

Investigating the role of e-commerce application and digital marketing implementation on the financial and sustainability performance: An empirical study on Indonesian SMEs

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ABSTRACT

The paper examined the influence of digital marketing and e-commerce on marketing performance and sustainability of the small and medium enterprises (SMEs). This research is quantitative research using a questionnaire approach method. Quantitative research is a research method based on the philosophy of positivism, used to research certain populations or samples, collecting data using research instruments, quantitative or statistical data analysis, with the aim of testing predetermined hypotheses. The sampling technique in this research is non-probability sampling. The respondents of this research were 580 SME owners in Indonesia. Research data was obtained by distributing online questionnaires via social media. The questionnaire was designed using a Likert scale from 1 to 7 and the analysis of research data used structural equation modeling (SEM). Based on the research results, it is concluded that digital marketing had a positive and significant relationship to marketing performance, E-Commerce had a positive and significant relationship with marketing performance, Digital marketing had a positive and significant relationship with business sustainability. In SMEs, E-Commerce had a positive and significant relationship with business sustainability in SMEs.

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1. Introduction

Digital marketing is a form of business or activity carried out by marketers, both companies and individuals, to market a product or brand, goods or service products, through the use of digital information technology, such as using electronic media, or using digital media. internet based. According to Ahmed et al. (2022) digital marketing based on electronic media can use advertisements on television or radio, while those based on internet media such as marketing via social media or e-commerce. The development of information technology and marketing through digital marketing is predicted to be a point of change in the technique of marketing a product from conventional marketing to using digital marketing, not only on marketing elements but also on all business activities, both large-scale businesses and national as well as small-scale individual businesses (Alwan et al., 2022).

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There are indicators that are currently used, including the increasing costs allocated by companies to market products with digital advertising, the increasing number of smartphone owners who support many activities carried out by the community, increasing access to communication infrastructure via cable networks and non-cable in order to realize high quality data and internet access to remote areas of the country, and also the increasing speed of accessing the internet via mobile phones which is driven by the development of the 4G era and will enter the 5G era (Amiri et al., 2023). In another explanation, digital marketing is the activity of introducing a product and looking for new consumers and customers by using various internet information technology platforms, such as e-commerce, social media, etc. Digital marketing is also usually called online marketing through a website developed for buying and selling activities. Digital marketing has grown in popularity over time, especially in Indonesia. Digital marketing is also a general term for marketing products or product marketing services using website or application technology, especially those using the internet (Dumitriu et al., 2019).

The development of digital marketing via the web, mobile phones and gaming devices is very rapid. Marketing activities including branding use various web-based media such as blogs, websites, e-mail, or social networks (Bâra et al., 2023). Digital marketing is not just talking about internet marketing. Digital technology that forms online channels to the market (website, e-mail, data base, digital TV and through various other latest innovations including blogs, feeds, podcasts and social networks) which contributes to marketing activities. The development of technology and the internet has had a major impact on human life. Technological progress is something that we cannot avoid in this life because technological progress will run in line with scientific progress. Technology is a tool/extension of human abilities. Nowadays, it has become a force that shackles our own behavior and lifestyle. With its enormous influence, since it is also supported by strong social systems, and at an increasingly high speed, technology has become the direction of human life. Technological developments are very necessary. Every innovation is created to provide positive benefits for human life (Fonseka et al., 2022). Therefore, technological development is very necessary. Every innovation is created to provide positive benefits for human life. Technological developments have forced practitioners to change their marketing channel strategy to online-based marketing channels, or what is known as digital marketing. Digital marketing is an activity carried out by a company which aims to increase further recognition of a product through electronic media/digital media so that it is hoped that it can reach consumers widely, without geographical area restrictions (Dumitriu et al., 2019). The development of lifestyle and consumer behavior which now increasingly adopts digital technology has changed consumer behavior in making purchases. Thus, it is important for marketers to understand the impact of digital marketing. In carrying out digital marketing, of course we need an appropriate marketing strategy and media to reach the target market so that sales volume always increases and generates profits. One way is to create a space for dialogue between business actors with identified potential consumers. With this situation, it is very possible for a relationship between consumers and business people to communicate or just share information. Apart from that, relationships between companies and brands must be built to provide benefits to each other. Thus, digital marketing is very important to consider achieving marketing success (Comia, 2023).

From the development of digital marketing technology, the benefits in terms of costs will be reduced a lot, this is because digital marketing via the internet does not require large fees or expenses, in contrast to conventional marketing which requires a very large marketing budget for trading activities or door to door promotional activities for certain products or word of mouth marketing activities, they only need an internet network to open websites, applications or social media as a place to carry out sales and promotional activities. SMEs who utilize digital marketing only need to provide information regarding the goods or services they will offer or sell on social media, websites, e-commerce, by creating an attractive advertisement with good and clear words to create an impulse, buying or sudden purchases from internet users (netizens) who saw it accidentally (Dumitriu et al., 2019). Nowadays, social media has become an important tool for connecting friends and relatives, or with its famous slogan, namely connecting people in various parts of the world, people easily use social media to connect and share various content, be it videos, photos or articles to colleagues and friends via various social media platforms.

