

Format: Electronic Book

**9th Global Conference on Digital
Marketing and Technology 2024**

January 26-28, 2024 – Vancouver, Canada

Conference Proceeding

ISBN: 978-1-998259-16-8

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Abstract

In contemporary society, there is a rapid adoption and integration of technology. The incorporation of the internet and other modern devices has enhanced the flexibility, diversity, and sophistication of various systems, enabling them to perform numerous tasks efficiently. Among the technological advancements in internet adaptation, virtual worlds and augmented reality have proven to be particularly successful. Nonetheless, the pursuit of new technical breakthroughs has given rise to a recent virtual world known as Metaverse. Metaverse is a digital space that has become increasingly realistic and interactive due to advancements in virtual and augmented reality technology. Users can actively engage in this virtual realm and make real-time choices. Businesses are utilizing automation to offer customers an authentic shopping experience. Additionally, the Metaverse has opened up new avenues for businesses to explore technological possibilities with regard to creativity. This paper serves as an introduction to the Metaverse and its advancements.

Keywords: *Metaverse, marketing, digital marketing, online marketing, future metaverse*

Introduction

The academic paper examines the Metaverse, a novel technology that generates a virtual or augmented reality atmosphere for users. By blurring the boundary between actual and digital realms, it enables continuous interaction without the need for activation or deactivation. The Metaverse leverages virtual content, nonfungible tokens (NFTs), and Bitcoin to establish a virtual marketplace. The paper investigates the process of digitalization and its impact on consumer preferences. It explores the implications and potentialities of social networks, browsers, and content merchandising within the Metaverse. Furthermore, it delves into how these technologies can facilitate individual success in their respective roles. This research holds significance as recent crises have caused significant societal disruptions.

The expansion of metaverse

The concept of the metaverse, which can be defined as a virtual universe where individuals can interact through augmented reality, originated in a book published in 1992. Within this realm, individuals are able to assume new identities and possess unique abilities. While not currently as advanced as the real world, the metaverse possesses great potential for creativity and engagement. Despite its technical complexities in terms of creation and management, the metaverse is gaining popularity and showing promise (Ondrejka, 2004). The outbreak of the Corona epidemic has expedited the development of the Metaverse as an online lifestyle due to concerns surrounding isolation and limited mobility. This trend was already underway, but now there is an increased reliance on social media platforms and smartphones for internet access. The Metaverse, accessible exclusively online, is experiencing a surge in popularity as people spend more time engaging with digital content.

The text elucidates the significance of information processing advancement, particularly through the utilization of graphics processing units (GPUs), for the expansion of groundbreaking technologies such as blockchain and cryptocurrency. GPUs are employed to analyze patterns and enhance efficiency in tasks like simulating the metaverse. The emergence of GPUs, driven by Bitcoin and autonomous systems, is regarded as a pivotal milestone in the metaverse (Liu et al., 2009).

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Review of literature

Digital Marketing

The text examines the shift in marketing practices towards a customer-centric approach referred to as Marketing 4.0. It emphasizes the significance of creating products and resources that align with a company's values. Furthermore, the text discusses the influence of technology on advertising strategies, specifically focusing on "having shared" and "now" economics (Kotler, 2017; Al-Afifi et al., 2015). Technological advancement has resulted in the convergence of virtual and traditional advertising, driven by people's desire to connect with others and benefit from data-driven technology. As a consequence, products have become less personalized while services have become more personalized. In order to navigate this contradiction in the virtual world, it is crucial to adapt marketing strategies. This shift has given rise to Marketing 4.0 as an evolution from the preceding Marketing 3.0 approach (Kotler, 2017).

Recent advancements in technology have brought about a significant transformation in the global marketing industry (Vassileva, 2017). This transformation, referred to as Marketing 4.0, encompasses the integration of automated technologies and reflects the evolving consumer journey within the digital economy. The objective is to humanize companies by imbuing them with human-like qualities and establishing deeper connections with customers through promotional material. Additionally, Marketing 4.0 explores strategies for utilizing virtual promotion to enhance sales.

In essence, Marketing 4.0 involves the expansion and development of sentient advertising across all facets of marketing (Kotler, 2017). The field of marketing is continuously adapting to meet the demands of customers and the prevailing commerce paradigm (Saravankumar and Lakshmi, 2012). Consequently, there has been a shift in how we perceive marketing, with an increased emphasis on societal influences and consumer resilience. Individuals are no longer intimidated by prominent brands and corporations; instead, they prefer to share stories about both successful and unsuccessful brands. Consumer interactions are now regarded as more trustworthy than conventional promotional methods (Amri, 2020). Innovations have a substantial influence on the manufacturing industry, as well as on everyday life and customer lifestyles (Başyazcolu & Karamustafa, 2018).

