RMBE International Journal of Review of Management Business and Entrepreneurship (RMBE)
e-ISSN 2797 - 9237
Vol. 6, No. 1, June, 2026

THE INFLUENCE OF PRODUCT AVAILABILITY, PRODUCT INNOVATION, AND PRODUCT DIVERSIFICATION ON MSME SALES PERFORMANCE IN THE FOOD AND BEVERAGE SECTOR IN SURABAYA: THE MEDIATING ROLE OF DIGITAL LITERACY

Nicholas Michael Phieter [1], Damelina Basauli Tambunan[2]
Universitas Ciputra, Indonesia[1,2]
*Corresponding author: damelina@ciputra.ac.id

ABSTRACT

This study aims to examine the influence of product availability, product innovation, and product diversification on the sales performance of micro, small, and medium enterprises (MSMEs) in the food and beverage sector in Surabaya City, with digital literacy serving as a mediating variable. The study adopts a quantitative research approach, employing purposive sampling as the sampling technique. Data were analyzed using the Partial Least Squares–Structural Equation Modeling (PLS-SEM) method. The sample size was determined using the Lemeshow formula, resulting in 100 respondents. Data were collected through a structured questionnaire measured using a Likert scale. The findings reveal that product availability, product innovation, product diversification, and digital literacy have a positive and significant effect on MSME sales performance in the food and beverage sector in Surabaya. Based on these results, the study recommends that MSME owners in the food and beverage sector continuously enhance product availability, strengthen product innovation, expand product diversification, and improve digital literacy to achieve better sales performance.

Keywords: Products Availability, Products Innovation, Products Diversification, Sales Performance, MSMEs

INTRODUCTION

Micro, small, and medium enterprises (MSMEs) in the food and beverage sector in Surabaya City are influenced by several key factors that are selected as variables in this study, namely product availability, product innovation, and product diversification as independent variables, with digital literacy serving as a mediating variable that bridges the independent variables and the dependent variable, namely sales performance. Product availability can be interpreted as the linkage between production and sales activities that provides flexibility in purchasing, production scheduling, and service provision to customers (Situmorang et al., 2022). In addition to product availability, product innovation is another important variable. According to Hia et al. (2022), product innovation encompasses all company activities related to product development, product improvement, the creation of entirely new products, and changes that enhance the variety or quantity of product lines offered.

Product diversification is also considered a strategic factor and can be interpreted as an organizational or business strategy to enter new markets by developing or introducing new product lines (Sutrisno et al., 2022). Meanwhile, digital literacy can be understood as the awareness, attitudes, and competencies that enable individuals to use digital tools and facilities appropriately in order to identify, access, organize, integrate, evaluate, analyze, and synthesize digital information. It also includes the ability to generate new knowledge, express ideas through digital media, and communicate with others in specific life contexts, thereby supporting constructive social action (Mardiani, 2011).Previous studies support the relevance of these variables. Hia et al. (2022) examined the influence of service quality and product innovation on sales performance through customer satisfaction at Bang Raden Coffee Shop in Bekasi City. Syafi'i et al. (2023) emphasized the importance of product diversification in achieving sustainable growth and competitive advantage in the food and beverage industry, highlighting its role in improving company sales performance.

Based on the preliminary survey carried out by the researchers, a decline in sales performance was identified among MSMEs in the food and beverage sector, especially during the fourth quarter of 2023. This result is also in line with the researcher's own business experience as the owner of an MSME operating in the food and beverage sector in Surabaya City. The business, which offers banana-based products such as banana chips and banana crackers, also experienced a significant decline in sales performance during the same period. Consequently, a follow-up pre-survey was conducted to identify common issues faced by food and beverage MSMEs in Surabaya City, allowing the researchers to describe factors that may have contributed to the decline in sales performance.

This study is further supported by the rapid growth of MSMEs in Surabaya City and the increasing importance of factors such as product availability, product innovation, product diversification, and digital literacy, which are assumed to be closely related to sales performance in MSME development. This study seeks to analyze the effects of product availability, product innovation, and product diversification on the sales performance of MSMEs in Surabaya. In addition, it examines the role of digital literacy as a mediating variable in these relationships. More specifically, the study investigates whether product availability, product innovation, and product diversification have direct effects on MSME sales performance, as well as whether digital literacy helps explain the way these factors influence sales performance. This approach highlights the role of digital skills in supporting MSME product strategies.

