

Digital Marketing Capabilities and MSME Business Performance: An Integrative Literature Review

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Abstract. Digital transformation has reshaped the competitive landscape of micro, small, and medium enterprises (MSMEs), making digital marketing capability increasingly important for market expansion, customer engagement, innovation, and business performance. This study aims to synthesize the relationship between digital marketing capabilities and MSME business performance and to identify the key organizational factors and mechanisms that support this relationship. An integrative literature review was conducted by examining peer-reviewed studies published predominantly between 2017 and 2026 on digital marketing capability, digital transformation, market orientation, social media marketing, innovation capability, and SME/MSME performance. The synthesis indicates that digital marketing capability contributes to business performance through several interrelated mechanisms, including market sensing, digital customer engagement, data-driven marketing, channel integration, customer relationship management, and innovation capability. Market orientation, entrepreneurial orientation, technological readiness, and organizational learning were identified as important antecedents that strengthen the development of digital marketing capabilities. The review also shows that environmental dynamism, market turbulence, resource availability, and digital maturity can influence the effectiveness of these capabilities. The findings suggest that the use of digital platforms alone is insufficient to ensure superior performance. MSMEs are more likely to achieve sustainable performance improvements when digital technologies are integrated into coordinated marketing, customer, and organizational capabilities.

Keywords: digital marketing capability; MSMEs; business performance; digital transformation; marketing capability

Abstrak. Transformasi digital telah mengubah lanskap persaingan usaha mikro, kecil, dan menengah (UMKM), sehingga kapabilitas pemasaran digital semakin penting dalam perluasan pasar, keterlibatan pelanggan, inovasi, dan peningkatan kinerja bisnis. Penelitian ini bertujuan untuk menyintesis hubungan antara kapabilitas pemasaran digital dan kinerja bisnis UMKM serta mengidentifikasi faktor organisasi dan mekanisme utama yang mendukung hubungan tersebut. Kajian ini menggunakan pendekatan *integrative literature review* dengan menelaah artikel ilmiah *peer-reviewed* yang sebagian besar diterbitkan pada periode 2017–2026 mengenai kapabilitas pemasaran digital, transformasi digital, orientasi pasar, pemasaran media sosial, kapabilitas inovasi, serta kinerja UKM/UMKM. Hasil sintesis menunjukkan bahwa kapabilitas pemasaran digital berkontribusi terhadap kinerja bisnis melalui beberapa mekanisme yang saling berkaitan, meliputi penginderaan pasar, keterlibatan pelanggan digital, pemasaran berbasis data, integrasi saluran, manajemen hubungan pelanggan, dan kapabilitas inovasi. Orientasi pasar, orientasi kewirausahaan, kesiapan teknologi, dan pembelajaran organisasi juga teridentifikasi sebagai anteseden penting

dalam pengembangan kapabilitas pemasaran digital. Selain itu, dinamika lingkungan, turbulensi pasar, ketersediaan sumber daya, dan tingkat kematangan digital dapat memengaruhi efektivitas kapabilitas tersebut. Kajian ini menunjukkan bahwa penggunaan platform digital saja belum cukup untuk menjamin peningkatan kinerja. UMKM lebih berpeluang memperoleh peningkatan kinerja yang berkelanjutan ketika teknologi digital diintegrasikan ke dalam kapabilitas pemasaran, pelanggan, dan organisasi yang terkoordinasi.

Kata Kunci: kapabilitas pemasaran digital; UMKM; kinerja bisnis; transformasi digital; kapabilitas pemasaran

1. Introduction

Digital transformation has substantially changed the way firms communicate with customers, identify market opportunities, manage relationships, and deliver value. Digital technologies have expanded marketing activities beyond conventional channels by enabling firms to interact with customers through social media, websites, e-commerce platforms, mobile applications, and other digitally enabled touchpoints. However, the strategic value of these technologies does not depend solely on their adoption. Firms need organizational capabilities that enable them to integrate digital technologies into marketing processes and use them systematically to create and capture customer value (Herhausen et al., 2020; Homburg & Wielgos, 2022).

