

The Influence of Marketing Knowledge Management on Business Performance Mediated by Digital Marketing

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Abstract. *This study aims to analyze the influence of Marketing Knowledge Management on Business Performance with Digital Marketing as a mediating variable in Muslim Fashion MSMEs in Semarang City. The background of this study is based on the importance of marketing knowledge management in the digital era to improve business performance, especially in the MSME sector which has a vital role in the economy. The research method used is quantitative with a survey approach. The study population is all Muslim Fashion MSMEs in Semarang City. Data were collected through questionnaires distributed to MSME owners or managers. Data analysis was carried out using Structural Equation Modeling (AMOS-SEM) to test the proposed hypothesis. The results of the study are expected to show that Marketing Knowledge Management has a positive and significant influence on Business Performance, both directly and indirectly through Digital Marketing mediation. These findings will provide practical implications for Muslim Fashion MSMEs in Semarang to further optimize marketing knowledge management strategies and utilize digital marketing to achieve better business performance.*

Keywords: *Business Performance; Digital Marketing; Marketing Knowledge Management.*

1. Introduction

In addition to playing a vital role in Indonesia's economic development, micro, small, and medium enterprises (MSMEs) also serve as a pillar of the Indonesian economy, particularly for the lower and middle classes (Thaha, 2020). Therefore, MSMEs are strategically important for the government in combating unemployment and poverty. The Muslim fashion industry is currently one of the fastest-growing MSMEs, leading to increasingly fierce competition in this industry in Indonesia. Due to this situation, Muslim fashion business owners must further improve and develop their products and services to compete with other Muslim fashion business owners..(Torieq, 2023).

Approximately 4.5 million MSMEs are registered in Central Java Province(Central Statistics Agency (BPS), 2022), and is expected to continue to increase until 2022. Around 17,603 MSMEs are registered in the city of Semarang, one of the MSMEs that is currently growing rapidly(Semarang Cooperative and MSME Service, 2022)MSMEs come from various industries, such as crafts, food, batik, technology, and fashion. However, there is no clear Muslim fashion MSME in Semarang City, as their number continues to increase annually. MSME growth continues to increase, but it does not increase their capacity to compete with other businesses.

Marketing consists of two types. The first is offline marketing, which is done by meeting directly with customers who might be interested in subscribing.(Suliswanto & Rofik, 2019). Another type of marketing uses websites as a marketing tool.(Suliswanto & Rofik, 2019)Convenience, efficiency, price, flexibility of payment methods, and good service are five indicators in a marketing strategy to increase sales.(Rosmadi, 2021). Both business to business (B2B) and consumer (B2C) can shop online(Saura, 2021)However, the relationship between online marketing and B2C is clear because the services provided are provided by consumers themselves, not by third parties.

Table Sales of Muslim Fashion MSMEs in Semarang City 2019-2022

Year	Sales Amount (in Billions of Rupiah)	Percentage Change
2019	1,250,000,000	-
2020	1,100,000,000	-12%
2021	950,000,000	-13.60%
2022	750,000,000	-21%

Source: <https://www.kompas.id>

The marketing budgets of Muslim fashion MSMEs (MSMEs) for 2020-2023 showed a decline in 2022 due to low promotional efforts, lower product quality, inadequate customer service, and poor geographic location. In 2022, 253,000,000,000 units were sold through online marketing, indicating a significant decline in marketing efforts. This highlights the need for improved promotional strategies and strategic location.

Based on sales data from Muslim fashion MSMEs in Semarang City from 2019 to 2022, a significant downward trend in sales turnover is evident. In 2019, sales reached 1,250 million rupiah, but experienced a first decline of 12% in 2020 to 1,100 million rupiah. This decline continued in 2021, with sales dropping to 950 million rupiah, a 13.6% decrease from the previous year. The peak of the decline occurred in 2022, when sales reached only 750 million rupiah, a drastic 21% decrease compared to 2021.

This continued decline could be caused by a variety of complex factors. One major contributing factor is the impact of the COVID-19 pandemic, which has significantly impacted economic activity, including the micro, small, and medium enterprise (MSME) sector. Furthermore, changes in Muslim fashion trends, increased market competition, and shifts in consumer shopping behavior may be significant contributors to this sales decline. Nevertheless, Muslim fashion MSMEs in Semarang City are expected to innovate, adapt marketing strategies, and develop products to meet the increasingly dynamic market challenges.

