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## THE DIGITAL MARKETING IN THE RETAIL INDUSTRY: INSIGHT TO THE STRUCTURAL EQUATION MODEL

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### ABSTRACT

The R-A theory could support the results of theoretical gap based on gap theory and reveal the real problems of complex and sustainable industrial organization within the digital decade. The marketing scientists who conducts marketing research based on R-A theory would like to contribute to the development of digitalize marketing science, and contribute to major R-A theories. Therefore, the aim of this study is to deliver an idea and how to find strong theoretical gaps based on R-A theory within the cornerstone of the structural equation modeling. This research approach is based on an in-depth idea study with a deductive based confirmed approach and scientific reference research. The researchers hope that the results of this study would to contribution of research ideas based on strong scientific R-A theory premises.

**KEYWORDS:** RAT, retail-industrial organization, structural equation modeling.

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### 1. INTRODUCTION

The Role of Marketing in Indonesia's retail industry have faces complex challenges such as intense competition, changing consumer need and behavior, and digital transformation, the newest technology was found and marketing plays an important role in influencing the success and growth of a retail business (Lombard and Lewis, 2012). Moreover, an important role of marketing in retail industry like to understanding consumer marketing plays an important role in market identification collecting and analyzing consumer data, market trends, and purchasing behavior. Indeed, the deep understanding of consumer preferences, needs, and desires allows businesses to develop appropriate marketing strategies to attract and retain customers. (Sarkar et al., 2016; Yao & Zhang, 2012). The

main challenges of marketers in Indonesia can include limited funds, skill levels, and lack of resources. As for advertisers, the challenge is a lack of understanding of the purpose of digital marketing. Approximately 50% of advertisers do not understand effective marketing methods for digital marketing-based businesses. As a result, most digital marketing content is aimed more at building awareness, not at generating direct sales. (<https://mtarget.co/blog/perkembangan-digital-marketing-di-indonesia/>, 2023)

There are many developments that occur in this world, especially in the development of the field of marketing. There has been a rapid change -- a change in the marketing strategy of both goods and services. Moreover, where this traditional marketing method is done by distributing brochures on the street or to homes, installing billboards on the street, using banners, placing these advertisements on the wall, offering products directly or face-to-face which usually marketers also come to each prospective customer's home. Actually, in this traditional marketing strategy, of course, it has disadvantages and advantages, one of which is that this strategy rarely experiences losses and can interact directly with potential customers, but this strategy can cost a considerable amount of money in accordance with the target to be achieved. Furthermore, the development of digital marketing is widely used by business people and Indonesian people since 2010. According to a survey conducted by APJII (Indonesian Internet Service Users Association) in Indonesia, many internet users always increase by 10% every year. It was recorded that in 2017 as many as 143.25 million people used the internet. (<https://www.kompasiana.com/cynthialavina2622/637f7f07952e9035172fc882/perkembangan-digital-marketing-di-indonesia-apa-pengaruhnya-pada-perilaku-konsumen>, 2023)

An importantly, the creating a marketing value proposition helps retail companies develop a value proposition that appeals to consumers and the development of innovative products and services, superior customer experience, and competitive pricing. R-A theory emphasizes the importance of creating value that is relevant and important to consumers. Developing a marketing strategy for developing an effective marketing strategy. The R-A theory emphasizes the importance of developing marketing strategies that focus on building long-term relationships with consumers. Effective branding increases brand awareness, creates trust, and differentiates also plays a role in managing brand communications throughout and ensuring alignment between brand image and customer experience. R-A theory emphasizes the importance of building emotional relationships between brands and consumers base on the enterprises digital platform (Kao & Chueh, 2022; Nirwana et al., 2023; Sarkar et al., 2016; Tang et al., 2014)

The aim of this study is to clarify what role marketing scientists play in conducting marketing research based on theory and the multivariate data analysis, which is useful for good scientific research and contributes to the development and evolved of the marketing science and can contribute to major R-A theories.

## 2. THEORETICAL REVIEW

The Technology Acceptance Model (TAM) (Davis et al., 1989) explaining the at this model is currently one of the most extensively utilized models for explaining user acceptance behavior. The theory behind the model is oriented toward addressing how technology is accepted and utilized that

attitudes are influenced by beliefs, which eventually influence intentions and then the TRA is used by TAM as a theoretical background for indicating the various linkages inherent between two key aspects, users attitude toward the technology and the perceived usefulness and convenience of utilizing that technology (Alzahrani et al., 2020).

In this context, competitive advantage can be interpreted as leveraging unique resources such as a bank's reputation, security technology, and responsive customer service. By making the most of these resources, banks can gain a competitive advantage in the increasingly competitive banking industry. Technology-based marketing the development of technology has a significant impact on the role of marketing in the Indonesian retail- sector. Technology-based marketing includes not only the use of digital platforms to promote products, but also the use of technology to improve the customer experience. In the framework of R-A theory, technology can be viewed as a resource that provides competitive advantage that an implemented the latest technologies, such as online applications, and digital transaction security, can generate advantages in terms of operational efficiency and customer awareness (Chylinski et al., 2020; Naujokaitiene et al., 2015).

