

The Influence of Digital Marketing and Industry Dynamics on Bank Sultra's Marketing Performance in the Media of Marketing Ability and in the Moderation of Company Size

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Abstract:

The aim of this research is to test and examine The Influence of Digital Marketing and Industry Dynamics on Bank Sultra's Marketing Performance in the Media of Marketing Ability and in the Moderation of Company Size. The sample in this study used the Slovin formula calculation. The population of Bank Sultra customers was 75,503 who used mobile banking. This will determine the sample size that can represent the population with a certain margin of error, resulting in 398 respondents. The analytical tool used was SmartPLS 4. The results of this study show a significant positive influence of digital marketing on the marketing capabilities of Bank Sultra. There is a significant positive influence of industrial dynamics on the marketing capabilities of Bank Sultra employees. There is a significant positive influence of marketing capabilities on the marketing performance of Bank Sultra. There is no insignificant positive influence of digital marketing on the marketing performance of Bank Sultra. There is a positive and significant influence of industrial dynamics on the marketing performance of Bank Sultra. The indirect influence of the mediating role of marketing capabilities between digital marketing on the marketing performance of Bank Sultra. The indirect influence of the mediating role of marketing capabilities between industrial dynamics on the marketing performance of Bank Sultra. The role of moderation, company size plays a moderating role between digital marketing on the marketing capabilities of Bank Sultra with a moderate moderation category.

Keywords: Digital Marketing, Industry Dynamics, Bank Sultra's Marketing Performance, Marketing Ability, Company Size

Introduction

The rapid development of digital technology over the past two decades has brought about significant changes in the way companies interact with consumers and in the marketing strategies they employ. Digital marketing, which utilizes the internet, social media, email, search engines, and various other digital platforms, has become a crucial tool for attracting, retaining, and building customer loyalty. A McKinsey study (2020) shows that adopting digital marketing strategies can improve operational efficiency and customer engagement, while Accenture (2021) confirms that the application of technologies such as artificial intelligence (AI) and big data analytics has a positive impact on customer experience (CX) and marketing performance. This is increasingly relevant in the banking industry, where digitalization is driving a paradigm shift in service delivery from conventional systems to more interactive, responsive, and secure digital platforms (Chaffey & Ellis-Chadwick, 2019; Lee, Chan, & Ng, 2021).

The dynamics of the banking industry are increasingly complex due to technological advances, changes in consumer behavior, fintech competition, and increasingly stringent regulations. Schumpeter's theory emphasizes that innovation is key to maintaining industry competitiveness, while Porter's Five Forces theory states that understanding the competitive environment is crucial for formulating strategy (Schumpeter in Homburg, Ehm, & Artz, 2019; Porter, 2008). Regulation also plays a significant role, as emphasized by Mishkin (2019) and KPMG (2020), which show that appropriate supervision and regulations can encourage innovation while maintaining banking industry stability. In this context, Bank Sultra needs to adapt to changing customer habits, which now prioritize mobile banking, online transactions, and more personalized digital experiences. However, on the other hand, the bank also faces challenges in the form of more agile fintech competition, limited resources, and strict regulatory demands for maintaining customer data security.

Marketing capability is a crucial factor in determining a bank's competitiveness in the digital era. According to the Resource-Based View (Barney, 1991), marketing capability is an intangible resource that is difficult to imitate and can provide a sustainable competitive advantage. Teece et al. (1997), through their Dynamic Capability Theory, added that marketing capability must be dynamic to adapt to changes in technology, regulations, and consumer behavior. Day (1994), in his Marketing Capability Framework, emphasized the importance of market understanding, building customer relationships, and integrating across marketing functions to create effective strategies. Research by Fang et al. (2019) and Sashi (2019) demonstrated that

integrating big data analytics, digital-based CRM, and the use of social media can improve marketing efficiency, customer engagement, and customer loyalty. Studies by Sang-Uk Jung & Valeriia Shegai (2023), Della Hernita Putri & Sfenrianto (2023), and Abdul Razak Munir et al. (2023) also showed that banks with superior digital marketing capabilities are better able to develop adaptive strategies according to consumer needs.

In addition to marketing capabilities, firm size also influences a bank's ability to adopt new technologies and develop marketing strategies. Large banks tend to have advantages in economies of scale, access to capital markets, and the ability to invest in digital infrastructure, including fintech, big data, artificial intelligence, and blockchain (Barney, 1991). However, Organizational Inertia theory (Hannan & Freeman, 1984) explains that large companies are often slower to adapt to market changes due to their complex organizational structures. Research by Wang & Xie (2019) found that firm size strengthens the positive relationship between corporate social responsibility (CSR) and firm performance, suggesting that large companies have a greater influence on reputation and public acceptance. This finding is supported by research by Moussa & Toumi (2019), Nguyen & Tran (2019), Fang & Tian (2020), and Amran & Hashim (2020), which highlights the significant role of firm size in supporting firm performance through resource availability.