LITERATURE REVIEW

Resource Based View Theory (RBV)

The Resource-Based View (RBV) theory, as explained by Farhan et al. (2022) drawing on Alvarez and Busenitz (2001), posits that the performance of MSME-scale firms can achieve competitive advantage through the utilization of internal resources owned by the company. These resources include tangible assets (physical resources), intangible assets, organizational capabilities (which encompass the skills possessed by employees and organizational members), and knowledge resources such as literacy, expertise, and managerial know-how, including knowledge in marketing, digital literacy, finance, and management. In this study, the researchers conclude that the variables examined—namely product availability, product innovation, and product diversification—are encompassed within the key resource dimensions of the RBV framework, particularly within the knowledge-based resource category. Product availability, product diversification, and product innovation reflect managerial knowledge related to production management, product development, and strategic decision-making within the firm. Furthermore, the product innovation variable is closely associated with digital literacy, which represents a critical form of knowledge-based resource in the RBV perspective. Therefore, RBV theory provides a relevant and applicable theoretical foundation for this study, as it effectively explains how internal knowledge resources and organizational capabilities can be leveraged to enhance competitive advantage and improve sales performance among MSMEs.

Sales Performance

Moeheriono (2012) stated that performance can be interpreted as a description of the achievement or implementation of a program in realizing the targets, objectives, vision, or mission of an organization, which are subsequently formulated within strategic planning. Meanwhile, according to Hendrawan et al. (2019), sales refer to the knowledge and efforts employed by sellers or business owners to persuade others to purchase the products or services offered by a company. Sales can also be understood as activities aimed at moving products in the form of goods and services with the objective of generating profit or meaningful financial returns. In line with this, Yanuar (2020) emphasized that sales represent efforts undertaken to convince customers to purchase the products or services provided by a company. A company's performance can be assessed through three key aspects, namely coordination, efficiency, and business growth. Because sales performance is important for the growth and long-term sustainability of SMEs, this study seeks to examine the factors that affect sales performance. To measure sales performance, this research adopts the indicators proposed by Maharani et al. (2021), which include increases in sales volume, revenue growth, and the expansion of marketing areas.

Product Availability

According to Berman and Evans (2004), product availability refers to a set of purposeful activities used as marketing instruments by companies to facilitate and streamline product storage and distribution. Product availability can also be interpreted as the range of products owned by a company, encompassing a wide variety of product categories, individual product types, and variations within each category (Bulele, 2016). Furthermore, product availability represents the link between production and sales activities, providing flexibility in purchasing, production scheduling, and customer service delivery (Situmorang et al., 2022). Arifin (2018, p. 43) stated that several inventory control mechanisms can be used as indicators of product availability, including computerized systems, just-in-time systems, outsourcing, ABC control systems, and Material Requirement Planning (MRP).

Product Innovation

According to Hia et al. (2022), product innovation refers to all corporate activities that include product development, product improvement, the creation of entirely new products, and changes that enhance the range or volume of product lines offered. Product innovation can be interpreted as an organizational choice to generate new ideas or concepts in order to face intense market competition. Innovation also represents an effort by organizations to sustain their products within increasingly competitive and dynamic industries (Yanuar, 2020). Therefore, innovation can be understood as the transformation or modification of creative ideas into useful applications (Riyanti, 2019). Product innovation plays an important role for companies, particularly because this strategy is closely related to marketing activities carried out by the firm (Elwisam, 2019). This implies that the better the product innovation implemented, the better the company's marketing performance will be (Karinda et al., 2018). The indicators used to measure product innovation in this study are adopted from Rogers, as cited in Rasyid et al. (2018), namely relative advantage, compatibility, complexity, and trialability.

Product Diversification

Diversification is one of the strategies employed by organizations or companies to enter new markets by developing or introducing new product lines (Sutrisno et al., 2022). According to Wulandari et al. (2021), product diversification strategy is one of the approaches implemented by organizations in order to remain competitive in the market. Al Aidhi et al. (2023) emphasize that the significance of product diversification in the food and beverage sector lies in its ability to generate substantial growth and achieve sustainable competitive advantage. The importance of product diversification in the context of MSMEs is closely associated with the pursuit of sustainable competitive advantage and significant business growth (Al Aidhi et al., 2023). Product diversification serves as a strategic tool that enables companies to increase profits through improved sales and revenue, enhance competitiveness through product differentiation, and reduce risks associated with dependence on a single product type. By implementing product diversification, companies are no longer reliant on only one product, but instead benefit from a variety of diversified products. According to Sabrina (2020), the indicators used to measure product diversification include concentric diversification, horizontal diversification, and conglomerate diversification.

