

### How The Role of online and viral marketing and competitiveness ability on business performance of SMEs

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#### **Abstract**

The purpose of this study is to analyze the relationship of viral marketing to business performance, competitive ability has an effect on business performance. This study takes SMEs in Indonesia, with research variables are viral marketing message strategies, competitiveness ability, and business performance. This research method is quantitative, the research population is all SME consumers who are social media users who have seen SME marketing advertisements. The sample was recruited purposively with the qualifications of respondents who had only seen marketing advertisements from these SME vendors based on references from those who had filled out the questionnaire (snowball technique) and partial Least Square) using SmartPLS 3. The results obtained are viral marketing messages affect business performance, viral marketing messages affect business performance, competitiveness ability affects business performance.

**Keywords:** Online marketing, viral marketing, competitiveness ability, business performance, SMEs

#### **Introduction**

Menurut Aditi et al. (2022) In the digital era SMEs that do marketing offline experienced a decrease in profit by 67%, while SMEs that do marketing online experienced a decrease in profit by 58%. This means that SMEs that have used online marketing are more resilient than offline in the profit sector with a difference of 9%. Menurut Nuseir et al. (2022) The data above also shows that SMEs doing offline marketing experienced a 69% decline in sales, while SMEs doing online marketing experienced a 60% decline in profits. This means that SMEs that have used online marketing are more resistant than offline in sales with a difference of 9%. Meanwhile, related to the decrease in employees, SMEs doing offline marketing experienced a 15% decrease in employees, while SMEs doing online marketing experienced a 30% decrease in employees. Menurut Farida et al. (2017) that SMEs that have used online marketing have a greater reduction in employees compared to offline with a difference of 15%.

According to Aditi et al. (2022); Afifah et al. (2022); Farida et al. (2017) The value of e-commerce transactions increased because mobile customers reached 338.2 million, internet users 175.4 million people, and active users of social media 160 million people. Bank Indonesia data shows that e-commerce transactions have increased from 40 million transactions (2018) to 80 million transactions (2020) to reach 140 million in 2021. This growth needs to be utilized by SMEs in communicating products intensively by

marketing products using digital marketing For this reason, companies or business owners must shift the use of conventional marketing media (offline) to online marketing media to create viral marketing messages. Viral marketing is a low cost effective marketing strategy for mass targeting free from geographic and time constraints, which has global reach potential compared to conventional communication. According to Mukaromah et al. (2022) Internet-induced viral marketing is an effective tool for today's marketers to use. A strong marketing message can reach thousands of consumers and can inspire them to buy a brand so as to create a competitive advantage for the business. These criteria are very important in achieving competitive advantage through viral messages. According to Afifah et al. (2022); Farida et al. (2017); Giantari et al. (2022) Competitive advantage can be achieved in two different ways: creating cost leadership and creating differentiation. It is a key element of a company that is used to measure and differentiate a company from its competitors. According to Novitasari (2022); Purwanto et al. (2021) Companies that have a competitive advantage either from differentiation or cost, can create and improve financial performance as well as better brand performance in the company. The literature on viral marketing notes that most research focuses on messages and their impact on consumer attitudes and behavior. According to Nieto et al. (2014); Nuseir et al. (2022) found that consumers have positive attitudes towards viral marketing messages.

According to Nieto et al. (2014); Nuseir et al. (2022) The viral concept describes a type of marketing that persuades customers with an advertising message that creates a chain of active activity in sharing the message from one customer to another. According to Mukaromah et al. (2022) VM is a strategy that encourages individuals to convey marketing messages to others and creates growth potential in terms of exposure and influence of those messages. According to Novitasari (2022); Wang et al. (2016); Zhang et al. (2022) The purpose of VM is to use consumer-to-consumer communication to disseminate information about a product or service, so that the communication process becomes faster. According to Mukaromah et al. (2022); Nieto et al. (2014); Nuseir et al. (2022) revealed that the determining factors in VM are the messenger, the message content, and the environment. This study adopted the VM concept based on the research of Mukaromah et al. (2022); Nieto et al. (2014); Nuseir et al. (2022) which focuses on the probability level of a person's tendency to be willing to spread viral marketing messages to their social networks

According to Giantari et al. (2022); Mukaramah et al. (2022); Nieto et al. (2014); Nuseir et al. (2022) competitiveness is the ability to persuade customers to choose their offerings over existing alternatives. According to Aditi et al. (2022); Adegbuyi et al. (2015) viral marketing is about maximizing reach. This criterion is very important in achieving competitiveness through viral marketing messages. Reach is an important hallmark of an e-business enterprise. According to Nuseir et al. (2022) provides ten CA indicators, namely the effectiveness of advertising dissemination, the speed of dissemination of the latest marketing promotion programs, the advantages of information dissemination locations, the impact of virtual interactions and competitive pricing on the added value of products/services, completeness of product/service information, the ability to naturally encourage product promotions. , efficiently distribute product or service advertising messages, promote products according to the interests of the recipients

According to Nuseir et al. (2022) Business performance refers to the extent to which companies achieve their production, human resources, marketing and financial goals. Business performance can be viewed from a financial and non-financial perspective. In addition, based on recommendations from several

researchers for performance measurement, both financial and non-financial measures should be used, such as growth, efficiency, profit, reputation and personal goals of the owner as a measure of the overall performance of SMEs. According to Nieto et al. (2014); Nuseir et al. (2022) Adoption of the concept of mobile advertising (via viral marketing messages) which has a good message consistency will have a greater impact on the company's business performance (sales) and also has a good frequency of reach and affects different exposures to the target audience compared to traditional advertising. Viral marketing is a strategy that uses peer-to-peer communication to increase awareness and adoption of a product or service across a wide network of buyers.