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The concept of marketing has undergone various transformations, each with its own distinct characteristics. Socialization now plays a significant role in shaping consumer choices, with individuals tending to rely more on the opinions of their peers when making purchasing decisions. In order to adapt to these changing dynamics, advertisers should embrace a corporate environment that promotes collaboration and accessibility. Furthermore, advancements in technology have facilitated increased interaction among individuals and enabled businesses to expand their customer base horizontally.

Consumers in the current market are displaying increased skepticism towards advertising that relies on multiple sources. Instead, they are more inclined to purchase products or services that offer common benefits. In their search for information, consumers primarily turn to networking sites. To stand out and thrive in a competitive market, advertising strategies can leverage the advantages of Marketability 4.0. The success of any business heavily relies on effective marketing, and customer satisfaction serves as a metric for assessing the effectiveness of advertising strategies. It is important to note that promotion cannot replace conventional advertising; both forms of marketing need to coexist as they serve distinct purposes. Conventional advertising plays a crucial role in generating curiosity and awareness during the initial stages of interaction between businesses and consumers. On the other hand, virtual advertising gains significance when clients seek personal interactions with businesses. Online businesses should incorporate the latest advancements into their operations. Compared to traditional advertising, online marketing offers greater accountability, shifting the focus towards achieving results rather than establishing consumer relationships (Kotler, 2017).

Competences of digital marketing

Digital marketing is a form of advertising that utilizes various online platforms, including social media, to endorse products and services. Its popularity has surged due to the increasing reliance on digital devices over traditional brick-and-mortar stores. This strategy enables businesses to engage with customers in real-time and obtain data for enhancing their marketing initiatives. As online activity continues to rise, advertisers are allocating greater investments towards internet advertising.

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Metaverse marketing

The development of the Metaverse is still in its early stages within the academic context, leading to the testing of marketing strategies. The primary methods utilized for advertising in this context include manufacturing, selling, and bundling (Seok, 2021). Technological advancements have now made it possible for live broadcasts of the Metaverse, enabling the creation of three-dimensional virtual worlds. A notable example is Facebook, which has recently transformed into Meta and invested \$10 billion for commercial use within the Metaverse. The advertising opportunities presented by the Metaverse offer new avenues for generating income and financial gains. Initially, customers embraced online business transactions; however, e-shopping has faced challenges when competing against traditional brick-and-mortar stores. This preference stems from customers valuing personal interactions and brand exposure offered by physical stores. Nonetheless, mobile marketing within the metaverse holds significant potential in providing customers with a more comprehensive and genuine experience. By offering more advanced and flexible options, advertising in the metaverse has surpassed traditional e-commerce (Swilley, 2015).

Important influences of metaverse on marketing

The Metaverse is a comprehensive system that facilitates social connections in virtual spaces, with potential implications for societal attitudes and interactions (Dwivedi et al., 2022). This has relevance for both consumers and advertisers. For advertisers, the Metaverse presents a distinctive chance to expand their consumer base and establish relationships with potential customers in a digital setting. Embracing the virtual world opens up various branding opportunities and signifies a transformation in advertising paradigms that will benefit merchants and consumers alike. However, this transition necessitates adjustments to operational processes, network technologies, financial resources, setup expenses, education, and other necessary procedures to ensure the successful functioning of virtual worlds.

Metaverse commercial prospects

The Metaverse is a virtual realm that presents numerous business prospects. It enables companies to exhibit their merchandise in an immersive and three-dimensional environment, fostering a stronger sense of connection with consumers. This holds particular significance for advertisers,

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as it enables them to interact with consumers in a novel and pioneering manner. Furthermore, the virtual realm offers an exceptional opportunity for brands to enhance their visibility through conventional product advertising methods.

Metaverse's Tactic to Advertising Through social media platforms

The emergence of social networking platforms has had a transformative effect on content creation and distribution. By utilizing mobile technology, these platforms have the capability to convert physical material into digital form and develop interactive applications to engage with online users. Advertisers are now able to leverage social networks as a means to extend their global reach and enhance consumer recognition. Simultaneously, internet users have the opportunity to generate and promote their own content through these platforms. Consequently, this has empowered internet consumers to acquire new skills and stay abreast of evolving advertising trends (Gadalla et al., 2013).

Metaverse in Search Engine Optimization (SEO)

In the academic context, the text discusses the importance of search engines, such as Google, in organizing and presenting virtual information. It emphasizes the significance of Search Engine Optimization (SEO) in ensuring that users are presented with the appropriate information. Similar to how online retailers strive to improve their content to rank higher in Google, content creators also need to enhance their own information to ensure its visibility in the virtual world. Utilizing terms like "virtual world," "virtual reality," or "augmented reality" in the title of one's offering or service can attract attention. However, simply using these terms is insufficient; creators must devise creative strategies to enhance their SEO and convert visitors into customers. Advertisers should be prepared to develop an SEO plan that aligns with buyers' needs and can be discovered through gateway networks.