Digital Literacy

According to Tejedor (2020), digital literacy primarily refers to technological skills. Along with the growth of public knowledge, digital literacy has been increasingly understood as a set of skills or interrelated competencies required to succeed in the digital era. Digital literacy can be defined as the ability to understand messages and communicate effectively through digital media. It includes a range of digital skills and competencies (Restianty, 2018). Furthermore, Paul Gilster (as cited in Prayoga & Muryanti, 2021) stated that the indicators of an individual's digital literacy include several key aspects, namely the ability to search for information via the internet (internet searching), the ability to evaluate digital information content (content evaluation), and the ability to compile and integrate knowledge obtained from the internet (knowledge assembly).

Relationship between Variables and Hypotheses

Influence of Product Availability on Sales Performance

Situmorang et al. (2022) have demonstrated that product availability has a positive influence on sales performance. Moreover, their study employed a quantitative descriptive research method, with customers of the observed company serving as the unit of analysis. In the context of the present study, it is assumed that product

availability also exerts a positive effect on the sales performance of MSME products in the food and beverage sector in Surabaya City.

H_1: Product availability significant effect on sales performance

Influence of Product Innovation on Sales Performance

Rahim (2023) found that product innovation does not significantly affect sales performance, suggesting that other variables may have a more substantial role in determining the sales performance of Micro, Small, and Medium Enterprises (MSMEs). On the other hand, Nasir (2017) reported that product innovation has a significant influence on the marketing performance of furniture companies in Pasuruan Regency. Based on these two previous findings, there are two possible patterns that may occur among MSMEs in the food and beverage sector in Surabaya. Product innovation may contribute positively to sales performance, or it may show no significant effect on sales performance.

H_2: Product innovation significant effect on sales performance

Influence of Product Diversification on Sales Performance

Khamidi et al. (2013) found a strong influence of product diversification on product sales. In addition, Wulandari et al. (2021) examined product diversification strategies in bamboo craft MSMEs and demonstrated that higher levels of product diversification lead to increased sales volume. These findings indicate that product diversification has a positive influence on sales performance. However, caution is required when adopting these studies as references, as the research objects were bamboo craft MSMEs, and the results may differ when applied to MSMEs operating in the food and beverage sector.

H_3: Product diversification significant effect on sales performance

Influence of Product Availability on Sales Performance with Digital Literacy as a Mediating Variable

Sugiharto (2020) found a positive influence between product availability and repeat purchase behavior, where repeat purchases subsequently contribute to improved sales performance. These findings suggest that higher product availability is linked to better company sales performance. Referring to this argument, the present study assumes that product availability can influence the sales performance of MSMEs in the food and beverage sector in Surabaya City, particularly through its role in encouraging repeat purchases. These repeat purchases, when supported by adequate digital literacy, are expected to strengthen the impact of product availability on sales performance.

H_4: Product availability significant effect on sales performance, mediated by digital literacy

Influence of Product Innovation on Sales Performance with Digital Literacy as a Mediating Variable

Nasir (2017) investigated the effect of product innovation on sales performance in the furniture industry of Pasuruan Regency and reported that product innovation has a positive influence on sales performance. The study applied simple regression analysis as its analytical method. In addition, Rasyid et al. (2018) demonstrated that product innovation has a positive influence on repeat purchase decisions, which subsequently contribute to improved sales performance. These findings suggest that product innovation may positively affect the sales performance of MSMEs in the food and beverage sector in Surabaya. Furthermore, digital literacy is expected to mediate this relationship by enabling MSME owners to effectively utilize digital platforms in communicating product innovations to consumers.

H_5: Product innovation significant effect on sales performance, mediated by digital literacy

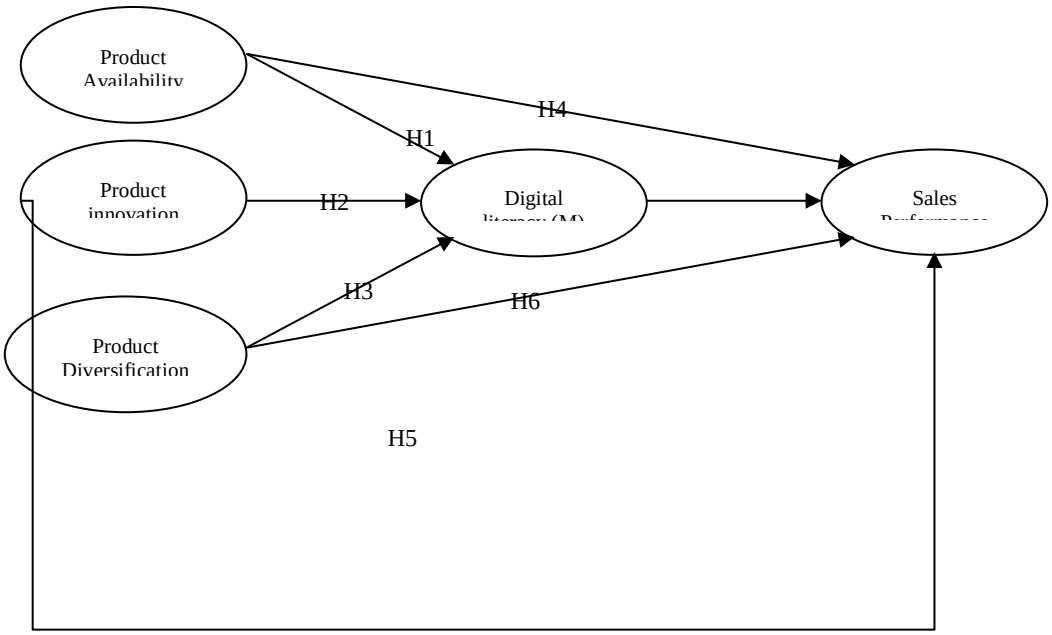
Influence of Digital Literacy on Sales Performance

