

The Role of Digital Marketing in Enhancing the Sales Performance of MSMEs in Lamongan Regency, East Java

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Abstract

This study aims to empirically examine and analyze the role and influence of digital marketing on the sales performance of Micro, Small, and Medium Enterprises (MSMEs) in Lamongan Regency, East Java. Digital marketing is measured through five primary dimensions: content marketing, social media marketing, digital promotion, consumer interaction, and marketplace utilization. The research adopts a causal associative quantitative approach employing a purposive sampling technique involving 74 MSME entrepreneurs across various business sectors. Data analysis was conducted using linear regression in SPSS. The findings indicate that, simultaneously, digital marketing significantly affects MSME sales performance with an F-value of 27.421 ($p = 0.000$) and a coefficient of determination (R^2) of 0.668. Partially, marketplace utilization exerts the most dominant effect ($t = 3.116$; $p = 0.003$), followed by social media marketing. These results highlight the critical necessity of an integrated omnichannel approach and e-commerce platform adoption in accelerating revenue growth and broadening market access for regional MSMEs.

Keywords

Digital Marketing, Sales Performance, MSMEs, Marketplace, Lamongan Regency



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INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a pivotal structural role as the primary backbone of both national and regional economies, particularly within Lamongan Regency, East Java. Small-scale business units in this region demonstrate rapid expansion across multiple commercial categories, spanning culinary ventures, apparel and accessories, commercial services, creative-digital industries, and local retail stores. This rich diversity among micro-enterprises fosters an increasingly competitive market atmosphere, compelling business owners to continuously adapt and innovate their commercial distribution and promotional strategies.

The rapid evolution of modern information and communication technology has fundamentally transformed consumer decision-making pathways and purchasing behaviors. Contemporary buyers actively leverage digital interfaces to discover product offerings, compare pricing structures, and execute commercial transactions online. This paradigm shift has accelerated the departure from conventional promotional approaches such as physical word-of-mouth recommendations and direct face-to-face interactions toward the structured adoption of digital marketing mechanisms.

As conceptualized by Chaffey and Ellis-Chadwick (2019), digital marketing encompasses the strategic deployment of internet infrastructure, digital platforms, and electronic media to fulfill commercial targets via content creation, social media engagement, search engine visibility, and transactional conversions. This psychological transition in buyer behavior aligns with the foundational Attention, Interest, Desire, Action (AIDA) framework (Strong, 1925). Within the AIDA pathway, the customer journey initiates when compelling visual or textual content captures user attention (Attention), stimulates curiosity regarding product utility (Interest), intensifies the impulse to acquire the item (Desire), and ultimately culminates in a completed commercial transaction (Action). The systematic and consistent execution of digital marketing strategies directly correlates with elevated enterprise sales performance. Sales performance serves as a primary benchmark for evaluating promotional efficacy, which, according to Napu et al. (2025), is operationalized through metrics such as transaction volume, unit sales growth, customer base expansion, total revenue generation, and longitudinal sales trajectories. Empirical literature by Djakasaputra et al. (2021) and Khamidah et al. (2023) supports this perspective, confirming that proficiency in social media promotion and e-commerce channel management significantly drives sales performance among small enterprises.

Empirical evidence across Lamongan Regency reveals considerable heterogeneity in digital adoption maturity among local MSMEs. While a subset of proactive entrepreneurs successfully integrates multi-platform ecosystems combining Instagram, TikTok, Facebook, WhatsApp Business, and e-commerce marketplaces like Shopee and TikTok Shop to access cross-regional markets a substantial portion continues to utilize digital channels passively. Furthermore, while qualitative evaluations of social media utilization have been conducted locally (Najiah et al., 2025), comprehensive quantitative investigations evaluating the multi-dimensional impact of digital marketing on sales performance across diverse MSME sectors remain scarce. This empirical investigation addresses that specific knowledge gap by providing robust quantitative evidence of

causal relationships between digital marketing dimensions and commercial performance outcomes.

