

## Exploring the Mediating Role of Relational Social Commerce Capability in Enhancing Marketing Performance: A Study on Social Media Marketing Strategies in Culinary MSMEs in Indonesia

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### Abstract

From the perspective of micro, small, and medium-sized enterprises (MSME), the purpose of this study is to investigate the role that relational e-commerce capability plays. The use of social media in the business world has grown at an alarming rate over the past ten years. Companies that have a marketing strategy that involves making effective and appropriate use of social media are confident that they will reap the benefits of their social media performance. The truth is that social media has not yet lived up to the hype that it increased sales, return on investment, and customer-based competitive advantages. The inconsistency of the results encourages researchers to dedicate a significant amount of attention to the study of social media. The culinary micro, small, and medium-sized enterprises (MSME) in Indonesia were the focus of this study, which utilized the survey method. For the purpose of this study, a quantitative methodology is utilized, which entails the collection of data and then the analysis of the data through the utilization of the purposive sampling method. For the purpose of putting the empirical model through test the data that was obtained for this study was the result of a questionnaire. This research showed that the marketing strategy for social media has no effect on the overall marketing performance of micro, small, and medium-sized enterprises (MSME). An additional discovery is that the capability of relational s-commerce has been demonstrated to act as a mediator in the connection between the social marketing strategy and marketing performance. The purpose of this study is to encourage owners of micro, small, and medium-sized enterprises (MSMEs) to begin maximizing their use of social media marketing in order to achieve successful marketing results. In addition, because the relational commercial capability has been demonstrated to be mediating, small and medium-sized enterprises (SMEs) need to be able to assist customers in making pre-purchase decisions as well as post-purchase behaviors in order to be successful in the business environment because of this.

**Keywords:** MSME, Relational Social Commerce Capability, Marketing Performance, Social Media Marketing.

### 1.0 Introduction

The current society has greatly embraced the use of technological companies especially the social networks. Whereas functions to help two people interact have grown into active communication processes that significantly influence consumers' actions. Markets such as Facebook, Instagram, TikTok, and YouTube, where billions of active users are present around the globe, remain attached to people's existence, and their choices of preferences, buying, and other living standards. Due to the fact that social media has become inseparable part of people's lives, it is no longer merely a means of communication, but functioning as marketplace in which trends, opinions, and brands are created (Hajli, 2014).

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The role of MSMEs in the economy of Indonesia cannot be overemphasized because they are over 99% of companies and ensure employment of millions of individuals (Aladin et al., 2021). They play a large role in the economy in terms of contribution to GDP (Silivestru, 2012). However, the performance of MSMEs is challenged by lack adequate sources of funds, information technology, and skilled workforce and face rigid bureaucratic structures and stringent legal requirements that limit their ability to expand and compete.

It is a fact that social commerce has a vast potential to connect the MSMEs with a new market. Social media has gone a long way in assisting MSMEs (Öztamur & Karakadılar, 2014) to access consumers and thus promoting brand familiarity and sales. This system enables shoppable posts which help businesses to introduce their products, live streaming for them to understand the clients' needs and preferences and integrating influencers to make shopping easier and convenient. This strategy will enhance the competitiveness of MSMEs in equal ground match to large firms and uncover hitherto untapped markets.

Despite the increase in studies examining the impact of social media in the context of MSMEs (Cao & Weerawardena, 2023; Corral de Zubielqui & Jones, 2022), several questions remain unanswered and, therefore, this study aims to fill the gap of exploring the moderating role of Relational Social Commerce Capability (RSCC) within culinary MSMEs specifically. Prior research mainly concentrates on the overall effectiveness of social media for businesses while the present research aims at exploring the role of relational capability that have been suggested to precipitate performance effects from SCM in real estate marketing more proximally. Such research gap warrants a more profound understanding and analysis of the factors that contribute to the success of social commerce for culinary MSMEs.

It seeks to establish the role of relational social commerce capability in bridging the link between social media marketing strategies and marketing performance among Indonesian culinary MSMEs. It is with this premise that this research aims at establishing the mechanism that corresponds to strong marketing practices by analyzing different social media strategies. Furthermore, it will investigate the peculiarities of the Indonesian culinary market to determine the specificities that can be capitalized on to boost the performance of these enterprises through social commerce.

## **2.0 Literature Review**

### **2.1 The Role of Social Media Marketing strategy**

SMMS is defined as an organization's integrated pattern of activities that, based on a careful assessment of customers' motivations for brand-related social media use and the undertaking of deliberate engagement initiatives, transform social media connectedness (networks) and interactions (influences) into valuable strategic means to achieve desirable marketing outcomes (Li et al., 2020). This definition is a comprehensive version because it encapsulates the singularity of the phenomenon of social media, takes into account the fundamental premises of marketing strategy, and illustrates the range of activities that are associated with social media marketing.