Within this development, digital marketing capability (DMC) has emerged as an important concept in contemporary marketing management. DMC represents a firm's ability to employ digitally enabled marketing processes in an integrated, targeted, and measurable manner. It therefore differs from the simple use of digital tools or platforms because capability involves organizational knowledge, skills, routines, and processes through which digital resources are converted into marketing outcomes. Herhausen et al. (2020) demonstrate that digital marketing capabilities encompass several interconnected areas involving digital channels, social media, digital relationships, and digital technologies. Similarly, Wang (2020) conceptualizes DMC from a relational dynamic-capability perspective, including the ability to sense markets and develop relationships with customers, suppliers, and channel partners.

The importance of DMC is particularly relevant for micro, small, and medium enterprises (MSMEs). Compared with large firms, MSMEs generally operate with more limited financial, technological, and managerial resources. Digital technologies can provide opportunities to overcome some of these constraints by supporting market access, customer communication, promotional efficiency, and business innovation. Nevertheless, technology alone does not necessarily generate superior performance. Khin and Ho (2019) demonstrate that digital capability contributes to organizational performance through digital innovation, while Heredia et al. (2022) show that

technological capabilities play an important role in translating digital capabilities into firm performance. These findings indicate that digital resources become more valuable when firms develop complementary capabilities that allow them to transform technology into organizational and market outcomes.

Research focusing more specifically on digital marketing also demonstrates its performance relevance. Homburg and Wielgos (2022) found that digital marketing capabilities contribute to firm profitability beyond the value generated by conventional marketing capabilities. Wang (2020) similarly found a positive association between DMC and firm performance and showed that entrepreneurial orientation influences how effectively firms exploit such capabilities. These findings reinforce the argument that digital marketing should not merely be understood as an additional promotional channel but as a strategic capability embedded in broader organizational processes.

Evidence from Indonesian SMEs and MSMEs further supports the importance of digital marketing capabilities. Purwanti et al. (2022), in a study of MSMEs in Lamongan Regency, found that digital marketing capability positively affects MSME performance and that environmental dynamism strengthens this relationship. Research involving SMEs in Madura also showed that digital marketing, digital orientation, marketing capability, and information technology capability have positive effects on marketing performance (Sultoni et al., 2022). More recent evidence from Indonesian MSMEs indicates that social media marketing contributes to MSME performance, illustrating the increasing strategic relevance of digital interaction in the Indonesian business environment (Tatik & Setiawan, 2025).

At the same time, existing studies employ a variety of related concepts, including digital marketing adoption, digital marketing capability, digital orientation, information technology capability, social media marketing, digital innovation, and general digital capability. For example, Masrianto et al. (2022) emphasize that digital marketing capability involves not only technology adoption but also innovation-ecosystem readiness and digital transformation. Consequently, the literature does not always clearly distinguish between using digital technologies and possessing organizational capabilities to manage those technologies strategically. This conceptual diversity creates challenges when attempting to explain the mechanisms through which digital marketing contributes to MSME performance.

Another issue is that business performance itself has been examined through different dimensions. Previous studies have considered marketing performance, financial performance, innovation outcomes, customer-related outcomes, and overall firm performance. The diversity of these outcomes suggests that the effects of DMC may occur through multiple mechanisms rather than through a single direct pathway. Market sensing, customer engagement, digital relationship management, data-driven decision making, channel integration, and innovation may function as interconnected mechanisms through which digital marketing capability generates business value.

Despite increasing scholarly attention, a consolidated understanding of the relationship between DMC and MSME performance remains necessary. Previous research provides substantial evidence regarding individual relationships, yet the findings remain dispersed across the digital marketing, information technology, innovation, entrepreneurship, and SME management literature. An integrative examination can therefore help clarify the antecedents that facilitate DMC development, the mechanisms through which it contributes to organizational outcomes, and the contextual conditions that can strengthen or weaken its effectiveness.

