

Enhancing Sales and Customer Loyalty through Marketing Innovation and Digital Communication

Customer Loyalty
and Marketing
Innovation

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ABSTRACT

This study investigates the influence of marketing innovation and digital communication strategies on sales growth and customer loyalty among micro, small, and medium-sized enterprises (MSMEs) in Gorontalo, Indonesia. Responding to the limited region-specific research in this area, the study employs a quantitative approach using path analysis to examine direct and indirect relationships among these variables. Data were collected through structured questionnaires distributed to 117 purposively selected MSME actors actively engaged in strategic business decisions. The findings reveal that marketing innovation significantly enhances both sales growth ($\beta = 0.58$) and customer loyalty ($\beta = 0.42$), while digital communication strategies also exert significant positive effects on sales ($\beta = 0.32$) and loyalty ($\beta = 0.32$). Sales growth, in turn, directly contributes to increased customer loyalty ($\beta = 0.24$). Furthermore, both marketing innovation and digital communication strategies have indirect effects on customer loyalty through their impact on sales growth. These results emphasize the importance of adopting innovative and digital strategies to improve MSME performance in emerging regions. The study offers practical recommendations for MSME managers and policymakers seeking to strengthen competitiveness and sustainability. While the research is limited to Gorontalo and cross-sectional in nature, it lays a foundation for future longitudinal and comparative studies across regions.

Keywords: Customer Loyalty, Digital Communication Strategy, Marketing Innovation, MSMEs, Sales Growth.

ABSTRAK

Studi ini menyelidiki pengaruh inovasi pemasaran dan strategi komunikasi digital terhadap pertumbuhan penjualan dan loyalitas pelanggan di antara usaha mikro, kecil, dan menengah (UMKM) di Gorontalo, Indonesia. Menanggapi penelitian khusus wilayah yang terbatas di bidang ini, studi ini menggunakan pendekatan kuantitatif menggunakan analisis jalur untuk memeriksa hubungan langsung dan tidak langsung di antara variabel-variabel ini. Data dikumpulkan melalui kuesioner terstruktur yang didistribusikan kepada 117 pelaku UMKM yang dipilih secara sengaja yang secara aktif terlibat dalam keputusan bisnis strategis. Temuan tersebut mengungkapkan bahwa inovasi pemasaran secara signifikan meningkatkan pertumbuhan penjualan ($\beta = 0,58$) dan loyalitas pelanggan ($\beta = 0,42$), sementara strategi komunikasi digital juga memberikan efek positif yang signifikan pada penjualan ($\beta = 0,32$) dan loyalitas ($\beta = 0,32$). Pertumbuhan penjualan, pada gilirannya, secara langsung berkontribusi pada peningkatan loyalitas pelanggan ($\beta = 0,24$). Lebih jauh, baik inovasi pemasaran maupun strategi komunikasi digital memiliki efek tidak

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langsung pada loyalitas pelanggan melalui dampaknya pada pertumbuhan penjualan. Hasil ini menekankan pentingnya mengadopsi strategi inovatif dan digital untuk meningkatkan kinerja UMKM di wilayah yang sedang berkembang. Studi ini menawarkan rekomendasi praktis bagi para pengelola dan pembuat kebijakan UMKM yang ingin memperkuat daya saing dan keberlanjutan. Meskipun penelitian ini terbatas di Gorontalo dan bersifat lintas sektor, penelitian ini menjadi dasar bagi studi longitudinal dan komparatif lintas wilayah di masa mendatang.

Kata kunci: Loyalitas Pelanggan, Strategi Komunikasi Digital, Inovasi Pemasaran, UMKM, Pertumbuhan Penjualan.

INTRODUCTION

In today's rapidly evolving business landscape, small and medium-sized enterprises (SMEs) play a pivotal role in economic development and job creation, particularly in emerging regions such as Gorontalo, Indonesia. However, these enterprises often face intense market competition, shifting consumer preferences, and limited access to broader markets. To navigate these challenges, marketing innovation and digital communication strategies have emerged as essential tools for driving sales growth and fostering long-term customer loyalty. These strategies are especially relevant for SMEs in Gorontalo, where localized market dynamics demand adaptive and customer-centric approaches.