*H1: Online and Viral marketing e affect business performance.*

According to Aditi et al. (2022); Adegbuyi et al. (2015); Afifah et al. (2022) states that competitive advantage is an ability obtained through the characteristics and resources of a company to have a higher business performance than other companies in the same industry or market. According to Novitasari (2022); Purwanto et al. (2021); Purwanto et al. Porter's (2022) competitive strategic model shows that competitive advantage improves the company's financial health (such as profit, margin, and return on investment) and market health. Previous research by According to Mukaromah et al. (2022); Nieto et al. (2014); Nuseir et al. (2022) concluded that online tourism promotion using viral marketing messages helps to spread information for tourism offers, and this type of promotion helps increase the competitiveness of tourism companies, such as the credibility of information for tourism offers, and also provides information needs for adequate tourism programs for decisions. purchases by clients.

*H2: Competitiveness ability affects business performance.*

### Method

This research method is quantitative, the research population is all consumers SMEs are social media users who have seen SME marketing advertisements. Sample recruited purposively with the qualifications of respondents who have only seen marketing advertisements from The SME vendor is based on references from those who have filled out the questionnaire (snowball technique). Data was collected using an online questionnaire method for 400 respondents whose results were processed through multivariate analysis through PLS-SEM (Partial Least Square) using SmartPLS 3 software.

The hypothesis of this research is

H1: Online and Viral marketing affect business performance.

H2: Competitiveness ability affects business performance.

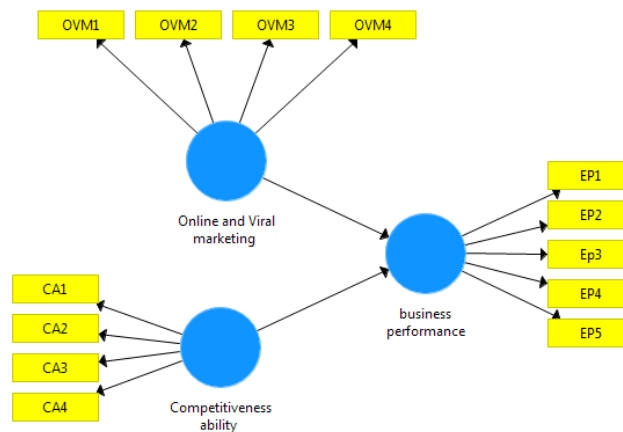


Fig 1. Research Model

### Result and discussion

The AVE value of all variables is more than equal to 0.50 so that it is said to have passed the convergent test validity. The results show that no item is smaller than the value of the other variable item. It can be said that overall it has met the requirements and can be said to be valid. The Fornell-Larcker criterion test is declared to have passed as seen from the AVE root value or the Fornell-Larcker Criterion value for each construct is greater than its correlation with other constructs.

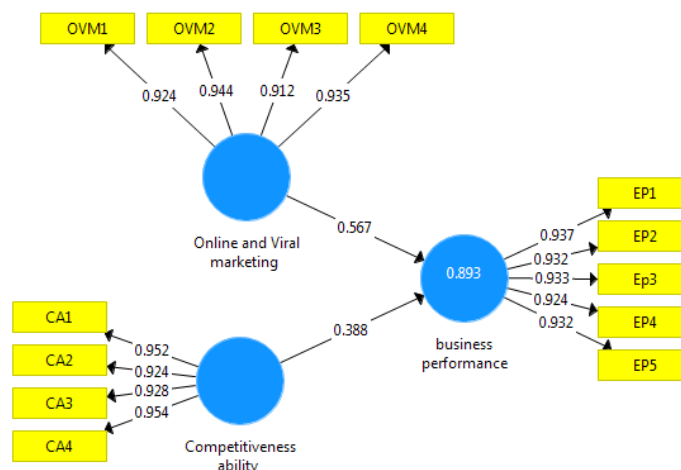


Fig 2 . Validity and Reliability

The results show that the entire AVE root value of each variable is greater than the correlation value. So it can be said that the variables of this study as a whole have met the requirements of discriminant validity. Cronbach's alpha value is more than equal to 0.70 which means that the constructs show the consistency of the research results and all of these constructs pass this test. The composite reliability value of all

constructs passed this test because it was above 0.70. These results indicate that the construct of this research model is reliable.