Risk aspects and tasks for sellers and marketers

The concept of the virtual world is still in its early stages and has not yet been fully established within academia. In order to effectively reach potential customers in this virtual realm, advertisers will need to develop advertising strategies specifically tailored to this medium. There is a belief among some individuals that the virtual world constitutes its own distinct civilization, complete with its own set of norms and ideas. If this assertion holds true, then it becomes

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necessary to reevaluate the societal norms and ideas that currently govern our physical world. The implementation of the virtual world necessitates fresh perspectives on ideals, social rules, psychological principles, and cultural practices. It is crucial to explore whether modern civilization is prepared to embrace the virtual world and redefine its underlying principles accordingly.

The text emphasizes the significance of conducting research on justice, equality, and confidentiality within the context of the virtual world. Furthermore, it acknowledges how widespread adoption of virtual reality could potentially impact fields such as medicine, wellness programs, and advertising practices. Additionally, it highlights how the addictive nature of virtual games and the utilization of non-fungible tokens and cryptocurrencies have the potential to influence society at large and interpersonal relationships between individuals.

Marketing in the future

Consumers are increasingly seeking expedited and effective methods to optimize their time, leading to a decline in the popularity of conventional promotional approaches. The emergence of blockchains, which facilitate digital undertakings, is poised to significantly influence the field of advertising. By leveraging blockchain technology, customers will be able to engage in a dynamic online purchasing process. Recognizing its potential, corporations such as Facebook, Google, and Apple are actively investing in this technology with the aim of streamlining virtual payments. This groundbreaking innovation heralds the future of advertising.

Methodology

The paper utilizes information obtained from various sources, such as statistics provided by governmental organizations and published research. Additionally, data from books, journals, research papers, and other printed materials were incorporated into the study.

Conclusion

Virtual world advertising is a novel strategy within the field of digital advertising that enables consumers to actively participate in the purchase or sale of goods and services. The technological advancements in the Metaverse have facilitated its widespread adoption across various industries and everyday life, providing individuals with digital identities and a three-dimensional environment for interaction. As such, businesses are currently investigating how they can utilize the virtual world to present customers with inventive and imaginative alternatives for accessing their offerings.

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<p>Soroush Zare (Author) <i>Shawer Engineering Company</i></p>	<p>Investigating the impact of digital marketing capabilities on the company's performance (case study: knowledge-based companies in Iran)</p>
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Abstract

Marketing capability is the ability of an organization to understand and fulfill customers' needs precisely at the right time, in the right place, and with impeccable cost-effectiveness. Marketing capability plays a pivotal role in ensuring sustainable business performance. Given the diverse array of business organizations that contend with competitive advantage, survival challenges, privatization, and aspects of information technology and the digital economy, a multitude of factors come into play during the decision-making process. Consequently, the decision-making within business organizations should be anchored in the methodology of competitive intelligence networking. Therefore, the present article aims to highlight the Investigation of the impact of digital marketing capabilities on a company’s performance. The studied community comprises knowledge-based companies in Iran. The research method is applied in terms of purpose and survey method. The method of data collection was a questionnaire with 18 questions. The face validity of the questionnaire was confirmed using experts' opinions, its structural validity using confirmatory factor analysis, and finally, its reliability validity was confirmed using composite reliability. Data analysis was done with the help of structural equation modeling and using SPSS22 and Lisrel software. In the end, the results showed that the capabilities of digital marketing have a significant effect on the variables Market-driven orientation, Market-driving orientation, and the company's performance. Moreover, the variables Market-driven orientation and Market-driving orientation have a significant impact on the company's performance.

Keywords: Online Marketing Capability, Market-driven orientation, Market-driving orientation, Knowledge-based companies.

1. Introduction

Digital marketing is the component of marketing that uses the Internet and online-based digital technologies such as desktop computers, mobile phones, and other digital media and platforms to promote products and services to potential customers. Its development during the 1990s and 2000s changed the way brands and businesses use technology for marketing (Denga et al., 2022). As digital platforms became increasingly incorporated into marketing plans and everyday life, and as people increasingly used digital devices instead of visiting physical shops, digital marketing campaigns have become prevalent, employing combinations of search engine optimization (SEO), search engine marketing (SEM), content marketing, influencer marketing, content automation, campaign marketing, data-driven marketing, e-commerce marketing, social media marketing, social media optimization, e-mail direct marketing, display advertising, e-books, and optical disks and games have become commonplace. Digital marketing extends to non-Internet channels that provide digital media, such as television, mobile phones (SMS and MMS), callbacks, and on-hold mobile ringtones (Kumar, 2023). The extension to *non-Internet* channels differentiates digital marketing from online marketing (Mohamad, 2022).

