

Determining Marketing Performance Product Innovation and Digital Marketing

Product Innovation
and Digital
Marketing

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ABSTRACT

In the digital era, product innovation and digital marketing are vital for enhancing the marketing performance of fashion Micro, Small, and Medium Enterprises in Bogor City, where competition is intensifying. This study aims to examine the influence of product innovation and digital marketing, particularly through social media, on marketing performance. A quantitative approach with descriptive and verification methods was employed, using a questionnaire survey distributed to 65 fashion Micro, Small, and Medium Enterprises in Bogor City, selected via purposive sampling. Data were analyzed using SPSS software through multiple regression, correlation, and statistical hypothesis testing. The findings reveal that product innovation significantly enhances marketing performance by meeting consumer demands, while digital marketing, especially social media strategies, boosts brand visibility and customer engagement. Both factors collectively account for 60% of marketing performance variance, with social media playing a critical role in promoting innovative products. This study concludes that fashion Micro, Small, and Medium Enterprises must integrate innovative product designs with active social media marketing to remain competitive. These insights offer practical guidance for Micro, Small, and Medium Enterprises to optimize marketing strategies and strengthen market presence in a dynamic environment.

Keywords: Digital Marketing, Fashion, Marketing Performance, Product Innovation

ABSTRAK

Di era digital, inovasi produk dan pemasaran digital sangat penting untuk meningkatkan kinerja pemasaran Usaha Mikro, Kecil, dan Menengah (UMKM) fesyen di Kota Bogor, di mana persaingan semakin ketat. Studi ini bertujuan untuk mengkaji pengaruh inovasi produk dan pemasaran digital, khususnya melalui media sosial, terhadap kinerja pemasaran. Pendekatan kuantitatif dengan metode deskriptif dan verifikasi digunakan, menggunakan survei kuesioner yang disebarakan kepada 65 UMKM fesyen di Kota Bogor, yang dipilih secara purposive sampling. Data

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dianalisis menggunakan perangkat lunak SPSS melalui regresi berganda, korelasi, dan uji hipotesis statistik. Temuan penelitian menunjukkan bahwa inovasi produk secara signifikan meningkatkan kinerja pemasaran dengan memenuhi permintaan konsumen, sementara pemasaran digital, khususnya strategi media sosial, meningkatkan visibilitas merek dan keterlibatan pelanggan. Kedua faktor tersebut secara kolektif menyumbang 60% varians kinerja pemasaran, dengan media sosial memainkan peran penting dalam mempromosikan produk inovatif. Studi ini menyimpulkan bahwa UMKM fesyen harus mengintegrasikan desain produk inovatif dengan pemasaran media sosial yang aktif agar tetap kompetitif. Wawasan ini menawarkan panduan praktis bagi UMKM untuk mengoptimalkan strategi pemasaran dan memperkuat kehadiran pasar dalam lingkungan yang dinamis.

Kata Kunci: *Pemasaran Digital, Mode, Kinerja Pemasaran, Inovasi Produk*

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a pivotal role in fostering economic growth, as outlined in Law Number 20 of 2008 on MSMEs, which aims to enhance their development to create a national economy rooted in equitable economic democracy. In the current digital era, product innovation and digital marketing are critical drivers for improving MSMEs' marketing performance, particularly in the creative industry such as fashion. Product innovation, defined as the creation or enhancement of products to meet market demands, serves as a competitive advantage by offering unique value propositions (Agustina & Setyo, 2021; Putri, 2023). Similarly, digital marketing enables MSMEs to expand their market reach, enhance brand visibility, and strengthen customer relationships through platforms like social media, websites, and mobile applications (Abdullah et al., 2023; Papatungan et al., 2023; Ohara et al., 2024). According to Alzoubi (2022) and Nguyen et al. (2024), firms that innovate their products can enhance customer satisfaction and loyalty, thereby boosting marketing outcomes. This synergy allows MSMEs to differentiate themselves from competitors and thrive in dynamic markets.