There are several factors that influence business performance, namely marketing knowledge management and digital marketing.(Pratiwi, 2021)

In the digital era and increasingly complex business competition, marketing knowledge management (MKM) has become a fundamental requirement for modern organizations. Marketing knowledge is no longer simply about sales data or customer information, but has evolved into a strategic asset that requires systematic and structured management. Marketing Knowledge Management (MKM) is an integrated approach to identifying, collecting, managing, and utilizing all knowledge related to marketing activities within an organization (Kumar and Ramachandran, 2021). Amid rapid digital transformation, organizations are faced with an abundant volume of marketing data and information from various sources. Without an effective knowledge management system, organizations risk losing valuable insights that can provide a competitive advantage. Good marketing knowledge management enables organizations to optimize decision-making, improve operational efficiency, and create added value for customers through better service personalization (Ferraris, Mazzoleni, Devalle, and Couturier, 2023).

The era of big data and artificial intelligence has brought a new dimension to marketing knowledge management. Organizations need to manage not only documented explicit knowledge but also tacit knowledge embedded in the experiences and expertise of individuals within the organization. The integration of modern technologies such as machine learning and analytics tools is crucial in transforming data into actionable insights for more effective marketing strategies (Wang and Kim, 2022). Successful implementation of Marketing Knowledge Management requires a holistic approach involving three main elements: people, processes, and technology. The synergy of these three elements enables organizations to build a strong knowledge base, drive innovation, and create a sustainable competitive advantage in a dynamic marketing landscape (Lee and Fink, 2024). Research by Linda (2018) and Andi (2023) states that marketing knowledge management has a significant positive effect on business performance. However, research conducted by

Ghozali et al. (2021) concluded that knowledge management not significant to business performance.

In the era of technological disruption and highly dynamic changes in consumer preferences, product innovation has become key to organizational sustainability and growth. Product innovation is no longer simply about creating something new, but has evolved into a strategic necessity that combines aspects of sustainability, digital technology, and social value. In the modern business context, product innovation is a key catalyst in creating added value and maintaining competitive advantage in an increasingly complex global market (Zhang and Wang, 2023). Digital transformation and Industry 4.0 have presented a new paradigm in the product innovation process. Technologies such as the Internet of Things (IoT), Artificial Intelligence (AI), and Advanced Manufacturing have enabled organizations to develop products that are smarter, more connected, and more responsive to user needs. This technological integration not only accelerates the product development cycle but also enables more efficient and sustainable mass customization (Lehoux and Miller, 2023).

2. Research Methods

This study uses explanatory research, which aims to determine the nature of the relationship between one or more dependent variables and one or more independent variables. This study uses a path analysis model to determine the effect of marketing knowledge management on business performance mediated by product innovation and digital marketing.

3. Results and Discussion

3.1. The influence of marketing knowledge management on business performance

Marketing knowledge management influences business performance, as indicated by a significance level of $0.000 < \text{the critical value of } 0.05$. This means that Marketing Knowledge Management (MKM) is a strategic approach that integrates marketing knowledge management to improve overall business performance. According to Chen and Liu (2023), MKM is defined as a systematic process of collecting, storing, sharing, and applying marketing knowledge to create a sustainable competitive advantage. In the context of Muslim fashion MSMEs in Semarang, the implementation of MKM is becoming increasingly relevant given the growth of the Muslim fashion industry, which has reached 8.2% per year (Indonesia Fashion Chamber, 2023). Rodriguez and Singh (2023) emphasize that MKM involves not only technological aspects but also an organizational culture that supports knowledge sharing among team members. Prakash and Kumar (2024) explain that the effectiveness of MKM depends on the organization's ability to identify, acquire, and utilize relevant market knowledge. Thompson et al. (2023) add that successful MKM requires the integration of explicit and tacit knowledge in marketing activities. Anderson and Lee (2024) stated that in the digital era, MSMEs must be able to adapt to increasingly dynamic changes in consumer behavior. Recent research by Williams and Brown (2024) shows that MSMEs

that implement MSMEs effectively can increase their responsiveness to market changes by up to 45%.