Marketing innovation defined as the implementation of novel marketing strategies to enhance market performance has shown a strong positive influence on SME growth. As demonstrated by Onogwu and Sule (2020), innovative marketing practices are significantly associated with improved enterprise performance, particularly through alignment with consumer needs and trends. In the context of Gorontalo's SMEs, applying culturally relevant and responsive marketing innovations can enhance brand recognition, market positioning, and customer retention. Supporting this, Sudari et al. (2019) emphasize that a well-executed marketing mix fosters customer satisfaction, which in turn strengthens loyalty, especially in sectors such as food and beverage that parallel with many of Gorontalo's SME profiles.

The integration of digital communication strategies further reinforces these marketing innovations by enabling SMEs to overcome geographical limitations and engage with broader consumer segments. Abebe (2014) found that the adoption of e-commerce platforms contributes positively to SME performance by offering scalable and accessible avenues for customer outreach and transaction management. For Gorontalo's SMEs, which often operate in resource-constrained settings, digital communication channels such as social media, online marketplaces, and mobile platforms provide cost-effective mechanisms for enhancing customer interaction and driving repeat purchases. Moreover, digital tools facilitate real-time feedback and engagement, which are critical in building trust and long-term loyalty (Ismail, 2023).

Customer loyalty, a key outcome of both marketing innovation and digital engagement, is also closely linked to the perception of corporate reputation and value alignment. Akpi et al. (2020) argue that organizational cultural intelligence reflected in how SMEs communicate and relate to their target communities can enhance corporate reputation and, consequently, customer loyalty. This is further substantiated by Turyakira (2018), who identifies Corporate Social Responsibility (CSR) activities as influential drivers of loyalty among SME customers. In the Gorontalo context, where community ties and socio-cultural factors are deeply embedded in consumer behavior, SMEs that integrate socially responsible practices and culturally sensitive messaging into their digital communications may experience stronger brand affiliation and consumer trust. In addition to strategic and operational considerations, financial capability remains a vital enabler for SMEs to implement and sustain marketing innovations and digital initiatives. Ullah and Khushnood (2019) highlight a positive correlation between financial investments such as working capital and access to credit and sales growth in SMEs across South Asia. Similarly, in Gorontalo, securing adequate financial resources can empower

SMEs to invest in digital infrastructure, staff training, and strategic marketing campaigns, thereby enhancing their capacity for growth and resilience.

Given these dynamics, there is a growing need for empirical research that explores how marketing innovation and digital communication strategies concretely influence sales performance and customer loyalty among SMEs in Gorontalo. While theoretical and cross-regional studies have established foundational insights, region-specific data is essential for contextualizing findings and informing local policy and practice. This study aims to address this gap by examining the extent to which innovative marketing and digital communication practices contribute to tangible outcomes, namely, sales growth and customer loyalty within the SME sector in Gorontalo. By doing so, the research seeks to provide actionable recommendations for business owners, policymakers, and development practitioners striving to enhance SME competitiveness and sustainability in Indonesia's emerging regions.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

Marketing Innovation on Sales Growth

Product marketing innovation has become a pivotal strategy for Small and Medium-Sized Enterprises (SMEs) aiming to boost their competitiveness and market presence in increasingly saturated markets. It involves adopting novel marketing methods such as innovative pricing, promotion, packaging, and distribution strategies that enhance product appeal and market positioning, enabling firms to better capture consumer attention and differentiate themselves from competitors (Verma, 2022; Bouhelal & Adouka, 2022). Castillo and Garcia (2020) stress that product innovation contributes significantly to firm performance by aligning products with evolving consumer needs and preferences, which are constantly shifting due to technological advancements and changing lifestyles. Similarly, Oduro (2019) highlights the strong positive correlation between product innovation and market share growth, demonstrating how introducing new or improved products allows SMEs to tap into new customer segments and increase their market penetration. Integrating marketing innovation with product development enables SMEs to create a holistic approach that not only improves the core product but also ensures that these innovations reach the right audience through effective communication channels (Noor & Mulyana, 2024). The dynamic business environment demands that firms continuously adapt their marketing approaches to stay relevant and competitive, especially as consumer behavior becomes more complex and digital savvy. Moreover, the incorporation of digital marketing innovations such as personalized digital campaigns, social media engagement, and real-time feedback loops further enhances these outcomes by allowing SMEs to interact directly with customers, respond swiftly to their needs, and build stronger brand loyalty (Varadarajan et al., 2022; Reyta et al., 2024). This comprehensive body of literature supports the hypothesis that marketing innovation is a critical driver of sales growth by expanding market reach and strengthening customer engagement.

H1: Marketing innovation has a positive and significant effect on sales growth.

