

THE EFFECT OF DIGITAL MARKETING AND LEARNING ORIENTATION ON MARKETING PERFORMANCE: MEDIATING COMPETITIVE ADVANTAGE

Ardy Fimansyah¹⁾, M. Taufiq Noor Rokhman²⁾, Novita Rifaul Kirom³⁾¹⁾ Student of Master of Management Study Program, Universitas Wisnuwardhana Malang^{2, 3)} Master of Management Study Program, Universitas Wisnuwardhana Malang

Received : 01 October 2025

Published : 17 January 2026

Revised : 10 October 2025

DOI : <https://doi.org/10.54443/morfaiv6i2.4903>

Accepted : 15 November 2025

Publish Link : <https://radjapublika.com/index.php/MORFAI/article/view/4903>

Abstract

This study examines how digital marketing, market orientation, and competitive advantage enable batik MSMEs in Proppo Sub-District, Pamekasan Regency, enhance their marketing performance using a resource-based viewpoint. The research population, which was chosen using a census sampling technique, consists of 59 MSME batik business players who use digital marketing. The data was analysed using partial least squares (PLS) modelling of variance-based structural equations. The results show that digital marketing and market orientation greatly increase competitive advantage, which enhances marketing performance.

Keywords: *digital marketing, market orientation, competitive advantage, marketing performance*

INTRODUCTION

Batik represents a traditional Indonesian art form that has been officially inscribed by UNESCO as part of the Intangible Cultural Heritage of Humanity in 2009, and the development of batik in East Java, particularly in Pamekasan Regency, presents a compelling phenomenon. Pamekasan batik represents a distinctive cultural heritage of Madura, characterized by bold motifs and vibrant colors that reflect the identity of the local community. Beyond its economic value, batik embodies rich cultural significance and regional identity. Pamekasan batik has also become an iconic symbol that reinforces the image of Pamekasan Regency as the “batik city” of Madura. Despite this considerable potential, batik entrepreneurs face a number of challenges. Several reports indicate that batik sales in Klampar have fluctuated and, in some periods, declined significantly. One report notes that batik sales dropped by up to 50 percent during a certain period. Limited access to capital also adversely affects marketing performance. Financial constraints hinder artisans from conducting promotional activities, participating in major exhibitions, or developing professionally managed online stores, resulting in low market penetration. In fact, adequate access to capital could support more intensive promotional efforts, expand distribution channels, and improve product packaging to enhance consumer appeal.

Based on the challenges faced by batik MSMEs in Proppo District, Pamekasan Regency, it is both relevant and necessary to conduct a study focusing on the marketing performance of these enterprises. According to Alrubaiee, (2013) marketing performance represents a benchmark for evaluating the outcomes generated by a firm's marketing activities. Meanwhile Sudirjo et al., (2023), marketing performance reflects how effectively a company aligns its product offerings with market demand to achieve desired outcomes. Enhancements in marketing performance can be understood through the lens of the Resource-Based View (RBV), which conceptualizes value creation as the result of a firm's ability to strategically deploy and combine its internal resources and capabilities (Kellermanns et al., 2016). This framework highlights the importance of identifying strategically valuable assets that offer the strongest potential for building competitive advantage (Akio, 2005). Consequently, RBV has been extensively applied to explain how firms improve marketing effectiveness and overall performance outcomes (Kayabasi & Mtetwa, 2016). Firms that manage their resources and capabilities in a deliberate and systematic manner are therefore more likely to achieve enduring competitive advantages and superior levels of performance (Ireland et al., 2003). Within the Resource-Based View (RBV) framework, improvements in marketing performance can be achieved through the effective utilization of digital marketing as a strategic organizational capability. Digital marketing refers to a set of marketing activities that leverage network-based media to promote brands and engage target markets (Sudirjo et al., 2023). According to Hubbina, (2023), the primary objective of digital marketing is to facilitate firms in reaching consumers through a wide range of available digital platforms. The beneficial impact of digital marketing on

