



Digital Marketing, Brand Awareness, and Purchasing Decisions in MSMEs: Examining the Moderating Role of Promotion

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ABSTRACT

This study investigates the influence of digital marketing, brand awareness, and promotion on purchasing decisions among Micro, Small, and Medium Enterprises (MSMEs), with promotion also examined as a moderating variable. Using a quantitative approach and Partial Least Squares Structural Equation Modeling (PLS-SEM), data were collected from MSME consumers and analyzed for measurement and structural model assessments. The findings show that digital marketing ($\beta = 0.431, p < 0.001$), brand awareness ($\beta = 0.312, p < 0.001$), and promotion ($\beta = 0.298, p = 0.004$) each have a significant positive effect on purchasing decisions. In contrast, the moderating effect of promotion on the relationship between digital marketing and purchasing decisions ($\beta = -0.055, p = 0.534$) and between brand awareness and purchasing decisions ($\beta = -0.047, p = 0.609$) is negative and statistically insignificant. These results highlight the importance of integrating digital marketing and brand-building efforts, with promotions applied strategically to complement rather than overshadow other marketing strategies. The study offers practical insights for MSME practitioners in optimizing marketing effectiveness and provides a basis for future research in broader contexts.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) constitute a vital sector in Indonesia's economy, serving as the backbone of local production, employment generation, and innovation. According to the Kementerian Republik Indonesia (2016), MSMEs demonstrated exceptional resilience during the 1998 Asian financial crisis, becoming one of the few sectors that maintained stability and supported economic recovery. Today, in a population exceeding 278 million people, Indonesia ranks as the fourth most populous country in the world, providing both a vast consumer base and intense competition for MSMEs seeking market share.

However, in the context of globalization and rapid technological progress, MSMEs face unprecedented challenges. Shifting consumer preferences, market saturation, and the growing dominance of large-scale corporations require smaller enterprises to adapt swiftly to evolving business landscapes. The COVID-19 pandemic further accelerated digital adoption, making technological adaptation no longer optional but essential. For many MSMEs, survival and growth hinge on their ability to integrate modern marketing strategies, particularly those utilizing digital platforms.

Digital marketing has emerged as one of the most transformative tools for MSMEs in this era. Unlike traditional marketing, which is often constrained by geographical boundaries and high costs, digital marketing offers global reach, real-time communication, and measurable performance at relatively low investment (Chaffey & Chadwick, 2016; Purwana et al., 2017). Platforms such as Instagram, Facebook, TikTok, and e-commerce marketplaces like Tokopedia or Shopee allow MSMEs to connect directly with consumers, foster brand engagement, and drive sales without the need for large-scale infrastructure. In Indonesia, where smartphone penetration is among the highest in Southeast Asia, the effectiveness of digital marketing is amplified by consumers' increasing reliance on mobile devices for shopping and product discovery (Sulaksono, 2020).

Complementing digital marketing, brand awareness plays a critical role in influencing consumer behavior. It represents the degree to which a consumer can recognize or recall a brand as part of a particular product category (Kotler et al., 2019; Aaker, 2020). High brand awareness not only boosts initial purchase likelihood but also strengthens customer loyalty and encourages repeat purchases (Duriyanto, 2017). For MSMEs, cultivating brand awareness is a strategic investment; in competitive markets, consumers often default to brands they are familiar with, perceiving them as more trustworthy and reliable.

Furthermore, promotion—encompassing advertising, sales discounts, events, and other marketing activities—can act as a catalyst in converting consumer interest into actual purchasing decisions (Kotler & Keller, 2016). Promotions can temporarily enhance brand visibility, trigger impulse buying, and attract price-sensitive customers. As a moderating variable, promotion has the potential to either amplify or diminish the impact of digital marketing and brand awareness on consumer decision-making (Saputra, 2017; Syahputra Ramadhan & Herman, 2020). This means that while strong promotional

campaigns can strengthen the effectiveness of digital and branding strategies, poorly targeted promotions may fail to influence, or even weaken, the desired marketing outcomes.