Armiani et al. (2017) argued that digital literacy exerts a positive influence on sales performance. This conclusion was supported by their study of MSMEs in West Nusa Tenggara, which showed that the implementation of digitalization practices contributed to improved sales performance. Similarly, Farhan et al. (2022) identified a positive relationship between digital literacy and MSME sales performance. Based on these previous findings, digital literacy is expected to have a positive effect on the sales performance of MSMEs in the food and beverage sector in Surabaya.

H_6: Digital literacy significant effect on sales performance

Analysis Model

Figure 1. Analysis Model



Source Data: processed researcher, 2024

RESEARCH METHODS

This study applies a quantitative research design, with data collected through questionnaires and analyzed using the Partial Least Squares (PLS) approach. The research was carried out in Surabaya City, East Java, Indonesia. The selection of this location was based on the background of the study, particularly because the researcher owns an MSME operating in Surabaya, East Java, Indonesia. The population of the study includes micro, small, and medium enterprises (MSMEs) in the food and beverage sector that were registered with the Office of Cooperatives and Small and Medium Enterprises in 2022, totaling 59,007 MSMEs. The number of respondents required for this study was determined using the Lemeshow formula, calculated as follows:

$$n = Z^2 P(1 - P) / d^2$$

$$= 1.96^2 \times 0.5(1 - 0.5) / 0.1^2$$

$$= 96.4$$

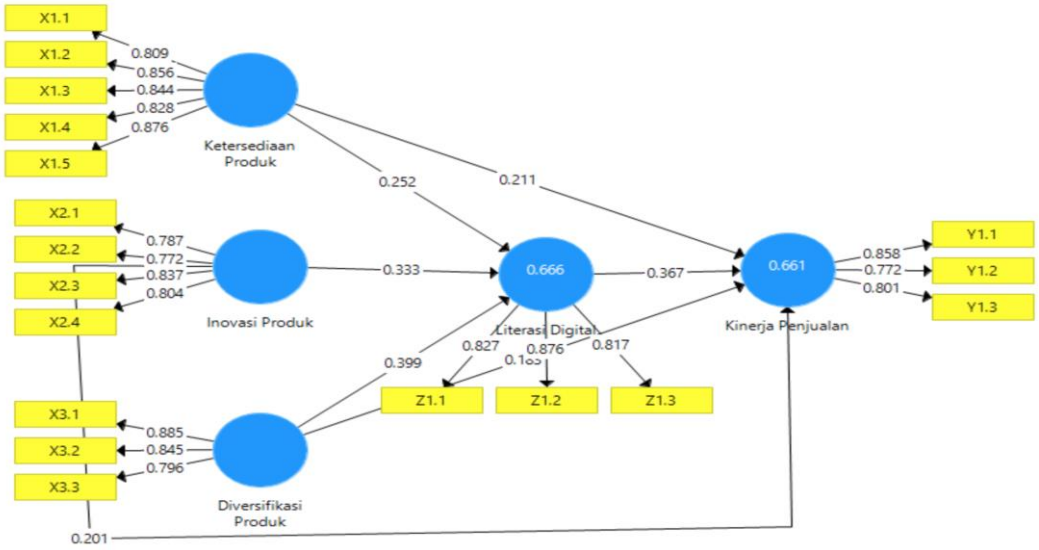
The calculated sample size of 96.4 was rounded up to 100 respondents to obtain optimal data for this study.

RESULT AND DISCUSSION

Analysis Structural Model Equation

This study employs a Structural Equation Modeling (SEM) approach within a quantitative research design. The selection of this method is deliberate, as SEM does not require strict assumptions regarding measurement scales, sample size, or data distribution.

