

MICRO, SMALL, AND MEDIUM ENTERPRISE DIGITAL STRATEGY: E-COMMERCE, SOCIAL MEDIA, AND INFLUENCERS FOR GENERATION Z–Y LOYALTY

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Abstract

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This study examines the impact of digital marketing strategies through e-commerce, social media, and influencer marketing on emotional resonance and customer loyalty among Generations Z and Y, as well as the moderating role of digital literacy. A quantitative approach was employed using an online survey of 300 respondents from Generations Z and Y. Data were analyzed using structural equation modeling–partial least squares (SEM-PLS). The findings indicate that digital marketing strategies across the three channels significantly enhance emotional resonance and customer loyalty. Furthermore, digital literacy is shown to strengthen the relationship between digital marketing strategies and both emotional resonance and customer loyalty. These results offer practical implications for micro, small, and medium enterprises (MSMEs) in designing effective digital marketing strategies aligned with the characteristics of Generations Z and Y, while also emphasizing the importance of improving customer digital literacy to foster trust and emotional attachment to brands. This study contributes to the literature by proposing a framework that positions digital literacy as a moderating variable in the relationship between digital marketing strategies, emotional resonance, and customer loyalty, providing insights for MSMEs, digital marketers, and policymakers in promoting sustainable customer engagement in the digital era.

Keywords: MSMEs, Digital Marketing Strategy, Customer Loyalty, Emotional Resonance, Digital Literacy, SEM-PLS, Generation Z and Y

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1. INTRODUCTION

The development of digital technology has fundamentally changed the global business landscape, including for micro, small, and medium enterprises (MSMEs), which now face a new reality where information technology is no longer a complement but a key element of business strategy. Digital platforms such as e-commerce, social media, and influencer marketing provide significant opportunities for MSMEs to expand market reach, strengthen customer relationships, and build a stronger brand image (Schleicher et al., 2024). However, not all MSMEs are able to optimally utilize these opportunities due to limited resources, digital capabilities, and understanding of digital consumer behavior (Chakranarayan & Victor, 2025; Macca et al., 2025; Singh et al., 2025). Many MSMEs still implement transactional digital strategies, such as simply displaying products without building an emotional narrative or understanding the psychological dynamics of consumers in the digital space (Ahmed et al., 2025; Fitri et al., 2025).

Generations Z and Y, the primary consumer segments today, have very different characteristics compared to previous generations. They grew up in a digital era rich with information, are more autonomous in decision-making, and are heavily influenced by emotional factors and personal values (Prayag et al., 2025; Seyfi et al., 2025; Sharma et al., 2025). They don't just buy products, but seek experiences and emotional connections with brands that align with their identity. Therefore, emotional resonance becomes an important factor determining customer loyalty (Nguyen, 2025; Shoukat et al., 2025). Loyalty is no longer solely determined by quality or price, but also by the depth of the emotional connection between the brand and the consumer (Hassan et al., 2025; Osman et al., 2025; Valmohammadi et al., 2025).

Digital marketing strategies such as e-commerce, social media, and influencer marketing have significant potential for building this emotional resonance. E-commerce creates convenience and personalized experiences, social media enables two-way interactions and brand storytelling, and influencer marketing builds trust through figures admired by consumers (Chen, 2025; Maharani et al., 2025; Nadeem et al., 2025). However, the effectiveness of these three strategies depends heavily on the quality of execution and the level of understanding of the target audience. Various previous studies have examined the influence of each strategy on loyalty, but the results have been inconsistent. Some found a significant effect on loyalty (Balakrishnan et al., 2014; Jibril et al., 2019; Thakur et al., 2025) while others showed that the effect was limited to increasing brand awareness (Jang et al., 2021; Lee & Kim, 2020; Xiao et al., 2018). In the context of e-commerce, ease of transaction alone is not enough to build loyalty without deep emotional involvement (Lin et al., 2025; Pullman & Gross, 2004; Ajith et al., 2025; Valmohammadi et al., 2025). The literature gap arises from a lack of research that integrates these three digital marketing strategies into one conceptual model that examines the role of emotional resonance as an intervening variable between digital strategy and

