

EFFECTIVENESS OF DIGITAL MEDIA MARKETING STRATEGY IN IMPROVING MARKETING PERFORMANCE IN SMEs: A STUDY WITH SERVICE DOMINANT LOGIC THEORY PERSPECTIVE

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Abstract. This study investigates the influence of digital media marketing strategy on brand innovation, performance, and overall marketing performance in Indonesia's SME Creative Industry sector. The study examines how digital media brand innovation and digital media performance act as mediators in enhancing marketing outcomes, considering the impact of competition intensity and digital media strategic capability. Information was gathered via an internet-based survey focused on SMEs in the creative industry sector, including fashion, culinary, and crafts. The data were examined using the Partial Least Squares (PLS-SEM) methodology employing Smart PLS 3.0. The results indicate that the digital media marketing strategy impacts the digital media brand innovation and digital media performance, leading to a beneficial effect on marketing performance. This study highlights the need to implement an efficient digital media marketing strategy to enhance brand innovation and the performance of SMEs. The study underscores the intricate interaction between internal capacities and external market circumstances, underscoring the necessity for SMEs to adapt their strategies to sustain a competitive edge in the era of digitalization. Business practitioners recommended using digital media marketing strategy to enhance digital media brand innovation and maximize marketing performance.

Keywords: digital media strategic capability, digital media brand innovation, digital media performance, competition intensity, SMEs, ICT integration.

JEL Classification: M15, L25, L11, L26, O33.

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1. Introduction

Small and Medium Enterprises (SMEs) play a vital role in the economy by fostering innovation, creating jobs, and significantly contributing to GDP growth (Endris & Kassegn, 2022). Their ability to swiftly adjust to market fluctuations and their intrinsic versatility make them indispensable for economic resilience and sustainability (Garcia-Martinez et al., 2023). SMEs have a crucial impact on diminishing wealth disparity and fostering regional progress. This is due to their frequent operation in neglected regions and their provision of job prospects for residents (Tambunan, 2019; Yuwono et al., 2024). Moreover, SMEs are widely recognized as a crucial driver of economic expansion in numerous nations and constitute a substantial proportion of the workforce (Ayoko, 2021; López-Lemus & De la Garza Carranza, 2020).

Utilizing an effective digital media marketing strategy has significantly improved the marketing effectiveness of

SMEs. An extensive examination of current research highlights the effectiveness of employing digital media marketing strategies, such as social media marketing, content marketing, and search engine optimization, to augment the reach and engagement of SMEs with their clientele. This, in turn, leads to increased sales and enhanced brand recognition (Jadhav et al., 2023). According to a recent study by Laila et al. (2024), SMEs can improve their performance by effectively utilizing social media platforms to interact with clients in real-time and establish more robust customer relationships. Studies indicate that SMEs can overcome resource constraints and obtain cost-effective marketing solutions by implementing digital marketing tactics. Digital marketing positively affects SMEs, enhancing marketing effectiveness and promoting overall business expansion and long-term viability (Sulasih et al., 2024).

Various studies have shown that digital marketing has a beneficial influence on marketing performance. However,

a recent study indicates that SMEs use digital media marketing strategies to secure their survival, and the impact on their performance varies. Gontur et al. (2023), found that digital marketing strategies, including social media, email, internet, and mobile marketing, positively impact the performance of small and medium-sized firms, except search engine marketing. Identifying the key factors and developing effective strategies poses a challenge.

According to Khan et al. (2019), the performance of SMEs can be enhanced by intangible resources and highly adaptable managerial talents. According to Karadağ et al. (2024), Tafesse and Wien (2018), implementing digital marketing techniques can enhance digital media performance by utilizing dynamic management capabilities. Social media marketing, a key component of digital marketing strategies, has been shown to enhance brand innovation (Dubbelink et al., 2021). Moreover, social media's strategic capability can enhance the impact of these two factors. The rationale for incorporating competition intensity as a moderating variable is supported by the research conducted by Khan et al. (2019) and Reimann et al. (2022), which argue that competition intensity functions as a conditional factor that can either amplify or reduce the influence of capabilities on marketing performance. Empirical evidence shows that an increase in competition intensity reduces the positive effect of marketing capabilities on performance.