The practice of using digital technology to market/promote and sell products, services, businesses, and brands is known as “digital marketing”. The impact of digital marketing has expanded as consumers and organizations rely more on digital communications. Digital marketing tools, on the other side, have extra features that set them apart from traditional marketing communication tools (Shafi et al, 2022). Digital marketing innovation has become increasingly popular and important in recent years due to the growing reliance on digital channels for business and consumer communication. With the widespread adoption of digital technologies and the increasing amount of time people spend online, companies must adapt to this shift in consumer behavior by embracing digital marketing innovations. These innovations offer companies new opportunities to reach and engage with their target audiences, gather valuable data, and stay ahead of the competition. As a result, many companies are investing in digital marketing innovation and incorporating it into their overall marketing strategies to remain relevant and competitive in the digital marketplace (Varadarajan et al, 2022). Digital marketing innovation has the potential to positively impact firm performance by allowing companies to reach wider audiences, enhance customer engagement, and gather valuable data for targeted advertising. By embracing new technologies, companies can increase brand awareness, drive

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sales, and improve customer experience. Effective digital marketing innovation can lead to improved customer acquisition, retention, and loyalty resulting in increased sales and overall firm performance (Shankar et al, 2022).

Furthermore, most researchers agree that digital innovation can be a powerful and effective tool to promote and create sustainability (Roblek et al, 2021). The implementation of modern digital marketing tools enables companies to ensure sustainable development (improved customer service, customer focus, etc.) and thus achieve high financial performance (Tabuena et al, 2022). Companies that prioritize sustainability and invest in digital innovation tend to outperform their peers in terms of financial performance. For example, a study by MIT Sloan Management Review found that companies that prioritize sustainability and digital innovation had a 16% higher profit margin than their peers. However, the relationship between digital marketing innovation and firm performance is complex and interrelated with other factors such as firm size and marketing capability (Sinha et al, 2022).

In accordance with the principles of the knowledge-based economy, proactive knowledge-based companies must implement digitalization strategies to effectively organize and compete on a global scale. Strengthening the role of these companies in the digital economy age is essential, as they are widely acknowledged as crucial contributors to income generation and employment opportunities. Furthermore, they play a significant role in shaping economic development, driven in part by the increasing demand and attention directed toward their product. And a knowledge base has created the need for digital marketing in this field.

Furthermore, with the growing prevalence of knowledge-based companies, the imperative to adapt to digital marketing becomes essential for survival and competitiveness. The objective of this research is to examine the impact of digital marketing capabilities on companies' performance. Therefore, according to the topics raised, the main question of the research is "What is the impact of digital marketing capabilities on the performance of Iran's knowledge-based companies?"

2. THEORETICAL FRAMEWORK AND HYPOTHESES

Digital marketing is an exciting new concept for many businesses today because it forms a new way for customers and businesses to communicate, share information, and buy and sell with each other. Digital marketing has garnered significant attention from marketers due to its ability to facilitate interactions between companies and customers, as well as foster interactions among customers themselves. This enables the establishment and maintenance of emotional and psychological bonds between customers and companies. Digital marketing is a technique that utilizes digital media to reach consumers personally, at the right time, and with relevant content tailored to their needs. Digital marketing is often also referred to as 'online', 'internet marketing', or 'web marketing'. The term digital marketing has become the most common term, especially after 2013, along with the growing use of communication and information technology. According to Gibson [10], as stated by Bala, Verma, and Srividhya, effective and efficient digital marketing can be achieved by using digital marketing methods and strategies that have a website component and using the internet as a platform to communicate and carry out a variety of derivative strategy activities. The use of digital marketing techniques or methods by companies includes: (1) website, (2) commerce, (3) social media marketing, (4) email marketing, (5) SEO, (6) SEM, (7) digital PR, (8) digital advertising, (9) digital CRM, (10) content marketing, (11) affiliate marketing, (12) online newsletter, (13) display advertising, (14) mobile marketing, and (15) digital analytics (Masrianto et al, 2022).