enhancing marketing performance is generally supported by empirical data. Digital marketing and marketing performance are significantly positively correlated, according to a number of research, including those by Chusumastuti et al. (2023), Putra et al. (2025), Raintung et al. (2024), Sudirjo et al. (2023), and Wibawa et al. (2024). However, Espandiarti & Santosa (2025) draw different conclusions, finding no discernible effect of digital marketing on marketing performance. Digital is not the sole factor that shapes marketing performance. The degree to which businesses use a market-oriented strategy influences marketing performance in addition to digital marketing strategies. In order to produce greater customer value, market orientation places a strong emphasis on ongoing organizational efforts to comprehend and meet customer wants (Keskin, 2006). According to empirical research, market orientation greatly improves marketing performance, which is consistent with this viewpoint (Syarifah et al., 2020). The findings of earlier empirical studies on how market orientation influences marketing performance have been conflicting. Market orientation has been shown to improve marketing performance in a number of studies (Handoyo, 2015; Putri et al., 2016; Rokhman, 2019; Devara & Sulistyawati, 2019; Hussein, 2019; Riswanto et al., 2020); yet, some studies show non-significant impacts. In particular, Manambing et al. (2018) and Susanto (2019) draw the conclusion that market orientation has little bearing on marketing effectiveness. Based on the inconsistent findings of prior studies regarding the effects of digital marketing and market orientation on marketing performance, a clear research gap remains. This inconsistency highlights the need for further investigation by incorporating competitive advantage as a mediating variable to better explain the relationships among these constructs.

Competitive advantage among micro, small, and medium enterprises (MSMEs) depends on their ability to acquire and leverage distinctive resources that differentiate them within the marketplace. One such strategic resource is the effective utilization of digital marketing, which enables MSMEs to engage directly with consumers, strengthen relationships, and enhance customer loyalty through digital platforms (Sudirjo et al., 2023). Empirical evidence indicates that well-executed digital marketing strategies contribute to higher levels of customer loyalty and positively influence business competitiveness (Chaffey & Chadwick, 2016). This perspective is further supported by previous studies conducted by Farhas & Ependi, (2022), Padli, (2022), Telambanua et al., (2023), Aglifianti & Ali, (2024) dan Wicaksono, (2024), which repeatedly show that the adoption of digital marketing strategies plays an important role in strengthening competitive advantage. In addition to digital marketing, market orientation represents another strategic resource that can be leveraged. Rosnawintang et al., (2012) maintain that an increased emphasis on market orientation equips small and medium-sized industries with the capability to design strategies that are better aligned with achieving competitive advantage. This view is further substantiated by empirical evidence from studies conducted by Dewi & Ekawati, (2017), Hermayanti et al., (2024), Syahrul et al., (2024) dan Yakin & Suhaeni, (2020), which conclude that market orientation makes a significant contribution to the enhancement of competitive advantage.

MSMEs that can create a competitive edge are better positioned to enhance their marketing capabilities. This implies that improving marketing performance is strongly associated with a greater chance of attaining better competitive advantage. Competitive advantage typically rises as marketing performance does (Hudha et al., 2022). Empirical data from earlier research on how competitive advantage affects marketing success further supports this conceptual connection. Research by Arbawa & Wardoyo (2018), Manambing et al. (2018), Naninsih et al. (2022), Nina et al. (2022), Nofrizal et al. (2020), and Kirom et al. (2024) repeatedly shows that marketing success is significantly impacted by competitive advantage. Drawing on the Resource-Based View (RBV), which emphasizes internal factors in shaping business strategy, this study examines efforts to enhance the marketing performance of batik MSMEs located in Proppo District, Pamekasan Regency. In this study, digital marketing and market orientation are treated as intangible strategic resources that enable firms to build competitive advantage, thereby improving marketing performance. These relationships are integrated into a single conceptual model grounded in the RBV framework.

LITERATURE REVIEW

Resources Based View (RBV)

The Resource-Based View (RBV) emphasizes that firm performance is shaped by the interaction between internal resources and external competitive conditions (Makhija, 2003). Within this perspective, superior performance arises from a firm's ability to deploy unique resources and organizational capabilities to exploit external opportunities and address environmental challenges (Madhani, 2014). Although RBV has been criticized for insufficiently distinguishing between homogeneous and heterogeneous resources, integrating these dimensions enables firms to develop resource configurations that are firm-specific and difficult to imitate, thereby generating competitive advantage and enhancing performance (Kellermanns et al., 2016). Consequently, RBV provides a strong

theoretical foundation for explaining how strategic resources contribute to competitive advantage and improved marketing performance (Barney & Hesterly, 2015; Kayabasi, A., dan Mtetwa, 2016).

