-pandemic recovery experienced by all business actors also requires the relevance of using digital resources to ensure marketing strategies run optimally and can improve marketing performance. Marketing entrepreneurs are required to have the ability to use digital technology (Digital Marketing Capabilities—DMCs) in improving marketing performance (Wang, 2020).

The development of digital technology in the post-pandemic recovery is very rapid. Dynamic technological developments require the ability of SMEs to adapt. At the same time helping companies to be able to gain profits and market opportunity information based on consumer needs, when consumers need it and at what price they want based on consumer capabilities (Azubuike, 2013). Wardaya et al. (2019) stated that digital marketing capabilities make it easier for companies to find creative ideas so that companies can produce innovative new products. The implementation of an entrepreneurial marketing strategy strengthened by digital marketing capabilities (DMCs) in the post-pandemic recovery is expected to be the best solution to generate and restore the marketing performance of food and beverage SMEs which is achieved and measured by sales growth, increased market share, and increased customer satisfaction. Marketing performance is an indication that describes the progress of a company and as a measure of achievement obtained from the overall process of marketing activities for a company (Acosta et al., 2018; Gama & Hines, 2011). Wardaya et al. (2019) stated that the good performance of SMEs resulted in better business growth.

There are inconclusive findings from several previous studies regarding the relationship between entrepreneurial marketing and marketing performance. Sadiku Dushi et al. (2019), Crick et al. (2021), Adel et al. (2020), Jamaludin et al. (2022), Rezvani and Fathollahzadeh (2020), Astuti et al. (2018) stated a significant effect, while Aftab et al. (2021), Hanaysha and Al-Shaikh (2022), Sitompul et al. (2021), Manishimwe et al. (2022) stated that entrepreneurial marketing has no significant effect on marketing performance.



As to fill this gap, Digital Marketing Capabilities (DMCs) in this research was investigated as an intervening between entrepreneurial marketing and marketing performance. Entrepreneurial marketing as a marketing strategy that combines the dimensions of entrepreneurship and marketing is the most appropriate strategic approach in a situation of uncertainty and market turbulence due to the pandemic. This has an impact on business uncertainty, so the use of digital resources through digital marketing is an option to be able to reach customers, build interactions with customers in real time and finally achieve customer satisfaction. Although few empirical investigations are available to analyze dynamic marketing capabilities in turbulent situations like COVID-19 (Al Deehani, 2020; Dash & Chakraborty, 2021; Hariandja, 2021; Homburg & Wielgos, 2022), investigations related to entrepreneurial marketing are still rare. In addition, with changes in consumption patterns during the pandemic that have turned to digital technology, investigations regarding digital capabilities in marketing entrepreneurship in SMEs during post-pandemic recovery in Indonesia are not yet available. In this context, this research intends to determine the influence of entrepreneurial marketing through digital marketing capabilities on marketing performance in SMEs. The study on Digital Marketing Capabilities (DMCs) is highly relevant in the current business environment, especially for small and medium-sized enterprises (SMEs) that are struggling to recover from the COVID-19 pandemic. The pandemic has disrupted traditional marketing channels and forced businesses to adopt digital strategies to engage with customers and drive sales. In this context, understanding the role of DMCs and their impact on SMEs' marketing performance is crucial.

The theoretical contribution of this study lies in its exploration of the concept of DMCs and how it influences marketing performance. The study provides a framework for assessing the different components of DMCs, including knowledge, skills, motivation, and technology, and their contribution to SMEs' marketing performance. This framework can help researchers and practitioners in the field of marketing to identify the key factors that determine a company's success in digital marketing. From a managerial perspective, the study's findings have significant implications for SMEs looking to improve their marketing performance in the post-pandemic recovery phase. The study highlights the importance of developing DMCs within the organization and investing in technology and training to enhance employees' digital marketing skills. SMEs that can develop and apply DMCs effectively can maximize their customer reach, improve customer engagement, build brand awareness, and increase sales.

# 2. Literature review and hypothesis development

## 2.1. Entrepreneurial marketing, digital marketing capabilities and marketing performance

Digital Marketing Capabilities (DMCs) refer to the organizational capabilities that enable companies to effectively use digital marketing tools and technologies to achieve marketing objectives. These capabilities consist of three main components: human resources, organizational processes, and technological infrastructure (Wang, 2020; Chinakidzwa & Phiri, 2020). The theoretical foundations of DMCs in SMEs marketing performance can be explained by the resource-based view (RBV) and dynamic capabilities theory (Khan et al., 2021). The RBV suggests that firms can develop sustainable competitive advantage through the development of unique resources and capabilities that are difficult for their competitors to imitate or replicate (Grant, 1991). In the case of SMEs, DMCs can be a valuable resource that can provide them with a competitive advantage in the digital marketing space. Dynamic capabilities theory, on the other hand, suggests that businesses must continuously adapt and develop new capabilities to remain competitive in a changing environment (Teece et al., 2016). As technology and consumer behavior continue to evolve rapidly, SMEs must continuously develop their DMCs to stay relevant and effective in their digital marketing efforts (Wang, 2020).