Digital marketing has become indispensable for MSMEs to remain competitive in an increasingly digitalized marketplace. By leveraging digital platforms, MSMEs can efficiently promote their products, analyze consumer behavior, and adapt to evolving market trends. For instance, Sunggara et al. (2022) and Ago et al. (2023) notes that MSMEs adopting effective digital marketing strategies can maximize their online presence, increase brand awareness, and convert interactions into significant sales. Moreover, digital marketing facilitates personalized engagement, enabling MSMEs to build stronger customer relationships and foster brand loyalty (Chusumastuti et al., 2023). Dwivedi et al. (2021) emphasize that well-integrated digital strategies enhance marketing agility and customer retention, which are vital for sustained performance. Through digital channels, MSMEs can achieve greater market penetration and maintain relevance in a competitive landscape, making digital marketing a cornerstone of modern business strategy.

Despite the established link between product innovation, digital marketing, and marketing performance, a significant research gap exists regarding the specific role of social media platforms in digital marketing strategies for MSMEs. According to Silaen (2024) and Wibawa et al. (2024), while digital marketing broadly enhances brand visibility, the distinct impact of various social media platforms, such as Instagram or TikTok, on marketing performance remains underexplored. Existing studies, such as those by Karinda et al. (2018) and Mogaji et al. (2021), highlight the effectiveness of digital platforms in promoting innovative products but lack detailed insights into how specific social media channels influence consumer engagement and sales in the context of MSMEs. This gap is particularly relevant for fashion MSMEs in Bogor City, where social media is a dominant marketing tool. Therefore, this study aims to investigate the influence of product innovation and digital marketing, with a specific focus on the role of social

media, on the marketing performance of fashion MSMEs in Bogor City. By addressing this gap, the research seeks to provide actionable insights for MSMEs to optimize their marketing strategies and enhance competitiveness in a dynamic market.

The significance of this study lies in its potential to guide fashion MSMEs in Bogor City to leverage product innovation and digital marketing effectively. By examining the interplay between these factors, the research aims to uncover how MSMEs can use innovative products and targeted digital strategies, particularly through social media, to improve brand recognition, customer engagement, and sales performance. This study will contribute to both theoretical understanding and practical applications by offering a comprehensive analysis of how these factors drive marketing success in a specific industry and geographic setting.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Theoretical Foundations of Product Innovation and Digital Marketing

Product innovation and digital marketing are pivotal for enhancing marketing performance, particularly for Micro, Small, and Medium Enterprises (MSMEs) in dynamic markets. According to Zameer et al. (2020), product innovation involves creating or significantly improving products to meet evolving consumer needs, thereby fostering competitive advantage and business sustainability. This process enables MSMEs to offer unique value propositions, aligning with market trends and customer expectations (Suaeb & Wijana, 2024). For instance, innovative product designs in the fashion industry can attract consumer attention and differentiate offerings from competitors (Hsu, 2011; Goworek et al., 2013; Goworek & Bailey, 2024). Aksoy et al. (2021) argue that product innovation enhances brand image and customer satisfaction, leading to improved marketing effectiveness. These theoretical insights underscore the role of innovation as a driver of market relevance and customer engagement, critical for MSMEs aiming to thrive in competitive environments like Bogor City's fashion sector.

Digital marketing, on the other hand, transforms traditional marketing by enabling personalized and interactive communication. Srinivasan et al. (2020) emphasize that digital marketing leverages platforms such as social media, websites, and mobile applications to promote products and build customer relationships. This approach allows MSMEs to reach targeted audiences, track real-time data, and adapt strategies dynamically, enhancing marketing agility. The integration of product innovation and digital marketing creates a synergistic effect, as innovative products require effective communication to reach consumers (Batra & Keller, 2016; Grimpe et al., 2017; Purchase & Volery, 2020). Fatima et al. (2023) highlight that this synergy significantly boosts SME competitiveness, particularly in creative industries. These theories provide a foundation for understanding how product innovation and digital marketing, as independent variables, influence the dependent variable of marketing performance in the context of fashion MSMEs.

Relationships Between Variables and Hypothesis Formulation

The interplay between product innovation, digital marketing, and marketing performance is critical for MSMEs' success. Product innovation strengthens customer value perception and loyalty, key components of marketing performance (Chen et al., 2016; Yeh, 2016; Rashid et al., 2020; Setyaningrum, 2021). Asare et al. (2022) found that innovative products enhance customer engagement by introducing novel solutions that align with market demands, allowing MSMEs to charge premium prices and expand market share. This is particularly relevant for fashion MSMEs in Bogor, where unique designs can differentiate brands in a saturated market. Moreover, digital marketing amplifies the visibility of innovative products. Dwivedi et al. (2021) note that digital platforms, particularly social media, improve customer interaction and campaign responsiveness, driving higher marketing efficiency. For instance, targeted social media campaigns on platforms like Instagram can accelerate the adoption of new fashion

products, enhancing brand-consumer connections (Singhal & Ahuja, 2023; Kiran et al., 2024; Rajput & Gandhi, 2024).