Marketing Performance

Marketing performance reflects how effectively a firm's marketing activities contribute to the achievement of intended outcomes and strategic market goals. It is commonly defined as a measure of the results generated from marketing efforts and the overall effectiveness of the marketing process (Alrubaiee, 2013; Hudha et al., 2022). From a market-oriented perspective, marketing performance reflects a firm's ability to align its products with market demand and customer expectations, thereby translating marketing strategies into tangible results (Espandiarti & Santosa, 2025). Prior studies suggest that marketing performance can be evaluated using multiple dimensions, including sales growth, customer-related outcomes, and financial returns. Indicators frequently used in the literature include sales growth, customer growth, product success, market share, and profitability (Runyan et al., 2008); Nina et al., 2022; Manek, 2013). Furthermore, marketing performance is widely recognized as a critical determinant of business success, as it captures how effectively firms implement market strategies to generate superior market and financial outcomes compared to competitors (Devara & Sulistyawati, 2019).

Digital Marketing

Digital marketing is defined as the use of digital and online media as a means to communicate and promote brands, products, or services to target audiences (Chaffey & Chadwick, 2016). It emphasizes the integrated use of multiple digital channels—such as websites, social media, and email—to deliver a consistent and engaging customer experience. As a strategic tool, digital marketing enables firms to efficiently reach consumers through various digital platforms and facilitates two-way communication, allowing marketers and customers to interact within the same environment, which in turn enhances customer satisfaction (Effendi et al., 2023). From an operational perspective, digital marketing involves the use of digital channels to communicate value propositions and build relationships with consumers. Prior studies identify several key indicators for assessing digital marketing effectiveness, including accessibility, interactivity, entertainment value, credibility, and informativeness (Yonada & Indriyani, 2023).

Market Orientation

Rosnawintang et al. (2012), market orientation helps firms better understand their business environment and respond to client needs. Businesses with a strong focus on the market are more adept at assessing consumer preferences and competitive dynamics, which facilitates better strategic decision-making (Devara & Sulistyawati, 2019). Additionally, putting market orientation into practice strengthens ties with customers, which boosts sales, growth, market share, and profitability (Anggraini et al., 2022). In line with earlier research, customer orientation, competitor orientation, and interfunctional coordination are the three main aspects that are typically used to operationalize market orientation (Narver & Slater, 2012, Albahussain, 2015).

Competitive Advantage

Competitive advantage refers to a firm's strategic ability to outperform its competitors and represents a central element of marketing performance in highly competitive markets (Hudha et al., 2022). Rather than being derived from the firm as a whole, competitive advantage emerges from specific value-creating activities, including product design, production, marketing, delivery, and after-sales support (Bratić, 2011). These activities collectively enable firms to differentiate themselves and sustain superior performance. In empirical research, competitive advantage is commonly assessed using multiple dimensions, such as price or cost efficiency, product quality, delivery dependability, product innovation, and speed to market (Bratić, 2011; Suharto et al., 2021).

DEVELOPMENT HYPOTHESIS

Digital marketing can be understood as a set of marketing practices that utilize network-based and digital media to support brand promotion (Sudirjo et al., 2023). As noted by Hubbina, (2023), the main purpose of digital marketing is to enable firms to effectively reach and interact with consumers through various digital platforms. The use of shared digital spaces allows marketers and consumers to engage in two way communication, which can enhance customer satisfaction. In a broader sense, digital marketing refers to initiatives to advertise goods or services online in order to effectively engage customers. Prior research on the relationship between digital marketing and marketing performance, including studies by Chusumastuti et al. (2023), Putra et al. (2025), Raintung et al. (2024), Sudirjo et al. (2023), and Wibawa et al. (2024), consistently shows that digital marketing has a favorable and substantial impact on marketing performance. The following hypothesis is developed in light of these findings:

H1: Digital marketing has a significant effect on marketing performance.