customer loyalty. In addition, consumer digital literacy is made as a moderator variable in this study, namely the ability to understand, evaluate, and respond critically to digital information. Digital literacy is still rarely used as a moderating variable in digital marketing research (Abror et al., 2025; Amankona et al., 2025; Lolemo & Pandya, 2025). In fact, digital literacy levels can determine the extent to which consumers assess message credibility, understand content, and form brand perceptions. Consumers with high literacy tend to be more selective and reflective, while those with low literacy may be more easily influenced but also more susceptible to misinterpretation of marketing messages (A. Y. V. Chan & Sung, 2025; C.-Y. Chang & Kuo, 2025; Holm, 2024). Therefore, digital literacy acts as a moderating variable that strengthens or weakens the influence of digital strategies on emotional resonance and loyalty.

Based on this gap, this research comes with the main objective is to analyzing the influence of digital marketing strategies through e-commerce, social media, and influencer marketing on the emotional resonance and loyalty of Generation Z and Y customers, as well as to identify the role of digital literacy as a moderating variable in the relationship. In addition, this study considers control variables such as gender, income, and intensity of internet use to isolate the influence of the main variables. This study uses the theoretical framework of the digital marketing framework (DGM), which emphasizes the integration between digital channels and modern consumer behavior, as well as the theory of customer-based brand equity (CBBE) (Mendes et al., 2019) explains how emotional resonance is the highest stage in forming brand loyalty. This research model is also relevant to MSME sectors other than culinary, such as fashion, crafts, and services, so the results have the potential for broader generalization.

From the side methodologically, this study uses a quantitative approach with an online survey of 300 respondents from Generations Z and Y. Data analysis was carried out using structural equation modeling-partial least squares (SEM-PLS) to test the direct, indirect, and moderated relationships by digital literacy between variables. Theoretically, this study contributes by expanding the digital marketing literature through the integration of three main strategies and the placement of digital literacy as a moderating variable that has not been widely researched. While in general practice, this research offers strategic guidance for MSMEs to optimize digital channels that not only target transactions but also foster emotional engagement and sustainable customer loyalty. Thus, this research is relevant for academics, digital marketers, and policymakers who want to understand how trust, digital literacy as a moderating variable, and emotional resonance play a role in creating long-term relationships between MSMEs and digital-generation consumers.

The structure of this article is as follows. Section 2 discusses the literature review, which outlines the main theories, previous research results, and hypothesis development. Section 3 explains the research methodology, which includes research design, data collection, and analysis techniques used. Section 4 explains results from data analysis. Section 5 presents a discussion that interprets

research results based on theory and empirical findings. Finally, Section 6 concludes with a conclusion that includes theoretical and practical implications, research limitations, and suggestions for future research.

2. LITERATURE REVIEW

2.1. Grand theory: Theory of planned behavior

As the main basis, this research uses the theory of planned behavior (TPB) (Ajzen, 1991), which explains that individual behavior (in this case loyalty and emotional resonance) is influenced by three main components: attitude, subjective norms, and perceived behavioral control. In the context of digital marketing, emotional resonance reflects aspects of attitudes and perceptions towards digital marketing channels, while digital literacy influences cognitive abilities to evaluate and respond to marketing strategies (Guo, 2024). MSME digital marketing strategies through E-commerce, social media, and influencer marketing are theoretically assumed to influence digital trust Generation Z-Y consumers (Ren & Hassan, 2008). This is supported by studies showing that digital marketing elements play a significant role in shaping perceptions of trust. In addition, e-commerce can build digital trust through transaction security, information transparency, and ease of access (Alam & Al Mubarak, 2025; Guo, 2024). According to Ren and Hassan (2008), trust is a critical enabler of online transactions, which shows that the success of an e-commerce platform depends not only on technical functions, but also on consumers' perceptions of trust. Social media is a participatory marketing channel and allows MSMEs to interact directly with consumers. In research by Choi and Lee (2017), it was found that social media facilitates trust building through user-generated content, transparency, and interactivity. This reflects the power of authentic content and two-way communication to strengthen digital trust. Influencer marketing works based on source credibility theory (Lou & Yuan, 2019), where the attractiveness and credibility of an influencer increase the effectiveness of marketing communications. Studies by Belanche et al. (2021) show that influencer credibility positively affects followers' trust and engagement with brands. Therefore, the presence of influencers can contribute significantly to building consumer trust in a brand.

