



ENTREPRENEURSHIP ORIENTATION, PRODUCT INNOVATION, AND DIGITAL MARKETING: KEYS TO SUCCESS FOR MSMEs IN THE FOOD AND BEVERAGE SECTOR IN SINGKAWANG CITY

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Abstract

Singkawang City, a major tourism destination in West Kalimantan, has experienced economic growth supported by food and beverage MSMEs. However, many businesses still struggle with limited entrepreneurial skills, low product innovation, and ineffective digital marketing, reducing their competitiveness. This study examines the effects of entrepreneurial orientation and product innovation on marketing performance, with digital marketing as a mediating variable. A quantitative approach was applied using purposive sampling of 100 food and beverage MSME owners in Singkawang City. Data were analyzed using PLS-SEM with SmartPLS 4.0. The results show that entrepreneurial orientation and product innovation positively and significantly influence both digital marketing and marketing performance. Digital marketing also partially mediates the relationships between entrepreneurial orientation, product innovation, and marketing performance. These findings suggest that strengthening entrepreneurial capabilities, encouraging continuous product innovation, and improving digital marketing practices can enhance marketing performance, competitiveness, and the long-term sustainability of MSMEs in tourism-based local economies.

Keywords: Entrepreneurship Orientation, Product Innovation, Digital Marketing, Marketing Performance, MSMEs.

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INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are one of the main drivers of the Indonesian economy, contributing significantly to economic growth, job creation, and improving public welfare. One rapidly growing sector is the food and beverage (F&B) business, particularly in areas with tourism potential, such as Singkawang City. However, the development of digital technology and changes in consumer behavior have transformed business competition patterns. Consumers now seek information and conduct transactions more through digital platforms than through conventional media. Although the number of internet users in Indonesia continues to increase, the use of digital marketing by most MSMEs remains suboptimal, resulting in many businesses being

unable to expand their market reach or increase their competitiveness. This situation indicates that a company's internal capabilities are a crucial factor in improving MSME marketing performance.

Based on the Resource-Based View (RBV) perspective, a company's competitive advantage is determined by its ability to manage its resources and capabilities. In the context of MSMEs, entrepreneurial orientation, demonstrated through innovation, proactivity, and risk-taking, as well as product innovation, are two important capabilities that can enhance a company's competitiveness. Various previous studies have shown that entrepreneurial orientation and product innovation have a positive effect on marketing performance (Calantone et al., 2002; Aftab et al., 2022; Vrontis et al., 2022). Furthermore, research by Ainin et al. (2015), Alalwan et al. (2017), and Jung and Shegai (2023) also explains that digital marketing can increase marketing effectiveness by expanding market reach, increasing customer interaction, and making marketing communications more efficient.

However, previous research findings remain inconsistent. Some studies find that entrepreneurial orientation and product innovation directly improve marketing performance, while others indicate that this effect weakens when MSMEs have limited resources, low levels of digital technology adoption, or differing business characteristics. Differences in industry context, company size, digital literacy levels, and research methods are also suspected to contribute to the varying results of previous studies. This situation suggests that the relationship between entrepreneurial orientation, product innovation, and marketing performance still requires a more comprehensive explanation, particularly regarding the mechanisms connecting these three variables.

In addition to this research gap, a contextual gap remains, as most previous research has been conducted on large companies or MSMEs in metropolitan cities with higher digital adoption rates. Research on MSMEs in the food and beverage sector in secondary cities like Singkawang is relatively limited, despite the distinct economic characteristics of this region, which relies heavily on the culinary and tourism sectors. Therefore, this study offers a novel approach by positioning digital marketing as a mediating variable, explaining how entrepreneurial orientation and product innovation can translate into improved marketing performance for MSMEs in Singkawang City.

Based on this background, this study aims to analyze the influence of entrepreneurial orientation and product innovation on marketing performance, both directly and through digital marketing as a mediating variable, in the food and beverage sector of MSMEs in Singkawang City. This research is expected to not only enrich the development of theory regarding the relationships between these variables but also provide empirical evidence regarding the role of digital marketing in improving MSME marketing performance in the context of secondary cities in Indonesia.

The literature review in this study integrates three interrelated concepts: entrepreneurial orientation, digital marketing, and marketing performance. To analyze the influence of entrepreneurial orientation on the marketing performance of MSMEs in the Food and Beverage sector, this research requires an understanding of these three concepts.

