

The Role of Digital Literacy and Social Media in the Effectiveness of MSME Digital Marketing through Consumer Trust

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Keywords: Digital literacy, Social media, Consumer trust, Digital marketing effectiveness, MSMEs.

Abstract: This study aims to analyze the role of digital literacy and the use of social media on the effectiveness of MSME digital marketing in Palopo City with consumer trust as a mediating variable. The research method uses a quantitative approach with explanatory research. Data was obtained through questionnaires distributed online and offline to 500 respondents who are active consumers of social media who have interacted or bought MSME products. Data analysis was carried out using the Partial Least Squares Structural Equation Modeling (PLS-SEM) technique using SmartPLS software. The results of the study show that digital literacy has a significant positive effect on both the effectiveness of digital marketing and consumer trust. The use of social media has a significant effect on consumer trust, but it does not directly affect the effectiveness of digital marketing. Consumer trust has been shown to have a positive influence on the effectiveness of digital marketing and significantly mediates the relationship between digital literacy and social media use and digital marketing effectiveness. Thus, this research model emphasizes that digital literacy is the dominant factor that strengthens the effectiveness of MSME digital marketing, while social media plays a role mainly through the formation of consumer trust. The practical implications of this study are the importance of increasing the digital literacy capacity of MSME actors as well as social media management strategies that focus on transparency and credibility, so as to strengthen consumer trust and increase the competitiveness of MSMEs in the digital era.

Introduction

The progress of a company is basically determined by how the performance of human resources (HR) or employees in achieving the organization's desired goals. In addition to the company's system, human resources are a very important factor because of their contribution to the success of the organization. In a broader context, this principle also applies to Indonesia's economic sector, including in the Palopo City area which has local economic potential based on services, culinary, and folk crafts. Micro, Small, and Medium Enterprises (MSMEs) have a strategic role in supporting the national economy through job creation, income equity, and strengthening the local economy. In Indonesia, the MSME sector has proven to be able to survive various economic pressures and become the backbone of community business activities. However, in the midst of the development of the digital economy, many MSMEs still face challenges in increasing competitiveness, especially in the aspect of digital-based marketing. (Aqsa, M. Risal, dkk., 2021)(Salsabillah dkk., 2023) (Widita et al., 2024)

Digital transformation has changed consumer behavior from conventional transactions to information searching, interaction, and purchasing through digital platforms. Social media such as Instagram, Facebook, and TikTok are important means for MSMEs to reach a wider market at a relatively low cost. However, the use of social media alone does not always guarantee marketing effectiveness if it is not supported by digital literacy skills and consumer trust in business actors (Yan et al., 2025) (Aqsa, M Risal , dkk., 2021).

This phenomenon is also seen in MSMEs in Palopo City. Some MSME actors have used social media as a means of promotion, but have not been able to manage content, build interactions, and make optimal use of digital technology. As a result, digital marketing activities have not fully resulted in significant increases in sales, customer loyalty, and market reach. (Sultan Sahrir & Sunusi, 2024). This situation reflects not only limited access to technology, but also the low understanding and basic digital skills required to develop an effective marketing strategy (du Plessis, 2022).

Theoretically, digital literacy is seen as an individual's ability to access, understand, evaluate, and use digital technology effectively. A high level of digital literacy allows businesses to develop the right content strategy, understand consumer behavior, and respond quickly to market changes. On the contrary, low digital literacy has the potential to hinder the success of MSME digital marketing (Zahoor et al., 2023) (Wulandari et al., 2025)

In addition to digital literacy, social media is an important instrument in building long-term relationships with consumers. Through two-way communication, quick responses, customer testimonials, and consistent information delivery, social media can increase consumer trust. In the context of digital transactions, trust is the main factor because consumers do not interact directly with sellers or products physically (Marchand et al., 2021) (Pranata et al., 2023)

Various previous studies have shown that digital literacy affects business performance and digital business adaptation, while the use of social media contributes to promotion and customer engagement. However, most studies still place this relationship directly and have not examined the role of consumer trust as a mediating variable, especially in the context of MSMEs in non-metropolitan areas such as Palopo City. This condition shows that there is a research gap that needs to be explained further (Isnaini et al ., 2025).