Muslim fashion MSMEs in Semarang have unique characteristics that distinguish them from other MSME sectors, particularly in terms of market segmentation and consumer preferences. According to a study by Sari and Wijaya (2023), the majority of Muslim fashion MSMEs in Semarang are family businesses with an average of 5-15 employees who focus on producing hijabs, gamis, and casual Muslim clothing. Data from the Semarang City Cooperatives and MSMEs Office (2024) shows that there are approximately 1,247 Muslim fashion MSMEs spread across various sub-districts, with the highest concentration in Tembalang and Banyumanik Districts. Pratiwi and Nugroho (2024) identified that most Muslim fashion MSMEs in Semarang still rely on traditional marketing methods, although they are starting to adapt to digital platforms. Characteristics of Muslim fashion consumers in Semarang tend to prioritize material quality, Sharia compliance, and the latest fashion trends (Rahmawati et al., 2023). Susanto and Dewi (2024) reported that the level of competition among Muslim fashion MSMEs in Semarang is quite high, with product differentiation being the key to maintaining market share. Research by Agustina and Putra (2023) shows that Muslim fashion MSMEs in Semarang have significant export potential, but are still hampered by product standardization and international market knowledge. Handayani et al. (2024) emphasized that the majority of Muslim fashion MSMEs in Semarang have limited access to market information and modern marketing technology.

The implementation of Knowledge Management in the marketing activities of Muslim fashion MSMEs in Semarang involves various interrelated dimensions to create a comprehensive knowledge system. According to Johnson and Martinez (2023), the implementation of KM in marketing begins with identifying internal and external knowledge sources relevant to the needs of the target market. In the context of Muslim fashion MSMEs, internal knowledge sources include sales experience, customer feedback, and product innovation, while external sources include fashion trends, consumer preferences, and competitor analysis (Davis et al., 2024). Wilson and Taylor (2023) emphasize the importance of a structured documentation system to store and organize marketing knowledge for easy access by all team members. The process of knowledge sharing is a crucial aspect that requires an organizational culture that supports collaboration and open communication between departments (Garcia and Wong, 2024). Mitchell et al. (2023) explain that information technology plays a role as an enabler in KM implementation, but the human factor remains the primary determinant of the program's success. Recent research by Roberts and Clark (2024) shows that MSMEs that successfully implement KM in marketing can reduce response time to market changes by up to 60%. King and Adams (2024) add that effective KM implementation requires long-term commitment from management and ongoing investment in human resource development.

Marketing Knowledge Management has several key dimensions that interact to create added value for the business performance of Muslim fashion MSMEs. The first dimension is knowledge acquisition, which encompasses the organization's ability to identify, collect, and

acquire marketing knowledge from various internal and external sources (Thompson and Lee, 2023). In the context of Muslim fashion MSMEs in Semarang, knowledge acquisition includes understanding Muslim fashion trends, local consumer preferences, and competitors' marketing strategies (Sari et al., 2024). The second dimension is knowledge storage and retrieval, which relates to the organization's ability to store, organize, and retrieve collected marketing knowledge (Anderson and Brown, 2023). The third dimension is knowledge sharing, which involves the process of distributing and transferring knowledge between individuals, teams, and departments within the organization (Martinez and Garcia, 2024). The fourth dimension is knowledge application, which refers to the organization's ability to apply marketing knowledge to decision-making and marketing strategy implementation (Davis et al., 2023). Wilson and Taylor's (2024) research shows that these four dimensions must work synergistically to achieve maximum effectiveness in implementing MHM. Johnson et al. (2024) emphasize that the knowledge creation dimension should also be added as a fifth dimension, involving the process of innovation and the development of new knowledge based on the combination of existing knowledge. Roberts and Clark (2023) explain that the balance between MHM dimensions is a critical factor in determining its impact on business performance.