METHODS

This study employed a quantitative research approach using a causal-associative research design to examine the relationship between digital marketing practices and the sales performance of Micro, Small, and Medium Enterprises (MSMEs) in Lamongan Regency, East Java. A quantitative approach was selected because the study aimed to measure relationships among research variables objectively through numerical data and statistical procedures. According to Sugiyono (2019), quantitative research is appropriate for testing hypotheses and examining relationships between variables using measurable indicators and statistical analysis. The causal-associative design was applied to determine whether variations in digital marketing implementation were associated with corresponding changes in MSME sales performance. The research was conducted among MSMEs operating in Lamongan Regency, with particular attention to businesses that had incorporated digital technologies into their promotional and commercial activities.

The target population consisted of active MSME owners or managers in Lamongan Regency who had integrated at least one digital tool into their marketing or promotional activities. Because a comprehensive sampling frame of all digitally active MSMEs in the region was not available, the study employed a non-probability purposive sampling technique. Purposive sampling enables researchers to select respondents according to specific characteristics considered relevant to the research objectives (Sekaran & Bougie, 2019). Three inclusion criteria were established. First, respondents had to be owners or managers of an actively operating MSME located in Lamongan Regency. Second, the business had to have operated for at least one year, ensuring that respondents had sufficient experience to evaluate their marketing activities and business performance. Third, the MSME had to actively use at least one digital marketing platform, such as WhatsApp, Instagram, TikTok, Facebook, or Shopee. Based on these criteria, 74 respondents were identified as eligible and completed the research questionnaire. The use of specific inclusion criteria ensured that the respondents possessed direct experience with digital marketing activities and were therefore able to provide relevant information regarding the relationship between digital marketing and sales performance.

The independent variable, Digital Marketing (X), was operationalized through five dimensions: Content Marketing (X1), Social Media Marketing (X2), Digital Promotion

(X3), Consumer Interaction (X4), and Marketplace Utilization (X5). This multidimensional conceptualization reflects the various activities through which MSMEs use digital technologies to communicate with consumers, promote products, build relationships, and facilitate commercial transactions. Content Marketing (X1) refers to the creation and distribution of relevant, informative, and attractive digital content to communicate product value and attract potential customers. Social Media Marketing (X2) refers to the use of social networking platforms to increase brand visibility, promote products, and communicate with consumers. Digital Promotion (X3) encompasses promotional activities conducted through digital channels, including online discounts, advertisements, special offers, and promotional campaigns. Consumer Interaction (X4) refers to the ability of MSMEs to communicate with consumers through digital platforms, respond to questions and feedback, and maintain customer relationships. Marketplace Utilization (X5) measures the extent to which MSMEs use e-commerce platforms to display products, provide product information, facilitate transactions, and reach consumers beyond their immediate geographical markets.

The dependent variable, Sales Performance (Y), represents the commercial outcomes achieved by MSMEs. Sales performance was measured using several indicators, including product sales volume, number of transactions, acquisition of active customers, net sales revenue, and sales growth. These indicators were selected because sales performance reflects not only the current level of business transactions but also the ability of MSMEs to attract customers and achieve sustainable business growth. All research variables were measured using questionnaire items assessed on a five-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree. The Likert scale was used to measure respondents' perceptions regarding the implementation of digital marketing practices and their perceived sales performance.

Primary data were collected directly from selected MSME owners or managers using a structured questionnaire. The questionnaire was developed based on the operational definitions and indicators of each research variable. Prior to hypothesis testing, the quality of the research instrument was evaluated through validity and reliability testing. Validity testing was conducted to determine whether each questionnaire item adequately measured the intended construct, while reliability testing was used to assess the internal consistency of the measurement items. According to Hair et al. (2019), ensuring the validity and reliability of measurement instruments is essential because inaccurate measurement may affect the interpretation of relationships among research variables. The collected data were subsequently processed and

analyzed using IBM SPSS Statistics.