The capability of digital marketing can be defined as a company's proficiency in utilizing digital technology to advertise products and services, engage customers, enhance brand visibility, maintain customer loyalty, and boost sales. Its importance in managing digital marketing capabilities is to create superior performance compared to competitors (Herhausen et al., 2020). Sasmoko & Bandur A (2019) explained that digital marketing capability is centered on the Company's ability for consumer service activities using digital platforms, including sales, distribution, payment, marketing e-research, and functions related to business management. In order to gain a competitive edge, a B2B firm can execute a well-coordinated series of digital tasks, both operational and dynamic, by leveraging digital resources. Several researchers have considered it an intelligent system needed for business continuity in industry 4.0 (Tariq et al., 2022). Through digital marketing, MSME¹s can reach a wider target market relatively quickly

¹ Micro, small, medium-sized enterprises

and at a considerably low cost (Saputra et al., 2021). Furthermore, digital marketing capability is a core competency of small companies that can provide flexibility in promotion time and delivery of goods and services to their customers. Therefore, this study defined this variable as the Company's ability to utilize digital media as part of a marketing strategy, especially market-oriented products, network distribution, and promotions. Kamboj et al. (2015); Chinakidzwa & Phiri (2020a); and Afriyie et al. (2019) state that a digital marketing capability is a capability approach in a Resource-Based View Theory that is capable of producing sustainable competitive advantage that will ultimately achieve superior company performance and become a superior organization.

Therefore, the used conceptual model of the research is as follows:

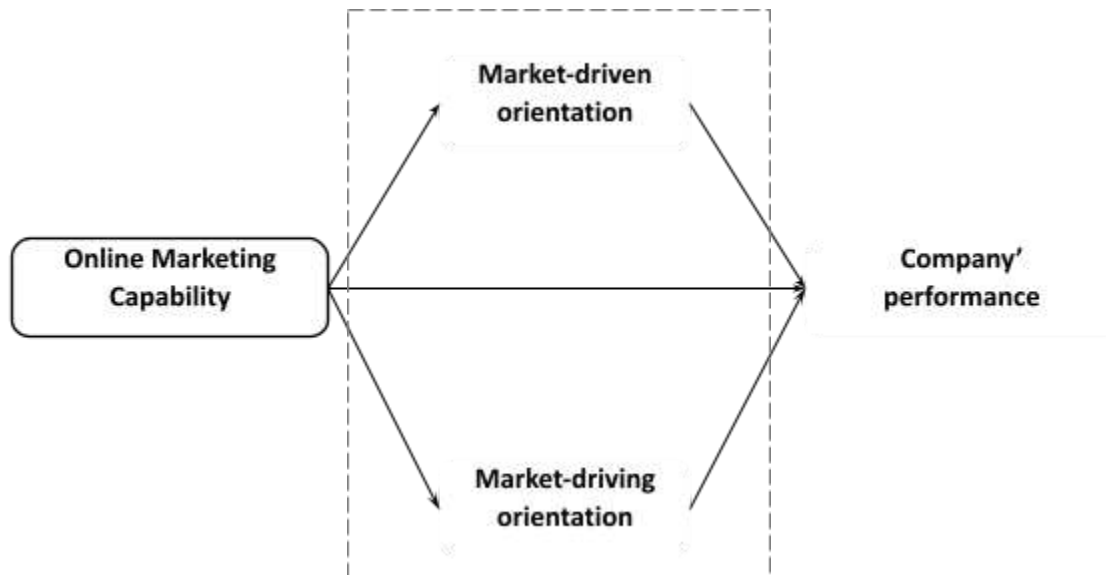


Fig. 1. The Proposed Conceptual Model (Tolstoy et al, 2022).

And, the research hypotheses are:

- ✓ Online Marketing Capability has a significant effect on Market-driven orientation.
- ✓ Online Marketing Capability has a significant effect on Market-driving orientation.
- ✓ Online Marketing Capability has a significant effect on performance Company.

- ✓ Market-driven orientation has a significant effect on performance Company.
- ✓ Market-driving orientation has a significant effect on performance Company.

2.1. Previous research study

Referring to Jung & Shegai (2023) research with title “The Impact of Digital Marketing Innovation on Firm Performance: Mediation by Marketing Capability and Moderation by Firm Size”; Digital marketing innovation is a relatively new concept, but it is already playing an important role in a company's performance. There are not many empirical studies on the impact of marketing innovations, but the existing evidence suggests that they can lead to significant improvements in sales, customer satisfaction, and brand awareness. The purpose of the mentioned study was to examine the impact of digital marketing innovation on firm performance, considering the mediating effect of marketing capability on the relationship between digital marketing capability and firm performance, and explore the potential moderating effect of firm size on this mediating relationship. Using KOSPI and KOSDAQ data and a linear moderated mediation estimation, they found that digital marketing innovation on firm performance through marketing capability has significant direct and indirect effects, with indirect effects greater than direct effects. Theoretical and practical implications are also discussed in this article.