According to Fahmi et al.(2022), electronic commerce, or commonly known as e-commerce, is a virtual place found on a particular website which is intended for trading a product, using an internet technology network and accessed via a personal computer or smartphone which contains a number of a catalog of products sold online, and also information about prices, availability of goods, information about payments, and ecommerce startup developers have been able to create a service for tracking goods that have been purchased. Further explaining the meaning of electronic commerce (ecommerce) is a website or application that is available on an internet browser network, where the website and application were created to make it easier for people to buy or sell goods/services, with the form and display model of the user interface (interface) in such a way to make it easier for consumers. According to Fonseka et al. (2022), there are various advantages for companies by marketing through e-commerce sites, or someone who is developing a home business (home industry) can use e-commerce to look for domestic (local) markets or even global (international) markets, because business activities or businesses are run through Internet technology development can be carried out without recognizing a country's territorial boundaries, product marketing costs can be reduced, the risk of human error in business will be reduced significantly.

In this digital era, now everything is made easier, and anything can be accessed using the internet starting from online shopping, ordering food online, to online-based transportation. With the rapid development of the internet today, a virtual world trading system has been built. According to Bâra et al. (2023), e-Commerce or electronic commerce is all forms of trade transactions in goods or services that use the internet as an intermediary. This development indirectly changes the habit of

shopping in person to shopping using online media. This makes people start to use digital media to fulfill their daily needs by making e-commerce a place to search for and buy certain products. E-commerce has become an alternative for people to shop or look for services such as online transportation without having to meet and communicate. Apart from that, e-commerce is a transaction process carried out by buyers and sellers in buying and selling various products electronically from company to other company using a computer as an intermediary for the business transactions they carry out. A brief history of e-commerce began at the beginning of 1970, at that time there was an innovation such as electronic fund transfer (EFT). At that time, the level of application was still limited to large financial institutions and a handful of small, reckless companies, then electronic data interchange (EDI) emerged, which expanded from financial transactions to processing other transactions and increased the number of companies participating, from financial institutions to manufacturing, retail, service companies and so on. Other applications then followed, ranging from stock trading to travel reservation systems. At that time the system was referred to as a telecommunications application whose strategic value was generally known. With the commercialization of the internet in the early 1990s, as well as its rapid growth reaching millions of potential customers, the term electronic commerce (e-commerce) emerged, the application of which soon developed rapidly. The use of e-commerce for small companies can provide flexibility in carrying out production, enabling faster delivery to customers, sending and receiving offers quickly and economically, and supporting fast, paperless transactions (Dumitriu et al., 2019). The development of information technology, especially the internet, creates a virtual space and replaces the physical space that stretches across the surface of the earth. Through this virtual space, all e-commerce activities occur. The distribution of smartphone ownership among all levels of society and equipped with internet access has made the development of e-commerce increasingly rapid. The development of e-commerce is very interesting to discuss because as time goes by, the telecommunications industry will continue to develop both in terms of service coverage and internet connection speed. With increasingly easier payment system support, electronic transactions or e-commerce activities will continue to grow.

The payment methods provided by most e-commerce are digital payments such as inter-bank transfers, virtual accounts, online credit cards, online debit cards, e-wallets, and others. However, cash payment can still be an option. Some e-commerce providers provide cash payments using the Cash On Delivery (COD) system where users can pay for their groceries in cash to the courier when the goods are delivered. Apart from the cash on delivery method, several e-commerce sites also provide cash payment options via mini markets. According to Fonseca et al. (2022), the function of paylater can be said to be the same as a credit card, but there is an advantage to paylater, namely that the registration method is relatively easy when compared to credit cards. To be able to use this service, users will be asked to provide personal data and a photo of themselves. Like credit cards, paylater can make it easier for consumers to fulfill all their needs, from shopping for primary needs to entertainment such as purchasing plane tickets, hotel reservations, recreation tickets, and others, then users can pay at each predetermined due date. PayLater, which is usually found on e-commerce sites, does not require using a physical card. In this research, the objects to be studied are SMEs. The reason the researcher chose this object was because the researcher wanted to know what influence digital marketing and e-commerce had on the marketing performance and sustainability of the business. As we know, we have now entered the digital era, where all activities can be carried out through the media. Therefore, SMEs must be prepared for developments in the digital era, one way is by carrying out digital marketing and using e-commerce.