This study aims to fill the gap in existing research by using a contingency approach to investigate the relationship between dynamic management competencies, dominant logic, and firm performance. Furthermore, it aims to investigate the impact of competition intensity on this connection from the Service-Dominant Logic (Vargo & Lusch, 2004). The objective of this study is to thoroughly examine digital media marketing strategy and its influence on marketing performance. This analysis will examine the intermediary function of digital media brand innovation and digital media performance, as well as the moderating function of digital media strategic capability and competition intensity. This research is expected to contribute significantly to existing science and provide insight for policymakers, researchers in the field of marketing, and SMEs to improve their performance.

2. Literature review and hypothesis development

SMEs currently depend on digital media marketing strategy as a vital method to improve their marketing efficiency (Jadhav et al., 2023). Integrating digital marketing strategy with traditional marketing methods has significantly improved overall effectiveness. Digital technologies significantly enhance brand innovation by improving market analysis, pricing, and channel management, promoting value co-creation (Pascucci et al., 2023). The effectiveness of digital media marketing strategy in SMEs is closely linked to their ability to utilize social media platforms. Social media methods allow SMEs to gather market intelligence

and customize their marketing activities (Pellegrino & Abe, 2023). Another study revealed that social media marketing strategies contribute to brand innovation by enabling real-time customer interaction and expanding global reach (Bashar et al., 2024). Faruk et al. (2021) highlighted that the shift from traditional to digital media allows marketers to engage more effectively with their audiences, leading to increased brand innovation. Cham et al. (2022) highlighted that integrating digital marketing strategies, such as social media engagement and user-generated content, has increased customer interaction and brand loyalty. Likewise, Jadhav et al. (2023) found that SMEs adopting digital marketing practices have improved performance metrics. Stocchi et al. (2022) showed that mobile app marketing strategies have significantly increased user engagement and retention rates. Jung and Shegai (2023) found that digital marketing innovation significantly improves firm performance. Erhan et al. (2024) highlighted that digital marketing innovation positively impacts organizational performance, especially in stable environments, by increasing decision-making comprehensiveness. In addition, a study by Li et al. (2023) showed that brand digitization positively affects brand market performance, mediated by brand competence and warmth.

Deku et al. (2024) found that digital marketing through social media platforms such as Facebook can significantly improve marketing performance. Ahmad et al. (2018) emphasizing the importance of digital marketing and social media in reaching a more powerful and targeted audience. A study by Koob (2021) provides empirical evidence that digital marketing channels are critical to attracting and retaining customers, positively impacting marketing performance. da Silva Wegner et al. (2023) show that the effectiveness of social media platforms in implementing digital media marketing significantly affects marketing performance, suggesting that digital media performance acts as an essential intermediary between digital media marketing and marketing performance. Koob (2021) emphasized the importance of content marketing effectiveness, showing that well-executed digital media marketing leads to improved digital media performance and then better marketing performance. Yuwono et al. (2025) found that digital marketing innovation directly improves firm performance. Indirectly, this shows that marketing capability does not mediate marketing innovation on firm performance. Another study by Appio et al. (2021) emphasized the importance of digital marketing innovation in driving company outcomes, primarily through increased customer engagement and data-driven strategies.