Digital Communication Strategies on Sales Growth

The rise of digital communication tools has fundamentally transformed organizational engagement strategies, enabling firms to deliver targeted, interactive messages that resonate more deeply with their audiences across various platforms (Estrela & Baptista, 2018; Bozzola et al., 2020). These tools encompass social media, email marketing, mobile applications, and other digital channels that allow for more personalized and timely communication. However, the effectiveness of these digital strategies depends heavily on structured planning and seamless integration into overall business objectives and marketing frameworks (Morehouse & Saffer, 2018; Saktisyahputra, 2022). In many Small and Medium-Sized Enterprises (SMEs), a lack of formal digital communication strategies often results in inconsistent messaging, missed engagement opportunities, and ultimately

weaker customer relationships (Onogwu & Sule, 2020). Conversely, organizations that invest in well-planned digital communication foster real-time interaction, customer feedback, and organizational agility, which are crucial capabilities in today's fast-changing and highly competitive markets (Wilson & Tewdwr, 2022; Torres, 2023). Moreover, the strategic use of digital platforms enables firms to tailor content and offers to specific customer segments, creating personalized experiences that enhance satisfaction and loyalty (Nciweni et al., 2023). These personalized engagements help build stronger relationships and trust, which can translate into increased customer retention and ultimately higher sales volumes (Fagherazzi et al., 2020). Therefore, a well-executed digital communication strategy is essential for driving sales growth and sustaining competitive advantage in contemporary business settings, especially as digital channels continue to evolve and dominate consumer interactions.

H2: Digital communication strategy positive and significant effect on sales growth.

Marketing Innovation on Customer Loyalty

Customer loyalty is essential for sustainable business success and can be strongly influenced by innovative marketing practices. Beyond product improvements, marketing innovation encompasses changes in branding, packaging, promotional tactics, and communication channels that enhance customer perceptions and engagement (Bouhelal & Adouka, 2022; Reyta et al., 2024). These innovations help firms differentiate their offerings in crowded markets, creating unique value propositions that resonate with consumers on both rational and emotional levels. Small and medium-sized enterprises (SMEs) with strong entrepreneurial orientation tend to develop marketing innovations that align closely with customer preferences, resulting in improved loyalty and enhanced market responsiveness (Kristinae et al., 2019; Santos et al., 2020). Such firms are often more proactive and adaptable, enabling them to anticipate changes in consumer behavior and adjust their strategies accordingly. By effectively differentiating their products and communication, companies build emotional connections and trust with customers, which are critical drivers of loyalty (Ernilawati & Maulana, 2022; Rahmidani et al., 2023; Purwaningwulan & Rizki, 2023). Trust, in particular, deepens the relationship between customers and brands, encouraging repeat purchases and positive word-of-mouth recommendations.

Moreover, loyalty is strengthened when customers perceive consistent value through ongoing marketing innovation, which can include personalized offers, engaging digital content, and interactive experiences (Sujana & Yusni, 2024). This is supported by evidence showing that firms that continuously innovate their marketing approaches can better meet evolving consumer expectations, thus reinforcing loyalty and contributing to long-term business growth. Ultimately, marketing innovation is not only a tool for attracting customers but a vital mechanism for sustaining their commitment over time.

H3: Marketing innovation has a positive and significant effect on customer loyalty.

Digital Communication Strategy on Customer Loyalty

Digital communication strategies offer interactive platforms that enable organizations to engage customers continuously and personally, fostering trust and long-term loyalty (Bozzola et al., 2020; Nciweni et al., 2023). These strategies leverage various digital tools, such as social media, mobile applications, email marketing, and chatbots, to create personalized experiences tailored to individual customer needs and preferences. Structured, goal-oriented digital communication plans enhance message consistency and customer satisfaction by ensuring that all communications align with the organization's broader objectives and brand identity (Morehouse & Saffer, 2018; Saktisyahputra, 2022). Sectors such as healthcare and public services have demonstrated the critical role of inclusive and adaptive digital communication in maintaining strong relationships and loyalty amid rapid technological and environmental changes (Fagherazzi et al., 2020;

Torres, 2023). These sectors often deal with diverse populations requiring tailored communication approaches that consider accessibility, language, and cultural factors. The ability to receive immediate feedback and adjust messages in real time further strengthens the customer experience and commitment by promoting responsiveness and transparency (Wilson & Tewdwr, 2022). This dynamic communication flow helps organizations promptly address concerns, clarify information, and reinforce positive interactions. Therefore, an effective digital communication strategy, characterized by careful planning, inclusivity, and adaptability, is a key driver of customer loyalty in the digital age. Organizations that invest in these strategies are better positioned to build lasting customer relationships and sustain competitive advantage in increasingly connected markets.

