

## Market knowledge as a driver of SME digital marketing success in enhancing business performance

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### Abstract

This study examines the role of market knowledge in shaping the effectiveness of digital content marketing and social media strategies in enhancing the business performance of Indonesian SMEs. Although previous studies have linked market knowledge and digital marketing to firm outcomes, the mechanism through which market knowledge is transformed into performance remains underexplored, particularly in emerging market contexts. Drawing on the Resource-Based View and dynamic capability perspectives, this study uses empirical data from 370 SMEs in Indonesia and applies PLS-SEM to test the proposed relationships. The findings reveal that market knowledge strongly improves digital content marketing and social media marketing, but does not directly enhance business performance. Instead, its effect is realised mainly through social media marketing as a key mediating capability. Digital content marketing also supports social media marketing, although its direct impact on performance is limited. These results emphasise that SMEs must convert knowledge into actionable digital marketing practices to achieve measurable performance outcomes.

### Keywords:

business performance; digital content marketing; market knowledge; smes; social media marketing.

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## Introduction

Social media and digital content marketing have become central to modern marketing, enabling firms to strengthen customer relationships (Wibowo et al., 2020), build brand equity (Hudson et al., 2016; Nisar & Whitehead, 2016), and improve performance (Corallo et al., 2024; Trainor et al., 2014). Prior studies have shown positive outcomes, including sales growth (Kumar et al., 2013), customer loyalty, marketing performance, market share growth (Schultz & Peltier, 2013), and

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overall business performance (Tajvidi & Karami, 2021). At the same time, market knowledge has been widely recognised as a key strategic resource supporting firm performance (Takata, 2016).

Moreover, although market knowledge and digital marketing have both been extensively examined, prior studies largely treat them as separate drivers of performance (Takata, 2016). As a result, there is limited understanding of how knowledge about customers and competitors is translated into effective digital content and social media strategies, particularly in SME contexts where resource and capability constraints shape digital marketing outcomes (Chatterjee & Kumar Kar, 2020; Wardati & ER, 2019). This limitation is critical because, in rapidly changing, digitally driven markets, SMEs must effectively transform market knowledge into actionable digital marketing practices to sustain competitiveness. Therefore, this study aims to examine how market knowledge is translated into digital content marketing and social media marketing to improve SME business performance.

Drawing on the Resource-Based View (RBV), this study adopts a quantitative approach to examine how market knowledge influences digital content marketing and social media marketing, and how these mechanisms mediate its relationship with business performance in SMEs. This study contributes by integrating market knowledge and digital marketing into a unified framework, demonstrating the mediating role of digital marketing capabilities in linking knowledge to performance, conceptualising digital content marketing as a strategic capability, and providing empirical evidence from SMEs in an emerging market context.

## Literature review

### *Theoretical framework*

Penrose (1959) argued that firms pursue above-average returns to sustain superior performance. In strategic management, performance is explained through the external industry-based view (Porter, 1981) and the internal resource-based view (RBV), with this study adopting RBV, which emphasises internal resources in shaping competitive advantage (Wernerfelt, 1984). According to Barney (1991), resources that are valuable, rare, inimitable, and non-substitutable (VRIN) drive superior performance, with intangible resources, particularly knowledge, playing a central role. RBV is complemented by Dynamic Capabilities (DC), which highlight firms' ability to adapt, reconfigure, and extend resources in response to environmental change (Eisenhardt & Martin, 2000; Hunt & Morgan, 1995; Teece et al., 1997). For SMEs, such adaptability is essential for survival and growth. Digital marketing enables firms to engage customers and sustain competitiveness (AlKoliby et al., 2023; Mishrif & Khan, 2023), although digitalisation also introduces challenges such as intensified competition and shifting consumer behaviour. In this context, market knowledge becomes critical for developing relevant content and effective social media interactions. This study integrates RBV

and DC by explaining how market knowledge, as an intangible VRIN resource, is transformed into actionable digital marketing practices that enhance SME competitiveness.