Entrepreneurial marketing can have a significant impact on the digital marketing capabilities of a business (Liu et al., 2020). The theoretical foundation for this lies in the concept of entrepreneurial orientation, which is characterized by innovation, risk-taking, and proactiveness (Naldi et al.,



2007). Entrepreneurial marketing, as a subset of entrepreneurial orientation, involves developing and executing marketing strategies that are creative, resourceful, and flexible in response to changing market conditions. One of the ways that entrepreneurial marketing can influence DMCs is by promoting experimentation and learning (Thompson-Whiteside et al., 2018; Zahra et al., 2006). Rather than relying on traditional marketing methods, entrepreneurial marketers are willing to try new things and test different approaches. This can lead to a greater understanding of digital marketing channels and how to leverage them effectively.

In addition, entrepreneurial marketing encourages agility and adaptability. By being responsive to customer feedback and evolving market trends, businesses can optimize their digital marketing strategies and stay ahead of the competition (Mithas et al., 2013; Sia et al., 2016). This requires a deep understanding of digital analytics and metrics, which can help identify key performance indicators and track progress toward marketing goals (López García et al., 2019; Saura et al., 2017). Overall, the theoretical foundations of entrepreneurial marketing suggest that it can have a positive impact on a business's digital marketing capabilities. By embracing innovation, risktaking, and adaptability, entrepreneurial marketers can optimize their digital marketing strategies to better engage with customers and succeed in today's rapidly evolving market landscape. Entrepreneurial marketing is based on the idea that companies can achieve a competitive advantage by adopting an entrepreneurial mindset and combining it with effective marketing strategies (Hacioglu et al., 2012; Kraus et al., 2010; Morrish & Morrish, 2011). By identifying and exploiting opportunities in the marketplace, companies can create products and services that meet the needs of their customers and build strong relationships with them. This, in turn, leads to improved marketing performance, which translates into increased revenue, market share, and customer loyalty.

**H1:** Entrepreneurial marketing has a positive and significant effect on Digital Marketing Capabilities (DMCs)

**H2:** Entrepreneurial marketing has a positive and significant effect on marketing performance.

# 2.2. The effect of digital marketing capabilities (DMC) on marketing performance

Research has shown that high levels of DMCs in SMEs are positively associated with marketing performance, including increased website traffic, higher search engine rankings, and increased customer engagement through social media (Buratti et al., 2018; Homburg & Wielgos, 2022; Suganya et al., 2017). Additionally, SMEs with higher levels of DMCs are more likely to successfully implement and integrate digital marketing strategies into their overall marketing plan (Wang, 2020).

The relationship between Digital Marketing Capabilities (DMCs) on marketing performance (MP) are rooted in the concept of dynamic capabilities, which refers to the ability of a firm to adapt to and shape the changing environment in which it operates. Digital marketing has become an increasingly important aspect of marketing strategy, as consumers increasingly rely on online channels to research and purchase products and services (Bala & Verma, 2018; Hien & Nhu, 2022; Yasmin et al., 2015). DMCs enable firms to develop and execute effective digital marketing strategies that can generate competitive advantage and enhance marketing performance (Wang, 2020; Homburg & Wielgos, 2022). DMCs encompass a range of capabilities, including data analytics, search engine optimization (SEO), social media marketing, content marketing, email marketing, and E-commerce. These capabilities enable firms to create targeted and engaging content, optimize their search visibility, build and engage with their social media audience, and streamline the buying process for customers (Terho et al., 2022). The relationship between DMCs and MP is based on the idea that firms that invest in digital marketing capabilities are more likely to generate higher marketing performance. This is because firms with robust DMCs are better



equipped to respond to changes in consumer behavior, preferences, and trends (Homburg & Wielgos, 2022).

Additionally, firms with strong DMCs are more likely to be able to deliver highly personalized and targeted marketing messages that resonate with their target audience. This can lead to greater customer engagement, brand loyalty, and ultimately increased sales and profits (Grewal et al., 2009). In summary, previous research suggest that firms with strong digital marketing capabilities are better positioned to succeed in today's fast-paced and highly competitive business environment. By investing in DMCs, firms can create a sustainable competitive advantage that drives long-term success and growth.