H4: Digital communication strategy has a positive and significant effect on customer loyalty.

Sales Growth on Customer Loyalty

Sales growth not only reflects increased revenue but also signals enhanced customer satisfaction and brand strength, both of which contribute to loyalty. In digitally mature organizations, growth often stems from integrating sales with innovative marketing and communication strategies that improve the overall customer experience (Priyono et al., 2020; Kusuma et al., 2023; Sayudin et al., 2023). These integrations allow businesses to identify and respond more quickly to consumer needs through real-time data analysis and digital engagement tools. As a result, the sales process becomes more personalized and efficient, fostering greater customer trust. Consumer behavior has shifted, requiring sales professionals to act as consultants who deliver value beyond price, building trust and loyalty through tailored advice and long-term relationship building (Verbeke et al., 2011; Quaye & Mensah, 2019; Peesker et al., 2024).

This consultative approach emphasizes customer-centric strategies, which are essential in competitive and saturated markets. Additionally, promotional activities like discounts and loyalty rewards, when tailored to cultural contexts and local consumer behavior, significantly strengthen engagement and encourage repeat purchases (Chaharsoughi, 2012; Gonu et al., 2022; Syed et al., 2023). These strategies not only attract new customers but also reinforce commitment among existing ones by acknowledging their preferences and purchasing habits. Moreover, the use of data-driven insights helps companies design more relevant and timely offers that align with customer expectations. Thus, sales growth functions as a catalyst for deepening customer loyalty, serving as both an outcome and a driver of ongoing relationship enhancement in modern business ecosystems.

H5: Sales growth has a positive and significant effect on customer loyalty.

The Mediating Role of Sales Growth

Sales growth mediates the influence of both marketing innovation and digital communication strategy on customer loyalty by transforming innovative practices and effective communication into tangible business results. When SMEs innovate their marketing approaches and strategically engage customers digitally, these efforts increase sales volume, which in turn strengthens customer satisfaction and loyalty (Morehouse & Saffer, 2018; Kristinae et al., 2019). Marketing innovations such as creative promotional campaigns, customer-centric packaging, and value-driven branding attract new customers and retain existing ones by meeting their evolving preferences. At the same time, digital communication strategies ensure consistent engagement across channels, allowing businesses to nurture relationships, gather feedback, and respond rapidly to customer concerns.

The resulting improvements in customer experience often translate into higher sales, which serve as indicators of market approval and brand relevance. Integrated sales-marketing collaboration enhances this effect by aligning objectives and sharing customer

insights, facilitating optimized customer relationship management (Meunier & Massey, 2019; Corsaro & Maggioni, 2022). Such integration helps avoid siloed efforts and ensures a unified customer journey from initial engagement to post-sale service. Moreover, the revenue generated through sales growth provides SMEs with resources to further invest in innovation and communication technologies, creating a virtuous cycle of improvement and loyalty reinforcement. Ultimately, sales growth acts as a crucial link that translates strategic innovation and communication into sustained loyalty and competitive advantage, making it not only a performance metric but also a strategic enabler of long-term customer relationships.

H6: Marketing innovation has a positive and significant effect on customer loyalty through sales growth.

H7: Digital communication strategy has a positive and significant effect on customer loyalty through sales growth.