2. Literature review

2.1 Digital Marketing

Marketing comes from the word market. In simple terms, a market can be understood as a place where a group of sellers and buyers meet to carry out transaction activities to exchange goods. The market is a place where consumers with their needs and desires are willing and able to engage in exchange to fulfill those needs and desires. According to Ahmed et al. (2022) marketing is the process of planning and implementing plans for pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals. In addition, marketing can be defined as a social and managerial process carried out by a person or group to obtain what they need and want through creating, offering and exchanging products of value with others. Digital marketing is a marketing activity including branding (brand recognition) that uses various web-based media such as blogs, websites, e-mail, Adwords, or other social networks. Of course, digital marketing is not just talking about internet marketing, but more than that. Digital Marketing is the use of the internet and the use of other interactive technologies to create and connect dialogue between companies and identified consumers. They also argue that e-marketing is a part of e-commerce. According to Bâra et al. (2023), digital marketing is becoming increasingly common today as businesses realize the importance of having a strong online presence. By using digital technology to promote products or services, businesses can reach a larger audience, interact with customers in real-time, and do so in a cost-effective manner (Alwan et al., 2022).

According to Gao et al. (2023), digital marketing is the strategy of promoting products or services using digital technology such as the internet, social media, search engines, email, and mobile devices. The history of digital marketing can be traced back to its earliest days on the internet when companies began to realize the potential of using websites to reach a wider audience. In the early 2000s, Search Engine Optimization (SEO) became a popular way to increase website visibility and increase traffic. This involves optimizing website content to rank higher on search engine results pages. The goal of digital marketing is to promote products or services using digital technology. According to Phumpa et al. (2022), digital marketing can enable businesses to reach a wider audience and connect with potential customers in real-time, which ultimately drives

more traffic and increases sales. One of the biggest benefits of digital marketing is the ability to reach a larger audience than traditional marketing methods. With the internet and social media, businesses can connect with people all over the world, expanding their customer base. So, it can give businesses the opportunity to grow and reach new markets that they might not have been able to reach before (Dumitriu et al., 2019). Digital marketing is more affordable than ordinary marketing methods. For example, running a social media campaign can be done for a fraction of the cost of television advertising. So, digital marketing is accessible to small businesses and start-ups who may not have the budget for typical marketing methods. Digital marketing can help businesses track and measure effectiveness. By using analytics tools, businesses can see how many people visit their website, engage with their content, and ultimately make a purchase. This data can then be used to improve future marketing efforts, making campaigns more effective over time.

2.2 Ecommerce

E-commerce is an abbreviation of Electronic Commerce, which means a marketing system using or using electronic media. According to Amiri et al. (2023), e-commerce includes distribution, sales, purchasing, marketing and service of a product carried out in an electronic system such as the Internet or other forms of computer networks. E-commerce is not a service or a good but is a combination of services and goods. According to Hadi et al. (2022), e-commerce and related activities via the internet can be a driving force for improving the domestic economy through the liberalization of domestic services and accelerating integration with global production activities. Because e-commerce will integrate domestic trade with world trade, various forms of discussion or negotiation will not only be limited to aspects of world trade, but also domestic policies regarding supervision in a country, especially in the fields of telecommunications, financial services, and shipping and distribution. According to Fahmi et al. (2022), marketing performance is a measure of achievement obtained from the overall marketing activity process for a company. This measure is an indication of whether a company is progressing or not. Electronic commerce is a process of buying and selling transactions which in practice are carried out online via electronic media. According to Laudon & Laudon, e-commerce is a business to business transaction that occurs through the internet network. In the world of commerce, e-commerce offers many changes. The buying and selling process no longer requires face-to-face meetings like in conventional stores. Sellers and buyers only need to process transactions online. Transactions occur more efficiently and quickly, especially with the integration of various payment systems which are made easier by API technology such as BRI-API. Currently, the means of e-commerce are not only via telephone and television, but now more often use the internet. Some people confuse marketplace with e-commerce and think they are the same. In fact, the meaning of e-commerce is different from marketplace. The increasingly massive development of digitalization also has an impact on the payment system in Indonesia. Currently, digital transactions in Indonesia have experienced significant development. According to Bâra et al. (2023) e-commerce is all trading activities carried out through electronic media. Televisions and telephones are available, but more e-commerce occurs over the Internet. Technological developments, especially the Internet, affect many areas of life, including retail. Commerce has changed in terms of the process of buying and selling and marketing products. This trading process is generally known as electronic commerce or e-commerce for short. The definition of e-commerce according to Laudon & Laudon is the process of selling and purchasing goods electronically by consumers, which is a business-to-business transaction with a computer intermediary, namely using a computer network. Bâra et al. (2023) defined e-commerce as a set of dynamic technologies with applications and business processes that connect businesses, consumers and society through e-commerce in the exchange of goods, services and information electronically. This understanding of e-commerce can lead to misunderstandings about how e-commerce systems and markets work. The term e-commerce is used to describe all transactions that use electronic media. Meanwhile, the marketplace itself is a model of e-commerce and acts as an intermediary between sellers and buyers. According to Zhang et al. (2022) Sellers trading in the market only need to buy. If the traditional buying and selling process requires face-to-face meetings between buyers and sellers, e-commerce no longer requires it. Buyers can trade in different cities without meeting and communicating via the internet. E-Commerce benefits both buyers and sellers. Buyers save money and time because they don't have to go far to look for the goods they need. Apart from these advantages, there are also disadvantages when processing buying and selling transactions via the Internet. According to Haudi et al. (2022) The disadvantage is that buyers cannot see the goods directly and hold the materials from which the goods are made. For example, if a buyer wants to buy clothes, the buyer's image and perception of the purchase may be different from the product being sold because they cannot hold and touch the materials used. This causes disappointment among buyers. In the case of electronic products, buyers may have difficulty managing the warranty, and the method of managing the warranty is unclear. When conducting online transactions, trust is the most important asset for sellers and buyers.