A collection of organizational procedures and actions known as "market orientation" are intended to generate and meet consumer needs by continuously assessing client preferences (Tamrin & Ade, 2021). The effective adoption of market orientation is therefore expected to enhance marketing performance. Manek, (2013) further emphasizes that market orientation plays a crucial role in supporting marketing performance by enabling firms to respond more effectively to market demands, thereby indicating a positive and significant relationship between market orientation and marketing performance. Empirical evidence supporting this relationship has been reported by previous studies examining the effect of market orientation on marketing performance, including research conducted by Handoyo, (2015), Putri et al., (2016), (Rokhman, 2019), Devara & Sulistyawati, (2019), Hussein, (2019) dan Riswanto et al., (2020), these studies conclude that market orientation has a positive effect on marketing performance. Based on the findings of prior empirical research, the following hypothesis is proposed:

H2: Market orientation has a significant effect on marketing performance.

In an increasingly dynamic digital era, firms are challenged to sustain and strengthen their competitive positions. One of the most effective strategies for reaching consumers efficiently is through digital marketing. By utilizing digital platforms, MSMEs can engage directly with consumers, strengthen relationships, and enhance customer loyalty (Sudirjo et al., 2023). Prior studies indicate that effective digital marketing strategies contribute to higher customer loyalty and positively influence competitive advantage (Chaffey & Chadwick, 2016). This perspective is further supported by empirical evidence from Farhas & Ependi, (2022), Padli, (2022), Telambanua et al., (2023), Aglifianti & Ali, (2024) and Wicaksono, (2024) which consistently conclude that digital marketing contributes to the enhancement of competitive advantage. Drawing on prior empirical findings, the following hypothesis is proposed:

H3: Digital marketing has a significant effect on competitive advantage.

Companies that embrace a robust market orientation are typically more attuned to environmental shifts and more adept at adjusting to fluctuating market conditions, enabling them to devise competitive strategies more efficiently than their rivals. Rosnawintang et al. (2012) assert that elevated market orientation levels empower small and medium-sized firms to execute plans more effectively to attain competitive advantage. This perspective is further substantiated by empirical evidence from prior investigations. Studies by Dewi & Ekawati (2017), Hermayanti et al. (2024), Syahrul et al. (2024), and Yakin & Suhaeni (2020) consistently indicate that market orientation positively influences the development of competitive advantage. Based on these empirical observations, the subsequent hypothesis is proposed:

H4: Market orientation has a significant effect on competitive advantage.

Competitive advantage is a critical factor that determines firm sustainability and success in increasingly intense market competition. The presence of competitive advantage enhances the capacity of MSMEs to attain superior marketing performance, reflecting a positive relationship between competitive advantage and marketing outcomes. As marketing performance improves, competitive advantage also tends to increase on average (Hudha et al., 2022). This relationship is supported by empirical evidence from previous studies, including those by Arbawa & Wardoyo, (2018), Manambing et al., (2018), Naninsih et al., (2022), Nina et al., (2022), Nofrizal et al., (2020) dan Kirom et al., (2024) which consistently show that competitive advantage significantly affects marketing performance. Accordingly, the following hypothesis is derived from existing empirical findings:

H5: Competitive advantage has a significant effect on marketing performance.

The examination of competitive advantage as a mediating variable in the relationship between digital marketing and marketing performance is grounded in prior empirical evidence. Previous studies by Farhas & Ependi, (2022), Padli, (2022), Telambanua et al., (2023), Aglifianti & Ali, (2024) and Wicaksono, (2024) demonstrate that digital marketing contributes to the enhancement of competitive advantage. In addition, research conducted by Arbawa & Wardoyo, (2018), Manambing et al., (2018), Naninsih et al., (2022), Nina et al., (2022), Nofrizal et al., (2020) dan Kirom et al., (2024) confirms that competitive advantage significantly influences marketing performance. Based on these empirical findings, the following hypothesis is proposed:

H6: Competitive advantage mediates the effect of digital marketing on marketing performance

Empirical research supports the notion of competitive advantage as a mediating variable in the link between market orientation and marketing performance. Numerous research, such as those conducted by Dewi & Ekawati (2017), Hermayanti et al. (2024), Syahrul et al. (2024), and Yakin & Suhaeni (2020), demonstrate that market orientation significantly enhances competitive advantage. Furthermore, empirical evidence shown by Arbawa & Wardoyo (2018), Manambing et al. (2018), Naninsih et al. (2022), Nina et al. (2022), Nofrizal et al. (2020), and Kirom et al. (2024) indicates that competitive advantage significantly influences marketing success. Based on these empirical findings, the subsequent hypothesis is put forth:

H7: Competitive advantage mediates the relationship between market orientation and marketing performance.

