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Marketing Strategies for Indonesian MSME's Importing Products From China to Build Sustainable Online Brands and Enhance Market Performance

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ABSTRACT

Abstract: This study investigates the strategic drivers of market performance among Indonesian Micro, Small, and Medium Enterprises (MSMEs) that import products from China. Specifically, it examines the direct and indirect impacts of Marketing Strategy Use (MSU) and Import Capability (IC) on Market Performance (MP), with Online Branding (OB) as a mediating construct. Using an explanatory quantitative design, data were collected from 185 MSME owners and managers through an online survey and analyzed using Structural Equation Modeling (SEM) in Stata. The empirical results demonstrate that MSU (β=0.739,p<0.001) and IC (β=0.197,p=0.011) have statistically significant positive effects on Online Branding, supporting H1 and H2. However, Online Branding does not significantly influence Market Performance (β=0.040,p=0.558), resulting in the rejection of H3 and the mediation paths (H4 and H5). These findings suggest that for Indonesian MSMEs in price-sensitive digital marketplaces, marketing intensity and supply chain efficiency serve as direct drivers of commercial success, while branding remains a secondary developmental outcome.

Keywords: Marketing Strategy, Import Capability, Online Branding, Market Performance, MSMEs, Indonesia-China Trade

1. INTRODUCTION

The Indonesian economic landscape has experienced a profound structural transformation driven by the rapid expansion of digital commerce. Micro, Small, and Medium Enterprises (MSMEs), which serve as the foundation of the national economy, are actively migrating to digital platforms such as Shopee, Tokopedia, and TikTok Shop to scale operational reach with minimal capital expenditures (Wijanarka & Purnama Sari, 2022). This digital shift coincides with China's consolidated role as the primary global manufacturing hub. The accessibility of cross-border e-commerce enables Indonesian MSMEs to procure consumer products characterized by low unit costs and accessible Minimum Order Quantities (MOQs), presenting substantial opportunities to leverage international supply networks for domestic retail (ISEAS, 2024; e-Conomy SEA, 2023). However, low entry barriers have generated intense market saturation, where aggressive price competition and product commoditization continually challenge long-term enterprise sustainability.

Despite these favorable procurement conditions, numerous Indonesian MSMEs struggle to develop imported goods into resilient, profitable online brands. Operational hurdles such as identifying reputable Chinese suppliers, navigating international logistics workflows (including Delivered Duty Paid / DDP freight), and maintaining uniform product quality frequently constrain business expansion (Monczka et al., 2020). Furthermore, establishing a distinctive brand identity capable of resonating with domestic consumers represents a critical challenge (Keller, 2013). While technical cross-border sourcing mechanisms have become broadly accessible, the strategic capacity to harmonize Import Capability (IC) and Marketing Strategy Use (MSU) toward cultivating Online Branding (OB) remains underexplored. This study addresses that theoretical and empirical gap by analyzing how these strategic constructs interact to drive Market Performance (MP) within Indonesia-China cross-border commerce.

From a theoretical perspective, Marketing Strategy Use encompassing paid digital advertising, product listing optimization, and targeted social media engagement is essential for building brand visibility and shaping buyer perception in digital environments (Tiago & Veríssimo, 2014). Consistent marketing practices do not merely drive transactional conversions; they communicate core brand values that actively reduce consumer perceived risk (Hutter et al., 2013). In parallel, Import

Capability functions as a pivotal supply chain asset. MSMEs that maintain disciplined procurement coordination and dependable logistics achieve superior consumer trust by providing consistent, cost-competitive products (Mentzer et al., 2001). Under the Resource-Based View (RBV), internal operational proficiencies combined with external marketing strategies constitute a unique bundle of organizational resources capable of generating sustainable competitive advantage (Barney, 1991).