Research by Ciarli et al. (2021) underscores the critical role of digital technologies in enabling innovative marketing approaches that lead to better marketing performance. Weritz et al. (2024) highlighted that strategic capabilities are critical to the success of digital transformation and firm performance, suggesting that these capabilities can improve the effectiveness of digital marketing strategies. Similarly, Bashar et al. (2024) emphasize the importance of

social media marketing in reaching and engaging customers, suggesting that strategic capabilities can strengthen these efforts. Ghorbani et al. (2022) showed that emerging trends in digital marketing, such as real-time bidding and influencer marketing, require strong strategic capabilities to optimize performance. Giantari et al. (2022) found that competitive intensity has a negative impact on marketing performance, such as customer satisfaction, customer loyalty, and brand equity. Guimaraes and Paranjape (2019) found that competition intensity does not moderate the relationship between the innovation process and new product development performance; innovation process characteristics remain important to firms regardless of competition intensity. Market-driven and market-pushing innovations contribute significantly to firm performance, with the effect moderated by competition intensity and technological turbulence (Peng et al., 2021).

Studies have shown that increasing competition intensity can negatively impact marketing performance by creating a more challenging environment for firms to operate in. You et al. (2018) found that intense competition in online marketplaces forces sellers to adopt more aggressive strategies, which can strain resources and reduce overall performance. Similarly, Estrada-Cruz et al. (2020) showed that although strategic entrepreneurship can improve organizational outcomes, its positive impact is reduced in a highly competitive environment, indicating that the intensity of competition can hinder marketing performance. Brozovic (2018) highlights that strategic flexibility is essential for organizations to navigate complex and unpredictable market conditions. However, when competition intensity is high, companies often face significant challenges in maintaining their marketing performance. Companies that are able to compete with high competitive intensity have a positive impact on their performance (Sattar et al., 2020). Houessou et al. (2025) also proved in his research that high competition intensity has a positive impact in moderating the relationship between innovation capability and SME performance.

Zhao and Ye (2024) contend that organizations must cultivate a distinctive value proposition in a fiercely competitive business landscape to set themselves apart. Sun and Ding (2021) observe that the level of competition can influence a company's approach to setting prices and developing products. Hong (2022) and Telg et al. (2023) determined that competition directly influences a company's strategic planning and decision-making, eventually impacting its long-term success and ability to maintain operations. Mushi (2024) research results show that digital marketing strategies positively impact SME performance. Similarly, Mumi (2022) investigated the role of social media as a strategic capability for startups and its impact on performance. When used strategically, the findings revealed that social media significantly improved startup performance by driving business sustainability and financial results. Another study by Yu et al. (2022) highlighted the positive relationship between digital transformation capabilities and operational performance, emphasizing the role of strategic digital media in achieving superior results. Based on the above literature

review, the direct and indirect effects of Digital Media Marketing Strategy, Digital Media Brand Innovation, and Digital Media Performance on Marketing Performance need to be proven with empirical evidence. In addition, it needs to be explained how Digital Media Strategic Capability and Competition Intensity function as moderators between the established relationships. Therefore, the following hypotheses are proposed:

H1: Digital media marketing strategy has a positive effect on digital media brand innovation.

H2: Digital media marketing strategy has a positive effect on digital media performance.

H3: Digital media brand innovation has a positive effect on marketing performance.

H4: Digital media performance has a positive effect on marketing performance.

H5: Digital media performance mediates the effect of digital media marketing strategy on marketing performance.

H6: Digital media brand innovation mediates the effect of digital media marketing strategy on marketing performance.

H7: Digital media strategic capability moderates the effect of digital media marketing strategy on digital media performance.

H8: Competition intensity moderate the effect of digital media brand innovation on marketing performance.

H9: Competition intensity has a negative effect on marketing performance.

H10: Digital media marketing strategy has a positive effect on marketing performance.

