Digitalization, Market Trends, and Competitiveness in Enhancing MSME Sales Performance in Kupang, East Nusa Tenggara

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Article History:
Received: 10 Maret 2026
Revised: 25 Maret 2026
Accepted: 28 Maret 2026

Keywords: *Digitalization, Competitiveness, Market Trends, Sales Performance, Micro, Small and Medium Enterprises (MSMEs)*

Abstract: *Micro, Small and Medium Enterprises (SMEs) play an important role in supporting regional economic growth, especially in developing areas. However, SMEs often face challenges in maintaining sales performance due to limited digital adoption, low competitiveness, and inability to follow market trends. Digitalization is considered an important strategy to improve competitiveness and expand market access in the modern business environment. This study aims to analyze the effect of competitiveness and market trends on MSME sales performance with MSME digitalization as a moderating variable in Kupang City, East Nusa Tenggara. This research uses a quantitative descriptive approach with a survey method. Data were collected through questionnaires distributed to MSME owners who have business identification numbers and have utilized digital media such as social media, e-commerce, or websites. The sampling technique used purposive sampling with 115 respondents selected from the MSME population. Data analysis was conducted using SPSS Statistics 24 through validity, reliability, and regression tests with moderation analysis. The results indicate that competitiveness and market trends significantly influence MSME sales performance, and digitalization strengthens the relationship between these variables. These findings highlight the importance of digital transformation in improving MSME sustainability and business performance in the digital era.*

INTRODUCTION

Micro, Small and Medium Enterprises (SMEs) play a strategic role in supporting community economic activities and serve as a major source of income for most people, making them an essential sector in regional economic development (Saputri, 2014). MSMEs that are profit-oriented are required to continuously develop effective marketing strategies to maintain and increase their business performance. Marketing is defined as a managerial process that enables individuals or groups to achieve their objectives through creating, offering, and exchanging valuable products with others (Sudarsono, 2020). In the modern business environment, MSMEs must maintain their existence through the adoption of digital marketing, including the use of internet platforms and social media to promote products and services.

The Indonesian government has emphasized the importance of strengthening MSMEs because this sector contributes significantly to the national Gross Domestic Product and has shown resilience after the COVID-19 pandemic. Several aspects that require improvement include technological innovation, digital literacy, productivity, legal compliance, financing, branding, marketing, human resources, certification, and business data integration (Hootsuite & We Are Social, 2021). Effective management practices covering marketing, production, finance, and human resources are essential for MSMEs to remain competitive in the current business environment (Purwanto, 2008).

In the era of Industry 5.0, digital transformation has become unavoidable. Digitalization not only affects payment systems through electronic wallets and QRIS but also influences marketing strategies, enabling businesses to reach wider markets through online platforms. Continuous innovation is required to maintain competitiveness, as companies must consistently improve their value in the eyes of consumers through effective marketing strategies (Bestari, 2003). The ability to compete and capture market share determines the sustainability of MSMEs, especially under intense competition (Yolanda et al., 2020).

The rapid growth of internet users in Indonesia also creates new opportunities for MSMEs to expand their marketing activities. With more than half of the population actively using the internet and social media, digital marketing has become a crucial tool for business sustainability (Hootsuite & We Are Social, 2021). However, in addition to digitalization, businesses must also be able to identify and follow market trends. The ability to analyze changing market conditions is essential for making effective business decisions and maintaining competitiveness (Wuisan et al., 2023). Modern business strategies increasingly rely on data-driven decision making, requiring strong analytical capabilities in understanding market trends (Prawiyogi et al., 2023). Nevertheless, many SMEs still face difficulties in integrating market data effectively for decision making (Fauziah et al., 2020).

Previous studies have shown that digitalization significantly influences MSME performance and sustainability. Buyong (2020) stated that limited technological adaptation can reduce business productivity and profitability. Similarly, Octaviani and Rita (2021) found that digital marketing positively affects SME financial performance during the pandemic. Digital transformation has therefore become an important trend that supports MSME growth and sales improvement (Wijoyo & Widiyanti, 2020). Digital marketing also plays a significant role in increasing business turnover and expanding market reach (Hapsoro et al., 2019).