In Sul-toni et al.'s (2022) study, titled "Digital Marketing, Digital Orientation, Marketing Capability, and Information Technology Capability on Marketing Performance of Indonesian SMEs," the following results were obtained. This study adopted a quantitative approach and was conducted in Lamongan Regency. The research targeted managers or owners of MSMEs in the area as the research population. Employing non-probability and purposive sampling techniques, the study collected responses from 138 participants representing small and medium enterprises in Lamongan. Data collection primarily relied on self-reported online questionnaires. The research employed Partial Least Square (PLS) to test the hypothesized relationships. The findings revealed a positive impact of digital marketing capability on MSMEs' performance, and notably, environmental dynamism was found to strengthen the relationship between digital marketing capability and MSMEs' performance. This study highlighted the significance of prioritizing digital marketing capability as a strategic business approach to adapt to evolving consumer

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behaviors. Remarkably, empirical research on digital marketing capabilities within small-scale companies in developing countries has been lacking attention (Chinakidzwa & Phiri, 2020). As far as our knowledge goes, this study marks the pioneering attempt to connect digital marketing capabilities with the performance of MSMEs in Lamongan. Furthermore, there is a scarcity of prior research examining the moderating role of environmental dynamism, particularly within developing countries. This study emphasizes the need for owners or managers to focus on establishing and effectively implementing digital marketing capabilities. Digital marketing capability has become a critical strategic asset for companies, contributing to enhanced business performance and competitive advantages. An important practical implication of this research is that when MSMEs can adapt and transform digitally, they should concentrate on increasing digital marketing capability through activities such as providing product information on digital platforms, providing online services for customer needs, and building relations and communication with online consumers. Careful consideration of a firm's digital marketing capability is needed to improve business performance.

Last but not least, Tolstoy et al (2022) in a study titled “The indirect effect of online marketing capabilities on the international performance of e-commerce SMEs”. Drawing upon the capability’s perspective and market orientation literature, a research model was constructed and subsequently examined using linear regression and mediation analysis. This investigation was conducted with an effective sample comprising 99 Swedish SMEs that utilize e-commerce as a channel for international sales. Their study shows that online marketing capabilities are necessary but not sufficient to increase performance among these companies. The results show that marketing ambidexterity, reflected by both market-driven and market-driving approaches, is instrumental in leveraging the effect of online marketing capabilities.

3. Materials and Method

In this correlational study, firstly, I constructed a literature-based causal model, grounded in theoretical support and supported by empirical evidence available in the literature, to establish the causality between the constructs. Then, I used structural equation modeling (SEM) to test this model. In fact, SEM is a widely used quantitative data analysis technique within educational settings (Orakci & Durnali, 2022) to test the relationships of interest among teacher candidates (Yin, & Huang, 2021). A convenience sampling technique was employed to select participants

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from the statistical population of knowledge-based companies in Iran. A total of 384 companies were distributed using the Morgan table method. Furthermore, for the analysis of SEM modeling, Lisrel software was utilized to examine the results of the quantitative section.

Table 1: Cronbach's Alpha Coefficients of the Variables (Research Findings)

Questions	Variables	Reliability
Online Marketing Capability	4	0.786
Company's Performance	4	0.819
Market-driven orientation	5	0.732
Market-driving orientation	5	0.854
All	18	0.913

To examine the research model, it is necessary to first establish its suitability and appropriateness before confirming the structural relationships. In other words, this process involves verifying whether the model, constructed by the researcher based on their theoretical framework and theoretical background, aligns with the empirical evidence and data collected. The research model was evaluated on the basis of the optimal values of the fit indices, which are presented in Table (2).

Table 2: Research Fit Indicators (Research Findings)

Symbol	Index
(χ^2/df)	2.08
(RMSEA)	0.079
(RMR)	0.055
(NFI)	0.91
(NNFI)	0.94
((CFI	0.95
(IFI)	0.95
(GFI)	0.85
(AGFI)	0.85

Questionnaire reliability was confirmed by "Cronbach coefficient alpha". In data analysis, structured equations by means of "Lisrel software" were used. As we observe from "t" coefficients estimation chart, the variables Online Marketing Capability, Market-driven orientation, Market-driving orientation including did not have positive and significance effects on Performance Company because their t-coefficients are below 1.96.