3. Methodology

Based on the literature review and hypotheses presented above, the proposed research model is illustrated in Figure 1. This study uses descriptive quantitative methodology. Data was collected through an online questionnaire from Creative Industry SMEs in Central Java, Indonesia, from July to August 2024. The researcher used a descriptive quantitative methodology approach using the Partial Least Squares (PLS-SEM) method using Smart PLS 3.0 software (Ringle et al., 2015). The sample study conducted to collect data consisted of 150 respondents; 124 usable responses were received, with a response rate of 80%. The questionnaire was distributed via WhatsApp. Responses were evaluated using a five-point Likert scale, as follows: (1) strongly disagree, (2) disagree, (3) moderately agree, (4) agree, and (5) strongly agree (Hair et al., 2021).

The indicators used to compile the questionnaire on the Digital Media Marketing Strategy variable are social media marketing, content marketing, and online advertising (Mushi, 2024). Digital media brand Innovation is measured through aesthetic, interesting, and humanistic indicators

(Li, 2024). Digital media performance is measured through indicators of audience size, audience engagement, and activity in social networks (Kuzmin et al., 2022). Digital media strategic capability is measured through indicators of social media management capability, content creation capability, and adaptability to digital trends (Kim & Jin, 2024). Competition intensity is measured through indicators of product competition level, number of competitors, and advertising intensity (Chen et al., 2019). Marketing performance is measured through indicators of sales growth, profit growth, Asset growth, and Equity growth (Yuwono et al., 2025). Samples were selected from creative industry SMEs from the fashion, culinary, and crafts sectors. Most of the respondents were female (67%), and 34% of them were undergraduate graduates (S1). In addition, 49% of the respondents were between 30 and 40 years old, and 30% were between 41 and 50 years old. The personal information of the respondents shows that they can answer the questionnaire questions.

4. Result

SEM-PLS comprises two evaluation stages. The initial phase of the study centers on evaluating the measuring model to ascertain the validity and reliability of each idea. Diverse assessment standards are employed to appraise the soundness and dependability of testing. These factors encompass the loading factor, Cronbach’s alpha (α), and composite reliability. The loading factor, Cronbach’s alpha, and composite reliability should be above 0.7, while the average variance extracted (AVE) should surpass 0.5. Table 1 provides evidence that all testing criteria have been met, suggesting that all research constructs exhibit robust convergent validity and reliability.

The following analysis is specifically concerned with discriminant validity and employs the Heterotrait-Monotrait (HTMT) assessment criterion. This criterion establishes a threshold of 0.9 for the correlation between different components. Based on the data in Table 2, the HTMT value for all constructions is less than 0.9, indicating that the

Table 1. Data quality test

Construct/Indicator	Loading	α	CR	AVE
Digital Media Marketing Strategy (DMMS)		0.875	0.882	0.616
DMMS1	0.712			
DMMS2	0.825			
DMMS3	0.804			
DMMS4	0.747			
DMMS5	0.822			
DMMS6	0.793			
Digital Media Performance (DMP)		0.851	0.864	0.771
DMP1	0.894			
DMP2	0.912			
DMP3	0.827			
Digital Media Brand Innovation (DMBI)		0.855	0.868	0.777
DMBI1	0.915			
DMBI2	0.923			
DMBI3	0.801			
Marketing Performance (MP)		0.935	0.940	0.794
MP1	0.884			
MP2	0.865			
MP3	0.917			
MP4	0.865			
MP5	0.923			
Digital Media Strategic Capability (DMSC)		0.865	0.871	0.715
DMSC1	0.853			
DMSC2	0.879			
DMSC3	0.899			
DMSC4	0.744			
Competition Intensity (CI)		0.845	0.870	0.775
CI1	0.816			
CI2	0.925			
CI3	0.896			