The Resource-Based View (RBV) explains that a company's competitive advantage stems from its ability to manage valuable, rare, difficult-to-imitate, and non-substitutable internal resources and capabilities. In the context of MSMEs, entrepreneurial orientation is a strategic capability that reflects the business owner's ability to be innovative, proactive, and willing to take risks in the face of changes in the business environment (Miller, 1983). This capability enables companies to more quickly identify market opportunities, respond to changing consumer needs, and develop more adaptive marketing strategies than competitors. From the RBV perspective, entrepreneurial orientation is not simply an individual characteristic but an organizational asset capable of generating competitive advantage and improving marketing performance. MSMEs with a strong entrepreneurial orientation tend to be more active in seeking market opportunities, developing new products, and building better relationships with customers, resulting in increased sales and market growth. Research by Rauch et al. (2009), Frederick and Kuratko (2009), Vanessa (2025), and Aftab et al. (2022) showed that entrepreneurial orientation has a positive effect on company performance, although the extent of the effect is influenced by the company's ability to utilize its resources.

H1: There is an influence of entrepreneurial orientation on marketing performance.

According to the Resource-Based View (RBV) and Dynamic Capability Theory, a company's ability to produce product innovation is a dynamic capability that enables it to adapt to changes in the business environment. Schumpeter explained that innovation is a key driver of economic growth because it creates new value for consumers. In the context of MSMEs, product innovation enables companies to produce products with better quality, unique characteristics, and benefits that better suit market needs. Product innovation is one of the

most crucial factors determining a company's ability to survive and compete in today's dynamic market. According to Schumpeter on (Ziemnowicz, 2017), innovation is the driving force of economic growth and business development, as it enables companies to introduce new or improved products that meet evolving consumer needs. In the context of MSMEs, product innovation reflects the firm's ability to generate creative ideas that enhance the quality, functionality, and attractiveness of products offered to customers. This relationship occurs because product innovation increases customer perceptions of value, creates product differentiation, and strengthens the company's competitive position. The greater the MSME's ability to innovate, the greater the company's opportunity to increase customer satisfaction, expand market share, and improve marketing performance. Research by Calantone et al. (2002) shows that a company's innovation capability contributes to improved marketing performance by creating a sustainable competitive advantage.

H2: There is an influence of product innovation on marketing performance.

Dynamic Capability Theory explains that companies with high adaptability will more quickly adopt new technologies to maintain their competitiveness. From this perspective, entrepreneurial orientation encourages business actors to be more proactive in seeking opportunities through the use of digital technology. Innovative characteristics, the courage to take risks, and proactiveness enable MSME owners to be more open to adopting various digital platforms for promotion and communication with customers. Marketing performance is a measure of a company's success in achieving established marketing objectives, such as increasing sales, market share, and customer satisfaction. According to Kotler (2012), marketing performance can be measured through various metrics, including sales growth, brand recognition, and consumer response to marketing campaigns. Research by Prastiwi & Rohimat (2020) shows that entrepreneurial orientation has a positive and significant effect on marketing capabilities, brand orientation, and business performance. It is clear that MSME owners need to add more measurable, results-oriented marketing measures.

H3: There is an influence of Entrepreneurial Orientation on Digital Marketing

Dynamic Capability Theory states that innovation is not only related to the creation of new products, but also to a company's ability to develop new ways to deliver value to customers. Innovative products require effective communication channels to ensure their added value is understood by consumers. Therefore, companies actively pursuing product innovation tend to utilize digital marketing to introduce products, build interactions with customers, and expand market reach. Digital marketing enables MSMEs to communicate product advantages more quickly, interactively, and efficiently than conventional marketing channels. Research by Kotler (2012), and Rahayu and Day (2017), shows that companies with high levels of product innovation tend to be more rapid in adopting digital technology as part of their marketing strategy.

H4: There is an influence of product innovation on digital marketing

Based on the Resource-Based View (RBV), a company's competitive advantage is determined not only by its resource holdings but also by its ability to manage those resources into capabilities that create value for customers. In a marketing context, digital marketing is a form of marketing capability that enables companies to utilize digital technology to reach a wider range of consumers, build long-term relationships with customers, and respond more quickly to changing market needs. In line with Dynamic Capability Theory, the ability to adopt and utilize digital technology is a dynamic capability that helps companies adapt to changes in the business environment and increase competitiveness. Digital marketing functions not only as a promotional medium but also as a mechanism that integrates marketing communications, customer interactions, and real-time market information management. Chaffey and Ellis-Chadwick (2024) explain that digital marketing can be conducted through various platforms, such as social media, search engines, email, marketplaces, and digital advertising, enabling companies to reach markets more effectively at a relatively lower cost than conventional marketing. Furthermore, Ryan (2016) explains that digital marketing also enables companies to build two-way communication with customers, thereby increasing customer engagement, loyalty, and creating greater value for consumers. From the perspective of Marketing Capability Theory, a company's ability to utilize digital marketing will increase the effectiveness of its marketing activities because it can expand its market reach, understand customer needs through digital data, and deliver value propositions more precisely. This capability will ultimately increase sales, expand market share, enhance customer satisfaction, and improve the company's marketing performance. Thus, digital marketing is not only a marketing communication tool but also a strategic capability that supports the achievement of competitive advantage for MSMEs. This argument is supported by research by Ainin et al. (2015), which shows that MSMEs that utilize digital marketing experience better sales growth and market share than MSMEs that have not adopted it. Alalwan et al. (2017) also found that digital marketing implementation has a positive impact on marketing performance, particularly in increasing sales and customer satisfaction. These findings are reinforced by Halik et al. (2021) demonstrated that utilizing digital