### ***Knowledge, knowledge management, and market knowledge***

Knowledge is widely recognised as a critical organisational resource supporting competitiveness and intellectual capital (Andreou & Bontis, 2007; Grant, 1996; Penrose, 1959). Although definitions vary (Baskerville & Dulipovici, 2006), it is generally viewed as a valuable asset requiring systematic management (Larson & Gobeli, 1989). Among its forms, market knowledge is particularly strategic in aligning firm strategies with market dynamics (Li & Calantone, 1998). Building on the knowledge-based view and market orientation literature, this study positions market knowledge as a dynamic capability enabling resource reconfiguration and strategic adaptation (Grant, 1996; Narver & Slater, 1990; Teece et al., 1997). For SMEs, it reduces uncertainty and enhances responsiveness to competitive environments (Zhou & Li, 2012). However, empirical findings remain mixed, showing positive, insignificant (Takata, 2016), and negative effects. Therefore, this study re-examines the role of market knowledge in SME performance within the Indonesian context.

### ***Digital marketing, digital content marketing, and social media marketing***

The advancement of digital technologies has shifted marketing from traditional to digital practices (Piñeiro-Otero & Martínez-Rolán, 2016). Digital marketing is characterised by interactivity, individualisation, and speed, enabling firms to reach customers, increase sales, and reduce communication costs while providing small businesses with opportunities for growth. Content marketing involves creating relevant and engaging content to attract and retain customers (Pulizzi, 2012), which becomes digital content marketing when delivered through electronic channels (Anwar & Sadaoui, 2020; Batra & Keller, 2016). Social media enhances this process through interactive and two-way communication, consistent with Media Richness Theory and Uses and Gratifications Theory (Daft & Lengel, 1986). It can also be explained through behavioural and technology adoption perspectives, such as the Theory of Planned Behaviour and the Technology Acceptance Model (Ajzen, 1991). Through real-time interaction, social media marketing supports brand personalisation and strengthens consumer trust (Chan & Guillet, 2003).

### ***Market knowledge, digital content marketing and social media marketing***

Prior studies emphasise the importance of knowledge for digital marketing success, including digital marketing knowledge (Chinakidzwa & Phiri, 2020; Herhausen et al., 2020). These studies have highlighted various forms of knowledge that are essential, including knowledge of digital marketing itself and social media knowledge (Liozu, 2015), and technological knowledge (Pascucci et al., 2023), particularly knowledge of information and communication technology (Gunawan & Sulaeman, 2020). However, market knowledge, insights into customers, competitors, and market trends, has received relatively limited attention despite its strategic role in product development and marketing decision-making (Li & Calantone, 1998). Market knowledge is essential for understanding customer needs under dynamic conditions (Slater et al., 2010) and for creating valuable content that can be effectively distributed through digital platforms such as social media (Holliman & Rowley, 2014).

H1: Market knowledge has a positive effect on digital content marketing.

H2: Market knowledge has a positive effect on social media marketing.

### ***Market knowledge and SMEs performance***

Knowledge management is widely recognised as a source of competitive advantage and performance improvement (Darroch, 2005), including market knowledge, which supports international and firm performance. Market knowledge enables firms to understand market conditions (Nieves et al., 2014) adapt to change, and achieve competitive advantage and profitability (Borg, 2000), with empirical support linking it to performance (Dehkordi et al., 2012). However, findings remain context-dependent (Benn et al., 2016; Musteen et al., 2014; Olavarrieta & Friedmann, 2008; Ozkaya et al., 2015), with limited evidence in SMEs in developing economies such as Indonesia.

H3: Market knowledge has a positive impact on business performance.

### ***Digital content marketing, social media marketing, and SMEs performance***

Developing effective content remains a key challenge in social media marketing. Digital content marketing extends beyond information delivery to include broader engagement activities (Kim & Ko, 2012), where high-quality content drives interaction and value creation (Ashley & Tuten, 2015). Without effective content, social media marketing is unlikely to succeed, as supported by empirical evidence: (Mañosca et al., 2022). Digital content and social media marketing function as complementary strategic resources, where content creation and social media activation jointly drive performance. Prior studies link these practices to engagement, trust, and financial outcomes (Gensler et al., 2013; Hudson et al., 2016).