In the context of Bank Sultra, challenges include the suboptimal integration of digital marketing and data analytics to understand customer behavior, limited product diversification, and obstacles to accessing additional funding through the capital markets. On the one hand, the company's relatively smaller size compared to larger banks means Bank Sultra still faces limited capital for digital technology investment, strengthening compliance regulations, and business expansion. However, on the other hand, Bank Sultra is required to develop more adaptive, creative, and digital-based marketing capabilities to compete with more innovative fintech companies. Therefore, integrating digital marketing, improving marketing capabilities, and optimizing resources according to company size are key for Bank Sultra to navigate the dynamics of the banking industry in the digital era and maintain its sustainable competitiveness.

Literatur Review

Digital Marketing

Digital marketing, according to WSI (2013) in Todor (2016) is the practice of promoting products and services in an innovative way, using primarily database-driven distribution channels to reach consumers and customers in a

timely, relevant, personal, and cost-effective manner. Todor (2016) himself stated that digital marketing is a blanket term for the targeted, measurable, and interactive marketing of goods or services using digital technologies in order to reach and convert leads into customers and preserve them. The main objective is to promote brands, shape preferences, and boost sales through several digital marketing techniques. Digital marketing according to Coviello, Milley, and Marcolin (2001) is the use of the internet and other interactive technologies to create and connect dialogues between companies and identified consumers. Digital marketing according to Heidrick & Struggless (2009:1) is the development of digital marketing through the web, mobile phones, and gaming devices, offering new access to advertising that is unheralded and highly influential. So why aren't marketers across Asia shifting their budgets from traditional marketing channels like TV, radio, and print to newer, more interactive media? According to Urban (2004), digital marketing is the use of the internet and information technology to expand and enhance traditional marketing functions. This definition focuses on all traditional marketing. We can also state that concepts like "interactive marketing," one-to-one marketing, and "e-marketing" are closely related to "digital marketing." According to Ridwan Sanjaya & Josua Tarigan (2009), digital marketing is marketing activities, including branding, that utilize various web-based media such as blogs, websites, email, AdWords, or social networks. Of course, digital marketing isn't just about internet marketing. According to Kleindl & Burrow (2005), digital marketing is the process of planning and implementing ideas or concepts, pricing, promotion, and distribution. Marketing can be defined more simply as building and maintaining mutually satisfying relationships between companies and consumers.

Dynamics of the Banking Industry

According to Munir (2001), dynamics is a system of interconnected and interdependent relationships between elements. If one element of the system experiences a change, it will also bring about changes in other elements. Winardi stated that organizational change is the act of shifting an organization from its current state to a desired future state in order to increase its efficiency and effectiveness by rearranging the organization's components. Organizational change is a process by which an organization moves from its current state to a desired future state to increase its effectiveness. The purpose of change is to find new or improved ways to utilize resources and capabilities with the aim of increasing the organization's ability to create value and improve desired outcomes for stakeholders. Change is a transformation from the current state to a desired state in the future. The business world always demands that

companies achieve renewal supported by advances in knowledge and technology. Every company must be able to adapt to various demands and changes in the existing environment. Therefore, many well-known companies, both domestic and international, make changes simply to survive and demonstrate their existence as companies that are not outdated. Every organization faces the choice between changing or dying under the pressure of change. Given the importance of change in a fast-paced environment, it is time for organizations to stop delaying change. Delaying change will lead to a decline. Essentially, all changes are aimed at increasing organizational effectiveness, with the goal of improving the organization's ability to adapt to environmental changes and changes in the behavior of its members. An organization that desires success must continually adapt to significant developments, such as customer needs, new technological discoveries, and government regulations.

Marketing Capability

Marketing capability can be defined as a pattern implemented by a company in utilizing resources and becomes a routine over time. Marketing capability can help companies sense and respond to market changes such as competitor movements and technological changes, enabling companies to utilize the capabilities and resources of partners to create value, and facilitating companies in understanding customer needs (Day, 1994). Marketing capability can enable companies to reach their maximum potential due to improvements made both internally and externally. The development of services and products not only develops internally but also follows existing market competition along with competitors. Given this reality, companies are required to be able to produce new products or develop new products with good functions for use in a competitive world (Saleh, 2015). Marketing capability has several dimensions: marketing culture capability, strategic capability, and operational capability (Hooley, 1999). This means that cultures in each region always have differences. By knowing the cultural differences in each region or area, the company can determine the right strategy to apply the strategy through the company's operational activities. According to (Blesa & Ripolles, 2008) who adopted (Day, 1994) the definition of marketing capability is a complex collection of skills and accumulated knowledge, carried out through organizational processes that enable companies to coordinate activities and utilize their assets and resources. Thus, optimal marketing capability can provide superior market sensing, connecting customers and subsequent distribution channel capabilities as a result, and can be the key to success in international markets. Marketing capability is defined as a company's ability to

effectively use marketing resources such as market information, brand strategy, product innovation, and customer relationships to achieve competitive advantage (Day, 1994; Vorhies & Morgan, 2005). It encompasses various aspects such as the ability to design strategies, manage brands, and respond to market changes.