Nevertheless, the path from strategic inputs to commercial outcomes is frequently modeled as an indirect relationship mediated by brand perception. Online branding establishes customer trust and perceived quality, directly affecting repurchase rates and enterprise growth (Chinomona, 2016). Theoretical models indicate that branding operates as an essential mediator, converting operational proficiencies and promotional activities into tangible financial and non-financial performance gains (Morgan et al., 2009; Bruhn et al., 2012). Despite this theoretical foundation, integrated empirical evidence evaluating these combined dynamics remains scarce in the context of Indonesian MSMEs engaged in direct Chinese imports.

This study establishes an explanatory model to evaluate the structural relationships connecting Marketing Strategy Use, Import Capability, Online Branding, and Market Performance. Utilizing empirical survey data collected from 185 active MSME practitioners, this paper determines whether online branding acts as an indispensable mediator or whether direct marketing execution and supply chain proficiencies primarily drive firm performance in competitive digital marketplaces (Chatterjee & Kar, 2020).

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1. Theoritical Foundation : Resource-Based View (RBV)

The theoretical foundation of this study is grounded in the Resource-Based View (RBV), which asserts that sustained enterprise performance is determined primarily by internal organizational resources and capabilities (Barney, 1991). According to Barney (1991), resources that are valuable, rare, inimitable, and non-substitutable (VRIN) provide the basis for lasting competitive advantage. Within the context of Indonesian MSMEs importing from China, Marketing Strategy Use (MSU) and Import Capability (IC) represent essential organizational assets. While MSU reflects a firm's outward capability to navigate competitive digital spaces (Morgan et al., 2009), IC embodies internal operational mastery across cross-border sourcing, negotiation, and logistics (Monczka et al., 2020). Integrating these resources enables MSMEs to build distinctive Online Branding assets that drive superior market performance.

2.2. Marketing Strategy Use (MSU)

Marketing Strategy Use denotes the consistency and intensity with which an enterprise deploys digital marketing mechanisms including search engine optimization (SEO), performance advertising, data analytics, and promotional campaigns to acquire and retain customers (Tiago & Veríssimo, 2014). For MSMEs operating on marketplaces such as Shopee and TikTok Shop, promotional strategies are vital to overcome digital noise and achieve meaningful differentiation against competitors selling identical imported goods (Chatterjee & Kar, 2020; Kotler & Keller, 2020).

2.3. Import Capability (IC)

Import Capability reflects an enterprise's proficiency in managing the complexities of international trade with Chinese suppliers. This construct encompasses identifying dependable manufacturers across B2B platforms (e.g., Alibaba, 1688), negotiating competitive pricing and low MOQs, maintaining quality control, and coordinating Delivered Duty Paid (DDP) logistics to mitigate delivery disruptions (Monczka et al., 2020). High import capability ensures that the enterprise maintains an uninterrupted supply of quality inventory at competitive price points, providing the operational basis for consumer trust (Mentzer et al., 2001).

2.4. Online Branding (OB)

Online Branding represents the coherence, visibility, and credibility of an enterprise's brand identity across digital touchpoints (Keller, 2013). Unlike traditional branding, online brand equity is heavily influenced by dynamic customer feedback such as reviews, merchant ratings, and visual presentation across live-streaming and social channels (Hutter et al., 2013). A strong online brand reduces buyer uncertainty when purchasing imported items from independent digital merchants, directly fostering conversion (Chinomona, 2016).

2.5. Market Performance (MP)

Market Performance reflects the realization of commercial goals, including sales growth, operational profitability, customer retention, and relative market share (Morgan et al., 2009). In digital commerce environments, market performance is commonly operationalized through a firm's capacity to convert traffic into repeat buyers and maintain competitive positioning over annual operational periods (Lumpkin & Dess, 2001).

2.6. Hypothesis Development

Active and structured deployment of digital promotions, social media campaigns, and product differentiation increases store visibility and strengthens brand perception (Tiago & Veríssimo, 2014).

- **H1: Marketing Strategy Use has a positive and significant effect on Online Branding among Indonesian MSMEs importing products from China.**

Operational excellence in international procurement and supply chain management ensures reliable, consistent product delivery, which reinforces buyer trust and brand credibility (Mentzer et al., 2001).