H4: Digital content marketing has a positive effect on social media marketing.

H5: Digital content marketing has a positive effect on business performance.

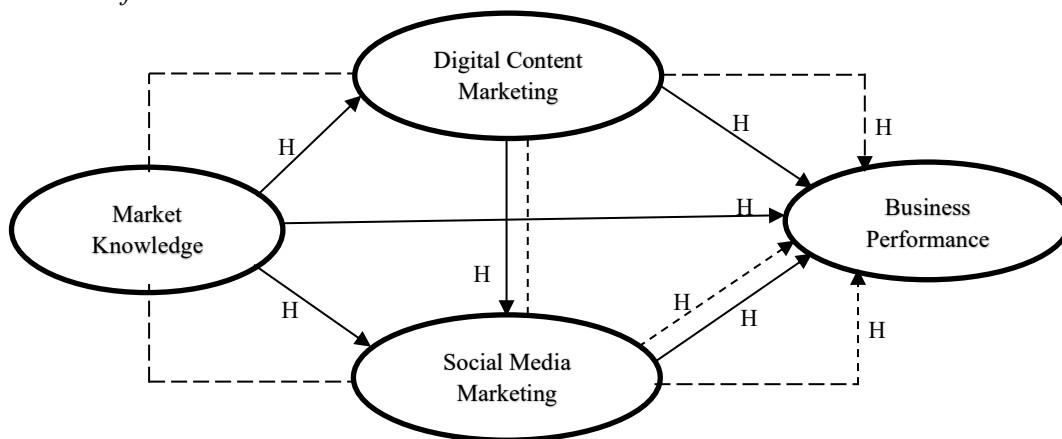
H6: Social media marketing has a positive effect on business performance.

### ***The mediation role of digital content marketing and social media marketing***

Competitive success depends not only on acquiring knowledge but also on transforming it into value-creating strategies (Dabrowski, 2019). Market knowledge enables firms to sense and interpret market dynamics, but its value depends on effective mechanisms for implementation. In digital contexts, digital content marketing and social media marketing act as dynamic capabilities that transform market knowledge into actionable outcomes. Content marketing converts insights into engaging narratives, while social media facilitates interaction, diffusion, and relationship building, thereby linking knowledge to performance (Moustaghfir, 2009).

#### ***Figure 1.***

*Research framework*



Source: Author's work (2026)

Digital content marketing enables customer-centric approaches and enhances customer engagement, both of which are critical for leveraging market knowledge effectively (Terho et al., 2022). Digital marketing strategies, including content marketing, are shown to drive digital transformation and improve firm performance, particularly when aligned with customer insights and market knowledge (Sharabati et al., 2024). Moreover, integrating social media data into knowledge management systems enhances innovation and decision-making, thereby indirectly improving business performance. Social media analytics further amplify the impact of market knowledge by enabling targeted campaigns and personalised consumer experiences (Chierici et al., 2019). Social media analytics further amplify the impact of market knowledge by enabling targeted campaigns and personalised consumer experiences (Mehmood et al., 2026). On the other hand, social media amplifies the reach and engagement of digital content, which in turn drives business outcomes. For example, integrating digital content marketing with social media strategies enhances brand engagement and customer retention, which are critical to business performance (Odoom, 2025).

- H7: Digital content marketing mediates the effect of market knowledge on business performance.
- H8: Social media marketing mediates the effect of market knowledge on business performance.
- H9: Social media marketing mediates the effect of digital content marketing on business performance.

## **Research method**

### ***Analysis techniques***

This study employs Structural Equation Modelling (SEM), which integrates factor analysis and regression analysis (Stein et al., 2017). Specifically, it adopts Partial Least Squares SEM (PLS-SEM), a variance-based approach suitable for causal-predictive research, theory development, and analysing relationships among constructs with limited theoretical support (Zeng et al., 2021). PLS-SEM is also appropriate for complex models and non-normal data commonly found in social science research (Hair & Alamer, 2022). Accordingly, it is applied to examine the relationships among market knowledge, digital content marketing, social media marketing, and SME performance.