Company Size

According to Riyanto (2011:313), company size is the size of a company as measured by its equity value, sales value, or asset value. According to Sawir (2015:101), company size is a determinant of its financial structure. Based on this definition, company size is a scale that determines the size of a company, as seen from its equity value, sales value, number of employees, and total assets. These are contextual variables that measure the demand for an organization's services or products. Company size is measured by its market capitalization. Company size is measured using the natural logarithm of the company's total assets. The logarithmic form is used because the value of company assets is generally very large, thus standardizing the value with other variables by natural logarithmizing total assets (Sugiarto, 2011:98). Firm size describes the size of a company, as indicated by total assets, sales volume, average sales level, and average total assets. Large companies will have an easier time obtaining loans than small companies. Large companies experience relatively greater growth than small companies, so the stock returns of large companies are higher than those of small companies. Therefore, investors will speculate more on large companies in the hope of higher returns.

Marketing Performance

Strategy is a well-thought-out plan of action designed to maximize an organization's strengths and position it for future success. Other experts define the strategic management process as a series of commitments, decisions, and actions required for a company to achieve strategic competitive advantage and outperform the market average (Hitt & Ireland, 2010). Strategic marketing is a market-driven strategy for creating, implementing, and managing program positioning strategies to meet consumer value requirements within each target market (Cravens & Piercy, 2013). Company managers must improve their performance by implementing new plans to transform operations and transactions (Al-Matari, Al-Swidi, & Fadzil, 2014). Companies with superior capabilities can be identified by their numerous opportunities to adapt to dynamic changes in the business environment and improve their performance. Company performance is often viewed as an indicator of a company's results and impact (Lumpkin, G.T., & Dess, 2001). Marketing performance, financial

performance, and human resource performance determine company performance (Hanfan & Setiawan, 2018). Marketing performance determines whether a company can achieve its market position. In marketing performance, a company's marketing strategy can improve other indicators of its performance (Gama, 2013). Marketing performance is related to company sales, consumer behavior, and market perception. With these advantages, companies can offer higher value to customers based on their preferences (Morgan, Vorhies, & Mason, 2009). Kafko (2017) found that customers can freely express their opinions about a company's products, which ensures whether the products and services provided meet customer needs or not. Marketing performance is the company's overall marketing performance (Hartanty & Ratnawati, 2013). If the data is accurate and efficient, marketing performance measurement can be used to help companies communicate their vision and mission (Jaksi et al., 2014).

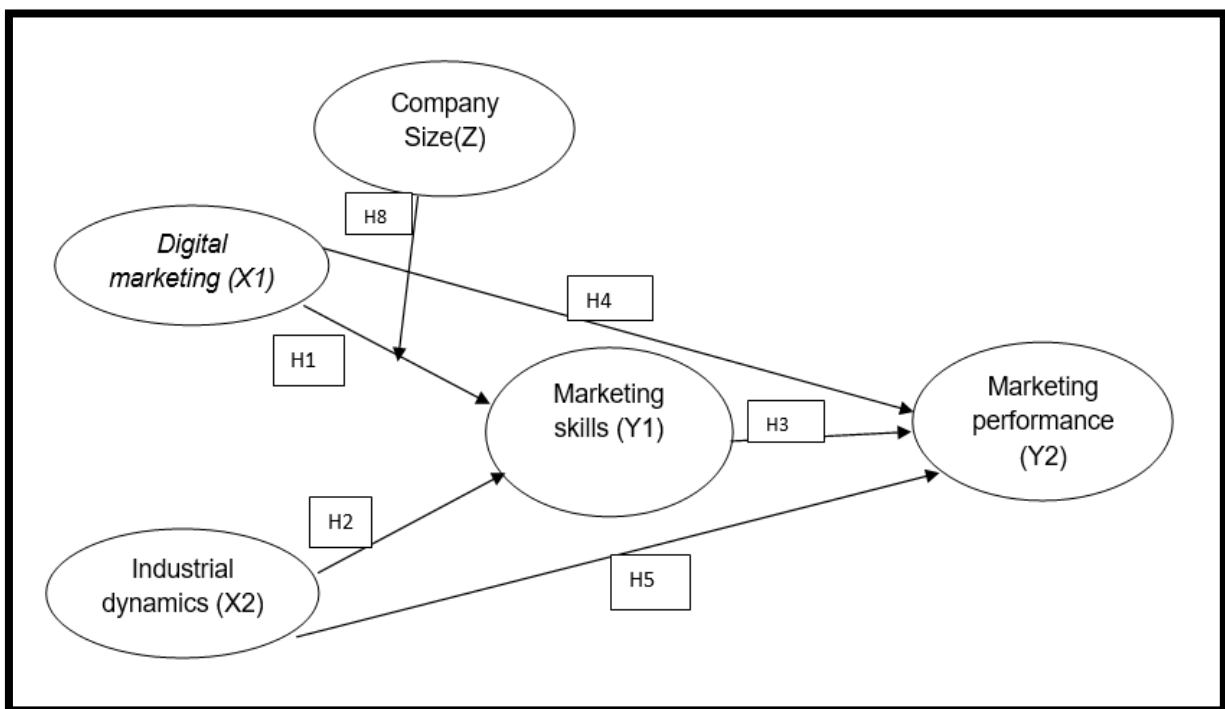


Figure 1 Conceptual Framework

Research Hypothesis

H1: Digital marketing has a positive and significant impact on marketing capabilities.