2.2. Consumer loyalty and emotional resonance

Consumer loyalty is an affective and behavioral commitment to a brand, which in the literature is often associated with trust explains that loyalty is a deeply held commitment to rebuy a preferred product or service consistently in the future (Oliver, 1999). Studies by Mutum et al. (2014) show that trust is one of the strongest determinants of online loyalty. Meanwhile, emotional resonance is defined as a feeling of emotional connection between consumers and a brand. Emotional branding theory states that emotional connections drive brand loyalty more deeply than rational value propositions (Kim & Sullivan, 2019). In a digital context,

marketing strategies that build trust and personal values can create strong emotional resonance in younger generations, such as Generation Z and Y (Kaban & Augustinus, 2025).

2.3. Digital literacy as a moderating variable

Digital literacy is a key competency in the digital economy era, encompassing not only the technical ability to access devices and platforms but also the cognitive ability to critically evaluate and interpret information (Falloon, 2020). In the context of digital marketing, digital literacy moderates the relationship between digital strategies and consumer behavior by strengthening the influence of received information on emotional responses and loyalty. Research by Castañeda et al. (2020) shows that consumers with high digital literacy are better able to identify the credibility of marketing messages and are more responsive to personalized and interactive approaches. Similarly, a study by Hollebeek and Macky (2019) found that digital literacy acts as a catalyst in increasing the effectiveness of influencer marketing content on the emotional engagement of young users. This suggests that in the context of local MSMEs, particularly in the digital culinary sector, digital literacy serves as a cognitive filter and psychological booster, which allows consumers to form deeper emotional resonance and stronger loyalty to the brand. Therefore, when digital literacy is used as a moderating variable, it serves to clarify the extent to which digital strategies can actually produce emotional and behavioral impacts on consumers, especially Generation Z and Y, who are digitally literate but also informationally critical (Al Rifai & Albaker, 2025; Qwader & Alsboul, 2025).

2.4. Relationships between variables: Integrative narrative

In the era of digital transformation, conventional marketing strategies have shifted to a more personalized, measurable, and interaction-based digital approach. For MSMEs, especially in the regional food sector, such as in Medan, North Sumatra, for example, this is particularly true. Bika Ambon¹, lemong², andaliman³ chili sauce, or digitalization of mandailing coffee, is not just an option, but a necessity. In this context, the three main pillars of a digital marketing strategy are: e-commerce, social media, and influencer marketing have a complementary role in forming emotional relationships and long-term loyalty with consumers, especially from Generation Z and Y. E-commerce plays a role as a functional platform that simplifies the consumer transaction process by providing fast access, transparency of product information, and an efficient payment system. The technology acceptance model (TAM) by Davis (1989) explains that perceptions of ease of use and usefulness of the system will influence an individual's intention to use the technology. In the context of MSMEs, features such as ease of checkout, clarity of product descriptions, and delivery integrity drive positive

¹ A traditional Indonesian cake made from tapioca flour, coconut milk, sugar, and yeast, known for its honeycomb texture.

² A traditional dish made of glutinous rice cooked with coconut milk inside bamboo tubes.

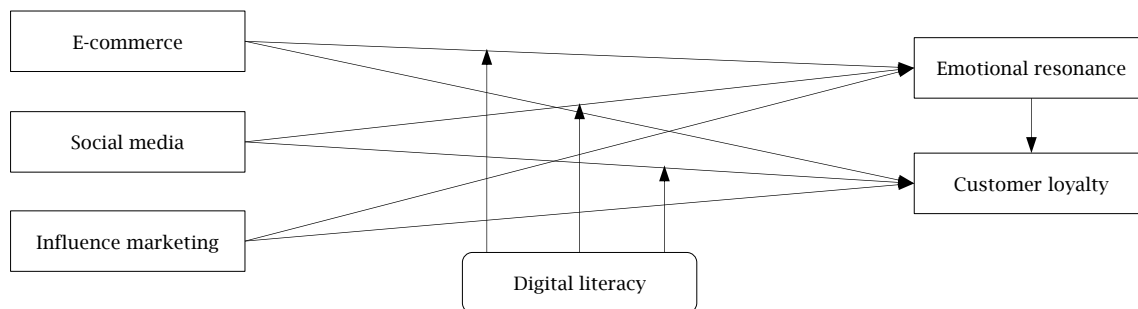
³ A traditional spice from North Sumatra, often referred to as Batak pepper, known for its citrus-like and numbing flavor.