Despite these opportunities, many MSMEs—particularly in developing regions—struggle to optimize their digital marketing efforts, build consistent brand awareness, and design impactful promotional strategies. In X City, for instance, MSMEs vary widely in their adoption of online tools, with some leveraging advanced social media campaigns while others rely solely on word-of-mouth marketing. Understanding how these elements interact is crucial for formulating effective marketing strategies that are both resource-efficient and result-oriented.

To address this gap, the present study investigates the direct effects of digital marketing and brand awareness on purchasing decisions, while also analyzing the moderating role of promotion in this relationship. The conceptual framework guiding this research is illustrated in Figure 2.3.

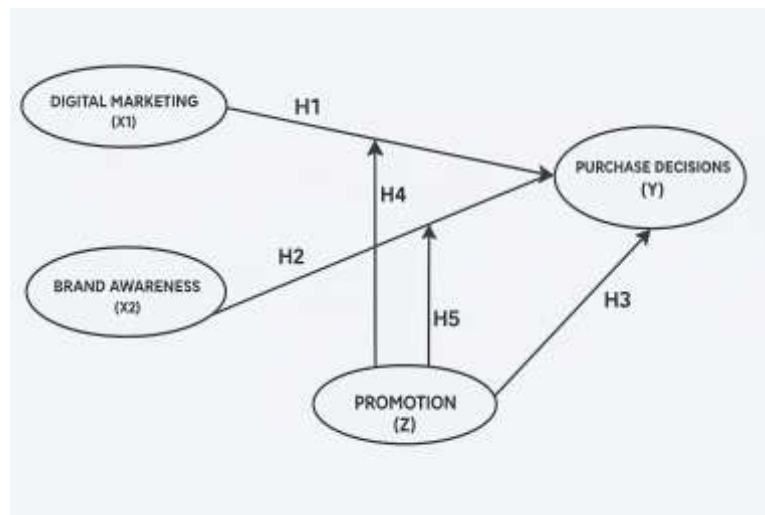


Figure 1. Conceptual Framework.
Source: Research Data Processed (2024).

THEORETICAL REVIEW

Digital Marketing

Digital marketing refers to the process of promoting products, services, or brands through digital channels, primarily via the internet. It combines traditional marketing principles with the capabilities of modern technology to achieve marketing objectives efficiently and effectively (Chaffey & Chadwick, 2016). Key advantages of digital marketing include cost-effectiveness, wide reach, interactivity, and the ability to track and measure campaign performance in real time.

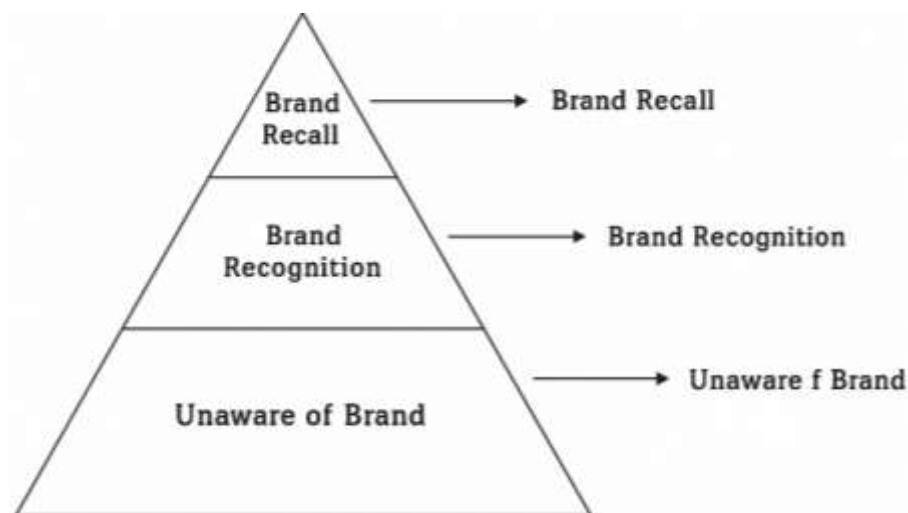
According to Purwana et al. (2017), digital marketing encompasses various tools such as websites, social media platforms, email marketing, and search engine optimization (SEO). For MSMEs, these tools provide an opportunity to compete with larger firms by creating personalized and targeted marketing campaigns. Furthermore, Sulaksono (2020) highlights that social

media, in particular, offers a low-cost yet impactful method of engaging directly with consumers, fostering two-way communication, and building customer loyalty.