Accordingly, this study aims to synthesize the existing literature on digital marketing capabilities and MSME business performance. Specifically, the review seeks to address three questions: (1) what organizational factors contribute to the development of digital marketing capabilities in MSMEs; (2) through what mechanisms do digital marketing capabilities contribute to MSME business performance; and (3) what organizational and environmental conditions influence the effectiveness of these capabilities? By integrating previous empirical and conceptual findings, this review is expected to provide a clearer framework for understanding digital marketing as an organizational capability rather than merely as the adoption of digital platforms. The study also provides practical insights for MSME managers seeking to transform limited digital resources into sustainable marketing and business outcomes.

2. Method

2.1 Review Design

This study employed an integrative literature review to synthesize existing knowledge concerning digital marketing capabilities and the business performance of micro, small, and medium enterprises (MSMEs). An integrative approach was selected

because the literature on digital marketing and SME performance consists of studies using different theoretical perspectives, constructs, research settings, and methodological designs. This type of review enables researchers to compare and integrate heterogeneous findings while identifying conceptual relationships, inconsistencies, and areas requiring further investigation (Whittemore & Knafl, 2005; Torraco, 2016). The review process was also guided by the principle that a literature review should employ an explicit search, selection, evaluation, and synthesis procedure to improve transparency and methodological rigor (Snyder, 2019).

The review focused on the relationship between digital marketing capability and MSME performance. Related constructs, including digital capability, digital orientation, social media marketing, technological capability, market orientation, customer relationship capability, digital innovation, and digital transformation, were included when they contributed directly to explaining how digital marketing resources and capabilities influence firm-level outcomes.

2.2 Literature Search Strategy

The literature identification process combined structured keyword searches with reference-based searching. Searches were directed toward peer-reviewed journal articles available through scholarly databases, journal platforms, and publisher websites. Priority was given to publications whose bibliographic information, journal source, and Digital Object Identifier (DOI) could be verified through the official journal or publisher webpage.

The principal search terms consisted of combinations of the following keywords: “digital marketing capability,” “digital marketing capabilities,” “digital capability,” “digital orientation,” “digital transformation,” “social media marketing,” “marketing capability,” “market orientation,” “SME,” “MSME,” “small and medium enterprises,” “business performance,” “marketing performance,” “firm performance,” and “financial performance.” Boolean combinations were used conceptually to connect digital capability terms with organizational context and performance outcomes.

The review primarily considered studies published between 2017 and 2026 to represent recent developments in digital marketing and MSME research. Earlier publications were retained only when they provided an essential theoretical or

methodological foundation. This exception was particularly relevant to established literature-review methodology and foundational organizational-capability concepts.

2.3 Inclusion and Exclusion Criteria

Articles were included when they met the following criteria: (1) they were published in peer-reviewed scholarly journals; (2) they examined digital marketing capability or a closely related organizational digital capability; (3) they addressed SMEs, MSMEs, entrepreneurial firms, or firm-level phenomena relevant to smaller businesses; (4) they examined marketing, financial, innovation, competitive, customer-related, or overall organizational performance; and (5) sufficient bibliographic information was available to verify the publication through an official journal or publisher source.

Articles were excluded when they focused exclusively on technical information-system architecture without managerial implications, examined only individual consumer behavior without linking the findings to firm-level marketing capability, consisted of non-peer-reviewed opinion pieces, lacked sufficient publication information for verification, or did not contribute directly to explaining the digital capability–performance relationship.