**H3:** Digital Marketing Capabilities (DMCs) have a positive and significant effect on marketing performance (MP)

#### 2.3. Digital marketing capabilities (DMCs) as intervening variable

Resource-based view (RBV) suggests that firms need to identify their internal resources, capabilities, and competencies to achieve a competitive advantage (Majeed, 2011). Entrepreneurial marketing (EM) is a resource that firms can use to identify market opportunities and create new value propositions (Miles & Darroch, 2006). Digital Marketing Capabilities (DMCs) are also essential resources that firms can use to reach a wider audience, improve their brand positioning, and enhance their customer engagement (F. Wang, 2020; Jackson & Ahuja, 2016). RBV supports the idea that both entrepreneurial marketing and DMCs are valuable resources for firms, and using them together can create a synergistic effect that enhances marketing performance. Dynamic capabilities theory suggests that the ability of firms to innovate and adapt to changing markets is critical for their long-term success (Wang & Ahmed, 2007; Eisenhardt & Martin, 2000; Homburg & Wielgos, 2022). Previous research argued that EM as an entrepreneurial orientation enables firms to be more innovative and responsive to market trends. DMCs are a dynamic capability that allows firms to adapt to digital technologies and changing customer behaviors. Thus, the combination of EM and DMCs can provide firms with the ability to respond quickly to market changes, innovate new products and services, and create unique value propositions that result in improved marketing performance.

**H4:** Entrepreneurial marketing (EM) through Digital Marketing Capabilities (DMCs) has a positive and significant effect on marketing performance (MP).

This research formulates a theoretical framework using entrepreneurial marketing (EM) as the independent variable, digital marketing capabilities (DMCs) as the intervening variable and marketing performance (MP) as the dependent variable. Thus, theoretical framework of this research is shown in Figure 1.

#### 3. Research method

This research was conducted in Palu, Indonesia by distributing questionnaires on food and beverage SMEs. The reason researchers took culinary SMEs as objects was because the wrong type of SMEs had decreased marketing performance due to the impact of the pandemic. The sampling technique in this study went through two stages, namely the area sampling technique and then the stratified random sampling technique. The sample taken is said to be representative, in this study the number of samples whose population is known is calculated using the Yamane and Isaac formula (Sugiono, 2018). The population in the study amounted to 21,696. By distributing questionnaires directly to 250 respondents, a total of 206 respondents returned. Thus, the response rate obtained was 82.4%. Furthermore, selection was made on incomplete answers and found that 9 questionnaires could not be processed further. Finally, a total number of samples of 197 SMEs was processed further.

Figure 1. Research framework.

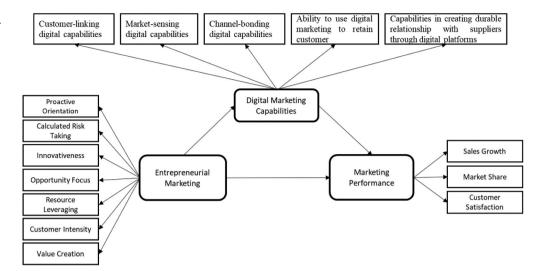
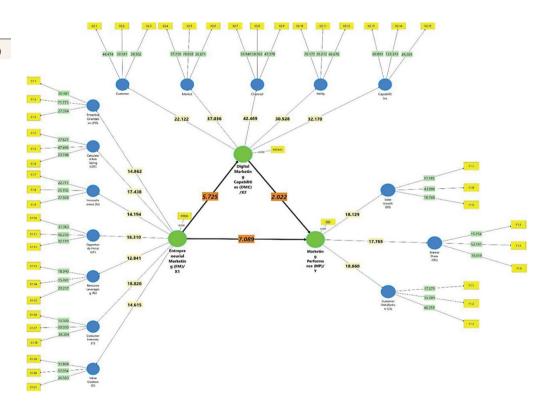


Figure 2. Full model.

Source: processed data (2022)



The classification of variables in this study is divided into three, namely independent variables, dependent variables and intervening variables. Based on these categories, the independent variable in this study is Entrepreneurial Marketing (EM), the intervening variable is Digital Marketing Capabilities (DMC) and the dependent variable is Marketing Performance (MP).

Entrepreneurial marketing is a discipline that combines the principles of entrepreneurship and marketing to create a unique approach to creating and promoting products and services. It is based on the belief that successful entrepreneurship depends on the ability of marketers to identify and capitalize on opportunities in the market. The theoretical foundations of



entrepreneurial marketing lie in the relationship between the entrepreneurial mindset and marketing performance.

Marketing performance refers to the overall effectiveness of a company's marketing efforts. It is measured by metrics like sales revenue, market share, customer satisfaction, and brand awareness. The goal of entrepreneurial marketing is to improve marketing performance by identifying and targeting underserved markets, creating unique products and services, and building strong customer relationships.

To facilitate the analysis of each hypothesis, each variable is described based on the classification as shown in Table 1.