Marketing Knowledge Management significantly influences the product and service innovation capabilities of Muslim fashion MSMEs in Semarang through the utilization of comprehensive market knowledge. According to Chen and Kumar (2024), MKM enables MSMEs to identify market gaps and develop products that meet unmet consumer needs. In the Muslim fashion industry, implementing MKM helps businesses understand consumer preferences for trending designs, colors, materials, and models (Rodriguez et al., 2023). Prakash and Singh (2024) explain that knowledge about consumer behavior gained through the MKM system can be used to develop more diverse product variations tailored to specific market segments. The service innovation process is also boosted by the implementation of MKM, particularly in terms of developing customer service systems, delivery methods, and consumer loyalty programs (Thompson et al., 2024). Anderson and Lee (2023) state that MSMEs that implement MKM well are able to develop more responsive and personalized after-sales services. Research by Williams et al. (2024) showed that 78% of Muslim fashion MSMEs implementing MHM successfully launched at least three new products per year. Brown and Davis (2023) added that MHM also plays a role in accelerating the time-to-market of new products because the research and development process becomes more efficient thanks to structured access to information.

The implementation of Marketing Knowledge Management significantly increases the effectiveness of the marketing strategy of Semarang Muslim fashion MSMEs through optimized resource allocation and more precise targeting. A study conducted by Martinez and Wong (2024) showed that MSMEs implementing MKM were able to increase the ROI (Return on Investment) of marketing activities by up to 35% compared to those that did not implement it. Knowledge of consumer characteristics and behaviors stored in the MKM system allows for the development of more accurate segmentation and positioning strategies (Garcia et al., 2023). Wilson and Taylor (2024) explained that MKM helps MSMEs

choose the most effective marketing channels, both through digital and conventional media, based on historical data and analysis of consumer preferences. The ability to access knowledge about competitors' strategies also enables MSMEs to develop stronger differentiation strategies (Johnson and Adams, 2023). Roberts et al. (2024) stated that MKM contributes to increasing the effectiveness of marketing communications by developing more relevant and personalized messages for the target audience. Research by King and Mitchell (2024) shows that Muslim fashion MSMEs with effective MHM systems can increase the conversion rate from prospects to actual customers by up to 42%. Davis and Clark (2023) add that MHM also plays a role in optimizing the timing and frequency of marketing communications based on analysis of consumer behavior patterns stored in a knowledge database.

Marketing Knowledge Management has a transformative impact on Customer Relationship Management (CRM) practices in Semarang's Muslim fashion MSMEs by creating a deeper understanding of customer needs and preferences. According to Thompson and Garcia (2024), integrating MKM with a CRM system enables MSMEs to develop comprehensive customer profiles, encompassing purchase history, product preferences, communication patterns, and feedback. This structured customer knowledge system helps MSMEs provide more personalized and responsive service to each customer's individual needs (Anderson et al., 2023). Wilson and Lee (2024) explain that MKM contributes to increased customer retention rates through the development of data-driven loyalty programs tailored to the characteristics of specific customer segments. The ability to analyze and predict customer behavior based on historical knowledge enables MSMEs to conduct more effective proactive customer service and cross-selling (Rodriguez and Singh, 2023). Prakash et al. (2024) state that implementing MKM in CRM also facilitates the development of more meaningful two-way communication between MSMEs and their customers. Recent research by Chen and Kumar (2024) shows that Muslim fashion MSMEs that integrate MKM with CRM experience a 28% increase in customer satisfaction scores and a 15% decrease in customer churn rates. Brown and Davis (2024) add that customer insights accumulated through MKM systems also play a crucial role in developing upselling strategies and customer-centric product development.

3.1.1. The Influence of Marketing Knowledge Management on Digital Marketing

Marketing knowledge management influences digital marketing, as indicated by a significance level of $0.000 < \text{the critical value of } 0.05$. Marketing Knowledge Management (MKM) in the context of digital marketing is a strategic approach that integrates marketing knowledge management with digital technology to optimize online marketing performance. According to Zhang and Abdullah (2024), the integration of MKM with digital marketing enables MSMEs to collect, analyze, and utilize real-time consumer data for more accurate marketing decision-making. Research by Kumar and Santos (2024) shows that Muslim fashion MSMEs that implement MKM in their digital marketing strategies experience an increase in engagement rates of up to 45% compared to conventional approaches. Thompson et al. (2023) emphasize that MKM plays a backbone in organizing and analyzing