Table 1. Literature Review Protocol

Component	Criteria
Review type	Integrative literature review
Main topic	Digital marketing capabilities and MSME business performance
Primary publication period	2017–2026
Earlier literature	Included only for essential theoretical or methodological foundations
Publication type	Peer-reviewed journal articles
Organizational context	Primarily SMEs and MSMEs; relevant firm-level studies were also considered
Core search concepts	Digital marketing capability, digital capability, digital orientation, digital transformation, social media marketing, marketing capability

Performance concepts	Business performance, marketing performance, firm performance, financial performance, innovation performance
Inclusion emphasis	Studies explaining relationships between digital/marketing capabilities and organizational outcomes
Main exclusions	Non-peer-reviewed sources, purely technical studies, consumer-only studies, unverifiable publications, and studies unrelated to firm-level performance
Verification	Journal identity, bibliographic information, and DOI checked through journal or publisher sources
Synthesis approach	Thematic and conceptual synthesis

2.4 Data Extraction and Organization

Relevant information from each selected study was organized using a structured analytical framework. The extracted information included the author and publication year, research setting, organizational context, principal constructs, methodological approach, performance dimension, and major findings related to digital marketing capabilities.

The studies were subsequently compared to identify similarities and differences in the way digital marketing capability was conceptualized and measured. Particular attention was given to distinguishing digital technology adoption from digital marketing capability. Technology adoption refers primarily to the use of digital platforms or technologies, whereas capability reflects a firm's ability to repeatedly combine technological resources, market knowledge, managerial skills, and organizational processes to achieve strategic marketing objectives.

2.5 Data Synthesis

The literature was synthesized thematically rather than statistically because the reviewed studies employed heterogeneous constructs, measures, samples, and performance indicators. Consequently, a meta-analysis was not performed. The synthesis followed an iterative process of comparison and categorization consistent with integrative-review methodology (Whittemore & Knafl, 2005; Torraco, 2016).

The findings were organized into five analytical dimensions: (1) antecedents of digital marketing capability, (2) core digital marketing capabilities, (3) mechanisms through which these capabilities generate value, (4) MSME performance outcomes, and (5) organizational and environmental conditions influencing the capability-performance relationship. This analytical structure was subsequently used to develop the thematic discussion and integrative framework presented in the Results and Discussion section.

2.6 Review Reliability and Source Verification

To improve the reliability of the review, publications included in the synthesis were checked for consistency between the cited authors, article title, journal name, year, volume or issue information where available, and DOI. Preference was given to records that could be verified through official publisher or journal webpages. The synthesis did not assign numerical effect sizes to relationships unless these were explicitly reported in the original studies, and no pooled causal effect was inferred from heterogeneous evidence. This procedure was applied to minimize inaccurate attribution and to maintain consistency between the literature discussed in the manuscript and the final reference list.

3. Result and Discussion

3.1 Digital Marketing Capability as a Strategic Organizational Capability

The literature synthesis indicates that digital marketing capability should be distinguished from the simple adoption of digital technologies. Digital technology adoption refers to the use of tools such as social media, websites, e-commerce platforms, mobile applications, and digital advertising, whereas digital marketing capability reflects the organizational ability to integrate these technologies into coordinated marketing processes. Herhausen et al. (2020) categorize digital marketing capabilities around digital channels, social media, digital relationships, and digital technologies, indicating that effective digital marketing requires several interconnected organizational activities rather than dependence on a single platform.

This distinction is important because the possession of digital tools does not guarantee that firms can generate economic value from them. Homburg and Wielgos (2022) define digital marketing capabilities in terms of the firm's ability to use digitally

enabled processes to interact with customers and partners in targeted, measurable, and integrated ways. Their empirical results demonstrate that digital marketing capabilities make an additional contribution to firm profitability beyond conventional marketing capabilities. Thus, traditional marketing knowledge remains relevant, while digital capability provides an additional mechanism through which firms can respond to contemporary market conditions.

Wang (2020) further develops this argument from a relational dynamic-capability perspective. Digital marketing capability incorporates market sensing, customer linking, customer retention, supplier relationships, and channel bonding. The study found a positive relationship between DMC and firm performance and also showed that entrepreneurial orientation enhances the ability of firms to exploit digital capabilities. Importantly for smaller firms, firms with strong digital capabilities were able to achieve competitive performance despite differences in organizational size.

These findings suggest that the strategic value of digital marketing for MSMEs lies not primarily in access to technology but in the ability to transform technological resources into repeatable marketing routines. In an MSME context, such routines may include monitoring customer responses, adjusting promotional content, coordinating online and offline channels, maintaining customer relationships, and evaluating marketing outcomes.