MSMEs in Kupang City face similar challenges related to competitiveness, market adaptation, and digital transformation. Strategic management decisions are required to formulate appropriate marketing strategies in order to maintain and improve sales performance. Strategic management theory explains that business success depends on the ability to formulate, implement, and control strategies effectively (Wahyudi, 1996). The integration of traditional marketing and digital marketing is also considered essential in modern business development (Bist et al., 2022).

Based on the above background, this study aims to analyze the effect of competitiveness and market trends on MSME sales performance, with MSME digitalization as a moderating variable. This research is expected to provide empirical evidence regarding the importance of digital transformation in improving MSME sustainability, especially for MSMEs in Kupang City.

LITERATURE REVIEW

1. Competitiveness and Sales Performance

Competitiveness is a fundamental factor that determines the success or failure of a business organization, including Micro, Small, and Medium Enterprises (MSMEs). Competitiveness reflects the ability of a firm to perform activities better than its competitors in order to achieve superior performance. According to Wahyudi (1996), competitive advantage can be measured through several indicators, including price competitiveness, market share, brand reputation, product quality, and marketing channels. These elements enable firms to position themselves more effectively in the market and attract customers, which ultimately leads to higher sales performance.

Strategic management theory explains that companies that are able to formulate and implement effective competitive strategies will have greater opportunities to survive in a dynamic market environment (Purwanto, 2008). Continuous innovation is also required to maintain competitiveness, because market competition forces businesses to improve product value and marketing effectiveness (Bestari, 2003). In the context of MSMEs, the ability to compete is closely related to the sustainability of the business, especially in highly competitive markets (Yolanda et al., 2020). Therefore, stronger competitiveness is expected to increase the level of MSME sales.

H1: Competitiveness has a significant effect on MSME sales performance.

2. Market Trends and Sales Performance

Market trend analysis is an important process that allows businesses to understand changes in consumer behavior, market demand, and industry dynamics. Companies that are able to identify trends accurately will be more adaptive in designing marketing strategies and business decisions (Bist et al., 2022). Market trend analysis provides insights into customer preferences and enables firms to respond proactively to market changes, thereby improving business performance (Saputra, 2022).

In addition, the use of data-driven decision making has become increasingly important in modern business practices. The development of digital technology allows companies to collect and analyze market data more effectively, which helps in predicting demand, determining prices, and identifying competition levels (Prawiyogi et al., 2023). Market trend indicators commonly used include product sales volume, price changes, and market competition intensity. MSMEs that are able to follow market trends will have better opportunities to maintain and increase their sales performance.

H2: Market trends have a significant effect on MSME sales performance.

3. The Moderating Role of MSME Digitalization on the Relationship Between Competitiveness and Sales Performance

Digitalization in MSMEs refers to the use of digital technology in business processes, including marketing, promotion, payment systems, and customer interaction. Digitalization enables MSMEs to expand market reach, improve efficiency, and enhance competitiveness (Adella & Rita, 2021). The use of digital platforms such as social media, e-commerce, and online payment systems allows MSMEs to compete with larger firms and reach wider consumer segments.

Buyong (2020) stated that digitalization improves productivity and profitability of MSMEs by providing better access to information and technology. Digital marketing also plays an important

ISSN : 2828-5298 (online)

role in increasing business turnover because it allows businesses to promote products more effectively and at lower cost (Hapsoro et al., 2019). Therefore, digitalization can strengthen the effect of competitiveness on sales performance, because competitive strategies supported by digital technology will be more effective in reaching the market.

H3: MSME digitalization moderates the relationship between competitiveness and MSME sales performance.

4. The Moderating Role of MSME Digitalization on the Relationship Between Market Trends and Sales Performance

Changes in consumer behavior in the digital era require MSMEs to adapt quickly to market trends. Consumers increasingly use digital platforms to search for information, compare products, and make purchasing decisions. As a result, MSMEs that utilize digital technology will be more capable of responding to market changes and maintaining business sustainability (Wijoyo & Widiyanti, 2020).

