

IMPLEMENTATION OF SYARIAH MARKETING STRATEGIES AND INNOVATION TECHNOLOGY IN IMPROVING MSME MARKETING PERFORMANCE

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Abstract: *Research purposes This is For knowing the right marketing strategy in increase MSME performance supported by technology innovation in implementing efficient, effective and aligned strategies with principles sharia marketing. Research This involving 100 respondents MSME actors in Medan City who have operate more useful, halal business from One year with purposive sampling technique. Research method use approach quantitative with data analysis through analysis path in the PLS4 application. Test results show that marketing strategy influential significant to performance marketing, marketing strategy influential significant to technology innovation and technology innovation influential significant to performance marketing. In addition, technology innovation play a role as variables mediation between marketing strategy and performance Marketing of MSMEs in Medan City. Implications study confirm that MSMEs need increase Power competition products and businesses run with still hold sharia values such as honesty, transparency, usefulness, and avoid harmful practices from mutual efforts partner, so that can open greater market opportunities wide, providing sustainable welfare.*

Keywords: *B2B, Innovation Products, Sharia Marketing Performance, Digital Technology*

Introduction

MSMEs at the moment This be in the middle increasing competition strict , especially in the digital age. For can maintain existence and growth , MSMEs need implement various effective marketing strategies to be able to increase performance marketing in a way sustainable. Indonesia has the largest number of MSMEs in ASEAN countries in 2021 (Santika, 2023). Indonesia as the country that has the largest number of MSMEs in ASEAN with the number of MSMEs is 8,711,046 perpetrators business (Ministry of Cooperatives and SMEs, 2023). But if see amount percentage of existing MSMEs with amount new products capable provides 3.8% of the global halal market. The number export This should can Keep going improved so that improvement mark export will increase income MSME actors. Need taken something policy from the government that capable push performance marketing MSME actors to increase the amount of output of the business in a way sustainable with produce suitable products standard For marketable both domestically and For increase amount export halal products . In addition to the products produced is halal , increase performance marketing must also be use sharia principles.

Based on BPS performance data marketing becomes a contributor largest GDP , as much as 60%. In addition , MSMEs are businesses that absorb field work around 90%. Following graph showing contribution of MSMEs to Indonesia's GDP in four year (Ministry of Cooperatives and SMEs, 2024).

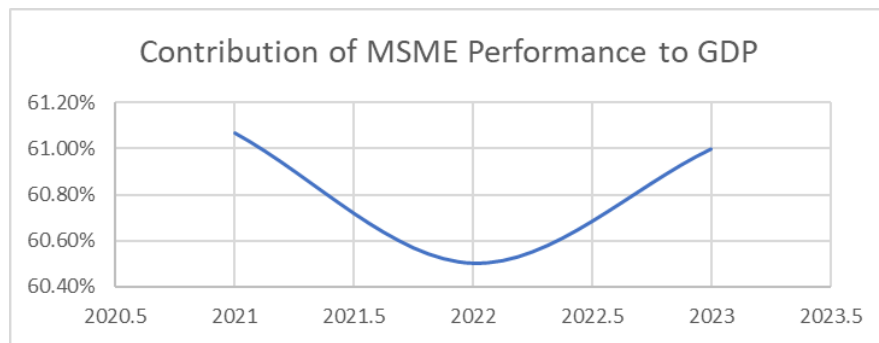


Figure 1. MSME Performance

The image above show contribution MSME performance shows positive and significant growth in the year 2020 was 60.5% and increased to 61.07% in 2021 or experience improvement by 0.57%. Then in 2022 it dropped to 60.50% and in 2023 it rose again to 61 %. from the previous year. The MSME performance is experiencing improvement but it also happens decline . Even 2023 increase that occurred Still low If compared to with 2021 during the Covid period . Conditions This naturally need to be given attention so that the government and institutions like college the height that related with MSMEs in general together For give solution in increase performance marketing of MSMEs as driving force economy (Daulay, 2016). Improvement MSME performance provides great influence for growth economy in a way wide . Not only for GDP increase for increase state revenue but MSMEs also increase Community income as driving force wheel absorbing economy more than 90 % of the field work for Indonesian society.