The role of social media marketing is showed by several scholars that indicate social media strategy affects performance (Wu et al., 2020; Wang & Kim, 2017). The research findings indicate that implementing a social media strategy has a beneficial impact on the overall performance of an organization. This includes an increase in market share, sales growth, profits,

and customer satisfaction, as well as a reduction in advertising costs. Companies employ social media strategies to market and promote their products or services, enhance brand reputation, conduct market research, engage with customers, gather feedback on existing offerings, and provide detailed product information for optimal results. Social media platforms also facilitate firms in reaching out to customers and acquiring valuable insights on their competitors. A social media marketing strategy facilitates interactive communication between organizations and current or prospective consumers in order to enhance customer relationship management (CRM). Therefore, the implementation of a social media strategy enhances the visibility of a brand and facilitates marketing research. Organizations have the ability to engage in marketing research and establish communication channels with their current customers in order to collect valuable customer feedback.

Relational social commerce capability refers to enterprise ability in purposely using and leveraging SM to build a relationship with customers beyond their transactions (Busalim & Hussin, 2016). As SM connects millions of users, it provides enterprises with opportunities to connect with a large number of customers to achieve different business objectives, such as marketing, customer service problem solving, and learning about customers (Nisar & Whitehead, 2016; Chaker et al., 2022). Thus, SM provides an environment in which enterprises can build relationships with customers and differentiate themselves from their competitors. Based on the above explanation, we hypothesize that:

H1. Social media marketing strategy has a positive impact on marketing performance

H2. Social media marketing strategy has a positive impact on relational social commerce capability

## 2.2 The Role of Relational Social Commerce Capability

As relational social commerce capability focus on build a relationship with customers, various customer-focused aspects of organizational capabilities were considered when examining the factors that influence business performance. Research conducted by various studies (Tajvidi & Karami, 2021; Ahmed et al., 2014) has demonstrated that the presence of effective marketing capability leads to enhanced business performance. Moreover, the ability to manage customer relationships has been recognized as a factor that influences business performance (Wang & Kim, 2017).

Relational social commerce capability can be seen as the link between social media marketing and marketing outcome. It implies that though undertaking social media marketing strategies can impact marketing performance, the extent of this link is conditioned by the extent to which a firm is effective in nurturing and managing customer relationships using social media. For example, a culinary MSME might use Instagram for visually appealing food posts (strategy). However, if they can engage with followers, respond to comments promptly, and build a sense of community (capability), they are more likely to convert followers into customers and retain their loyalty (performance). Based on the above explanation, we hypothesize that:

H3. Relational social commerce capability has a positive impact on marketing performance

H4. Relational social commerce mediates social media marketing strategy and marketing performance

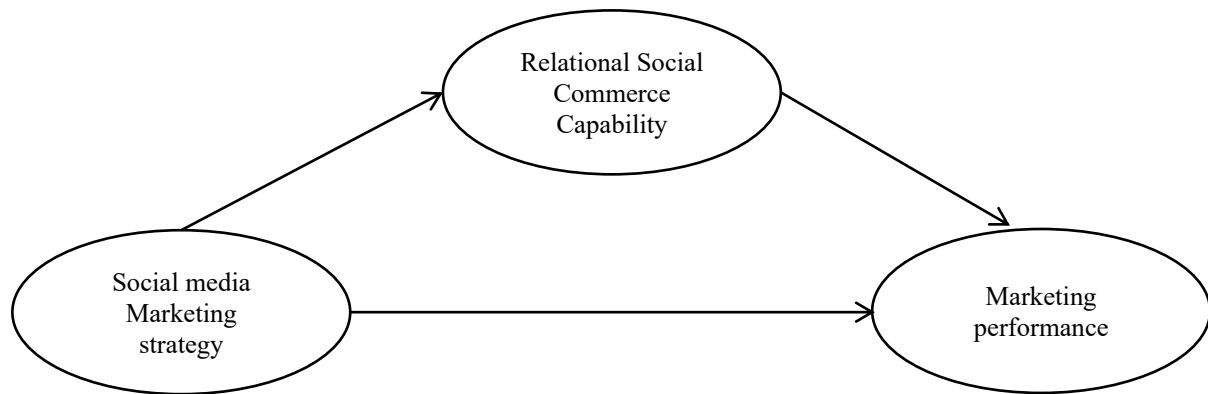


Fig . Research Framework

### 3.0 Methods

This research uses quantitative methods to examine the relationship between social media marketing strategy, relational social commerce capabilities, and marketing performance. The analytical tool used is Structural Equation Modeling (SEM) with the Partial Least Square (PLS) approach. The data collection process was carried out using a survey method using a questionnaire distributed to MSMEs as respondents. Respondents were asked to provide an assessment of the questionnaire questions on a Likert scale ranging from points 1-10. The respondent data used in this research were 100 respondents.