marketing can improve MSME marketing performance through effective communication with customers. Based on this theoretical foundation and previous research findings, the following hypothesis can be formulated:

H5: There is an influence of digital marketing on marketing performance.

Based on the Resource-Based View (RBV), entrepreneurial orientation is a strategic capability that enables a company to create a competitive advantage through innovative, proactive behavior, and the courage to take risks (Miller, 1983). However, this capability does not necessarily directly improve marketing performance if it is not implemented in marketing activities that effectively reach the market. From the perspective of Dynamic Capability Theory, companies must be able to integrate internal resources with changes in the business environment through the use of digital technology. Therefore, entrepreneurial orientation encourages MSMEs to be more open to adopting digital marketing as an adaptive marketing strategy. A mediating mechanism occurs when business actors with a strong entrepreneurial orientation more proactively utilize social media, marketplaces, search engines, and other digital platforms to promote products, build communication with customers, and quickly obtain market information. This utilization of digital marketing increases market reach, strengthens customer engagement, and enhances the effectiveness of marketing communications, ultimately impacting marketing performance. In other words, entrepreneurial orientation generates greater economic value when translated into a company's ability to utilize digital marketing as a marketing capability. This argument is supported by Chaffey and Ellis-Chadwick (2024), who explain that digital marketing enables companies to expand market reach and build sustainable customer relationships. Krisnanto et al. (2023) show that digital marketing mediates the influence of entrepreneurial orientation on marketing performance. Morgan et al. (2004) also explain that marketing performance is influenced by the effectiveness of a company's marketing strategy, while Kumar et al. (2011) found that companies that are more adaptive to technology have better marketing performance. Furthermore, Indrawati and Utama (2023) show that social media strengthens the relationship between entrepreneurial orientation and marketing capabilities in MSMEs in the food and beverage sector.

H6: There is an indirect effect of entrepreneurial orientation on marketing performance through digital marketing.

Based on the Resource-Based View (RBV), entrepreneurial orientation is a strategic capability that enables a company to create a competitive advantage through innovative, proactive behavior, and the courage to take risks (Miller, 1983). However, this capability does not necessarily directly improve marketing performance if it is not implemented in marketing activities that effectively reach the market. From the perspective of Dynamic Capability Theory, companies must be able to integrate internal resources with changes in the business environment through the use of digital technology. Therefore, entrepreneurial orientation encourages MSMEs to be more open to adopting digital marketing as an adaptive marketing strategy. A mediating mechanism occurs when business actors with a strong entrepreneurial orientation more proactively utilize social media, marketplaces, search engines, and other digital platforms to promote products, build communication with customers, and quickly obtain market information. This utilization of digital marketing increases market reach, strengthens customer engagement, and enhances the effectiveness of marketing communications, ultimately impacting marketing performance. In other words, entrepreneurial orientation generates greater economic value when translated into a company's ability to utilize digital marketing as a marketing capability. This argument is supported by Chaffey and Ellis-Chadwick (2024), who explain that digital marketing enables companies to expand market reach and build sustainable customer relationships. Krisnanto et al. (2023) show that digital marketing mediates the influence of entrepreneurial orientation on marketing performance. Morgan et al. (2004) also explain that marketing performance is influenced by the effectiveness of a company's marketing strategy, while Kumar et al. (2011) found that companies that are more adaptive to technology have better marketing performance. Furthermore, Indrawati and Utama (2023) show that social media strengthens the relationship between entrepreneurial orientation and marketing capabilities in MSMEs in the food and beverage sector.

H7: Product innovation indirectly influences marketing performance through digital marketing.

METHOD

This study aims to analyze the influence of entrepreneurial orientation and product innovation on marketing performance through digital marketing among food and beverage (F&B) MSMEs in Singkawang City. A quantitative research approach was employed because the primary objective was to examine the causal relationships among predetermined variables and generate measurable data that could be statistically analyzed

(Sugiyono, 2020). The population consisted of all food and beverage MSMEs operating in Singkawang City that had adopted digital marketing. Based on data from the Singkawang City Cooperatives and SMEs Office (Antara Kalbar, 2020), there were 462 MSMEs using social media as a promotional medium. The sample comprised 100 MSME owners selected using purposive sampling with the following criteria: (1) owning and managing an F&B MSME operating for at least one year, (2) actively using digital marketing platforms such as social media or online marketplaces, and (3) being willing to participate in the research.