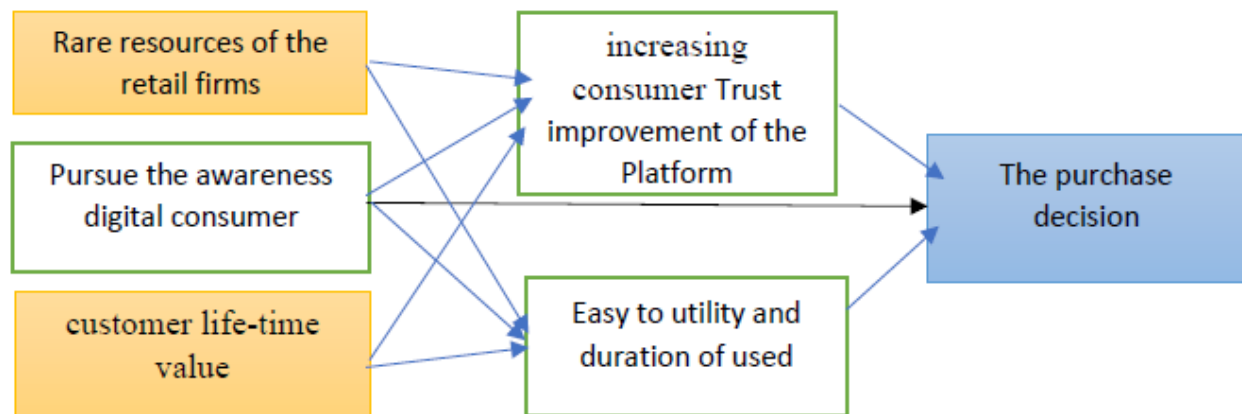
In the Indonesian retail industry, marketing is not only a support function, but also a key to a retail company's success and insight within the R-A theory considers marketing as a tool for optimizing the use of corporate resources to achieve competitive advantage. Therefore, marketing strategies are expected to not only sell products and services, but also create long-term value through increasing consumer trust, technology usage, and customer lifetime value. Therefore, marketing becomes a strategic pillar for sustaining the growth and sustainability of Indonesian retail industry companies (Marikyan et al., 2023; Ul Hassan et al., 2020a, 2020b).

### **3. RESEARCH METHODS**

This research approach is based on the quantitative empirical research and survey design within the confirmed strategy that it cornerstones within the structural equation model in multivariate data analysis (Haryani et al., 2021; Susilo & program, 2021a, 2021b).

For this reason, the methodological aspects of this research include; state the research design used, subject and population & research respondents, valid and reliable research instruments the course of research, research variables, and analysis of research results also the deductive analysis within the previous research and makes conclusions of the result (Oakey, 2013; Phelps et al., 2022).

The concept development that it conducts within the TAM (Alzahrani et al., 2020), could develop such as figure1 below:



**Figure 1.** The concept development that it conducts within the TAM (Alzahrani et al., 2020),

The confirmed strategy pertain two step approach development and the first step were the confirmation factor analyses as the measurement model and the seconds step was structural model development (Hary Susilo et al., 2019; Oakey, 2013). In the first step the researcher would make an assessment for the validity and reliability item as indicator that it could make a measurement and evaluation the CFA- measurement model base on the standardize model (Haryani et al., 2021; Phelps et al., 2022; Susilo & program, 2021a). Furthermore, the second step, the scholars should make an assessment of the structural model, evaluating the goodness of fit model and the entire hypotheses testing (Chou et al., 2011; Hair et al., 2011).

#### 4. RESULTS AND DISCUSSION

An exploration of R-A theory in the context of the resource advantage theory of Indonesian retail business, developed by Shelby D. Hunt and Robert M. that describes it as a holistic business process. (Chang & Wang, 2013; Gardner, 2018) Application of R-A Pursue the awareness digital consumer increasing consumer Trust improvement of the Platform Easy to utility and duration of used The purchase decision Rare resources of the retail firms customer life-time value Theory in Product Development and Innovation In practice, the application of R-A Theory in marketing the retail industry in Indonesia can be seen in product development. Marketing must collaborate with the R&D department to ensure that product innovations are aligned with available resources and market needs. An especially insight to the Resource-Advantage Theory to achieve competitive advantage, that through the identification and utilization of rare resources, as well as close collaboration with the R&D team, marketing would to lead companies in creating products that are not only quality but also different from competitors, ensuring success in a competitive market.(Li et al., 2021; Schamp et al., 2023)

The growth of the digital world has shaped the marketing strategy of a company that continues to grow and can affect people's shopping habits. Initially, people shopped by going to markets, supermarkets, or directly to stores. Now, they are switching to online shopping activities or online shopping through marketplaces or social media. Business people or companies finally must rearrange business plans, especially for digital businesses and switch to opening online stores and leaving offline stores. With this change in strategy, business people or companies need someone or team who can manage their digital business to run smoothly, attractive promotions, get customers,

