ISSN (ONLINE) 2598-9936

SCAN ME

INDONESIAN JOURNAL OF INNOVATION STUDIES

UNIVERSITAS MUHAMMADIYAH SIDOARJO

PUBLISHED BY

Indonesian Journal of Innovation Studies

Table Of Contents

Originality Statement

The author[s] declare that this article is their own work and to the best of their knowledge it contains no materials previously published or written by another person, or substantial proportions of material which have been accepted for the published of any other published materials, except where due acknowledgement is made in the article. Any contribution made to the research by others, with whom author[s] have work, is explicitly acknowledged in the article.

Conflict of Interest Statement

The author[s] declare that this article was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

Copyright Statement

Indonesian Journal of Innovation Studies

EDITORIAL TEAM

Editor in Chief

Dr. Hindarto, Universitas Muhammadiyah Sidoarjo, Indonesia

Managing Editor

Mochammad Tanzil Multazam, Universitas Muhammadiyah Sidoarjo, Indonesia

Editors

Fika Megawati, Universitas Muhammadiyah Sidoarjo, Indonesia

Mahardika Darmawan Kusuma Wardana, Universitas Muhammadiyah Sidoarjo, Indonesia

Wiwit Wahyu Wijayanti, Universitas Muhammadiyah Sidoarjo, Indonesia

Farkhod Abdurakhmonov, Silk Road International Tourism University, Uzbekistan

Bobur Sobirov, Samarkand Institute of Economics and Service, Uzbekistan

Evi Rinata, Universitas Muhammadiyah Sidoarjo, Indonesia

M Faisal Amir, Universitas Muhammadiyah Sidoarjo, Indonesia

Dr. Hana Catur Wahyuni, Universitas Muhammadiyah Sidoarjo, Indonesia
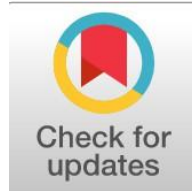

Complete list of editorial team (link)

Complete list of indexing services for this journal (link)

How to submit to this journal (link)

Article information

Check this article update (crossmark)

Check this article impact (*)

Save this article to Mendeley

(*) Time for indexing process is various, depends on indexing database platform

Determinants of Micro Small and Medium Enterprise Revenue through Marketing Mix and Competitiveness in Electronic Commerce

Determinasi Pendapatan Usaha Mikro Kecil dan Menengah melalui Bauran Pemasaran dan Daya Saing di Perdagangan Elektronik

Bakia Sarmita Utari Siregar, kiaborreg97@gmail.com, (1)
Universitas Islam Negeri Sumatera Utara, Indonesia

Muhammad Irwan Padli Nasution, muhammadirwanpadlinasution@uinsu.ac.id, ()
Universitas Islam Negeri Sumatera Utara, Indonesia

Zuhrinal M Nawawi, zuhrinalmnawawi@uinsu.ac.id, ()
Universitas Islam Negeri Sumatera Utara, Indonesia

(1) Corresponding author

Abstract

Background: The rapid growth of the digital economy in Indonesia has provided new opportunities for micro, small, and medium enterprises to utilize online platforms such as Shopee to strengthen business performance. **Specific background:** Despite this potential, the digital adoption rate among enterprises in Medan City remains relatively low, indicating a gap in understanding how marketing strategies and competitiveness shape financial outcomes. **Knowledge gap:** Previous research has not sufficiently examined the mediating role of competitiveness between marketing mix components and enterprise revenue, particularly within a Sharia-compliant electronic commerce context. **Aims:** This study aims to analyze the contribution of product, price, place, and promotion to enterprise revenue through competitiveness as a mediating variable. **Results:** Using Structural Equation Modeling–Partial Least Squares on data from 102 enterprises operating on the Shopee platform, the findings show that product, price, and promotion have significant direct and indirect positive contributions to revenue through competitiveness, while place has only a direct contribution. **Novelty:** The research integrates marketing mix theory with Islamic business principles, positioning competitiveness as a strategic mediator for digital business growth. **Implications:** The results provide practical insights for enterprises and policymakers in developing ethical and data-driven marketing strategies to support sustainable competitiveness in Indonesia's digital commerce ecosystem.

Highlight

- Product, price, and promotion contribute significantly to enterprise revenue through competitiveness.

- Competitiveness acts as a mediating factor linking marketing mix and business performance.

- Islamic business principles strengthen ethical and sustainable digital commerce strategies.

Keywords

Marketing Mix, Competitiveness, Micro Small And Medium Enterprise, Electronic Commerce, Digital Business

I. Pendahuluan

The evolution of digital technology in the last twenty years has significantly transformed several facets of human existence, particularly in communication, social interaction, and economic activity. The advent of the internet and the proliferation of digital gadgets have progressively fused economic activity with technology, resulting in the emergence of the digital economic phenomenon. In 2024, the Indonesian Internet Service Providers Association (APJII) reported that the number of internet users in Indonesia reached 221.56 million out of a total population of 278.69 million, with a penetration rate of 79.5%. This figure represents a 1.4% increase compared to the previous year. This situation represents a significant opportunity for businesses to utilize the internet as a means of commerce, particularly for Micro, Small, and Medium Enterprises (MSMEs), which are the backbone of the national economy. One rapidly growing sector in the digital economy is e-commerce. According to a survey by Google, Temasek, and Bain & Company, the value of e-commerce transactions in Indonesia reached US$53 billion in 2021 and is expected to increase to US$104 billion by 2025, with an average annual growth rate of around 18% [1].

This growth positions Indonesia as one of the largest e-commerce markets in Southeast Asia. In the context of MSMEs, this opportunity is even more crucial, considering that data from the Ministry of Cooperatives and SMEs shows that only around 3.79 million of the total 59.2 million MSMEs have utilized digital platforms for sales. This digital transformation is also driving a shift in marketing strategies from conventional methods to digital based approaches. The marketing mix concept, introduced by Jerome McCarthy in 1960, encompasses four main elements: Product, Price, Place/Distribution, and Promotion. This framework serves as a crucial guideline for MSMEs in maximizing the use of digital platforms to attract customers, increase loyalty, and drive revenue. Through the right marketing mix, MSMEs can tailor products to online market preferences, implement competitive pricing strategies, utilize e-commerce as a distribution channel, and optimize digital promotions through various available advertising features [2].

Porter's (1985) theory of competitive advantage posits that competitiveness may be attained by product diversification, cost leadership, and targeting particular market groups. By effectively using the marketing mix, MSMEs can enhance their competitiveness in the digital marketplace, thereby influencing revenue development. Competitiveness is a vital intermediary factor connecting marketing strategy to the financial success of MSMEs.