In addition to the use of Innovation MSME technology must capable For Establishing Business to Business Cooperation. Where Business to Business is forms of cooperation that can be done between perpetrator mutual efforts give profit and progress business increase sales and markets. With weave cooperation or partnership between MSME businesses can expand market access (Khazim; & Indrayani, 2025). Partnership or business to business can carried out by MSMEs with fellow MSMEs and with company. MSME partnerships can executed with government and universities high. Digital strategy can functioning as a mediator between marketing strategy and performance marketing, which has an impact on performance becomes more large and sustainable. Various strategies for increasing the market and its expansion is very helpful in the improvement performance marketing. Collaboration can happen if MSMEs are able produce mutually exclusive products need between company through a business-to-business (B2B) strategy. So that open new market opportunities that were previously possible difficult reachable.

Frequent problems MSMEs often appear experience difficulty in the improvement sales and market expansion , quality product sometimes not enough consistent , difficulty get material standards and deficiencies ability in the use technology innovation for improvement quality product and the market. This is can be a difficulty for MSMEs to can move up a class as planned government (Chotimah et al., 2025). Because That study This important done remember many problems and still A little study about business to business strategy and technology innovation For increase performance MSME marketing in sharia principles.

Literature Review

Innovation digital technology refers to the ability of MSMEs to adopt , develop, and utilize technology digital- based technology to improve business and marketing processes. Digital technology includes social media, e-commerce, and systems. information, automation marketing, up to utilization of analytical data. Research (Meilanisari et al., 2023) show that influential digital innovation significant to power competitiveness of MSMEs. Meanwhile (Tanuwijaya &

Sikomana, 2024) explain that implementation digital technology helps MSMEs expand market reach and increase visibility product. Innovation Product is need For increase Power competitive and for fulfil market demands (Ajirna; et al., 2025). Integration of sharia values in marketing strategies can give superiority competitive , especially in markets with majority Muslim consumers (Sutrisno; et al., 2024) .

Marketing strategy is a series action planned activities carried out by MSMEs to market products to win competition. This strategy covers segmentation, targeting, positioning, digital marketing, branding, and partnerships business (B2B). Sari et al., (2024) explain that digital marketing strategies increase opportunities for MSMEs in get customer new as well as strengthen connection with the market. Collaboration business is also an important strategy because open access to network greater distribution and market wide. In sharia principles, mutual cooperation is highly recommended. QS Almaidah (2) which means, that God gives order For each other help each other in kindness and don't help each other in sinful act. Sharia principles are very important in operate business, so that implementation from sharia principles will increase awareness of values honesty and usefulness for many people who are affected increasing benefit and welfare people.

Marketing performance describe to what extent MSMEs are capable reach results marketing, including improvement sales, market share, acquisitions customer new, and loyalty consumers. Irawan et al. (2025) showed that digital innovation in marketing strategy local proven increase visibility MSME products. Mulyanto & Budi (2025) emphasized that performance marketing influenced by internal and external factors, as well as the ability of MSMEs in implementing digital marketing.

Method

Study This use approach quantitative with Structural Equation Modeling Partial Least Squares (SEM-PLS) method version 4. Respo nden study is 100 perpetrators MSME businesses from various sector. Technique of taking sample using purposive sampling with criteria perpetrator efforts that have been operate business for at least 1 year and using digital media in activity marketing. Instruments study in the form of questionnaire with Likert scale 1–5. Data analysis was carried out through stages: 1) outer model testing used For ensure that the measurement used worthy For measurement (valid and reliable) with do measurements: Discriminant validity , *Average Variance Extracted (AVE)*/ *Convergent validity* , and *composite reliability* > 07 ; 2) inner model testing is used For test connection between latent construction includes R-square, effect size (F-Square), and testing hypothesis. Innovation Digital Technology tested as variables mediation that connects Marketing Strategy to MSME Marketing Performance.

Result and Discussion

Based on results data processing , identity respondents majority are aged 21-30 years that is as many as 54 people, then 31-40 years is as many as 25 people, and those aged >40 years as many as 17 people, and finally consumers aged < 21 years that is as many as 4 people. Gender the most (majority) in study This is man as many as 55 people, while Woman as many as 45 people. Education (majority) of respondents in study This is There were 63 respondents with bachelor's degrees , then 15 people with master's degrees and 21 people with high school , then other as many as 1 person.