Based on this gap, this research offers a contribution by building an integrated model that connects digital literacy, social media use, consumer trust, and the effectiveness of MSME digital marketing. This research not only expands the study of MSME digital marketing,

but also provides empirical evidence from developing regions that are still rarely studied. Practically, the results of the research are expected to be the basis for the formulation of digital strategies for MSME actors and local governments (Widia Puro & Achmad, 2022) (RACHWAL-MUELLER & FEDOTOVA, 2024)

Based on this description, this study formulated several research questions, namely: (1) whether digital literacy affects the effectiveness of MSME digital marketing, (2) whether the use of social media affects the effectiveness of MSME digital marketing, (3) whether digital literacy affects consumer trust, (4) whether the use of social media affects consumer trust, (5) whether consumer trust affects marketing effectiveness MSME digital marketing, (6) whether consumer trust mediates the relationship between digital literacy and the effectiveness of MSME digital marketing, and (7) whether consumer trust mediates the relationship between social media use and the effectiveness of MSME digital marketing. To answer this question, this study tested the relationship between variables using a quantitative approach based on SEM-PLS.

Based on theoretical arguments and the results of previous research, this study formulates the hypothesis that digital literacy has a positive effect on the effectiveness of MSME digital marketing (H1), the use of social media has a positive effect on the effectiveness of MSME digital marketing (H2), digital literacy has a positive effect on consumer trust (H3), the use of social media has a positive effect on consumer trust (H4), and consumer trust has a positive effect on consumer trust. MSME digital marketing effectiveness (H5), consumer trust mediates the relationship between digital literacy and MSME digital marketing effectiveness (H6), and consumer trust mediates the relationship between social media use and MSME digital marketing effectiveness (H7).

Research Methods

Types and Approaches to Research

This study uses a quantitative approach with the type of explanatory research. Explanatory research aims to explain the causal relationship between variables through testing the hypotheses that have been formulated in the previous chapter. The quantitative approach was chosen because this study wanted to measure the extent of the influence of independent variables (digital literacy and social media use) on dependent variables (digital marketing effectiveness) with consumer trust as a mediating variable.

Population and Sample

The population in this study is active consumers of social media users who have interacted or bought MSME products in Palopo City. Since the actual population number is not known for sure, this study used a non-probability sampling method. This method is suitable for use when the population is large and difficult to calculate as a whole (Latan et al., 2020).

Respondents were identified using purposive sampling and snowball sampling techniques. Purposive sampling was chosen because only respondents who met certain criteria could be used as research samples, namely: Respondents were active users of social media for at least the past six months. Respondents have interacted or purchased MSME products in Palopo City through digital platforms. Respondents must be at least 17 years old. Snowball sampling is used in the dissemination of questionnaires through social media, where initial respondents can help distribute questionnaires to other prospective respondents who fit the research criteria (Ahmed, 2024).

The sample size in this study was set as 500 respondents. Methodologically, the number of indicators in this study is 12, so the minimum sample requirement based on the Structural Equation Modeling (SEM) analysis guidelines is around 60 - 120 respondents (5 - 10 times the number of indicators). However, to improve the validity of the results and obtain a stronger representation of the data, the study used a much larger sample count of 500 respondents. This number has also exceeded the minimum standard of G*Power calculations, which with an effect size of 0.2 and a power level of 95% only requires a minimum of 262 respondents. Thus, the sample count of 500 is considered very adequate for the analysis of this study (Baruch & Holtom, 2008).

Data Collection Techniques

The data collection technique was carried out through the distribution of questionnaires online using Google Form and offline (directly) to respondents who met the criteria. This is done to reach respondents more widely and diversely.

The instrument used was a questionnaire with a Likert scale of 1–7 (1 = strongly disagree, 7 = strongly agree). The questionnaire questions are prepared based on the indicators of research variables that have been set in the operational definition. Before use, the instrument is tested first to ensure its validity and reliability.

According to him, the use of a 5 to 7 point scale in PLS-SEM is highly recommended because it provides a balance between data accuracy and respondents' comfort in answering and can also explain that the 7-point scale results in a higher level of reliability than the 5-point scale, so it is often used in social and behavioral research (Hair et al., 2019).