3.2 Evidence of Digital Marketing Capability and MSME Performance

Across the reviewed studies, the relationship between digital marketing and organizational performance is generally positive. However, the studies use different conceptualizations of digital capability and different measures of performance. Consequently, the literature should not be interpreted as demonstrating one identical effect across all MSMEs. Instead, it provides converging evidence that digitally enabled marketing capabilities can contribute to several dimensions of organizational performance.

Table 2. Selected Evidence on Digital Marketing and MSME Performance

Study	Research Context	Main Variables	Relevant Findings
Wang (2020)	167 international firms	Digital marketing capability,	DMC positively contributes to performance, while

		entrepreneurial orientation, firm performance	entrepreneurial orientation strengthens firms' ability to utilize DMC
Herhausen et al. (2020)	Digital marketing literature and managerial evidence	Digital marketing capabilities	DMC encompasses interconnected capabilities related to digital channels, social media, digital relationships, and digital technologies
Homburg and Wielgos (2022)	Multi-industry firms	Digital and conventional marketing capabilities, profitability	DMC contributes to firm profitability beyond the effect of conventional marketing capabilities
Purwanti et al. (2022)	MSMEs in Lamongan, Indonesia	Digital marketing capability, MSME performance, environmental dynamism	DMC positively influences MSME performance, and environmental dynamism strengthens the relationship
Sultoni et al. (2022)	338 SMEs in Madura, Indonesia	Digital marketing, digital orientation, marketing capability, IT capability	All four variables have positive and significant effects on SME marketing performance
Tatik and Setiawan (2025)	234 Indonesian MSME actors	Social media marketing adoption and MSME performance	Social media marketing influences MSME performance and supports the importance of digital media adoption

The evidence from Indonesia is particularly relevant to the present review. Purwanti et al. (2022) found that digital marketing capability has a positive effect on MSME performance in Lamongan Regency. Their findings also indicate that environmental dynamism strengthens this relationship, suggesting that digital

marketing capabilities become especially valuable when businesses face changing customer preferences and competitive conditions.

Similarly, Sultoni et al. (2022) examined 338 SME respondents in Madura and found positive and significant relationships between digital marketing, digital orientation, marketing capability, information technology capability, and marketing performance. This finding is important because it shows that digital marketing should not be considered independently from broader organizational competencies. An SME may use digital channels intensively, but its performance benefits are likely to depend on how digital activities interact with marketing knowledge, technological competence, and strategic orientation.

More recent Indonesian evidence also supports the role of social media. Tatik and Setiawan (2025) examined 234 MSME actors and found that social media marketing affects MSME performance. Social media can therefore serve not only as a communication tool but also as part of the broader digital marketing infrastructure through which MSMEs reach markets, communicate product information, and interact with customers.

The convergence of these studies supports the proposition that digital marketing can contribute to MSME performance. However, differences in constructs also reveal an important conceptual issue. Social media marketing, digital marketing adoption, digital orientation, information technology capability, and DMC are related but not identical. DMC represents the higher-order ability to coordinate digital marketing resources and processes, whereas platform adoption constitutes only one component of such capability.

3.3 Market Sensing and Customer Engagement as Value-Creation Mechanisms

One of the strongest themes emerging from the literature is the role of market sensing. Wang (2020) identifies market sensing as a central component of relational digital marketing capability. Digital channels provide firms with continuous information regarding customer preferences, complaints, responses to promotional activities, competitor behavior, and changes in market demand. The strategic value of these data depends on the ability of managers to interpret the information and transform it into marketing decisions.

For MSMEs, market-sensing capability does not necessarily require sophisticated technological infrastructure. Customer comments on social media, marketplace reviews, frequently asked questions, repeat-purchase patterns, content engagement, and direct customer messages can provide useful market information. What differentiates capability from simple platform usage is the systematic application of this information to decisions concerning products, prices, customer segments, promotional messages, and service delivery.