Table 1: Cronbach's Alpha, Composite Reliability and Average Variance Extraction (AVE)

	Cronbach's Alpha	Composite Reliability	Average Extracted	Variance
Technology innovation	0.947		0.956	0.731
Marketing Performance	0.957		0.965	0.777
Marketing strategy	0.961		0.966	0.760

Table 2 shows mark results testing *Cronbach's alpha* and *composite reliability* which show value > 0.7 means all marketing strategy variables, technology innovation and performance marketing stated reliable. For mark *Average Variance Extraction (AVE)* > 0.5 means the instrument is declared valid. Furthermore Structural model analysis or (*inner model*) aims For test hypothesis research. The necessary parts analyzed in the structural model, namely, collinearity, testing hypothesis, and coefficient determination (*R Square*). Testing collinearity is For prove correlation between latent variables / constructs whether strong or no. If there is strong correlation means the model contains problem If viewed from corner methodological, because own impact on estimates significance the statistics. The problem This called with collinearity (*colinearity*). The values used For analyze with see mark *Variance Inflation Factor (VIF)*, If the VIF value is greater big from 5.00 then means happen problem collinearity, and vice versa No happen problem collinearity If VIF value <5.00.

Table 2: Collinearity

Inner VIF	Technology Innovation	Marketing Performance	Marketing strategy
Technology innovation		4,376	
Marketing performance			
Marketing strategy	4.128	4.128	

From the data above can described as following :

a) VIF for correlation technology innovation on performance marketing is $4.376 < 5.00$ (not happen problem collinearity); b) VIF for correlation of marketing strategy to technology innovation is $4.128 < 5.00$ (not happen problem collinearity); and c) VIF for correlation of marketing strategy to performance marketing is $4.128 < 5.00$ (not happen problem collinearity. With Thus, from the data above, the structural model in case this no all free correlation from problem collinearity.

Next done test two stages, namely testing hypothesis influence direct and testing hypothesis influence No directly. As for the coefficients track testing hypothesis shown in the image below This:

Table 3: Hypothesis Influence Direct

	Original sample	T Statistics	P Values	Decision
Marketing Strategy -> Marketing Performance	0.424	2,602	0.009	Accepted
Marketing Strategy -> Technology Innovation	0.822	15,355	0.000	Accepted
Technology Innovation -> Marketing Performance	0.322	2,014	0.044	Accepted

Based on table 4 above obtained influence direct variables marketing strategy for variables performance marketing have coefficient track of 0.424 is positive, then improvement mark variables marketing strategy will followed improvement variables performance marketing .

Influence variables marketing strategy on performance marketing own P-Values value of 0.009 <0.05, so that can concluded that influence strategy marketing on performance marketing is significant.

Influence direct variables marketing strategy for variables technology innovation have coefficient track of 0.822 is positive, then improvement mark marketing strategy variables will followed improvement variables technology innovation. Influence variables marketing strategy for technology innovation own mark P- Values are 0.000 < 0.05, so can concluded that influence between marketing strategy on performance marketing is significant.

Influence direct variables technology innovation on marketing performance variables have coefficient track of 0.322 is positive, then improvement mark variables technology innovation will followed improvement variables performance marketing. Influence variables technology innovation on performance marketing own mark P- Values are 0.044 < 0.05, so can concluded that influence between technology innovation towards performance marketing is significant.

Table 4: Hypothesis Indirect Influence

	Original sample	P Values	Decision
Marketing strategy -> Technology Innovation -> Marketing Performance	0.264	0.037	Accepted

Based on the table above obtained mark P Values of influence No direct marketing strategy variables on performance marketing of 0.023 < 0.05, with thus can stated that technology innovation becomes mediation influence between marketing strategy on performance marketing but no give strong influence.

Coefficient Determination (R Square) aims For evaluate accuracy prediction something variable. The R Square value of 0.75 indicates a strong PLS model strong, R Square of 0.50 indicates a moderate / medium PLS model and an R Square value of 0.25 indicates a weak PLS model (MI Nasution et al., 2020) .

