

# THE INFLUENCE OF MARKETING STRATEGY AND THE USE OF E-COMMERCE TECHNOLOGY ON IMPROVING BUSINESS PERFORMANCE FROM A SHARIA PERSPECTIVE: A CASE STUDY CULINARY INDUSTRY (UMKM) IN MEDAN CITY

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**Abstract.** Micro Small and Medium Enterprises (UMKM) play a strategic role in the Indonesian economy, particularly in the rapidly growing culinary sector in Medan. This study aims to analyze the influence of marketing strategies and the use of e-commerce technology on the business performance of culinary, using Sharia principles as a moderating variable. The research method used a quantitative approach with multiple regression analysis, simultaneous (F) tests, partial (t) tests, and Moderated Regression Analysis (MRA). The results indicate that marketing strategies and e-commerce have a significant positive effect on business performance. Furthermore, Sharia principles have been shown to strengthen this relationship, emphasizing the importance of integrating Islamic values in the digitalization of UMKM. This study provides academic contributions to the development of Sharia economics literature and provides practical guidance for culinary UMKM in increasing their competitiveness and sustainability..

**Keywords:** Micro Small and Medium Enterprises (UMKM), marketing strategy, ecommerce, business performance.

## I. INTRODUCTION

Micro, Small, and Medium Enterprises (UMKM) are the backbone of the national economy. In Indonesia, UMKM contribute over 60% of Gross Domestic Product (GDP) and employ over 110 million people. Medan, as one of the centers of economic growth in North Sumatra, has significant potential for UMKM development, particularly in the culinary sector. However, UMKM still face challenges such as limited capital, access to information, and suboptimal marketing strategies. In the digital era, e-commerce presents a significant opportunity for UMKM to expand their market, increase efficiency, and strengthen competitiveness. Furthermore, adherence to Sharia principles is crucial to ensuring the success and sustainability of their businesses. The novelty of this research lies in the integration of digital marketing strategies, the use of e-commerce, and sharia principles as moderating variables that have rarely been empirically tested in the context of culinary UMKM.

*Micro Small and Medium Enterprises UMKM in the Economy*

UMKM are one of the important pillars in economic development in Indonesia. According to Law No. 20 of 2008, UMKM are defined based on asset and turnover criteria, comprising micro, small, and medium enterprises.

Quantitatively, UMKM contribute more than 60% of Gross Domestic Product (GDP) and employ over 110 million people. This makes UMKM not only a pillar of the national economy but also a driving force for economic equality and job creation.

In Medan City, the culinary UMKM sector has experienced significant development. Based on data from the Medan City Cooperatives and UMKM Office, the number of UMKM continues to grow every year, from 1,072 business units in 2019 to 1,875 in 2023. This development shows the enormous potential of culinary UMKM in supporting regional economic growth. However, behind this growth, UMKM still face limited capital, low digital literacy, and a lack of targeted marketing strategies. Marketing Strategy. Kotler and Keller (2016) state that marketing strategies include segmentation, targeting, positioning, and the marketing mix (4P). In the context of UMKM, digital marketing strategies through social media, marketplaces, and online promotions are key to competitiveness.

*Marketing Strategy*

A marketing strategy is a set of decisions designed to achieve competitive advantage through product management, pricing, distribution, and promotion (Kotler & Keller, 2016). In the context of UMKM, marketing strategy not only functions to expand the market but also to increase competitiveness, strengthen brand image, and build customer

loyalty. Research by Marzana, Amri, & Amanatillah (2023) shows that innovation in marketing strategy can improve business performance, particularly in aspects of product development and market access. However, most previous research focuses more on the general marketing mix without considering aspects of digitalization and sharia values. In the digital era, marketing strategies need to be directed at digital marketing through social media, marketplaces, websites, and collaboration with e-commerce platforms. Thus, this research presents novelty by emphasizing digital marketing strategies that align with Sharia principles. This is relevant as Muslim consumers increasingly pay attention to halal aspects, business ethics, and blessings in transactions.

#### *E-Commerce Technology*

E-commerce is defined as the process of buying and selling goods and services through electronic networks, particularly the internet (Laudon & Traver, 2020). This technology enables UMKM to reach a wider market without the constraints of space and time, while reducing operational costs. Important dimensions of e-commerce include ubiquity (access anywhere), global reach, and interactivity. (two-way interaction with consumers), and personalization (customizing products to consumer preferences). Research by Tirtana et al. (2020) and Redjeki & Affandi (2021) shows that e-commerce can increase market access, accelerate transactions, and improve the efficiency of UMKM. However, some studies only view e-commerce as a means of transaction, without delving deeper into how this technology plays a role in building digital literacy, customer relationships, and ethical business management.