The main dimensions of digital marketing identified in this study include website presence, search engine optimization (SEO), content marketing, and influencer marketing. A website serves as a central hub for product information and online transactions. Search Engine Optimization improves brand visibility on search engines, making it easier for potential customers to find the business. Content marketing focuses on creating valuable and relevant content to attract and engage target audiences. Influencer marketing leverages social media personalities with large followings to expand brand reach and credibility.

Brand Awareness

Brand awareness is the extent to which consumers can identify or recall a brand as part of a specific product category (Kotler et al., 2019; Aaker, 2020). It is a fundamental component of brand equity and directly influences consumer purchase decisions. High brand awareness not only attracts first-time buyers but also fosters trust, loyalty, and long-term customer relationships (Duriyanto, 2017).



Brand Awareness Pyramid.

Source: Aaker (2018).

Aaker (2018) categorizes brand awareness into four levels, represented in the Brand Awareness Pyramid. The first level is Unaware of Brand, where consumers do not recognize the brand at all. The second level is Brand Recognition, where consumers recognize the brand when given prompts or visual cues. The third level is Brand Recall, where consumers can recall the brand without prompts, often due to frequent exposure or positive past experiences. The highest level is Top-of-Mind Awareness, where the brand is the first that comes to mind when consumers think about a specific product category.

Purchasing Decisions

Purchasing decisions refer to the process by which consumers select and buy products or services from available alternatives, based on a combination of

cognitive, emotional, and situational factors (Schiffman & Wisenblit, 2019). This decision-making process is influenced by a variety of elements, including individual preferences, perceived value, cultural background, and marketing stimuli (Solomon, 2018).

Schiffman and Wisenblit (2019) describe the process as a series of stages, beginning with Problem Recognition, where the consumer identifies a need. This is followed by Information Search, in which consumers actively seek data about products or services to fulfill the need. The Evaluation of Alternatives stage involves comparing the features, prices, and perceived benefits of available options. The Purchase Decision stage is where the consumer selects the most suitable option and proceeds with the transaction. Finally, Post-Purchase Evaluation occurs as consumers assess their satisfaction, which in turn influences brand loyalty and word-of-mouth recommendations (Blackwell et al., 2012). *Promotion and Its Moderating Role* Promotion encompasses all activities designed to communicate a product's value proposition to the target audience and stimulate demand (Belch & Belch, 2021). These activities may take the form of advertising, sales promotions, public relations campaigns, direct marketing, or digital advertising. Promotion serves both informational and persuasive purposes, aiming to create awareness, encourage trial, and build long-term customer relationships (Shimp & Andrews, 2013).

In academic research, promotion is often investigated not only as an independent factor but also as a moderating variable that shapes the strength of the relationship between other marketing mix elements and consumer behavior. For example, Baines et al. (2019) note that well-targeted promotional campaigns can significantly enhance the effectiveness of digital marketing efforts, especially when they align with consumers' perceived needs and motivations. Conversely, Dawes (2018) warns that excessive reliance on price-based promotions may erode brand equity over time, as consumers may associate the brand primarily with discounts rather than intrinsic value.

In the context of MSMEs, the role of promotion as a moderator is particularly critical. Effective promotional strategies can amplify the influence of both digital marketing and brand awareness on purchasing decisions, especially in competitive markets where small businesses must differentiate themselves quickly and cost-effectively (Kotabe & Helsen, 2020).

METHODOLOGY

This research adopts a quantitative explanatory approach aimed at examining the influence of digital marketing and brand awareness on purchasing decisions, with promotion serving as a moderating variable. The explanatory design is appropriate for testing causal relationships between variables through hypothesis testing (Creswell & Creswell, 2018). The population of the study consists of consumers of Micro, Small, and Medium Enterprises (MSMEs) in X City who have made at least one purchase within the last six months. Using the Lemeshow formula for unknown populations, a total of 97 respondents was determined as the sample size. The sampling technique applied was purposive sampling, whereby participants were selected based on specific inclusion criteria,

namely being a customer of the MSME under study, having made at least one purchase in the last six months, and being willing to participate in the survey.