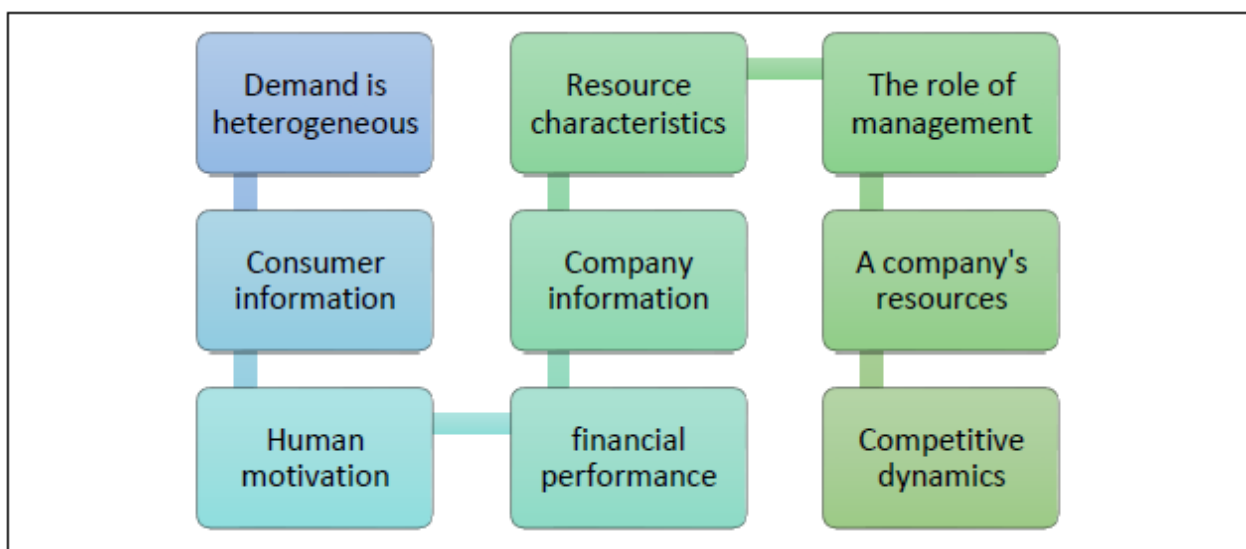
and of course get good profits.(<https://www.alinea.id/bisnis/rekomendasi-5-digital-marketing-agency-terbaik-di-indonesia-b2hLY9KAA>, 2023)

Marketing in the 4.0 era allows companies to communicate more directly and effectively with consumers and within the electric car marketing use digital platforms to disseminate information about its unique advantages, including advanced technology, environmental sustainability, energy efficiency, and lower operational costs. Interactive and personalized marketing campaigns allow consumers to actively participate and understand the benefits of among electric cars. (Griffin et al., 2023; Hollebeek & Macky, 2019)

## 5. CONCLUSION

The basic premise of R-A theory as follows: Demand is heterogeneous between industries, heterogeneous in industry, and dynamic, consumer information is incomplete and expensive, the human motivation is limited to the pursuit of self-interest, the company's goal is superior financial performance, Company information is incomplete and expensive, A company's resources are financial, physical, legal, human, organizational, informational, and relational resources, Resource characteristics are heterogeneous and immovable, the role of management is to identify, understand, create, select, implement, and modify strategies, and the competitive dynamics create an imbalance with endogenous innovation (Hult, 2011; Hultman et al., 2015).

Importantly, the entire premise was able to fill a number of theoretical gaps, and the implications of the gaps insight to ontology in the current retail business context will be further developed in management science and future research, that it could within the figure 2 below:



**Figure 2.** The potential research gaps for ontology in the current retail business base on the R-A theory to evolve the marketing science development

The most urgently of entire potential theoretical gaps for ontology in the current retail business in Indonesia was the competitive dynamic and the demand is heterogeneous that should be to anticipated conduct to the comprehensive research to evolve the management science (H.-J. Chang & Wang, 2013; Gardner, 2018; ma, 1999).

The role of multivariate data analysis would make a well precisions yield data base on the structural equation modeling. The strategy of the multivariate data analysis would conduct with the confirmed strategy data analysis (S. E. Chang et al., 2016; Sitabutr & Pimdee, 2017). The two-step approach development could make a result more detail and have the good yield data because it has the validity assessments and reliability evaluations before make the hypotheses testing (Randrianasolo & Semenov, 2022; Sitabutr & Pimdee, 2017). The matrix co-variance was used to input the raw data and it would have the output within the Betha and gamma coefficient to make prediction and know the level of strengthened affected among each latent variable (Chou et al., 2011; Dhiman & Sharma, 2021; Hair et al., 2011).

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