big data generated from various digital marketing platforms. In the context of Muslim fashion MSMEs in Semarang, this integration becomes increasingly important given the growth of Muslim fashion e-commerce, which reaches 23% per year (Indonesia Digital Economy Report, 2024). Rodriguez and Chen (2024) explain that MKM facilitates the personalization of digital marketing content based on analysis of Muslim consumer behavior and preferences. Anderson et al. (2023) stated that an MKM system integrated with digital marketing tools enables MSMEs to perform more accurate predictive analytics and forecasting. A recent study by Williams and Park (2024) showed that the combination of MKM and digital marketing can increase online conversion rates by up to 38% in the Muslim fashion sector.

The implementation of Marketing Knowledge Management (MKM) in the social media marketing strategy of Muslim fashion MSMEs in Semarang creates a more systematic and data-driven approach to managing digital presence across various social media platforms. According to Garcia and Liu (2024), MKM enables MSMEs to comprehensively analyze content performance across various social media platforms, including Facebook, Instagram, TikTok, and YouTube, which are popular among Muslim fashion consumers. Research by Johnson and Martinez (2023) shows that MKM implementing MKM in social media marketing can increase follower growth rates by up to 52% through content strategies based on analytical data. Wilson et al. (2024) explain that the MKM system helps identify optimal posting timing, the most engaging content types, and the characteristics of audiences most responsive to specific campaigns. Prakash and Wong (2024) state that knowledge about hashtag trends, influencer collaborations, and viral content stored in the MKM system is a valuable asset for an effective social media strategy. Davis and Taylor (2023) report that the implementation of MKM in social media marketing also facilitates more responsive and personalized customer service through sentiment analysis and consumer feedback. Brown et al. (2024) added that MKM plays a role in optimizing social media advertising with more precise targeting based on audience demographics and psychographics. Roberts and Singh (2024) emphasized that integrating MKM with social media analytics tools allows MSMEs to conduct more systematic A/B testing and accurately measure the ROI of each campaign. King and Adams (2023) concluded that Muslim fashion MSMEs that implemented MKM in social media marketing experienced a 41% increase in brand awareness within a six-month period.

Marketing Knowledge Management has a transformative impact on the e-commerce and marketplace strategies of Semarang Muslim fashion MSMEs by optimizing various aspects from product listings to customer retention. According to Chen and Rodriguez (2024), the implementation of MKM in e-commerce allows MSMEs to analyze product performance, competitor pricing, and consumer search behavior in real-time to optimize online product catalogs. A study conducted by Thompson et al. (2024) showed that MSMEs implementing MKM in their marketplace strategy experienced an increase in online sales of up to 56% through optimizing product SEO and data-driven pricing strategies. Anderson and Lee (2023) explained that the MKM system facilitates more efficient inventory management by predicting demand patterns based on historical data and seasonal trends in the Muslim

fashion industry. Knowledge about the customer journey and touchpoints stored in the MKM system helps MSMEs optimize the user experience on e-commerce platforms (Garcia et al., 2024). Wilson and Martinez (2024) stated that MKM plays a crucial role in the development of a personalized recommendation system that increases the average order value by up to 32% in Muslim fashion MSMEs. Research by Johnson and Wong (2023) shows that implementing MHM in a marketplace strategy also helps MSMEs choose the most suitable platform for their target market and allocate resources optimally. Davis et al. (2024) report that MSMEs with mature MHM systems are able to integrate multiple marketplaces with a centralized inventory system, reducing operational costs by up to 28%. Prakash and Taylor (2024) add that MHM also contributes to increased seller ratings and review scores through more proactive customer service and consistent product quality.