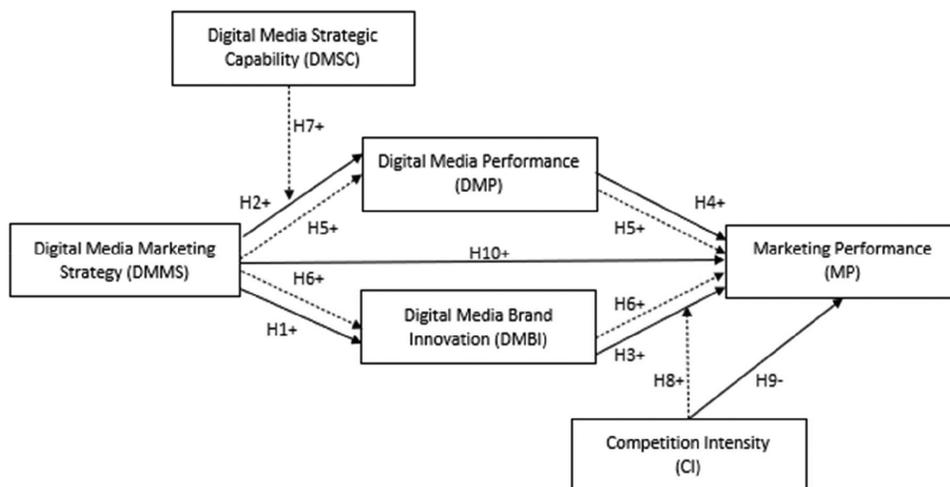
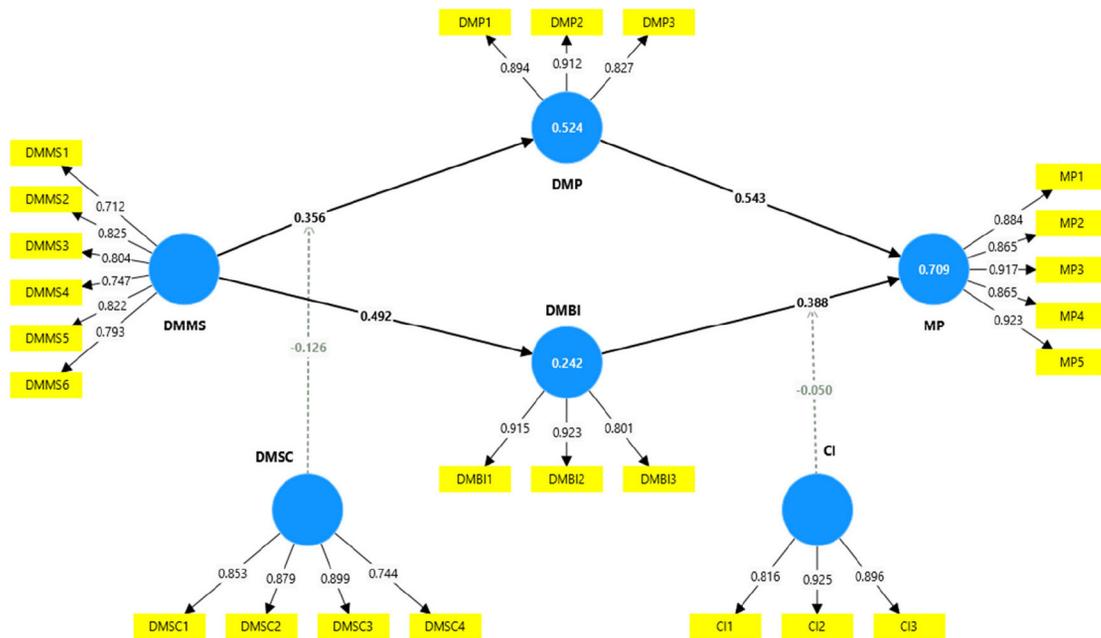


Figure 1. The study’s model

Table 2. Discriminant validity

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(1)	CI								
(2)	DMBI	0.750							
(3)	DMMS	0.435	0.564						
(4)	DMP	0.759	0.658	0.595					
(5)	DMSC	0.804	0.634	0.471	0.754				
(6)	MP	0.675	0.797	0.625	0.850	0.684			
(7)	DMSC x DMMS	0.224	0.168	0.193	0.184	0.190	0.111		
(8)	CI x DMBI	0.131	0.348	0.182	0.075	0.156	0.235	0.301	