### 4.0 Result and Discussion

#### 4.1 Convergent Validity Test

Table 1: Convergent Validity Test Result

Variable	Item	Loading Factor	Result
Social Media Marketing Strategy	X2	0,841	Valid
	X4	0,832	Valid
	X6	0,804	Valid
Relational Social Commerce Capability	X8	0,877	Valid
	X9	0,870	Valid
	X10	0,882	Valid
Marketing Performance	X15	0,815	Valid
	X17	0,905	Valid
	X18	0,825	Valid
	X19	0,872	Valid

Source: Primary data processed, 2024

All indicators on the variables meet the convergent validity test criteria if the loading factor value  $> 0,7$  can be. In the table above, it can be seen that the indicators shown have met the criteria of the convergent validity test, so they are declared valid. Meanwhile, for indicators, such as X1, X3, X5, X7, X11, X12, X13, X14, X16 are declared invalid because the loading factor value  $< 0,7$ , so they are excluded from data analysis.

## 4.2 Discriminant Validity Test

Table 2: Discriminant Validity Test Result

Variable	AVE Root	AVE	Result
Social Media Marketing Strategy	0,826	0,682	Valid
Relational Social Commerce Capability	0,876	0,768	Valid
Marketing Performance	0,855	0,731	Valid

Source: Primary data processed, 2024

In the results of the table, it can be seen that the construct correlation in each variable indicator has an AVE Root value of each construct greater than the correlation between the construct and other constructs and all AVE values are > 0,6. Therefore, it can be concluded that these variables have met the criteria of the discriminant validity test and can be said to be valid.

## 4.3 Reliability Test

Table 3: Reliability Test Result

Variable	Cronbach's Alpha	Composite Reliability	Result
Social Media Marketing Strategy	0,769	0,866	Reliable
Relational Social Commerce Capability	0,849	0,908	Reliable
Marketing Performance	0,882	0,916	Reliable

Source: Primary data processed, 2024

In the results of this table, it is found that all variables used for measurement in this study can be said to be reliable because they have met the criteria of the composite reliability value > 0,7 and the value of Cronbach's alpha > 0,7.

## 4.4 Goodness of Fit

Table 4. Goodness of Fit Result

Variable	AVE	R-Square
Social Media Marketing Strategy	0,682	-
Relational Social Commerce Capability	0,768	0,333
Marketing Performance	0,731	0,210
Average	0,727	0,272

Source: Primary data processed, 2024

Calculation GoF:

$$\begin{aligned} \text{GoF} &= \sqrt{0,727 \times 0,272} \\ &= 0,444 \end{aligned}$$

From the results of these calculations, it produces a value of 0,444, which means that the research model used is classified in the good category.

#### 4.5 R-Square

Table 5: R Square Result

Variable	R-Square
Relational Social Commerce Capability	0,333
Marketing Performance	0,210

Source: Primary data processed, 2024

The results in the table show that the R-square value of the Relational Social Commerce Capability variable is 0,333, which means that the variable is included in the category that has a moderate influence. This value illustrates that the ability of exogenous variables to explain the Relational Social Commerce Capability variable is 33,3%, so it can be said that the exogenous variables in explaining the Relational Social Commerce Capability variable have a moderate influence. Meanwhile, the remaining 66,7% is influenced by other variables that are not measured in this study.

Furthermore, the R-square value of the Marketing Performance variable is 0,210, which means that the variable is included in the category that has a weak influence. This value illustrates that the ability of exogenous variables in explaining the Marketing Performance variable is 21,0%, so it can be said that exogenous variables in explaining the Marketing Performance variable have a weak influence. Meanwhile, the remaining 79,0% is influenced by other variables that are not measured in this study.

