

Exploring the Influence of Digital Marketing Literacy and Online Shopping Experiences on Consumer Satisfaction

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Abstract: In the context of Micro, Small, and Medium Enterprises (MSMEs), enhancing customer satisfaction has become increasingly tied to improvements in digital marketing literacy and the overall online shopping experience. This study explores the influence of digital marketing literacy and online shopping experiences on consumer satisfaction. Utilizing a cross-sectional, correlational design, the study involved 250 participants, with data analyzed through Smart-PLS (Partial Least Square) for Structural Equation Modelling (SEM). The findings indicate that digital marketing literacy and the online shopping experience contribute positively to customer satisfaction, with the latter serving as a mediator between the two. Additionally, the study offers recommendations for MSMEs in Central Java, Indonesia, suggesting ways to boost customer satisfaction through product enhancements, behavioral adjustments, and informed investment decisions by investors.

Keywords: Consumer Satisfaction, Digital Marketing, Literacy, Online shopping.

Article History:

Received: 14-09-2024

Online : 24-10-2024



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A. INTRODUCTION

According to the World Bank, Micro, Small, and Medium Enterprises (MSMEs) exert a significant influence on the economies of many nations, particularly in developing countries [1]. Globally, MSMEs represent most businesses and play a vital role in job creation. They account for over 90% of all enterprises and generate more than 50% of employment [2]. In developing economies, formal MSMEs contribute up to 40% of the Gross Domestic Product (GDP), and this figure could be even higher when informal MSMEs are factored in. Given their considerable economic impact and their status as major employers, many governments place a high priority on researching MSMEs [3]-[5]. As noted in the research by Quaye & Mensah [6], MSMEs can sustain a competitive market advantage for their products by leveraging specialized marketing resources and capabilities.

In Indonesia, MSMEs play a crucial role in the national economy and have the potential to make a substantial contribution to the country's Gross Domestic Product (GDP) [7]-[9]. Despite this potential, these businesses continue to encounter numerous challenges in areas such as operational management, financial handling, workforce management, and the promotion of entrepreneurship [10]-[13]. The competencies, skills, and knowledge of the workforce within MSMEs are often less developed compared to those in larger enterprise [10], [14], [15]. Additionally, human resource practices in many MSMEs do not sufficiently

foster knowledge creation or sharing. In general, MSMEs engage in fewer management development activities than their larger counterparts [16]–[19].

Central Java, Indonesia, is widely recognized for its thriving tourism, agribusiness, and manufacturing sectors. The region plays a crucial role in various commercial activities, including shopping and culinary tourism, and as a central transportation hub connecting West Java and East Java. These diverse offerings attract both domestic and international tourists to explore the region. Notably, the number of Micro, Small, and Medium Enterprises (MSMEs) in Central Java experienced significant growth, increasing by 40% from 2017 to 2022, largely driven by the expansion of home industries in the area [20]. However, this rapid growth has outpaced consumer demand, intensifying competition among MSMEs as they vie for customers. As a result, the MSME sector in Central Java faces a highly competitive environment, pushing businesses to continually enhance their performance and deliver superior services to retain their clientele. The rise of online transactions has further transformed traditional, in-person business interactions, replacing them with the ease of a click on an internet-connected device [21]. Traditional survey methods are insufficient to grasp the complexities of this topic thoroughly. Thus, the originality of this study lies in developing a novel measurement and research framework to examine the factors affecting consumer satisfaction. Employing innovative research methodologies and leveraging new data sources offer promising opportunities to deepen our understanding of consumer experiences and satisfaction, paving the way for future research [22].

This study explores the influence of customer satisfaction, with a particular focus on digital marketing literacy and the online shopping experience. Its primary objective is to examine how customer satisfaction, driven by the desire to make a positive impact, coupled with solid digital marketing literacy and an enhanced online shopping experience, can motivate individuals to purchase products from MSMEs. Customers are increasingly engaging in online shopping and opting for MSME products. The research underscores the critical role of digital marketing literacy in specific sectors, including clothing, beauty products, cosmetics, and food, emphasizing the need to avoid product homogeneity to foster growth and development in the online business landscape [23], [24]. Ultimately, this study explores the influence of digital marketing literacy and online shopping experiences on consumer satisfaction.