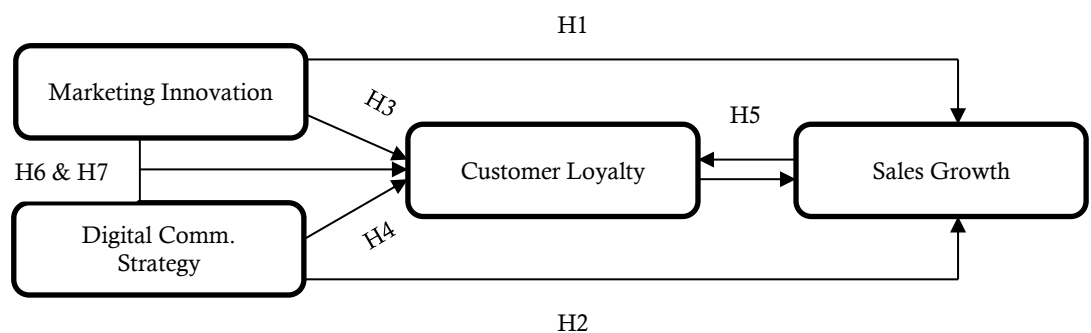


Figure 1. Research Framework

The research framework, depicted in Figure 1, illustrates the relationships between various factors influencing sales growth within a business context. The variable of Sales Growth is influenced by Marketing Innovation (H1) and Digital Communication Strategy (H2). The framework further suggests a direct impact of Marketing Innovation (H3) and Digital Communication Strategy on Customer Loyalty (H4). Additionally, Customer Loyalty has a direct positive effect on Sales Growth (H5). Marketing Innovation and Digital Communication Strategy also have moderating effects (H6 & H7) on the relationship between Customer Loyalty and Sales Growth.

RESEARCH METHOD

This study employed a quantitative research design to examine the influence of marketing innovation and digital communication strategy on sales growth and customer loyalty among micro, small, and medium-sized enterprises (MSMEs) in Gorontalo, Indonesia. Given the increasing importance of these strategies in driving business performance, particularly in regional and resource-constrained contexts, the research focused on exploring causal relationships among the variables using statistical analysis. The target population of this study comprised all MSME actors operating across various sectors in Gorontalo Province. A purposive sampling technique was used to select 117 respondents considered knowledgeable and actively involved in strategic decision-making related to marketing and digital communication. This sampling method was deemed appropriate to ensure the data collected reflected informed perspectives relevant to the research objectives.

Data was collected through the distribution of structured questionnaires, which were designed based on validated indicators from previous empirical studies. The questionnaire included Likert-scale items measuring key constructs such as marketing innovation, digital communication strategy, sales growth, and customer loyalty. Marketing innovation was assessed in terms of the implementation of novel marketing techniques,

product promotion methods, and customer engagement tactics. Digital communication strategy items covered the use of digital platforms, online customer service, and real-time interaction features. Sales growth was measured using self-reported growth in revenue and market share, while customer loyalty was evaluated through indicators such as repeat purchase behavior, customer satisfaction, and brand advocacy. To analyze the data, the study utilized path analysis with the assistance of LISREL software. Path analysis was selected as the primary method due to its ability to model direct and indirect relationships between multiple variables simultaneously. This approach allowed the researcher to evaluate not only the direct effects of marketing innovation and digital communication strategy on sales growth and customer loyalty, but also the mediating role of sales growth in the relationship between strategic initiatives and customer loyalty.

RESULTS

This study examines the impact of marketing innovation and digital communication strategies on sales growth and customer loyalty among Micro, Small, and Medium Enterprises (MSMEs) in Gorontalo, Indonesia. A quantitative approach was adopted, utilizing structured questionnaires distributed to 117 MSME actors. Path analysis was employed using LISREL to test the relationships between variables. Results indicate that both marketing innovation and digital communication strategies positively influence sales growth and customer loyalty, both directly and indirectly. Furthermore, sales growth also has a significant positive effect on customer loyalty. This study highlights the importance of adaptive marketing and effective digital communication in enhancing MSME competitiveness in emerging regions. These findings contribute empirical evidence to regional literature, offering insights for MSME development strategies.

Figure 2 illustrates the structural model generated from LISREL analysis results. The findings from the structural model and hypothesis testing, based on data collected from 117 MSME respondents in Gorontalo, provide critical insights into how marketing innovation and digital communication strategies influence sales performance and customer loyalty. These results offer valuable guidance for MSMEs to develop effective business strategies in the digital era.

These findings are supported by a broad base of existing literature, which consistently highlights the strategic importance of digital communication in fostering customer engagement, satisfaction, and retention. Daulay (2021) emphasizes that the integration of information and communication technology with the service marketing mix significantly enhances customer satisfaction, which in turn promotes loyalty. This is particularly relevant in MSME contexts where digital tools can serve as cost-effective yet powerful means of building customer relationships