Based on the theoretical framework and findings from previous studies, the conceptual framework of this research is illustrated as follows:

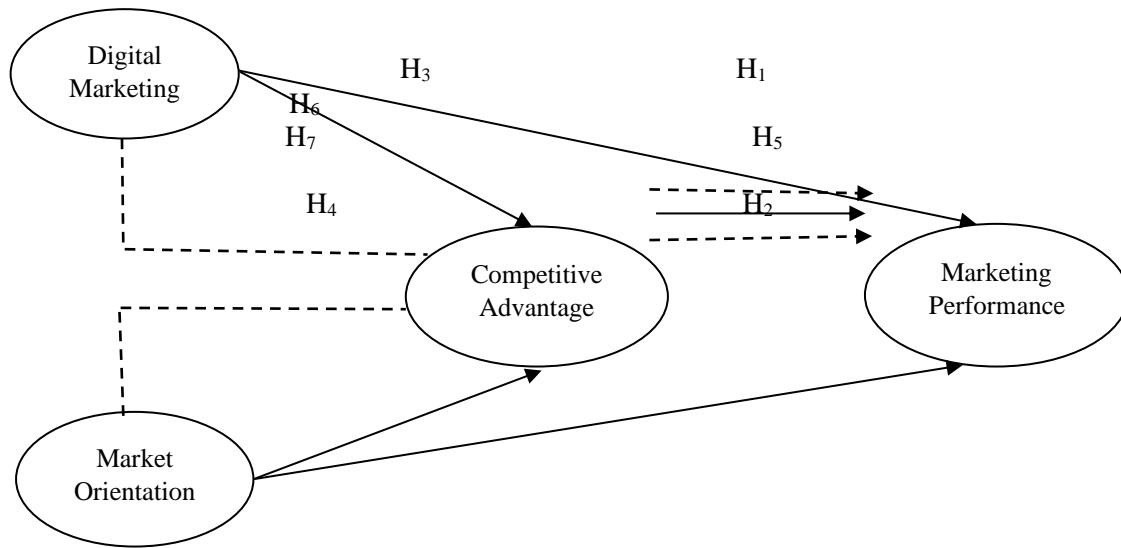


Figure 1. Conceptual Framework of the Research Model

METHODS

Research design

This study adopts an explanatory research approach designed to clarify the patterns of relationships and potential causal links among two or more variables, which may be symmetrical, causal, or reciprocal in nature. In particular, the research investigates the influence of digital marketing and market orientation on marketing performance, while considering competitive advantage as a mediating variable.

Population and Sample

The population of this research comprises 59 batik MSME owners operating in Proppo District, Pamekasan Regency, all of whom have adopted digital marketing practices. A detailed breakdown of the population is provided in Table 1.

Table 1. Research Population

District	Village	Cluster
Proppo	Candi Burung	3
	Klampar	27
	Larangan Badung	11
	Toket	18
Number		59

This study employs a saturated sampling (census) technique, in which the entire population is used as the research sample. Accordingly, the sample consists of all 59 batik MSME owners located in Candi Burung Village, Klampar Village, Larangan Badung Village, and Toket Village in Proppo District, Pamekasan Regency.

Research Variable Operationalization

The variables in this study can be described as follows:

Table 2. Operational Matrix of Research Variables

No	Variable	Indicators	Source
1	Digital Marketing	Accessibility	Yonada & Indriyani, (2023)
		Interactivity	
		Credibility	
		Informativeness	
2	Market Orientation	Interfunctional Coordination	Narver & Slater, (2012), Albahussain, (2015)
		Competitor Orientation	
		Customer Orientation	
3	Competitive Advantage	Price Priority	(Bratić, 2011). Hudha et al., (2022)
		Product Quality Priority	
		Product Innovation Priority	
4	Marketing Performance	Sales Growth	Runyan et al., (2008) Hudha et al., (2022) Nina et al., (2022), Kirom et al., (2024)
		Customer Growth	
		Market Share Growth	
		Customer Satisfaction	

To measure the variables under study, respondents' perceptions were assessed using a Likert scale. In this study, each questionnaire item was scored as follows: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral/Somewhat Agree, 4 = Agree, and 5 = Strongly Agree.