- **H2: Import Capability has a positive and significant effect on Online Branding among Indonesian MSMEs importing products from China.**

A credible digital brand image enhances customer perceived value and lowers purchasing hesitation, thereby driving sales performance, retention, and competitive resilience (Keller, 2013; Chinomona, 2016).

- **H3: Online Branding has a positive and significant effect on Market Performance.**

Marketing initiatives build brand recognition and customer engagement, which sequentially translate into superior sales performance and repeat transactions (Keller, 2013; Bruhn et al., 2012).

- **H4: Online Branding mediates the relationship between Marketing Strategy Use and Market Performance**.

Procurement and logistics proficiencies enhance commercial performance primarily when customers recognize and trust the resulting brand identity (Barney, 1991).

- **H5: Online Branding mediates the relationship between Import Capability and Market Performance**.

3. RESEARCH METHODOLOGY

3.1. Research Design and Approach

This study uses a quantitative explanatory research design to test structural causal relationships among Marketing Strategy Use, Import Capability, Online Branding, and Market Performance (Hair et al., 2010). A cross-sectional survey design was implemented to collect primary data from MSME owners and operational managers.

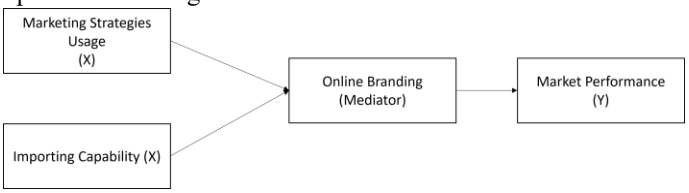


Figure 1 : Conceptual Framework

3.2. Population and Sample

The target population comprised Indonesian MSME practitioners who import products from China and sell through domestic digital marketplaces (Shopee, Tokopedia, TikTok Shop). A non-probability purposive sampling technique was applied with four inclusion criteria: (1) currently managing an active MSME registered in Indonesia, (2) actively importing goods from Chinese manufacturers, (3) operating active online marketplace storefronts, and (4) possessing at least one year of continuous operational history. A final sample of 185 valid responses was obtained for structural analysis.

3.3. Variable Measurement

All constructs were operationalized using 5-point Likert scales ranging from 1 ("Strongly Disagree") to 5 ("Strongly Agree"):

Marketing Strategy Use (MSU): Measured via 10 items (m1–m10) covering digital ad execution, promotional frequency, product listing optimization, and market data analytics (Tiago & Veríssimo, 2014).

Import Capability (IC): Evaluated through 5 items (m11–m15) capturing supplier vetting proficiency, pricing/MOQ negotiations, quality inspection, and DDP freight handling (Monczka et al., 2020).

Online Branding (OB): Assessed via 4 items (m16–m19) measuring brand identity clarity, visual presentation consistency, and consumer trust (Keller, 2013).

Market Performance (MP): Measured using 4 items (m20–m23) capturing annual sales growth, net profitability margins, customer retention, and relative competitive positioning (Morgan et al., 2009).

3.4. Data Analysis Method

Data analysis was conducted using Structural Equation Modeling (SEM) executed in Stata. The two-stage analytical procedure comprised: (1) measurement model evaluation using Cronbach's Alpha to establish internal consistency reliability, and (2) structural path modeling combined with indirect mediation analysis via the estat teffects command to verify direct and indirect effects.

4. RESULTS AND DISCUSSION

4.1. Respondent Profile

The sample of 185 respondents consisted predominantly of business owners and enterprise managers. The majority of participating enterprises operated within the 1–3 years and 4–6 years operational tenure brackets. Shopee and TikTok Shop were identified as the primary distribution channels for imported Chinese consumer goods, reflecting the commercial significance of social commerce channels in Indonesia's retail environment.

4.2. Instrument Reliability and Validity

Scale reliability was evaluated using Cronbach's Alpha coefficients. All four constructs exceeded the established academic threshold of 0.70 (Hair et al., 2010), confirming high internal consistency reliability.