H2: Industrial dynamics have a positive and significant impact on marketing capabilities.

- H3: Marketing capabilities have a positive and significant impact on marketing performance.
- H4: Digital marketing has a positive and significant impact on marketing performance.
- H5: Industry dynamics have a positive and significant impact on marketing performance.
- H6: Digital marketing has a positive and significant impact on marketing performance mediated by marketing capabilities.
- H7: Industrial dynamics have a positive and significant influence on marketing performance which is mediated by marketing capabilities.
- H8: Company size strengthens the influence of digital marketing on marketing capabilities

Research Methods

This research was conducted at Bank Sultra. The sample in this study used the Slovin formula calculation. The population of Bank Sultra customers was 75,503 who used mobile banking. This will determine the sample size that can represent the population with a certain margin of error, resulting in 398 respondents. The analytical tool used was SmartPLS 4.

Operational Definition of Variables

Digital Marketing (X1) in Banking has become one of the main strategies to increase operational efficiency, expand market reach, and improve customer experience. With the rapid adoption of digital technology, banks are increasingly relying on digital marketing to effectively reach target audiences and increase customer loyalty. Mishkin (2019), Strauss & Frost (2016), (Kotler & Keller (2016) noted that for the banking industry, mobile marketing and mobile applications play a big role in the digital customer experience. These indicators include: the number of active users of the application, the number of transactions through the application and the time spent in the application.

Banking Industry Dynamics (X2) encompasses fundamental changes in how banks operate and interact with customers. With technology constantly evolving, banks must innovate to remain competitive and relevant. Accenture (2021). McKinsey (2020). Technology as a Driver of Digital Transformation in Banking According to Accenture (2021), they show that banks that invest in digital transformation experience higher profit growth. Investments in areas such as cloud computing, blockchain, and data analytics enable banks to increase operational efficiency by 20-30%, as well as accelerate the time to launch products to market. Banks that successfully collaborate with fintech companies and financial technology startups benefit from faster innovation and

access to advanced technology without having to develop everything from scratch. The indicators of this study are: IT infrastructure, cybersecurity, and fintech technology.

Marketing Capability (Y1) can be interpreted as a pattern applied by a company in using resources and becomes routine over time. The indicator used in this study is Product Development Capability. Vorhies & Morgan (2005), Chaffey & Ellis-Chadwick (2019) explain that product development capability includes the bank's ability to design new services or adapt existing products to attract and retain customers. Specific indicators: banking product innovation (such as digital banking services), speed of new product introduction, and new product markets.

Company Size (Z) Large companies have relatively greater growth compared to small companies, so the stock returns of large companies are greater than the stock returns of small companies. Therefore, investors will speculate more on large companies in the hope of large profits (returns). The indicators in this study refer to the theory of Berger & Humphrey (1997) which shows that the number of customers and the total value of deposits are important indicators in measuring the size of a banking company. The more customers a bank has, the greater its size and influence in the market. Specific indicators: total number of customers, total value of deposits and market share of deposits.

Marketing Performance (Y2) is an evaluation of the effectiveness of the bank's marketing strategy in achieving predetermined goals, such as market share growth, increased profitability, and increased customer loyalty. Kotler and Keller (2016): Marketing performance is the result achieved from marketing strategies implemented to attract, retain, and improve relationships with customers. One of the service quality approaches in assessing marketing performance that is widely used as a reference in marketing research is the SERVQUAL (Service Quality) model developed by Parasuraman, Zeithaml, and Berry (1990). In its later development, the ten components were compressed into five dimensions that became the reference for measurements carried out by Customers on services, namely (Jiang et al., 2002): Reliability, Assurance, Tangibles, Empathy and Responsiveness.