The novelty of this research is that it positions e-commerce not merely as a transaction tool, but as a strategic instrument for strengthening the competitiveness of Sharia-compliant UMKM. Thus, e-commerce is seen as a business medium that not only pursues profitability but also upholds the values of fairness, transparency, and social benefit.

#### *UMKM Business Performance*

Business performance is defined as the level of achievement of organizational goals within a specific period, both financially and non-financially (Ramadhan & Ryandono, 2015). General indicators of UMKM performance include sales growth, profitability, customer satisfaction, business reputation, and product innovation. Ferdinand et al. (2023) emphasized that the performance of Indonesian UMKM remains relatively low compared to other countries, primarily due to limited access to capital, technology, and markets. Previous research generally uses financial indicators to measure business performance. This study presents a novelty by measuring business performance holistically, including aspects of customer satisfaction, reputation, sustainability, and Sharia-based ethical values. Thus, business performance is viewed not only in terms of profit, but also in terms of social benefits and business blessings.

#### *Sharia Principles in Business*

Sharia principles in business include the prohibition of usury (riba), gharar (uncertainty), and maisir (speculation), as well as the obligation to conduct business fairly, honestly, and with integrity. Nurlasera & Lahamid (2019) found that some UMKM still do not fully understand the concept of halal and the application of Sharia principles in trade.

## II. RESEARCH METHOD

This study uses a quantitative approach. Location: Culinary UMKM in Medan City. Population & Sample: Culinary UMKM using e-commerce (95 respondents). Instrument: Likert scale questionnaire (1–5). Analysis Techniques: Validity test, reliability, classical assumptions, multiple regression, t-test, F-test, and Moderated Regression Analysis (MRA).

## III. RESULTS AND DISCUSSION

### *Descriptive Analysis*

The descriptive analysis results show that the research respondents were 95 culinary UMKM in Medan City. The majority of respondents were in the productive age range (25–40 years) and had more than 3 years of business experience. This indicates that most respondents have a sufficient understanding of the dynamics of the culinary market and have begun to adopt digital technology in running their businesses. The average score for the marketing strategy variable showed a high value for the digital promotion indicator, particularly the use of social media and marketplaces. The variable for the use of e-commerce technology obtained a high score for the aspects of transaction speed, ease of payment, and integration with logistics services. Meanwhile, the business performance variable showed a high score for the indicators of sales growth, customer satisfaction, and business reputation.

### *Data Quality Test*

The results of the validity test show that all statement items have correlation values greater than the r-table, thus declared valid. The reliability test also produced a Cronbach's Alpha value above 0.7 for all variables, indicating that the research instrument is reliable.

### *Classical Assumption Test*

The normality test using the Kolmogorov-Smirnov test showed a significance value  $> 0.05$ , indicating that the data were normally distributed. The multicollinearity test showed a VIF value  $< 10$ , indicating that there was no multicollinearity between the independent variables. The heteroscedasticity test produced a significance value  $> 0.05$ , indicating that there were no symptoms of heteroscedasticity.

### *Test of the Coefficient of Determination ( $R^2$ )*

The  $R^2$  value of 0.68 indicates that marketing strategies and the use of e-commerce technology are able to explain variations in UMKM business performance by 68%, while the remainder is influenced by other factors outside this research model.

### *Partial Test (t)*

Marketing strategy has a significant positive effect on business performance ( $p < 0.05$ ). The use of e-commerce technology also has a significant positive effect on business performance ( $p < 0.05$ ).

### *Simultaneous Test (F)*

The results of the F test show a significance value  $< 0.05$ , so that marketing strategies and the use of e-commerce technology simultaneously have a significant effect on the business performance of culinary UMKM in Medan City.

### *Moderated Regression Analysis (MRA) Test*

The MRA test results indicate that sharia principles act as a moderating variable, strengthening the influence of marketing strategies and the use of e-commerce technology on business performance. This indicates that when UMKM implement digital marketing and e-commerce strategies while adhering to the principles of fairness, honesty, and sharia business ethics, the impact on business performance is stronger and more sustainable.

#### IV. CONCLUSIONS

Marketing strategy has a significant positive impact on the business performance of culinary UMKM in Medan City. The use of e-commerce increases efficiency and expands the UMKM market. Marketing strategy and e-commerce simultaneously have a positive impact on business performance. Sharia principles strengthen the influence of marketing strategy and e-commerce, ensuring that business performance is not solely profit-oriented but also ethical and blessed.

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