Figure 2. Framework Model Study



Source Data: processed researcher

Outer Model

Reliability Indicator

Table 1. PLS Loading Factor Test Results

Variables	Indicator	Loading Factor
Availability Product	**KP1**	0.809
	KP2	0.856
	KP3	0.844
	KP4	0.828
	KP5	0.876
Innovation Product	**IN1**	0.787
	IN2	0.772
	IN3	0.837
	IN4	0.804
Diversification Product	**DP1**	0.885
	DP2	0.845
	DP3	0.796
Digital Literacy	**LD1**	0.827
	LD2	0.876
Sales Performance	**KIN1**	0.858
	KIN2	0.772
	KIN3	0.801

Source: Processed Data SmartPLS

Factor loadings can be interpreted as a measure of the extent to which indicators correlate with their respective latent constructs, reflecting the strength of the relationship between them. Indicators with higher loading values are considered to have a more substantial contribution in representing the associated latent constructs. The commonly applied criterion for factor loadings is a minimum value of 0.5, which indicates an acceptable level of association for validating a latent construct. Based on the results of the factor loading analysis presented in Table 1, it can be concluded that all statements included in this study, totaling 17 indicators, meet the required criterion by achieving loading factor values of at least 0.5. These findings indicate that each statement not only demonstrates sufficient correlation with its latent construct but also provides a meaningful contribution to explaining the complexity of the latent constructs being measured. Therefore, it can be stated that all indicators used in this study

are valid and relevant, reflecting the reliability and accuracy of the constructs measured in achieving the research objectives.

Discriminant Validity (Cross Loading)

Table 2. PLS Cross Loading Test Results

	Diversification	Innovation	Availability	Sales Performance	Digital Literacy
X1.1	0.450	0.353	0.809	0.470	0.500
X1.2	0.517	0.417	0.856	0.547	0.500
X1.3	0.412	0.303	0.844	0.491	0.482
X1.4	0.394	0.270	0.828	0.447	0.456
X1.5	0.439	0.353	0.876	0.579	0.553
X2.1	0.450	0.787	0.294	0.613	0.515
X2.2	0.494	0.772	0.298	0.490	0.533
X2.3	0.551	0.837	0.395	0.516	0.578
X2.4	0.427	0.804	0.307	0.430	0.536
X3.1	0.885	0.544	0.505	0.642	0.676
X3.2	0.845	0.474	0.437	0.501	0.594
X3.3	0.796	0.499	0.356	0.568	0.568
Y1.1	0.566	0.542	0.523	0.858	0.660
Y1.2	0.489	0.492	0.451	0.772	0.514
Y1.3	0.595	0.533	0.494	0.801	0.666
Z1.1	0.584	0.504	0.446	0.625	0.827
Z1.2	0.682	0.606	0.501	0.616	0.876

Source: Processed Data SmartPLS

The purpose of using cross loadings is to verify discriminant validity. If an indicator correlates more strongly with other latent variables than with its own latent variable, the measurement model may not be appropriate and should be reviewed. The cross-loading results in Table 2 show that each indicator loads highest on its own construct compared to other constructs. Therefore, based on the criteria, all indicators used in this study are considered valid.

Composite Reliability

Table 3. PLS Reliability Test Results Construct

Variable	Cronbach's Alpha	Composite Reliability
Product Availability	0.898	0.925
Product Innovation	0.813	0.877
Product Diversification	0.796	0.880
Sales Performance	0.740	0.852
Digital Literacy	0.792	0.878

Source: Processed Data SmartPLS

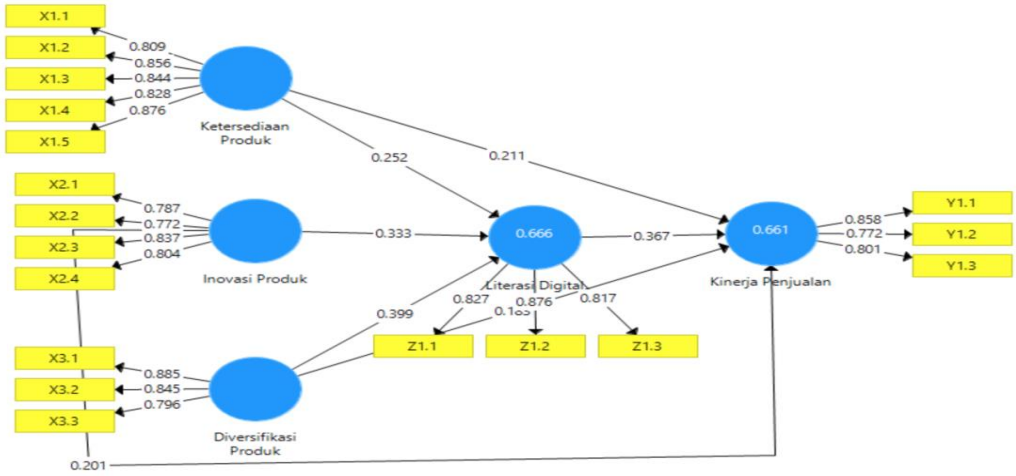
Reliability evaluation is conducted by examining the composite reliability values of the indicators that measure each construct. Composite reliability values are required to exceed 0.60 in order to be considered reliable. Based on the reliability test results presented in Table 3, all constructs exhibit composite reliability values that meet the established threshold, namely above 0.60. Therefore, it can be concluded that all five variables in this study are reliable.