Digitalization also allows businesses to monitor market trends in real time through online data, social media analytics, and e-commerce platforms. This capability helps MSMEs to design more adaptive marketing strategies and improve sales performance (Wuisan et al., 2023). Without digitalization, MSMEs may find it difficult to follow rapid market changes, which can reduce their competitiveness and sales. Therefore, digitalization is expected to strengthen the influence of market trends on sales performance.

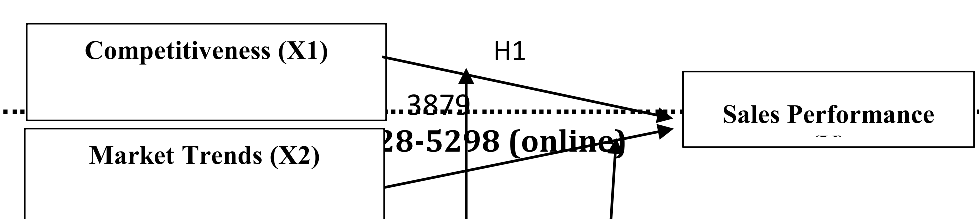
H4: MSME digitalization moderates the relationship between market trends and MSME sales performance.

State of the Art and Research Novelty

This study focuses on analyzing the effect of competitiveness and market trends on MSME sales performance with MSME digitalization as a moderating variable. Previous research mainly discussed digitalization as an effort to improve marketing and online sales, but most studies did not examine the moderating role of digitalization in strengthening the relationship between competitiveness, market trends, and sales performance.

Previous studies found that many MSMEs already have product brands but do not fully understand how to use branding and digital marketing strategies effectively to increase sales. In addition, only a small proportion of MSMEs have utilized electronic media for marketing activities. Differences between this study and previous research lie in the research location, the use of moderating variables, and the integration of competitiveness, market trends, and digitalization in one empirical model.

This research is expected to contribute to the development of MSME management, especially in improving business sustainability through digitalization, competitive strategy, and market-oriented decision making. The results are also expected to provide practical guidance for MSME actors in optimizing digital marketing, identifying consumer needs, selecting target markets, analyzing competitors, and using digital media effectively to increase sales performance.



H2
H3 H4

Figure 1. Conceptual Framework

METHOD

This study was conducted in Kupang City, East Nusa Tenggara, using a quantitative descriptive approach to examine the effect of competitiveness and market trends on MSME sales performance with MSME digitalization as a moderating variable. The research design employed a survey method, where data were collected through questionnaires distributed to MSME actors who met the predetermined criteria. The population of this study consisted of 12,064 MSMEs registered at the Department of Cooperatives and Small and Medium Enterprises of Kupang City that already possess a Business Identification Number (NIB). The sampling technique used purposive sampling, with criteria including MSMEs that are actively operating, have utilized digital platforms such as social media, e-commerce, or websites for marketing activities, and have operated for at least 12 months (Sugiyono, 2015). The sample size was determined using the Slovin formula with a 10% margin of error, resulting in a minimum of 100 respondents, and the number was increased to 115 MSMEs to improve the generalization of the research findings. The research instrument used a structured questionnaire measured using a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Data analysis was performed using SPSS Statistics 24, including validity and reliability tests, descriptive statistics, classical assumption tests, and multiple linear regression analysis with moderation testing. Hypothesis testing was conducted using t-test and F-test to determine the effect of independent variables on the dependent variable, with the regression model expressed as $Y = \alpha + \beta 1X1 + \beta 2X2 + e$, where Y represents sales performance, X1 represents competitiveness, X2 represents market trends, α is a constant, β is the regression coefficient, and e is the error term.

RESULT AND DISCUSSION

Respondent Characteristics

Descriptive analysis was conducted to identify the characteristics of respondents involved in this study. The total number of valid respondents analyzed was 100 MSME actors in Kupang City. The characteristics observed include gender, age, education level, business duration, monthly income, and business location.