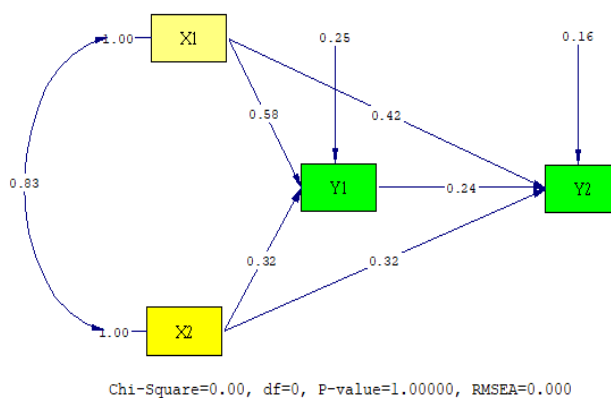


Figure 2. Structural Model

Figure 2 illustrates the structural model used to examine the relationships between Marketing Innovation (X1), Digital Communication Strategy (X2), Sales Growth (Y1),

and Customer Loyalty (Y2) among MSMEs in Gorontalo. The model demonstrates both direct and indirect pathways among the variables, with standardized coefficients indicating the strength of each relationship. Marketing Innovation (X1) has a strong direct effect on Sales Growth (Y1), with a coefficient of 0.58, and also significantly influences Customer Loyalty (Y2) both directly (0.42) and indirectly through Sales Growth (0.24). Likewise, Digital Communication Strategy (X2) positively affects both Sales Growth (0.32) and Customer Loyalty (0.32). Sales Growth (Y1) itself has a direct positive impact on Customer Loyalty (Y2), with a coefficient of 0.24, confirming its mediating role. The covariance between Marketing Innovation and Digital Communication Strategy is 0.83, indicating a strong correlation between the two independent variables. Fit indices from the model—Chi-Square = 0.00, df = 0, P-value = 1.00000, and RMSEA = 0.000—suggest a perfect model fit, indicating that the data is well represented by the proposed structural relationships. Based on the LISREL output in Figure 2, the structural equations can be formed as follows:

Structural Equation I: $Y1 = 0.58X1 + 0.32X2$

Structural Equation II: $Y2 = 0.42X1 + 0.32X2 + 0.24Y1$

Table 1. Hypothesis Testing (Direct Effect)

Hypothesis	Pathway	Coefficient (β)	t-value	p-value	Note
H1	Marketing Innovation → Sales Growth	0.58	6.93	< 0.05	Significant
H2	Digital Communication Strategy → Sales Growth	0.32	3.82	< 0.05	Significant
H3	Marketing Innovation → Customer Loyalty	0.42	5.27	< 0.05	Significant
H4	Digital Communication Strategy → Customer Loyalty	0.32	4.54	< 0.05	Significant
H5	Sales Growth → Customer Loyalty	0.24	3.18	< 0.05	Significant

Table 1 presents the standardized effects, t-values, and corresponding interpretations of the relationships among the variables in the study, focusing on the influence of marketing innovation and digital communication strategies on sales growth and customer loyalty among MSMEs in Gorontalo. The findings indicate the acceptance of H1 that marketing innovation exerts a strong and significant direct effect on sales growth ($\beta = 0.58$, $t = 6.93$). Similarly, digital communication strategy also shows a significant positive direct influence on sales growth ($\beta = 0.32$, $t = 3.82$), suggesting that the adoption of digital tools contributes meaningfully to increased sales among SMEs. Thus, H2 is accepted.

In terms of customer loyalty, both marketing innovation and digital communication strategy have significant direct effects, with coefficients of 0.42 ($t = 5.27$) and 0.32 ($t = 4.54$) respectively (H3 and H4). These results underscore the importance of both strategic marketing and digital engagement in building lasting customer relationships. Furthermore, sales growth itself significantly influences customer loyalty ($\beta = 0.24$, $t = 3.18$). Therefore, H5 is accepted.

Table 2. Indirect Effect

Hypothesis	Pathway	Coefficient (β)	t-value	p-value	Note
H6	Marketing Innovation → Sales Growth → Customer Loyalty	0.14	2.53	< 0.05	Significant
H7	Digital Communication Strategy → Sales Growth → Customer Loyalty	0.18	3.26	< 0.05	Significant

Table 2 show that, the indirect effects are also evident, where marketing innovation (H6) and digital communication strategy (H7) influence customer loyalty through sales growth, with respective indirect effects of 0.14 and 0.18. The research findings indicate that marketing innovation indirectly impacts customer loyalty through sales growth. The coefficient estimates of 0.14 suggests that for every one-unit enhancement in marketing innovation, there can be an increase of approximately 0.14 units in sales growth, which, in turn, may contribute to an increase in customer loyalty. The t-statistic value of 2.53 indicates that this coefficient is significant at a sufficiently high confidence level ($p < 0.05$). Similarly, digital communication strategy also indirectly influences customer loyalty through sales growth. The coefficient estimates of 0.18 suggests that for every one-unit rise in digital communication strategy, there can be an increase of around 0.18 units in sales growth, which can subsequently positively impact customer loyalty. The t-statistic value of 3.26 confirms the significance of this indirect effect ($p < 0.05$).