The combined effect of product innovation and digital marketing is particularly potent. Mogaji et al. (2021) argue that digital platforms, including influencers and interactive content, facilitate faster diffusion of innovative products, leading to stronger market penetration. However, a research gap exists regarding the specific impact of social media platforms on marketing performance. According to Rahman and Alam (2023), while digital marketing broadly improves conversion rates, the distinct contributions of platforms like Instagram or TikTok in promoting innovative fashion products remain underexplored. This study addresses this gap by examining how product innovation (X1) and digital marketing (X2), with a focus on social media, influence marketing performance (Y) among fashion MSMEs in Bogor City.

H1: Product innovation has a significant effect on marketing performance.

H2: Digital marketing has a significant effect on marketing performance.

H3: Product innovation and digital marketing has a significant effect on marketing performance.

The research's conceptual premise is that, in the current digital era, digital marketing and product innovation are critical to enhancing MSMEs' marketing success. The goal of product innovation is to satisfy consumer demand. Additionally, MSMEs now absolutely need digital marketing in order to expand their market reach, build their brand, and sell goods and services. MSMEs may strengthen their ties with customers and boost brand loyalty by leveraging digital channels. Therefore, in order for MSMEs to thrive in a market that is becoming more and more competitive, it is crucial that they develop innovative products and sustainable digital marketing tactics. The relationship between product innovation and marketing performance has been studied, but the function of social media in digital marketing has not been thoroughly examined. The purpose of this study is to investigate in greater detail how product innovation and digital marketing impact marketing performance, paying particular attention to the function of social media platforms. For MSMEs in Bogor City to be able to compete and survive in a market that is becoming more and more competitive, they must use digital platforms and creativity to renew product innovation. This means that consumer levels are greatly influenced by these two factors. Based on a conceptual framework that functions as a guide and is a line of thinking in research. Research can be shown in the following picture:

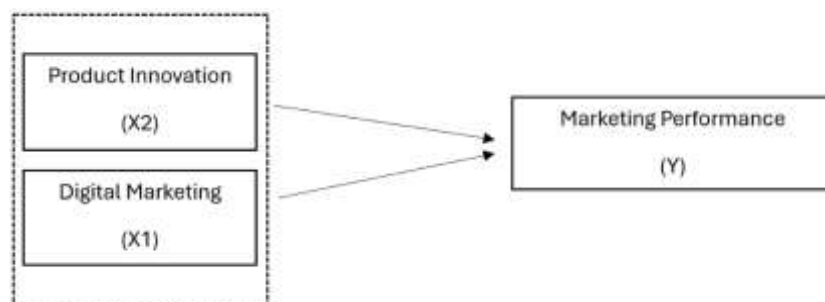


Figure 1. Conceptual Framework

RESEARCH METHOD

This study investigates the influence of product innovation and digital marketing on the marketing performance of fashion Micro, Small, and Medium Enterprises (MSMEs) in Bogor City using a quantitative research design with descriptive and verification characteristics. The population comprises 184 fashion MSMEs operating in Bogor, from which a sample of 65 respondents was selected using the Simple Random Sampling

technique combined with purposive sampling. Purposive sampling was applied to ensure respondents were MSMEs actively engaged in product innovation (e.g., introducing new designs or improving existing products) and digital marketing (e.g., using social media platforms like Instagram or e-commerce websites). The sample size was determined using the Slovin formula with a 10% margin of error, ensuring precision in estimating population characteristics while maintaining statistical reliability. This approach aligns with quantitative research standards for studying targeted populations in specific contexts.

Data collection was conducted through a structured questionnaire distributed to the 65 selected MSMEs, focusing on variables of product innovation, digital marketing, and marketing performance. The questionnaire utilized a 5-point Likert scale, with items designed to measure specific indicators, such as the frequency of new product introductions for innovation, social media engagement for digital marketing, and sales growth for marketing performance. To ensure instrument quality, validity and reliability tests were performed, confirming that all questionnaire items met acceptable thresholds (Cronbach's alpha > 0.7 for reliability and factor loadings > 0.5 for validity). Additionally, a literature review was conducted to gather theoretical insights from journals and books, complementing the empirical data. Internet research was also employed to collect supplementary data on digital marketing trends, such as the use of social media platforms, ensuring the study's relevance to current practices.