2.3 Marketing performance

Marketing performance is the output of all marketing efforts and strategies that entrepreneurs have implemented. Measuring marketing performance needs to be done because business goals, apart from creating customers, are also being able to make profits. Apart from that, measuring marketing performance can be seen from the correspondence between profit levels, sales volume, market share and customer satisfaction levels. Sustainability comes from the word sustain which means to continue and ability which means ability. In other terms, sustainability is the durability of a system and process (Alwan et al., 2022). Marketing performance is a measure of the achievement of a company's overall marketing process activities. Furthermore, marketing performance can be viewed as a concept used to measure the extent to which market performance can be achieved for a product that has been produced by the company (Comia, 2023). Marketing performance is a concept that measures a

company's marketing performance. Every company is interested in studying its achievements to reflect the success of its business in market competition. Marketing is an activity, a set of institutions and processes for creating, communicating, delivering and exchanging valuable offers for customers, subscribers, partners and society at large. Marketing is a one-person activity aimed at satisfying, fulfilling and satisfying needs through the communication process. According to Zhang et al. (2022), marketing performance is defined as the company's ability to develop marketing strategies, both implemented using the company's strengths and external factors from the 17 companies. This definition can be explained that marketing performance is a description of the marketing of the products and services being developed. Marketing performance is an index used to measure the success of the company's strategy used to market its products in the market. Evaluation of marketing performance can be measured from data about sales levels, increase in income, number of customers, or other data that shows the company's success in selling products or services. Marketing performance is a factor used to measure the impact of the strategy implemented by the company. The company's strategy is always directed at producing good marketing performance and good financial performance. There are three indicators of marketing performance, namely company effectiveness, sales growth and relative profit growth. In the research, it is also suspected that there is a significant relationship between market orientation and company effectiveness and sales growth which ultimately increases profit growth. Marketing performance variables are formed by three indicators, namely sales growth, customer growth and sales volume. Marketing performance is a measure of the achievement of a company's overall marketing process activities. Furthermore, marketing performance can be viewed as a concept used to measure the extent to which market performance can be achieved for a product that has been produced by the company.

2.4 Sustainability

Sustainability is the ability of a business system to maintain its production levels established by nature over a long period of time. Business sustainability is a business that ensures that all its activities and production processes consider social (people) and environmental (planet) conditions, and still make a profit. A sustainable business is a business that provides benefits both in the short and long term on an ongoing or consistent basis. According to Amiri et al. (2023) sustainable business is a business that can continuously apply social, economic, legal, behavioral and environmental values in its business strategy. Sustainable business focuses on environmentally friendly business concepts, in addition to seeking maximum profits. There are 3 points that are the reference for sustainable business, namely, people, profit, and planet (earth). The goal of sustainable business is actually the same as the business concept in general. Every company has the goal of making big profits. Sustainable businesses also have the same goal, namely making a profit. However, the important point of sustainable business is to make a profit while protecting the environment. This is what makes sustainable businesses focus more on producing environmentally friendly products. According to Ho and Chou (2023) many people are starting to become aware of the environment so they choose to look for environmentally friendly products. Then another advantage is the selection of raw materials for environmentally friendly products that can be reproduced or re-produced so that it will minimize long-term expenses. Just like business in general, sustainability business also aims to increase efficiency so that the business runs sustainably in the long term. This efficiency is related to raw materials and production activities in the surrounding environment. From this efficiency, the company will make more products by maximizing raw materials and minimizing waste of raw materials. This efficiency also certainly has a good impact on the environment. Sustainable businesses have a high commitment to protecting and preserving the environment. According to Fahmi et al. (2022), the dependence of business on nature on earth has encouraged companies to take care of their business so that it can continue in the long term. An example of protecting the earth is by using environmentally friendly technology or machines.

The relationship between digital marketing and marketing performance

According to Zhang et al. (2022), digital marketing can build, improve and maintain the reputation of a business online, on all digital platforms. With increasingly easy internet access nowadays, the number of internet users is increasing every day. People spend more time on the internet. According to Bâra et al. (2023), the advantage of digital marketing is that the branding process is much easier and faster. One of the biggest weaknesses of conventional marketing is its very limited promotional reach. In conventional strategies, companies need to spend more money if they want to brand more consumers. According to Ho and Chou (2023) digital marketing currently plays an important role in introducing a product and reaching customers directly. Digital marketing techniques have great potential in increasing customer preferences in purchasing a product, especially among young people who tend to easily adapt to digital products. According to Phumpa et al. (2022), digital marketing has a positive and significant effect on sales volume, meaning that the usefulness of digital marketing on sales volume is really needed because it will increase or decrease sales volume.