Table 1. Respondent Characteristics by Gender

Gender	Frequency	Percent
Male	50	50%
Female	50	50%
Total	100	100%

The results show that male and female respondents are equal, indicating that MSME activities in Kupang City are carried out by both genders equally.

Table 2. Respondent Characteristics by Age

Age	Frequency	Percent
17–27 years	20	20%
28–38 years	41	41%
39–49 years	25	25%
50–60 years	14	14%

Most respondents are aged 28–38 years, indicating that MSMEs are dominated by young entrepreneurs who are more adaptive to digital technology.

Table 3. Respondent Characteristics by Education

Education	Frequency	Percent
SMA/SMK	15	15%
D3	15	15%
D4/S1	62	62%
S2	8	8%

Most respondents have undergraduate education (D4/S1), indicating a relatively good level of education among MSME actors.

Table 4. Respondent Characteristics by Business Duration

Business Duration	Percent
< 2 years	27%
2–3 years	23%
3–4 years	26%
> 4 years	24%

Most MSMEs have been operating for less than two years, indicating that many businesses are still in the growth stage.

Table 5. Respondent Characteristics by Monthly Income

Income	Percent
< Rp2,000,000	12%
Rp2,000,000–3,000,000	12%
Rp3,000,000–4,000,000	31%
> Rp4,000,000	45%

The highest percentage shows income above Rp4,000,000, indicating that many MSMEs have reached a stable business level.

Table 6. Respondent Characteristics by Business Location

Location	Percent
Kelapa Lima	38%
Oebobo	15%
Alak	13%
Kota Raja	12%
Maulafa	12%
Kota Lama	10%

Most respondents are located in Kelapa Lima district, which is one of the main business areas in Kupang City.

Validity Test

ISSN : 2828-5298 (online)

The validity test results show that all indicators of competitiveness (X1), market trends (X2), MSME digitalization (Z), and sales performance (Y) have significance values below 0.05 and Pearson correlation values above 0.1966. Therefore, all questionnaire items are declared valid and suitable for further analysis.

Table 7. Reliability Test

Correlations

		K1	K2	K3	K4	K5	K6	TOTAL K
K1	Pearson Correlation	1	.325**	-.348**	-.131	.017	.975**	.559**
	Sig. (2-tailed)		.001	.000	.194	.870	.000	.000
	N	100	100	100	100	100	100	100
K2	Pearson Correlation	.325**	1	.079	-.007	-.093	.291**	.575**
	Sig. (2-tailed)	.001		.433	.947	.356	.003	.000
	N	100	100	100	100	100	100	100
K3	Pearson Correlation	-.348**	.079	1	.058	-.047	-.330**	.244*
	Sig. (2-tailed)	.000	.433		.566	.643	.001	.015
	N	100	100	100	100	100	100	100
K4	Pearson Correlation	-.131	-.007	.058	1	.671**	-.110	.490**
	Sig. (2-tailed)	.194	.947	.566		.000	.277	.000
	N	100	100	100	100	100	100	100
K5	Pearson Correlation	.017	-.093	-.047	.671**	1	.045	.508**
	Sig. (2-tailed)	.870	.356	.643	.000		.658	.000
	N	100	100	100	100	100	100	100
K6	Pearson Correlation	.975**	.291**	-.330**	-.110	.045	1	.569**
	Sig. (2-tailed)	.000	.003	.001	.277	.658		.000
	N	100	100	100	100	100	100	100
TOTAL K	Pearson Correlation	.559**	.575**	.244*	.490**	.508**	.569**	1
	Sig. (2-tailed)	.000	.000	.015	.000	.000	.000	
	N	100	100	100	100	100	100	100

ISSN : 2828-5298 (online)