Primary data were gathered using a structured questionnaire distributed both offline and online via Google Forms. The questionnaire comprised closed-ended questions measured on a five-point Likert scale ranging from 1 (“strongly disagree”) to 5 (“strongly agree”), with items adapted from previously validated measurement scales to ensure content validity and reliability. The study included four variables: digital marketing, brand awareness, purchasing decisions, and promotion. Digital marketing was measured through indicators such as website presence, search engine optimization (SEO), content marketing, and influencer engagement. Brand awareness was assessed through brand recognition, recall, and top-of-mind awareness, while purchasing decisions were measured using stages such as problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase evaluation. Promotion was evaluated through discount offers, advertising campaigns, and special events.

Data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0 software. The analysis process involved assessing the measurement model (outer model) to evaluate indicator reliability, internal consistency reliability, convergent validity, and discriminant validity, followed by assessing the structural model (inner model) to test the relationships between variables and evaluate the research hypotheses. The moderating effect of promotion was examined through Moderated Regression Analysis (MRA) within the PLS framework. Hypothesis testing was carried out using bootstrapping procedures with 5,000 subsamples, following the guidelines of Hair et al. (2021).

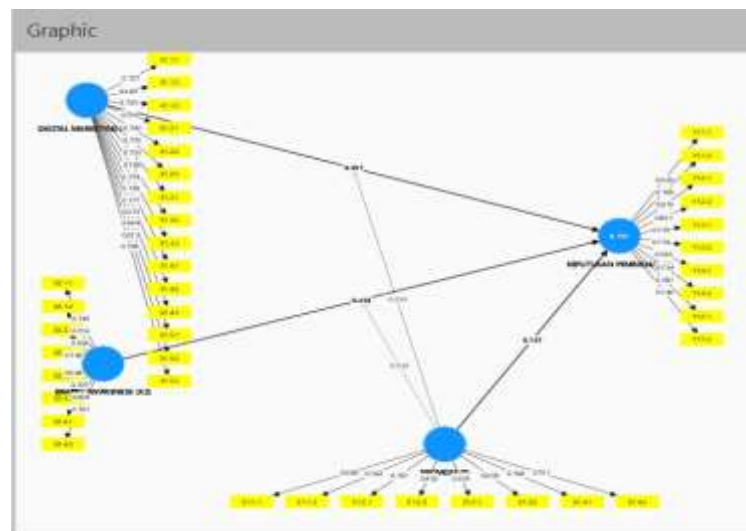


Figure 3. PLS Output Model (Before Indicator Elimination).
Source: Research Data Processed (2024).

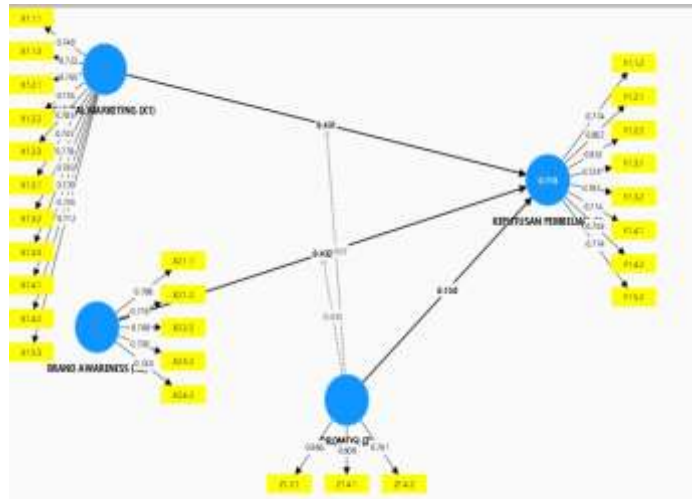


Figure 4. PLS Output Model (After Indicator Elimination).
 Source: Research Data Processed (2024).