Table 3. Total Effect

Endogenous	Intervening	Exogenous	Direct Effect	Indirect Effect	Total
Marketing Innovation	Sales Growth	Customer Loyalty	0.42	0.14	0.56
Digital Communication Strategy	Sales Growth	Customer Loyalty	0.32	0.18	0.50

Furthermore, Table 3 shows the total effects 0.56 for marketing innovation and 0.50 for digital communication. This demonstrates that both variables contribute substantially to customer loyalty, both directly and indirectly. All relationships in the model are statistically significant ($p < 0.05$), validating the proposed hypotheses and emphasizing the integrated role of innovation and communication strategies in strengthening SME competitiveness. This study reveals a substantial and positive correlation between marketing innovation and sales growth. The coefficient of 0.58 suggests that for each one-unit rise in marketing innovation, there is an approximate increase of 0.58 units in sales growth. With a notably high t-statistic value of 6.93, this coefficient attains significance at a robust confidence level ($p < 0.05$). In essence, the greater the degree of marketing innovation implemented by Micro, Small, and Medium Enterprises (MSMEs), the higher the potential for sales growth. This model can elucidate approximately 75% of the variance in sales growth.

Additionally, the findings of this study underscore a positive and significant association between digital communication strategy and sales growth. There exists a constructive and significant correlation between digital communication strategy and sales growth. The coefficient of 0.32 implies that for every one-unit augmentation in digital communication strategy, there is an increase of around 0.32 units in sales growth, with a considerable t-statistic value of 3.82, signifying significance at a high confidence level ($p < 0.05$). Put simply, the more effective the digital communication strategy adopted by MSMEs, the higher the potential for sales growth. This model can account for approximately 75% of the variance in sales growth. This study also identifies a constructive and significant relationship between marketing innovation and customer loyalty. The coefficient of 0.42 suggests that for each one-unit enhancement in marketing innovation, there is an approximate rise of 0.42 units in customer loyalty, with a substantial t-statistic value of 5.27, indicating significance at a high confidence level ($p < 0.05$). The findings indicate that a higher level of marketing innovation corresponds to a higher level of customer loyalty achievable by MSMEs. This model can explain approximately 84% of the variance in customer loyalty.

The research also reveals a positive and significant correlation between digital communication strategy and customer loyalty. The coefficient of 0.32 implies that for every one-unit augmentation in digital communication strategy, there is an increase of around 0.32 units in customer loyalty, with a noteworthy t-statistic value of 4.54, indicating significance at a high confidence level ($p < 0.05$). This suggests that the more

effective the digital communication strategy is implemented, the higher the level of customer loyalty achievable by MSMEs. This model can elucidate approximately 84% of the variance in customer loyalty. In addition to the relationships among marketing variables, this study indicates that sales growth also exerts a positive and significant impact on customer loyalty. The coefficient of 0.24 suggests that for every one-unit rise in sales growth, there is an increase of around 0.24 units in customer loyalty, with a substantial t-statistic value of 3.18, indicating significance at a high confidence level ($p < 0.05$). This indicates that the higher the sales growth achieved by MSMEs, the higher the level of customer loyalty that can be anticipated. This model can account for approximately 84% of the variance in customer loyalty (Table 4).

Table 4. Coefficient of Determination (R^2) for Dependent Variables

Dependent Variable	R^2 Value	Interpretation
Sales Growth (Y1)	0.75	75% of the variance in Sales Growth is explained by Marketing Innovation and Digital Communication Strategy.
Customer Loyalty (Y2)	0.84	84% of the variance in Customer Loyalty is explained by Marketing Innovation, Digital Communication Strategy, and Sales Growth.

Table 4 illustrates the coefficient of determination (R^2) for the dependent variables in the study. For Sales Growth (Y1), the R^2 value is 0.75, which indicates that 75% of the variance in sales growth can be attributed to the influences of marketing innovation and digital communication strategy. This substantial explanatory power highlights the critical role these factors play in driving sales performance. Similarly, for Customer Loyalty (Y2), the R^2 value is 0.84, suggesting that 84% of the variance in customer loyalty is accounted for by marketing innovation, digital communication strategy, and sales growth. This high level of explanation underscores the interconnectedness of these variables and their collective impact on fostering customer loyalty within the context of Small and Medium Enterprises (SMEs).