H₁: Digital Marketing has a positive and significant relationship with Marketing Performance

The relationship of E-Commerce to Marketing performance

According to Tolstoy et al. (2022) and Zhang et al. (2022) e-commerce plays an essential role that can help micro-scale entrepreneurs improve their business development. These roles include ease of communication, ease of marketing, minimal capital and time efficiency. According to Ho and Chou (2023) marketing strategies that can be used by business people using E-Commerce are, (1) Get to know customers, (2) Carry out continuous promotions, (3) Implement SEO, (4) Prioritize customers, (5) Utilize social media to promotion. Sellers can get practical benefits because e-commerce provides a variety of

payment methods. Starting from bank transfers, credit cards, to e-money. You only need to provide various payment methods so that customers can make transactions easily (Alwan et al., 2022). Another advantage can be felt in terms of recording transactions. Reducing company costs/increasing net profits. With e-commerce, business owners or companies do not need to spend excessive costs in providing many shops or buildings and many employees. This will increase profits by reducing company operational costs.

H₂: *E-Commerce has a positive and significant relationship with Marketing Performance.*

The Relationship of Digital Marketing to Business Sustainability in SMEs

Digital marketing can build, improve, and maintain the reputation of a business online, on all digital platforms. With increasingly easy internet access nowadays, the number of internet users is increasing every day. People spend more time on the internet. Digital marketing allows you to reach a wider market to market products efficiently. According to Amiri et al. (2023), social media accounts are almost inseparable from everyday life. With digital marketing, you can immediately reach hundreds and even thousands of people a day. From the research results, it is known that digital marketing makes it easier for SMEs players to provide information and interact directly with consumers, expand market share, increase awareness and increase sales for SME players (Comia,2023). By using digital marketing, you can reach a wider target market because it is not limited by geographic location. Apart from that, you can also determine what kind of target customers you want to target as promotional targets, both in terms of profession, age, location, hobbies, and so on. One of the main goals of digital marketing is to reach target customers more efficiently and effectively through existing digital media. In this way, digital marketing is expected to be able to reach consumers more quickly, precisely and widely.

H₃: *Digital Marketing has a positive and significant relationship with Business Sustainability in SMEs.*

The Relationship of E-Commerce to Business Sustainability in SMEs

According to Saura et al. (2020), Tolstoy et al. (2022) e-commerce plays an essential role that can help micro-scale entrepreneurs improve their business development. These roles include ease of communication, ease of marketing, minimal capital and time efficiency. The entry of SMEs into e-Commerce can increase Indonesia's economic growth because it is one way that SMEs can market their products as well as expanding market access. According to Ahmed et al. (2022) Technological advances have helped e-commerce to embrace small businesses spread throughout Indonesia. This makes Indonesian e-commerce more varied, and consumers increasingly have more choices in determining the goods or products they want. The use of "e-commerce" can be made to increase business scale, open up jobs and have a positive impact on various other supporting sectors of "e-commerce" businesses which in the end can contribute to the acceleration of economic growth. According to Novitasari (2022), Nyarko et al. (2022) Marketing strategies that can be used by business people using E-Commerce are, (1) Get to know customers, (2) Carry out continuous promotions, (3) Implement SEO, (4) Prioritize customers, (5) Utilize social media to promotion.

H₄: *E-Commerce has a positive and significant relationship with Business Sustainability in SMEs.*

3. Research methods

In this research, the objects to be studied are SMEs. The reason the researcher chose this object was because the researcher wanted to know what influence digital marketing and e-commerce had on the marketing performance and sustainability of the business. Today entered the digital era, where all activities can be carried out through media. Therefore, SMEs must be prepared for developments in the digital era, one way is by carrying out digital marketing and using e-commerce. This research is quantitative research using a questionnaire approach method. Quantitative research is a research method based on the philosophy of positivism, used to research certain populations or samples, collecting data using research instruments, quantitative or statistical data analysis, with the aim of testing predetermined hypotheses. The population in this research is SMEs. The sample is some psychological objects or members of the population taken according to certain procedures. The sampling technique in this research is non-probability sampling. The respondents of this research were 580 SME owners in Indonesia. Research data was obtained by distributing online questionnaires via social media. The questionnaire was designed using a Likert scale of 1 to 7. Analysis of research data used structural equation modeling (SEM) partial least squares (PLS) with tools. Data processing uses SmartPLS 3.0 software. The advantage of using the least squares is that the number of samples required for analysis is relatively small, SmartPLS can test SEM models with different scale forms such as scale, Likert and other scale models. PLS-SEM analysis includes two models, namely the outer model and the inner model, namely the validity test, reliability test and significance test.