Micro, Small, and Medium Enterprises (MSMEs) are integral to the Indonesian economy. In addition to employing a substantial workforce, MSMEs also facilitate economic progress and maintain national stability [3]. Nonetheless, in the age of digital competition, several MSMEs have difficulties in adjusting to technological advancements [4]. Stressed that the use of digital technology is essential for MSMEs to sustain their presence in global competitiveness.

In Medan, one of Indonesia's largest urban centers, e-commerce has seen rapid growth, primarily thanks to the presence of the Shopee platform, one of the largest marketplaces in Southeast Asia. Shopee provides various facilities to support MSMEs, such as Shopee Mall, the MSME Campus, and digital marketing training. However, data from the Medan City Cooperatives and MSMEs Office shows that the level of MSME digitalization remains relatively low. Of the 38,343 MSMEs registered with SIMDAKOP, only a small fraction are actually utilizing the marketplace. Only 240 MSMEs are registered with Tokopedia and 210 are active on Shopee. Of these, only 60 MSMEs have participated in digital trends training, and 138 MSMEs have participated in digital marketing training [5]. This data shows that there is a significant gap between the enormous potential of e-commerce and the level of its utilization by MSMEs in Medan City.

This issue illustrates that MSMEs have not completely optimized the marketing mix on e-commerce platforms, hence constraining their competitiveness. This occurs despite prior studies indicating a strong correlation among the marketing mix, competitiveness, and revenue [6]. Their study found that the deployment of an effective marketing mix greatly affects customer loyalty and directly impacts the revenue of MSMEs [7]. It was also discovered that a marketing mix plan, including enhanced product quality, competitive pricing, strategic distribution, and effective promotions, may augment the competitiveness of MSMEs and enhance their financial performance.

Unlike previous research, this study combines marketing mix theory with the concept of competitive advantage in the context of Sharia-compliant MSMEs on the Shopee platform. Most previous research only examines the direct influence of the marketing mix on business performance or revenue, without considering the role of competition as a mediating variable that can actually strengthen this relationship. Furthermore, many studies still focus on MSMEs in general or in other regions, leaving a gap in research regarding the influence of marketing mix elements on the revenue of e-commerce MSMEs in Medan City through competitiveness.

This study presents innovations in several aspects. First, it combines the marketing mix framework with competitive advantage theory to analyze the mediating role of competitiveness in increasing MSME revenue. The research focuses on Shopee MSMEs in Medan City, which have received little research despite their significant potential. Practically, this research provides benefits for MSMEs in formulating digital marketing strategies that are more adaptive to technological developments. Furthermore, the research findings can also provide input for local governments in developing more targeted MSME digitalization programs. Overall, this study is significant because it provides empirical evidence regarding the influence of the marketing mix on increasing MSME revenue, with competitiveness as a mediating variable, on the Shopee platform in Medan. The findings are expected to enrich digital marketing theory, expand the literature on MSMEs in the digital era, and provide concrete implications for strengthening the sustainability and competitiveness of MSMEs in Medan and Indonesia in general.

II. Metode

This study used a quantitative methodology with an associative technique. This methodology was selected due to its foundation in positivist philosophy, use of research equipment, and analysis using statistical tests to evaluate the hypotheses [8]. The associative approach was used to ascertain the impact of independent factors on dependent variables, both directly and via mediating variables. The analysis of data was performed using the SmartPLS 4.0 tool. The investigation was performed in Medan City from January to May 2025. Data collection was executed by a survey using a Google Form questionnaire sent to respondents via WhatsApp. The study variables included the 4Ps of the marketing mix (product, price, location, promotion) as the independent variable, MSME revenue as the dependent variable, and competitiveness as the mediating variable. All factors were assessed with a five-point Likert scale. The data sources included primary data collected by surveys from Shopee MSMEs in Medan and secondary data sourced from literature, journals, books, and official information from pertinent agencies.

The research sample included 210 MSMEs actively engaged in sales on Shopee. The sample size was calculated using the Slovin algorithm with a 5% margin of error, yielding 102 respondents. The sample method used was purposive sampling, targeting MSMEs that have been operational for a minimum of one year, located in Medan, and have an active Shopee account. The data collecting tool was a questionnaire with a Likert scale ranging from 1 to 5 (strongly disagree to strongly agree). Validity assessment was performed with product moment correlation, while reliability assessment used Cronbach's Alpha. The data analysis included descriptive analysis to characterize the respondent profile and responses about variables, as well as path analysis to investigate direct and indirect links among the variables. The research model was evaluated according to the criteria of linearity, validity, and reliability, with theoretical trimming used to exclude inconsistent routes [9].

III. Hasil dan Pembahasan

The outcomes of the empirical research model data analysis are as follows. The tests performed include 1) Loading Factor Test Results (Outer Model), 2) Mediation Test (Intervening), and 3) Inner Model Hypothesis Test (Outer Model).

Loading Factor Test Results (Outer Model)

The analytical approach employs three criteria to assess the external model with SmartPLS software: convergent reliability, discriminant reliability, and aggregate reliability. The assessment of the convergent validity of the research model using reflex scores relies on the correlation among the component scores analyzed by SmartPLS software.

1. Convergent validity

The structural diagram of the PLS model is seen below:
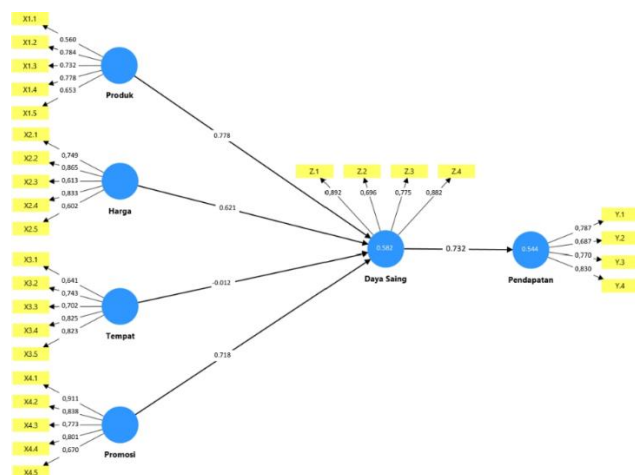
Source: SmartPLS 4 data processing results

Figure 1. Structural Diagram in PLS Model

The results of the outer model assessment demonstrate that all indicators within the study variables possess loading factor values above 0.5 and are statistically significant (p-value < 0.05). This signifies that all indicators fulfill the criteria for convergent validity and are therefore appropriate for further structural model analysis.