**. Correlation is significant at the 0.01 level (2-tailed).

Correlations

		TP1	TP2	TP3	TP4	TP5	TOTAL TP
TP1	Pearson Correlation	1	.212*	.037	.036	.082	.474**
	Sig. (2-tailed)		.034	.713	.725	.420	.000
	N	100	100	100	100	100	100
TP2	Pearson Correlation	.212*	1	.075	-.250*	-.149	.351**
	Sig. (2-tailed)	.034		.459	.012	.139	.000
	N	100	100	100	100	100	100
TP3	Pearson Correlation	.037	.075	1	.483**	.253*	.702**
	Sig. (2-tailed)	.713	.459		.000	.011	.000
	N	100	100	100	100	100	100
TP4	Pearson Correlation	.036	-.250*	.483**	1	.617**	.649**
	Sig. (2-tailed)	.725	.012	.000		.000	.000
	N	100	100	100	100	100	100
TP5	Pearson Correlation	.082	-.149	.253*	.617**	1	.608**
	Sig. (2-tailed)	.420	.139	.011	.000		.000
	N	100	100	100	100	100	100
TOTAL TP	Pearson Correlation	.474**	.351**	.702**	.649**	.608**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	100	100	100	100	100	100

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

Correlations

		TPU1	TPU2	TPU3	TPU4	TPU5	TPU6	TOTAL TPU
TPU1	Pearson Correlation	1	.866**	.034	-.250*	-.192	.869**	.732**
	Sig. (2-tailed)		.000	.738	.012	.055	.000	.000
	N	100	100	100	100	100	100	100
TPU2	Pearson Correlation	.866**	1	.069	-.230*	-.219*	.778**	.715**
	Sig. (2-tailed)	.000		.498	.021	.029	.000	.000
	N	100	100	100	100	100	100	100
TPU3	Pearson Correlation	.034	.069	1	.471**	.225*	.072	.542**
	Sig. (2-tailed)	.738	.498		.000	.025	.475	.000
	N	100	100	100	100	100	100	100
TPU4	Pearson Correlation	-.250*	-.230*	.471**	1	.686**	-.217*	.359**
	Sig. (2-tailed)	.012	.021	.000		.000	.030	.000
	N	100	100	100	100	100	100	100
TPU5	Pearson Correlation	-.192	-.219*	.225*	.686**	1	-.181	.314**
	Sig. (2-tailed)	.055	.029	.025	.000		.071	.001
	N	100	100	100	100	100	100	100
TPU6	Pearson Correlation	.869**	.778**	.072	-.217*	-.181	1	.726**
	Sig. (2-tailed)	.000	.000	.475	.030	.071		.000
	N	100	100	100	100	100	100	100
TOTAL TPU	Pearson Correlation	.732**	.715**	.542**	.359**	.314**	.726**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.001	.000	
	N	100	100	100	100	100	100	100

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

ISSN : 2828-5298 (online)

Correlations

		MDU1	MDU2	MDU3	MDU4	MDU5	MDU6	MDU7	TOTAL MDU
MDU1	Pearson Correlation	1	.131	-.198*	-.137	.131	1.000**	.131	.520**
	Sig. (2-tailed)		.194	.048	.175	.194	.000	.194	.000
	N	100	100	100	100	100	100	100	100
MDU2	Pearson Correlation	.131	1	.339**	.272**	1.000**	.131	1.000**	.838**
	Sig. (2-tailed)	.194		.001	.006	.000	.194	.000	.000
	N	100	100	100	100	100	100	100	100
MDU3	Pearson Correlation	-.198*	.339**	1	.638**	.339**	-.198*	.339**	.469**
	Sig. (2-tailed)	.048	.001		.000	.001	.048	.001	.000
	N	100	100	100	100	100	100	100	100
MDU4	Pearson Correlation	-.137	.272**	.638**	1	.272**	-.137	.272**	.458**
	Sig. (2-tailed)	.175	.006	.000		.006	.175	.006	.000
	N	100	100	100	100	100	100	100	100
MDU5	Pearson Correlation	.131	1.000**	.339**	.272**	1	.131	1.000**	.838**
	Sig. (2-tailed)	.194	.000	.001	.006		.194	.000	.000
	N	100	100	100	100	100	100	100	100
MDU6	Pearson Correlation	1.000**	.131	-.198*	-.137	.131	1	.131	.520**
	Sig. (2-tailed)	.000	.194	.048	.175	.194		.194	.000
	N	100	100	100	100	100	100	100	100
MDU7	Pearson Correlation	.131	1.000**	.339**	.272**	1.000**	.131	1	.838**
	Sig. (2-tailed)	.194	.000	.001	.006	.000	.194		.000
	N	100	100	100	100	100	100	100	100
TOTAL MDU	Pearson Correlation	.520**	.838**	.469**	.458**	.838**	.520**	.838**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	
	N	100	100	100	100	100	100	100	100

