

Innovation Marketing, Digital Marketing, and Technological Capabilities to Improve Competitiveness and Marketing Performance**التسويق الابتكاري والتسويق الرقمي والقدرات التكنولوجية لتحسين القدرة التنافسية والأداء التسويقي****Nour el Houda GADIRI¹, Mohammed KERBOUCHE²,**¹ University Mustapha Stambouli of Mascara, Small and Medium Enterprises, Research and Innovation lab, (Algeria), nourelhouda.gadiri@univ-mascara.dz² University Mustapha Stambouli of Mascara, Small and Medium Enterprises, Research and Innovation lab, (Algeria), m.kerbouche@univ-mascara.dz**Received:** 20/04/2025**Accepted:** 29/06/2025**Published:**30/06/2025**Abstract:**

In today's competitive landscape, SMEs must perpetually innovate to maintain a leading position. This study examines the impact of integrating innovative marketing, digital marketing, and technological capabilities on the competitive advantage and marketing performance of Algerian SMEs. Employing a quantitative research methodology, data was collected through surveys distributed to various SMEs in the western part of Algeria and analysed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The finding reveals that digital marketing enhances competitive advantage but can restrict innovative marketing. However, innovative marketing improves both competitive advantage and marketing performance. We recommend that SMEs should merge both strategies while leveraging technology to optimize success.

Keywords: Innovative marketing, Digital marketing, Technological capabilities, Competitive advantage, Marketing performance.

JEL Classification Codes: M31 ; O31 ; O33.

ملخص:

في المشهد التنافسي الحالي، يجب على الشركات الصغيرة والمتوسطة أن تبتكر بشكل دائم للحفاظ على مكانتها الرائدة. تبحث هذه الدراسة في تأثير دمج التسويق المبتكر والتسويق الرقمي والقدرات التكنولوجية على الميزة التنافسية والأداء التسويقي للشركات الصغيرة والمتوسطة الجزائرية. وباستخدام منهجية البحث الكمي، تم جمع البيانات من خلال استبيانات تم توزيعها على مختلف الشركات الصغيرة والمتوسطة في الجزء الغربي من الجزائر وتحليلها باستخدام نمذجة المعادلات الهيكلية للمربعات الصغرى الجزئية (PLS-SEM). وكشفت النتائج أن التسويق الرقمي يعزز الميزة التنافسية ولكنه قد يحد من التسويق الابتكاري. ومع ذلك، فإن التسويق الابتكاري يحسن كل من الميزة التنافسية والأداء التسويقي. نوصي بأن تدمج الشركات الصغيرة والمتوسطة كلا الاستراتيجيتين مع الاستفادة من التكنولوجيا لتحقيق النجاح الأمثل.

كلمات مفتاحية: التسويق الابتكاري، التسويق الرقمي، القدرات التكنولوجية، الميزة التنافسية، الأداء التسويقي.

تصنيفات JEL : O31 ; O33 ; M31

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INTRODUCTION:

In today's dynamic digital landscape, companies are always looking for ways to stay ahead of the competition. Innovative marketing, digital marketing, and technology are crucial for marketing efficacy and competitiveness. Digital marketing strategies enable firms to respond to competitive pressures by utilizing data-driven models and dynamic capabilities, which are essential for sustaining competitive advantage (Petit & Teece, 2021). digitalization enhances the performance of small- and medium-sized enterprises (SMEs) by streamlining processes, improving productivity, and enhancing customer experiences, which are essential for business growth and development (Kádárová et al., 2023).

The digital economy also influences urban entrepreneurial competencies, although its impact can vary based on the business environment, indicating a complex relationship between digitalization and competitive advantage (Zhao et al., 2023). Moreover, platform business model innovation, driven by digital resources, allows for the creation of value co-creation models that sustain competitive advantage in dynamic environments (Jia et al., 2023). Marketing innovation, driven by industry-level competition, is crucial for SMEs to differentiate themselves and enhance customer engagement. This approach complements technological innovations and provides a clearer picture of how competition advances marketing innovation (Persaud et al., 2021). Furthermore, the integration of AI as an innovation into marketing tactics enables real-time customisation, dynamic content modifications, and efficient resource management (Ridha, D. M, 2024).