Research Result

Q-Square Value

The goodness of fit model is used to determine the extent to which endogenous variables can explain the diversity of exogenous variables, or in other words, to determine the extent of the contribution of exogenous variables

to endogenous variables. The goodness of fit model in PLS analysis is carried out using Q-Square predictive relevance (Q2). The results of the goodness of fit model are summarized in Table 1 below:

Table 1 Q-Square

	R-square	R-square adjusted
Marketing capability (Y1)	0.589	0.585
Marketing performance (Y2)	0.709	0.706

Source: Data processing results using Smart PLS 4.0, 2025.

$$Q2 = 1 - (1-R12) * (1-R22)$$

The Q-square calculation using the R-square data from the three models above can be done as follows:

$$Q2 = 1 - (1 - 0.585) * (1 - 0.706)$$

$$Q2 = 0.878 \text{ or } 87.80\%$$

The result of the predictive-relevance (Q2) calculation is 0.878, meaning that the accuracy of this study model can explain the diversity of digital marketing variables, industry dynamics, and marketing capabilities and performance by 87.80%. The remaining 12.2% is explained by other variables not included in this research model. Therefore, the model designed in this study can be said to be good or the model is said to have a very good or accurate estimation value because it is above 75%. Ultimately, the model can be used for hypothesis testing.

Direct Effect Hypothesis Testing

Based on the results of the bootstrapping process, the direct effect coefficient value for this research model was obtained. A summary of the path analysis results in this study is presented in the table below:

Table 2 Summary of Results of Direct Influence Path Analysis

Influence Variables	Between	Path Coefficient	T - Count	P-Value	Info
Industry dynamics (X2) -> Marketing capability (Y1)		0.265	4.921	0.000	Significant

Industry dynamics (X2) -> Marketing performance (Y2)	0.249	6.711	0.000	Significant
Marketing capability (Y1) -> Marketing performance (Y2)	0.632	17.085	0.000	Significant
Digital marketing (X1) -> Marketing skills (Y1)	0.413	7.488	0.000	Significant
Digital marketing (X1) -> Marketing performance (Y2)	0.035	0.783	0.434	No Significant
Company Size (Z) -> Marketing Capability (Y1)	0.240	5.423	0.000	Significant
Company Size (Z) x Digital Marketing (X1) -> Marketing Capability (Y1)	0.084	2.188	0.029	Significant

Source: Data processing results using Smart PLS 4.0, 2025

Indirect Effect Hypothesis Testing

This study, in addition to analyzing the direct influence of exogenous variables on endogenous variables, also analyzes the indirect influence through the role of mediation. Table 2 below will describe the indirect influence between research variables, to prove that the indirect influence or mediation has a role or not, the results of the analysis can be seen in the output results of SmartPLS 4.1 in the following Indirect Effects table: The results of the mediation role path analysis can be presented through the following table:

Table 3 Results of Indirect Influence Analysis (Mediation)

Independent Variables	Dependent Variable	Intervening Variables	Path Coefficient	P-Value	Info
Digital marketing (X1)	Marketing performance (Y2)	Marketing capability (Y1)	0.261	0.008	Significant/Perfect Mediation
Industry dynamics (X2)	Marketing performance (Y2)	Marketing capability (Y1)	0.167	0.000	Significant/Partial Mediation

Source: Data processing results using Smart PLS 4.0, 2025

Moderation Effect Analysis

The following table will illustrate the moderating effect between research variables, to prove that the moderating effect has a strong or weak influence from the moderating effect according to Kenny (2018) in Hair, et al 2021) interpretation of the moderating effect (0.0005) Low, (0.010) Medium and (0.025) High, then the analysis results can be seen in the SmartPLS 4.1 output results in the following Indirect Effects table:

Table 4 Moderation Influence between Research Variables

Moderating Variables	Independent Variables	Dependent Variable	Path Coefficient	P-Value	Moderation Effect (f-square)	Info
Company Size (Z)	Digital marketing (X1)	Marketing skills (Y1)	0.084	0.029	0.018	Moderate Moderation

Source: Data processing results using Smart PLS 4.0, 2025

Company size plays a moderating role in the relationship between digital marketing and Bank Sultra's marketing capabilities. This is evidenced by a path coefficient of 0.084 with a significance level of 0.029 and a moderating effect of 0.018, categorized as moderate moderation.

Discussion

The Influence of Digital Marketing on Marketing Capabilities

The results of the first hypothesis test indicate that digital marketing has a significant positive effect on the marketing capabilities of Bank Sultra employees. Digital marketing has been shown to strengthen marketing capabilities by providing tools and data that support more responsive, personalized, and measurable strategies. This finding aligns with the Resource-Based View theory (Barney, 1991), which states that digital marketing capabilities are a strategic resource that can create sustainable competitive advantage. Previous studies also support this finding, including Trainor et al. (2014), who emphasized that the use of social media in marketing improves customer relationship management capabilities; Wang et al. (2020), who found that SEO, social media, and online advertising significantly impact company performance; and Karjaluoto et al. (2015), who demonstrated that digital marketing not only improves performance but also strengthens marketing capabilities. Empirical evidence from the survey also supports this study,

where the majority of respondents indicated a very high level of use of digital banking applications, with an average of 4.67, indicating that digital applications have become the primary means of customer interaction with the bank. This aligns with research by Omkar Dastane (2020), Della Hernita Putri & Sfenrianto (2023), Abdul Razak Munir et al. (2023), Dwivedi et al. (2020), and Susanto & Rodhiah (2022), which states that digital marketing can improve operational efficiency, strengthen customer relationships, expand market understanding, and enhance the company's adaptability to industry dynamics. Therefore, it can be concluded that the implementation of digital marketing at Bank Sultra not only improves marketing performance but also strengthens marketing capabilities, which are a source of competitive advantage in the digital era.