experiences that shape consumers' value perceptions. The findings (Guo et al., 2025) show that a responsive and user-friendly e-commerce system can trigger positive emotions such as satisfaction, pleasure, and comfort, which are the initial foundation for the emergence of emotional resonance. Social media, on the other hand, acts as a two-way interaction channel and builds a sense of belonging between MSME brands and their consumers (Kaban & Augustinus, 2025).

Based on the theory of uses and gratification (Kim & Cake, 2025), social media users actively seek out content that provides informative value, entertainment, and opportunities for interaction. MSME content that depicts cultural narratives, behind-the-scenes footage of traditional food production, or customer testimonials can evoke affective emotions and strengthen brand engagement (Behnke, 2025). Emphasized that the intensity of consumer interaction on social media can strengthen brand relationships and increase loyalty, especially when these interactions foster the perception that the brand "knows and understands" them. Meanwhile, influencer marketing contributes greatly to forming trust and emotional bonding through the identification effect. Based on the theory of source credibility (Andrews et al., 2025),

communication effectiveness is influenced by the audience's perception of the communicator's attractiveness, expertise, and credibility. Influencers who share the same values as Generation Z-Y audiences, such as local food vloggers in Medan or Instagram celebrities who promote regional cuisine, can build an emotional connection between MSME products and consumers (Ahmed et al., 2025). According to Zaki et al. (2025), they tend to imitate the behavior of influencers they admire, which ultimately strengthens the brand relationship emotionally and cognitively. The integration of these three strategies is not simply a separate communication approach, but rather a complementary synergy to form emotional resonance, which is a consumer's deep connection to the meaning, identity, and value of a product or brand. According to Wang and Yang (2025), emotional resonance is a stronger foundation than mere satisfaction; it creates a sense of attachment and brand love, which in turn are strong predictors of loyalty. Loyalty formed from emotional resonance has broader dimensions, including repurchase intentions, voluntary brand advocacy, and brand defense in the context of market competition (Shoukat et al., 2025).

Figure 1. Conceptual framework



Hypotheses are as follows:

H1: E-commerce has a positive and significant effect on customer emotional resonance.

H2: Social media has a positive and significant effect on customer emotional resonance.

H3: Influencer marketing has a positive and significant effect on customer emotional resonance.

H4: Emotional resonance has a positive and significant effect on customer loyalty.

H5: Digital literacy moderates the effect of e-commerce on customer emotional resonance.

H6: Digital literacy moderates the effect of social media on customer emotional resonance.

H7: Digital literacy moderates the effect of influencer marketing on customer emotional resonance.

H8: Emotional resonance mediates the effects of e-commerce, social media, and influencer marketing on customer loyalty.

3. RESEARCH METHODOLOGY

This study uses a quantitative approach with an explanatory research design, which aims to examine the influence of variables within a causal model framework. The research targets Generation Z (born 1997–2012) and Generation Y (born 1981–1996) consumers living in Medan City and having

experience shopping for MSME products online through e-commerce, social media, or influencers. Because the population size is not known for certain, the sampling technique refers to the formula of Hair et al. (2019), which is a minimum of 10 times the number of indicators. With a total of 30 indicators, the minimum sample size is set at 300 respondents. The sample was obtained through a purposive sampling technique to ensure respondents have relevant digital experience, with clear age criteria according to Generation Z and Y. The sample was obtained through a purposive sampling technique, with the following criteria: 1) aged 13–44 years, 2) domiciled in Medan, 3) having purchased MSME products online, and 4) actively using the internet and social media. The research instrument used a questionnaire adapted from a previous study (item/question source) and had gone through a translation and back testing process to maintain the accuracy of meaning between languages. Before the main survey, a pretest was conducted on 30 respondents to test the reliability and initial validity of the instrument. Data analysis was carried out using the SEM-PLS approach using SmartPLS software. This technique was chosen because it is able to accommodate complex models, test construct validity and reliability, and provide accurate estimates on data with non-normal