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

Reliability Test

Reliability testing using Cronbach's Alpha shows values above 0.60 for all variables, indicating that the instruments used are reliable.

Table 8. Reliability Test

Variable	Cronbach Alpha
Competitiveness	0.662
Market Trends	0.705
Sales Performance	0.728
MSME Digitalization	0.755

Normality Test

The normality test using Kolmogorov-Smirnov shows Asymp. Sig = 0.175 (>0.05), meaning the data are normally distributed and suitable for regression analysis.

ISSN : 2828-5298 (online)

Table 9. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		100
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	3.16498951
Most Extreme Differences	Absolute	.075
	Positive	.075
	Negative	-.055
Test Statistic		.075
Asymp. Sig. (2-tailed)		.175[c]

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Heteroscedasticity Test

The scatterplot shows that the data points spread randomly and do not form a specific pattern, indicating that the regression model is free from heteroscedasticity.

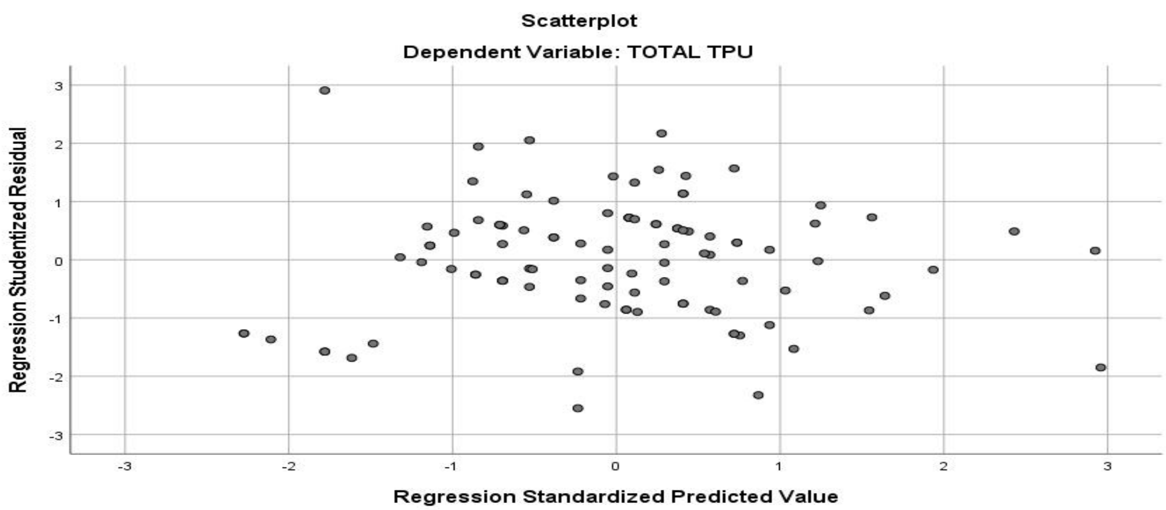


Figure 2. Heteroscedasticity Test

Regression Test Without Moderation

Table 9. ANOVA Test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	412.941	2	206.471	20.195	.000[b]
	Residual	991.699	97	10.224		
	Total	1404.640	99			

a. Dependent Variable: TOTAL TPU

b. Predictors: (Constant), TOTAL TP, TOTAL K

The F test shows that competitiveness and market trends simultaneously affect sales performance.