The sample size was considered adequate based on the 10-times rule recommended for Partial Least Squares Structural Equation Modeling (PLS-SEM). According to Hair et al. (2022), the minimum sample size should be at least ten times the largest number of structural paths directed at a particular endogenous construct or the largest number of indicators measuring a construct. In this study, the endogenous constructs received a maximum of three structural paths, indicating that the minimum sample requirement was substantially lower than the 100 respondents used in this research. Therefore, the sample size meets the minimum requirement for PLS-SEM analysis. In addition, Hair et al. (2022) emphasize that a sample of approximately 100 observations is generally sufficient for estimating prediction-oriented PLS-SEM models with moderate model complexity and acceptable statistical power. Primary data were collected using a structured questionnaire with measurement items adapted from previous studies. Responses were measured using a five-point Likert scale ranging from 1 ("strongly disagree") to 5 ("strongly agree"). Prior to hypothesis testing, the measurement model was evaluated through tests of convergent validity, discriminant validity, and construct reliability to ensure the adequacy of the measurement instruments.

The data were analyzed using SmartPLS version 4.0. The use of PLS-SEM was considered appropriate because the objective of this study was to predict marketing performance and examine the simultaneous relationships among multiple latent variables, including the mediating role of digital marketing. Furthermore, PLS-SEM is particularly suitable for studies involving relatively small sample sizes, complex mediation models, and prediction-oriented research (Hair et al., 2022). Compared with covariance-based SEM (CB-SEM), PLS-SEM provides greater flexibility in handling non-normal data distributions while producing robust parameter estimates for exploratory and predictive research. Therefore, PLS-SEM was considered the most appropriate analytical technique for testing the proposed conceptual model.

This study employs four latent constructs, namely Entrepreneurial Orientation, Product Innovation, Digital Marketing, and Marketing Performance. The measurement indicators were adapted from established theories and previous empirical studies to ensure construct validity.

Table 1. Operational variables

Variable	Operational Definition	Indicators	References
Entrepreneurial Orientation	The tendency of business owners to innovate, be proactive, and take risks in managing their businesses.	Innovativeness (3), Proactiveness (2), Risk-taking (2)	Miller (1983); Rauch et al. (2009)
Product Innovation	The firm's ability to create or improve products to meet customer needs.	New product development, product quality improvement, product modification	Calantone et al. (2002)
Digital Marketing	The use of digital platforms to promote products and communicate with customers.	Social media utilization, marketplace utilization, digital customer communication, online promotion effectiveness	Chaffey & Ellis-Chadwick (2024); Ryan (2016)
Marketing Performance	The level of achievement of marketing objectives.	Sales growth, customer growth, market expansion, customer satisfaction	Kotler (2012); Morgan et al. (2004)

Outer Model Testing: This is the process of examining the validity and reliability of indicators. This includes Convergent Validity, Discriminant Validity, and Construct Reliability testing.

Inner Model Testing: This is the process of examining the relationships between latent variables and the significance of the relationships between these variants. Testing was performed using R^2 , path coefficients, and hypothesis testing using bootstrapping techniques to determine the t-statistic and p-value.

RESULTS

This section will outline the data analysis conducted in this study and discuss relevant findings. For the analysis, I used SmartPLS version 4.0 software to examine the influence of entrepreneurial orientation on digital marketing and the marketing performance of MSMEs in the Food and Beverage sector in Singkawang.

Of the 100 respondents, the demographic profile shows that the majority of MSME owners had a high school/vocational high school education (73%), with a gender distribution of 35% male and 65% female. The majority of respondents were aged 21-25 (41%), indicating that they were in the productive stage of entrepreneurship. The majority of respondents had been in business for less than three years, meaning that 65% of MSMEs had only been in business for less than three years.

The outer model focuses on the validity and accuracy of the measuring instrument used to measure the latent variables by conducting Convergent Validity, Discriminant Validity, and Construct Reliability tests. These validity and reliability tests were conducted to ensure that the measuring instrument in this study met the requirements for a valid and reliable measurement tool.

Convergent Validity: The test was conducted in two stages. In the first stage, four invalid indicators (OK6, OK8, OK9, and KP3) were excluded. The second stage showed that all indicators for the Entrepreneurial Orientation, Product Innovation, Digital Marketing, and Marketing Performance variables had loading factor values greater than 0.70. This indicates that the indicators used were able to adequately measure the latent variables. The complete results of the Convergent Validity test are presented in Table 1.