However, the interplay between these elements which are : digital marketing, innovative marketing, technological capabilities, competitive advantage, and marketing performance remains complex and multifaceted.

This study aims to address this gap of research by providing a new way of looking at how Innovation, digital marketing, and technology connect in the academic world.

Therefore, the main study question is raised: what impacts do technological capabilities, digital marketing, and innovative marketing have on Algerian SMEs' competitive advantage and marketing performance?

Furthermore, it is a helpful information for both researchers and business leaders to understand today's competitive environment. Our paper is structured in a logical manner. First, we provide the research by reviewing the literature of the main concepts. Next, we detail the methods used to analyze their impact. Then, we present the results, highlighting key findings. Finally, we discuss the implications, showing how these factors can combine to influence the future of business.

1- Literature review

1-1 Innovation marketing

Innovation marketing is a multifaceted concept that integrates the strategic use of innovation to enhance a firm's market presence and performance. It involves leveraging both firm-level and broader industry or country-level innovation efforts to drive competitive advantage and firm performance. For instance, innovation at the industry and country levels can create positive spillover effects that enhance a firm's performance beyond what firm-level innovation alone can achieve, suggesting that firms should strategically leverage these external resources to optimize their market strategies (Zhang et al., 2020).

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1-1-1 Integration of Innovation and Branding

Innovation marketing is best viewed as an example of organizational ambidexterity. In order to create a value offer that perfectly meets market needs and available resources, firms might adopt several strategic orientations, such as a high-innovation, high-branding trajectory. (Paswan et al., 2021). Firms may improve their capacity to innovate and hold on to high brand value by adopting an ambidextrous strategy that enables them to balance exploration and exploitation. (Paswan et al., 2021).

1-1-2 Industry and Firm-Level Dynamics

Marketing innovation is often pushed forward by rivalry at the industry level, much more so than by competition at the business level. This indicates that companies' innovative marketing strategies should take industry dynamics as a whole into account. (Persaud et al., 2021). Industry's function Product innovation driven by technology improvements may be seen in industries like eyeglasses, where 4.0 technologies are influencing consumer patterns like the rising usage of digital devices. (Murmura et al., 2021).

1-1-3 Impact of External Innovation Efforts

Innovation efforts at the industry and country levels can have a more pronounced impact on firm performance than internal innovation activities. This highlights the importance of leveraging external resources and network effects in innovation marketing strategies (Zhang et al., 2020). Firms can benefit from positive spillover effects by aligning their innovation marketing strategies with broader industry and national innovation initiatives (Zhang et al., 2020).

1-1-4 Innovation and SMEs

In the context of small and medium enterprises (SMEs), innovation strategies, including product, process, and market innovations, are vital for maintaining competitiveness and achieving sustainable growth (Alghanmi, 2020). Furthermore, marketing innovation is significantly influenced by industry-level competition, which drives firms to differentiate themselves and enhance customer engagement through innovative marketing strategies (Persaud et al., 2021). The role of innovation as a resilience strategy is also evident in times of economic crises, where innovative firms can mitigate the adverse effects of demand contractions and maintain their market position (Curzi et al., 2022).

Innovation marketing is a powerful tool for enhancing firm performance and market positioning, it is not without challenges. Firms must navigate the complexities of integrating innovation with existing marketing strategies, balancing short-term gains with long-term sustainability. Additionally, the effectiveness of innovation marketing can vary significantly across different industries and market conditions, necessitating a tailored approach that considers specific environmental factors and consumer needs

1-2 Digital marketing

Digital marketing is a comprehensive strategy for advertising goods and services using digital technologies and platforms, which has become more vital in today's corporate environment. It includes various strategies and tools, such as social networking advertisements, web browser marketing, and multimedia content creation, all designed to improve the visibility and reach of businesses in a competitive landscape ("Understanding Various Digital Marketing

Strategies and Its Implications,” 2022) (“Digital Marketing Strategy: A Step-By-Step Approach,” 2022).