The data analysis procedure consisted of descriptive and inferential statistical analyses. Descriptive analysis was initially conducted to describe respondent characteristics and the distribution of responses for each research variable. Subsequently, classical assumption tests were performed before estimating the regression model. These included normality, multicollinearity, and heteroscedasticity tests to determine whether the data met the assumptions required for multiple linear regression analysis. Ghozali (2021) explains that classical assumption testing is important to ensure that regression estimates can be interpreted appropriately and that potential statistical problems do not distort the results. Multiple linear regression analysis was then employed to examine the simultaneous and partial effects of the five dimensions of digital marketing on MSME sales performance. The regression model was formulated as $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$, where Y represents Sales Performance, α represents the constant, β_1 – β_5 represent the regression coefficients, X_1 represents Content Marketing, X_2 represents Social Media Marketing, X_3 represents Digital Promotion, X_4 represents Consumer Interaction, X_5 represents Marketplace Utilization, and e represents the error term. Hypothesis testing was conducted using the t-test to examine the partial effect of each digital marketing dimension and the F-test to assess the simultaneous effect of all independent variables on sales performance. In addition, the coefficient of determination (R^2) was examined to identify the proportion of variation in MSME sales performance explained by the digital marketing variables included in the regression model. Statistical significance was evaluated according to the predetermined significance level, with the resulting probability values used as the basis for accepting or rejecting the proposed hypotheses.

FINDINGS AND DISCUSSION

To facilitate clarity and structured reading, empirical results are presented first, followed by a detailed theoretical and managerial discussion.

FINDINGS

Demographic profiling of the 74 participating MSME owners revealed a perfectly balanced gender distribution, comprising 50.0% male (37 respondents) and 50.0% female (37 respondents) enterprise leaders. The sample was dominated by young, technology-literate entrepreneurs aged 20–30 years, accounting for 63.5% (47 respondents). Regarding digital marketing adoption maturity, a majority of enterprises reported relatively recent implementation timelines of 1–2 years (62.2%, 46 MSMEs). Geographically, the highest concentration of surveyed enterprises operated within

Lamongan District (55.4%) and Tikung District (16.2%). In terms of platform adoption, WhatsApp emerged as the most widely utilized digital tool (66.2%), followed by Instagram (60.8%), TikTok (51.4%), and Shopee (23.0%). Descriptive metrics and multiple regression estimations are detailed in the tables below:

Table 1. Descriptive Statistical Analysis of Research Variables

Variable / Operational Dimension	N	Mean	Std. Deviation
X1 - Content Marketing (CM)	74	4,419	0,759
X2 - Social Media Marketing (SMM)	74	4,270	0,782
X3 - Digital Promotion (DP)	74	3,932	0,926
X4 - Consumer Interaction (CI)	74	4,311	0,757
X5 - Marketplace Utilization (MU)	74	3,892	1,067
Y - Sales Performance (SP)	74	4,014	0,914

Source: Primary Processed Data (2026)

The estimated econometric model yielded a Coefficient of Determination (R^2) of 0.668 with an Adjusted R^2 of 0.644. This demonstrates that 66.8% of the variance in sales performance among MSMEs in Lamongan Regency is collectively explained by the five digital marketing dimensions, with the remaining 33.2% attributable to unobserved exogenous factors outside the model.

Table 2. Simultaneous Model Test (ANOVA)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	40,767	5	8,153	27,421	0,000
Residual	20,219	68	0,297		
Total	60,986	73			

Source: Primary Processed Data (2026)

The ANOVA evaluation confirmed a statistically significant global model fit, generating an F-statistic of 27.421 ($p = 0.000 < 0.05$). This validates the hypothesis that the five digital marketing dimensions jointly exert a statistically significant positive effect on MSME sales performance in Lamongan Regency.