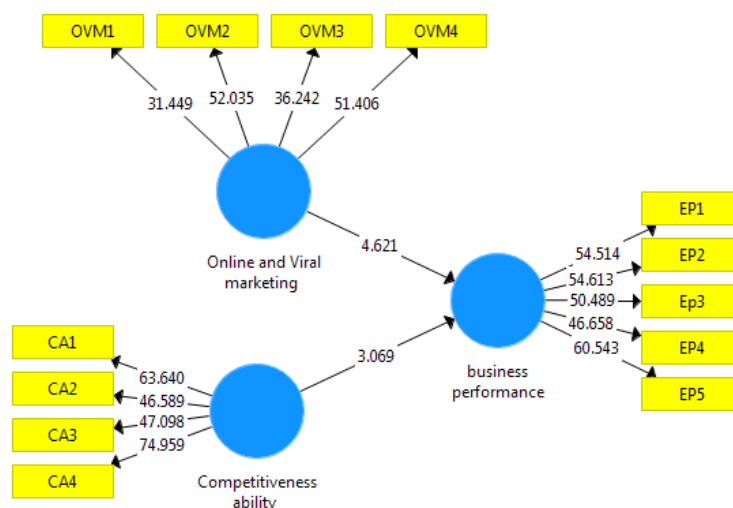


Fig 3 . Hypothesis Testing

### Viral Marketing Message on Business Performance

The results of this study found that the T value was  $4.621 > 1.96$ , so it was concluded that viral marketing messages had a significant effect on the business performance of SMEs. This finding shows that viral SME marketing messages can improve the business performance of SMEs. The more viral marketing messages are not irritating, it will further improve the business performance of SMEs. This finding confirms the previous study of Saputra et al. (2022); Setyoko et al. (2022); Syahril et al. (2022); Taufik et al. (2022); Tolstoy et al. (2022); Wang et al. (2016); Zhang et al. (2022) which showed a significant relationship between viral marketing messages and business performance. Another study that supports this hypothesis is the research of Tolstoy et al. (2022); Wang et al. (2016); Zhang et al. (2022) who examined the effect of electronic word-of-mouth (eWOM) on the credibility of the message source on brand attitudes (brand trust, brand affection, and purchase intention).

### Competitiveness Ability on Business Performance

The results of this study found that the T value of  $3.069 > 1.96$  competitiveness ability had a significant effect on the business performance of SMEs. This finding shows that the competitive advantage of SMEs can improve the business performance of SMEs. The more they have the ability to compete better than their competitors, the more they will improve the business performance of these SMEs. Empirical findings from this study confirm the basic concept of strategic management that companies that have a competitive advantage (in this study the form is a larger reach, the ability to personalize advertising based on geography or region, etc.) will certainly have higher business performance than other companies in the industry. or the same market. This study also confirms the research from According to Syahril et al. (2022); Taufik et al. (2022); Tolstoy et al. (2022); Wang et al. (2016); Zhang et al. (2022) that SMEs that

have a competitive advantage either from differentiation (complete product specifications in marketing messages, and added value from advertising personalization) or higher costs) can create and improve better performance.

The results of this study found that directly, viral marketing messages had an effect on significant to the competitiveness ability of SMEs. This finding shows that viral SME marketing messages can increase the competitiveness of SMEs. The more viral marketing messages are not irritating, the more SMEs will be able to compete. This finding confirms the previous study of Tolstoy et al. (2022); Wang et al. (2016); Zhang et al. (2022) who examined the effect of viral marketing messages on competitive advantage showed that viral marketing messages play an important role in accelerating interactions between marketers and users in the digital media field where in the end companies can clearly understand the process of social transmission and target existing users properly and effectively. intentionally increase its competitive ability. According to Tolstoy et al. (2022); Wang et al. (2016); Zhang et al. (2022) also support this research hypothesis, although basically this assessment focuses on researching buzz marketing and proposes three processes of buzz marketing based on the existing literature to be successfully implemented. However, in this study, once again, it has not shown the influence relationship between the development of viral digital marketing on the competitiveness ability of a company. In contrast to this study, which has tested the relationship between viral marketing messages and competitiveness ability. Another study from Wang et al. (2016); Zhang et al. (2022) also support the hypothesis of this study. Research; Syahril et al. (2022); Taufik et al. (2022); Tolstoy et al. (2022); Wang et al. (2016); Zhang et al. (2022) investigated the effect of internet-induced viral marketing techniques on consumer purchase intentions (resulting from successfully reaching the right customers.

### Conclusion

Based on the results of the study, it was found that viral marketing message had a direct positive effect on competitiveness ability, and business performance. The results obtained are viral marketing messages affect business performance, viral marketing messages affect business performance, competitiveness ability affects business performance. Further research is expected to use literature with a specific scope. Besides the need for empirical research related to specific variables, SME owners are advised to pay more attention to their presence in digital media with the right marketing strategies and tactics, so that they do not only scale up businesses from SMEs, but are able to make SMEs also survive during a pandemic like today. . Digital media that SMEs can focus on to spread viral marketing messages or reach potential consumers are Instagram, Tiktok, and Facebook. From the technical side of using social media, especially social media, SMEs can pay attention to the schedule for uploading content and take advantage of social media features

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