The Influence of Industrial Dynamics on Marketing Capabilities

Hypothesis testing indicates that industry dynamics have a significant positive effect on the marketing capabilities of Bank Sultra employees. These dynamics include regulatory changes, intense competition, the development of digital technology, and changes in consumer behavior that require banks to be adaptive and innovative. In line with the Resource-Based View (Barney, 1991), marketing capabilities are a strategic resource that supports competitive advantage. This is reinforced by the Dynamic Capabilities Theory (Teece, Pisano, & Shuen, 1997), which emphasizes the importance of an organization's ability to develop and restructure resources to adapt to external changes. In the context of market orientation, Kohli & Jaworski (1990) emphasized that responsiveness to consumer needs is crucial in enhancing marketing capabilities. This is also supported by the findings of Vorhies, Morgan, & Autry (2009), which demonstrate a close relationship between market orientation, marketing capabilities, and company performance. Furthermore, Mithas, Ramasubbu, & Sambamurthy (2011) highlighted the role of information technology in strengthening marketing capabilities, while Day (2011) emphasized the importance of company readiness for industry changes by strengthening digital marketing capabilities. Furthermore, Huang & Sarigöllü (2014) emphasized that increasingly fierce competition requires banks to develop marketing strategies capable of increasing brand awareness.

The questionnaire results support this theory, with the majority of respondents considering digital technology developments, competition with fintech companies, and regulations as the main factors shaping industry dynamics. Bank Sultra's IT infrastructure was rated as good with an average score of 4.53, although improvements in server capacity, system speed, and platform integration are still needed. Respondents also considered

cybersecurity and fintech technology as critical elements for successful digital transformation. These findings align with previous research by Muchamad Nurdin Alwi et al. (2023), Ying Liu (2022), and Muhammad Yasir Saeed et al. (2018) emphasized that a rapid response to industry dynamics, particularly in technology and regulatory aspects, can enhance more adaptive marketing capabilities. Thus, improved marketing capabilities enable Bank Sultra to offer relevant products, target market segments appropriately, maintain good customer relationships, and maintain competitiveness in the digital era.

The Influence of Marketing Capabilities on Marketing Performance

The results of testing Hypothesis 3 indicate that marketing capabilities have a significant positive effect on Bank Sultra's marketing performance. Marketing capabilities, which include market understanding, product development, effective communication, and digital promotional strategies, have been shown to improve marketing performance, such as sales growth, customer loyalty, and market share. This is consistent with the Resource-Based View (Barney, 1991), which emphasizes that internal capabilities, including marketing, are a source of sustainable competitive advantage. Similarly, Dynamic Capabilities Theory (Teece, Pisano, & Shuen, 1997) explains that companies with adaptive capabilities are able to adjust their marketing strategies to changes in the business environment. Furthermore, Kohli & Jaworski (1990), through the concept of market orientation, emphasize the importance of market orientation in creating superior value for customers, which has been shown to have a direct impact on marketing performance. Previous research, such as Vorhies, Morgan, & Autry (2009) and Morgan, Slotegraaf, & Vorhies (2009), shows that marketing capabilities are closely related to profitability, sales growth, and firm value. Meanwhile, Slotegraaf & Dickson (2004) emphasized the importance of product innovation and appropriate resource allocation to maximize marketing effectiveness.

Questionnaire results support this theory, with the majority of respondents assessing Bank Sultra as having a fairly effective marketing strategy through social media, mobile applications, and digital campaigns. Digital banking service innovation, with an average score of 4.49, was deemed to facilitate customer transactions, although there were still comments regarding user experience and promotional personalization. Overall, Bank Sultra's marketing capabilities are good, but still need to improve innovation, product differentiation, and accelerate strategy to compete with fintech. This finding aligns with research by Day (1994), which confirms that organizations with strong marketing capabilities are better able to understand consumer needs, as well as recent research by Della Hernita Putri & Sfenrianto (2023),

Abdul Razak Munir et al. (2023), and Susanto & Rodhiah (2022), which proves that marketing capabilities contribute significantly to improved marketing performance. Therefore, the stronger the marketing capabilities, the greater the company's potential to increase customer loyalty, expand market share, and achieve competitive advantage.