RESEARCH RESULT

Measurement Model Assessment

The measurement model was assessed to ensure indicator validity, convergent validity, and reliability. Cross-loading results (Table 1) show that each indicator's loading on its corresponding construct is greater than its correlation with other constructs, indicating satisfactory discriminant validity.

Table. 1 Cross Loading Results

Indicator	X2 (Brand Awareness)	X1 (Digital Marketing)	Y (Purchasing Decision)	Z (Promotion)
X1.1.1	0.582	0.748	0.615	0.098
X1.1.3	0.511	0.722	0.564	0.012
X1.2.1	0.643	0.765	0.621	0.144
X1.2.2	0.559	0.755	0.535	0.098
X1.2.3	0.547	0.783	0.626	-0.027
X1.3.1	0.534	0.735	0.577	0.216
X1.3.2	0.622	0.778	0.595	0.164
X1.3.3	0.607	0.783	0.595	0.154
X1.4.1	0.507	0.739	0.566	0.087
X1.4.2	0.611	0.733	0.604	0.117
X1.5.3	0.665	0.712	0.586	0.038
X2.1.1	0.788	0.619	0.648	0.205
X2.1.2	0.716	0.583	0.510	0.044
X2.2.2	0.768	0.617	0.560	0.074
X2.3.2	0.738	0.519	0.556	0.110
X2.4.2	0.743	0.571	0.649	0.136
Y1.1.2	0.555	0.558	0.774	0.325
Y1.2.1	0.738	0.646	0.862	0.288
Y1.2.2	0.666	0.610	0.832	0.238

Y1.3.1	0.465	0.537	0.729	0.194
Y1.3.2	0.597	0.636	0.785	0.258
Y1.4.1	0.622	0.586	0.714	0.126
Y1.4.2	0.556	0.560	0.736	0.125
Y1.5.2	0.634	0.734	0.774	0.139
Z1.2.1	0.130	0.113	0.245	0.866
Z1.4.1	0.122	0.085	0.233	0.808
Z1.4.2	0.136	0.133	0.185	0.761

Convergent validity was examined using Average Variance Extracted (AVE). As presented in Table 2, all AVE values are above 0.50, indicating that the constructs explain more than half of the variance in their indicators.

Table 2. Average Variance Extracted (AVE)

Variable	AVE	Interpretation
Digital Marketing (X1)	0.563	Valid
Brand Awareness (X2)	0.564	Valid
Purchasing Decision (Y)	0.604	Valid

Reliability was tested using Cronbach's Alpha and Composite Reliability (CR). As shown in Table 3, all values meet the thresholds ($\alpha > 0.70$; $CR > 0.70$), confirming internal consistency reliability.

Table 3. Reliability Test Results

Variable	Cronbach's Alpha	Composite Reliability	Interpretation
Digital Marketing (X1)	0.807	0.811	Reliable
Brand Awareness (X2)	0.922	0.933	Reliable
Purchasing Decision (Y)	0.906	0.910	Reliable
Promotion (Z)	0.744	0.759	Reliable

Structural Model Assessment

The R-Square values indicate the predictive power of the model. Purchasing Decision (Y) has an R² value of 0.62, suggesting a moderate level of explanatory power, while Promotion (Z) has an R² of 0.41, indicating a weaker explanatory capacity.

Table 4. R-Square Values

Endogenous Variable	R²	Interpretation
Purchasing Decision (Y)	0.620	Moderate
Promotion (Z)	0.410	Weak

Model fit was evaluated using the Standardized Root Mean Square Residual (SRMR), with a value of 0.062, which is below the threshold of 0.08, indicating a good fit.

Table 5. Model Fit Summary

Fit Index	Value	Threshold	Interpretation
SRMR	0.062	<0.08	Good Fit

Hypothesis Testing

Bootstrapping results are shown in Table 4.6, revealing that digital marketing, brand awareness, and promotion each have a significant positive effect on purchasing decisions, whereas the moderating effects of promotion are negative and insignificant.