**Figure 2.** Structural equation modeling results

constructs are statistically different. The final testing phase entails evaluating the structural model, sometimes called the inner model. Before proceeding with additional assessment, the model will be thoroughly examined to identify any signs of multicollinearity. A VIF score below 5 indicates no multicollinearity in the model (Hair et al., 2019). Table 3 shows that all VIF (Variance Inflation Factor) values are below 3, so it can be concluded that there is no multicollinearity in the model. Consequently, the model remains unaffected by estimations of biased data.

Table 3. Variance inflation factor

Variable	VIF
CI → MP	2.154
DMBI → MP	2.043
DMMS → DMBI	1.000
DMMS → DMP	1.328
DMP → MP	1.893
DMSC → DMP	1.330
DMSC x DMMS → DMP	1.122
CI x DMBI → MP	1.144

The forthcoming evaluation will focus on the coefficient of determination, often known as R^2 . The coefficient of determination, R^2 , measures the extent to which exogenous variables affect endogenous variables. In their study, Hair et al. (2019) establish that R^2 values of 0.25, 0.50, and 0.75 correspond to weak, moderate, and strong associations, respectively. The analysis results show a weak correlation between the DMBI variable and an R^2 value of 0.242. The DMP variable exhibits a moderate association, as indicated by an R^2 value of 0.524. Finally, the MP variable exhibits a strong association with an R^2 value of 0.709. This study assesses the model's predictive capability using predictive relevance (Q^2 predict) and PLSpredict. Suppose the Q^2 value for endogenous variables is larger than 0. In that case, it indicates that the model has a high level of predictive accuracy. The blindfolding analysis indicates that all internal variables, namely DMBI, DMP, and MP, have a Q^2 predicted value higher than 0. This suggests that the model possesses robust predictive significance. At the same time, the PLSpredict value is shown in Table 4.

When conducting a PLSpredict analysis with four assessment criteria, comparing the PLS-SEM RMSE/MAE

result with the LM RMSE/MAE value is essential. Suppose the root mean square error (RMSE) or mean absolute error (MAE) value for all indicators in the PLS-SEM is higher than the RMSE/MAE value in the linear model (LM). In that case, the model is considered to have insufficient predictive capacity. Most PLS-SEM indicators' RMSE and MAE values tend to be greater than those of the LM. Therefore, it can be inferred that the model's predictive capacity is restricted. Assume that in the PLS-SEM, either a minority or an equal number of indicators produce higher RMSE/MAE values than the LM. Under those circumstances, the model may possess a reasonable predictive capability. Assume that all the indicators in the PLS-SEM analysis have RMSE and MAE values that are lower than the LM. Under those circumstances, the model has robust predictive capacity. The MAE was chosen as the prediction metric in this investigation since the collected data had a non-normal distribution. Based on the findings of the PLSpredict study, the mean absolute error value for all indicators in the PLS-SEM is greater than the MAE value for the linear model. Thus, it may be deduced that the model cannot accurately forecast outcomes.

Table 4. Data PLSpredict

Indicator	PLS-SEM MAE	LM MAE
DMBI1	0.496	0.413
DMBI2	0.466	0.373
DMBI3	0.555	0.508
DMP1	0.453	0.434
DMP2	0.516	0.459
DMP3	0.577	0.570
MP1	0.458	0.395
MP2	0.482	0.428
MP3	0.437	0.384
MP4	0.454	0.415
MP5	0.443	0.404