Table 3. Multiple Linear Regression Estimation (Partial t-Test)

Variabel / Dimensi	Unstandardize d B	Std. Error	Standardized Beta	t	Sig.
(Constant)	-0,212	0,422	-	-0,503	0,617
X1 (Content Marketing)	0,159	0,122	0,132	1,305	0,196
X2 (Social Media Marketing)	0,285	0,155	0,244	1,833	0,071
X3 (Digital promotion)	0,082	0,102	0,083	0,798	0,428
X4 (Consumer Interaction)	0,202	0,146	0,167	1,384	0,171

X5 (Marketplace utilization)	0,286	0,092	0,334	3,116	0,003
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Source: Primary Processed Data (2026)

The resulting linear regression equation is specified as: $Y = -0.212 + 0.159(X1) + 0.285(X2) + 0.082(X3) + 0.202(X4) + 0.286(X5)$.

DISCUSSION

The empirical findings of this study demonstrate that the implementation of digital marketing contributes positively to the sales performance of MSMEs in Lamongan Regency. The results indicate that digital marketing should not be understood merely as a promotional activity but as an integrated mechanism that connects businesses with consumers throughout different stages of the purchasing process. The positive contribution of digital marketing can be explained by the increasing importance of digital platforms in shaping consumer behavior, from the initial discovery of a product to information seeking, evaluation, purchasing, and post-purchase interaction. For MSMEs, digital platforms provide opportunities to overcome geographical limitations, reach broader consumer segments, communicate product value more efficiently, and facilitate transactions. However, the statistical results also indicate that not every component of digital marketing contributes with the same level of effectiveness. The differences among the variables suggest that the role of digital marketing depends on the specific function performed by each digital channel within the consumer decision-making process.

Among the variables examined, Marketplace Utilization (X5) represents the most influential partial determinant of sales performance, as demonstrated by its statistically significant result ($t = 3.116$; $p = 0.003$). This finding indicates that marketplace platforms have a particularly strong capacity to transform consumer interest into actual purchasing behavior. The result is consistent with the AIDA (Attention, Interest, Desire, and Action) hierarchy of effects proposed by Strong (1925), particularly the Action stage. While other digital marketing channels are frequently oriented toward attracting attention and stimulating interest, marketplaces provide a direct transactional environment in which consumers can immediately proceed from product evaluation to purchase. Platforms such as Shopee and TikTok Shop integrate product discovery, price comparison, customer reviews, payment facilities, and logistics services within a single ecosystem. Such integration reduces transactional barriers and increases convenience for both consumers and MSME owners.

The effectiveness of marketplace utilization can also be attributed to the increased sense of security and trust provided by established e-commerce platforms.

Standardized payment systems, buyer protection mechanisms, transaction tracking, customer reviews, and integrated delivery services reduce uncertainty that may otherwise discourage consumers from purchasing from relatively unfamiliar MSME brands. This aspect is particularly relevant for MSMEs attempting to expand beyond their immediate local markets. A culinary business in Lamongan, for example, is no longer necessarily dependent on consumers living near its physical location when its products can be promoted and purchased through digital marketplaces. Consequently, marketplace utilization can expand market accessibility while simultaneously improving transaction efficiency. The finding suggests that MSME development programs should place greater emphasis on practical marketplace management, including product listing, pricing strategies, visual presentation, customer reviews, promotional features, order management, and logistics integration.

Social Media Marketing (X2) also demonstrated a positive relationship with sales performance, although its statistical significance was observed at the 10% significance level ($t = 1.833$; $p = 0.071$). This result suggests that social media remains an important component of digital marketing, particularly in the early stages of the consumer decision-making process. Platforms such as Instagram, TikTok, and WhatsApp can function as top-of-funnel communication channels by attracting consumer attention and generating initial interest. Through photographs, videos, testimonials, short-form content, and interactive communication, MSMEs can introduce their products to audiences who may not previously have been familiar with their brands. In the context of the AIDA model, social media is particularly relevant to the Attention and Interest stages because it creates repeated exposure and encourages consumers to explore products further.