B. METHOD

The research utilized correlational techniques, emphasizing that basic research—particularly in cross-sectional studies—aims to collect data about specific events, often at a particular moment in time [25]. This approach allows descriptive research methods to function under the premise that the primary goal of basic studies is to gather information on distinct occurrences. Consequently, this study embraced a descriptive research framework and methodologies to address the research questions and better understand the objectives and social realities of MSME enterprises, enabling them to respond effectively to the research inquiries.

The sample consisted of 250 individuals who had purchased MSME products online within Central Java Province. This sample size was chosen to be close to the minimum number of respondents required. Utilizing samples in research offers several advantages, including time efficiency, as it eliminates the need to examine the entire population and reduces costs. Data collection occurred from January 2023 to October 2023, resulting in 250 valid responses. The researcher designed and administered the questionnaire through Google Forms, with data stored in Google Drive. Due to the inability to communicate face-to-face during the study, data collection relied entirely on Google Forms. Respondents evaluated their answers across various categories using a five-point Likert scale, where scale anchors ranged from 1 (Strongly Disagree) to 5 (Strongly Agree). The five-point Likert scale was selected for its effectiveness, allowing respondents to express neutrality by selecting "neither agree nor disagree." Previous research has highlighted the advantages of using this method [26], [28]. The researcher employed Smart PLS software to present the research findings regarding the role of Customer Satisfaction and Online Experience (CSOE) as a mediator in the influence of network capabilities on MSME performance. In alignment with the study's conceptual framework, data analysis was conducted using Structural Equation Modeling (SEM) via Smart-PLS (Partial Least Square) software.

C. RESULTS AND DISCUSSION

1. The Validity Test

The results shown in Table 1 affirm the reliability and validity of the constructs and indicators used in this study. Prior research [29], [30] has established the optimal values for Cronbach's Alpha, Composite Reliability (CR), and Average Variance Extracted (AVE). The composite reliability values exceed 0.7, indicating that CR threshold of 0.7 is appropriate. Researchers suggest composite reliability can effectively serve as an alternative to Cronbach's Alpha, with only slight differences between the metrics [31]. AVE is assessed to evaluate convergent validity. The AVE values displayed in Table 1 are significantly above the acceptable threshold of 0.5, which is typically regarded as the minimum standard [32]. Since the results exceed this threshold, it confirms that convergent validity is established across all four dimensions [33].

Table 1. Measures of Reliability and Validity

Constructs	Items	Loadings	Cronbach's Alpha	CR	AVE
Digital Marketing Literacy (DML)	DML1	0.892	0.920	0.943	0.805
	DML2	0.905			
	DML3	0.912			
	DML4	0.881			
Customer Shopping Online Experience (CSOE)	CSOE1	0.908	0.915	0.940	0.798
	CSOE2	0.911			
	CSOE3	0.865			
	CSOE4	0.889			
Customer Satisfaction (CS)	CS1	0.960	0.940	0.957	0.849
	CS2	0.907			
	CS3	0.859			
	CS4	0.956			

2. Structural Relationships

The data in Table 2 demonstrates a positive and significant correlation between Digital Marketing Literacy (DML) and Customer Satisfaction and Online Experience (CSOE) ($\beta = 0.861$; $T = 65.707$; $p < 0.01$). Additionally, it reveals a positive and significant relationship between CSOE and Customer Satisfaction (CS) ($\beta = 0.391$; $T = 7.310$; $p < 0.01$). Moreover, there is also a positive and significant association between DML and CS ($\beta = 0.520$; $T = 10.010$; $p < 0.01$).