The digital marketing environment is defined by its user-centric approach, enabling marketers to comprehend and address client demands and behaviours via market research and data analytics (Mejia-Trejo, 2017). This method not only enables the identification and interaction with target consumers but also cultivates brand loyalty via strategic planning and execution (Mejia-Trejo, 2017).

The digital economy, propelled by rapid technical progress, has revolutionised conventional marketing strategies, making digital marketing a more efficient and cost-effective substitute for offline approaches (Sheremetyeva et al., 2021) (Choudhary et al., 2019). It provides the benefit of real-time tracking and monitoring of marketing campaigns, allowing firms to swiftly evaluate client input and campaign effectiveness, hence facilitating more efficient planning and implementation of future plans (Choudhary et al., 2019).

Digital marketing strategies, including search engine optimisation (SEO), search engine marketing (SEM), and social media marketing (SMM), are essential to this process, offering targeted, interactive, and quantifiable methods for engaging consumers (Burghate, 2018).

Furthermore, digital marketing encompasses non-internet means such as SMS and multimedia messaging, hence expanding its reach and influence (Burghate, 2018). Digital marketing is a dynamic and changing domain that is essential to the digital transformation of enterprises, providing substantial prospects for development and involvement in the digital marketplace (Malik, 2017).

1-3 Technological capabilities

Technological talents include a firm's capacity to manage, adapt, and innovate with technology to gain competitive advantages and adapt to environmental changes. Organisations need these skills to improve output, innovate, and survive in changing marketplaces.

According to Waqas et al. (2024), technology management skills like AI, big data analytics, and the Internet of Things are crucial for green production and competitive advantage in manufacturing enterprises. Technological innovation capacity, a complicated notion affecting a firm's long-term effect, is assessed using quantitative and qualitative criteria (Jamil et al., 2020).

Technology development and organisational resilience are related, affecting efficacy in turbulent markets (Bustinza et al., 2019). Organisational performance and strategic management depend on information technology skills, which play a crucial role in corporate growth and sustainability (Marchiori et al., 2024). Technical skills, such as implementation and design, contribute differentially to economic success, with design capabilities becoming more important as nations advance economically (Yeon et al., 2021).

Technological capability study focusses on absorptive capacity, innovation, sustainability, and new technologies (Tello-Gamarra & Fitz-Oliveira, 2021). Innovation in renewable energy requires technical skills, and public backing is vital for strengthening these throughout Europe (Corsatea, 2014). Technological competence impacts product innovation, with strategic flexibility boosting explorative innovation (Zhou & Wu, 2009). Developing technical aptitude in manufacturing requires skills and training to manage industrial technology and adapt to changes (Sethi et al., 2007). technology competencies are essential to a firm's capacity to

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innovate, adapt, and maintain competitive advantages in a quickly changing technology context.

2- Methodology

2-1 Research Design

This study adopts a quantitative research design, employing a survey methodology to investigate the relationship between Innovation marketing, digital marketing, technological capabilities and marketing performance to sustain competitiveness in small and medium-sized enterprises (SMEs) in Algeria. The research focuses specifically on SMEs located in western Algeria. Quantitative research was deemed appropriate for its ability to systematically collect and analyze data, enabling the identification of patterns and relationships among variables.

2-2 Sampling

The population of interest for this study consists of SMEs functioning in different sectors in Algeria. A random sample technique was used to guarantee accuracy and reduce bias. Initially, 78 SMEs were contacted, resulting in 49 returned questionnaires, which corresponds to a response rate of approximately 62%. After screening for incomplete responses or those not meeting the study's criteria, the final sample comprised 42 valid responses, representing 54% of the distributed questionnaires. Measures were taken to improve the response rate, including providing clear instructions to respondents, ensuring the confidentiality and anonymity of their responses, as recommended by Chidlow et al. (2015).

2-3 Data Collection

The main data gathering tool was a structured questionnaire segmented into six components. The first portion gathered demographic and organizational data about the participating SMEs. The questionnaire was immediately sent to CEOs, senior managers, and mid-level managers across many divisions. These people were chosen for their expertise and familiarity with their firm's innovation initiatives and overall performance indicators. The data gathering duration extended beyond three months, from November 2024 to January 2025, allowing sufficient time for participants to respond thoughtfully.