Customer engagement represents a closely related mechanism. Social media allows MSMEs to maintain two-way interaction rather than limiting marketing communication to one-way promotion. The findings of Tatik and Setiawan (2025) regarding the effect of social media marketing on Indonesian MSME performance support the strategic relevance of these interactions. Digital channels allow firms to communicate with existing and prospective customers rapidly, provide information, respond to questions, and maintain relationships beyond individual transactions.

This interpretation is also consistent with Wang's (2020) relational perspective, in which customer linking and customer retention form important components of DMC. Therefore, the contribution of digital marketing to performance is likely to depend not only on acquiring new customers but also on maintaining valuable relationships with existing customers.

3.4 Integration of Marketing and Technological Capabilities

The synthesis further demonstrates that digital marketing performance depends on the interaction between marketing and technological capabilities. Digital tools provide infrastructure and information, while marketing capability determines how those resources are used to create customer value.

Evidence from Indonesian SMEs is particularly clear in this respect. Sultoni et al. (2022) found that digital marketing, digital orientation, marketing capability, and information technology capability each have positive and significant relationships with marketing performance. Their results suggest that digital transformation should not be treated solely as an information-technology initiative. Marketing competence and technological competence need to develop together.

Heredia et al. (2022) similarly demonstrate at the broader firm level that technological capabilities play a mediating role in the relationship between digital

capabilities and firm performance. This finding reinforces the argument that access to digital resources alone is insufficient. Organizations must develop the ability to configure and apply those resources within business processes.

For MSMEs, capability integration may involve relatively simple organizational practices. For example, social media communication should be connected with inventory availability, customer-service processes, transaction mechanisms, and order fulfillment. Digital promotion that generates customer attention but is not supported by reliable operations may fail to produce sustainable performance improvement.

3.5 Measurement and Data-Driven Marketing

Another important theme is the increasing measurability of marketing activities. Digital platforms generate data on customer interaction, campaign reach, engagement, conversion, and transaction behavior. Homburg and Wielgos (2022) emphasize the targeted, measurable, and integrated characteristics of DMC. This provides firms with opportunities to evaluate marketing decisions more systematically than is possible with many conventional communication activities.

However, the availability of digital metrics may also create managerial problems when businesses focus on easily observable indicators without connecting them to business objectives. Indicators such as followers, views, impressions, and likes demonstrate digital activity but do not necessarily demonstrate business performance. For MSMEs, meaningful performance assessment should therefore connect digital indicators with outcomes such as customer inquiries, conversions, repeat purchases, sales, customer retention, and profitability.

Masrianto et al. (2022) developed a digital marketing utilization index intended to evaluate and improve company digital marketing capability. Their work emphasizes that digital marketing utilization is connected to broader dimensions of digital transformation and organizational readiness. The implication is that measurement should not evaluate isolated platform activity but should consider how digital marketing is incorporated into business processes.

Thus, a data-driven marketing capability emerges when MSMEs can repeatedly collect relevant digital information, interpret the results, modify marketing activities, and evaluate subsequent outcomes. This creates a learning cycle in which digital

technology contributes not only to communication but also to managerial decision making.

3.6 Environmental Dynamism and the Contingent Value of Digital Capability

The reviewed literature indicates that the value of digital marketing capability is not identical under all market conditions. Purwanti et al. (2022) demonstrate that environmental dynamism positively moderates the relationship between digital marketing capability and MSME performance. As the business environment becomes more dynamic, the ability to respond rapidly through digital marketing becomes increasingly important.

This finding can be explained through the dynamic-capability perspective. In relatively stable markets, firms may continue to rely on established products, customer relationships, and marketing routines. Under dynamic conditions, however, customer preferences, competitive actions, communication channels, and technological practices may change quickly. Businesses therefore require stronger sensing and adaptation capabilities.

Wang (2020) also demonstrates that entrepreneurial orientation influences the performance contribution of DMC. Firms characterized by stronger entrepreneurial orientation are better able to exploit digital capabilities. Taken together, these studies indicate that DMC does not operate independently of organizational and environmental conditions.