Inner Model

Structural Model

Following is structural model overview in this study. As for all the outer model tests, done and has been considered fulfil appropriate conditions.

Figure 3. PLS Research Model



Source: Processed Data SmartPLS

Accuracy and Relevance Model Prediction

Table 4. Results of the Inner Model R Square Test

Variable	R Square	R Square Adjusted
Sales Performance	0.661	0.649
Digital Literacy	0.666	0.656

Source: Processed Data SmartPLS

Table 5. Results of the Inner Model Q Square Test

Variable	Q^2 (=1-SSE/SSO)
Sales Performance	0.414
Digital Literacy	0.459

Source: Processed Data SmartPLS

In SEM-PLS, the R-square (R^2) value is used to assess the extent to which the independent variables explain the variance of the dependent variables. As presented in Table 4, the R-square value for sales performance is 0.661, while the R-square value for digital literacy is 0.666. These results indicate a strong level of explanatory power, suggesting that a considerable proportion of the variation in both sales performance and digital literacy is accounted for by the independent variables included in the model. These findings strengthen the predictive quality and relevance of the PLS-SEM model applied in this study.

The Q-square (Q^2) value is a measurement tool used to evaluate the predictive relevance and parameter estimation quality of a model. A model is considered to have good predictive relevance when the Q^2 value exceeds zero. Conversely, a Q^2 value equal to or below zero indicates that the model may have limited predictive capability for data not used in the model estimation process. Therefore, the Q-square results obtained in this study, which are greater than zero, provide positive evidence that the model possesses significant predictive relevance, indicating its ability to accurately predict observed values beyond the sample used in model development.

Q^2 = 1 - (1 - Q^2 KP) x (1 - Q^2 LD)
= 1 - (1 - 0.414) x (1 - 0.459)
= 1 - (0.586) x (0.541)
= 1 – 0.317026
= 0.682974

Result of Q-Square calculations show the number 0.682 means although in a word low However the mark can still interpreted have sufficient predictive relevance Good due to Still approach number 1.

T -Statistic Test

Influence Product Availability On Sales Performance, the Influence Product Innovation On Sales Performance, the Influence Diversification Product On Sales Performance, the Influence Product Availability To Digital Literacy, Influence Product Innovation To Digital Literacy, Influence Diversification Product To Digital Literacy, Influence Product Availability On Sales Performance Through Digital Literacy, Influence Product Innovation On Sales Performance Through Digital Literacy, Influence Diversification Product On Sales Performance Through Digital Literacy.

DISCUSSIONS

Influence Product Availability to Digital Literacy

Based on the results of the hypothesis testing conducted using the bootstrapping technique, the findings indicate that H1 is accepted, with a T-statistic value of 3.347 and a p-value of 0.001, meaning that both values meet the required significance criteria. This result shows that product availability has a positive and significant effect on digital literacy. This relationship may occur because product availability, as one of the supporting factors of a company's sales performance, encourages business owners to increasingly adopt and learn relevant digital technologies and tools to support product availability, including inventory management and purchasing processes. This finding is consistent with Venkatesh et al. (2003), who stated that when a technological system is perceived to enhance user performance, individuals are more likely to adopt and utilize it. Furthermore, this study was conducted in Surabaya City, located on the island of Java, which according to data released by aptika.kominfo.go.id ranks first in terms of internet user contribution in Indonesia. This context helps explain the relatively high level of digital literacy reflected in respondents answers. However, this condition does not eliminate the possibility that respondents' digital literacy levels have also increased due to business-related needs, particularly those associated with maintaining and managing product availability.