### ***Measures***

This study comprises four research constructs: Market knowledge, digital content marketing, social media marketing, and business performance. Market knowledge is operationalised by measuring customer and competitor knowledge (Narver & Slater, 1990), supplier knowledge (Lee Endres et al., 2007; Matsuno et al., 2002), and channel knowledge (Burgers et al., 2009). The second construct, digital content marketing, is measured by content information, content entertainment, social interaction, and self-presentation (Bu et al., 2021), and compensation (Chu et al., 2021). The third construct, social media marketing, is measured by the use of microblogs, social networks and content community sites (Chan & Guillet, 2011; Xie et al., 2014). Finally, business performance is measured by market share growth (Kim et al., 2016), revenue (Yang & Kankanhalli, 2014), and profitability (Yen & Tang, 2015). The research data were collected using a questionnaire with a 5-point Likert scale (Likert, 1932).

### ***Study sample***

This study adopts a quantitative approach using structural equation modelling (SEM) to test the proposed hypotheses. According to (Aimran et al., 2017) a sample size of 400 SMEs was selected. The sample consists of SMEs in Riau Province, Indonesia, chosen due to its growing SME sector and ongoing digital transformation, supported by increasing internet penetration and government initiatives. Convenience sampling was employed based on respondent accessibility, given the absence of a comprehensive sampling frame and the dispersed nature of SMEs. The study does not differentiate between business types (e.g., product vs

service or B2C vs B2B), aiming to capture general patterns of SME behaviour. However, variations across business types are acknowledged as an avenue for future research.

## Results

### *Demographic profile of respondents*

The data were collected through a 2022 survey of Indonesian SMEs, targeting owners or managers due to their strategic knowledge (Sarkar et al., 2009). From 400 distributed questionnaires, 370 valid responses were obtained (92.5% response rate). Most respondents were male (53.51%), aged 31–35, and business owners (69.73). The sample was dominated by the catering sector (58.47%) and service-based firms (40%), with most businesses aged 6–10 years (48.38%) and employing fewer than five employees (72%). Detailed demographics are presented in Table 1.

### *Measurement model fit analysis*

In PLS-SEM, the measurement model is assessed through convergent validity, construct reliability, and discriminant validity. Convergent validity is evaluated using outer loadings and average variance extracted (AVE), with recommended thresholds of 0.7 and 0.5, respectively (Hair & Alamer, 2022). All indicators meet these criteria, indicating satisfactory convergent validity (see Appendix 1). Construct reliability is assessed using composite reliability and Cronbach's alpha. All composite reliability values exceed 0.7 (Chin, 1998), ranging from 0.962 to 0.972, while Cronbach's alpha values also meet the required threshold of 0.6 (Garson, 2016), confirming internal consistency.

Discriminant validity was assessed using cross-loadings, the Fornell-Larcker criterion, and the HTMT ratio. Cross-loading results show that each indicator loads higher on its respective construct than on others, satisfying the required criteria (Gefen et al., 2000). The Fornell-Larcker criterion is also met, as the square root of AVE for each construct exceeds its correlations with other constructs (Fornell & Larcker, 1981), (see Appendix 3). Finally, HTMT values are below the recommended threshold of 0.9, confirming discriminant validity (Henseler et al., 2015) (see Appendix 4).

### *Structural model fit analysis*

The structural model was evaluated using  $R^2$ ,  $f^2$ , and  $Q^2$  (see Appendix 5). The  $R^2$  values indicate that market knowledge explains 67.3% of digital content marketing, while market knowledge and digital content marketing explain 71.1% of social media marketing. Together, all constructs explain 73.2% of business performance, indicating a strong model (Chin, 1998). Effect size ( $f^2$ ) results show that market knowledge has a large effect on digital content marketing (0.357), a moderate effect on social media marketing, and a negligible effect on business performance (0.001). Digital content marketing has a moderate effect on social media marketing and a weak effect on business performance (0.113), while social

media marketing has a strong effect on business performance (0.367) (Cohen, 1988). All Q<sup>2</sup> values are above zero, confirming the model's predictive relevance (Garson, 2016; Hair & Alamer, 2022).