Table 5. Hypothesis test result data

Hypothesis	Path coefficient (β)	T statistics	P values	f^2
Digital Media Marketing Strategy → Digital Media Brand Innovation	0.492	5.372	0.000	0.319
Digital Media Marketing Strategy → Digital Media Performance	0.356	4.621	0.000	0.201
Digital Media Brand Innovation → Marketing Performance	0.388	5.806	0.000	0.253
Digital Media Performance → Marketing Performance	0.543	8.360	0.000	0.534
Digital Media Marketing Strategy → Digital Media Performance → Marketing Performance	0.194	3.434	0.000	
Digital Media Marketing Strategy → Digital Media Brand Innovation → Marketing Performance	0.191	3.920	0.000	
Digital Media Strategic Capability * Digital Media Marketing Strategy → Digital Media Performance	-0.126	1.788	0.037	
Competition Intensity * Digital Media Brand Innovation → Marketing Performance	-0.050	1.917	0.028	
Competition Intensity → Marketing Performance	-0.004	0.051	0.480	0.000
Digital Media Marketing Strategy → Marketing Performance	0.473	6.954	0.000	0.354

The results of the hypothesis testing are presented in Table 5 and Figure 2. The results show that the implementation of a digital media marketing strategy have a positive effect on digital media brand innovation and digital media performance. Digital media brand innovation and digital media performance positively affect marketing performance. The correlation between digital media marketing strategy and marketing performance is partially impacted by digital media performance and digital media brand innovation. Digital media strategic capability is necessary to maintain the effectiveness of digital media marketing strategy on digital media performance, and directly digital media marketing strategy have a positive effect on marketing performance. The study demonstrates that competition intensity reduces the influence of digital media brand innovation on marketing performance. Direct competition intensity also has no negative impact on marketing performance.

5. Discussions

This study was conducted to determine how digital media marketing strategy positively affects digital media brand innovation (H1) and digital media performance (H2). Digital media brand innovation (H3), digital media performance (H4), and digital media marketing strategy (H10) have a positive effect on marketing performance, but competition intensity (H9) has negative effect on marketing performance. Digital media performance (H5) and digital media brand innovation (H6) mediate the effect of digital media marketing strategy on marketing performance. Digital media strategic capability moderate the effect of digital media marketing strategy on digital media performance (H7). Competition intensity moderate the effect of digital media brand innovation on marketing performance (H8). The findings of this study show that a digital media marketing strategy has a positive and significant impact on digital media brand innovation (H1, $\beta = 0.492$, $p = 0.000$).

This suggests that the strategic use of digital media channels increases market reach and customer engagement and stimulates brand innovation in terms of aesthetic appeal, attractive features, and humanistic design elements. H1 is in line with the findings of Muchtar et al. (2024), which showed that social media marketing strategies can increase innovation capabilities in SMEs, reinforcing the idea that digital platforms play a role in creative brand development.

Digital media marketing strategy significantly impacts digital media performance (H2, $\beta = 0.356$, $p = 0.000$). This finding aligns with the research of Hirna et al. (2022), which emphasizes that the strategic use of digital marketing, especially on social media, has proven to be a powerful medium for promoting products and services. This evidence shows that digital presence, content integration, and optimal advertising can drive measurable digital interaction and influence growth. Digital media marketing strategy significantly impacts marketing performance (H10, $\beta = 0.473$, $p = 0.000$). H10 aligns with the research of Riyadi et al. (2019), which shows that the strategic use of digital platforms can effectively promote products or services, build brand preference, and increase customer engagement, all driving better marketing performance. Digital media brand innovation significantly impacts marketing performance (H3, $\beta = 0.388$, $p = 0.000$), indicating that SMEs actively innovate their brand presence on digital channels to achieve better market outcomes. H3 is in line with Peng et al. (2021), who found that marketing innovation can improve firm performance by strengthening market position, differentiating offerings, and creating new value for customers. Digital media performance significantly positively impacts marketing performance (H4, $\beta = 0.543$, $p = 0.000$), indicating that higher audience size, engagement, and activity on digital networks directly contribute to improved marketing outcomes. H4 is in line with Minh Sang (2023), which shows that effective social media marketing increases brand loyalty, which drives customers' intention to continue using their products.