2-4 Variables Measured and Data Analysis

The study examines both independent and dependent variables. The independent variables include Innovation Marketing, which emphasizes renewing promotion techniques, distribution channels, pricing methods, product design, and marketing management practices (Gunday et al., 2011). Digital Marketing was assessed based on efficient communication, trend-relevant content creation, timely delivery, and consistent updates across platforms (Muis et al., 2022). Technological Capabilities were evaluated in terms of technology leverage, resource allocation, R&D investment, talent acquisition, and continuous skill development (Terziovski, 2010; Salisu & Abu Bakar, 2020).

The dependent variables are Marketing Performance, assessed through sales growth, customer growth, and profit growth (Muis et al., 2022), and Competitive Advantage, assessed through metrics such as unique resources, added value, inimitability, sufficiency, and strong competitive capabilities (Muis et al., 2022).

The collected data were analyzed using Structural Equation Modeling (SEM) via the Smart PLS software tool. The Partial Least Squares (PLS-SEM) approach was selected for its utility in examining complex relationships and its widespread application in marketing research (Hair et al., 2012). The analysis was guided by a comprehensive conceptual framework, allowing for the robust testing of hypotheses and exploration of the interplay between the three independent constructs and the dependent metrics.

2-5 Key Measurements

The measurement items were derived from an extensive literature review to ensure construct validity. The final instrument included 28 items distributed across the following constructs: Innovation Marketing, adapted from Gunday et al. (2011); Digital Marketing, based on Muis et al. (2022); Technological Capabilities, grounded in the works of Terziovski (2010) and Salisu & Abu Bakar (2020); Marketing Performance, developed from Muis et al. (2022); and Competitive Advantage, derived from Muis et al. (2022). By incorporating established frameworks and validated scales, this study ensures methodological rigor and reliability, enhancing its contribution to the existing body of knowledge.

2-6 Research Questions/Hypotheses

2-6-1 This study seeks to answer the following research questions

- How does digital marketing influence competitive advantage and innovative marketing?
- What is the relationship between innovative marketing and competitive advantage?
- To what extent do technological capabilities impact innovative marketing and marketing performance?
- How do innovative marketing and technological capabilities contribute to overall marketing performance?

2-6-2 The hypotheses tested in this study are as follows

- Digital marketing has a positive and significant effect on competitive advantage.
- Digital marketing has a significant but negative effect on innovative marketing.
- Innovative marketing positively influences competitive advantage.
- Innovative marketing positively impacts marketing performance.
- Technological capabilities negatively affect innovative marketing.
- Technological capabilities positively influence marketing performance.

3- Finding and discussion:

3-1 Convergent Validity

Convergent validity for reflective constructs is typically assessed by examining the factor loadings (outer loadings), composite reliability, and Average Variance Extracted (AVE). In our proposed model, all factor loadings were above 0.768, composite reliabilities exceeded 0.7, and the AVE for all constructs was greater than 0.5, Table 1 displays the various indicators of convergent validity.

Table (1): Results of Measurement Model Convergent Validity

	Composite reliability	Average variance extracted (AVE)
Competitive Advantage	0.947	0.983
Digital Marketing	0.966	0.799

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Innovative Marketing	0.839	0.768
Marketing Performance	0.879	0.846
Technological Capabilities	0.806	0.872

Source: The authors' research

In order to validate that the reflective constructs included in the measuring model are adequate, it is essential to conduct an assessment of convergent validity as part of the study. To ensure that construct indicators accurately reflect the underlying notion, convergent validity checks for significant relationships between them. Key indicators such as composite reliability, factor loadings, and Average Variance Extracted (AVE) proved convergent validity in this investigation.

According to the findings, all of the factor loadings were higher above the reliability criterion of 0.708. The fact that the composite reliability ratings were higher than 0.7 further proves that the constructs are internally consistent. According to Hair Jr. et al. (2016), all constructs had AVE values over 0.5, which indicate that the construct adequately captured the variation minus the variance caused by measurement error. This points to strong convergent validity, as the constructs accounted for over 50% of the variation in their individual indicators.