**Table 1.**

*Description of respondent data*

Demographic variables	Category	Frequency	%
Gender	Male	198	53.51
	Female	172	46.49
	Total	370	100.00
Age (Years)	20 – 25	44	11.89
	26 – 30	85	22.97
	31 – 35	166	44.87
	> 35	75	20.27
	Total	370	100.00
	Total	370	100.00
Business fields	Trade	126	34.05
	Manufacture	96	25.95
	Services	148	40.00
Position	Total	370	100.00
	Owner	258	69.73
	Manager	112	30.27
Number of employees	Total	370	100.00
	< 5	266	71.89%
	5 – 10	89	24.06%
	11 – 25	6	1.62%
	> 25	9	2.43%
	Total	370	100.00
Business age (Years)	< 3	42	11.35
	3 – 5	136	36.76
	6 – 10	179	48.38
	11 – 15	9	2.43
	> 15	4	1.08
	Total	370	100.00

Source: Author's work (2026)

### ***Hypotheses testing***

The research hypothesis was tested using the PLS bootstrap technique, and the results are presented in Table 2, which summarises the findings.

**Table 2.**

*Result of the hypothesis test*

Hypothesis	Path	Coefficient	P value	T Statistics	Decision
H1	MK → DCM	0.884	0.000*	13.630	Supported
H2	MK → SMM	0.376	0.000*	3.572	Supported
H3	MK → BP	-0.042	0.779	0.280	Not Supported
H4	DCM → SMM	0.487	0.000*	3.829	Supported
H5	DCM → BP	0.365	0.056	1.912	Not Supported
H6	SMM → BP	0.650	0.000*	4.572	Supported

Note: MK = Market Knowledge; DCM = Digital Content Marketing; SMM = Social Media Marketing; BP = Business Performance;  $\beta$  = Path Coefficient; \*p < 0.01 (one-tailed)

Source: Author's work (2026)

The PLS bootstrap results support H1 and H2, showing that market knowledge positively affects digital content marketing ( $\beta = 0.884$ ,  $p < 0.01$ ) and

social media marketing ( $\beta = 0.376$ ,  $p < 0.01$ ). However, market knowledge does not directly influence business performance ( $p > 0.01$ ), and H5 is also not supported. In contrast, H4 and H6 are supported. Digital content marketing positively affects social media marketing ( $\beta = 0.487$ ,  $p < 0.01$ ), while social media marketing has a strong positive effect on business performance ( $\beta = 0.650$ ,  $p < 0.01$ ).

**Table 3.**

*Result of the indirect effect hypothesis test*

Hypothesis	Path	Indirect Effect ( $\beta$ )	Total Effect ( $\beta$ )	P value	Confidence intervals		VAF (%)
					2.5%	97.5%	
H7	MK $\rightarrow$ DCM $\rightarrow$ BP	0.322	0.663	0.056	0.011	0.696	48.57
H8	MK $\rightarrow$ SMM $\rightarrow$ BP	0.244	0.663	0.002	0.095	0.402	36.80
H9	DCM $\rightarrow$ SMM $\rightarrow$ BP	0.317	0.617	0.008	0.075	0.732	51.38

Note: MK = Market Knowledge; DCM = Digital Content Marketing; SMM = Social Media Marketing; BP = Business Performance; VAF = Variance Accounted For (Indirect Effect / Total Effect)

Source: Author's work (2026)

The mediating roles of digital content marketing (DCM) and social media marketing (SMM) were tested using PLS-SEM bootstrapping (Table 3). The results support H8 and H9, while H7 shows only marginal support. SMM significantly mediates the relationship between market knowledge and business performance (H8:  $\beta = 0.244$ ,  $p = 0.002$ ; VAF = 36.80%), indicating partial mediation. Similarly, SMM mediates the effect of DCM on business performance (H9:  $\beta = 0.317$ ,  $p = 0.008$ ; VAF = 51.38%), suggesting moderate partial mediation. In contrast, DCM does not significantly mediate the relationship between market knowledge and business performance (H7:  $\beta = 0.322$ ,  $p = 0.056$ ), although the result is close to the threshold. Despite a VAF of 48.57%, this relationship should be interpreted with caution.