DISCUSSION

This study confirms that marketing innovation and digital communication strategies are crucial enablers of sales growth and customer loyalty among SMEs in Gorontalo. Consistent with prior research, the findings illustrate that marketing innovation through the implementation of novel and culturally adaptive strategies improves customer engagement and drives enterprise performance (Sudari et al., 2019; Onogwu & Sule, 2020). For Gorontalo-based SMEs, this innovation enables enterprises to remain competitive by aligning offerings with local consumer preferences, thus strengthening brand recognition and loyalty. Digital communication strategies further enhance this effect by addressing spatial and financial limitations commonly faced by SMEs in emerging regions. The adoption of digital tools such as e-commerce platforms, social media, and CRM systems allows businesses to expand outreach and foster continuous consumer interaction (Abebe, 2014; Ismail, 2023). These platforms not only facilitate cost-effective marketing but also contribute to building trust and emotional bonds with customers, thereby supporting long-term loyalty (Puspaningrum, 2020; Nasti et al., 2024).

The statistical evidence from this research reinforces the mediating role of sales growth in the relationship between digital communication strategies and customer loyalty. A coefficient of 0.18 and a t-statistic of 3.26 ($p < 0.05$) suggest that as digital communication becomes more effective, it leads to measurable sales growth, which subsequently enhances loyalty. This indirect pathway highlights the strategic importance of digital engagement not merely as a communication tool but as a growth driver. Chaudhari et al. (2024) argue, structured digital strategies such as the Customer Journey Model (CJM) help optimize conversion and improve customer satisfaction, which feeds back into brand loyalty (Kimura, 2022). Moreover, the results emphasize that emotionally resonant and personalized communication such as content tailored to customer behavior and

preferences elevates customer satisfaction and retention (Wan, 2023; Nasti et al., 2024). In a socio-culturally nuanced setting like Gorontalo, SMEs that integrate digital marketing with local values and community-oriented messages are better positioned to foster consumer trust and deepen emotional engagement (Turyakira, 2018; Akpi et al., 2020).

Customer feedback also emerges as a critical input in this digital framework. Responsive adaptation based on consumer insights enhances the relevance of marketing efforts and supports iterative improvements in product and service delivery (Sianipar et al., 2023; Wongkar et al., 2024). This loop reinforces satisfaction and builds loyalty through positive, trust-based digital interactions (Rusnaini et al., 2024). Lastly, financial capacity acts as an important enabler for the successful adoption of these strategies. SMEs with access to credit or sufficient working capital are more capable of investing in necessary infrastructure and training to support marketing and digital innovations (Ullah & Khushnood, 2019). Without such resources, the strategic potential of innovation may remain unrealized despite favorable market dynamics.

In sum, this study contributes to the growing body of literature highlighting the intersection of innovation, digitalization, and loyalty in the SME context. It also provides empirical insights specific to Gorontalo, addressing the regional research gap and offering actionable recommendations. Future policies aimed at SME development in Indonesia should prioritize digital capacity-building and financial accessibility to ensure that innovation translates into sustained growth and competitive resilience.

CONCLUSION

This study shows that marketing innovation positively and significantly affects sales growth and customer loyalty among MSMEs. Implementing innovative marketing strategies helps improve sales and strengthen customer relationships. Likewise, digital communication strategies also have a positive and significant impact on both sales growth and customer loyalty by enabling MSMEs to reach broader markets and engage customers more effectively. Sales growth itself further reinforces customer loyalty. Additionally, marketing innovation and digital communication strategies influence customer loyalty indirectly through their positive effects on sales growth. This highlights the importance of integrating innovation and digital tools to boost business performance and customer retention.

Practically, these findings suggest that MSME managers, especially in emerging markets like Gorontalo, should focus on developing marketing innovations and effective digital communication to enhance sales and build loyal customer bases. This approach can improve competitiveness and sustainability in a changing market environment. Theoretically, this research fills a gap by providing empirical evidence on these relationships specifically in the context of MSMEs in Gorontalo, contributing to marketing knowledge in less-explored emerging regions.

However, the study has limitations. Its focus on a single region may limit the applicability of results elsewhere, and the cross-sectional design restricts understanding of long-term effects. Future research should consider expanding the study to other regions and employing longitudinal methods to capture changes over time. Exploring additional factors such as organizational culture or market dynamics could also enrich understanding of MSME performance.

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