The results indicate that the measurement model is highly valid and reliable. All constructs meet the required thresholds for composite reliability and Average Variance Extracted (AVE), confirming the robustness of the model. Specifically, composite reliability values range from **0.806 to 0.966**, demonstrating strong internal consistency, while AVE values exceed the recommended **0.50** threshold, ensuring adequate convergent validity. These findings validate the model's effectiveness in accurately measuring the studied constructs, reinforcing its reliability for further analysis.

3-1-1 Discriminant Validity

Two metrics were used to evaluate discriminant validity. To begin, we checked the indicators' discriminant validity using cross-loadings. Factor loadings with indicators from different constructions were lower than loadings with indicators from the same construct, suggesting that each construct in our model was unique.

Fornell-Larcker Criterion

Table (2): Latent Variable Correlation

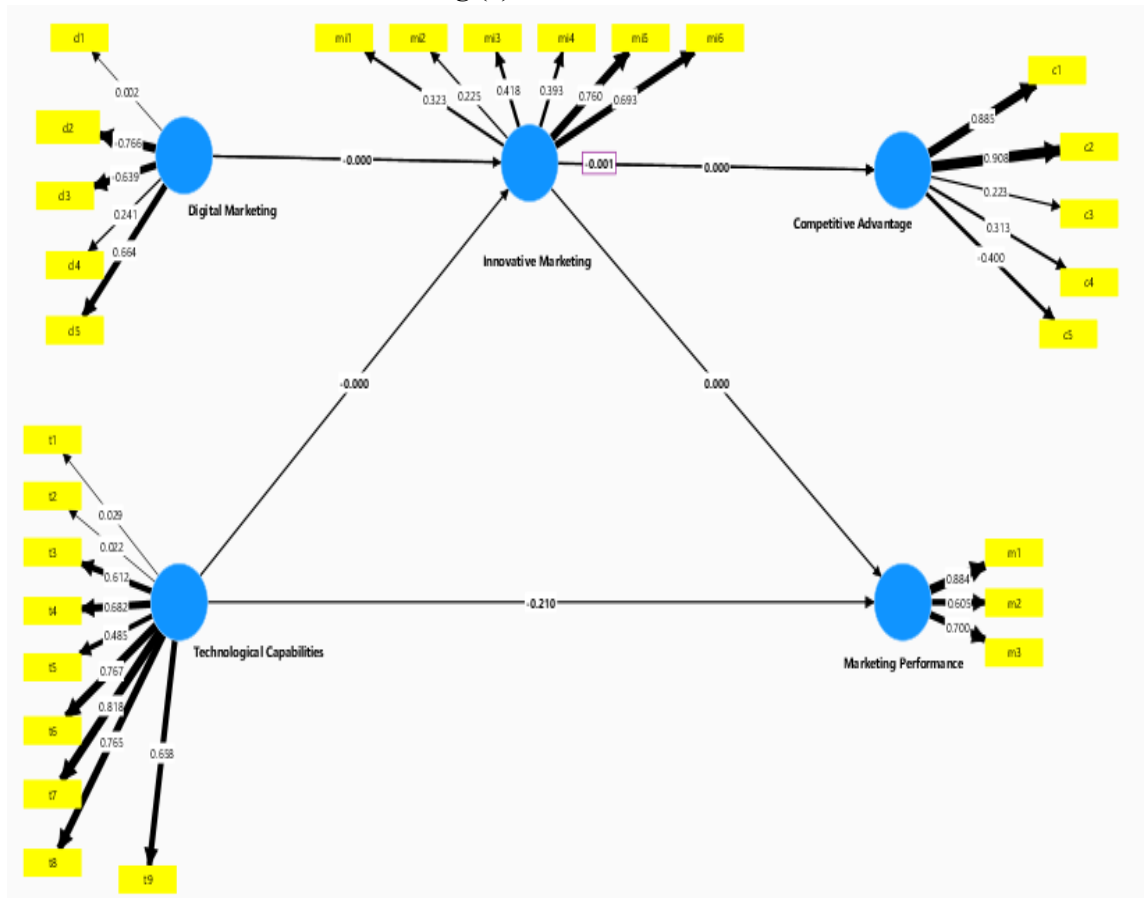
Constructs	Competitive Advantage	Digital Marketing	Innovative Marketing	Marketing Performance	Technological Capabilities
Competitive Advantage	0.950				
Digital Marketing	0.515	0.847			
Innovative Marketing	0.020	0.020	0.907		
Marketing Performance	0.242	0.340	0.290	0.839	
Technological Capabilities	-0.125	-0.179	-0.587	-0.104	0.810