Influence Product Innovation to Digital Literacy

The bootstrapping results indicate that H2 is supported, as reflected by a t-statistic of 3.699 and a p-value of 0.000, which is below the 0.05 significance threshold. These findings satisfy the required criteria for statistical significance. Therefore, it can be concluded that product innovation has a positive and significant effect on digital literacy. This finding can be interpreted to mean that MSME owners in the food and beverage sector in Surabaya engage in business self-development through enhanced understanding and utilization of digital technologies, which is driven by the need to innovate products in response to the dynamic development of the food and beverage industry. This result is consistent with the findings of Venkatesh et al. (2003), who stated that when a technological system is perceived to improve user performance, individuals are more likely to adopt and use it. As industry demands continue to evolve and market competition becomes increasingly intense, including within the MSME food and beverage sector, business owners are compelled to continuously develop various aspects of their enterprises. According to Yanuar (2020), innovation represents an organizational effort to sustain products within an increasingly competitive and rapidly growing industry.

Influence Diversification Product to Digital Literacy

Bootstrapping results show that H3 is supported, with a t-statistic of 3.999 and a p-value of 0.000. Both values meet the required significance criteria. The results also indicate a positive and significant effect of product diversification on digital literacy. This relationship can be explained by the findings of Wulandari et al. (2021), who stated that product diversification strategies are implemented by organizations to enhance competitiveness in the market. Competition within the food and beverage industry is highly intense, including at the MSME level in Surabaya City. Consequently, MSME owners in the food and beverage sector are compelled to compete for larger market shares and improved business performance. In this context, product diversification plays a crucial role in achieving sustainable competitive advantage and significant business growth (Al Aidhi et al., 2023). In line with Venkatesh et al. (2003), who emphasized that individuals are more likely to adopt technological systems that enhance their performance, MSME owners seeking to increase product diversification tend to utilize digital literacy skills. These skills include the ability to search for and understand information obtained from the internet, as well as

to use technology-based tools that facilitate the development and implementation of product diversification strategies.

Influence Digital Literacy on Sales Performance

Bootstrapping results show that H5 is supported, with a t-statistic of 3.662 and a p-value of 0.000. These values indicate that the results meet the required significance criteria, confirming that the model estimation is valid and reliable. The findings also support the role of digital literacy in influencing sales performance. According to Moeheriono (2012), sales performance can be interpreted as a description of achievement or the implementation of programs designed to realize sales targets, objectives, visions, or missions of an organization, which are subsequently formulated in strategic planning. Meanwhile, Restyanti (2018) defines digital literacy as the ability to interpret messages and communicate effectively with others. In this context, MSME owners in the food and beverage sector in Surabaya City can utilize digital literacy skills particularly the ability to interpret digital information and communicate effectively to enhance their sales performance. These capabilities enable business owners to better engage with customers, optimize marketing communication, and support the achievement of sales targets within their respective enterprises.

Influence Product Availability on Sales Performance

Bootstrapping results show that H4 is supported, with a t-statistic of 2.604 and a p-value of 0.009. These values indicate that the results meet the required significance criteria, confirming the validity of the model estimation. In this context, Berman and Evans (2004) define product availability as purposeful marketing activities carried out by companies to facilitate and simplify product storage and distribution. Meanwhile, Moeheriono (2012) explains sales performance as a description of achievement or the implementation of programs designed to realize sales targets, objectives, visions, or missions, which are subsequently translated into strategic planning. Based on these conceptual understandings, it can be concluded that MSME owners in the food and beverage sector in Surabaya City can enhance their sales performance by optimizing product availability. This can be achieved through various aspects of product availability, such as expanding and diversifying product offerings, which enables businesses to broaden their market segmentation. The expansion of market share also increases the potential for wider product distribution, which indirectly contributes to improved sales performance.

Influence Diversification Product on Sales Performance

Bootstrapping results show that H6 is supported, with a t-statistic of 2.071 and a p-value of 0.039. These values meet the significance criteria. This confirms that product diversification has a significant effect on sales performance. According to Ansoff (2008), diversification is a strategy used by organizations or companies to enter new markets through the development or introduction of new product lines (as cited in Sutrisno et al., 2022). Furthermore, Wulandari et al. (2021) state that product diversification strategies are implemented by organizations to enhance their competitiveness in the market. This perspective supports the finding that product diversification influences sales performance, as continuous market development forces business owners including small and medium enterprises (SMEs) operating in the food and beverage sector in Surabaya City to compete using various strategies in order to capture larger market shares and achieve higher profits

CONCLUSIONS AND PRACTICAL IMPLICATION

CONCLUSIONS

Based on the results of the research conducted, it can be concluded that product availability, product innovation, and product diversification have a significant influence on digital literacy among MSMEs operating in the food and beverage sector in Surabaya City. These findings indicate that increasing market demands require food and beverage MSMEs in Surabaya to continuously enhance product availability, innovation, and diversification in order to expand market reach and achieve higher profits. Such conditions consequently encourage MSME owners in the food and beverage sector to improve their digital literacy in order to optimize product availability, product innovation, and product diversification strategies implemented by their businesses. Furthermore, product availability, product innovation, and product diversification are also found to have a significant influence on sales performance among food and beverage MSMEs in Surabaya City. This relationship occurs because these three

factors contribute to the improvement and expansion of market share owned by MSMEs, which subsequently leads to an increase in sales volume. Increased sales volume ultimately reflects improved sales performance, which is a key indicator of business success for MSMEs in the food and beverage sector.