Data Analysis Method

Data analysis was conducted using Structural Equation Modeling (SEM) with a variance-based technique, namely Partial Least Squares (PLS). The testing of hypotheses, including both direct and indirect effects of digital marketing and market orientation on competitive advantage and marketing performance, was carried out using t-statistics. A hypothesis was deemed statistically significant when the resulting t-value exceeded the threshold of 1.96 at a 5% level of significance ($\alpha = 0.05$), thereby leading to the rejection of the null hypothesis.

RESULT AND DISCUSSION

Outer Model Testing (Measurement Model)

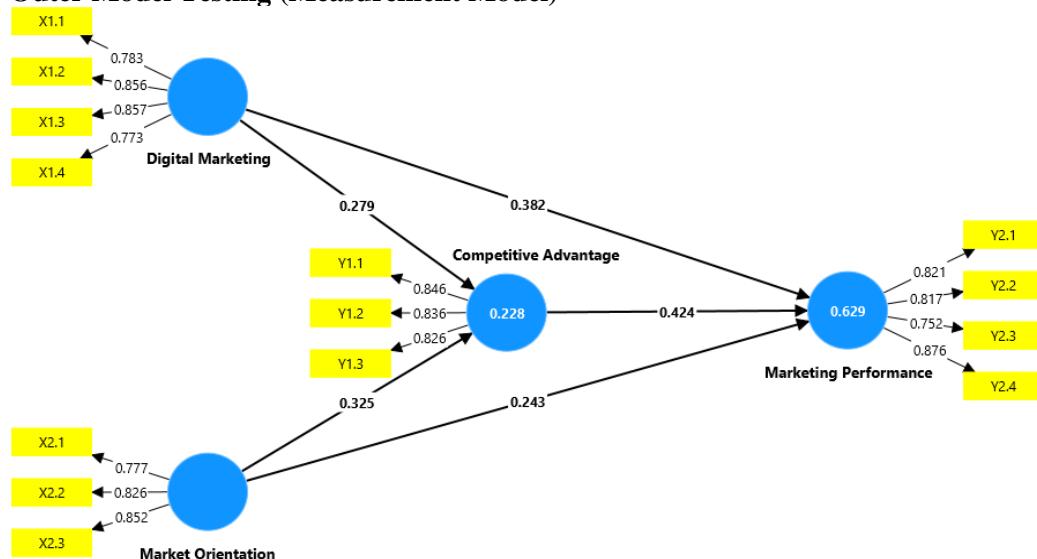


Figure 2. Outer Model Testing (Measurement Model)

Three main criteria convergent validity, discriminant validity, and composite reliability are used to evaluate the outer model. By examining the outer loading values of each indicator, convergent validity analyzes how well reflective

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indicators mirror their respective notions. Loading levels greater than 0.70 are frequently considered indicators of adequate reliability.

Table 3 shows the findings of the convergent validity assessment.

Table 3. Convergent Validity Results

	Competitive Advantage	Digital Marketing	Market Orientation	Marketing Performance
Accessibility		0.783		
Interactivity		0.856		
Credibility		0.857		
Informativeness		0.773		
Interfunctional Coordination			0.777	
Competitor Orientation			0.826	
Customer Orientation			0.852	
Price Priority	0.846			
Product Quality Priority	0.836			
Product Innovation Priority	0.826			
Sales Growth				0.821
Customer Growth				0.817
Market Share Growth				0.752
Customer Satisfaction				0.876

Discriminant validity indicates the degree to which an indicator uniquely assesses a particular construct without conflating with other constructs. A prevalent approach to evaluate discriminant validity involves analyzing the Average Variance Extracted (AVE), with a value exceeding 0.50 signifying an adequate degree of validity. The findings of the AVE study are displayed in Table 4.

Table 4. Average Variance Extracted (AVE) Results

Variable	Average variance extracted (AVE)
Digital Marketing	0.669
Market Orientation	0.671
Competitive Advantage	0.699
Marketing Performance	0.669

To avoid potential measurement-related problems, the final stage of evaluating the outer model involves assessing its unidimensionality. This assessment is carried out by examining composite reliability, applying a threshold value of 0.7. The outcomes of the composite reliability analysis are summarized in Table 5 below.