2. Discriminant validity

	X1	X2	X3	X4	Y	Z
X1.1	0,560	0,560	0,592	0,480	0,530	0,352
X1.2	0,784	0,726	0,781	0,593	0,615	0,641
X1.3	0,732	0,672	0,253	0,558	0,560	0,673
X1.4	0,778	0,611	0,647	0,366	0,636	0,544
X1.5	0,653	0,623	0,368	0,440	0,548	0,266
X2.1	0,516	0,749	0,541	0,368	0,625	0,541
X2.2	0,605	0,865	0,394	0,447	0,704	0,692
X2.3	0,681	0,613	0,597	0,617	0,457	0,655
X2.4	0,741	0,833	0,692	0,548	0,656	0,641
X2.5	0,624	0,602	0,714	0,597	0,409	0,357
X3.1	0,589	0,641	0,641	0,692	0,322	0,237
X3.2	0,691	0,743	0,743	0,714	0,471	0,501
X3.3	0,660	0,702	0,702	0,352	0,495	0,408
X3.4	0,615	0,825	0,825	0,641	0,564	0,395
X3.5	0,515	0,823	0,823	0,673	0,593	0,611
X4.1	0,456	0,911	0,530	0,911	0,699	0,620
X4.2	0,580	0,838	0,615	0,838	0,581	0,397
X4.3	0,674	0,773	0,560	0,773	0,723	0,313
X4.4	0,648	0,813	0,636	0,801	0,710	0,486
X4.5	0,609	0,580	0,548	0,670	0,266	0,620
Y.1	0,477	0,565	0,625	0,564	0,787	0,708
Y.2	0,545	0,739	0,704	0,593	0,687	0,368
Y.3	0,616	0,654	0,457	0,699	0,770	0,498
Y.4	0,694	0,571	0,656	0,581	0,830	0,429
Z.1	0,580	0,558	0,409	0,723	0,507	0,892
Z.2	0,609	0,366	0,322	0,710	0,572	0,696
Z.3	0,477	0,440	0,471	0,507	0,548	0,775
Z.4	0,545	0,368	0,495	0,572	0,597	0,882

Source: SmartPLS 4 data processing results

Table 1. Discriminant Validity Results (Cross Loading)

Based on the discriminant validity test results in Table 1 above, it can be seen that the cross-loading value of each indicator on its construct is higher than the loading value on other constructs. This indicates that each indicator has a stronger correlation with the latent variable it measures than with other latent variables. Therefore, it can be concluded that each indicator is able to differentiate well between one construct and another (discriminant validity is met).

These results indicate that the measurement model used has a high level of clarity and accuracy in identifying conceptually distinct variables. This means that each construct in this study (X1, X2, X3, X4, Y, and Z) has unique indicators and does not significantly overlap.

1. Evaluate the Average Variance Extracted (AVE)

The criteria for evaluating validity and reliability may be seen via the reliability coefficient of a construct and the Average Variance Extracted (AVE) for each construct. A construct is deemed dependent if its reliability value exceeds 0.70 and its AVE value exceeds 0.5. The AVE values for all constructions are shown in Table 4.17 below:

	Average Variance Extracted (AVE)
X1	0
X2	0
X3	0
X4	0
Z	0

Y	0

Source: SmartPLS 4 data processing results

Table 2. Results of Average Variance Extracted (AVE) Values

Based on the Average Variance Extracted (AVE) test results in Table 2 above, it can be seen that all constructs have AVE values above 0.5. This indicates that each indicator in the construct is able to explain more than 50% of the variance contained in the latent variable it measures. Thus, all constructs in this research model meet the criteria for convergent validity. The highest AVE value is found in construct X2 at 0.763, which indicates that the indicators in that variable have very good consistency in representing the construct. Meanwhile, the lowest AVE value is found in variable Y at 0.536, but it is still above the minimum limit of 0.5 and can still be declared valid. Overall, these results confirm that the measurement model has met the validity requirements and can proceed to the structural model testing stage.

a.   Evaluating Composite Reliability Values

Subsequently, to evaluate the subsequent reliability metric, the Composite Reliability value will be used as shown in Table 4.18 as follows:

	Composite Reliability	Conclusion
X_1	0,837	Reliable
X_2	0,942	Reliable
X_3	0,832	Reliable
X_4	0,811	Reliable
Z	0,8650	Reliable
Y	0,9811	Reliable

Source: SmartPLS 4 data processing results

Table 3. Composite Reliability Value Results

Based on Table 3, the Composite Reliability values for all variables (X1, X2, X3, X4, Z, and Y) are above 0.70, which indicates that each construct in the model meets the reliability criteria. According to Hair et al. (2019), a Composite Reliability value greater than 0.70 signifies a high level of internal consistency, meaning that the indicators used to measure each variable are consistent in reflecting the same underlying construct. In this study, the Composite Reliability values range from 0.811 to 0.9811, which demonstrates excellent reliability. Therefore, it can be concluded that all constructs in the model are reliable and can be used for further hypothesis testing and structural model analysis.

b.   Structural Model Testing (Inner Model)