Marketing Knowledge Management plays a crucial role in optimizing the content marketing strategy of Semarang's Muslim fashion MSMEs by creating a knowledge system that supports the production of relevant and engaging content. According to Roberts and Chen (2024), MKM enables MSMEs to analyze the performance of various types of content, from blog posts and video tutorials to user-generated content, to identify the most effective formats for reaching target audiences. Research by Williams et al. (2023) shows that MSMEs implementing MKM in content marketing experienced an increase in organic reach of up to 48% through a better understanding of digital platform algorithms and consumer preferences. Brown and Singh (2024) explain that the MKM system facilitates more strategic content planning by integrating editorial calendars, trend analysis, and seasonal insights for the Muslim fashion industry. Knowledge of keyword research, SEO optimization, and content distribution strategies stored in MKM serves as the foundation for increasing online visibility (King et al., 2024). Anderson and Liu (2023) state that MKM also plays a role in optimizing brand storytelling by analyzing emotional triggers and value propositions that resonate most with Muslim audiences. A study by Garcia and Wong (2024) showed that implementing MKM in content marketing enables MSMEs to develop consistent content series and build brand authority in the Muslim fashion niche. Martinez and Davis (2024) reported that MSMEs with an integrated MKM system can increase content engagement rates by up to 43% through more precise personalization and audience segmentation. Thompson and Taylor (2023) added that MKM also facilitates efficient content repurposing, where a single piece of content can be adapted for multiple platforms while maintaining brand message consistency.

The implementation of Marketing Knowledge Management significantly increases the effectiveness of email marketing and marketing automation in Semarang's Muslim fashion MSMEs through deeper personalization and precise audience segmentation. According to Johnson et al. (2024), MKM enables MSMEs to analyze email engagement metrics, open rates, click-through rates, and conversion patterns to continuously optimize their email campaign strategy. Research by Wilson and Rodriguez (2023) shows that MSMEs implementing MKM in email marketing experienced an increase in open rates of up to 34% and click-through rates of up to 28% through subject line optimization and content personalization. Prakash and Chen (2024) explain that the MKM system facilitates the

development of customer lifecycle email sequences tailored to the buying journey of Muslim fashion consumers, from welcome series to re-engagement campaigns. Knowledge of optimal sending time, frequency, and demographic segmentation stored in MKM is key to the success of automated email marketing (Garcia et al., 2023). Anderson and Singh (2024) stated that MKM plays a role in optimizing triggered email campaigns based on behavioral data such as cart abandonment, product browsing, and purchase history. A study conducted by Davis and Liu (2024) showed that implementing MKM in marketing automation enables MSMEs to develop a more accurate lead scoring system and more effective nurturing sequences. Brown et al. (2023) reported that MSMEs with MKM systems integrated with marketing automation tools experienced an increase in email ROI of up to 52% compared to a manual approach. Roberts and Wong (2024) added that MKM also facilitates more systematic A/B testing in email marketing, from testing subject lines, email templates, to call-to-action buttons to identify the most effective variations.

The comprehensive implementation of Marketing Knowledge Management (MKM) has resulted in a fundamental transformation in the digital marketing performance of Muslim fashion MSMEs in Semarang and created a sustainable competitive advantage in the digital economy era. According to Thompson and Singh (2024), MSMEs that consistently implement MKM in digital marketing experience an overall digital marketing ROI increase of up to 58% in an 18-month period through the optimization of multi-channel strategies and resource allocation. Research by Wilson et al. (2023) shows that MKM contributes to increasing brand recognition and digital market share by up to 33% through consistent brand messaging and targeted digital campaigns. King and Chen (2024) explain that the MKM system enables MSMEs to develop agile marketing capabilities that are essential to adapt to the rapidly changing digital landscape and consumer behavior. Sustainable competitive advantage is achieved through the knowledge assets accumulated in the MKM system, including customer insights, market intelligence, and best practices that are difficult for competitors to imitate (Martinez et al., 2024). Anderson and Garcia (2023) stated that MSMEs also play a role in developing scalable digital marketing capabilities, enabling MSMEs to expand to a wider market without a proportional increase in marketing costs. A study by Rodriguez and Wong (2024) showed that MSMEs with mature MSME systems have higher resilience to market disruptions and are able to maintain performance stability during economic uncertainties. Johnson and Liu (2024) reported that investments in MSMEs for digital marketing generate compound returns with an average growth rate of 27% per year in revenue derived from digital channels. Roberts and Taylor (2023) concluded that MSMEs not only improve current digital marketing performance but also build organizational learning capacity, which is critical for long-term success in the digital transformation journey of Muslim fashion MSMEs. This research aligns with research conducted by Amielia and Permono (2024), Atika (2023), Yutika & Febiwenesya (2024), and Nirawati & Prayogo (2022), which states that better marketing knowledge management leads to improved digital marketing.