Table 5. Composite Reliability Results

Variable	Composite reliability (rho_a)
Digital Marketing	0.852
Market Orientation	0.774
Competitive Advantage	0.789
Marketing Performance	0.846

Structural Model (Inner Model) Testing

The assessment of the structural (inner) model is carried out by analyzing the R^2 values of the latent variables using the Geisser Q² approach, in addition to evaluating the estimated structural path coefficients. The significance and robustness of these path coefficients are determined through t-statistics obtained from the bootstrapping procedure. Moreover, the inner model is further assessed using the Cross-Validated Redundancy (Q²) criterion. The results of the structural model evaluation are summarized in Table 6.

Table 6. Predictive Power of Constructs

Variable	R-square
Competitive Advantage	0.228
Marketing Performance	0.629

Referring to the results shown in Table 4, the overall adequacy of the model is assessed using the total coefficient of determination (Q^2). The Q^2 value represents the predictive power of the model by indicating the extent to which the observed data can be accurately reproduced by the estimated model parameters. A Q^2 value above zero suggests that the model possesses predictive relevance, whereas a negative Q^2 value indicates a lack of predictive capability. The Q^2 statistic is calculated using the following formula:

$$Q^2 = 1 - (1 - R_1^2) * (1 - R_2^2)$$

The Q^2 calculation, using the R^2 values from the three models above, can be carried out as follows:

$$Q^2 = 1 - (1 - 0.228^2) * (1 - 0.629^2)$$

$$Q^2 = 1 - (0.352)$$

$$Q^2 = 0.648$$

The built model has predictive relevance and shows a high degree of predictive accuracy, according to the Q^2 calculation, which yielded a value of 64.8%.

Hypothesis Testing

The detailed results of the hypothesis testing are presented in Table 7.

Table 7. Research Findings Summary

Hypothesized path	Path coefficient	C.R	P values
Digital Marketing -> Marketing Performance	0.382	3.280	0.001
Market Orientation -> Marketing Performance	0.243	2.128	0.033
Digital Marketing -> Competitive Advantage	0.279	2.427	0.015
Market Orientation -> Competitive Advantage	0.325	2.336	0.020
Competitive Advantage -> Marketing Performance	0.424	4.810	0.000

The hypothesis testing results show that market orientation and digital marketing have a major impact on competitive advantage and marketing performance. Digital marketing has a big impact on competitive advantage and marketing success. Marketing performance and competitive advantage are significantly impacted by market orientation. Furthermore, marketing success is strongly and statistically significantly impacted by competitive advantage. These findings show that improvements in market orientation and digital marketing create a stronger competitive edge, which consequently improves marketing performance. In Table 8, the findings of the mediation analysis that looked at competitive advantage as a mediating variable in the relationships between digital marketing, market orientation, and marketing performance are presented in great detail.

Table 8. Mediation Analysis Results of Competitive Advantage

Hypothesized path	Path coefficient	C.R	P values
Digital Marketing -> Competitive Advantage -> Marketing Performance	0.118	2.028	0.043
Market Orientation -> Competitive Advantage -> Marketing Performance	0.138	2.331	0.020

The results of the mediation test show that the relationship between digital marketing and marketing performance is substantially mediated by competitive advantage. Moreover, the relationship between marketing performance and market orientation is strongly mediated by competitive advantage. All of these results support the idea that competitive advantage is a key way that market orientation and digital marketing improve marketing performance.

Discussion

The results of this study indicate that digital marketing has a significant effect on marketing performance. The effective application of digital marketing, particularly through secure transaction platforms, reliable customer

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data management, and trustworthy promotional content, enhances consumer confidence in batik products. This increased trust is reflected in higher levels of customer satisfaction with product quality and positive behavioral outcomes, including repeat purchases and favorable customer responses. These findings align with prior empirical studies, including those conducted Chusumastuti et al., (2023), Putra et al., (2025), Raintung et al., (2024), Sudirjo et al., (2023) dan Wibawa et al., (2024), which consistently report that digital marketing has a positive influence on marketing performance. Market orientation exerts a significant influence on marketing performance, particularly when it is manifested through strong customer orientation rather than merely possessing market awareness. By continuously identifying customer needs and closely observing emerging trends in batik motifs, MSMEs are able to better align their products with market demands. Such strategic adjustments contribute to improved marketing performance, as evidenced by higher levels of customer satisfaction and more positive purchasing behavior. This suggests that market orientation enhances performance only when it is translated into concrete strategic actions. These results are consistent with previous studies by Handoyo, (2015), Putri et al., (2016), Rokhman, (2019), Devara & Sulistyawati, (2019), Hussein, (2019) and Riswanto et al., (2020), which report a positive relationship between market orientation and marketing performance.