The study highlights two key findings. First, market knowledge does not significantly affect business performance and shows a negative tendency, suggesting that knowledge alone is insufficient without effective strategic implementation. This finding is consistent with prior studies (Shehu, 2014; Takata, 2016), although it contrasts with evidence from non-SME contexts reporting positive effects (Agag et al., 2023).

Second, market knowledge has a strong positive effect on digital content marketing, underscoring its role as a foundation for developing effective, targeted content strategies. This supports prior research emphasising the importance of customer understanding in content marketing (Yazgan Pektaş & Tunç Hassan, 2020). Overall, market knowledge contributes to performance indirectly through marketing capabilities, particularly social media marketing.

## Discussion

This study reveals a theoretically important finding: market knowledge does not automatically enhance SME performance and may even be counterproductive when not effectively utilised. This finding challenges the conventional assumption of the knowledge-based view (KBV), which argues that knowledge is inherently value-creating (Akroush & Al-Mohammad, 2010). Instead, the findings suggest that knowledge should not be treated merely as a strategic asset, but as a resource that must be translated into actionable marketing capabilities before it can generate business value.

A key contribution of this study is to explain how market knowledge is transformed into SME performance. The findings show that the influence of market knowledge is mainly indirect and depends on the presence of digital marketing capabilities (Chinakidzwa & Phiri, 2020). Market knowledge helps SMEs understand customer needs, market trends, and competitive dynamics, but this knowledge alone is insufficient (Duong et al., 2024). It becomes valuable only when SMEs use it to design relevant digital content and engage customers through digital platforms (Mushi, 2024). Thus, digital content marketing and social media marketing play an important role in converting market knowledge into performance outcomes (Chinakidzwa & Phiri, 2020; Sharabati et al., 2024).

Importantly, the results indicate that these capabilities play different roles. Digital content marketing acts as an initial mechanism for translating insights into targeted messages, but it does not directly enhance performance (Hasani et al., 2023). In contrast, social media marketing emerges as the more decisive capability, as it enables interaction, engagement, and relationship building with customers (Nair & Sharma, 2026). This suggests that value is created not merely through content creation, but through its activation and dissemination in interactive digital environments. Overall, this study extends the resource-based view by shifting the focus from resource possession to resource enactment. It demonstrates that the value of market knowledge depends on how effectively it is operationalised through digital marketing practices. For SMEs, the implication is clear: competitive advantage lies not in accumulating knowledge alone, but in developing executional capabilities to transform knowledge into tangible performance outcomes.

The findings of this study provide important insights into how market knowledge, digital content marketing, and social media marketing interact to influence SME performance within the Resource-Based View (RBV) and Dynamic Capabilities (DC) perspectives. First, the results show that market knowledge has a positive effect on both digital content marketing and social media marketing (H1 and H2 supported). This indicates that SMEs with a strong understanding of customer needs, competitors, and market trends are better able to design relevant content and execute effective social media strategies. This finding is consistent with prior studies such as Li and Calantone (1998) and Holliman and Rowley (2014), which emphasise the importance of market insights in creating valuable and

engaging marketing content. It also supports the argument that knowledge serves as a critical intangible resource that enhances marketing capabilities.

However, the study finds that market knowledge does not have a direct effect on business performance (H3 not supported). This suggests that possessing knowledge alone is insufficient to generate superior outcomes unless it is effectively deployed. This result aligns with [Takata \(2016\)](#), who found that the impact of market knowledge on performance can be insignificant depending on context. More importantly, this study reveals a theoretically important insight: market knowledge does not automatically enhance SME performance and may even be counterproductive when not effectively utilised. This finding challenges the conventional assumption of the knowledge-based view (KBV), as highlighted by [Akroush and Al-Mohammad \(2010\)](#), which argues that knowledge is inherently value-creating. Instead, the findings suggest that knowledge should not be treated merely as a strategic asset, but as a resource that must be translated into actionable marketing capabilities before it can generate business value.