The demographic characteristics of the 385 respondents who participated in this study. The sample was predominantly female, comprising 287 respondents (70%), while male respondents accounted for 98 individuals (30%). This gender distribution reflects the broader pattern of Indonesian social commerce participation, wherein female consumers demonstrate higher engagement with live-streaming shopping, fashion and beauty product categories, and community-driven purchasing behaviors on TikTok Shop.

Table 2. Outer Loading Results of Convergent Validity Test Stage 2

Indicator	OK (Entrepreneurial Orientation)	IP (Product Innovation)	PD (Digital marketing)	KP (Marketing Performance)	Information
OK1	0.787				Valid
OK2	0.797				Valid
OK3	0.762				Valid
OK4	0.799				Valid
OK5	0.729				Valid
OK7	0.842				Valid
IP1		0.783			Valid
IP2		0.823			Valid
IP3		0.806			Valid
PD1			0.762		Valid
PD2			0.827		Valid
PD3			0.802		Valid
PD4			0.792		Valid
KP1				0.840	Valid
KP2				0.812	Valid
KP4				0.755	Valid

Source: Data processed by researchers, 2025

Table 3. Cross Loading Results of Discriminant Validity Test

Indicator	Entrepreneurial Orientation	Product Inovation	Digital Marketing	Marketing Performance
OK1	0.787	0.403	0.409	0.447
OK2	0.797	0.427	0.449	0.387
OK3	0.762	0.376	0.361	0.403
OK4	0.799	0.411	0.412	0.424
OK5	0.729	0.396	0.333	0.416
OK7	0.842	0.443	0.401	0.533
IP1	0.432	0.783	0.413	0.326
IP2	0.337	0.823	0.386	0.437
IP3	0.422	0.806	0.421	0.386
PD1	0.371	0.289	0.762	0.286
PD2	0.424	0.404	0.827	0.406
PD3	0.376	0.388	0.802	0.419
PD4	0.426	0.411	0.792	0.350
KP1	0.491	0.452	0.437	0.840
KP2	0.462	0.377	0.356	0.812
KP4	0.374	0.366	0.309	0.755

Source: Data processed by researchers, 2025

Construct Reliability: The Cronbach's Alpha value for each variable reached above 0.70, indicating a good level of reliability for all variables (Entrepreneurial Orientation: 0.876, Product Innovation: 0.812, Digital Marketing: 0.808, Marketing Performance: 0.727). The complete results of the construct reliability test are presented in Table 3.

Table 4. Cronbach's Alpha value

Variables	Cronbach's alpha	Information
Entrepreneurial Orientation	0.876	Reliable
Product Innovation	0.813	Reliable
Digital Marketing	0.808	Reliable
Marketing Performance	0.727	Reliable

Source: Data processed by researchers, 2025

The inner model focuses on the interactions between latent variables and tests the strength and significance of the relationship between one variable and another by calculating the R^2 value and path coefficients and significance

R-Square (R^2): The R^2 value for the Digital Marketing variable is 0.252, while for Marketing Performance it is 0.354. This means that 25.2% of the change in Digital Marketing can be explained by the independent variables in the model, while 35.4% of the change in Marketing Performance can be explained by the independent variables. The complete R^2 test results are available in Table 4.

Table 5. R Square Test Results (R^2)

Vaiabel Dependen	R-square	R-square adjusted
Digital Marketing	0.252	0.244
Marketing Performance	0.354	0.34

Source: Data processed by researchers, 2025

To test the established hypothesis, a Path Coefficient Bootstrapping Direct Effect test was conducted. The results indicate that a relationship is considered significant if the t-statistic is greater than 1.96 or the p-value is less than the specified significance level (in this study, a significance level of 0.05 was used). The complete results of the path analysis coefficient test are shown in Table 5

Table 6. Path Coefficient Bootstrapping direct effect results

Koefisien Jalur/Path	Original sampel	Sampel mean	Standard deviation	T-Statistic	P-Value	Information
Entrepreneurial Orientation -> Marketing Performance	0.432	0.444	0.113	3.835	0.000	Signifikan
Product Innovation -> Marketing Performance	0.402	0.397	0.121	3.521	0.001	Signifikan
Entrepreneurial Orientation -> Digital Marketing	0.502	0.513	0.088	5.695	0.000	Signifikan
Product Innovation -> Digital Marketing	0.382	0.387	0.131	3.435	0.001	Signifikan
Digital Marketing -> Marketing Performance	0.246	0.242	0.119	2.063	0.020	Signifikan

Source: Data processed by researchers, 2025

Table 7. Hasil Path Coefficient Bootstrapping Indirect effect

Path Coefficient	Original Sample	Sample mean	Standard Deviation	T-Statistic	P-Value
Entrepreneurship Orientation-> Digital Marketing-> Marketing Performance	0.124	0.12	0.059	2.077	0.019
Product Innovation-> Digital Marketing-> Marketing Performance	0.156	0.145	0.065	2.264	0.021

Source: Data processed by researchers, 2025

DISCUSSION

The results of data analysis using Smart PLS version 4 and the analysis of the influence of independent variables on the dependent variable are as follows.