Data Analysis Techniques

The data was analyzed using the Structural Equation Modeling approach based on Partial Least Squares (PLS-SEM) with the help of SmartPLS software version 3.0. The PLS-SEM method was chosen because it is able to analyze the simultaneous relationships between latent constructs, test mediation models, and is suitable for use in predictive research and theoretical model development (J. Hair & Alamer, 2022).

The analysis stage began with a descriptive analysis to describe the characteristics of respondents based on gender, age, education, intensity of social media use, and the dominant digital platforms used. This analysis aims to provide an overview of the profile of the research respondents. Next, an evaluation of the measurement model (outer model) was carried out to assess the validity and reliability of the construct. Convergent validity was evaluated through an outer loading value of ≥ 0.70 and an Average Variance Extracted (AVE) ≥ 0.50 . Construct reliability was measured using Cronbach's Alpha and Composite Reliability with a minimum value of ≥ 0.70 . The validity of the discriminant was tested using the Fornell-Larcker criteria and the Heterotrait-Monotrait Ratio (HTMT) < 0.90 (Ahmed et al., 2025).

After the measurement model meets the criteria, an evaluation of the structural model (inner model) is carried out. This stage includes collinearity testing through Variance Inflation Factor (VIF) < 5 , determination coefficient (R^2) testing, and predictive relevance (Q^2) testing through blindfolding procedures. The R^2 value of 0.25 is categorized as weak, 0.50 moderate, and 0.75 strong. Hypothesis testing was carried out using a bootstrapping procedure with 5,000 subsamples. The hypothesis is stated to be significant if the t-statistical value > 1.96 and the p-value < 0.05 . In addition to direct influences, this study also examines indirect influences to determine the mediating role of consumer trust in the relationship between digital literacy, social media use, and the effectiveness of MSME digital marketing (Others & Stuart O'Neill, 2025).

Results and Discussion

Respondent Description

The respondents of this study are 500 active social media consumers who meet the purposive sampling criteria, namely having used social media for at least the last six months and have interacted or purchased MSME products in Palopo City through digital platforms. The distribution of the questionnaire was carried out by the snowball sampling method, so that the initial respondents helped distribute the questionnaire to other prospective respondents according to the research criteria.

Table 1. Respondent description

Features	Categories	Number (people)	Percentage (%)
Gender	Male	210	42,0
	Women	290	58,0
Age	17–24 years old	150	30,0
	25–34 years old	200	40,0
	35–44 years old	100	20,0
	≥ 45 years old	50	10,0
Final Education	High School/equivalent	160	32,0
	Degree	85	17,0
	S1	195	39,0
	S2/S3	60	12,0
Frequency of Social Media Use	Every day	420	84,0
	3–5 times a week	60	12,0
	< 3 once a week	20	4,0
Main Platforms	Posted on Instagram	210	42,0
	Posted on Facebook	140	28,0
	TikTok	110	22,0
	Posted by E	40	8,0

Test Measurement Model (Outdoor Model)

The measurement model (external model) is an analysis stage in SEM-PLS that aims to test the extent to which the indicator is able to validly and reliably reflect latent constructions. Evaluation of the measurement model was carried out through testing the validity of the indicators using the outer loading values, the reliability of the construct through the Reliability of Alpha and Cronbach Composites, and the convergent validity through the value of the Average Variance Extracted (AVE). The indicator is declared valid if it has an outer loading value of more than 0.70, the construct is declared reliable if the Alpha Cronbach value is more than 0.60 and the Composite Reliability is more than 0.70, and the convergent validity is met if the AVE value is more than 0.50.

The results of data processing using SmartPLS showed that all indicators in the variables Digital Literacy (X1), Social Media (X2), Consumer Trust (Z), and Digital Marketing Effectiveness (Y) had an external loading value above 0.70, which was in the range of 0.933 to 0.956, so all indicators were declared valid. The Alpha Cronbach value for each variable is in the range of 0.956 to 0.966 and the Composite Reliability value ranges from 0.968 to 0.975, which indicates that the entire construction has a very high level of reliability. In addition, the

Average Variance Extracted (AVE) value for all variables is in the range of 0.883 to 0.906, which means that it has met the criteria of convergent validity because it is able to explain more than 50% of the variance of the indicator.