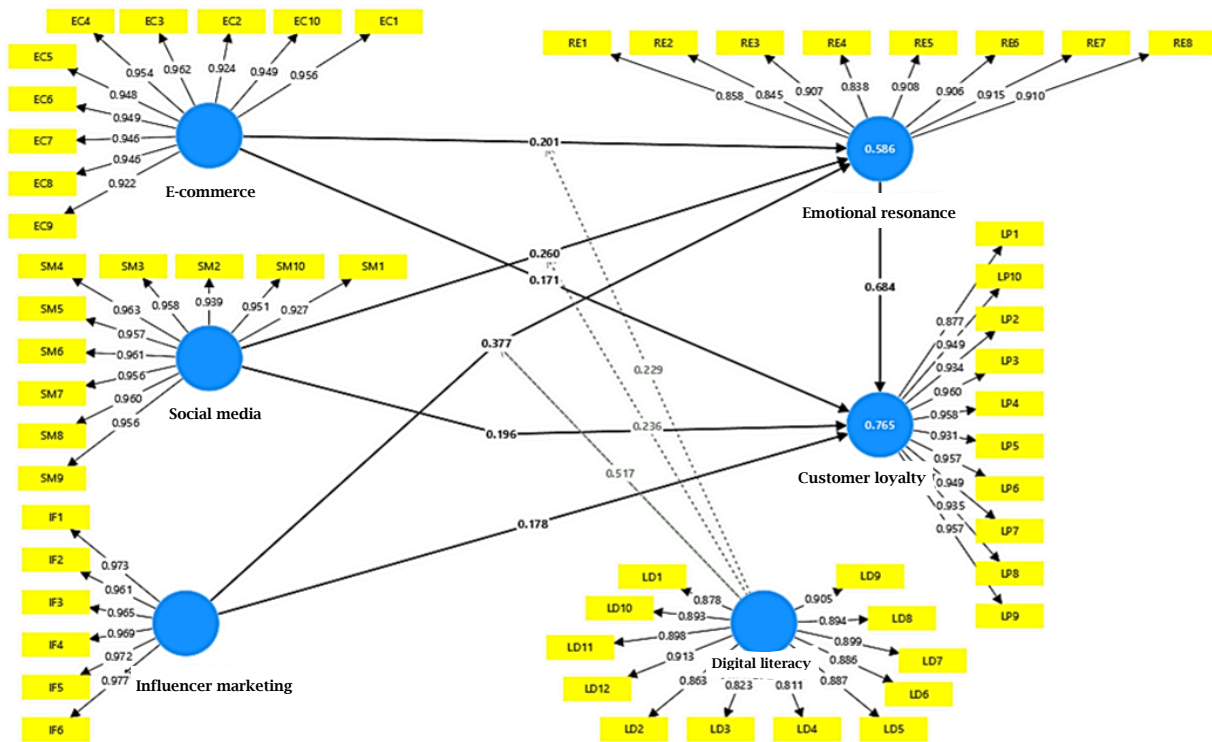
distributions. In the SEM-PLS model, control variables such as *gender*, *income*, and *intensity of internet use* were included to ensure that the influence of digital strategies on emotional resonance and loyalty was not biased by demographic factors or usage behavior. Furthermore, this study addresses external validity by emphasizing that although the sample is limited to MSMEs in Medan, the developed model can be tested in other MSME sectors to increase the generalizability of the findings. Furthermore, a common method variance (CMV) test was conducted using Harman's single-factor test and/or marker variables to ensure the absence of method bias. To test the measurement equivalence between Generation Z and Y, a multi-group invariance analysis was conducted to ensure the constructs have the same meaning in both groups. Alternatively, similar research can also be conducted using a mixed methods approach to combine

quantitative analysis and qualitative interviews to gain a deeper understanding of consumer emotional and behavioral aspects. An exploratory qualitative approach can also be used to explore consumers' digital experiences through in-depth interviews or focus group discussions. Furthermore, if the data meet the multivariate normality assumption, the covariance-based structural equation modeling (CB-SEM) method can be used as an alternative analysis that places more emphasis on model fit and theoretical validation.

4. RESULTS

Convergent validity testing is carried out by assessing the value outer loading on each indicator, to ensure that each indicator accurately reflects the construct being measured; an indicator is declared valid if it has a value outer loading ≥ 0.70 .