Entrepreneurial Marketing (EM) measures the efforts of food and beverage SMEs to improve the process of creating customer value through a proactive, innovative approach, calculating the amount of risk, customer intensity, optimally utilizing company resources, and creating value for customers. This study uses 7 (seven) dimensions based on marketing entrepreneurship Morris et al. (2002) and Sadiku Dushi et al. (2019) namely: proactive orientation, calculated risk-taking, innovativeness, opportunity focus, resource leveraging, customer intensity, value creation. The DMCs variable measures the ability level of SMEs in using digital technology through 5 (five) DMCs dimensions (Wang, 2020), namely: customer-linking digital capabilities, market-sensing digital capabilities, channel bonding digital capabilities, ability to use digital marketing to retain customer

Variables	Operational Definition	Items	References
Entrepreneurial Marketing (X <sub>1</sub> )	Proactive and innovative effort of food and beverage SMEs to enhance the process of providing value to customers by involving measuring the level of risk and customer demand, making efficient use of resources, and ensuring that customers receive high-quality value.	a. Proactive Orientation, b. Calculated Risk- Taking c. Innovativeness d. Opportunity Focus e. Resource Leveraging f. Customer Intensity g. Value Creation	Morris et al. (2002) and Sadiku Dushi et al. (2019)
Digital Marketing Capabilities (DMC - X <sub>2</sub> )	Capabilities that enable SME actors to adjust their resource configurations and develop new skills to deal with real-time connectivity among stakeholders	<ul> <li>a. Customer-linking digital capabilities</li> <li>b. Market-sensing digital capabilities</li> <li>c. Channel-bonding digital capabilities</li> <li>d. Capabilities to use digital marketing to retain customer</li> <li>e. Capabilities in creating durable relationship with suppliers through digital platforms</li> </ul>	F. Wang (2020)
Marketing Performance (Y)	The performance of SME actors	a. Sales Growth b. Market Share c. Customer Satisfaction	Farida (2016) and Gunday et al. (2011



capabilities in creating durable relationships with suppliers through digital platforms. Marketing Performance (MP) measures the performance of SMEs actors based on 3 dimensions Farida (2016) and Gunday et al. (2011), namely sales growth, market share, customer satisfaction.

#### 4. Results

The characteristics of respondents used in this study is shown in Table 2. The results of respondents' answers show that most of the respondents are female by 59.39% and male by 40.61%. This illustrates that the role of women in the development of SMEs is very large. It also means that women have tenacity, toughness and patience in running a business. The length of business in question is the time of business carried out by the respondent. Some of the respondents (42.65%) have a business time of less than two years, 68 (34.52%) SMEs have run their business for more than six years. This means that 34.52% of SMEs have survived and gone through a fairly long test. Based on education, there are 105 (53.3%) respondents who have a high school education background, 20.3% have a junior high school education background, 17.7% have an elementary education background.

Meanwhile, the educational background of bachelor and graduate were 7.61% and 1.02%, respectively. This means that 197 respondents have diverse educational backgrounds but the dominant is high school and it becomes a challenge in order to improve the quality of human resources to increase capacity and ability to support business. Based on the age characteristics, the majority of respondents are 31–40 years old and 41–50 years old, respectively, amounting to 21.83%. Respondents aged 51–60 years were 36% and over 60 years were 6.6%. 18.78% are in the

Characteristics of Respondents	Amount	Percentage (%)
1. Gender		
Man	80	40.61
Woman	117	59.39
2. Length of Business		
<2 Years	86	43.65
3-5 Years	43	21.83
>6 Years	68	34.52
3. Education		
Primary School	35	17.77
Junior High School	40	20.30
Senior High School	105	53.30
Strata-1 (S1)	15	7.61
Strata-2 (S2)	2	1.02
4. Age		
<20 Years	25	12.69
21-30 Years	37	18.78
31-40 Years	43	21.83
41-50 Years	43	21.83
51-60 Years	36	18.27
>60 Years	13	6.60
5. Business Ownership		
Continuing Effort	9	4.57
Joint ventures	13	6.60
Own business	175	88.83

Source: Primary data processed (2022)



age of 21–30 years. SME owners under the age of 20 were 12.69%. Based on ownership, most respondents (88.83%) are business owners. 6.6% of respondents stated that the business they started was a joint venture and 4.57% of respondents stated that they continued the business.

The results of each indicator of the variables (digital marketing, entrepreneurial marketing, marketing capabilities and marketing performance) have a loading factor value above 0.5. Thus, each indicator fulfills the validity test. Furthermore, Table 3 showed that the Cronbach's Alpha value for each variable has a value above 0.7. Thus, all items were declared reliable.

Table 3 shows that each indicator in the research variables has the largest cross loading value on the variables it forms compared to the cross-loading values on other variables. Furthermore, the determination coefficient (R-Square) is used to measure how much the endogenous variables are influenced by other variables. Hoyle (1999:328) states that the R<sup>2</sup> result of 0.67 and above for endogenous latent variables in the structural model indicates the effect of exogenous variables (which affect) on endogenous variables (which are influenced) is included in the good category. Meanwhile, the range of 0.33–0.67 is included in the medium category, and the range of 0.19–0.33 is included in the weak category (Solimun et al., 2017). The scheme of the outer model as shown in Table 4 explained that the value is in low category.