Table 5: Coefficient Test Determination

	R Square	Adjusted R Square
Y	0.864	0.862

In table. 6 above obtained results influence marketing strategy and technology innovation on performance marketing is of 0.864, meaning magnitude influence 86.4%, p This means shows strong PLS. The results show variables marketing strategy give strong influence for variables performance marketing and technology innovation,

Discussion

Every business try For capable increase sales so that performance marketing business being run experience increase in a way Continuous efforts to implement the most effective marketing strategies must executed For can reach targeted performance in a way consistent and sustainable. The most effective strategy with weave partnership with fellow MSME and Company businesses are choice right in the era of increasing competition competitive. Influence direct variables marketing strategy) on variables performance marketing have coefficient track of 0.424 (positive) with mark P- Values are 0.009 < 0.05, then improvement mark variables effective marketing strategies will followed improvement variables performance marketing. Research This in line with research conducted (Tirtayasa et al., 2021; Rahmadana & Za, 2023; Yogananta et al., 2023) show results that marketing strategy affect performance marketing of MSMEs. Islamic

moral partnerships provide impact on results batik UMKM business owned by Generation Z (Ade et al., 2025).

Marketing strategy often made into as part important from success a Company or the business being run . But the current conditions of the digital era This want something business besides effective strategies must also be capable implement technology innovation in implementing the right strategy. Utilization technology innovation is very important For done in order to provide results and value that provide improvement quality Power competition . Influence direct variables marketing strategy towards technology innovation have coefficient track of 0.822 with mark *P- Values* are $0.000 < 0.05$, so can stated that influence between marketing strategy towards technology innovation is significant. Research This in line with research conducted (Dewi et al., 2020; Meilanisari et al., 2023; Nuriza et al., 2024) shows results that technology innovation influential significant to performance marketing. Research Daulay et al., (2023) digital marketing technology is capable increase capacity business.

In principle sharia marketing, strategies within operate business is important . Islam commands For do all something with seriously. Because only with do your best so will get good results with permission God so that a entrepreneur expected capable For get more results Good from previously. But the strategy that was carried out is with No violate established laws in the true teachings of Islam. .S. An-Najm (39) which means that everyone just will get from what he did. The Hadith of the Prophet Muhammad SAW teaches For try more Good from day then and tomorrow is better than today.

Technology innovation important part For executed a Company or business. The existence of technology innovation help For increase efficiency and effectiveness of marketing strategies with increase access to information on the market, customers, competitors so that make it easier for MSMEs to make the right decision . Influence direct variables technology innovation towards performance marketing have coefficient track of 0.322 with mark *P- Values* are $0.044 < 0.05$, so can stated that influence between technology innovation towards performance marketing is significant. Research This in line with research conducted (Meilanisari et al., 2023) show that influential digital innovation significant to power competitiveness and performance marketing of craft SMEs wood in Sukabumi. Research Rofiq et al., (2024) shows the strategy of using Islamic brands to provide influence on increasing MSME performance.

Marketing strategy must executed in a way maximum with adapt conditions of the digital era that require ability For follow digital development and involving ability technology as part support from improvement performance marketing. The right strategy with prepare equality in business For do partners Work with other efforts to each other synergize that can increase market opportunities potential as effort For increase sale between partners work of MSMEs and Companies. Influence No direct mediated marketing strategy variables technology innovation on performance marketing have coefficient track of 0.264 (positive) has mark *P- Values* are $0.037 < 0.05$, so can stated that influence between marketing strategies in mediation technology innovation on performance marketing is significant. Research This in line with research conducted (Adhi & Kamalia, 2024; Jung & Shegai, 2023; Merín-rodrig & Alegre, 2024; Sharabati et al., 2024) show results that marketing strategy affect performance marketing in mediation digital technology.

Conclusion

Based on the results research that has been conducted in research this, obtained conclusion as following:

1. The right and capable marketing strategy For executed with maximum will give influence on increasing MSME performance Actors business must always increase ability and

- power competition from products produced so that they can implementing mutually beneficial business to business strategies profitable.
2. Technology innovation becomes an important part in operate business in the digital era this . Use technology appropriate innovation will give results in a way efficient and effective.
 3. Marketing strategy and technology innovation must each other support For can reach superiority compete so that get performance maximum marketing in a way sustainable.

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