A key contribution of this study lies in explaining how market knowledge is transformed into SME performance. The findings show that the influence of market knowledge is mainly indirect and depends on the presence of digital marketing capabilities, consistent with [Chinakidzwa and Phiri \(2020\)](#). While market knowledge helps SMEs understand customer needs, market trends, and competitive dynamics, it remains insufficient on its own, as also noted by [Duong et al. \(2024\)](#). It becomes valuable only when SMEs use it to design relevant digital content and engage customers through digital platforms, as supported by [Mushi \(2024\)](#). Thus, digital content marketing and social media marketing play a crucial role in converting market knowledge into performance outcomes ([Chinakidzwa & Phiri, 2020](#); [Sharabati et al., 2024](#)).

The findings further reveal that digital content marketing significantly influences social media marketing (H4 supported), highlighting the foundational role of content in driving social media engagement. This is consistent with [Ashley and Tuten \(2015\)](#), who emphasise that high-quality and relevant content is essential for generating interaction and engagement on social media platforms. Nevertheless, digital content marketing does not directly affect business performance (H5 not supported). This suggests that content creation alone is not sufficient to produce tangible outcomes unless it is effectively distributed and amplified. This finding is in line with [Mañosca et al. \(2022\)](#), who highlight that the effectiveness of content depends on how it is delivered and engaged with by audiences. More specifically, digital content marketing acts as an initial mechanism for translating insights into targeted messages, but it does not directly enhance performance, as also argued by [Hasani et al. \(2023\)](#).

In contrast, social media marketing is found to have a direct and positive effect on business performance (H6 supported), confirming its role as a key driver of SME success in the digital environment. This supports previous research by

Gensler et al. (2013) and Hudson et al. (2016), which demonstrate that social media engagement contributes to improved brand outcomes and financial performance. Importantly, social media marketing emerges as the more decisive capability, as it enables interaction, engagement, and relationship building with customers, consistent with Nair and Sharma (2026). This suggests that value is created not merely through content creation, but through its activation and dissemination in interactive digital environments.

The mediation analysis provides deeper insights into this transformation process. The results show that digital content marketing mediates the relationship between market knowledge and business performance (H7 supported), indicating that knowledge contributes to performance indirectly through content creation. This is consistent with Terho et al. (2022), which emphasises the role of content in leveraging customer insights for value creation. Similarly, social media marketing mediates the relationship between market knowledge and performance (H8 supported), suggesting that knowledge must be activated through interactive platforms to generate value. This aligns with Chierici et al. (2019), who highlight the role of social media in enhancing decision-making and performance through data-driven insights.

Finally, the study finds that social media marketing mediates the relationship between digital content marketing and business performance (H9 supported). This indicates that content must be effectively distributed and amplified through social media to achieve meaningful outcomes. This finding is supported by Odoom (2025), which emphasise the importance of integrating content and social media strategies. Overall, these results suggest that digital content marketing and social media marketing function as complementary capabilities, where content creates value and social media delivers and amplifies that value.

This study extends the RBV and DC perspectives by shifting the focus from resource possession to resource enactment. It demonstrates that the value of market knowledge, as an intangible VRIN resource, depends on how effectively it is operationalised through digital marketing practices. For SMEs, the implication is clear: competitive advantage lies not in accumulating knowledge alone, but in developing executional capabilities that transform knowledge into tangible performance outcomes, particularly through integrated digital content and social media marketing strategies.

This study provides both theoretical and practical implications. Theoretically, it extends the knowledge-based view by showing that market knowledge does not automatically improve SME performance and may even be counterproductive if not effectively utilised. Instead, its value depends on digital marketing capabilities, particularly digital content marketing and social media marketing, which act as key mechanisms in translating knowledge into performance. This helps explain the inconsistent findings in prior studies, especially in emerging market contexts. Practically, SMEs should treat market knowledge as a strategic input rather than an

end goal. Business owners need to develop capabilities in creating targeted content, leveraging social media, and adopting data-driven marketing practices to enhance performance and reduce inefficiencies. At the policy level, support for SMEs should focus on strengthening digital execution rather than merely providing market information. Training and digital capability development are essential to help SMEs translate knowledge into effective strategies. However, given the diversity of SMEs, future research should consider broader regional contexts to capture variations in digital readiness.