Based on Table 4, the results of the R-square test for the marketing performance (MP) variable explained by the entrepreneurial marketing (EM) and digital marketing capabilities (DMCs) variables are 0.279. These results indicate that the marketing performance (MP) variable can be explained by entrepreneurial marketing (EM) and digital marketing capabilities (DMCs) variables of 27.9% so that 72.1% is explained by other variables. The results of the R Square test for the variable digital marketing capabilities (DMCs) explained by entrepreneurial marketing (EM) are 0.129. These results indicate that digital marketing capabilities (DMCs) explained by entrepreneurial marketing (EM) of 12.9% are still 87.1% explained by other variables. Furthermore, the study also employed Stone-Geisser's Q2. Stone-Geisser's Q2 is a measure used in Partial Least Squares (PLS) Regression to evaluate the predictive power of a model. It represents the proportion of the variation in the dependent variable that can be explained by the independent variables included in the model. A Q2 value of zero indicates that the model has no predictive power, while a value of one indicates perfect prediction. A Q2 value of above 0.5 is considered to be a good model for predicting the dependent variable. The results of calculating the Q-Square value are as follows:

Q-Square = 1 - 
$$[(1 - R21) \times (1 - R22)]$$
  
= 1 -  $[(1-0,279) \times (1-0,129)]$   
= 1 -  $(0,721 \times 0,871)$   
= 1-0,627  
= 0.372

With a Q2 of 0.372, it can be interpreted that the model can explain about 37.2% of the variation in the new data, implying that the model is somewhat accurate in predicting model.

Next, evaluation of the structural model of the inner model aims to evaluate the accuracy of the measurement model in the research as a whole by forming it through several variables and their items.

The path coefficient test is used to show how strong the effect or influence of the independent variable is on the dependent variable. The results were shown in Table 5 and Figure 2.

Table 3. Load	ing Factor, C	Table 3. Loading Factor, CR, AVE and Cronbach's Alpha	pnbach's Alpl	ha							
Constructs	Items	Loading	CR	α	AVE	Constructs	Items	Loading	CR	ø	AVE
EM	EM1	0.806	0.886	0.792	0.710	MC	DMCs1	0.900	0.908	908.0	0.723
	EM2	0.913					DMCs2	0.923			
	EM3	0.835					DMCs3	0.871			
	EM4	0.837					DMCs4	0.869			
	EM5	0.880					DMCs5	0.925			
	EM6	0.812					DMCs6	0.835			
	EM7	0.797					DMCs7	0.848			
	EM8	0.853					DMCs8	0.924			
	EM9	0.805					DMCs9	0.898			
	EM10	0.871					DMCs10	0.812			
	EM11	0.905					DMCs11	0.851			
	EM12	0.864					DMCs12	0.898			
	EM13	0.828					DMCs13	0.919			
	EM14	0.777					DMCs14	0.950			
	EM15	0.777					DMCs15	0.888			
	EM16	0.772				МР	MP1	0.772	0.875	0.795	0.715
	EM17	0.857					MP2	0.902			
	EM18	0.867					MP3	0.861			
	EM19	0.876					MP4	0.738			
	EM20	0.881					MP5	0.897			
	EM21	0.846					MP6	0.797			
							MP7	0.832			
							MP8	0.901			
							MP9	0.788			
		EM	1= Entrepreneur	rial marketing; l	JMC= Digital Mc	EM= Entrepreneurial marketing; DMC= Digital Marketing capabilities, MP= Marketing performance	ies, MP= Market	ing performance	a.		



Table 4. R-Square			
Variable		Variable	R-Square
Entrepreneurial Marketing (EM)	<b>→</b>	Marketing Performance (MP)	0.279
Digital Marketing Capabilities (DMCs)			
(DMCs)	<b>→</b>	Digital Marketing Capabilities (DMCs)	0.129

Source: processed data (2022)

The results of path coefficients with four hypotheses consisting of three direct effect hypotheses and one indirect effect hypothesis. The highest path coefficients are in the first hypothesis with a value of 0.468. These results fall into the medium category. Then proceed with the second hypothesis with a value of 0.360, this value is included in the medium category. Then proceed with hypotheses three and four with the respective path coefficients of 0.130 and 0.047. All of these values fall into the weak category. These results also indicate that all variables in this model have a path coefficient with a positive number. This shows that the greater the value of the path coefficient on one independent variable on the dependent variable, the stronger the influence between the independent variables on the dependent variable.