Table 2. Structural Relationships

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	p Values	Results
DML -> CSOE	0.861	0.862	0.013	65.707	0.000	Accepted
CSOE -> CS	0.391	0.386	0.054	7.310	0.000	Accepted
DML -> CS	0.520	0.525	0.052	10.010	0.000	Accepted
DML -> CSOE -> CS	0.337	0.333	0.045	7.408	0.000	Accepted

Table 2 illustrates the structural relationships within the model. Sobel tests identified positive mediation effects between DML and CS. The statistical significance derived from Smart PLS aligns with the mediation findings of the Sobel test. It was confirmed that CSOE acts as a positive mediator in the relationship between DML and CS, as indicated by the path $DML \rightarrow CSOE \rightarrow CS$ [$H4: \beta = 0.337$; $T = 7.408$; $p < 0.01$].

3. Mediation

The primary objective of this research is to deepen our understanding of how to prioritize customer satisfaction, positively influence individuals, and possess robust digital marketing literacy. Online shopping experiences can encourage consumers to purchase products from Micro, Small, and Medium Enterprises (MSMEs). The study focuses on digital marketing literacy and highlights its impact on customers' online shopping experiences. The findings indicate that the relationships posited in the hypotheses are substantiated. The model confirms a direct correlation between digital marketing literacy and customers' online shopping experience, particularly among MSME consumers increasingly inclined to buy products from these enterprises due to their growing interest. This supports Hypothesis 1 (H1), which asserts that digital marketing literacy positively affects customers' online shopping experience.

The structural model reveals a significant relationship between customer satisfaction and online shopping experience. Understanding the factors that positively influence customer satisfaction is crucial, as it affects both satisfaction levels and online shopping experiences for MSME products. Consequently, Hypothesis 2 (H2) supports that customers' online shopping experience positively impacts their satisfaction. The model also highlights a

strong connection between digital marketing literacy and customer satisfaction. A shift towards more sustainable satisfaction positively affects the appeal of MSME products. As a result, consumers are adjusting their purchasing habits to include more MSME products. Many individuals associate satisfaction and happiness with mindful shopping of MSME products, supporting Hypothesis 3 (H3), which posits that digital marketing literacy positively affects customer satisfaction. Moreover, the online shopping experience partially mediates the relationship between digital marketing literacy and customer satisfaction, corroborating Hypothesis 4 (H4), which suggests that the online shopping experience mediates the relationship between digital marketing literacy and customer satisfaction. The structural model indicates that these existing relationships are further strengthened by considering the customer's online shopping experience. This mediation fosters enhanced online shopping experiences for customers and motivates consumers to integrate this aspect into their overall satisfaction.

The elements explored in this research (DML, CSOE, and CS) exhibit parallels with concepts such as social norms, personal norms, perceived value, attitude, trust, and information from prior studies on environmentally friendly purchasing behaviors. Notably, self-efficacy is predominantly influenced by experience. A positive online shopping experience fosters favorable attitudes, enhances customers' self-efficacy, and shapes future purchasing intentions, whereas a negative experience can yield detrimental effects. Research indicates that previously satisfied customers show increased self-efficacy [34]. Customer satisfaction is achieved when individuals compare their actual experiences with a product or service against their expectations of that product [21], [35]. It results from the quality of service received and serves as a crucial determinant of future purchase intent [36]. By comparing customer expectations with the actual and perceived quality of service, one can effectively evaluate customer satisfaction [37]. These findings are consistent with previous research on customer satisfaction, reinforcing the established connections between these constructs.

D. CONCLUSIONS AND SUGGESTIONS

This study's findings indicate that a strong understanding of digital marketing significantly enhances customers' online shopping experiences and overall success. Digital marketing literacy also indirectly affects customer satisfaction through the online shopping experience, underscoring its importance in this relationship. The research offers practical implications for improving customer satisfaction by optimizing online shopping experiences, essential for addressing the challenges faced by MSME products in a competitive market. Utilizing innovative research methodology and data analysis, this study represents a pioneering effort in Indonesia, tackling critical issues of digital marketing literacy, online shopping experience, and customer satisfaction. As a result, the research outcomes may lay the groundwork for enhancing MSME offerings and effectively implementing adaptive work programs.

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