Figure 2. Validity testing based on outer loading



Outer loading validity test in Table 1 and Figure 1, it is known that all outer loading values are > 0.70 , which means that they have met the validity requirements based on the outer loading value. Next, validity testing is carried out based on the average variance extracted (AVE) value.

Table 1. Validity testing based on AVE

Variable	AVE
E-commerce	0.894
Influencer marketing	0.939
Digital literacy	0.774
Customer loyalty	0.886
Social media	0.908
Emotional resonance	0.786

The recommended AVE value is above 0.5. All AVE values are > 0.5 , which means they meet

the validity requirements based on AVE. Next, reliability testing is conducted based on the composite reliability (CR) value.

Table 2. Reliability testing based on CR

Variable	CR (rho_c)
E-commerce	0.988
Influencer marketing	0.989
Digital literacy	0.976
Customer loyalty	0.987
Social media	0.990
Emotional resonance	0.967

The recommended CR value is above 0.7. All CR values were found to be > 0.7 , which means they met the reliability requirements based on CR. Next, reliability testing was conducted based on Cronbach's alpha (CA) values.

Table 3. Reliability testing based on CA

Variable	CA
E-commerce	0.987
Influencer marketing	0.987
Digital literacy	0.974
Customer loyalty	0.986
Social media	0.989
Emotional resonance	0.961

The recommended CA value is above 0.7. All CA values were found to be > 0.7, which means they met the reliability requirements based on CA. Next, discriminant validity testing was conducted using the Fornell-Larcker approach. Table 4 presents the results of the discriminant validity testing.

Table 4. Discriminant validity testing: Fornell and Larcker

Variable	E-commerce	Influencer marketing	Digital literacy	Customer loyalty	Social media	Emotional resonance
E-commerce	(0.946)					
Influencer marketing	-0.050	(0.969)				
Digital literacy	-0.351	0.074	(0.880)			
Customer loyalty	0.277	0.419	-0.008	(0.941)		
Social media	-0.132	-0.118	-0.229	0.338	(0.953)	
Emotional resonance	0.206	0.398	-0.069	0.843	0.270	(0.886)

Note: The values between “()” are the square roots of AVE.

In discriminant validity testing, the square root of the AVE of a latent variable is compared with the correlation between that latent variable and other latent variables. The square root of the AVE for each latent variable is greater than

the correlation between that latent variable and other latent variables. Therefore, it is concluded that the discriminant validity requirements have been met.

Table 5. Discriminant validity test: Heterotrait-Monotrait ratio of correlations (HTMT)

Variable	E-commerce	Influencer marketing	Digital literacy	Customer loyalty	Social media
Influencer marketing	0.064				
Digital literacy	0.354	0.078			
Customer loyalty	0.261	0.424	0.052		
Social media	0.145	0.120	0.216	0.342	
Emotional resonance	0.189	0.400	0.062	0.861	0.278

Based on the results of the discriminant validity test using the HTMT approach, it is known that all values are < 0.9, which means that it is

concluded that the discriminant validity requirements based on the HTMT approach have been met.

Table 6. Significance test of influence (bootstrapping, hypothesis test, inner model), path coefficient test, and significance of influence

Track	O	M	STDEV	O/STDEV	p-value	R-square	Q-square	SRMR
E-commerce → emotional resonance	0.201	0.201	0.056	3.627	0.000	0.586	0.446	0.061
Social media → emotional resonance	0.260	0.266	0.048	5.390	0.000			
Influencer marketing → emotional resonance	0.377	0.384	0.043	8.758	0.000			
Emotional resonance → customer loyalty	0.684	0.685	0.022	31.712	0.000	0.765	0.671	
Digital literacy × e-commerce → emotional resonance	0.229	0.217	0.079	2.886	0.004			
Digital literacy × social media → emotional resonance	0.236	0.217	0.085	2.783	0.006			
Digital literacy × influencer marketing → emotional resonance	0.517	0.481	0.108	4.790	0.000			
E-commerce → emotional resonance → customer loyalty	0.138	0.138	0.039	3.535	0.000			
Social media → emotional resonance → customer loyalty	0.178	0.183	0.035	5.066	0.000			
Influencer marketing → emotional resonance → customer loyalty	0.258	0.264	0.032	8.182	0.000			

Note: Original sample (O), sample mean (M), standard deviation (STDEV), T-statistics (|O/STDEV|), standardized root mean square residual (SRMR).