The results of testing the first hypothesis show that the influence of entrepreneurial marketing has a positive and significant effect on marketing performance showing a p-value of (0.000). The p-value value is<0.050 (Table 5). This means a positive and significant effect of entrepreneurial marketing on marketing performance. Thus, the first hypothesis is accepted. The results of this study are in line with Adel et al. (2020) that entrepreneurial marketing has a significant effect on the company's business performance. The results of testing the second hypothesis, show that the influence of entrepreneurial marketing has a positive and significant effect on Digital Marketing Capabilities (DMC) showing a p-value of (0.000). As the p-value is smaller than (0.050), it is said to be positive and significant. The results indicate that there is a positive and significant influence of entrepreneurial marketing on Digital Marketing Capabilities. Thus, the second hypothesis is accepted. This is in line with Wardaya et al. (2019) stating that digital marketing makes it easier for business actors to choose and determine creative ideas so that companies can produce innovative products.

In testing the third hypothesis, the results show that Digital Marketing Capabilities (DMC) has a positive and significant effect on marketing performance with a p-value (0.044). The p-value value is less than (0.050). Thus, it is said to be positive and significant. Thus, the third hypothesis stating that Digital Marketing Capabilities (DMC) have a positive and significant effect on Marketing Performance is empirically accepted. The results of this study are in line with Bampo et al. (2008). Bampo et al. (2008) stated that the social structure of digital networks has a vital role in relation to the spread of viral messages. SME business actors should have the ability in digital marketing in

Table 5. Path	coefficients				
Hypothesis		Path	STDEV (σ)	T-Statistic	Sig.
H1	EM → MP	0.053	13.905	0.468	0.000
H2	EM → DMCs	0.064	4.954	0.360	0.000
H3	DMCs → MP	0.061	10.987	0.130	0.044
H4	EM → DMCs → MP	0.023	1.546	0.047	0.065

EM= Entrepreneurial marketing; DMCs= Digital Marketing Capabilities; MP= Marketing Performance

Source: processed data (2022)



the post-pandemic recovery. The results of testing the fourth hypothesis show that the mediating influence of Digital Marketing Capabilities (DMC) in the relationship between entrepreneurial marketing on marketing performance. This statistical output shows a p-value (0.065). As the p-value value is more than (0.050), so it is said to have a positive and insignificant effect. Thus, the fourth hypothesis stating that the mediating role of Digital Marketing Capabilities (DMCs) in the relationship between marketing performance and entrepreneurial marketing is rejected.

### 5. Discussion

Entrepreneurial marketing is the process of creating value for the products and services offered to customers. Customer value is the co-creation process of both sellers and buyers, both producers and customers. Creation of customer value through creative innovation. Based on descriptive analysis, the post-pandemic recovery makes SMEs try to increase their sales through creative innovation by using the resources they have by focusing on business opportunities in marketing food and beverage products. During the pandemic, SMEs entrepreneurs were proactive in finding strategies to increase sales and of course always took into account the risks of every decision they made in the process of creating customer value. Based on the results of hypothesis testing, it proves that entrepreneurial marketing has an effect on marketing performance. The results of this study are in line with research conducted by Adel et al. (2020) that entrepreneurial marketing has a significant effect on company business performance. Adel et al. (2020) argues that the importance of entrepreneurial marketing skills that SMEs must have, such as the courage to predict situations and take risks, an attitude of innovation, proactivity, skilled use of resources, so that they can have a positive impact on marketing performance. Becherer et al. (2012) suggested that entrepreneurial marketing which consists of the dimensions of proactiveness, innovativeness, calculated risk-taking, resource leveraging, value creation, and customer intensity can have a significant impact on SMEs businesses. The value creation dimension stands out as an aspect of entrepreneurial marketing that influences not only financial performance but also growth, customer success, and generally building a strong and sustainable company (Aziz, 2020; Rachmawati et al., 2022). The other dimensions relate specifically to risk taking which is related to financial success, customer intensity which is related to customer success, and being innovative and leveraging resources to build strong companies. The use of entrepreneurial marketing in SMEs can affect the attainment of goals at a personal level for the owner/operator and for the company. Entrepreneurial marketing is also positively related to creating a strong company which is reflected by building a good employee base, creating a standalone business that can operate with or without owners, and creating a culture of innovation and efficiency that can quickly respond to problems and support both customers and employees positively. EM arguably strikes the right balance between attention to market and entrepreneurial focus, and, therefore, is an excellent choice for companies to excel in their competitive landscape (Alqahtani & Uslay, 2020; Qureshi et al., 2017). Hamali et al. (2016) revealed that companies must be more proactive in taking advantage of opportunities from risk management, optimizing resources in creating value for customers, increasing the ability to innovate in realizing marketing performance and company performance. In addition, SMEs can improve their marketing performance by increasing customer intensity. Increasing intensity with customers by paying attention to customer satisfaction with food and beverage products consumed (Sobar et al., 2021). Optimized customer intensity will increase the marketing performance of SMEs. This research also found that the factor that SMEs need to pay attention to in order to improve marketing performance from an entrepreneurial marketing perspective is resource leveraging. Increase the ability of SMEs to optimize the utilization of their resources during the pandemic. To improve this capability, SMEs can improve their expertise (skills) in managing their resources efficiently. Second, through increasing knowledge in information and digital technology.