No	Variables	*R Square*
1	Z	0,582
2	Y	0,544

Source: Data processed by SmartPLS 4

Table 4. R Square Value Results

Based on the results of the structural model test (inner model) shown in Table 4, the R Square (R^2) value for variable Z is 0.582 and for variable Y is 0.544. This R^2 value illustrates the extent of the independent variable's ability to explain the variation of the dependent variable. According to Hair et al. (2021), the R^2 value can be categorized into three levels: 0.75 (strong), 0.50 (moderate), and 0.25 (weak). Thus, the R^2 values of 0.582 and 0.544 indicate that the model has moderate explanatory power, meaning that the independent variables used in this study are able to explain approximately 58.2% of the variation in variable Z and 54.4% of the variation in variable Y, while the remainder is explained by other factors outside the model. This indicates that the research model has a good enough level of fit for further analysis.
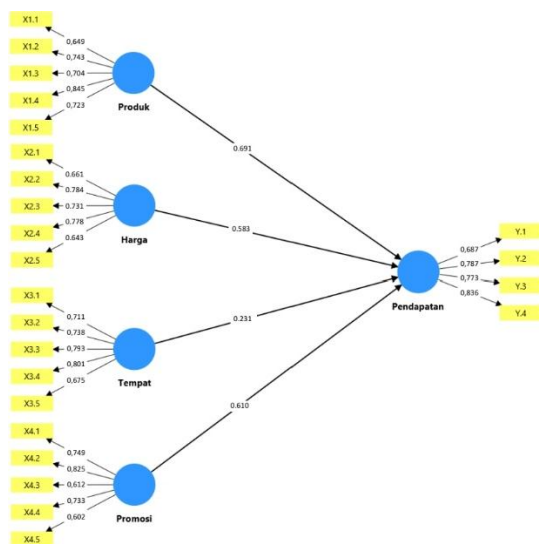
Mediation Test Results (Intervening)
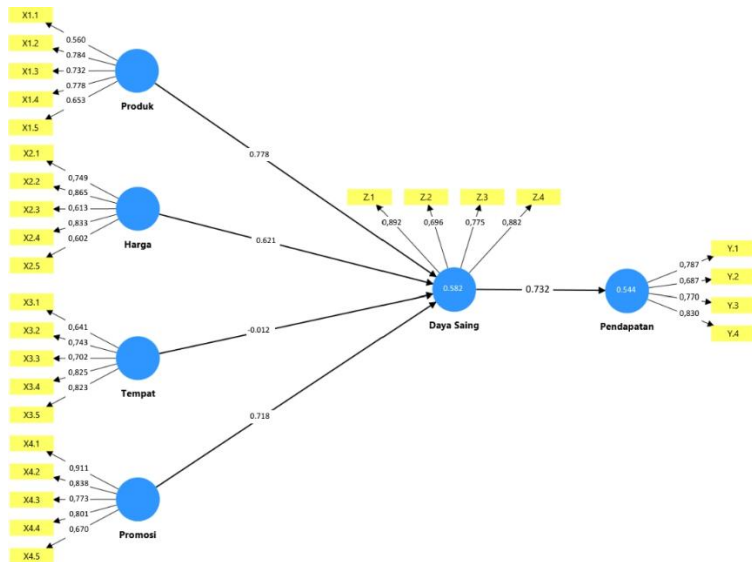
Source: SmartPLS 4 data processing results

Figure 2. Results of Mediation Test with Algorithm

According to Figure 4.2, the mediation test findings using the algorithm approach indicate that the Product variable (X1) has a value of 0.778 concerning Competitiveness, indicating a positive correlation. The Price variable (X2) has a value of 0.621 for Competitiveness, indicating a positive correlation. Simultaneously, the Place variable (X1) has a value of -0.012 on Competitiveness, indicating an inverse link. Moreover, the Promotion variable (X2) has a value of 0.718 concerning Competitiveness, indicating a positive correlation. The Competitiveness variable (Z) in relation to Income (Y) has a value of 0.732, indicating a positive correlation.

A further retest was performed without the Competitiveness variable (Z) using the algorithmic approach to ascertain the variance between the inclusion and exclusion of the Competitiveness variable (Z).
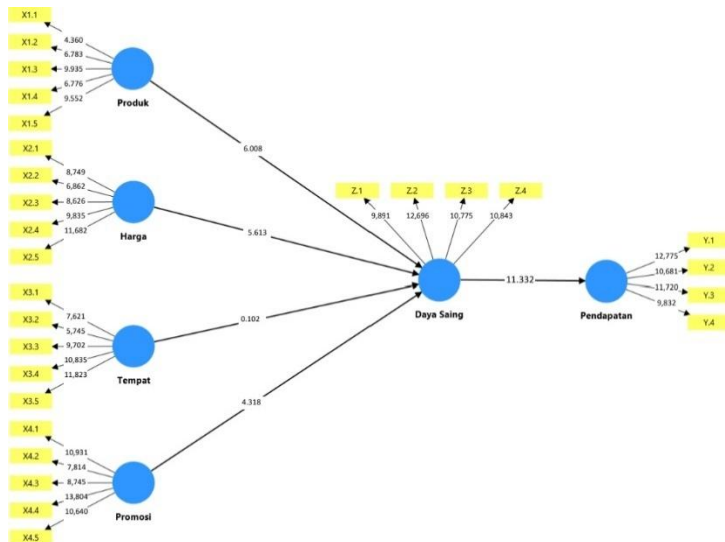

Source: SmartPLS 4 data processing results

Figure 3. Results of Mediation Test with Algorithm Without Competitiveness

The test results in Figure 4.3 indicate that the correlation coefficient between the product variable (X1) and the income variable (Y) is 0.691. The correlation coefficient between the pricing variable (X2) and the income variable (Y) is 0.583. The correlation coefficient between the location variable (X3) and the income variable (Y) is 0.231.

A mediation test was then performed using the bootstrap methodology to ascertain the value differential between the algorithm and bootstrap methods. This test will serve as the foundation for ascertaining the competitiveness variable as either a mediating or moderating variable.

Source: SmartPLS 4 data processing results

Figure 4. Results of Mediation Test Using Bootstrap

The test findings in Figure 4.4 indicate that the correlation between the product variable (X1) and the competitiveness variable (Z) is 6.008. The correlation coefficient between price (X2) and the competitiveness variable (Z) is 5.613. The correlation coefficient between location (X3) and the competitiveness variable (Z) is 0.102. The correlation coefficient between promotion (X4) and the competitiveness variable (Z) is 4.318. The correlation coefficient between competitiveness (Z) and revenue (Y) is 11.332.

Additionally, to ascertain the nature of the link between variables, whether as a perfect partial mediator or a partial partial mediator, the findings of the aforementioned analysis are derived by differentiating the values obtained from the algorithm and bootstrap in accordance with Solimun's theory. This may then be used for reaching conclusions:

1. Product Relationship (X1) to Income (Y)

In the algorithm evaluation, the coefficient value of Product to Income, excluding the Competitiveness variable, was 0.691. Upon the incorporation of Competitiveness, the coefficient value rose to 0.778. The bootstrap analysis revealed a coefficient of 6.008 for Product to Competitiveness (P-Value <0.05) and 11.332 for Competitiveness to Income (P-Value <0.05). According to Solimun's hypothesis, the significance of both direct and indirect interactions, together with a rise in the coefficient value post-mediation, indicates that Competitiveness serves as a partial mediating variable in the link between Product and Income.

2. Relationship between Price (X2) and Income (Y)

The correlation of Price to Income without Competitiveness is 0.583, which rises to 0.621 with the inclusion of Competitiveness. The bootstrap findings indicate a link value of Price to Competitiveness of 5.613 (P-Value <0.05) and Competitiveness to Income of 11.332 (P-Value <0.05). Consequently, both the direct and indirect correlations are substantial and exhibit an increase in coefficients. Consequently, Competitiveness functions as a partial mediating variable in the association between Price and Income.