Overall, the results of the measurement model test show that all constructions in this study have met the criteria of validity and reliability, so that the measurement model is declared feasible and can be used for further analysis on the structural model (inner model). The full results of the construction validity and reliability tests are presented in Table 2 below.

Table 2. Construct Validity and Reliability

Variable	Item	λ (Loading)	α	CR	AVE
Digital Literacy (X1)	LD1	0.944	0.959	0.970	0.890
	LD2	0.946			
	LD3	0.945			
	LD4	0.938			
Social Media (X2)	MS1	0.937	0.956	0.968	0.883
	MS2	0.933			
	MS3	0.945			
	MS4	0.944			
Consumer Trust (Z)	KK1	0.950	0.966	0.975	0.906
	KK2	0.956			
	KK3	0.952			
	CD4	0.950			
Digital Marketing Effectiveness (Y)	EPD1	0.940	0.959	0.970	0.889
	EPD2	0.948			
	EPD3	0.944			
	EPD4	0.940			

Description: LD = Digital Literacy, MS = Social Media, KK = Consumer Trust, EPD = Digital Marketing Effectiveness

Source: Process Researcher, SmartPLS (2026)

Differentiating Validity Test

In addition to convergent validity, the measurement model testing also includes discriminant validity, which aims to ensure that each construct in the study is completely different and does not conceptually overlap with each other. The validity of the discriminator in this study was tested using the Fornell-Larcker criterion, namely by comparing the value of the square root of the Average Variance Extracted (AVE) on the diagonal with the correlation value between constructions on the off-diagonal part. A construct is declared to meet discriminant validity if the square root value of AVE is greater than the correlation between other constructs.

Based on Table 3, it can be seen that the square root value of AVE in each construction, which is 0.943 for Digital Marketing Effectiveness (Y), 0.952 for Consumer Trust (Z), 0.943 for Digital Literacy (X1), and 0.940 for Social Media (X2), are all greater than the correlation values between the other constructs. This shows that each construct has a good degree of discrimination and is able to differentiate itself from other constructions in the research model. Thus, it can be concluded that the measurement model in this study has met the

criteria of discriminant validity, so that the construction used is declared valid and feasible to be used in further analysis of the structural model.

Table 3. Discriminatory Validity (Fornell-Larcker)

Construction	EPD (Y)	KK (W)	LD (X1)	MS (X2)
Digital Marketing Effectiveness (Y)	0.943			
Consumer Trust (Z)	0.811	0.952		
Digital Literacy (X1)	0.701	0.617	0.943	
Social Media (X2)	0.397	0.555	0.013	0.940

Description: LD = Digital Literacy, MS = Social Media, KK = Consumer Trust, EPD = Digital Marketing Effectiveness

Source: Process Researcher, SmartPLS (2026)

Model Under Test (Structural Model)

Internal model tests (structural models) are carried out to determine the model's ability to explain the relationship between latent variables, especially endogenous variables. The evaluation of the structural model in this study used R-Square (R^2) and Adjusted R-Square values, which show how much variation of endogenous variables can be explained by exogenous variables in the model. The higher the R-Square value, the better the model's ability to explain endogenous variables. According to Hair et al. (2019), the R-Square value of 0.75 is categorized as strong, 0.50 medium, and 0.25 weak.

Table 4. Determination Coefficient (R^2)

Endogenous Variable	R-Square	Customized R-Square
Consumer Trust (Z)	0.680	0.679
Digital Marketing Effectiveness (Y)	0.728	0.727

Source: Process Researcher, SmartPLS (2026)

Based on Table 4, the R-Square value of the Consumer Trust (Z) variable of 0.680 shows that the Digital Literacy (X1) and Social Media (X2) variables are able to explain 68.0% of the Consumer Trust variation, while the remaining 32.0% is influenced by other variables outside the research model. Meanwhile, the R-Square value on the Digital Marketing Effectiveness (Y) variable of 0.728 shows that the Digital Literacy (X1), Social Media (X2), and Consumer Trust (Z) variables are able to explain 72.8% of the variation in Digital Marketing Effectiveness, while the remaining 27.2% are influenced by other factors outside the model.

Overall, the two R-Square values were in the moderate to strong category, which suggests that the research model has a fairly good ability to explain endogenous variables. This shows that the variables used in the model have been able to adequately explain the observed phenomena and are suitable for use in further analysis.