IMPLICATIONS

After conducting the research, the researchers conclude that the strategies implemented by food and beverage MSME owners in Surabaya City to date have generally been effective. The researchers therefore recommend that MSME owners continue to improve product availability at a reasonable and sustainable level. However, business owners should also carefully consider the financial condition of their companies before expanding product availability in order to avoid potential losses. In addition, MSME owners can utilize their existing digital literacy to conduct market research, enabling them to identify which products should be maintained or discontinued in order to optimize overall product availability. Furthermore, the findings also show that product innovation significantly improves sales performance among food and beverage MSMEs in Surabaya City. Therefore, MSME owners in the food and beverage sector are encouraged to be more proactive in enhancing product innovation across their product lines in order to increase sales performance. This effort can be effectively optimized by leveraging digital literacy, particularly in conducting market research to identify appropriate product innovations that align with consumer preferences and can be well received by the target market.

REFERENCES

Armiani, Basuki, B., & Suwarno, N. (2021, 9 30). Digital Technology Mediates Impact of Business Strategy On the Performance of MSMEs in West Nusa Tenggara. Ekuitas : Journal of Economics and Finance, 5(3), 21. DOI: https://doi.org/10.24034/j25485024.y2021.v5.i3.4892

Farhan, M., Eryanto , H., & Saptono , A. (2022). 685135 Influence Digital Literacy and Orientation Entrepreneurship On the Performance of MSMEs (Study on MSMEs in the food and beverage sector in South Jakarta) Transekonomika: Accounting, Business and Finance, 2(6), 14. E-ISSN: 2809-6851

Hia, A., Ali, H., & Sumartyo, F. (2022, September 23). Factors Affecting Sales: An Analysis Quality of Service, Innovation Products and Satisfaction Consumers (Literature Review). Journal Multidisciplinary Science, 1(2), 12. https://doi.org/10.38035/jim.v1i2.48

Nasir, A. (2017). The Influence Innovation Product On the Marketing Performance of the Furniture Industry in the Regency Pasuruan. Journal Knowledge Management and Accounting, 5(1). https://doi.org/10.33366/ref.v5i1.559

Rahim, U. (2023, 6). The Influence Promotion and Innovation Product On Marketing Performance Through Brand Image in Muslim Clothing MSMEs in Makassar City. Journal Scientific Multidisciplinary Amsir, 1(2), 11.

Rasyid, H., & Indah, A. (2018). The Influence Innovation Product and Price on Yamaha Motorcycle Purchase Decisions in South Tangerang City. 16(1), 11.

Sabrina, E. (2020). The Influence Diversification Product Regarding Purchasing Decisions at the Feandra Cake Shop in Pekanbaru Viewed from the perspective of Islamic Economics.

Situmorang , I., Rezeki , S., Rinaldi, M., & Cindy. (2022, July). The Influence of Personal Selling and Availability Product Impact of Sales Volume on PT. Kurniaputra Mandiri Siak Branch. Proceedings of the National Seminar on Social, Humanities, and Technology, 552-561. https://journals.stimsukmamedan.ac.id/index.php/senashtek/article/view/232

Sugiharto , S., & Renata, M. (2020). The Influence Availability Products and Prices Against Purchase Repeat With Satisfaction Customer As Intervening Variables in the Case Study of Cleo Packaged Drinking Water (ADMK) in the Village Mountain Anyar Surabaya. Faculty of Economics and Business, Petra Christian University.

Sutrisno, R., & Darmawan, D. (2022). The Influence Promotion Sales , Diversification Products and Prices against Customer Satisfaction . Five Leaf Journal of Science (MADA), 2(1), 12.

Syafi'i, A., Shobichah , & Mulyani . (2023, June). The Influence Diversification Product To Growth and Competitive Advantage: A Case Study in the Food and Beverage Industry. Journal Indonesian Impressions (JII), 2(6).

Wulandari, M., Wahyuni, S., & Zulianto , M. (2021). Diversification Strategy Products of Bamboo Craft MSMEs in Gintangan Village Subdistrict Starfruit Banyuwangi Regency . Journal of Economic Education: Journal Scientific Education, Economics, and Social Sciences, 15(1), 7. 10.19184/ jpe.v 15i1.19704