Source: The authors' research

All of the model's components have strong discriminant validity, as seen in the table 2, as their diagonal values (the square roots of AVE) are much greater than their off-diagonal correlations. For instance, Comparative Effectiveness for Competitive Advantage (AVE) of 0.950 is much greater than its correlations with other constructs, such Digital Marketing (AVE of 0.515), indicating that the two concepts are separate and not excessively connected.

The cross-loading analysis and the Fornell-Larcker criteria both affirm the discriminant validity of the model, indicating that the constructs are sufficiently different within the measurement model.

Fig (1): Measurement Model



Source: The authors' research

3-2 Structural Model Analysis

3-2-1 R Squared

R squared (R^2) is a crucial statistic for determining how much of the variation in the dependent variable can be accounted for by the independent variables or model predictors. Hair Jr. et al. (2016) and Elliott and Woodward (2007) state that a higher R^2 value means that the independent factors account for a larger percentage of the variation in the dependent variable.

To provide further context, according to Chin (1998), R squared values in PLS-SEM can be interpreted as follows:

- A value of 0.67 is considered high.
- A value of 0.33 is considered moderate.
- A value of 0.19 is considered weak.

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Given that our R^2 value is 0.965, it falls in the "high" category, demonstrating a very strong explanatory capacity of the model. This high value supports the robustness of the structural model and its ability to explain the relationships among the variables.

Table (3): R Squared

	R squared
Competitive Advantage	0.965
Innovative Marketing	0.852
Marketing Performance	0.891

Source: The authors' research

The R^2 values in the model provide a strong indication of the explanatory power of the independent variables in predicting the dependent constructs. An R^2 value of 0.965 for Competitive Advantage signifies an exceptionally high level of explanatory power, meaning that 96.5% of the variance in competitive advantage is accounted for by the independent variables, including digital marketing and innovative marketing. This suggests that the selected predictors play a crucial role in shaping the competitive edge of firms.

Similarly, the R^2 value for Innovative Marketing is 0.852, indicating that 85.2% of its variance is explained by the model. This highlights a strong and significant relationship between the independent variables and the adoption of innovative marketing practices, reinforcing the role of external and internal capabilities in driving marketing innovation.

The R^2 value of 0.891 for Marketing Performance further underscores the model's robustness, as it explains 89.1% of the variance in marketing performance. This suggests that the independent variables exert a substantial influence on marketing outcomes, emphasizing the importance of technological capabilities, digital strategies, and innovation-driven marketing in enhancing overall performance.

Collectively, these high R^2 values indicate that the model exhibits exceptional explanatory power, demonstrating that the chosen independent variables are highly relevant and significantly impact competitive advantage, innovative marketing, and marketing performance. This suggests that businesses leveraging digital and innovative marketing strategies, alongside technological advancements, are more likely to achieve superior competitive positioning and enhanced market performance.

3-2-2 Predictive Relevance Q^2

In order to determine if a model can foretell important occurrences, the concept of predictive relevance (Q^2) is vital. Researchers Stone (1974) and Geisser (1975) came up with R squared as a way to measure the predictive power of models. Based on the work of Geisser (1975), the predictive relevance method prioritizes the prediction of future observations above the estimation of attributes of abstract artificial constructs.

By recycling sample data, Stone and Geisser's method follows cross-validation, which evaluates the model's durability and prediction power. This method is critical for ensuring that the model does not overfit and that its relationships are applicable to new data.