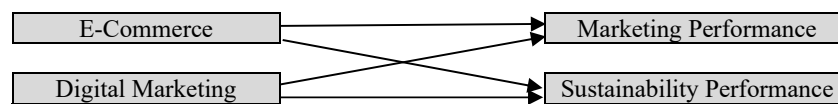


Fig. 2. Research Model

4. Results and Discussion

In this research, hypothesis testing uses Partial Least Square (PLS) data analysis techniques with the SmartPLS 3.2 program. Outer model testing is used and carried out to determine the specifications of the relationship between latent variables and their indicators. This test includes validity and reliability. The schematic of the PLS program model tested in the outer model is shown in Fig. 2.

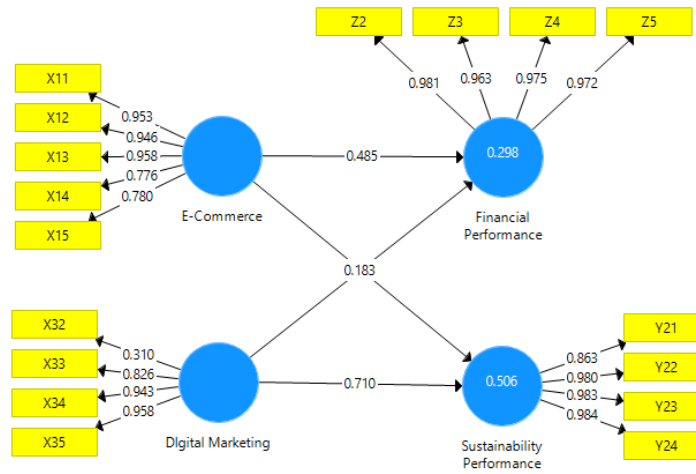


Fig. 2. Outer Model

An indicator is declared to meet convergent validity in the good category if the outer loading value is > 0.7 . The following are the outer loading values for each indicator on the research variables. Based on data analysis, it was found that many of the research variable indicators had outer loading values > 0.7 . A measurement scale of loading values of 0.5 to 0.6 is considered sufficient to meet the convergent validity requirements. The data above shows that there are no variable indicators whose outer loading value is below 0.5, so that all indicators are declared suitable or valid for research use and can be used for further analysis. Apart from looking at the outer loading value, convergent validity can also be assessed by looking at the AVE (Average Variance Extracted) value > 0.5 so it can be said to be valid using convergent validity. The AVE value of each research variable is presented in Table 1.

Based on the presentation in Fig. 2, it is known that each indicator in the research variable has the largest cross loading value on the variable it forms compared to the cross loading value on the other variables. Based on the results obtained, it can be stated that the indicators used in this research have good discriminant validity in compiling their respective variables. Composite reliability is the reliability of construct measurement which is the part used to test the reliability value of indicators on a variable. A variable can be declared to meet composite reliability if it has a composite reliability value > 0.7 . The composite reliability value of each variable is presented in Table 1.

Table 1
Reliability Test

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
E-Commerce	0.932	0.922	0.921	0.742
Digital Marketing	0.982	0.921	0.912	0.713
Marketing Performance	0.923	0.909	0.932	0.632
Sustainability Performance	0.932	0.915	0.959	0.654

From Table 1, it can be shown that the composite reliability value for all research variables is > 0.7 . The value for E-Commerce is 0.921, Digital Marketing is 0.912, Marketing Performance is 0.932, and Sustainability Performance is 0.959. This shows that each variable has met composite reliability so it can be concluded that all variables have a high level of reliability. The second reliability test is Cronbach's Alpha. Cronbach's Alpha is a statistical technique used to measure the internal consistency of psychometric variable indicators. The construct value is said to be reliable if the Cronbach's alpha value is more than 0.60. The Cronbach's Alpha value in this study is presented in Table 1.

5. Hypothesis Testing

At this stage, hypothesis testing is carried out with the hypothesis criteria being accepted if the p value is less than 0.05 or the T value is greater than 1.96.

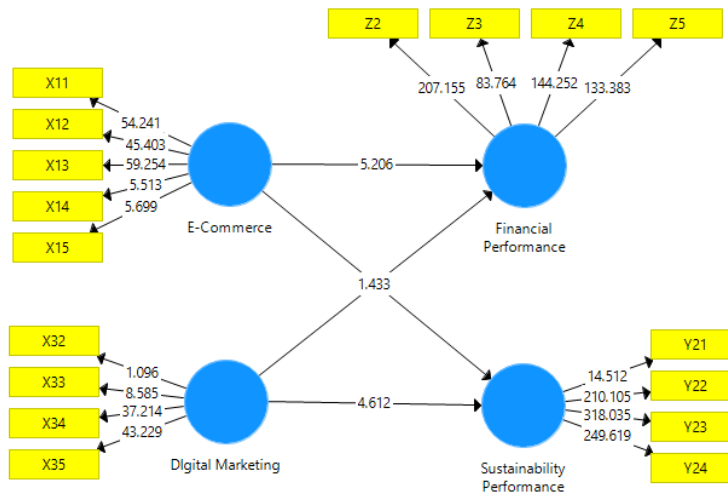


Fig. 3. Hypothesis Testing

Table 2
Hypothesis Testing

Correlation	T Statistics	P Values	Conclusion
E-Commerce on Marketing performance	5.066	0.000	Supported
Digital marketing and marketing performance	3.213	0.000	Supported
E-Commerce on Sustainability performance	7.433	0.000	Supported
Digital marketing and Sustainability performance	4.612	0.000	Supported