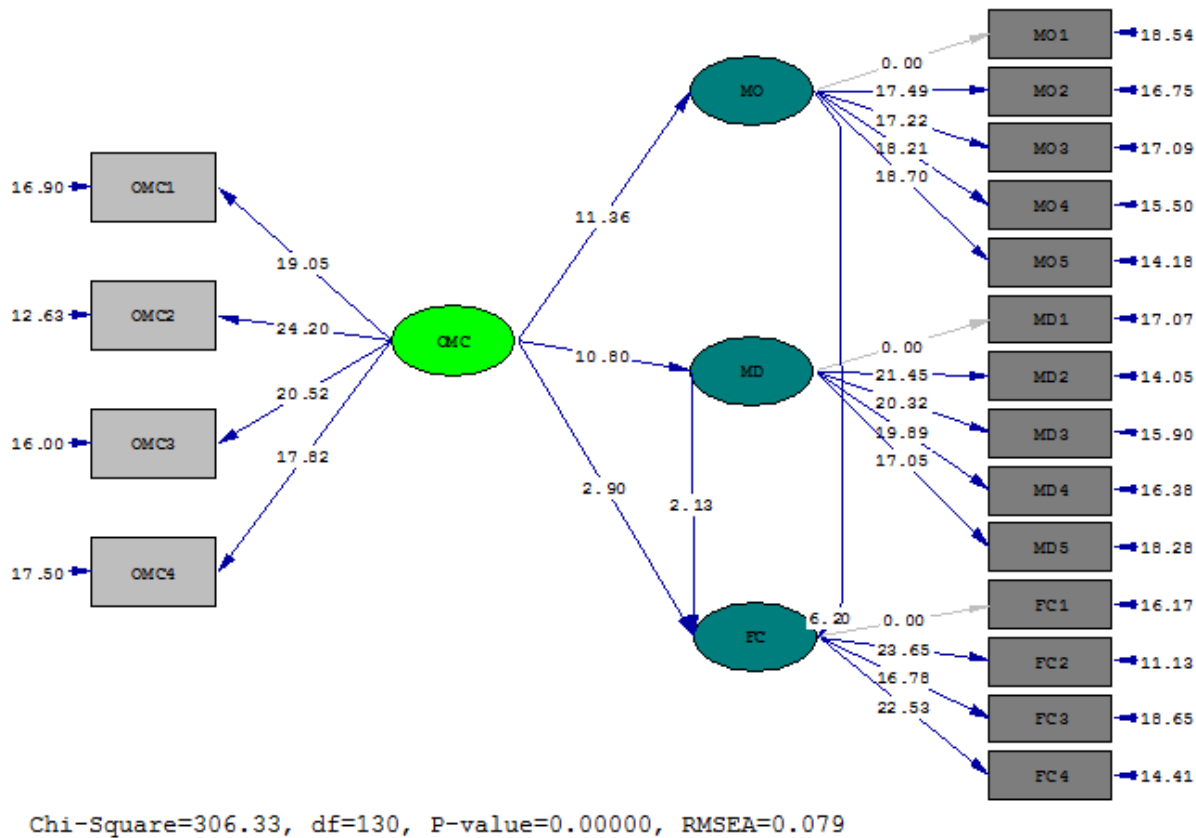
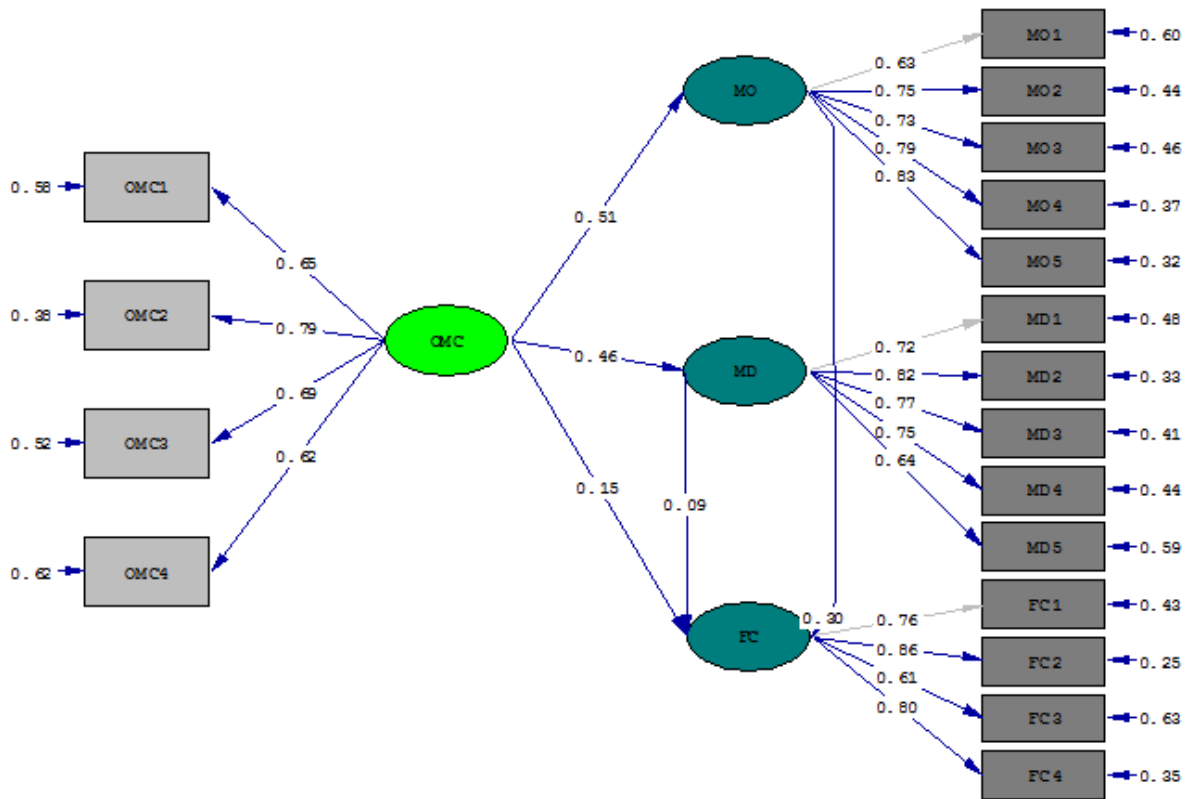