Moreover, digital marketing capabilities are the business capabilities of SMEs to market their service products using digital technology in getting customers, promoting brands, retaining customers and increasing sales (Jantunen et al., 2012). In addition, Wardaya et al. (2019) stated that digital marketing makes it easier for business people to choose and define creative ideas so that



companies can produce innovative products. Based on the descriptive analysis of digital marketing capabilities which have dimensions of customer-linking digital capabilities, market-sensing digital capabilities, channel-bonding digital capabilities, ability to use digital marketing to retain customers and capabilities in creating durable relationships with suppliers through digital platforms, it shows that the capabilities of the SMEs business actors are not yet optimal. The description of the responses of SMEs business actors to the ability to find information about customers, market opportunities and build customer networks through digital. The link between entrepreneurial marketing and digital marketing capabilities according to Khaskheli (2020) states that entrepreneurial marketing, which consists of the dimensions of proactive orientation, value creation, innovativeness and customer focus, can have a significant impact on effectiveness in the ability to use social media marketing. Aftab et al. (2021) also suggested that entrepreneurial marketing has a significant influence on social media marketing. The results of this study are in line with the results of this study where entrepreneurial marketing has a positive effect on digital marketing capabilities in the post-pandemic recovery for SMEs. To further enhance the ability of SMEs to use digital marketing capabilities, several things that need to be considered are optimizing the ability of SMEs to seek opportunities to increase the utilization of their resources (resource leveraging). Optimization is meant by increasing the ability of SMEs to use customer relationships to create new markets. In addition to optimizing resource leveraging, SMEs need to increase customer intensity. The ability of SMEs to improve the process of creating customer value (entrepreneurial marketing) through resource leveraging and customer intensity will increase the ability of SMEs to use digital marketing technologies (digital marketing capabilities).

Based on the results of the hypothesis test stated that digital marketing capabilities have an effect on marketing performance. Based on the path analysis test (Table 5), the relationship between digital marketing capabilities and marketing performance is in the weak category. However, based on a positive path coefficient, digital marketing capabilities can be improved so that the marketing performance of SMEs business actors can be further improved. Digital marketing capabilities do not focus on technology but on the ability to use digital technology to fulfill supply and demand functions (Song et al., 2007). Wang (2020) stated that small companies (SMEs) with strong digital capabilities have the same performance as medium-sized companies. In addition, digital marketing also makes it easier for companies to find creative ideas so that companies can produce innovative products (Wardaya et al., 2019). It is empirically proven that increasing the ability of SMEs business actors in using digital marketing will improve their marketing performance. The results of this study are in line with research conducted by Bampo et al. (2008). Bampo et al. (2008) stated that the social structure of digital networks has a vital role in relation to the spread of viral messages. SMEs business actors must have the ability in digital marketing in the postpandemic recovery. The ability to use digital marketing for SMEs is based on the motivation to increase profits (Ritz et al., 2019). This states that the use of digital marketing can improve marketing performance. This study also found that the factors that SMEs in Palu City need to pay attention to in order to increase their ability to use digital technology are: increasing the ability to digitally integrate all customer channels, optimizing the ability to build digital networking and customer management. The optimal implementation of the factors will increase the ability of SMEs to adjust the configuration of their resources and the ability to handle connectivity among stakeholders (customer-linking digital capabilities). The ability of SMEs to build networking and sales channels with various related parties through digitalization (channel-bonding digital capabilities) is an advantage that can enhance digital marketing capabilities. Digital marketing capabilities increase will be more likely to affect the marketing performance of SMEs in Palu City.

Furthermore, based on the results of hypothesis testing, it states that digital marketing capabilities cannot mediate entrepreneurial marketing on marketing performance. Based on the path coefficient values and the results of the estimation of outer loading, it is clear that the path coefficients for the digital marketing capabilities path are in the weak category. This means that digital marketing capabilities cannot mediate efforts to increase the efforts of food and beverage SMEs to increase customer value (entrepreneurial marketing) to increase marketing performance.