The relationship between digital marketing and marketing performance

Based on the results of data processing obtained, the t-statistic value is 5.037 with a large effect of 0.431 and a p-value of 0.000. With a t-statistic value >1.96 and a p value <0.05. This explains that Digital Marketing has a very important contribution to the success of a company. According to Giantari et al. (2022), digital marketing helps a business reach a larger audience than through conventional methods. Apart from being able to reach a larger audience, digital marketing is also more cost-effective and measurable so that business sustainability will be created within a company. According to Ahmed et al. (2022), digital marketing has a positive and significant effect on business sustainability. Digital marketing has a positive and significant effect on business sustainability. The results of this research also answer the problem formulation of whether Digital Marketing influences Business Sustainability.

The Relationship of E-Commerce on Marketing performance

Based on the results of data processing obtained the p-value of 0.000. With a t-statistic value >1.96 and a p value <0.05. E-commerce has a positive and significant effect on Performance Marketing. Apart from that, research with the same results was also obtained which found that E-commerce had a positive and significant effect on Performance Marketing. The results of this research also answer the problem formulation of whether E-commerce influences Performance Marketing. The analysis results show that Digital Marketing has a positive and significant effect on Marketing Performance. According to Juwaini et al. (2022), digital Marketing helps a company promote and market the products and services they have. Digital Marketing can also create or open new markets that were previously closed due to limitations in time, communication methods, or distance (Alwan et al., 2022). Marketing performance includes the output of various strategies and all efforts carried out by the company. Every company needs to know the market performance or success of the products being marketed. The measure of success of a marketing performance can be seen from the success of its business in business competition. Marketing performance in general is an important element of company performance because a company's performance can be seen from its marketing performance so far.

The Relationship of Digital Marketing to Business Sustainability in SMEs

Based on the results of data processing obtained p-value of 0.000. With a t-statistic value >1.96 and a p value <0.05. Digital marketing can build, improve, and maintain the reputation of a business online, on all digital platforms. With increasingly easy internet access nowadays, the number of internet users is increasing every day. According to Amiri et al. (2023) People

spend more time on the internet. Digital marketing allows you to reach a wider market to market products efficiently. Nowadays, cell phones and social media accounts are almost inseparable from everyday life. With digital marketing, you can immediately reach hundreds and even thousands of people a day. From the research results, it is known that digital marketing makes it easier for SMEs players to provide information and interact directly with consumers, expand market share, increase awareness and increase sales for SME players. According to Hakim et al. (2022) using digital marketing, you can reach a wider target market because it is not limited by geographic location. Apart from that, you can also determine what kind of target customers you want to target as promotional targets, both in terms of profession, age, location, hobbies, and so on. According to Homburg and Wielgos (2022) one of the main goals of digital marketing is to reach target customers more efficiently and effectively through existing digital media. In this way, digital marketing is expected to be able to reach consumers more quickly, precisely and widely.

The Relationship of E-Commerce to Business Sustainability in SMEs

Based on the results of data processing obtained the p-value of 0.000. With a t-statistic value >1.96 and a p value <0.05 Based on the research results, it can be concluded that in general e-commerce has a role that can help micro-scale entrepreneurs improve their business development. These roles include ease of communication, ease of marketing, minimal capital and time efficiency. According to Bâra et al. (2023) The entry of SMEs into e-Commerce can increase Indonesia's economic growth because it is one way that SMEs can market their products as well as expanding market access. According to Lukiyana and Yusuf (2022), Nuseir and Refae (2022), technological advances have helped e-commerce to embrace small businesses spread throughout Indonesia. This makes Indonesian e-commerce more varied, and consumers increasingly have more choices in determining the goods or products they want. The use of "e-commerce" can be made to increase business scale, open up jobs and have a positive impact on various other supporting sectors of "e-commerce" businesses which in the end can contribute to the acceleration of economic growth. Marketing strategies that can be used by businesspeople using E-Commerce are, (1) Get to know customers, (2) Carry out continuous promotions, (3) Implement SEO, (4) Prioritize customers, (5) Utilize social media to promotion.