The R-squared value of emotional resonance is 0.586, which means that e-commerce, social media, and influencer marketing are able to explain or influence emotional resonance by 58.6%. While the Q-squares value of emotional resonance is 0.446 > 0, which means that e-commerce, social media, and influencer marketing have predictive relevance to emotional resonance. The R-square value of customer loyalty is 0.765, which means that e-commerce, social media, influencer marketing, and

emotional resonance are able to explain or influence customer loyalty by 76.5%. While the Q-squares value of customer loyalty is 0.671 > 0, which means that e-commerce, social media, influencer marketing, and emotional resonance have predictive relevance to customer loyalty. It is known that based on the results of the SRMR goodness of fit test, the SRMR value = 0.061 < 0.1, it is concluded that the model has FIT.

Table 7. Robustness checks of model paths

<i>Track</i>	<i>Stable coefficient</i>	<i>Significance</i>	<i>Effect size</i>
<i>Influencer marketing → emotional resonance</i>	0.377	Significant	Big
<i>Social media → emotional resonance</i>	0.260	Significant	Currently
<i>E-commerce → emotional resonance</i>	0.201	Significant	Currently

All paths remained significant, and coefficients were stable when tested with subsamples (Generation Z and Generation Y), bootstrapping 10,000 samples, control variables (age and gender), and outlier tests. These results confirm the stability and reliability of the model for the context of MSME digital marketing strategies.

5. DISCUSSION

The results of the study show that e-commerce, social media, and influencer marketing have a positive and significant impact on the emotional resonance of Generation Z and Y customers in Medan, ultimately driving loyalty to MSME products, particularly North Sumatran cuisine. Statistically, the influence of these three variables on emotional resonance shows a strong and significant coefficient value based on the results of SEM-PLS data processing on 300 respondents. However, what is more interesting is how these results closely reflect real conditions on the ground. In Medan, Generation Z and Y are highly digitally active groups with unique consumption habits. They tend to seek out shopping experiences that are fast, easy, and emotionally meaningful. When they purchase local specialties like Bika Ambon, Mie Gomak, or Sambal Andaliman from local MSMEs through e-commerce platforms like ShopeeFood or GoFood, they consider not only the quality of taste but also the quality of the service. Packaging, fast service, digital store design, and product narrative can create feelings of satisfaction, happiness, or even pride in local products. The influence of social media is also very significant, because Generation Z and Y in Medan prefer to see visual and narrative content emotional content, such as videos of traditional food preparation, stories of MSME owners' struggles, or touching customer testimonials, which resonates with them. They feel connected to products that convey a sense of nostalgia or local identity through storytelling, rather than simply discount promotions. The same applies to influencer marketing. Many Medan culinary MSMEs are starting to partner with influencers. Local Instagram celebrities, TikTok creators, or food reviewers from Medan are considered more authentic and relatable by Generation Z. Honest reviews and a casual delivery style have been shown to resonate more emotionally with young audiences than formal advertisements. This aligns with the analysis that influencers significantly contribute to emotional resonance. Furthermore, emotional resonance itself has been shown to be a crucial factor in shaping consumer behavior. Customer loyalty. Young customers who feel emotional satisfaction, pride in local products, and a personal connection to the brand are more likely to make repeat purchases and recommend the product to their peers. This finding supports the concept of emotional bonding in brand loyalty. Finally, the results of the analysis also show that digital literacy mediates the relationship between digital strategy and

emotional resonance. This means that Generation Z and Y customers who have a high ability to understand digital content will more easily absorb the emotional messages conveyed by MSMEs. They can distinguish between honest and fabricated content, and they will have a greater appreciation for the uniqueness of creatively packaged local products. In the city of Medan, which has a continuously developing digital infrastructure and a high internet penetration rate, this presents a significant opportunity for MSMEs in the specialty food industry to grow through a strategic and emotional digital approach. Based on research results and resilience testing, MSMEs should prioritize influencer marketing to build emotional resonance through authentic content and storytelling ($\beta = 0.377$), while still optimizing social media and e-commerce ($\beta = 0.260$ and 0.201) with attractive visual content and a comfortable digital store design. Customer digital literacy needs to be strengthened (the highest interaction $\beta = 0.517$) so that the marketing message is more effective, and the digital strategy must be evaluated periodically, considering R^2 resonance = 0.586 and R^2 loyalty = 0.765, so that emotional resonance and customer loyalty remain high.