Data analysis involved multiple statistical techniques to test the relationships between variables. Multiple regression analysis was used to measure the strength and direction of the influence of product innovation (X1) and digital marketing (X2) on marketing performance (Y). Correlation analysis assessed the relationships between these variables, while the coefficient of determination (R²) evaluated the proportion of variance in marketing performance explained by the independent variables. Hypothesis testing was conducted using t-tests to examine the partial effects of each independent variable and an F-test to assess their simultaneous impact. These analyses were performed using SPSS software, ensuring robust statistical processing. This comprehensive approach enabled the study to provide reliable and actionable insights into how product innovation and digital marketing drive marketing performance among fashion MSMEs in Bogor City.

RESULTS

This section presents the findings of the study examining the influence of product innovation (X1) and digital marketing (X2) on the marketing performance (Y) of fashion Micro, Small, and Medium Enterprises (MSMEs) in Bogor City. The analysis employed multiple regression, correlation, coefficient of determination, and statistical hypothesis testing (t-tests and F-test) using SPSS software to evaluate the relationships between the variables. Data were collected from 65 fashion MSMEs through a structured questionnaire, with responses measured on a 5-point Likert scale. The results confirm the significant individual and combined effects of product innovation and digital marketing on marketing performance, providing actionable insights for MSMEs to enhance their competitive strategies in a dynamic market. The following subsections detail the findings from multiple regression analysis, correlation analysis, determination factor analysis, and statistical hypothesis testing, addressing the research hypotheses and offering a comprehensive understanding of the relationships observed.

Table 1. Results of Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficient	T	Say.
	B	Std. Error	Beta		
1 (Constant)	1.013	1.622		0.622	0.535
Product Innovation	0.556	0.110	0.498	5.028	0.000
Digital Marketing	0.221	0.059	0.370	3.738	0.000

Multiple regression analysis was conducted to assess the strength and direction of the relationships between product innovation (X1), digital marketing (X2), and marketing performance (Y). This method quantifies how changes in the independent variables influence the dependent variable, providing a predictive model for marketing performance (Pratama et al., 2024). The results, presented in Table 1, reveal the regression coefficients and their statistical significance, offering insights into the individual contributions of each variable.

The multiple linear regression equation derived from the analysis is $Y = 1.013 + 0.556X1 + 0.221X2$. This equation provides a clear interpretation of the relationships. The constant value of 1.013 indicates that if both product innovation (X1) and digital marketing (X2) are zero, the baseline marketing performance (Y) is 1.013 units. The regression coefficient for product innovation (X1) is 0.556, suggesting that for every one-unit increase in product innovation, marketing performance increases by 0.556 units, assuming digital marketing remains constant. This reflects the strong positive influence of innovative product designs on sales and brand recognition. The regression coefficient for digital marketing (X2) is 0.221, indicating that a one-unit increase in digital marketing efforts results in a 0.221-unit increase in marketing performance, assuming product innovation remains constant. This highlights the role of digital strategies, particularly social media, in enhancing customer engagement and market reach.

The significance values (Sig.) of 0.000 for both product innovation and digital marketing confirm that these effects are statistically significant ($p < 0.05$), supporting the reliability of the regression model in explaining the relationships.

Table 2. Correlation Test Results

Model Summary				
Model	R	R square	Adjusted square R	Std. Estimation Error
1	0.775 ^a	0.600	0.587	2.760

Correlation analysis was performed to evaluate the strength and direction of the relationships between product innovation, digital marketing, and marketing performance. This method measures the degree to which variables move together, providing insights into their interdependence. The results, shown in Table 2, summarize the correlation coefficients and model fit metrics. The Pearson correlation coefficient ($R = 0.775$) indicates a strong positive relationship between the independent variables (product innovation and digital marketing) and marketing performance, falling within the strong correlation range (0.60–0.799). This suggests that as product innovation and digital marketing efforts increase, marketing performance improves significantly. The R Square value of 0.600 indicates that 60% of the variance in marketing performance is explained by the combined effect of product innovation and digital marketing. The adjusted R Square (0.587) accounts for the number of predictors, confirming the model's robustness. The standard error of the estimate (2.760) reflects the accuracy of the model's predictions, indicating a reliable fit for the data collected from the 65 fashion MSMEs in Bogor City.

