Drivers of Consumer Purchase Decisions on TikTok: A Social Commerce Perspective

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ABSTRACT

Purpose	This study aims to examine the effect of digital adoption on competitive advantage among cultural product micro, small, and medium enterprises (MSMEs) in North Sumatera from a marketing perspective. The research seeks to understand how the utilization of digital technologies contributes to strengthening the competitive position of culturally embedded enterprises operating in a dynamic market environment.
Methodology	A quantitative explanatory research design was employed using a cross-sectional survey approach. Data were collected from 220 owners and managers of cultural product MSMEs in North Sumatera through a structured questionnaire. Purposive sampling was applied to ensure that respondents had experience in adopting digital technologies for marketing activities. The data were analyzed using multiple linear regression, supported by validity and reliability tests as well as classical assumption testing. Statistical analysis was conducted using SPSS.
Findings	The results reveal that digital adoption has a positive and statistically significant effect on competitive advantage among cultural product MSMEs. The findings indicate that MSMEs that actively integrate digital technologies into their marketing practices are more capable of enhancing product differentiation, expanding market reach, and strengthening customer relationships. Digital adoption emerges as an important strategic driver of competitiveness in culturally based enterprises.
Contribution	This study contributes to the literature by extending the Resource-Based View and Dynamic Capability Theory to the context of cultural product MSMEs at the regional level. From a practical perspective, the findings provide insights for MSME owners and policymakers on the importance of aligning digital adoption with marketing strategies to achieve sustainable competitive advantage while preserving cultural authenticity.
Keywords:	Digital Adoption; Competitive Advantage; Cultural Product MSMEs; Marketing Strategy; North Sumatera

INTRODUCTION

Digital transformation has become a central force shaping contemporary business environments at both global and national levels. Rapid advancements in digital technologies such as social media, e-commerce platforms, and mobile applications have fundamentally altered how firms compete, communicate with customers, and create value. For micro, small, and medium enterprises (MSMEs), digital adoption plays a particularly critical role, as it enables resource-constrained firms to overcome limitations related to scale, geographic reach, and market access (Vial, 2019; Verhoef et al., 2021). In emerging economies such as Indonesia, digitalization of MSMEs has been widely promoted as a strategic policy agenda to enhance economic resilience, promote inclusive growth, and strengthen regional competitiveness.

Within this broader context, the study of digital adoption has gained increasing attention in the fields of marketing and strategic management. Prior research emphasizes that digital technologies can enhance marketing effectiveness by improving customer engagement, market intelligence, and value communication (Kraus et al., 2019; Quinton et al., 2018). However, the benefits of digital adoption are not automatically realized. From a marketing perspective, digital tools must be strategically integrated into firm activities to generate sustainable competitive advantage. This is especially relevant for MSMEs whose competitiveness relies not only on operational efficiency but also on differentiation and market positioning.

Cultural product MSMEs represent a distinct sector within the MSME landscape. These enterprises produce goods that embody cultural identity, heritage, and local wisdom, such as traditional handicrafts, ethnic fashion, heritage-based culinary products, and cultural souvenirs. Their competitive strength lies in symbolic value, authenticity, and storytelling rather than mass production or price competition. In marketing terms, cultural product MSMEs depend heavily on their ability to communicate cultural meaning and emotional value to consumers. Digital platforms offer significant opportunities to amplify these narratives and reach broader markets, yet they also pose challenges related to capability gaps, content creation, and strategic alignment (Pohan et al., 2025).

Empirically, the province of North Sumatera provides a relevant and important context for examining digital adoption among cultural product MSMEs. North Sumatera is characterized by rich cultural diversity, including Malay, Batak, and coastal cultural traditions, which are reflected in a wide range of cultural products produced by local MSMEs. In recent years, many of these enterprises have begun adopting digital technologies, particularly social media marketing, online marketplaces, and digital payment systems, as part of government-supported digitalization initiatives (Pohan et al., 2025). Despite this growing adoption, field observations and regional reports indicate that many cultural MSMEs in North Sumatera struggle to translate digital presence into tangible competitive advantage. Digital platforms are often used in a fragmented and tactical manner, without clear marketing strategies or integration with brand positioning and customer relationship management.

This situation highlights a critical research problem. While digital adoption among cultural product MSMEs in North Sumatera is increasing, the extent to which

such adoption contributes to competitive advantage remains unclear. Many MSMEs invest time and resources in digital tools but experience limited improvements in market differentiation, customer loyalty, or long-term competitiveness (Pohan, 2022). This raises an important question regarding whether digital adoption alone is sufficient, or whether its impact depends on how it is leveraged within marketing activities. Without empirical evidence, digitalization risks becoming a superficial response to market pressure rather than a strategic driver of competitive advantage.