3. Relationship of Place (X3) to Income (Y)

The coefficient of Place on Income is 0.231 without Competitiveness, but it diminishes to -0.012 when Competitiveness is included in. The bootstrap findings indicate that the correlation between Place and Competitiveness is 0.102 (P-Value > 0.05), signifying it is not statistically significant. According to Solimun's hypothesis, the insignificant indirect association via Competitiveness, coupled with a reduction in the coefficient, indicates that Competitiveness cannot mediate the relationship between Place and Income.

4. Relationship between Promotion (X4) and Income (Y)

The correlation of Promotion on Income is 0.610 without Competitiveness and rises to 0.718 with the inclusion of Competitiveness. The bootstrap findings indicate an association value of Promotion on Competitiveness of 4.318 (P-Value < 0.05) and Competitiveness on Income of 11.332 (P-Value < 0.05). Due to the significance of both direct and indirect linkages, together with an increasing coefficient value, Competitiveness serves as a partial mediating variable in the association between Promotion and Income.

Hypothesis Testing Results (Inner Model)

This study's foundation for the relevance of the parameterized variables is the value derived from the output result for inner weight, which elucidates the estimate of the structural measurement model shown in table 4.20 as follows:

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
X1 -> Y	0,691	0,687	0,071	9,732	0,000
X1 -> Z	0,778	0,776	0,065	11,969	0,000
X2 -> Y	0,583	0,579	0,082	7,116	0,000
X2 -> Z	0,621	0,618	0,073	8,493	0,001
X3 -> Y	0,231	0,228	0,068	3,397	0,000
X3 -> Z	-0,012	-0,011	0,059	0,203	0,839
X4 -> Y	0,610	0,607	0,076	8,026	0,000
X4 -> Z	0,718	0,715	0,069	10,406	0,000
Z -> Y	0,732	0,730	0,065	11,263	0,000

Source: SmartPLS 4 data processing results

Table 5. Inner Weight Value Results

Based on the inner weight output results in Table 5, it can be explained that all variables have varying effects on the dependent variable (Y) and the mediating variable (Z). The Original Sample (O) value indicates the magnitude of the path coefficient, which indicates the direction and strength of the relationship between variables. In general, the test results indicate that almost all relationships between variables are significant at the 0.05 level, as indicated by P values below 0.05 and T statistics above 1.96.

More specifically, variable X1 has a positive and significant effect on Y (0.691; p = 0.000) and Z (0.778; p = 0.000), indicating that an increase in X1 will significantly increase Y and Z. Finally, variable Z also has a positive and significant effect on Y (0.732; p = 0.000), indicating that Z can act as a mediator that strengthens the relationship between the independent variables and Y. Thus, these results confirm that the structural model used has a strong and statistically relevant inter-variable relationship.

Pembahasan

1. The Influence of Products on MSME Income in Shopee e-commerce in Medan City

The test findings indicate that Product (X1) has a positive and substantial influence on Revenue (Y), shown by a path coefficient of 0.691 and a p-value of 0.000, which is less than 0.05. This suggests that enhancing product quality, diversity, and innovation may directly augment the income of MSMEs on the Shopee e-commerce platform in Medan City. This indicates that MSMEs are capable of providing better, distinctive, and consumer-favored items often attain elevated sales volumes, leading to augmented income.

According to Islamic marketing theory, high product quality fulfills customer demands while simultaneously highlighting halal principles, integrity, and equity in manufacturing and sales practices. Halal products that are safe and adhere to Islamic rules enhance Muslim customer trust and foster enduring loyalty [10]. Products that provide concrete advantages to customers will enhance reputation, elevate demand, and eventually augment MSME income.

The findings of this study align with other research, indicating that product quality significantly influences the financial success of MSMEs via enhancing online sales [11]. Furthermore, the research This research illustrates that creative product diversification is a crucial element in enhancing the competitiveness of MSMEs on e-commerce platforms, hence directly facilitating revenue development [12].

Within the framework of the Islamic economy, MSMEs must not only produce commercially appealing goods but also adhere to Sharia values, including halal ingredients, equitable business ethics, and social responsibility. The integration of product quality and Sharia compliance may serve as a competitive advantage that distinguishes MSMEs from non-Sharia rivals, while simultaneously producing sustainable and ethical revenue.

As a result, the initial hypothesis is confirmed. High-quality, creative, and Sharia-compliant items have a substantial and favorable influence on the income of MSMEs on the Shopee e-commerce platform in Medan City. The results indicate that a product development strategy including quality and Sharia principles is essential for the sustained economic success of MSMEs.

2. The Influence of Products on Revenue through Competitiveness

The study findings demonstrate that Product (X1) significantly impacts Competitiveness (Z) with a path coefficient of 0.778, whereas Competitiveness (Z) significantly impacts Revenue (Y) with a path coefficient of 0.732. These data suggest that enhancing product quality, innovation, and distinction directly influences MSME revenue and indirectly via heightened competition. High-quality and ethically produced products may enhance customer trust, ultimately bolstering the sustained competitiveness of MSMEs.

A company's competitiveness is dictated by product quality, innovation, and market distinctiveness [13]. Product excellence includes both tangible quality and the capacity of MSMEs to provide distinctive added value to customers. In Islamic economics, product added value is defined as the benefit (maslahah) that adheres to Islamic norms.

Prior research indicates that MSMEs are prioritizing the development of innovative, high-quality, and distinctive goods have enhanced competitiveness [14]. The research indicates that items serve not only as commodities for sale but also as instruments for bolstering reputation and customer confidence, hence augmenting income. This conclusion aligns with studies indicating that product innovation on e-commerce platforms enables MSMEs to achieve lasting competitive advantages [15].

As a result, the second hypothesis is confirmed, and the function of Competitiveness as a mediator enhances the impact of Products on MSME Revenue. This discovery validates that the creation of creative, high-quality goods according to sharia economic principles is crucial for MSME success in enhancing revenue and sustaining competitiveness in the e-commerce landscape.

3. The Influence of Price on MSME Income

The study's findings demonstrate that Price (X2) has a positive and substantial influence on Revenue (Y), shown by a path coefficient of 0.583 and a p-value of 0.000, which is less than 0.05. This suggests that optimal pricing might enhance customer buying interest and elevate income for MSMEs on the Shopee e-commerce platform in Medan City. A successful pricing strategy includes competitive pricing, price revisions commensurate with product value, promotional bundles, and discounts designed to attract consumers.