Predictive Relevance of the Test (Q^2)

To find out how much the model is able to predict endogenous variables, a test was carried out using the Q^2 (Predictive Relevance) value through the blindfold procedure on SmartPLS. The Q^2 value is used to assess the extent to which exogenous variables are able to make a predictive contribution to endogenous variables in the model. A model is said to have

good predictive ability if the value of Q^2 is greater than 0, while a value closer to 1 indicates a higher level of predictability of the model.

Table 5. Q^2 value (Predictive Relevance)

Endogenous Variable	SSO	SSE	Q^2 (1–SSE/SSO)
Consumer Trust (Z)	2000.000	775.340	0.612
Digital Marketing Effectiveness (Y)	2000.000	714.847	0.643

Source: Process Researcher, SmartPLS (2026)

Based on Table 5, the Q^2 value on the Consumer Trust (Z) variable is 0.612 and on the Digital Marketing Effectiveness (Y) variable is 0.643, both of which are worth greater than 0. This shows that the model has good predictive relevance in predicting endogenous variables. In addition, a Q^2 value above 0.35 indicates that the model is included in the category of strong (large predictive relevance), so it can be concluded that this research model has high predictive ability and is relevant in explaining the relationship between the variables studied.

Path Coefficients

Hypothesis testing in this study was carried out using the SEM-PLS method by looking at the path coefficient, T-Statistic value, and P-Value. The path coefficient value indicates the direction and strength of influence between variables, while T-Statistics are used to test the significance of the relationship, with the criteria of T-Statistic > 1.96 and P-Value < 0.05 indicating that the relationship is significant.

Table 6. Hypothesis Test (Direct and Indirect Effects)

Hypothesis	Connection	β	T-Statistics	P-Value	Remarks
H1	LD (X1) → EPD (Y)	0.379	10.238	0.000	Influential & Significant
H2	MS (X2) → EPD (Y)	0.104	3.243	0.001	Influential & Significant
H3	LD (X1) → CD (Z)	0.610	24.792	0.000	Influential & Significant
H4	MS (X2) → KK (Z)	0.547	19.929	0.000	Influential & Significant
H5	KK (Z) → EPD (Y)	0.519	12.299	0.000	Influential & Significant
H6	LD (X1) → KK (Z) → EPD (Y)	0.317	11.490	0.000	Influential & Significant
H7	MS (X2) → KK (Z) → EPD (Y)	0.284	10.054	0.000	Influential & Significant

Description: LD = Digital Literacy, MS = Social Media, KK = Consumer Trust, EPD = Digital Marketing Effectiveness

Source: Process Researcher, SmartPLS (2026)

Based on Table 6, all relationships between variables both directly and indirectly have a T-Statistical value greater than 1.96 and a P-Value of less than 0.05, so all hypotheses in this study are declared accepted. Digital Literacy (X1) has been proven to have a significant positive effect on Digital Marketing Effectiveness (Y) and Consumer Trust (Z), which shows that improving the digital capabilities of MSME actors is able to increase consumer trust and digital marketing effectiveness. Social Media (X2) has also been shown to have a significant positive effect on Digital Marketing Effectiveness (Y) and Consumer Trust (Z), suggesting that optimal use of social media can strengthen relationships with consumers and improve digital marketing performance.

In addition, Consumer Trust (Z) has a significant positive influence on Digital Marketing Effectiveness (Y), confirming that trust is a key factor in the success of digital marketing strategies. In terms of indirect influence, Digital Literacy (X1) and Social Media (X2) also show a significant influence on Digital Marketing Effectiveness (Y) through Consumer Trust (Z), which means that the Consumer Trust variable acts as a mediating variable that strengthens the relationship between independent and dependent variables. Overall, this research model shows strong and significant structural relationships, both directly and through mediation mechanisms.

Discussion

H1: The Influence of Digital Literacy on the Effectiveness of Digital Marketing

The results of the study show that digital literacy affects the effectiveness of digital marketing. Conceptually, digital literacy reflects an individual's capacity to understand, evaluate, and use digital information critically. In the context of MSME marketing, consumers who have high digital literacy are better able to assess the credibility of promotional messages, compare product alternatives, and understand online transaction mechanisms.