According to Phumpa et al. (2022), Zhang et al. (2022), digital marketing plays an important role in marketing strategy because it allows businesses to reach a wider audience and connect with potential customers in real-time. In marketing strategy, digital marketing can complement regular marketing methods such as print, radio and television advertising. However, digital marketing offers several advantages over this method, namely the ability to track and measure campaign effectiveness, reach a larger audience, and target campaigns more precisely. Thus, the role of digital marketing in a marketing strategy is to create a comprehensive and effective marketing plan that leverages the latest technology and trends to reach a wider audience and achieve business goals. According to Amiri et al. (2023), digital marketing strategy is the process of using digital technology to promote products or services and achieve business goals. Usually, a digital marketing strategy includes several components, such as setting goals, researching, and analyzing the market, segmenting and targeting, determining position and value proposition, then developing a plan. digital marketing. The advantage of E-Commerce for consumers is that the benefit that consumers get is that they can search for goods and purchase online easily, just shopping in one place. The advantages obtained by online shop business people are making the sales process easier, more efficient, without errors, on time. The benefits obtained by Management or E-Commerce companies are increased income and customer loyalty.

The presence of e-commerce as a new method in the trading or buying and selling business is expected to bring many positive benefits to business people and consumers alike (Khalayleh & Al-Hawary, 2022; Lestari et al., 2022). Both parties do not feel any loss, in any form. When trading and buying and selling processes are still carried out conventionally face to face, buyers must go to the shop or outlet where the seller offers and markets their wares. Sellers can also choose to market their products door to door, aka visiting consumers directly. This method will take up time and energy. With e-commerce, that does not need to happen anymore. Starting from the promotional process, product marketing, ordering, to payments can be done anytime and anywhere. So, the time and energy you have can be used for other, more productive things. E-commerce is a system that allows you as a businessman to not need to have a physical shop. This happens because the buying and selling process and all transactions can be done online.

In fact, even without implementing sustainable business principles, a company will still be able to run and make a profit. However, it is necessary to pay attention to the meaning of 'sustainable' in the term sustainable business. The principle of sustainable business is a synergy between three elements, namely profit, society and the environment. Therefore, without implementing this principle, it can be predicted that the business will not be able to survive for a long period of time. This is because there is no strong foundation to support the company, namely added value for the environment and society. Not only does it maintain the sustainability of the company, sustainable business can also prevent environmental damage. Irresponsible business practices can cause the company to collapse one day. The environment has a huge impact on the company; therefore the company will also protect the environment so that it continues to provide good returns. One of the importance of implementing sustainable business is to maintain the company's good reputation in the eyes of the public. When a company applies these principles, the public will also put their trust in the company. That way, companies can increase their productivity so they can grow bigger and last longer. According to Kamkankaew et al. (2022), Kurniawan (2022), Khiong (2022) business continuity over a longer period of time, and the opportunity to develop a larger business, the company will be able to increase

its profits. Not to mention efficiency in all areas of production, the company's profits will become greater as time goes by. Sustainable Business is a guide for companies to be able to carry out their business activities in a planned manner in the long term. Therefore, the company will get a work roadmap that guides every planning and implementation of business activities. Since it is long-term, the work roadmap related to sustainable business must be made in accordance with a perspective that has a wider reach and is far into the future. There is also a need to monitor each work program which can be carried out by forming a special team or supporting technology. According to Ahmed et al. (2022) one of the benefits of implementing sustainable business principles is that it is easier to attract investors to invest their capital. This is because the company has gained trust and a good reputation among the public as consumers. Not only that, implementing sustainable business also makes the company last longer, so investors will be more interested in investing because it is more guaranteed.

6. Research Implications

The theoretical implication of this research is that E-commerce has a positive and significant relationship on financial performance and digital marketing adoption has a positive and significant relationship on the financial performance. E-commerce has a positive and significant relationship on sustainability performance and digital marketing adoption has a positive and significant relationship on the sustainability performance of Indonesian SMEs. These results strengthen theoretical theory and previous research results that E-commerce has a positive and significant relationship on financial performance. Digital marketing adoption has a positive and significant relationship to financial performance. E-commerce has a positive and significant relationship on sustainability performance and digital marketing adoption has a positive and significant relationship on sustainability performance. The practical implication of this research is that SMEs managers should adopt E-commerce and digital marketing adoption to improve financial performance and sustainability performance. Digital marketing techniques have great potential in increasing customer preferences in purchasing a product, especially among young people who tend to easily adapt to digital products. Digital marketing has a positive and significant effect on sales volume, meaning that the usefulness of digital marketing on sales volume is really needed because it will increase or decrease sales volume. e-commerce has a role that can help micro-scale entrepreneurs improve their business development. These roles include ease of communication, ease of marketing, minimal capital and time efficiency.

7. Conclusion

Based on the research results, it is concluded that digital marketing has a positive and significant relationship to marketing performance, E-Commerce has a positive and significant relationship to marketing performance, Digital marketing has a positive and significant relationship to business sustainability. In SMEs, E-Commerce has a positive and significant relationship to business sustainability in SMEs. Based on the research results, discussion and conclusions obtained, suggestions that can be given to the author are: For further research, interested researchers can use a multi-level approach to investigate other factors that can influence Marketing Performance. Future research can use more samples from various regions. The novelty of this research is the creation of a new model of the relationship between E-commerce and digital marketing adoption on the financial and sustainability performance in Indonesian SMEs which has not been carried out by previous research.

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