The hypothesis testing results demonstrate that Entrepreneurial Orientation (EO) has a positive and significant effect on Marketing Performance ($\beta = 0.432$, $t = 3.835$, $p = 0.000$). This finding confirms the Resource-Based View (RBV), which positions entrepreneurial orientation as a strategic intangible asset that fulfills the Valuable, Rare, Inimitable, and Non-substitutable (VRIN) criteria. The internal dimensions of EO, including risk-taking, proactiveness, and innovativeness, function as strategic capabilities that transform organizational resources into competitive advantage, thereby enhancing the marketing performance of business enterprises. Furthermore, this finding reinforces Dynamic Capability Theory, which explains that EO serves as a dynamic capability that drives the processes of sensing, seizing, and transforming in response to changing business environments. A strong entrepreneurial orientation enables micro, small, and medium enterprises (MSMEs) to become more adaptive in identifying market opportunities, developing innovations, and adjusting marketing strategies to evolving consumer preferences. Therefore, the results not only strengthen Entrepreneurial Orientation Theory but also extend the empirical generalization of previous studies by Aftab et al. (2022) and Vrontis et al. (2022), which conclude that the internalization of entrepreneurial orientation contributes positively to market penetration effectiveness and improved mark'

Within the context of this study, the characteristics of Singkawang City as a multi-ethnic tourism destination representing Chinese, Dayak, and Malay cultures serve as a contextual condition that strengthens the relationships among Entrepreneurial Orientation, Product Innovation, and Marketing Performance. The city's rich cultural heritage acts as an external stimulus that encourages the innovativeness and proactiveness of MSME owners to explore and transform local cultural resources into products with greater value. In other words, a strong entrepreneurial orientation enables business owners to convert local cultural capital into product innovations that align with market demands. Furthermore, culturally inspired or heritage-infused products

become a source of differentiation that appeals to tourists seeking authentic local experiences. As a result, Singkawang's tourism sector functions as a market accelerator, facilitating the market acceptance of innovative products and leading to higher sales volume, expanded market share, and enhanced marketing performance. Consequently, Singkawang's local context serves not merely as the research setting but also as a contextual factor that reinforces the causal relationships among entrepreneurial orientation, product innovation, and marketing performance.

The hypothesis testing results demonstrate that Product Innovation has a positive and significant effect on Marketing Performance ($\beta=0.402$, $t=3.521$, $p=0.001$). This finding confirms that continuous product innovation enables micro, small, and medium enterprises (MSMEs) to better satisfy evolving customer needs, strengthen product differentiation, and achieve superior marketing outcomes. From a theoretical perspective, the results support the Resource-Based View (RBV) by indicating that product innovation constitutes a valuable strategic capability through which firms transform internal knowledge and resources into sustainable competitive advantages. The findings also reinforce Dynamic Capability Theory, suggesting that continuous innovation reflects firms' ability to reconfigure products and respond proactively to changing market conditions and consumer preferences. Accordingly, this study extends the empirical evidence reported by Gunday et al. (2011) and Calantone et al. (2002), which conclude that firms with stronger innovation capabilities are more likely to achieve superior marketing performance through enhanced customer value and market responsiveness.

Within the context of this study, the unique characteristics of Singkawang City as a multi-ethnic tourism destination strengthen the relationship between Product Innovation and Marketing Performance. The cultural diversity of the Chinese, Dayak, and Malay communities provides a rich source of inspiration for MSMEs to develop innovative products that offer authentic local value and distinctive market positioning. Business owners who successfully integrate local cultural heritage into their products—such as fusion culinary offerings, culturally inspired souvenirs, or modern packaging reflecting Singkawang's identity—are better positioned to attract tourists seeking authentic experiences. Moreover, these product innovations become more effective when supported by accessible digital marketing practices that communicate product uniqueness, quality, and cultural narratives through visual platforms such as TikTok and Instagram Reels. Consequently, Singkawang's tourism ecosystem functions as a contextual factor that accelerates market acceptance of innovative products, leading to increased customer attraction, stronger brand differentiation, expanded market share, and ultimately improved marketing performance.