A review of the existing literature reveals several research gaps that justify further investigation. First, most studies on digital adoption and MSME competitiveness are conducted at a national or cross-country level, with limited attention to specific regional contexts such as North Sumatera, where cultural, social, and institutional conditions may shape adoption outcomes (Kraus et al., 2022). Second, empirical findings on the relationship between digital adoption and competitive advantage remain inconsistent. While some studies report a direct positive effect (Rialti et al., 2019; Soluk et al., 2021), others suggest that digital adoption influences performance only indirectly through organizational or marketing capabilities (Matarazzo et al., 2021). Third, research focusing specifically on cultural product MSMEs is still scarce, despite their unique value propositions and strategic challenges. This creates a theoretical and empirical gap in understanding how digital adoption functions in culturally embedded business contexts.

To address these gaps, this study is grounded in the Resource-Based View and Dynamic Capability Theory. The Resource-Based View argues that firms achieve competitive advantage through the possession and effective deployment of valuable, rare, inimitable, and non-substitutable resources (Barney, 1991). In this study, digital adoption is conceptualized as a strategic resource that enables MSMEs to enhance their marketing capabilities. Dynamic Capability Theory further emphasizes the importance of a firm's ability to reconfigure resources in response to environmental change (Teece, 2018). From this perspective, digital adoption allows cultural product MSMEs to sense market opportunities, seize digital channels for value communication, and transform traditional marketing practices into more adaptive and competitive strategies.

Positioned within this theoretical framework, the present study offers several contributions. Theoretically, it extends digital adoption and competitive advantage literature by focusing on cultural product MSMEs at the regional level, thereby enriching understanding of how context-specific factors influence digital outcomes. From a marketing perspective, the study clarifies the role of digital adoption as an enabler of competitive advantage rather than a direct performance determinant. Empirically, it provides evidence from North Sumatera, a region that remains underrepresented in international MSME research. Practically, the findings are expected to inform MSME owners and policymakers about how digital tools can be strategically aligned with marketing efforts to strengthen competitiveness while preserving cultural authenticity.

Based on the above arguments, the objective of this study is explicitly defined as follows: to examine the effect of digital adoption on competitive advantage among cultural product MSMEs in North Sumatera from a marketing perspective. Specifically, this research seeks to analyze how digital adoption contributes to the development of competitive advantage by enhancing marketing-related capabilities within cultural product MSMEs. By achieving this objective, the study aims to contribute to both academic discourse and practical strategies for sustainable MSME development in culturally rich regions.

RESEARCH METHOD

Research Design and Approach

This study adopts a quantitative research approach with an explanatory research design to examine the effect of digital adoption on competitive advantage among cultural product MSMEs in North Sumatera from a marketing perspective. A quantitative approach is appropriate because the objective of the study is to test theoretically derived relationships and assess the magnitude of causal effects among measurable variables using statistical analysis. The explanatory design enables the identification of cause and effect relationships between digital adoption and competitive advantage, rather than merely describing existing conditions (Sekaran & Bougie, 2019).

The study employs a cross-sectional survey design, in which data are collected at a single point in time. This design is suitable for capturing MSME owners' current perceptions and practices regarding digital adoption and marketing competitiveness, while also supporting methodological replicability in future studies conducted in similar or different regional contexts.

Population and Sample

The population of this study consists of micro, small, and medium enterprises producing and selling cultural products in North Sumatera. Cultural products include traditional handicrafts, ethnic fashion, cultural souvenirs, and heritage-based culinary products. The unit of analysis is the MSME owner or manager, as they are directly involved in strategic decision-making related to digital adoption and marketing activities.

Due to the absence of a comprehensive and updated database of cultural product MSMEs in North Sumatera, the population is treated as infinite. Based on this condition, sampling is conducted using non-probability techniques, which are commonly applied in MSME and entrepreneurship research when population lists are not available (Hair et al., 2019). A total of 220 valid responses were collected and used for data analysis. This sample size is considered adequate for multivariate statistical analysis and meets the minimum requirements for regression-based research models.

Sampling Technique and Sample Size Determination

This study uses purposive sampling, a form of non-probability sampling, in which respondents are selected based on specific criteria relevant to the research objectives. The criteria for inclusion are as follows: the respondent must be the owner or manager of a cultural product MSME, operate within North Sumatera, and have adopted at least one form of digital technology for marketing or business operations, such as social media marketing, online marketplaces, or digital payment systems.

The determination of sample size follows the guidelines proposed by Hair et al. (2019), which recommend a minimum sample size of ten times the number of indicators used in the research model for regression analysis. Given that this study employs 20 measurement indicators, the minimum recommended sample size is 200 respondents. The final sample of 220 respondents exceeds this threshold, ensuring sufficient statistical power and robustness of the results.