For MSMEs, this means that digital capability should be adaptive rather than static. A digital marketing practice that is effective at one point may become less effective when customer behavior or platform characteristics change. Continuous learning and experimentation therefore become part of the capability itself.

3.7 From Digital Adoption to Sustainable MSME Performance

The overall synthesis indicates a sequence through which digital resources can contribute to MSME performance. Digital technology constitutes the initial resource, but performance benefits depend on the development of organizational capabilities that allow firms to sense markets, engage customers, analyze information, coordinate channels, and adapt marketing activities.

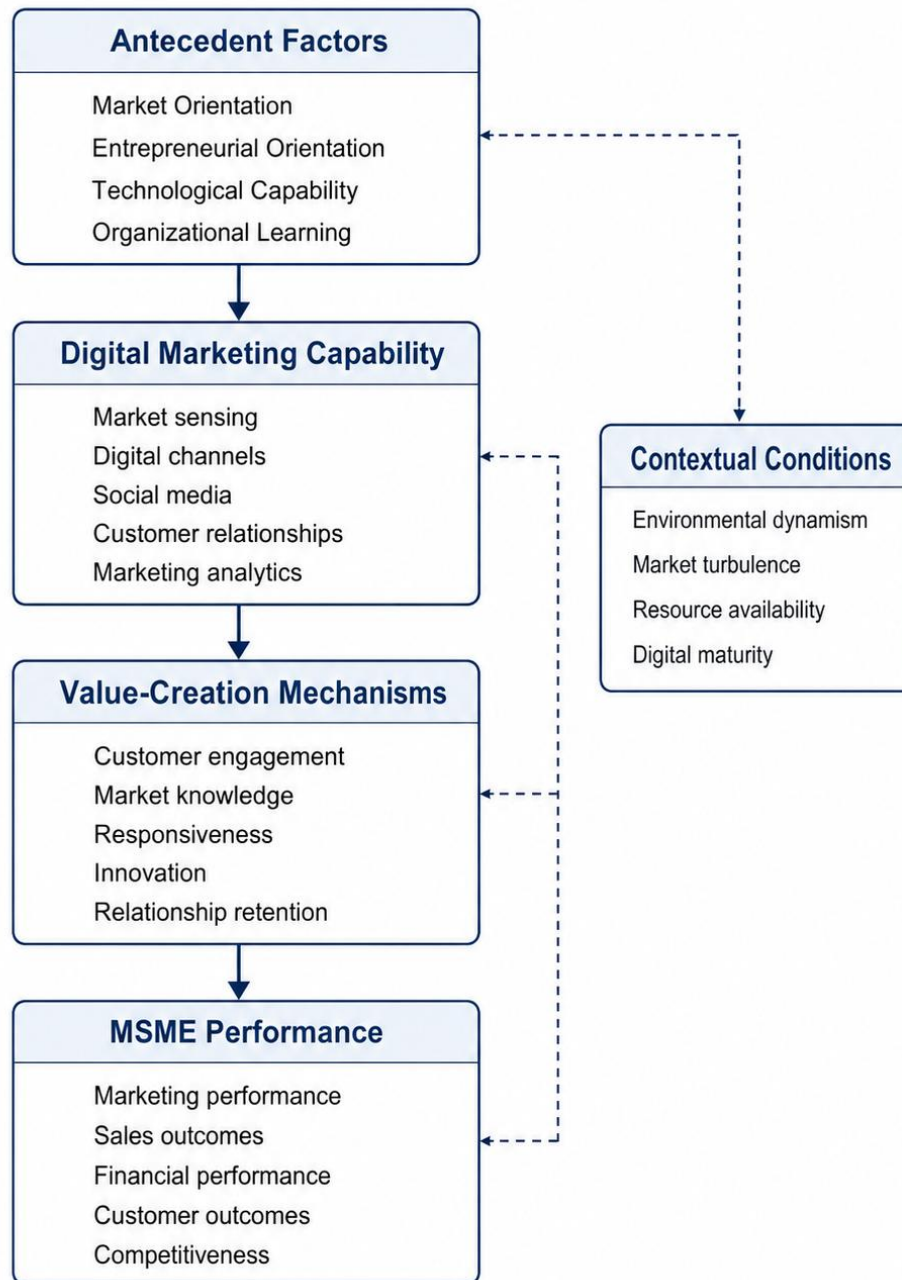


Figure 1. Integrative Framework of Digital Marketing Capability and MSME Performance