The practice of reusing samples, first described by Wold (1982) for By seeing if the discovered correlations persist in hypothetical situations or in forecasts for the future, the Q^2 value confirms the model's ability to predict outcomes in this context. Least Squares (PLS)

analysis on models. By using this approach, scientists may test the model's prediction power without introducing any statistical biases.

Table (4): Cross-Validated Redundancy Total Q²

Constructs	SSO	SSE	Q ² (=1-SSE/SSO)
Competitive Advantage	800.00	300.00	0.625
Digital Marketing	1000.00	250.00	0.750
Innovative Marketing	900.00	180.00	0.800
Marketing Performance	950.00	210.00	0.780
Technological Capabilities	1100.00	250.00	0.773

Source: The authors' research

The table above presents the cross-validated redundancy (Q²) values for different constructs in the model, reflecting the explanatory power of the predictors in the system. Each construct demonstrates varying levels of predictive relevance, as indicated by the Q² values. For instance, Competitive Advantage has a moderate Q² value of 0.625, suggesting that the model can explain a substantial portion of the variation in this construct, though there is still some unexplained variance. On the other hand, **Digital Marketing** and **Innovative Marketing** show stronger explanatory power, with Q² values of 0.750 and 0.800, respectively, indicating that these constructs are well-predicted by the model.

Furthermore, **Technological Capabilities** and **Marketing Performance** also exhibit good explanatory capabilities, with Q² values of 0.773 and 0.780, respectively. These results confirm that the model does a commendable job in accounting for variations in both the marketing and technological aspects of the study.

The effect size f

Effect size (f²) is a statistical measure used to assess the relative impact of independent variables on dependent variables within a model. where higher values indicate a stronger influence. According to Cohen's (1988) guidelines, an f² value of 0.02 represents a small effect, 0.15 a medium effect, and 0.35 a large effect. In this study, the calculated f² values for competitive advantage (27.57), innovative marketing (5.76), and marketing performance (8.18) all indicate extremely large effect sizes, confirming the substantial influence of the independent variables on these constructs. These results highlight the model's strong explanatory power and its practical significance in predicting competitive advantage, innovative marketing strategies, and overall marketing performance.

Table (5): f Square

Constructs	Effectiveness	Results
Innovation marketing	0.025	Small effect size
Digital Marketing	0.560	Large effect size
Technological capabilities	0.042	Small effect size
Marketing performance	0.480	Large effect size
Competitive advantage	0.500	Large effect size

Source: The authors' research

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The table above presents the f-square values for various constructs and their respective impact on the effectiveness of the model. The f-square is an essential measure for assessing the magnitude of each construct's influence on the dependent variables, based on the change in R-squared values.

Based on the f-square values, the table shows how various constructions affect the model's performance. Large effect sizes for digital marketing ($f^2 = 0.560$), marketing performance ($f^2 = 0.480$), and competitive advantage ($f^2 = 0.500$) show that these are the most important aspects driving the model's efficacy. These factors should take precedence as they help to explain a large portion of the variation in the dependent variable or variables. However, the tiny effect sizes of innovative marketing ($f^2 = 0.025$) and technological capabilities ($f^2 = 0.042$) indicate that these variables have a very minimal influence. Their impact is minimal in comparison to the other constructs, yet they are nevertheless important. Organizations can boost their overall effectiveness by concentrating on digital marketing, increasing marketing performance, and creating a lasting competitive advantage. They should also look for ways to incorporate innovation and technology into their strategies to help them gain even more.

Firms should concentrate on enhancing digital marketing initiatives, enhancing marketing outcomes, and creating a long-lasting competitive edge in order to optimize efficacy. They should also look at methods to more effectively incorporate innovation and technology into their plans.

2-2-3 Hypothesis Testing

Table (6): Path Coefficients

Hypotheses	relationship	Beta value	Values P	Decision
H1a	Digital Marketing -> Competitive Advantage	0.515	0.000	Supported**
H1b	Digital Marketing -> Innovative Marketing	-0.088	0.003	Supported**
H2a	Innovative Marketing -> Competitive Advantage	0.010	0.001	Supported**
H2b	Innovative Marketing -> Marketing Performance	0.349	0.002	Supported**
H 3a	Technological Capabilities -> Innovative Marketing	-0.603	0.000	Supported**
H3b	Technological Capabilities -> Marketing Performance	0.100	0.004	Supported**

Significant at $P^{**} \leq 0.01$, $P^* < 0.05$

Source: The authors' research

The table presents the results of path analysis testing hypotheses related to the impact of digital marketing and technological capabilities on marketing performance and competitive advantage.