The Influence of Digital Marketing on Marketing Performance

The results of testing Hypothesis 4 indicate that the positive influence of digital marketing on Bank Sultra's marketing performance is insignificant, so the hypothesis is rejected. Theoretically, digital marketing is expected to improve performance through broader audience reach, cost efficiency, and more personalized interactions. The Resource-Based View (Barney, 1991) emphasizes that digital marketing capabilities can be a source of competitive advantage if managed properly. Similarly, Dynamic Capabilities (Teece et al., 1997) emphasize that adaptation to new digital technologies is crucial for maintaining marketing effectiveness, while Integrated Marketing Communications (Schultz et al., 1993) highlights the importance of message consistency across digital channels. Several studies support the role of digital marketing in improving performance, such as Järvinen & Karjaluo (2015), who found the importance of digital analytics for measuring campaign effectiveness; Chaffey & Ellis-Chadwick (2019), who emphasized the role of SEO, SEM, and social media in increasing brand visibility; and Tiago & Verissimo (2014), who demonstrated that social media can increase customer engagement and loyalty.

Questionnaire results showed that most respondents considered Bank Sultra's digital strategy, including cashback promotions, mobile applications, and banking product innovations, quite effective in increasing satisfaction and loyalty. However, respondents also emphasized the need for stronger promotional personalization and broader market segmentation, particularly to the younger generation. Positive perceptions were also evident in the Assurance dimension, with a score of 4.35. Customers rated employee competence and transaction security as good, although minor concerns remained regarding data security. These findings align with research by He et al. (2020) which emphasizes the role of digital innovation in improving marketing performance, as well as previous research by Jung & Shegai (2023), Samosir & Jayadi (2023), and Salhab (2024) which demonstrates the importance of innovation-based digital marketing strategies. Thus, although empirically insignificant, the literature confirms that innovative, consistent, and measurable digital marketing management still has the potential to strengthen marketing performance in the future.

The Influence of Industry Dynamics on Marketing Performance

The results of testing Hypothesis 5 indicate that industry dynamics have a positive and significant impact on Bank Sultra's marketing performance. Changes in the banking industry, such as the development of digital technology, new regulations, increasingly fierce competition, and changes in consumer behavior, encourage banks to be more adaptive in their marketing strategies, product development, and service improvements. This is in line with the Resource-Based View (Barney, 1991), which emphasizes that a company's internal capabilities in managing resources are crucial for responding to external dynamics, and Dynamic Capabilities (Teece, Pisano, & Shuen, 1997), which explain that companies must have the ability to adapt to market changes to improve performance. Furthermore, Market Orientation (Kohli & Jaworski, 1990) emphasizes the importance of market orientation in understanding consumer needs and responding to industry changes through more targeted marketing strategies. Previous research by Vorhies, Morgan, & Autry (2009) and Morgan, Slotegraaf, & Vorhies (2009) shows that strong marketing capabilities in dealing with market dynamics contribute to increased profitability and company value. Furthermore, Karjaluoto et al. (2015) emphasized that utilizing digital technology to address industry changes can significantly improve marketing performance.

The questionnaire results support this finding, with respondents rating Bank Sultra's marketing performance positively, with the highest scores for the Assurance and Reliability dimensions, indicating customer trust and security in the bank's services. Tangibles and Responsiveness were also rated highly, although there were still areas for improving physical facilities and service speed. Meanwhile, the Empathy dimension was deemed quite good, but still needs improvement to ensure a more uniform experience of personalized service. Overall, these results confirm that the industry dynamics facing Bank Sultra are driving increased marketing capabilities and positively impacting marketing performance, particularly in terms of market share growth, customer loyalty, and profitability (Vorhies et al., 2009; Karjaluoto et al., 2015).

The Influence of Digital Marketing on Marketing Performance Mediated by Marketing Capabilities

The results of the hypothesis testing indicate that marketing capability acts as a perfect mediator in the relationship between digital marketing and Bank Sultra's marketing performance, with a path coefficient value of 0.261 and a p-value of $0.008 < 0.05$. This means that increasing digital marketing will only have a significant impact on marketing performance if supported by strong marketing capabilities. Marketing capabilities, such as segmentation,

product innovation, and brand management, are important elements that convert external opportunities into competitive advantages (Barney, 1991; Teece, Pisano, & Shuen, 1997). In line with market orientation theory, marketing capabilities also mediate the relationship between market orientation and performance, so that marketing strategies are more targeted and able to increase sales and customer loyalty (Kohli & Jaworski, 1990; Vorhies, Morgan, & Autry, 2009). Previous research has also confirmed that marketing capabilities act as a link between external dynamics, innovation, and company profitability (Morgan, Slotegraaf, & Vorhies, 2009; Nath, Nachiappan, & Ramanathan, 2010).

In the banking context, digital marketing has been shown to strengthen customer engagement, increase brand awareness, and foster loyalty through faster and more personalized communication strategies (Tiago & Veríssimo, 2014). Questionnaire results showed that the majority of customers considered Bank Sultra's digital marketing strategy to be effective, particularly through social media, mobile applications, and digital campaigns. However, they noted that promotions needed to be more personalized to market segments. This aligns with Day's (1994) view that marketing capabilities are the key link between market orientation and improved performance. This is supported by research by Ashrafi & Ravasan (2018), Gnizy (2024), and Liu (2022), which emphasizes the importance of developing marketing capabilities in the face of digitalization and industry competition. Thus, the success of Bank Sultra's digital marketing is highly dependent on the extent to which the bank is able to develop its marketing capabilities in order to improve performance sustainably.