#### 4.6 Hypothesis Test

Table 6: Hypothesis Test Result

Variable	Original Sample	T Statistic	P Values	Result
<b>Hypothesis 1:</b> Social Media Marketing Strategy -> Marketing Performance	0,132	1,183	0,119	Not Accepted
<b>Hypothesis 2:</b> Social Media Marketing Strategy -> Relational Social Commerce Capability	0,577	6,129	0,000	Accepted
<b>Hypothesis 3:</b> Relational Social Commerce Capability -> Marketing Performance	0,369	2,876	0,002	Accepted
<b>Hypothesis 4:</b> Social Media Marketing Strategy -> Relational Social Commerce Capability -> Marketing Performance	0,213	2,170	0,030	Accepted

Source: Primary data processed, 2024

The criteria used in hypothesis testing for direct effects are t-statistic  $> 1,64$  (t-table, one-tailed) or P-value  $\leq 0,05$ . Meanwhile, the hypothesis test for indirect effects (hypothesis 4) uses the t-statistic  $> 1,96$  or P-value  $\leq 0,05$ . Based on the table above, the results of hypothesis testing can be seen as follows.

a. **Hypothesis 1: Social media marketing strategy has a positive impact on marketing performance**

In the table above, it can be seen that the result of the P-value is  $0,119 > 0,05$  and the t-statistic value is  $1,183 < 1,64$ , so there is an insignificant effect. The effect of Social Media Marketing Strategy on Marketing Performance has an original sample value of  $0,132$ . Based on this description, it is found that the first hypothesis (H1) which states that social media marketing strategy has a positive impact on marketing performance, is rejected.

b. **Hypothesis 2: Social media marketing strategy has a positive impact on relational social commerce capability**

In the table above, it can be seen that the result of the P-value is  $0,000 < 0,005$  and the t-statistic value is  $6,129 > 1,64$ , so there is a significant effect. The effect of Social Media Marketing Strategy on Relational Social Commerce Capability has an original sample value of  $0,577$  which means that the effect is unidirectional (positive) and if the value of the exogenous variable increases, the value of the endogenous variable also increases. Based on this description, the results show that the second hypothesis (H2) which states that social media marketing strategy has a positive impact on relational social commerce capability can be accepted.

c. **Hypothesis 3: Relational social commerce capability has a positive impact on marketing performance**

The results of the table above, it can be seen that the result of the P-value is  $0,002 > 0,05$  and the t-statistic value is  $2,876 > 1,64$  which means that there is a significant effect. The effect of Relational Social Commerce Capability on Marketing Performance has an original sample value of  $0,369$ . Therefore, the results show that the third hypothesis (H3) which states that relational social commerce capability has positive impact on marketing performance can be accepted.

d. **Hypothesis 4: Relational social commerce capability mediates social media marketing strategy and marketing performance**

The results of the table above, it can be seen that the result of the P-value is  $0,030 > 0,05$  and the t-statistic value is  $2,170 > 1,96$ , which means that there is a significant indirect effect. This means that the mediating variable used has a role in mediating the relationship between the independent variable and the dependent variable. Therefore, the results show that the fourth hypothesis (H4) which states that relational social commerce capability mediates social media marketing strategy and marketing performance can be accepted.

#### 4.7 Discussion

The results of this study indicate several important findings regarding the relationship between social media marketing strategies, relational social commerce capabilities, and marketing

performance in MSMEs. First, the absence of a positive impact of social media marketing strategies on marketing performance suggests that MSMEs' use of social media may not be optimal or effective in directly improving marketing performance. This could be due to MSMEs' lack of understanding of effective content strategies, or the inability to measure the real impact of social media activities on sales. The results of this study are not in line with research showing that social media marketing strategies are able to influence marketing performance (Wu et al., 2020; Wang & Kim, 2017). Meanwhile, other studies show that the application of social media marketing in MSMEs is influenced by other factors that are more important to produce better marketing performance (Berger & Thomas, 2013).

Furthermore, this study found that social media marketing strategies have a positive impact on relational social commerce capabilities. This suggests that the use of social media can strengthen the relationship between MSMEs and consumers, increasing trust, interaction and consumer loyalty through digital platforms. This confirms the findings that relational social commerce capability refers to a company's ability to use and utilize social media to build relationships with customers beyond their transactions (Busalim & Hussin, 2016). This capability is then shown to have a positive impact on marketing performance, indicating that strong relationships with consumers can be key to the marketing success of MSMEs. This finding confirms the results of research stating that the presence of marketing capabilities and the ability to manage customer relationships can improve business performance (Tajvidi & Karami, 2021; Ahmed et al., 2014; Wang & Kim, 2017).

Finally, relational social commerce capabilities are proven to be a mediator between social media marketing strategies and marketing performance. This means that the positive impact of social media marketing strategies on marketing performance occurs through the improvement of relational social commerce capabilities. In other words, although social media strategies do not directly improve marketing performance, when integrated with the ability to build strong relationships with consumers, better results can be achieved. These findings show the importance for MSMEs to not only focus on using social media as a marketing tool, but also to develop strong social commerce capabilities to maximize their marketing performance.

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