Table 6. Path Coefficients and Hypothesis Testing

Hypothesis	Path	β (Original Sample)	t-statistic	p-value	Decision
H1	Digital Marketing (X1) → Purchasing Decision (Y)	0.431	4.319	0.000	Accepted
H2	Brand Awareness (X2) → Purchasing Decision (Y)	0.312	3.765	0.000	Accepted
H3	Promotion (Z) → Purchasing Decision (Y)	0.298	2.942	0.004	Accepted
H4	Promotion (Z) moderates X1 → Y	-0.055	0.621	0.534	Rejected
H5	Promotion (Z) moderates X2 → Y	-0.047	0.512	0.609	Rejected

DISCUSSIONS

The empirical results of this study offer substantial insights into the interrelationships among digital marketing, brand awareness, promotion, and purchasing decisions within the context of Micro, Small, and Medium Enterprises (MSMEs). The analysis demonstrates that digital marketing exerts a

positive and statistically significant influence on purchasing decisions ($\beta = 0.431$, $p < 0.001$). This outcome reinforces the view of Chaffey and Ellis-Chadwick (2019), who emphasize the capacity of digital platforms to expand market reach and foster deeper consumer engagement. The finding also aligns with the research of Purwanto et al. (2020) and Kumar et al. (2016), which underline the role of digital marketing in shaping purchasing behavior, particularly in competitive market environments. For MSMEs, the adoption of targeted online campaigns, optimization for search engines, and interactive social media content emerges as a strategic necessity for stimulating consumer purchase intentions.

Brand awareness is also found to have a significant positive effect on purchasing decisions ($\beta = 0.312$, $p < 0.001$). This result is consistent with Aaker's (1996) conceptualization of brand equity, which posits that consumer familiarity with a brand enhances trust and facilitates decision-making. Keller (2013) similarly argues that brand awareness reduces perceived risks and strengthens consumer preferences, thereby increasing the likelihood of purchase. Within the MSME sector, cultivating brand recognition through consistent messaging, visual identity, and storytelling is critical for securing long-term consumer loyalty and driving sustained sales growth.

The positive relationship between promotion and purchasing decisions ($\beta = 0.298$, $p = 0.004$) corroborates Kotler and Keller's (2016) assertion that promotional activities generate urgency, attract attention, and can stimulate short-term increases in demand. This finding is further supported by Astuti et al. (2021), who report that promotional incentives, particularly in price-sensitive segments, significantly increase consumer willingness to buy. For MSMEs, such tactics can serve as a competitive lever, especially when resources for large-scale marketing campaigns are limited.

In contrast, the moderating effects of promotion on the relationships between digital marketing and purchasing decisions ($\beta = -0.055$, $p = 0.534$) and between brand awareness and purchasing decisions ($\beta = -0.047$, $p = 0.609$) were negative and statistically insignificant. This suggests that while promotion directly enhances purchasing decisions, its interaction with digital marketing or brand awareness does not necessarily strengthen their influence. A plausible explanation is that excessive promotional activities may inadvertently shift consumer focus toward price advantages rather than the value proposition communicated through branding and marketing initiatives. Such a phenomenon is cautioned by Blattberg and Neslin (1990), who argue that overuse of promotions can erode brand equity and diminish long-term strategic impact.

CONCLUSION AND RECOMMENDATION

The findings indicate that digital marketing, brand awareness, and promotion each have a significant positive impact on purchasing decisions in MSMEs. These results highlight the importance of adopting effective digital marketing strategies, maintaining strong and consistent brand identity, and implementing promotions that can directly encourage consumer purchases. However, the moderating role of promotion was found to be insignificant, suggesting that promotions should be used strategically to complement, rather

than replace, other marketing efforts. MSMEs are recommended to prioritize brand building and digital engagement, with promotional activities serving as a supportive element to enhance overall marketing effectiveness.

FURTHER STUDY

This study is subject to certain limitations. The analysis was conducted within a specific regional and sectoral context, which may limit the generalizability of the findings. Future research could expand the scope to include diverse industries and geographic areas, or employ longitudinal designs to examine the long-term effects of digital marketing, brand awareness, and promotion on consumer behavior. Additionally, exploring other moderating variable such as market competition intensity, product category, or customer demographics could provide further insights into the dynamics of purchasing decisions in MSMEs.

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