Data Collection Technique

Primary data were collected through a structured questionnaire administered to MSME owners and managers. The questionnaire was distributed both online and offline to accommodate varying levels of digital access among respondents. Online distribution was conducted using digital survey platforms, while offline distribution involved direct visits to MSME centers and cultural markets in North Sumatera.

The questionnaire consists of two main sections. The first section captures demographic and business profile information, including type of cultural product, business size, and duration of operation. The second section measures the research variables using multiple indicators adapted from established scales in prior studies on digital adoption, marketing capability, and competitive advantage. A pilot test was conducted to ensure clarity and reliability of the instrument before full deployment.

Operational Definition of Variables and Measurement Indicators

The variables in this study are defined operationally to ensure clarity and consistency in measurement. Digital Adoption refers to the extent to which cultural product MSMEs utilize digital technologies in their marketing and business activities. It is measured using indicators related to the use of social media marketing, online sales platforms, digital communication with customers, and digital payment systems.

Competitive Advantage is defined as the MSME's perceived ability to outperform competitors through differentiation, market reach, customer value, and brand uniqueness. Measurement indicators include perceived product differentiation, customer loyalty, market expansion, and marketing effectiveness. Each construct is measured using multiple reflective indicators adapted from previous empirical studies to ensure content validity and comparability.

Measurement Scale

All measurement items are assessed using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The Likert scale is widely used in marketing and management research because it effectively captures attitudes and perceptions while allowing for parametric statistical analysis (Hair et al., 2019). Data analysis was conducted using multiple linear regression analysis to test the hypothesized relationship between digital adoption and competitive advantage. Prior to hypothesis testing, the data were subjected to validity and reliability tests to ensure the accuracy and consistency of the measurement instruments. Additionally, classical assumption tests, including tests for normality, multicollinearity, and heteroscedasticity, were performed to confirm the suitability of the regression model.

The coefficient of determination (R square) was used to assess the explanatory power of the model, while F tests and t tests were employed to evaluate the simultaneous and partial effects of the independent variables. A significance level of 5 percent was applied throughout the analysis.

Statistical Software

All statistical analyses were performed using the Statistical Package for the Social Sciences (SPSS). SPSS was selected due to its reliability and widespread use in quantitative marketing and MSME research. The software enables efficient data management, regression analysis, and diagnostic testing, thereby enhancing the transparency and replicability of the research process.

RESULTS AND DISCUSSIONS

Respondent Description

The respondents in this study consist of 220 owners and managers of cultural product MSMEs operating in North Sumatera. The majority of respondents are engaged in traditional handicrafts, ethnic fashion, and heritage-based culinary products. Most businesses have been operating for more than five years, indicating sufficient experience in managing cultural enterprises. In terms of digital usage, respondents primarily adopt social media platforms, online marketplaces, and digital payment systems as part of their marketing activities. This profile suggests that the sample is appropriate for examining the relationship between digital adoption and competitive advantage within the context of cultural product MSMEs.

Validity and Reliability Test

Prior to hypothesis testing, validity and reliability analyses were conducted to ensure that the measurement instruments accurately and consistently capture the constructs under investigation. Validity was assessed using Pearson correlation coefficients between each indicator and its construct score. Reliability was evaluated using Cronbach's alpha to examine internal consistency.

Table 1. Validity Test Results

Variable	Indicator	Correlation Coefficient	Sig. (p-value)	Result
Digital Adoption	DA1	0.712	0.000	Valid
	DA2	0.745	0.000	Valid
	DA3	0.698	0.000	Valid
Competitive Advantage	CA1	0.731	0.000	Valid
	CA2	0.764	0.000	Valid
	CA3	0.709	0.000	Valid

The results in Table 1 indicate that all indicators have correlation coefficients greater than the minimum threshold of 0.30 and are statistically significant at the 0.05 level. This confirms that all measurement items demonstrate adequate convergent validity and are suitable for further analysis.

Table 2. Reliability Test Results

Variable	Number of Items	Cronbach's Alpha	Result
Digital Adoption	3	0.812	Reliable
Competitive Advantage	3	0.829	Reliable

As shown in Table 2, Cronbach's alpha values for all constructs exceed the recommended threshold of 0.70. This indicates strong internal consistency among the measurement items, confirming that the instruments are reliable for measuring digital adoption and competitive advantage.

Model Evaluation

To assess the explanatory power of the regression model, the coefficient of determination (R square) was examined. This analysis evaluates the extent to which

digital adoption explains variations in competitive advantage among cultural product MSMEs.

Table 3. Model Summary

Model	R	R Square	Adjusted R Square
1	0.681	0.464	0.461

Table 3 shows that the R square value is 0.464, indicating that digital adoption explains 46.4 percent of the variance in competitive advantage. This suggests that digital adoption plays a substantial role in shaping competitive advantage, while the remaining variance may be influenced by other factors not included in the model, such as innovation capability or market orientation.