Industrial Dynamics on Marketing Performance Mediated by Marketing Capabilities

The research results indicate that marketing capabilities act as a partial mediator in the relationship between industry dynamics and Bank Sultra's marketing performance. This means that regulatory changes, technological innovation, and increased competition in the banking industry do not directly improve marketing performance, but rather require the role of marketing capabilities to optimize their impact. Marketing capabilities, such as adaptive strategies, product innovation, and understanding consumer behavior, are key to transforming external challenges into opportunities for performance improvement (Teece, Pisano, & Shuen, 1997). Consistent with the findings of Liu, Wu, & Huang (2019), marketing capabilities were shown to mediate the relationship between innovation and firm performance. Najafi-Tavani, Sharifi, & Nauck (2019) emphasized the role of marketing capabilities in strengthening the influence of strategic alliances on competitive advantage. Research by

Nguyen, Ngo, & Bucic (2019) also demonstrated that cross-functional knowledge sharing can strengthen marketing capabilities, ultimately improving performance. Similarly, Huang & Tsai (2019) emphasized that digital marketing capabilities can mediate the relationship between innovation and customer relationships with firm performance.

In the context of Bank Sultra, the dynamics of the banking industry are driving the adoption of more responsive digital marketing strategies to maintain customer loyalty and profitability. Respondents also positively assessed the bank's marketing performance, particularly in the Assurance and Reliability dimensions, which indicate a high sense of security and trust in the service. Although Tangibles and Responsiveness were assessed well, there is still room for improvement in physical facilities and service speed, while the Empathy dimension needs to be more evenly distributed to ensure more consistent personalized service across all branches. Thus, these results confirm that marketing capability is a crucial factor in bridging industry dynamics with improved marketing performance at Bank Sultra.

The Influence of Digital Marketing on Marketing Performance Moderated by Company Size

The results of the study indicate that company size acts as a moderate moderator in the relationship between digital marketing and Bank Sultra's marketing capabilities. Larger companies like Bank Sultra have better infrastructure, financial resources, and access to technology, enabling them to implement digital marketing more effectively and significantly impacting marketing performance. This aligns with the findings of El-Gohary (2019) and Alford & Page (2015), which assert that larger companies benefit more from e-marketing than smaller companies due to their broader adoption of digital technology. Other studies, such as Wang, He, & Li (2020) and Lu, Zheng, & Wei (2020), also support this finding, showing that company size strengthens the influence of digital strategy and CSR on performance, with larger companies being better able to leverage digital technology to increase profitability.

Furthermore, Zhou, Guo, & Wang (2020) and Huang & Li (2020) emphasize that company size determines the effectiveness of knowledge management and innovation capabilities on performance, with larger companies achieving greater benefits than smaller ones. In the context of Bank Sultra, the majority of respondents considered the bank to be a large company based on the number of branches, operational scale, and extensive digital service network. This was reinforced by the positive customer growth (average 4.19) thanks to digital product innovation, service convenience, and

promotional programs. However, some respondents suggested the need for a more personalized strategy to reach new market segments, particularly millennials and communities in areas with limited access. Thus, company size has been shown to strengthen the positive impact of digital marketing on marketing performance, while also confirming that Bank Sultra's larger business scale provides a competitive advantage in facing modern banking competition.

Conclusion

Based on the results of the analysis, discussion of the research results, there are several conclusions of this study which are described as follows: There is a significant positive influence of digital marketing on the marketing capabilities of Bank Sultra is accepted which means the better digital marketing will be able to improve the marketing capabilities of Bank Sultra. There is a significant positive influence of industrial dynamics on the marketing capabilities of Bank Sultra employees is accepted. The better the application of industrial dynamics will be able to improve the marketing capabilities of Bank Sultra. There is a significant positive influence of marketing capabilities on the marketing performance of Bank Sultra is accepted the better marketing capabilities will be able to improve the marketing performance of Bank Sultra. There is an insignificant positive influence of digital marketing on the marketing performance of Bank Sultra is rejected, the better digital marketing will not be able to improve the marketing performance of Bank Sultra. There is a positive and significant influence of industrial dynamics on the marketing performance of Bank Sultra is accepted the better industrial dynamics will be able to improve the marketing performance of Bank Sultra. The indirect influence of the mediating role of marketing capabilities between digital marketing on the marketing performance of Bank Sultra that marketing performance has a positive and significant influence on the marketing performance of Bank Sultra mediated by marketing capabilities which act as perfect mediation. The indirect influence of the mediating role of marketing capabilities between industrial dynamics on the marketing performance of Bank Sultra with partial mediation properties which means that industrial dynamics have a positive and significant influence on marketing performance mediated by marketing capabilities. The role of moderation, company size plays a moderating role between digital marketing and Bank Sultra's marketing capabilities with a moderate moderation category.

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