From a microeconomic standpoint, price serves as a crucial mechanism for equilibrating supply and demand, indicating that optimal pricing may enhance consumer demand, thereby augmenting seller income [16]. Implementing this approach within e-commerce-focused MSMEs illustrates that pricing congruent with the purchasing capacity of target customers will immediately affect purchase choices.

4. The Effect of Price on Income through Competitiveness

The study's findings demonstrate that Price (X2) strongly influences Competitiveness (Z) with a path coefficient of 0.621, which then impacts Revenue (Y) by 0.732. This discovery demonstrates that effective and strategic pricing not only directly influences sales but also enhances the competitiveness of MSMEs on the Shopee e-commerce platform in Medan City. MSMEs that successfully adopt competitive and equitable pricing strategies often possess a more robust market position, resulting in enhanced income [18].

Sharia principles need equitable and honest pricing, prohibiting usury and deceptive pricing methods that mislead customers. Consequently, pricing strategy serves as both a competitive instrument and a reflection of adherence to Sharia values, thereby augmenting customer confidence and the reputation of MSMEs. Research indicates that MSMEs adhering to sharia pricing principles get a competitive edge by enhancing consumer trust and loyalty, therefore positively influencing revenue [19].

Prior research corroborates these results, indicating that MSMEs using competitive pricing methods often exhibit enhanced competitiveness and substantial revenue growth [20]. This aligns with studies highlighting that an optimal pricing strategy combined with product innovation may enhance the competitive stance of MSMEs in the digital marketplace [21].

Consequently, our findings suggest that a robust, equitable, and sharia-compliant pricing approach may significantly enhance MSME competitiveness, thereby favorably influencing revenue. Consequently, Hypothesis 4 is confirmed. These results have practical implications for MSMEs, since the adoption of a transparent and competitive pricing approach enhances financial performance and promotes company sustainability in alignment with sharia economic principles.

5. The Influence of Location on MSME Income

The study's findings indicate that Place/Distribution (X3) has a positive and substantial influence on Revenue (Y), shown by a path coefficient of 0.231 and a p-value of 0.001, which is less than 0.05. This suggests that effective distribution methods, encompassing suitable e-commerce platforms and expedited delivery networks, might enhance product accessibility for customers, thereby fostering more transactions and income for MSMEs on Shopee in Medan City [22]. Effective distribution may lower transaction costs, reduce customer time and energy expenditure, and promote the sustainability of Sharia-compliant MSMEs. This idea corresponds to the maqasid al-shari'ah, which emphasizes societal good and economic equity.

These findings align with prior research. A robust distribution infrastructure enhances MSME revenue by facilitating customer access, hence accelerating product turnover and augmenting sales volume [23]. Another research noted that effective distribution, using digital technologies and efficient logistics, may enhance the sustainability of MSME enterprises in the digital age [24].

As a result, although distribution is not the foremost determinant of competitiveness, the findings of this research suggest that Place/Distribution significantly contributes to enhancing MSME income, especially within the realm of e-commerce. This maintains the development strategy of Sharia-compliant MSMEs, whereby equitable and efficient distribution not only fosters economic growth but also reinforces ethical corporate practices in alignment with Sharia principles.

Consequently, the fifth hypothesis is validated, demonstrating that Place/Distribution has a positive and substantial impact on MSME income inside the Shopee e-commerce platform in Medan City. A suitable digital distribution strategy is essential for the sustainability and economic prosperity of Sharia-compliant MSMEs.

6. The Influence of Place on Income through Competitiveness

The test findings indicate that the Place variable (X3) has no significant influence on Competitiveness (Z), shown by a path coefficient of -0.012 and a p-value of 0.839, which exceeds 0.05. This suggests that although product distribution directly contributes to income via sales, it is not a significant element in enhancing the competitiveness of MSMEs on Shopee e-commerce in Medan City.

This corresponds to Islamic economic concepts, which highlight the intrinsic worth of halal goods, equitable pricing, and integrity in marketing as fundamental factors for company success. Prior research corroborates similar results, indicating that the competitiveness of MSMEs is more significantly affected by product quality and price strategy than by distribution [25]. Research indicates that although distribution is significant in logistics, its impact on competitiveness is not as pronounced as that of product innovation and marketing strategy [26].

The sixth hypothesis is rejected, indicating that enhancing the competitiveness of MSMEs requires a primary emphasis on improving product quality, competitive pricing strategies, and effective promotions, consistent with the principles of Islamic economics that prioritize blessings, justice, and sustainability in business practices.

7. The Influence of Promotion on MSME Income

The findings of the seventh hypothesis test demonstrate that Promotion (X4) has a positive and statistically significant influence on Revenue (Y), shown by a path coefficient of 0.610 and a p-value of 0.000, which is less than 0.05. This affirms that a robust promotional plan may directly augment the income of MSMEs on the Shopee e-commerce platform in Medan City. Promotion encompasses several marketing strategies, including discounts, vouchers, digital marketing campaigns, online advertising, and social media use, which enhance product exposure and stimulate customer purchasing desire.

[22] Discounts and coupons must include explicit terms and restrictions and should not deceive customers. By using Sharia-compliant marketing, MSMEs increase income while fostering confidence and a positive reputation among Muslim customers, a crucial demographic for Islamic e-commerce.

Prior studies corroborate these conclusions. discovered that digital marketing techniques substantially enhanced MSME income by elevating customer awareness and engagement [27], asserts that frequent and quantifiable promotions may enhance the competitiveness of MSMEs, hence favorably influencing long-term revenue [28].

The findings of this research demonstrate that promotions have a favorable and considerable influence on MSME income within the Shopee e-commerce platform in Medan City, from both traditional marketing and sharia economic viewpoints. The seventh hypothesis is affirmed, highlighting the significance of creative, quantifiable, and sharia-compliant promotional techniques in enhancing the financial performance of MSMEs.

8. The Effect of Promotion on Income through Competitiveness

The findings of the seventh hypothesis test demonstrate that Promotion (X4) has a considerable impact on Competitiveness (Z) with a path coefficient of 0.718, and Competitiveness subsequently has a strong effect on Revenue (Y) with a coefficient of 0.732. These data demonstrate that promotions directly enhance MSME income and indirectly do so by augmenting competitiveness. A robust promotional plan may enhance the competitive standing of MSMEs in the Shopee e-commerce industry in Medan City.

Within the framework of sharia economics, promotions executed by MSMEs transcend mere commercial interests and may emphasize ethical and equitable principles, including the avoidance of deceptive advertising, the provision of truthful product information, and the delivery of additional value that advantages consumers (sharia-compliant marketing). This corresponds to the notion of maqasid al-shari'ah, which emphasizes fairness, benefit, and integrity in economic dealings [22]. Consequently, promotions aligned with Islamic economic principles may elevate the image of MSMEs, foster customer confidence, and simultaneously augment competitiveness and income.