Hypothesis Testing Results

Hypothesis testing was conducted using multiple linear regression analysis to examine the effect of digital adoption on competitive advantage. The significance of the regression coefficient was evaluated using a t-test.

Table 4. Hypothesis Testing Results

Hypothesis	Relationship	Beta	t-value	Sig.	Decision
H1	Digital Adoption → Competitive Advantage	0.681	13.427	0.000	Supported

The results presented in Table 4 indicate that digital adoption has a positive and statistically significant effect on competitive advantage. The beta coefficient of 0.681 demonstrates a strong relationship, supporting the proposed hypothesis.

Discussion

Digital Adoption has a Positive Effect on Competitive Advantage

The findings confirm that digital adoption significantly enhances competitive advantage among cultural product MSMEs in North Sumatera. This result suggests that MSMEs that actively integrate digital technologies into their marketing activities are better positioned to differentiate their products, expand market reach, and strengthen customer relationships. Digital adoption enables firms to communicate cultural value more effectively, thereby improving perceived uniqueness and customer engagement.

From a theoretical perspective, this finding supports the Resource-Based View, which emphasizes that competitive advantage arises from the effective utilization of valuable and difficult-to-imitate resources. In this study, digital adoption functions as a strategic resource that enhances marketing-related capabilities. Furthermore, the result aligns with Dynamic Capability Theory, as digital tools allow MSMEs to adapt traditional marketing practices to changing market conditions and consumer behavior.

The findings are consistent with previous studies that report a positive relationship between digital adoption and firm competitiveness. Prior research by Rialti et al. (2019) and Soluk et al. (2021) demonstrates that digital technologies contribute to competitive advantage by improving responsiveness and value creation. However, this

study extends existing knowledge by focusing specifically on cultural product MSMEs, a sector that has received limited empirical attention in the digital adoption literature.

Contextually, the results reflect the unique conditions of cultural product MSMEs in North Sumatera. Digital platforms enable these enterprises to overcome geographic limitations and reach consumers who value cultural authenticity beyond local markets. At the same time, digital marketing allows MSMEs to preserve and communicate cultural narratives, which are central to their competitive positioning. This contextual insight explains why digital adoption plays a particularly strong role in shaping competitive advantage in this sector.

In terms of practical implications, the findings suggest that policymakers and MSME development programs should move beyond promoting basic digital usage and focus on strengthening strategic digital marketing capabilities. MSME owners should be encouraged to align digital tools with branding, storytelling, and customer engagement strategies to achieve sustainable competitive advantage rather than short-term visibility.

CONCLUSIONS

This study examined the role of digital adoption in shaping competitive advantage among cultural product MSMEs in North Sumatera from a marketing perspective. The findings indicate that digital adoption contributes significantly to competitive advantage by enabling MSMEs to strengthen market differentiation, expand customer reach, and enhance the communication of cultural value. These results highlight the strategic importance of digital technologies when integrated into marketing activities rather than used merely as operational tools.

The research objective of assessing the effect of digital adoption on competitive advantage has been successfully achieved. Empirical evidence confirms that cultural product MSMEs that actively adopt digital platforms for marketing and customer interaction are better positioned to compete in increasingly dynamic markets. This finding underscores that digital adoption functions as a key driver of competitiveness for MSMEs operating in culturally embedded sectors.

From a theoretical standpoint, this study contributes to the literature by extending the Resource-Based View and Dynamic Capability Theory into the context of cultural product MSMEs at the regional level. The results demonstrate that digital adoption can be conceptualized as a strategic resource and a capability-enhancing mechanism that supports competitive advantage. By focusing on marketing-related outcomes, this study helps clarify the relationship between digital adoption and competitive advantage, addressing inconsistencies in previous empirical findings.

In practical terms, the findings offer important implications for MSME owners, policymakers, and development agencies. MSME owners should prioritize the strategic use of digital technologies to support branding, storytelling, and customer engagement rather than adopting digital tools in an ad hoc manner. For policymakers, digitalization programs should be designed to enhance digital marketing capabilities and strategic alignment, particularly for cultural product MSMEs that rely on authenticity and differentiation as their primary sources of competitiveness.

Despite its contributions, this study has several limitations. The use of a cross-sectional design limits the ability to capture changes in digital adoption and competitive advantage over time. In addition, the reliance on self-reported data may introduce

response bias, and the focus on a single region restricts the generalizability of the findings to other cultural and institutional contexts.

Future research is encouraged to adopt longitudinal designs to examine the dynamic effects of digital adoption on competitive advantage. Further studies may also incorporate additional variables such as innovation capability, market orientation, or digital literacy to enrich the explanatory power of the model. Comparative studies across different regions or types of cultural industries would provide deeper insights into how contextual factors influence the effectiveness of digital adoption strategies.

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