Figure 2. Structural equations model, T- value (Research Findings)

Degree of freedom is larger/ above zero and so the model is applicable. In addition, the value of this model Chi- square is bellow degree of freedom and model RMSEA is less than 0.08, showing model acceptability.



Chi-Square=306.33, df=130, P-value=0.00000, RMSEA=0.079

Figure 3. Structural equations model, Standard Coefficients (Research Findings)

Standard estimated of coefficients are homogeneous, means that their scales became equal and comparison between them is possible. Between latent variables, path coefficients or standardized beta are regressed.

Table 3. Assumptions results (Research Findings)

X-Variable	Y- Variable	Structural equations	T-Value	Result
Online Marketing Capability	Market-driven orientation	0.51	11.36	+
Online Marketing Capability	Market-driving orientation	0.46	10.80	+
Online Marketing Capability	Company’s Performance	0.15	2.90	+
Market-driven orientation	Company’s Performance	0.30	6.20	+
Market-driving orientation	Company’s Performance	0.09	2.13	+

The table shows that Online Marketing Capability has significant positive relationships with Market-driven orientation, Market-driving orientation and the Company's performance. Also, Market-driven orientation has a significant relationship with the company's performance. And Market-driving orientation has a weaker but still significant positive relationship with the Company's performance. In other words, changes in Online Marketing Capability are associated with changes in Market-driven orientation, market-driving orientation, and the company's performance. Overall, the Online Marketing Capability is a key predictor of the other variables.

4. Results

The results of this study have some managerial implications. To maximize the positive effects of digital marketing innovations on the company's performance, marketing managers should prioritize building marketing capabilities. Focusing on developing skills, processes, and structures will allow teams to fully leverage new digital technologies and strategies. Companies can leverage digital marketing tools and technologies to improve marketing effectiveness, reach and engage with new customers, and ultimately increase sales growth and profitability. Here are some of the ways that digital marketing innovation can impact firm performance through marketing capability. Firstly, digital marketing empowers businesses to target and segment their marketing efforts more effectively by utilizing data and analytics to identify and engage with the right customers using tailored messages. This approach can result in higher conversion rates, increased customer engagement, and improved return on investment (ROI). Secondly, digital marketing provides businesses with various tools and platforms, like social media, email, and mobile marketing, to creatively engage customers. Through the creation of engaging and interactive experiences for customers, businesses can establish stronger relationships and foster loyalty, ultimately resulting in increased revenue. Thirdly, our findings imply that the impact of digital marketing capabilities and innovation on firm performance through marketing capability can be particularly relevant for Small and Medium-sized Enterprises (SMEs). SMEs often have limited resources and face greater challenges in adopting and implementing digital marketing strategies compared to larger firms. However, digital marketing innovation can also offer SMEs new opportunities to improve their marketing capabilities and enhance their competitiveness. By investing in digital marketing innovation and creativity, SMEs can improve their marketing capabilities and better reach and engage with customers through various digital channels. This

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can lead to increased customer satisfaction, loyalty, and sales, ultimately improving firm performance. However, the impact of digital marketing innovation on firm performance through marketing capability may depend on various factors, such as the nature of the industry, the level of competition, the resources available, and the level of expertise and knowledge of the firm's personnel.

Suggestions

- Companies should prioritize digital marketing in their organizational strategies. Consequently, businesses need to align their digital strategies with their organizational and marketing strategies. They should establish organizational goals, marketing (offline and online) goals, and particularly digital marketing goals in order to effectively and properly plan their digital marketing budgeting and achieve a return on investment.
- To enable effective digital marketing operations, companies should establish a supportive organizational structure. This may involve modifying existing teams or forming new cross-functional groups that integrate marketing, IT, and other relevant departments. A unified digital marketing team allows for knowledge sharing and alignment across disciplines. Companies can also consider partially or fully outsourcing digital activities if there are insufficient internal resources or expertise. However, it is important to provide adequate training and resources to build up in-house capabilities over time for sustainable success. The optimal organizational structure will depend on factors such as company size, existing resources, and digital marketing strategy. But by promoting collaboration through adapted teams and processes, companies can gain agility, efficiency, and strategic focus on digital priorities.

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