The hypothesis testing results demonstrate that Entrepreneurial Orientation has a positive and significant effect on Digital Marketing, confirming that a proactive, innovative, and opportunity-seeking entrepreneurial mindset encourages MSME owners to adopt and utilize digital platforms in their business activities. This finding supports the Resource-Based View (RBV), which considers entrepreneurial orientation a strategic intangible resource that enhances firms' ability to develop valuable organizational capabilities, including digital marketing competencies. In addition, the findings reinforce Dynamic Capability Theory, suggesting that entrepreneurial orientation enables firms to recognize digital opportunities (sensing), adopt appropriate digital technologies (seizing), and continuously adjust marketing practices to changing market conditions (transforming). Therefore, the results strengthen Entrepreneurial Orientation Theory while extending the empirical evidence provided by Ramdan et al. (2025) and Penco et al. (2021), which demonstrate that firms with stronger entrepreneurial orientation are more likely to embrace digital marketing technologies and improve their competitive performance.

Within the context of this study, the characteristics of Singkawang City as a multi-ethnic tourism destination reinforce the relationship between Entrepreneurial Orientation and Digital Marketing. The city's growing tourism activities and culturally diverse market create opportunities for MSMEs to expand their customer base through digital platforms. Business owners with strong entrepreneurial orientation are more willing to overcome local digital literacy challenges by adopting technologies that enhance business visibility and customer engagement. This includes utilizing digital platforms such as Google Maps to improve tourist accessibility, Facebook and Instagram to communicate cultural narratives and promote local products, and digital marketplaces to reach broader consumer segments. Consequently, entrepreneurial orientation enables MSMEs to transform digital adoption into a strategic marketing capability that expands market reach, strengthens customer relationships, and enhances competitiveness within Singkawang's tourism-driven economy.

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Within the context of this study, the characteristics of Singkawang City as a multi-ethnic tourism destination reinforce the relationship between Entrepreneurial Orientation and Digital Marketing. The city's growing tourism activities and culturally diverse market create opportunities for MSMEs to expand their customer base through digital platforms. Business owners with strong entrepreneurial orientation are more willing to overcome local digital literacy challenges by adopting technologies that enhance business visibility and customer engagement. This includes utilizing digital platforms such as Google Maps to improve tourist accessibility, Facebook and Instagram to communicate cultural narratives and promote local products, and digital marketplaces to reach broader consumer segments. Consequently, entrepreneurial orientation enables MSMEs to transform digital adoption into a strategic marketing capability that expands market reach, strengthens customer relationships, and enhances competitiveness within Singkawang's tourism-driven economy.

The hypothesis testing results demonstrate that Digital Marketing has a positive and significant effect on Marketing Performance ($\beta=0.246$, $t=2.063$, $p=0.000$). These findings confirm that the adoption of digital marketing strategies contributes directly to improving marketing performance by enabling MSMEs to reach broader markets, strengthen customer engagement, and enhance business competitiveness. From a theoretical perspective, this result supports the Resource-Based View (RBV), which considers digital marketing capability as a valuable organizational resource that enhances firms' ability to create customer value and sustain competitive advantage. The findings also reinforce Dynamic Capability Theory, suggesting that digital marketing reflects firms' capacity to continuously adapt their marketing activities to technological advancements and changing consumer behavior through the effective integration of digital platforms. Accordingly, this study extends previous empirical evidence reported by Alalwan et al. (2017), Ainin et al. (2015), Umar et al. (2020), Halik et al. (2021), and Syazali et al. (2019), all of whom concluded that the effective implementation of digital marketing enhances sales performance, market expansion, customer satisfaction, and overall marketing performance of small and medium-sized enterprises.

Within the context of this study, the characteristics of Singkawang City as a rapidly growing multi-ethnic tourism destination strengthen the relationship between Digital Marketing and Marketing Performance. The increasing number of domestic and international tourists has shifted information search and purchasing behavior toward digital channels, making online visibility an essential factor for MSMEs. By utilizing digital platforms such as social media, online marketplaces, Google Maps, and digital review systems, local businesses can communicate product uniqueness, cultural authenticity, and service quality to a broader audience beyond the local market. These digital interactions not only facilitate customer acquisition but also foster consumer trust and long-term loyalty through continuous engagement and electronic word-of-mouth. Consequently, the tourism ecosystem of Singkawang serves as a contextual factor that amplifies the effectiveness of digital marketing, enabling MSMEs to expand market reach, increase sales opportunities, strengthen customer relationships, and ultimately improve their marketing performance.