Furthermore, digital marketing was found to significantly contribute to competitive advantage. The secure and credible implementation of digital marketing platforms not only builds customer trust but also supports strategic pricing decisions that consider competitors' prices to maintain market competitiveness. This finding is in line with studies by Farhas & Ependi, (2022), Padli, (2022), Telambanua et al., (2023), Aglifianti & Ali, (2024) dan Wicaksono, (2024), which concluded that digital marketing contributes to enhancing competitive advantage. The competitive advantage of batik MSMEs in the Proppo District area, Pamekasan Regency is reflected in strategic pricing, where product prices are set by considering competitors' pricing to maintain market competitiveness. This advantage is reinforced by market orientation, particularly customer orientation, as MSME actors strive to understand customer needs and continuously monitor trends in preferred batik motifs. These findings align with previous research by Dewi & Ekawati, (2017), Hermayanti et al., (2024), Syahrul et al., (2024) dan Yakin & Suhaeni, (2020), which concluded that market orientation contributes to enhancing competitive advantage.

Furthermore, the competitive advantage of batik MSMEs in Proppo District positively affects marketing performance by enabling firms to align competitive pricing with customer preferences. This strategic alignment enhances perceived value, leading to higher customer satisfaction and favorable behavioral outcomes, such as repeat purchases and positive feedback. These results are consistent with prior studies conducted by Arbawa & Wardoyo, (2018), Manambing et al., (2018), Naninsih et al., (2022), Nina et al., (2022), Nofrizal et al., (2020) dan Kirom et al., (2024), which demonstrated that competitive advantage has a significant effect on marketing performance. Competitive advantage is found to mediate the relationship between digital marketing and marketing performance. Effective digital marketing, characterized by secure transaction platforms, responsible data management, and credible promotional content, strengthens competitive advantage by supporting strategic pricing decisions aligned with market competition. This mediation effect enhances marketing performance by increasing customer satisfaction with product quality and encouraging positive behavioral outcomes, such as repeat purchases and favorable feedback. These findings extend previous research by Farhas & Ependi, (2022), Padli, (2022), Telambanua et al., (2023), Aglifianti & Ali, (2024) dan Wicaksono, (2024), which concluded that digital marketing contributes to enhancing competitive advantage, and by Arbawa & Wardoyo, (2018), Manambing et al., (2018), Naninsih et al., (2022), Nina et al., (2022), Nofrizal et al., (2020) dan Kirom et al., (2024), which showed that competitive advantage significantly affects marketing performance.

Consistent with the mediation framework, competitive advantage functions as an intermediary mechanism linking market orientation to marketing performance. A strong customer-oriented approach, reflected in efforts to understand customer needs and monitor batik motif trends, enhances competitive advantage by informing strategic pricing decisions. This mediation mechanism ultimately improves marketing performance, as evidenced by higher customer satisfaction and positive behavioral responses. These results support and extend prior studies by Dewi & Ekawati, (2017), Hermayanti et al., (2024), Syahrul et al., (2024) dan Yakin & Suhaeni, (2020), which found that market orientation contributes to enhancing competitive advantage, along with the studies mentioned above confirming that competitive advantage significantly impacts marketing performance.

CONCLUSION, IMPLICATION/LIMITATION AND SUGGESTION

Based on the results, batik MSMEs in Proppo District, Pamekasan Regency, have better marketing performance since they have developed a competitive edge through digital marketing and market orientation. These findings reinforce the Resource-Based View (RBV) by emphasising how using organisational resources and capabilities strategically and methodically is essential for creating competitive advantage and enhancing marketing

performance (Kayabasi, A., dan Mtetwa, 2016); Ireland et al., 2003). In order to improve competitive advantage and marketing performance among batik MSMEs in Proppo District, the Department of Cooperatives, SMEs, and Manpower of Pamekasan Regency should prioritise digital marketing capabilities and market orientation, according to this study's empirical insights. The current literature should be improved by future research that examines the mediating role of innovation capability in the relationships among digital marketing, market orientation, and marketing performance.

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