6. CONCLUSION

The results of the study indicate that digital marketing strategies through e-commerce, social media, and influencer marketing have a positive and significant influence on emotional resonance, which in turn has a direct and indirect impact on the loyalty of Generation Z and Y customers towards typical food MSME products in Medan City. This finding confirms that emotional experiences in the digital ecosystem are the main foundation for building long-term loyalty, especially for the digital native generation, who are sensitive to the values, authenticity, and personal narrative of a brand. Digital strategies that are able to evoke emotions and create a psychological connection between customers and brands have proven more effective than purely transactional approaches. Furthermore, the role of digital literacy has been proven significant as a moderating variable that strengthens the relationship between digital strategies and emotional resonance. Generation Z and Y, with high digital literacy, are better able to recognize authentic messages, understand the context of digital communication, and respond to promotional content emotionally and rationally. This shows that the success of a digital marketing strategy depends not only on the choice of platform or technology used, but also on the audience's capacity to interpret and internalize the messages conveyed by the brand. Therefore, increasing customer digital literacy is a crucial factor for MSMEs so that their digital strategies can be received more effectively and resonate emotionally. Practically, this research provides important implications for MSMEs and digital marketers to design more meaningful,

emotionally valuable communication strategies tailored to the characteristics of the younger generation who prioritize authenticity and two-way interaction. MSMEs need to utilize social media and collaboration with influencers not only for promotion, but also to build emotional connections and strengthen local brand identity. Furthermore, the government and business support institutions also need to play a role in improving the community's digital literacy to create a smart, inclusive, and competitive digital ecosystem. From an academic perspective, this research contributes by integrating three key digital strategies into one conceptual model and positioning digital literacy as a moderating variable influencing the relationship between digital marketing strategies, emotional resonance, and customer loyalty. These results open up space for further research to test similar models in other industry contexts, such as fashion, tourism, or creative services, and in different regions to obtain broader generalizations. However, this study has several limitations, including the use of an online survey method that relies on respondents' perceptions and the limited coverage area of Medan City. Furthermore, this study focuses on Generations Z and Y without comparing them with other generations that may have different digital behaviors. Therefore, future research is suggested to expand the research area using a multidisciplinary approach. Mixed methods to explore the emotional aspects in more depth, as well as to compare between generations to understand the dynamics of loyalty in the context of digital marketing more comprehensively.

Suggestion. It is recommended that MSMEs in North Sumatra's traditional food, especially in Medan City, start designing digital strategies that are not only oriented towards sales, but also building. A strong emotional bond with customers, especially

Generation Z and Y. One proven effective way is to insert stories and cultural values into digital content. For example, explaining the origins of typical foods such as Bika Ambon or Mie Gomak, showing the production process authentically, or presenting customer testimonials that describe touching experiences. This can trigger emotional resonance that drives customer loyalty, especially among Generation Z and Y. In addition, MSMEs need to leverage local influencers who not only have a large following but are also known for being honest, close to the community, and able to convey product messages naturally and personally. Generation Z and Y in Medan highly value authenticity, so collaborating with micro-influencers who can create relatable content will be far more effective than overly formal or "salesy" advertising campaigns. It is also important for MSMEs and related stakeholders, including local governments and educators, to improve the digital literacy of the younger generation, not only so they can become smart consumers, but also so they are able to become content creators, MSME supporters, and even entrepreneurs in the future. Good digital literacy allows Generation Z and Y customers to absorb the meaning of content more deeply, filter information wisely, and respond emotionally positively to brands they consider relevant and valuable. For future researchers, it is recommended to expand the scope of research by comparing various cities outside Medan or adding other variables such as customer experience, perceived quality, or brand authenticity. This approach not only expands scientific contributions but can also form the basis for a more inclusive and contextual digital strategy for MSME development in the increasingly competitive digital economy era.

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