A prior research underscores that unique promotional techniques, including social media use, inventive digital campaigns, and community-oriented promotions, may markedly enhance the competitiveness of MSMEs in the e-commerce sector [19]. This study substantiates that marketing functions not only as a communication instrument, but also as a strategic apparatus for enhancing product distinction, cultivating customer loyalty, and augmenting market share.

Moreover, from a Sharia economic standpoint, successful advertising may foster ethical and responsible consumption practices. MSMEs that use halal and thayyib principles in their product advertising often get enhanced confidence from Muslim customers, hence affecting their competitiveness. This corresponds to the findings of Rahman et al. (2020), which indicated that sharia MSMEs using ethical promotional principles may enhance customer loyalty and achieve sustained revenue development.

Consequently, our data validates that promotion serves a key function in enhancing MSME competitiveness and substantially augmenting income. The eighth hypothesis is confirmed, and these findings highlight the significance of incorporating creative and ethical marketing tactics in the administration of sharia-compliant MSMEs, especially on e-commerce platforms such as Shopee.

9. The Influence of Competitiveness on MSME Income

The findings of the ninth hypothesis test demonstrate that Competitiveness (Z) has a positive and statistically significant influence on Revenue (Y), shown by a path coefficient of 0.732 and a p-value of 0.000, which is less than 0.05. This indicates that MSMEs with more competitiveness often generate higher revenues compared to those with lesser competitiveness. This phenomenon indicates that the capacity of MSMEs to establish competitive advantage is a vital element in enhancing their economic performance.

The idea of competitive advantage posits that a company's competitiveness is significantly determined by three primary factors: product differentiation, service excellence, and efficient cost/pricing methods [22]. Product diversification offers distinct additional value for customers, service quality enhances customer loyalty, and a competitive pricing strategy allows MSMEs to stay attractive to a price-sensitive market. These characteristics together establish the strategic position of MSMEs in the e-commerce business.

Moreover, within the context of Islamic economics, enhanced competitiveness, aligned with the principles of maqasid al-Shariah (preserving public welfare and economic justice), may optimize the sustainability of MSME enterprises. In summary, competitive MSMEs that adopt Islamic principles achieve more revenues and foster fair and sustainable economic growth, aligning with the objectives of Islamic economics.

IV. Kesimpulan

The findings of hypothesis testing and data analysis indicate that marketing mix elements (Product, Price, Place, Promotion) and Competitiveness have varying impacts on the income of MSMEs on the Shopee e-commerce platform in Medan City:

1. Product (X1) has a favorable and considerable impact on Revenue (Y), both directly and indirectly via Competitiveness (Z). Enhanced product quality and diversity might augment the competitiveness of MSMEs, thus boosting income.

2. Price (X2) has a favorable and considerable impact on Revenue, both directly and indirectly via Competitiveness. An effective pricing strategy enhances MSME competitiveness and stimulates revenue development.

3. Place/Distribution (X3) has a direct, positive, and considerable impact on Revenue, however it does not significantly affect Revenue via Competitiveness. This indicates that product distribution is crucial for revenue enhancement, but its contribution to competitiveness is quite small.

4. Promotion (X4) has a favorable and large impact on Revenue, both directly and indirectly via Competitiveness. A robust promotional plan increases exposure and customer buying interest while fortifying the competitive stance of MSMEs in the digital marketplace.

5. Competitiveness (Z) has shown a favorable and considerable impact on MSME revenue. MSMEs exhibiting elevated competitiveness often generate more revenues, hence substantiating the strategic function of competitiveness as a mediating variable between the marketing mix and revenue.

Overall, Product, Price, Place/Distribution, and Promotion directly and indirectly affect MSME income via Competitiveness. Competitiveness serves as a crucial mediator in enhancing the impact of Product, Price, and Promotion on Revenue. This study demonstrates that the adoption of effective and creative business methods, aligned with Islamic economic principles, may markedly enhance the performance of MSMEs in e-commerce.

Theoretically, these findings contribute to the enrichment of marketing and Islamic business literature by confirming the mediating role of competitiveness in the marketing mix–revenue relationship. Practically, the study provides guidance for MSME actors and policymakers to formulate more adaptive marketing strategies that integrate competitiveness and sharia-based business ethics to strengthen market position in digital ecosystems. For future research, further studies could explore longitudinal data or cross-platform comparisons to examine how digital innovation, customer trust, and Islamic value integration influence MSME sustainability in the evolving e-commerce landscape.

Ucapan Terima Kasih

References

1. J. Manajemen, P. Publik, N. Nurhasanah, and B. D. Suseno, "Beyond the Ward : Strategic Insights into Enhancing Healthcare Professionals Performance Through Organizational Environment and Individual Values Synergy," vol. 08, no. 03, 2024.
2. Yusvita Aprilyan, Elin Erlina Sasanti, and Isnawati, "Pengaruh E-Commerce Terhadap Peningkatan Pendapatan Usaha

Mikro Kecil Dan Menengah (Umkm) Di Kabupaten Lombok Barat," J. Ris. Mhs. Akunt., vol. 2, no. 2, pp. 292−306, 2022, doi: 10.29303/risma.v2i2.216.

3. D. T. E. Harmain Hendra,.. Aqwa Naser Daulay, "Analisis value for money anggaran pendapatan pada pemerintah Kota Medan," Ad-Deenar J. Ekon. Dan Bisnis Islam, vol. 2, no. 1, pp. 180–192, 2020.

4. M. Handayani and M. R. Rianto, "Pengaruh Financial Knowledge, Pendapatan dan Social influence terhadap Minat Menggunakan Aplikasi Pembayaran Digital pada Generasi Milenial Islam di Kota Bekasi," J. Ilm. Ekon. Islam, vol. 7, no. 03, pp. 1858–1865, 2021.

5. F. Fathurrahman and S. E. Fitri, "Transforming the Finance of Small and Medium Micro Enterprises: Unlocking Growth Through Innovation in Central Lombok District," J. Bina Praja, vol. 16, no. 1, pp. 97−109, 2024, doi: 10.21787/jbp.16.2024.97-109.