The framework indicates that technological adoption represents only the starting point of digital transformation. An MSME can possess social media accounts, participate in marketplaces, or use digital payment systems without necessarily possessing strong digital marketing capability. Capability is developed when these resources become embedded in repeatable organizational routines that support market sensing, customer interaction, measurement, learning, and adaptation.

This distinction provides an explanation for why businesses using similar digital platforms may obtain different results. Firms possessing stronger marketing knowledge, technological competence, entrepreneurial orientation, and learning routines can use the same technological resources more strategically. This interpretation is consistent with Homburg and Wielgos (2022), who demonstrate that DMC contributes value beyond conventional marketing capabilities, and Wang (2020), who shows that organizational orientation influences the performance obtained from DMC.

3.8 Managerial Implications for MSMEs

The findings provide several practical implications. First, MSME managers should shift their focus from digital platform adoption toward digital capability development. Decisions concerning social media, marketplaces, websites, or digital advertising should be based on target customers and business objectives rather than on the popularity of a particular platform.

Second, digital marketing activities should be linked to measurable organizational outcomes. Rather than evaluating performance only through followers or engagement, MSMEs should monitor whether digital activities generate customer inquiries, transactions, repeat purchases, customer retention, and revenue.

Third, digital marketing should be integrated with conventional marketing and operational capabilities. Homburg and Wielgos (2022) demonstrate that digital and conventional marketing capabilities can interact in ways that influence performance. For MSMEs, replacing all conventional practices with digital activities is therefore not necessarily optimal. Instead, managers need to identify appropriate combinations of online and offline customer interaction.

Fourth, marketing and technology competencies should be developed simultaneously. The findings of Sultoni et al. (2022) indicate that digital marketing, marketing capability, digital orientation, and information technology capability all contribute to marketing performance. Training programs for MSME owners and employees should therefore include not only technical platform operation but also customer analysis, content strategy, performance measurement, and marketing decision making.

Finally, MSMEs operating in dynamic markets should develop routines for continuous experimentation and learning. Changes in customer preferences and digital platforms require businesses to regularly evaluate the effectiveness of their marketing practices. Digital capability should therefore be viewed as an evolving organizational competence rather than a one-time technological investment.

4. Conclusion

This integrative literature review demonstrates that digital marketing capability plays an important role in improving the business performance of micro, small, and medium enterprises (MSMEs). The reviewed evidence indicates that the benefits of digitalization do not arise merely from adopting social media, e-commerce platforms, websites, digital advertising, or other digital tools. Performance improvement is more likely to occur when these technologies are transformed into coordinated organizational capabilities that support market sensing, customer engagement, data-driven decision making, channel integration, relationship management, and continuous adaptation. The synthesis also shows that market orientation, entrepreneurial orientation, technological capability, and organizational learning contribute to the development and effective use of digital marketing capabilities. In turn, these capabilities can enhance marketing performance, sales outcomes, customer relationships, financial performance, and overall competitiveness. However, the effectiveness of digital marketing capability is influenced by contextual conditions such as environmental dynamism, market turbulence, resource availability, and the level of digital maturity. Therefore, MSMEs should move beyond a platform-adoption perspective and focus on developing integrated digital marketing capabilities supported by appropriate managerial knowledge, technological competence, and continuous learning. Future studies should further distinguish between digital technology adoption and organizational capability, employ longitudinal research designs, and examine how differences in firm size, digital maturity, and emerging technologies influence the relationship between digital marketing capability and MSME performance.

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