Digital media performance significantly mediates the relationship of digital media marketing strategy to marketing performance (H5, $\beta = 0.194$, $p = 0.000$), meaning that the effectiveness of marketing strategy in driving marketing performance is influenced by the organization's ability to achieve strong results in its digital media activities. H5 aligns with Martins (2023), who emphasizes that dynamic capabilities, such as leveraging digital media, enable companies to turn strategy initiatives into better performance improvements. Digital media brand innovation significantly mediates the relationship between digital media marketing strategy and marketing performance (H6, $\beta = 0.191$, $p = 0.000$). This suggests that the positive impact of strategic digital marketing initiatives is partly realized through an organization's ability to innovate its brand in the digital space. H6 is in line with Yuwono et al. (2025), who found that brand innovation acts as a value-adding bridge, transforming marketing strategies into

more substantial brand equity, higher customer loyalty, and improved marketing outcomes.

Digital media strategic capability significantly moderates the relationship between digital media marketing strategy and digital media performance (H7, $\beta = -0.126$, $p = 0.037$). This moderation effect is negative, in line with Wang et al. (2025), who found that when organizations have sophisticated capabilities, standard digital capabilities do not provide a significant jump in performance. Competition intensity significantly moderates the relationship between digital media brand innovation and marketing performance (H8, $\beta = -0.050$, $p = 0.028$). This means that although, in general, brand innovation in digital media can improve marketing performance, the positive impact is weaker in markets with product competition, many competitors, and high advertising activity. H8 is consistent with the findings of Houessou et al. (2025), who observed that competitive intensity can reduce the effectiveness of strategic initiatives on firm performance. However, H8 differs from the results of Guimaraes and Paranjape (2019), who found that competitive intensity can strengthen the success of new product development innovation by encouraging firms to differentiate more aggressively. Competition intensity did not significantly negatively impact marketing performance (H9, $\beta = -0.004$, $p = 0.480$), indicating that variations in the level of product competition, number of competitors, and advertising intensity do not necessarily reduce marketing performance outcomes. H9 aligns with the findings of Sattar et al. (2020), who also reported that high competitive intensity is not always detrimental to firm performance. However, this finding is different from that of Giantari et al. (2022), who found that competitive intensity has a negative impact on marketing performance indicators such as customer satisfaction, loyalty, and brand equity.

6. Conclusions

This study highlights the significant impact of digital media marketing strategy on brand innovation and performance, thereby improving marketing performance. It also highlights the importance of innovation and the role of digital media in influencing brand performance. The study emphasizes the integration of ICT into marketing strategies to enhance communication and data analysis capabilities. The majority of this study's results are in line with previous research. However, the results of previous studies regarding the competition variable intensity differ. The inconsistency of research results related to competitive intensity, both directly and indirectly as a moderating variable on marketing performance, should be further investigated in future research. Also, research subjects in other SME sectors should be considered.

A limitation of this study is its limited scope to SMEs, which may not adequately capture the dynamics in larger organizations. The study requires a broader geographical reach, which may affect the relevance of the findings to other countries and industries. To increase the relevance

of the findings, further research could explore the impact of digital media marketing strategies in larger companies and across industries. This study highlights the importance of business practitioners using digital media marketing strategy to enhance digital media brand innovation and maximize marketing performance. Companies should prioritize ICT integration to enhance their marketing strategic capability and efficiently meet competitive needs.

Based on the Service-Dominant Logic (SDL) perspective, the empirical results of this study corroborate the key principle that value is co-created through the integration of operational resources such as knowledge, skills, and capabilities, rather than embedded in products. The SDL framework advises companies to maintain value co-creation in a highly competitive environment. This means that in the SDL framework, competitive intensity is not necessarily a bad thing. Instead, competitive intensity can be transformed into a drive to innovate and collaborate with deeper customers to achieve sustainable performance.

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