This condition makes digital marketing strategies more effective because the message conveyed is not only received, but also processed rationally and translated into purchasing decisions. These findings are in line with those that emphasize that digital literacy improves consumers' ability to assess the credibility of products and services online. Thus, digital literacy serves as a cognitive foundation that strengthens the impact of MSME digital marketing (Silvhiany et al., 2021).

H2: The Influence of Social Media on the Effectiveness of Digital Marketing

The results of the study show that social media has a positive and significant effect on the effectiveness of digital marketing. This shows that social media not only serves as a means of communication, but also as a strategic tool in improving marketing reach and performance. In practice, social media allows MSME actors to convey product information in a broad, interactive, and real-time manner to consumers. In addition, features such as visual content, digital promotions, and direct interaction with consumers are able to increase engagement, which ultimately has an impact on marketing effectiveness. Thus, the more optimal the use of social media, the higher the effectiveness of digital marketing will be achieved.

These findings are consistent with those who state that the success of social media in MSME marketing is very strong at the level of consumer trust formed (Haudi et al., 2022).

H3: The Influence of Digital Literacy on Consumer Trust

Digital literacy has been proven to have an effect on consumer trust. From the perspective of risk reduction theory, digital transactions always contain an element of uncertainty. Consumers who have good digital literacy are able to evaluate the seller's reputation, understand the payment system, and read reviews critically, so that the perception of risk can be suppressed.

When the perceived risk decreases, the level of trust increases. Therefore, digital literacy not only improves technical understanding, but also builds a sense of security in transactions. These findings are reinforced by the statement that digital literacy increases consumer confidence in making online purchases (Gulfraz et al., 2022).

H4: The Influence of Social Media on Consumer Trust

The use of social media affects consumer trust because these platforms provide a space for transparency and two-way interaction. Through testimonials, reviews, visual content, and direct responses from business actors, consumers get a signal of credibility and integrity.

Consistent and responsive interactions create a perception of closeness and emotional openness. In the context of MSMEs, this closeness is a social capital that strengthens trust. These findings are in line with who found that social media strengthens brand trust through digital engagement (Dwivedi et al., 2021).

H5: The Influence of Consumer Trust on the Effectiveness of Digital Marketing

Consumer trust affects the effectiveness of digital marketing because trust is the main determinant in online transactions. When consumers believe in the credibility and integrity of business actors, the decision-making process becomes faster and there is no doubt.

Trust not only influences initial purchase decisions, but it also drives repurchase and loyalty. As such, trust is a key factor that turns digital interactions into tangible marketing outcomes. This is in line with the assertion that trust is the main determinant in electronic transactions (Squirrelly et al., 2024).

H6: The Influence of Digital Literacy on the Effectiveness of Digital Marketing through Consumer Trust

Consumer trust has been shown to mediate the relationship between digital literacy and digital marketing effectiveness. This means that digital literacy not only has a direct impact, but also strengthens marketing effectiveness through the formation of trust.

Conceptually, digital literacy shapes consumers' evaluative abilities, while trust shapes psychological readiness to act. When consumers understand digital information well and feel confident in the seller's credibility, then purchase decisions become stronger and more consistent. This mechanism explains how digital literacy works more comprehensively in increasing the marketing effectiveness of MSMEs.

H7: The Influence of Social Media on the Effectiveness of Digital Marketing through Consumer Trust

Although social media does not have a direct effect on the effectiveness of digital marketing, it becomes significant when mediated by consumer trust. This shows that social media functions as a relational instrument, not just a promotional instrument.

Social media builds awareness and engagement, but marketing effectiveness is only achieved when interactions successfully create trust. In other words, social media becomes effective not because of the frequency of use, but because of the quality of the relationships built. This mechanism emphasizes that trust is the main link between social media activities and the success of MSME digital marketing.

Conclusion

Conclusion of the Research Results

Based on the results of empirical testing, this study concludes that all research questions have been answered. First, digital literacy has been proven to have a positive and significant effect on the effectiveness of MSME digital marketing, which shows that the ability of business actors to utilize digital technology can improve marketing performance. Second, the use of social media also has a positive and significant effect on the effectiveness of MSME

digital marketing through expanding market reach, consumer interaction, and disseminating product information more effectively.