Table 10. Coefficient of Determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.542[a]	.294	.279	3.197

a. Predictors: (Constant), TOTAL TP, TOTAL K

b. Dependent Variable: TOTAL TPU

The independent variables explain 27.9% of the variation in sales performance.

Table 11. T Test

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	15.107	3.144		4.805	.000
	TOTAL K	.638	.112	.487	5.708	.000
	TOTAL TP	-.337	.113	-.255	-2.987	.004

Competitiveness significantly affects sales performance, and market trends also significantly influence sales.

Regression Test with Moderation

Table 12. ANOVA Moderation Model

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	590.863	2	295.431	35.215	.000[b]
	Residual	813.777	97	8.389		
	Total	1404.640	99			

a. Dependent Variable: TOTAL TPU

b. Predictors: (Constant), X2M, X1M

The model with digitalization as moderating variable is significant.

Table 13. Determination Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.649[a]	.421	.409	2.896

a. Predictors: (Constant), X2M, X1M

b. Dependent Variable: TOTAL TPU

The moderating model explains 40.9% of the variation, higher than the model without moderation.

ISSN : 2828-5298 (online)

EKOMA : Jurnal Ekonomi, Manajemen, Akuntansi
Vol.5, No.3, Maret 2026

Table 14. Moderation Test

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	13.557	1.496		9.059	.000
	X1M	.017	.003	.695	6.883	.000
	X2M	-.003	.004	-.076	-.749	.455

a. Dependent Variable: TOTAL TPU

Digitalization moderates the effect of competitiveness on sales performance but does not moderate the effect of market trends.

1. Effect of Competitiveness on MSME Sales Performance

The regression test shows that competitiveness has a significant effect on MSME sales performance with a significance value of 0.000 (<0.05). The regression coefficient indicates that higher competitiveness leads to higher sales performance. This result means that MSMEs with better competitive advantages tend to achieve higher sales growth.

This finding supports the theory of competitive advantage proposed by Porter, which states that business performance is influenced by the ability to implement strategies such as cost leadership, differentiation, and focus strategy. MSMEs that are able to create product differentiation, maintain competitive prices, and build strong brand reputation will have greater opportunities to attract customers, which ultimately increases sales.

The Resource-Based View (RBV) theory also explains that competitive advantage comes from valuable, rare, inimitable, and well-organized resources (VRIO). MSMEs that have superior internal resources such as innovation capability, marketing skills, and product quality can create sustainable competitiveness, which leads to higher sales performance.

Empirical evidence shows that innovation, experience, and marketing capability strengthen the relationship between competitiveness and sales growth. In the context of MSMEs in Kupang City, businesses that actively improve product quality and marketing strategies are more capable of expanding market share and increasing transaction volume.

Theoretically, this finding confirms that competitiveness is a key determinant of MSME performance. Practically, MSME actors need to focus on product innovation, branding, and marketing channels to maintain business sustainability.

2. Effect of Market Trends on MSME Sales Performance

The statistical test indicates that market trends significantly affect MSME sales performance with a significance value of 0.004 (<0.05). This result shows that MSMEs that are able to follow market changes tend to experience higher sales.

Market trend theory explains that understanding consumer behavior and market dynamics is essential for business success. Companies that can adapt to changes in customer preferences, technology, and purchasing patterns will have better performance compared to those that fail to adapt.

The findings indicate that MSMEs that monitor consumer trends, such as the increasing use of digital platforms, environmentally friendly products, and seasonal demand, are more able to adjust their production and marketing strategies. As a result, they can avoid unsold inventory and maximize sales opportunities during high-demand periods.

The use of digital tools such as search engines, social media analytics, and online marketplaces allows MSMEs to identify market trends more accurately. Previous studies show

ISSN : 2828-5298 (online)

that MSMEs that align marketing strategies with market trends can experience significant sales growth due to wider market reach and better customer targeting.