### **Conclusion, limitation, and future research**

This study demonstrates that market knowledge alone does not necessarily improve SME performance; instead, its value depends on how it is translated into digital marketing practices. Social media marketing plays a key mediating role in transforming market knowledge into improved performance, highlighting the importance of execution over mere knowledge possession. Theoretically, this study extends the knowledge-based view by positioning digital marketing as a dynamic capability that converts intangible resources into business value. Practically, SMEs should focus not only on acquiring market knowledge but also on developing digital marketing capabilities, particularly in content creation and social media engagement. These findings are especially relevant in emerging markets such as Indonesia, where digital opportunities coexist with capability constraints.

For policymakers, the results emphasise the need to strengthen digital infrastructure, training, and support systems to enhance SMEs' ability to utilise market knowledge effectively. These insights are also applicable to SMEs in other emerging economies undergoing digital transformation. This study has several limitations. First, it examines SMEs across multiple industries within a single country, limiting contextual generalisation. Future research could focus on specific industries or cross-country comparisons. Second, the cross-sectional design restricts the ability to capture changes over time, suggesting the need for longitudinal studies. Third, the use of specific measurement indicators may limit comprehensiveness, and future studies could incorporate alternative measures. Finally, the use of convenience sampling limits generalisability; thus, future research should employ more robust sampling techniques.

### **Author contribution**

**Sarli Rahman:** Conceptualisation, Methodology, Data curation, Formal analysis, Investigation, Writing – original draft, Writing – review & editing, Supervision.

### **Declaration of interest**

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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### Appendix 1.

#### Result of validity and reliability test

Latent variables	Number of Indicators*	Cronbach's alpha	Composite Reliability	Convergent Validity	
				AVE	Outer loadings
MK	4	0.947	0.962	0.863	0.886 to 0.947
DCM	4	0.962	0.972	0.897	0.928 to 0.971
SMM	3	0.956	0.971	0.919	0.956 to 0.963
BP	3	0.942	0.963	0.897	0.947 to 0.948

Source: Author's work (2026)

### Appendix 2.

#### Loadings and cross-loadings

Item*	MK	DCM	SMM	BP
MK1	0.886	0.688	0.690	0.600
MK2	0.945	0.726	0.727	0.598
MK3	0.947	0.800	0.749	0.706
MK4	0.936	0.822	0.769	0.713
DCM1	0.795	0.941	0.737	0.705
DCM2	0.797	0.971	0.788	0.783
DCM3	0.756	0.928	0.787	0.759
DCM4	0.760	0.948	0.785	0.750
SMM1	0.740	0.752	0.956	0.731

Item*	MK	DCM	SMM	BP
SMM2	0.788	0.823	0.962	0.861
SMM3	0.745	0.773	0.958	0.804
BP1	0.718	0.787	0.791	0.947
BP2	0.658	0.751	0.787	0.948
BP3	0.633	0.710	0.797	0.947

Source: Author's work (2026)

### Appendix 3.

#### Fornell-Larcker criterion analysis

	MK	DCM	SMM	BP
MK	0.929			
DCM	0.820	0.947		
SMM	0.791	0.818	0.959	
BP	0.707	0.792	0.836	0.947

Source: Author's work (2026)

### Appendix 4.

#### Heterotrait-Monotrait Ratio (HTMT)

	BP	DCM	MK
DCM	0.831		
MK	0.745	0.857	
SMM	0.878	0.851	0.829

Source: Author's work (2026)

### Appendix 5.

#### R Square, f Square, and Q Square

	R Square	f Square			Q Square
		MK	DCM	SMM	
DCM	0.673*	0.357			0.662
SMM	0.711**	0.155	0.302		0.615
BP	0.732**	0.001	0.113	0.367	0.489

\* R-square, \*\* R-square adjusted

Source: Author's work (2026)