Third, digital literacy has a positive and significant effect on consumer trust, which means that the better the digital capabilities of business actors, the higher the consumer confidence in the business. Fourth, the use of social media has a positive and significant effect on consumer trust, especially through responsive communication, information transparency, and consistent interaction.

Fifth, consumer trust has been proven to have a positive and significant effect on the effectiveness of MSME digital marketing. This shows that the success of digital marketing is not only determined by the use of technology, but also by the level of trust built with consumers.

Sixth, consumer trust has been proven to mediate the relationship between digital literacy and the effectiveness of MSME digital marketing. Seventh, consumer trust also mediates the relationship between the use of social media and the effectiveness of MSME digital marketing. These findings confirm that consumer trust is an important mechanism that bridges digital capabilities and social media activities to the success of MSME digital marketing.

Overall, this study emphasizes that the combination of digital literacy, effective social media management, and building consumer trust is the main strategy in increasing the competitiveness of MSMEs in the digital economy era.

Implications of Research Results

The findings show that digital literacy and social media play a strategic role in increasing the effectiveness of MSME digital marketing, both directly and through consumer trust. Digital literacy enables businesses and consumers to understand and use digital information critically, while social media expands market reach and strengthens interaction and engagement. Therefore, the success of digital marketing depends not only on the adoption of technology, but also on the quality of its use supported by adequate digital skills.

Practically, MSMEs need to strengthen a marketing strategy that not only focuses on promotion but also builds sustainable consumer relationships. Social media must be professionally managed through informative, consistent, and authentic content, supported by responsive two-way communication. Increasing digital literacy is also important so that MSMEs can better understand consumer behavior, utilize data effectively, and design more competitive strategies.

For policymakers and supporting institutions, MSME development programs should emphasize not only technology adoption but also comprehensive digital literacy through market analysis training, transaction security, content management, and trust-building communication.

Theoretically, this study affirms consumer trust as a key factor and mediation mechanism that links digital literacy and social media use with marketing performance. Overall, integrating digital literacy, strategic use of social media, and consumer trust is an effective way to improve MSME digital marketing performance and create a sustainable competitive advantage in the digital era.

Limitations

This research has several limitations. First, it is carried out only among MSME consumers in Palopo City, so the findings must be carefully generalized to other regions. Second, cross-sectional quantitative design captures data at a single point in time and cannot fully explain changes in consumer behavior over time. Third, the use of questionnaires can

create a subjectivity bias and differences in respondents' understanding. Fourth, this model only focuses on digital literacy, social media use, consumer trust, and digital marketing effectiveness, without considering other factors such as product quality, price, e-WOM, service innovation, loyalty, and market competition.

Future studies are recommended to expand the research area across the region, apply longitudinal designs, and use mixed methods for deeper insights. Additional variables such as customer loyalty, quality of digital services, e-WOM, product innovation, and customer engagement can also be included as mediation or moderation factors to enrich the MSME digital marketing effectiveness model.

Acknowledgments

With gratitude to Allah SWT, the author realizes that this scientific work is not completed alone. Behind every process, challenge, and achievement there is the prayer, support, sacrifice, and love of many people that are the writer's greatest strength.

Deep gratitude is dedicated to our beloved parents, Mr. Herman and Mrs. Sukriani, for their endless love, prayers, sacrifices, and sincere support at every step of life. No words can fully repay their kindness. May Allah SWT replace every hardship and tears with abundant happiness and blessings.

The author also expresses sincere respect to the supervisor for his patience, guidance, knowledge, and constructive suggestions during the completion of this work. Each contribution is invaluable to the academic and personal growth of the author.

Thank you also to all lecturers, campus family, friends, colleagues, and everyone who has provided assistance, opportunities, prayers, advice, and encouragement. Every kindness, no matter how small, has become an essential part of this life's journey.

Finally, as a conclusion to this journey, the author wants to leave behind the belief that has always been a reinforcer in every step of life: that every human being will experience something called change. It doesn't change immediately, slowly but surely because everything requires a process. Therefore, the pen should not stop writing, because drawing a line is a betrayal. And don't forget to involve God in every step.

May Allah SWT repay all goodness with uninterrupted grace, health, and happiness. Amen.

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