Variable	Number of Items	Cronbach's Alpha	Internal Consistency Result
Marketing Strategy Usage (MSU)	10	0.905	Excellent
Import Capability (IC)	5	0.823	Good
Online Branding (OB)	4	0.771	Acceptable

Market Performance (MP)	4	0.735	Acceptable

Table 1 : Measurement Scale Reliability Results

4.3. Hypothesis Testing (Structural Path Analysis)

The structural path coefficients were calculated to test the hypothesized direct associations.

Hypothesis	Strural Path	Coefficient (*β*)	p-value	Decision
H1	MSU → Online Branding	0.739	<0.001	Supported
H2	IC → Online Branding	0.197	0.011	Supported
H3	Online Branding → Market Performanc e	0.040	0.558	Not Supported

Table 2 : Hypothesis Testing Results

Discussion of H1 & H2: The empirical findings demonstrate that Marketing Strategy Use (β=0.739,p<0.001) and Import Capability (β=0.197,p=0.011) have statistically significant positive effects on Online Branding, supporting H1 and H2. For Indonesian MSMEs, aggressive digital promotion and reliable supply chain execution constitute foundational prerequisites for establishing professional digital brand equity.

Discussion of H3: Online Branding did not demonstrate a statistically significant relationship with Market Performance (β=0.040,p=0.558), resulting in the rejection of H3. In Indonesia's digital retail landscape, brand perception alone is insufficient to drive commercial sales when controlling for price competitiveness and direct promotional intensity.

4.4. Mediation Analysis (H4 & H5)

Indirect effects were evaluated using Stata's estat teffects estimation procedure:

- H4 (MSU → OB → MP): Indirect effect is statistically non-significant (p=0.559), rejecting H4.
- H5 (IC → OB → MP): Indirect effect is statistically non-significant (p=0.568), rejecting H5.

Online Branding does not function as a mediator within this structural model. Instead, Marketing Strategy Use and Import Capability exercise direct effects on Market Performance. In highly competitive e-commerce markets, immediate operational proficiencies and aggressive promotional execution drive financial and operational performance more effectively than brand-building initiatives alone.

5. CONCLUSION AND RECOMMENDATIONS

5.1. Conclusion

This study evaluated the structural relationships connecting Marketing Strategy Use, Import Capability, Online Branding, and Market Performance among 185 Indonesian MSMEs importing goods from China. The empirical findings confirm that marketing activities and import management proficiencies serve as essential antecedents to digital branding. However, contrary to classical branding assumptions (H3, H4, and H5), Online Branding does not directly enhance Market Performance or mediate performance gains. For Indonesian cross-border MSMEs, commercial growth is primarily driven by direct marketing execution and supply chain efficiency rather than brand equity.

5.2. Theoritical Implications

This research contributes to the Resource-Based View (RBV) by clarifying how internal operational competencies (Import Capability) and external commercial tools (Marketing Strategy Use) function within emerging market digital trade (Barney, 1991). The findings demonstrate that translating brand assets into commercial performance is contingent upon market maturity and consumer purchasing dynamics. In hyper-competitive, price-sensitive e-commerce platforms, conventional brand-mediation models (Keller, 2013) are attenuated by direct promotional and pricing mechanisms.

5.3. Practical Implications

Prioritize Performance-Driven Marketing: MSMEs should allocate resources toward direct-response digital advertising, algorithmic listing optimization, and live-commerce promotions to capture direct transaction demand.

Strengthen Sourcing and Logistical Execution: Business operators must streamline supplier management and DDP logistics workflows to secure price competitiveness and inventory reliability.

View Branding as a Long-Term Asset: Digital branding should be cultivated as a cumulative reputation asset that enhances buyer retention over time, rather than an immediate driver of short-term revenue spikes.

5.4. Limitations and Future Research Directions

This study is constrained by its cross-sectional design, which captures enterprise dynamics at a single point in time. Future research should employ longitudinal methods to investigate whether branding becomes a more salient performance driver as MSMEs advance beyond early growth stages. Additionally, future studies should evaluate product category moderation across commodity goods versus specialized items.

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