6. I. Setya, D. Jayanti, A. Kusumawardhani, M. Administrasi, and S. Vokasi, "Social Media Marketing Melalui Tiktok Sebagai Sarana Pemasaran Produk Umkm Fashion 'Tulus Signature' Dan 'Ghaffa the Label,'" Noctis, vol. 02, no. 01, pp. 16−29, 2023, [Online]. Available: https://journal.uns.ac.id/noctis/index

7. E. M. Jannah, E. Adistia, and L. Renfiana, "Analisis Strategi Bauran Pemasaran (Marketing Mix) Untuk Meningkatkan Daya Saing (Studi Pada Saung Enggal)," J. Creat. Student Res., vol. 1, no. 6, pp. 117−131, 2023.

8. N. A. dan Masyhuri, Metodologi Riiset Manajemen Pemasaran. Malang: Uin Maliki Press, 2019.

9. R. Yuniar, M. Hasanah, M. R. N. Handy, B. Subiyakto, and M. A. H. Putra, "Creative Economy on UMKM Sulam Arguci in Banjarbaru as a Learning Resource on Social Studies," Kalimantan Soc. Stud. J., vol. 3, no. 2, p. 134, 2022, doi: 10.20527/kss.v3i2.4416.

10. Fuadi, A. Soemitra, and Z. M. Nawawi, "Studi Literatur Implementasi Sertifikasi Halal Produk UMKM," J. EMT KITA, vol. 6, no. 1, pp. 118−125, 2022, doi: 10.35870/emt.v6i1.541.

11. T. A. Rahim, "Perubahan Perdagangan Bebas ke Integrasi ASEAN," J. Kaji. Polit. dan Masal. Pembang., vol. 11, no. 2, pp. 1645−1656, 2019, [Online]. Available: http://journal.unas.ac.id/index.php/politik/article/view/153

12. W. Wardani and S. Riyadi, "Pengaruh Digitalisasi Pelayanan Terhadap Loyalitas Konsumen Melalui Kepuasan Konsumen Sebagai Variabel Intervering Pada Kantor Pengawasan Dan Pelayanan Bea Dan Cukai Tipe Madya Pabean Juanda," Soetomo Bus. Rev., vol. 3, no. 4, pp. 512−532, 2022.

13. H. Astuti, S. Wijaya, and M. Agustina, "Implementasi Marketing Mix 7P Pada Usaha Mikro Kecil Dan Menengah," Ref. J. Ilmu Manaj. dan Akunt., vol. 11, no. 1, pp. 1−14, 2023, doi: 10.33366/ref.v11i1.4416.

14. W. R. Adawiyah, "Faktor Penghambat Pertumbuhan Usaha Mikro Kecil Menengah (UMKM): Studi di Kabupaten Banyumas," JKMP (Jurnal Kebijak. dan Manaj. Publik), vol. 2, no. 2, p. 165, 2014.

15. M. I. Nasution, M. S. A. Nasution, and N. A. B. Rahmani, "Marketing Strategical Analysis of Products UMKM Markets with Tol," Kontigensi J. Ilm. Manaj., vol. 12, no. 1, pp. 390−395, 2024, doi: 10.56457/jimk.v12i1.570.

16. L. Hakim, Prinsip-Prinsip Ekonomi Islam. Jakarta: Erlangga, 2012.

17. Siti Nurhalita and Imsar, "Peran Pemerintah Daerah Dalam Pemberdayaan Usaha Mikro Kecil Menengah (Umkm) Di Kabupaten Langkat," Maro J. Ekon. Syariah dan Bisnis, vol. 5, no. 1, pp. 84−90, 2022, doi: 10.31949/maro.v5i1.2282.

18. R. Fachrina and Z. M.Nawawi, "Pemanfaatan Digital Marketing (Shopee) Dalam Meningkatkan Penjualan Pada UMKM Di Marelan," J. Ilm. Mhs. Perbank. Syariah, vol. 2, no. 2, pp. 247−254, 2022, doi: 10.36908/jimpa.v2i2.75.

19. N. Karniawati, N. Nurfatin, E. Cristian, and Y. Karyana, "UMKM in Improving The Economy of Rural Communities," Proceeding Int. Conf. Business, Econ. Soc. Sci. Humanit., vol. 6, pp. 724−728, 2023, doi: 10.34010/icobest.v4i.440.

20. G. W. Joseph P. Guiltinan, Strategi dan Program Manajemen Pemasaran. Jakarta: Erlangga, 1987.

21. S. Melinasari et al., "Aspek-Aspek Bauran Pemasaran (Marketing Mix)," 2023, pp. 1−56.

22. P. P. R. Nurul Aulia Dewi, Alika Hariani, "Analisis Manfaat Media Sosial Sebagai Pengembangan Umkm Di Kabupaten Deli Serdang," Kabillah (Journal Soc. Community), vol. 8, no. 14, pp. 129−143, 2023, doi: https://doi.org/10.35127/kabillah.v8i2.

23. Yulianingsih, "Faktor-Faktor Yang Mempengaruhi Keberhasilan Umkm Melalui Pendekatan Faktor Internal Dan Faktor Eksternal," J. Sos. Hum., vol. 12, no. 1, pp. 98−108, 2021.

24. L. H. Piliang, "UMKM Penggerak Roda Perekonomian Nasional," Public Adm. J., vol. 8, no. 1, pp. 1−8, 2024, doi: 10.34010/icobest.v4i.440.

25. N. Husna, "Peran Digital Marketing Terhadap Peningkatan Pendapatan Umkm Dalam Perspektif Ekonomi Syariah," הארץ, vol. 2, no. 8.5.2017, pp. 2003−2005, 2022.

26. Firayani Firayani, Bambang Kurniawan, and Eri Nofriza, "Pengaruh Literasi Keuangan Syariah, Sikap Keuangan Dan Pengelolaan Keuangan Terhadap Kinerja UMKM (Studi Kasus UMKM Sektor Kuliner Di Kecamatan Keritang Kabupaten Indragiri Hilir)," Anggar. J. Publ. Ekon. dan Akunt., vol. 2, no. 3, pp. 285−301, 2024, doi: 10.61132/anggaran.v2i3.788.

27. S. Lestari, "Pengaruh Aspek Keuangan, Kompetensi Sumber Daya Manusia (SDM), dan Inovasi Produk Terhadap Kinerja Usaha Mikro, Kecil, dan Menengah (UMKM) di Kabupaten Ponorogo." IAIN PONOROGO, 2021.

28. N. Nabila, R., & Khoiriawati, "Analisis Kesiapan Umkm Batik Mugi Barokah Untuk Mengimplementasikan Standar Akuntansi Keuangan Entitas Mikro, Kecil, Menengah (Sak Emkm)," J. Ilm. Manaj. Ekon. Akunt., vol. 7, no. 1, pp. 677−694, 2023.