The empirical findings confirm that Digital Marketing plays a significant partial mediating role between Entrepreneurial Orientation and Marketing Performance ($\beta = 0.156$, $t = 2.264$, $p = 0.019$), demonstrating that an entrepreneurial mindset drives digital adoption to catalyze superior market outcomes, thereby aligning with Indrawati and Utama (2023) as well as Wardaya et al. (2019). Theoretically, this partial mediation strengthens the model by proving that an entrepreneurial orientation directly drives digital marketing through highly proactive behavior, a calculated willingness to take market risks, and an acute ability to identify emerging business opportunities. Practically, within Singkawang City's vibrant, multi-ethnic culinary and retail tourism market, this mechanism requires local entrepreneurs to translate their risk-taking drive into adopting structured digital tools—such as Google Maps optimization and social media storytelling—to overcome uneven local digital literacy. Furthermore, this pathway establishes that physical product innovations—such as culturally fused Chinese-Dayak-Malay heritage menus or modern souvenir packaging—critically depend on digital

marketing support to amplify product visibility, expand market reach beyond local borders, and secure rapid consumer feedback; by utilizing digital platforms as interactive feedback loops, tech-novice MSMEs in Singkawang can immediately refine their offerings based on tourist preferences, ensuring that local creative innovations are effectively translated into accelerated sales growth and sustainable competitive advantage.

The empirical findings confirm that Digital Marketing plays a significant mediating role between Product Innovation and Marketing Performance, demonstrating that digital channels act as an indispensable bridge connecting creative product development with market success, thereby aligning with Alalwan et al. (2017) and Pratama & Widyastuti (2021). Theoretically, this relationship underscores that physical product innovations—such as Singkawang’s culturally fused Chinese-Dayak-Malay culinary menus or modern heritage-themed souvenir packaging—require strategic digital marketing support to amplify product visibility, expand market reach beyond regional borders, and secure rapid consumer feedback. This interactive digital feedback loop allows local entrepreneurs to display their risk-taking market behavior and proactive capabilities, enabling them to identify emerging business opportunities and immediately refine their unique offerings based on direct customer responses. Practically, within Singkawang City’s vibrant tourism and retail landscape, this mediating mechanism provides an ideal path for overcoming uneven local digital literacy rates; by utilizing straightforward, visual short-form video storytelling on Instagram and TikTok to highlight the aesthetic uniqueness, hygiene, and cultural backstory of their new products, tech-novice MSMEs can seamlessly translate their local creative innovations into accelerated sales growth, heightened customer engagement, and sustainable competitive advantage.

CONCLUSION

This study confirms that entrepreneurial orientation, product innovation, and digital marketing are complementary strategic capabilities that jointly enhance the marketing performance of food and beverage MSMEs in Singkawang City. The empirical findings reveal that entrepreneurial orientation exerts the strongest direct influence on marketing performance, while product innovation also contributes significantly to improving market outcomes. Furthermore, digital marketing not only has a direct positive effect on marketing performance but also partially mediates the relationships between entrepreneurial orientation and marketing performance, as well as between product innovation and marketing performance. These findings demonstrate that digital marketing functions as a strategic mechanism through which entrepreneurial capabilities and product innovation are translated into superior market performance. From a theoretical perspective, this study extends the Resource-Based View (RBV) by demonstrating that entrepreneurial orientation, product innovation, and digital marketing represent valuable organizational capabilities that collectively generate competitive advantage. The findings also reinforce Dynamic Capability Theory, indicating that firms capable of integrating entrepreneurial behavior, continuous innovation, and digital marketing adaptation are better positioned to respond to changing market conditions and improve marketing outcomes. Moreover, the study contributes to the entrepreneurial marketing literature by empirically validating the mediating role of digital marketing, thereby providing a more comprehensive explanation of how internal strategic capabilities influence marketing performance in MSMEs operating within a tourism-oriented local economy.

Despite these contributions, several limitations should be acknowledged. First, the study employed a cross-sectional research design, which captures relationships among variables at a single point in time. Consequently, although significant associations were identified, the findings cannot establish definitive causal relationships or explain how these relationships evolve over time. Future longitudinal studies would provide stronger evidence regarding the dynamic interactions among entrepreneurial orientation, product innovation, digital marketing, and marketing performance. Second, the study relied on self-reported questionnaires completed by MSME owners. This approach may introduce common method bias and subjective response bias, as both independent and dependent variables were measured using the same respondents and data collection method. Third, the research was conducted exclusively among food and beverage MSMEs in Singkawang City, a tourism-oriented and culturally diverse local economy. As a result, the findings may not be directly generalizable to MSMEs operating in metropolitan areas, rural regions, non-tourism destinations, or other industrial sectors with different competitive environments. Future research is therefore encouraged to examine these relationships across different geographical contexts, industrial sectors, and business environments while incorporating additional contextual variables—such as government digital support, competitive intensity, and digital literacy—to further explain the conditions under which entrepreneurial orientation, product innovation, and digital marketing generate superior marketing performance.

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