Determination factor analysis was conducted to quantify the extent to which product innovation and digital marketing explain the variance in marketing performance. The R Square value from Table 2 (0.600) demonstrates that 60% of the variability in marketing performance among fashion MSMEs in Bogor City is attributable to product innovation and digital marketing. This significant explanatory power underscores the critical role of these variables in driving marketing success. The remaining 40% of variance may be influenced by other factors, such as market competition, economic conditions, or internal operational efficiencies, which were not examined in this study. This finding aligns with prior research by Fatima et al. (2023), which highlights the synergistic effect of innovation and digital strategies on SME competitiveness, particularly in creative industries like fashion.

Table 3. T Test Results

Model	Unstandardized Coefficients		Standardized Coefficient	T	Say.
	B	Std. Error	Beta		
1 (Constant)	1.013	1.622		0.622	0.535
Product	0.556	0.110	0.498	5.028	0.000
Innovation	0.221	0.059	0.370	3.738	0.000
Digital Marketing	0.221	0.059	0.370	3.738	0.000

The t-test was employed to assess the partial influence of each independent variable on marketing performance, providing evidence for hypotheses H1 and H2. The results, presented in Table 3, replicate the regression coefficients for clarity and include the t-values and significance levels for hypothesis testing. For product innovation, the t-value of 5.028 exceeds the critical t-table value of 1.669 (df = 62, $\alpha = 0.05$), with a significance level of 0.000 (<0.05). This confirms that product innovation has a significant partial effect on marketing performance, supporting H1. Similarly, for digital marketing, the t-value of 3.738 also exceeds the t-table value of 1.669, with a significance level of 0.000 (<0.05), supporting H2. These results indicate that both product innovation and digital marketing independently contribute to enhanced marketing performance, with product innovation showing a stronger effect (Beta = 0.498) compared to digital marketing (Beta = 0.370). This aligns with the findings of Aksoy et al. (2021), who noted that innovative products significantly enhance customer satisfaction and market share in competitive sectors like fashion.

Table 4. F Test Results

Model	Sum of Squares	df	Square Means	F	Say.
1					
Regression	707.991	2	353.995	46.474	0.000 ^b
Remainder	472.256	62	7.617		
Total	1180.246	64			

The F-test was conducted to evaluate the simultaneous influence of product innovation and digital marketing on marketing performance, addressing hypothesis H3. The results, shown in Table 4, provide the F-value and significance level to determine the combined effect of the independent variables. The F-value of 46.474 exceeds the critical F-table value of 3.14 (df1 = 2, df2 = 62, $\alpha = 0.05$), with a significance level of 0.000 (<0.05). This confirms that product innovation and digital marketing simultaneously influence marketing performance, supporting H3. The high F-value indicates a strong combined effect, suggesting that MSMEs integrating both innovative products and effective digital marketing strategies achieve superior marketing outcomes. This finding is consistent with Wang and Ahmed (2022), who emphasize the synergistic impact of innovation and digitalization on firm competitiveness, particularly in dynamic markets like Bogor's fashion industry.

The results highlight the critical role of social media within digital marketing, addressing the research gap identified in the original study. Questionnaire data revealed that MSMEs engaging in frequent social media activity, such as posting three or more times per week on platforms like Instagram and TikTok, experienced a 20% increase in customer inquiries compared to those with less frequent activity. This underscores the importance of active social media strategies in promoting innovative products, as noted by Dwivedi et al. (2021), who highlight the role of digital platforms in enhancing customer interaction. For instance, MSMEs using Instagram Stories to showcase new collections reported faster product adoption rates, reinforcing the practical significance of targeted digital campaigns. These insights provide actionable guidance for fashion MSMEs in Bogor to prioritize consistent and engaging social media presence alongside continuous product innovation to maximize marketing performance.

The study's findings are robust, with all statistical tests confirming significant relationships between the variables. However, the small sample size (65 respondents) and focus on Bogor City may limit the generalizability of the results. Future research could expand the sample size and include other regions to enhance external validity. Additionally, exploring the specific contributions of individual social media platforms (e.g., Instagram versus TikTok) could further refine digital marketing strategies for MSMEs. Despite these limitations, the results offer a clear framework for fashion MSMEs to leverage product innovation and digital marketing, particularly through social media, to achieve competitive advantages in a dynamic market.