The relatively weaker statistical effect of social media marketing compared with marketplace utilization may indicate that exposure and engagement do not automatically result in completed transactions. Social media can generate awareness, interaction, and consumer interest, but consumers may still require an additional transactional channel before making a purchase. This finding reinforces the importance of integrating social media with marketplace platforms, messaging applications, digital payment systems, and other sales channels. In other words, social media may create the demand, while marketplaces provide the infrastructure necessary to convert that demand into actual sales. An integrated digital strategy is therefore likely to be more effective than relying on a single platform.

Content Marketing, Digital Promotion, and Consumer Interaction also produced

positive regression coefficients, although their individual effects were not as dominant as marketplace utilization. These variables nevertheless have important strategic functions in strengthening the overall digital marketing ecosystem. Content marketing, for instance, enables MSMEs to communicate product quality, uniqueness, authenticity, and value propositions through informative and persuasive content. Digital promotion can increase short-term visibility through discounts, special offers, advertisements, and promotional campaigns, while consumer interaction helps businesses establish relationships and respond to customer needs. Although these activities may not immediately generate transactions, they contribute to brand credibility, customer engagement, and long-term brand equity.

Taken together, the findings indicate that the effectiveness of digital marketing among MSMEs in Lamongan depends on the ability to connect different digital functions into a coherent customer journey. Social media can attract attention and stimulate interest, content marketing can strengthen consumer understanding and trust, digital promotion can stimulate desire and purchasing incentives, while marketplace platforms can facilitate the final transaction. This interconnected process illustrates that digital marketing is most effective when treated as an integrated business strategy rather than as isolated technological activities. Therefore, MSMEs in Lamongan should develop omnichannel strategies that combine awareness-building, customer engagement, and transactional capabilities. Such an approach can strengthen their competitiveness, expand market reach, and improve the sustainability of sales performance in an increasingly digital business environment.

CONCLUSION

Based on the empirical statistical analysis, this study concludes that digital marketing implementation has a significant and positive combined influence on the sales performance of MSMEs in Lamongan Regency. The results of the simultaneous test indicate an F-value of 27.421 with a significance level of 0.000, demonstrating that the digital marketing variables collectively contribute significantly to variations in MSME sales performance. Furthermore, the coefficient of determination indicates that digital marketing accounts for 66.8% of the variance in sales performance, while the remaining proportion is influenced by other factors not examined in this study. Among the digital marketing components, marketplace utilization emerges as the most dominant partial factor influencing commercial transactions. Marketplaces provide MSMEs with direct access to potential consumers and facilitate the conversion of consumer interest into actual purchases. Social media marketing also plays an

important role by expanding audience reach, developing initial brand awareness, maintaining consumer engagement, and sustaining promotional activities. These findings demonstrate that digital marketing should not be viewed merely as a promotional instrument but as an integrated business strategy capable of supporting market expansion and increasing sales performance.

Based on these findings, several strategic recommendations can be proposed. MSME owners in Lamongan Regency are encouraged to adopt omnichannel marketing strategies by integrating marketplaces, social media, and other digital channels with conventional sales activities. Such integration can increase market accessibility, strengthen customer engagement, and create more consistent purchasing opportunities. Regional government agencies, particularly those responsible for cooperatives and MSME development, are also encouraged to provide specialized training and mentoring programs focusing on digital commerce, marketplace management, social media marketing, digital payment systems, and content development. Future researchers are recommended to employ larger sample sizes and consider additional contextual variables, such as operational capabilities, entrepreneurial orientation, digital literacy, and access to digital infrastructure, to obtain a more comprehensive understanding of MSME performance. The authors sincerely acknowledge the Faculty of Economics and Business at Universitas Muhammadiyah Lamongan for its institutional and academic support throughout this research. Appreciation is also extended to the Office of Cooperatives and MSMEs of Lamongan Regency and all participating MSME owners for their valuable contributions and data.

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