In the real context of Kupang City, MSMEs that actively follow consumer trends, especially through online platforms, have stronger competitiveness and higher sales volume. This finding confirms that market orientation is an important factor in improving MSME performance. Practically, MSME actors should continuously analyze consumer needs, price changes, and competition intensity to maintain business growth.

3. Effect of Competitiveness on Sales Performance with MSME Digitalization as a Moderating Variable

The moderation test shows that digitalization significantly strengthens the effect of competitiveness on MSME sales performance, with a significance value of 0.000 (<0.05). The coefficient of determination increases in the moderation model, indicating that the presence of digitalization improves the explanatory power of the model.

Digitalization plays an important role in strengthening the impact of competitiveness on sales performance. MSMEs that implement digital technology such as e-commerce, social media marketing, and online payment systems can expand market reach and improve operational efficiency.

This result is consistent with previous research which states that digital adoption increases business performance by improving promotion effectiveness, reducing transaction costs, and increasing customer access. Studies also show that MSMEs with strong competitiveness but low digital adoption tend to experience slower sales growth compared to those that utilize digital platforms.

The moderating role of digitalization indicates that competitive advantage alone is not sufficient in the modern business environment. Competitiveness must be supported by digital capability to maximize its impact on sales performance.

From a theoretical perspective, this finding supports the integration of Porter's competitive strategy with digital transformation theory. In practice, MSME actors need to combine product innovation with digital marketing to achieve sustainable growth.

4. Effect of Market Trends on Sales Performance with MSME Digitalization as a Moderating Variable

The moderation test shows that digitalization does not significantly moderate the relationship between market trends and sales performance, with a significance value greater than 0.05. This indicates that digitalization does not strengthen the influence of market trends in this model.

Although market trends significantly affect sales performance, the moderating effect of digitalization is not statistically significant. This may occur because some MSMEs already follow market trends through conventional methods without fully relying on digital technology.

However, field observations indicate that digital marketing still contributes to increasing customer reach and transaction volume. MSMEs that use online platforms can respond faster to consumer preferences and market changes, especially in online shopping behavior.

Consumer behavior is increasingly shifting toward digital transactions, requiring MSMEs to innovate continuously to maintain competitiveness. Digital marketing allows MSMEs to reach new market segments, increase brand awareness, and improve customer loyalty, which indirectly contributes to higher sales.

Theoretically, this result suggests that digitalization is more effective in strengthening competitiveness than in strengthening market trend adaptation. Practically, MSME actors should

ISSN : 2828-5298 (online)

not only follow trends but also build strong competitive advantages supported by digital technology.

CONCLUSION

The results of this study indicate that digitalization has an important role in improving the competitiveness and sales performance of MSMEs in Kupang City. The use of digital technology such as social media, e-commerce, and digital payment systems enables MSMEs to expand market reach, improve operational efficiency, and strengthen competitive advantage. MSMEs that are more adaptive to digital technology tend to have better product differentiation, more effective marketing strategies, and higher sales growth compared to those that still rely on conventional business methods.

Market trends also have a significant influence on MSME sales performance. Business actors who are able to identify and respond to changes in consumer preferences, demand patterns, and competition conditions are more capable of increasing transaction volume and maintaining business sustainability. The integration of digital technology with market trend analysis allows MSMEs to adjust products, pricing, and promotion strategies more quickly and accurately, which ultimately leads to increased sales. The findings show that the most effective improvement in sales performance occurs when digitalization, competitiveness, and market orientation work together in a synergistic way.

Theoretically, this study strengthens the relationship between competitive advantage theory, market orientation, and digital transformation in explaining MSME performance. Practically, the results suggest that MSME actors need to improve digital capability, innovation, and responsiveness to market changes in order to achieve sustainable growth. This study is limited to MSMEs in Kupang City and uses limited variables; therefore, future research is recommended to include additional variables such as innovation, digital literacy, and entrepreneurial orientation, as well as comparative studies across different business sectors and regions to obtain more comprehensive results.

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ISSN : 2828-5298 (online)