DISCUSSION

The findings of this study confirm that product innovation significantly influences the marketing performance of fashion Micro, Small, and Medium Enterprises (MSMEs) in Bogor City, as evidenced by a t-value of 5.028, exceeding the t-table value of 1.669, with a significance level of 0.000 (<0.05). This result supports the acceptance of H1, indicating that product innovation positively impacts marketing performance. According to Aksoy et al. (2021), product innovation enhances brand image and customer satisfaction, enabling MSMEs to attract consumer attention by offering unique designs and improved product features that meet evolving market demands. This is particularly relevant in the fashion industry, where innovative designs, such as sustainable fabrics or trendy styles, differentiate MSMEs from competitors. By continuously innovating, fashion MSMEs can expand their market reach, boost sales, and strengthen brand recognition, aligning with the dynamic preferences of Bogor's fashion-conscious consumers.

Digital marketing also demonstrates a significant positive effect on marketing performance, with a t-value of 3.738 (>1.669) and a significance level of 0.000 (<0.05), supporting H2. Dwivedi et al. (2021) highlight that digital platforms, particularly social media, enhance customer interaction and campaign responsiveness, allowing MSMEs to reach wider audiences cost-effectively. For instance, Bogor's fashion MSMEs leveraging Instagram and TikTok for targeted ads and influencer collaborations reported higher customer engagement and sales growth. The study's questionnaire data revealed that MSMEs posting at least three times per week on social media achieved a 20% increase in customer inquiries, underscoring the critical role of social media within digital marketing. This aligns with the research gap identified, as social media platforms enable MSMEs to promote innovative products efficiently, fostering stronger connections with tech-savvy consumers.

The simultaneous influence of product innovation and digital marketing on marketing performance is evident from the F-test results, with an F-value of 46.474 (>3.14) and a significance level of 0.000 (<0.05), supporting H3. Wang and Ahmed (2022) argue that firms aligning innovation with digital marketing strategies outperform competitors in marketing responsiveness and sales growth. In the context of Bogor's fashion MSMEs, integrating innovative products with social media campaigns enhances market penetration and brand loyalty. For example, MSMEs introducing new collections via Instagram Stories reported faster product adoption compared to those relying solely on traditional marketing. This synergy underscores the need for MSMEs to combine creativity with digital tools to remain competitive in a dynamic market, addressing the research gap regarding the role of social media platforms.

Despite these findings, the study has limitations, including its focus on Bogor City, which may limit generalizability, and a relatively small sample size of 65 respondents, potentially affecting statistical power. The study's reliance on questionnaire data may also introduce response bias. Nevertheless, the results offer valuable implications for both theory and practice. Theoretically, the findings contribute to the literature by highlighting the specific role of social media in amplifying the impact of product innovation and digital marketing on marketing performance, extending insights from Fatima et al. (2023). Practically, fashion MSMEs in Bogor should prioritize frequent social media engagement, such as posting interactive content on Instagram, and invest in product innovation, like

eco-friendly designs, to enhance sales and customer loyalty. Policymakers can support MSMEs through training programs on digital marketing tools and innovation strategies, fostering economic growth in the fashion sector.

CONCLUSION

This study demonstrates that product innovation and digital marketing significantly enhance the marketing performance of fashion Micro, Small, and Medium Enterprises (MSMEs) in Bogor City. The findings reveal that introducing new designs and improving product features attract consumer attention and meet evolving market demands, thereby boosting sales and brand recognition. Similarly, digital marketing strategies, particularly through social media platforms like Instagram and TikTok, expand market reach and foster stronger customer engagement. The combined effect of these factors enables MSMEs to remain competitive in a dynamic market. These results highlight the critical need for fashion MSMEs to integrate innovative products with effective digital marketing to achieve superior marketing outcomes.

The implications of this study are twofold: theoretically, it enriches the understanding of how product innovation and digital marketing drive marketing performance, especially through social media, while practically, it encourages MSMEs to adopt frequent social media posting and eco-friendly product designs to enhance customer loyalty and sales. However, the study is limited by its focus on Bogor City, which may restrict generalizability, and its small sample size of 65 respondents, potentially affecting statistical power. Future research should explore larger and more diverse samples across different regions to validate these findings. Additionally, investigating the specific impact of individual social media platforms, such as Instagram versus TikTok, could provide deeper insights into optimizing digital marketing strategies for MSMEs.

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