This contradicts the results of research by Aftab et al. (2021) and Qureshi et al. (2017), stating that even though entrepreneurial marketing has no significant effect directly on marketing performance, in mediation with the help of social media variables, entrepreneurial marketing has a significant influence on marketing performance. The insignificant results are seemingly caused by the nature of moderation effects and industry characteristics, namely SMEs. Digital marketing capability does have a significant effect on the relationship between entrepreneurial marketing and marketing performance might the effect size may be small and dependent on other factors. For example, the effect of digital marketing capability may be stronger for firms in certain industries, or for firms with more advanced technology or larger customer bases. The results are different with Aftab et al. (2021) on empirical evidence of mediating variables. This study uses digital marketing capabilities as a mediating variable, while Aftab et al. (2021) uses social media marketing variables. Digital marketing capabilities measure the ability to use digital marketing. Social media marketing measures the efficiency and effectiveness of using digital marketing technology. Descriptive analysis showed that the ability of SMEs to use digital technology is not yet optimal, so that digital marketing capabilities have not been able to mediate entrepreneurial marketing towards achieving marketing performance. In order to optimize the mediation role of digital marketing capabilities, it is necessary to increase the ability of SMEs in the process of creating customer value through a customer intensity approach and the ability to optimally utilize company resources (resource leveraging). A good customer intensity and resource leveraging will affect the mediation role of digital marketing capabilities. Increasing the capabilities of SMEs through customer-linking capabilities (increasing the ability of SMEs to build digital networking and use digital technology to manage customers) and channel-bonding digital capabilities (the company's ability to build bonds with sales channels). This means that the ability of SMEs to create value for food and beverage products through customer intensity and resource leveraging increases, it will affect the level of ability of SMEs to use digital technology (digital marketing capabilities). Increasing digital marketing capabilities will mediate in increasing the marketing performance of SMEs.

# 6. Conclusion

The results showed that entrepreneurial marketing has a positive and significant effect on marketing performance in the post-pandemic recovery on SMEs. Entrepreneurial marketing has a positive and significant effect on digital marketing capabilities. Digital marketing capabilities have a positive and significant effect on marketing performance. However, the results showed that entrepreneurial marketing through digital marketing capabilities has a positive but not significant effect on marketing performance. Therefore, SMEs should continue to improve their capabilities and sharpen the implementation of entrepreneurial marketing strategies, in order to utilize their resources to find opportunities and create added value for customers, in order to continue to achieve marketing performance in a sustainable manner. Increasing customer intensity to achieve and improving its marketing performance are pursued by paying attention to customer satisfaction with the food and beverage products consumed and applying innovative approaches to create customer relationships. The need to increase the ability of SME actors in optimizing the use of their resources by using resource leveraging in the post-pandemic recovery. To improve these capabilities, SMEs can improve their skills in managing their resources efficiently. They are also expected to increase knowledge in information and digital technology. SMEs should be able to improve the process of customer value creation through resource leveraging and customer intensity so that it is more likely to increase the ability of SMEs to use digital marketing technology through digital marketing capabilities. SMEs should also improve their ability to use digital technology, namely: increasing the ability to digitally integrate all customer channels, optimizing the ability to build networking and digitally managing customers. SME actors should build networking and sales channels with various parties related to digitalization with channel-bonding digital capabilities to improve digital marketing capabilities. The increase in digital marketing capabilities will be more likely to heighten the marketing performance of SMEs.



The theoretical contribution of these findings provides empirical evidence regarding the role of digital marketing to stabilize the performance of the SME market during turbulence during the post-pandemic recovery. Entrepreneurial marketing is customer-focused, and the empirical evidence highlights the importance of this approach. Businesses that prioritize customers, understand their needs, and tailor their marketing efforts accordingly are more likely to succeed. The empirical evidence highlights the importance of innovation in entrepreneurial marketing. SMEs that are innovative in their marketing activities are more likely to gain a competitive advantage, attract new customers, and achieve overall marketing success. Moreover, in term of resource allocation: The empirical evidence suggests that SMEs must prioritize their resources to achieve marketing success during market turbulence and uncertainties. Entrepreneurial marketing helps businesses allocate their resources efficiently and effectively, ensuring that they are used in the most impactful way possible.

Managerially, these findings highlight the importance of increasing the digital capacity of SMEs to mitigate market turbulence. This requires managers to be more proactive in digitalization and internet marketing by preparing organizational capacity and consumer identification to minimize financial risk when facing turbulence and maintain business sustainability. Moreover, businesses should invest in the development of a strong online presence and ensure that their websites and social media channels are optimized for search engines and user-friendly. This will enable them to reach a wider audience and improve the customer experience, which is critical to retaining existing customers and attracting new ones. Overall, these findings emphasize the need for SMEs to embrace digital transformation and leverage the power of technology and internet marketing to respond to changing market conditions, sustain their business operations and remain competitive in the long run.

The limitation of this research lies in the limited mediating role of Digital Marketing Capabilities (DMCs). This is possible due to the unpreparedness of SMEs in utilizing digital tools for marketing. In addition, another limitation is the limited number of samples compared to the total population. Although the findings of this study are relatively encouraging in terms of digitalization investment in SMEs, further studies are needed to compare with the control group that survived traditional marketing during the pandemic. For this reason, further research is suggested to further formulate strategic digital marketing dimensions as organizational dynamic capabilities, and their influence on marketing performance. In addition, increasing the number of samples and grouping samples through a robustness test are also suggested to validate the dimensions of the DMCs. Finally, future studies are also expected to identify other socio-cultural factors that influence digitization in SMEs, especially in developing countries which are more vulnerable to facing constraints in access to funding, capital, innovation and institutional capacity.

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