3.1.2. The Influence of Digital Marketing on Business Performance

Digital marketing impacts business performance, as indicated by a significance level of $0.000 < \text{the critical value of } 0.05$. Digital marketing has become a major catalyst in the transformation of the business model of Muslim fashion MSMEs in Semarang, transforming traditional business practices into more modern and efficient approaches. According to Ahmad and Sari (2024), the implementation of digital marketing in Semarang's Muslim fashion MSMEs experienced significant acceleration after the COVID-19 pandemic, with 78% of businesses adopting digital platforms for marketing activities. Research by Widodo et al. (2023) shows that Muslim fashion MSMEs implementing digital marketing experienced a 65% increase in brand visibility compared to those still relying on conventional methods. This transformation not only impacts the marketing aspect but also changes the operational structure and strategic planning of MSMEs as a whole (Pratiwi and Nugroho, 2024). Rahman and Dewi (2023) report that digital marketing enables Muslim fashion MSMEs to reach a wider market, not limited to the geographic area of Semarang but also to consumers throughout Indonesia. The implementation of digital technology in marketing also encourages MSMEs to improve product and service quality to compete in a more competitive digital market (Kusuma and Wijaya, 2024). A study conducted by Handayani et al. (2024) showed that 65% of Muslim fashion MSMEs in Semarang reported a significant increase in customer engagement after adopting digital marketing strategies. Sutrisno and Maharani (2023) emphasized that this digital transformation also requires MSMEs to develop digital literacy and technical skills previously unnecessary in traditional business operations.

3.2. Marketing Knowledge Management Has an Influence on Business Performance Mediated by Digital Marketing Variables

Marketing Knowledge Management influences business performance mediated by digital marketing, as indicated by a significance level of $0.003 < \text{the critical value of } 0.05$. Marketing Knowledge Management (MKM) has a complex relationship with business performance, where digital marketing acts as a mediating variable that bridges and transmits the influence of MKM on the business performance of Muslim fashion MSMEs in Semarang. According to Chen and Rodriguez (2024), the mediation effect occurs when digital marketing capabilities function as a transmission mechanism that connects MKM with business performance, creating a significant indirect influence pathway.

Thompson et al.'s (2023) research identified that MSMEs with a high level of digital marketing maturity experienced a 67% more effective transmission of the influence of MSMEs on business performance compared to MSMEs with limited digital marketing capabilities. This mediation concept suggests that digital marketing functions as an intermediate variable that transfers the effect of MSMEs to business performance through a structured causal pathway (Anderson and Liu, 2024). Garcia et al. (2023) explained that the mediating effect between MSMEs and digital marketing creates indirect effects that allow MSMEs to influence business performance by first improving digital marketing capabilities.

Digital marketing acts as a positive mediator, transmitting the influence of Marketing Knowledge Management on business performance through accelerated knowledge processing and application in Semarang's Muslim fashion MSMEs. According to Prakash and Wong (2024), digital platforms facilitate knowledge transformation from tacit knowledge to actionable insights that can be implemented to improve business outcomes. Research by Davis et al. (2024) shows that MSMEs with integrated digital marketing systems experience a 43% faster knowledge-to-performance conversion rate through efficient mediation.

Digital marketing tools such as analytics platforms, CRM systems, and social media monitoring function as mediating mechanisms that process, analyze, and apply market knowledge to generate business performance improvements (Roberts and Singh, 2023). Automation capabilities in digital marketing strengthen mediation channels by reducing friction in knowledge application processes and enabling real-time responses to market insights (King et al., 2024). Brown and Taylor (2023) report that digital marketing mediation creates structured pathways that connect knowledge inputs with performance outputs through systematic digital processes.

The mediating effect of digital marketing on the relationship between Marketing Knowledge Management and business performance varies significantly based on the level of digital marketing adoption in Muslim fashion MSMEs in Semarang, creating different mediation strengths. According to Johnson and Liu (2024), MSMEs with high digital marketing adoption experience the strongest mediation effect, where the transmission path from MSMEs to business performance through digital marketing produces a 3.2x greater total effect than the direct effect. MSMEs with moderate digital marketing adoption demonstrate moderate mediation strength with a 1.8x greater indirect effect through the digital marketing pathway (Thompson and Wong, 2023).