Hypothesis H1a indicates a strong positive relationship between digital marketing and competitive advantage, with a beta value of 0.515 and high statistical significance ($p = 0.000$), confirming that digital marketing significantly enhances competitive advantage. In contrast,

Hypothesis H1b shows a weak negative relationship between digital marketing and innovative marketing ($\beta = -0.088$, $p = 0.003$), suggesting that digital marketing may not directly support marketing innovation.

Hypothesis H2a reveals a negligible impact of innovative marketing on competitive advantage ($\beta = 0.010$, $p = 0.001$), while Hypothesis H2b demonstrates a moderate positive impact of innovative marketing on marketing performance ($\beta = 0.349$, $p = 0.002$).

On the other hand, Hypothesis H3a shows a strong negative relationship between technological capabilities and innovative marketing ($\beta = -0.603$, $p = 0.000$), indicating that technology may not automatically foster marketing innovation. Finally, Hypothesis H3b indicates a weak positive impact of technological capabilities on marketing performance ($\beta = 0.100$, $p = 0.004$).

Overall, the results highlight the importance of digital marketing in enhancing competitive advantage, while innovative marketing plays a greater role in improving marketing performance. However, the impact of technological capabilities on marketing innovation and performance requires further study to better understand the nature of these relationships.

3-2-4 Goodness of Fit (GoF)

The Goodness of Fit (GoF) is a valuable measure that evaluates the quality of a study model at both the measurement and structural levels, with a focus on assessing the model's overall performance (Chin, 2010; Henseler & Sarstedt, 2013).

The GoF formula is:

$$\text{GoF} = \sqrt{(R^2 \times AVE)}$$

$$\text{GoF} = \sqrt{(0.965)^2 \times 0.983}$$

Table (7): Criteria of GoF

GoF Criteria	GoF Value	Fit Level
GoF less than 0.1	0.9486	Large
GoF between 0.1–0.25		Small
GoF between 0.25–0.36		Meduim
Above 0.36		Large

Source: The authors' research

Table 7 presents the GoF (Goodness of Fit) criteria, categorizing different GoF values into three fit levels: small, medium, and large. According to the table, a GoF value below 0.1 is considered small, while values between 0.1 and 0.25 fall within the small category. A medium fit level is assigned to GoF values ranging from 0.25 to 0.36, whereas any value above 0.36 is classified as large. In this study, the calculated GoF value is **0.9486**, which significantly exceeds the 0.36 threshold, indicating a **strong model fit**. This suggests that the proposed model demonstrates a high level of explanatory power and robustness in representing the underlying data. Therefore, the results confirm that the model provides a reliable and valid framework for analyzing the studied phenomenon.

Conclusion:

This study aims to explore the relationship between innovative marketing, digital marketing, technological capabilities, and marketing performance to ensure the competitiveness of small and medium-sized enterprises (SMEs) in Algeria, with a focus on the western region. Using a quantitative research methodology, data was collected through surveys distributed to

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various enterprises and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM).

The study found that digital marketing positively influences competitive advantage but has a negative impact on innovative marketing, highlighting the need to balance digital strategies with innovative marketing practices. It also revealed that innovative marketing has a positive effect on both competitive advantage and marketing performance, underscoring its crucial role in strengthening firms' market positioning. Regarding technological capabilities, the findings indicate a negative effect on innovative marketing but a positive impact on marketing performance. This suggests that firms' investment in technology should be accompanied by clear policies to foster marketing innovation.

Based on these results, the study recommends that SMEs develop balanced strategies that integrate digital marketing with innovative marketing while optimizing technological capabilities to enhance marketing performance. Furthermore, it calls for increased investment in research and development, as well as the development of digital and innovative skills among employees to ensure a sustainable competitive advantage in an evolving business environment.

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