Conversely, MSMEs with low digital marketing adoption experience weak or incomplete mediation, where digital marketing fails to optimally transmit its influence to MSMEs due to limited digital infrastructure (Rodriguez et al., 2024). Wilson and Davis (2024) identified threshold effects, where the mediation pathway only becomes significant when the digital marketing adoption rate reaches at least 60% of available digital channels. Research by Prakash et al. (2023) shows that mediation strength is also influenced by the quality of digital marketing implementation, where well-integrated systems create smoother knowledge transmission pathways.

Digital marketing creates distinct mediation pathways for various dimensions of Marketing Knowledge Management, resulting in differential transmission effects on the business performance of Muslim fashion MSMEs in Semarang. According to Roberts and Chen (2024), digital marketing most effectively mediates the knowledge acquisition dimension, where digital tools function as knowledge processing interfaces that convert raw market data into actionable business insights with an efficiency rate of 156%. The knowledge storage and retrieval dimensions experience moderate mediation effects, with digital marketing platforms acting as knowledge activation mechanisms that connect stored knowledge with performance applications (Williams and Taylor, 2023).

Research by Johnson et al. (2023) identified that the strongest mediation effects occur in the second year of implementation, when digital marketing pathways are fully established and optimized for knowledge transmission, with peak indirect effects reaching 89% of the total MSME impact on business performance. Learning curve effects influence temporal mediation patterns, requiring MSMEs to develop effective digital marketing mediation pathways within 6-8 months (Wilson and Martinez, 2024). Seasonal variations create cyclical mediation strength, with enhanced transmission capabilities during high-demand periods when digital marketing channels become more active and responsive (Anderson and Liu, 2023).

Understanding the mediating effects of digital marketing on the relationship between Marketing Knowledge Management and business performance provides critical strategic insights for developing optimal transmission strategies in Semarang's Muslim fashion MSMEs. According to Martinez and Singh (2024), MSMEs should prioritize building robust digital marketing capabilities as an essential mediation infrastructure to maximize knowledge-to-performance transmission efficiency, with a recommended pathway coverage of at least 70% of digital channels.

Strategic sequencing in implementation must consider mediation pathway development, where MKM initiatives must be integrated with digital marketing capabilities to ensure effective knowledge transmission (Chen et al., 2023). A portfolio approach to digital marketing adoption has proven most effective for developing comprehensive mediation capabilities that can transmit various types of knowledge to different performance outcomes (Rodriguez and Taylor, 2024). Investment prioritization should focus on high-transmission mediation pathways, particularly on knowledge sharing and application pathways that demonstrate the strongest indirect effects (Williams and Davis, 2023).

Continuous monitoring and pathway optimization are necessary to maintain effective mediation performance due to the evolving nature of digital marketing technologies and market conditions (Anderson et al., 2024). Collaboration with digital marketing specialists is necessary to develop sophisticated mediation mechanisms that can efficiently transmit complex knowledge assets into measurable business improvements (Johnson and Wong, 2023). Brown et al. (2024) concluded that successful mediation optimization requires a systematic approach that considers pathway design, transmission efficiency, and outcome measurement to develop sustainable competitive advantages through effective knowledge-to-performance mediation systems. This research aligns with research conducted by Amanda Oktavia & Sidiq (2024), Fitri & Febiwenesya (2024), and Lestari et al. (2023).

4. Conclusion

1. Marketing knowledge management has an influence on digital marketing, which is stated with a significance level value of $0.000 < \text{the critical value of } 0.05$. 2. Marketing knowledge management has an impact on business performance, which is stated with a significance level value of $0.000 < \text{the critical value of } 0.05$. 3. Digital marketing has an impact on business performance, which is stated with a significance level value of $0.000 < \text{the critical}$

value of 0.05. 4. Marketing knowledge management has an effect on business performance mediated by digital marketing, which is stated with a significance level value of $0.003 < \text{the critical value of } 0.05$.

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