



# Analysis Of The Customer Decision Journey For Local Fashion SMES In Optimizing Marketing Funnel Strategies Through Digital Platforms

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**Abstract:** This study aims to analyze the customer decision journey (CDJ) and the implementation of the marketing funnel strategy in the context of digital marketing for local fashion SMEs in Indonesia. The rapid advancement of digital technology has provided significant opportunities for SMEs to utilize various digital platforms, such as social media and e-commerce, to enhance their competitiveness and reach consumers more effectively. However, many SMEs still struggle to optimize the use of these digital platforms. Therefore, this research examines how a good understanding of the CDJ and the proper implementation of the marketing funnel strategy can influence sales conversion and customer loyalty. This study uses a quantitative approach with a descriptive research design, involving 100 respondents, consisting of local fashion SME owners and consumers who interact with them through digital platforms. The results show that a good understanding of the CDJ and the appropriate implementation of the marketing funnel significantly improve sales conversion. The findings also indicate that the consumer journey is now non-linear and influenced by various digital touchpoints, requiring a more flexible marketing strategy. Additionally, digital technologies such as recommendation systems and marketing automation tools can enhance the effectiveness of consumer interaction at each stage of the funnel. This study provides insights for SMEs to optimize their digital marketing strategies in the face of an increasingly competitive market and contributes to the literature on digital marketing for SMEs.

**Keywords:** Customer Decision Journey, Marketing Funnel, Digital Marketing, SMEs, Local Fashion, Digital Technology.

## INTRODUCTION

The digital transformation that has occurred in recent years has had a significant impact on nearly all industrial sectors, including the fashion industry. In Indonesia, the Micro, Small, and Medium Enterprises (MSMEs) in the local fashion sector are among those that have been significantly affected by technological advancements. The presence of various digital platforms, such as marketplaces, social media, and e-commerce, provides a tremendous opportunity for MSMEs to expand their market and reach consumers more effectively and efficiently (Siddiqui et al., 2025). This opens up new opportunities for fashion MSMEs to enhance their competitiveness in an increasingly competitive market.



Despite the many opportunities offered by the digital ecosystem, many local fashion MSMEs still face difficulties in utilizing digital platforms to optimize their marketing strategies. The Customer Decision Journey (CDJ) is a crucial aspect of digital marketing. This process illustrates the journey of consumers from product awareness, consideration, to ultimately making a purchase decision (Dasgupta & Grover, 2019). Amid rapid digital development, it is important for MSMEs to understand how consumers interact with their products online to design more focused and relevant marketing strategies.

The concept of the marketing funnel is commonly used to describe the consumer's journey in making a purchase. The marketing funnel refers to a series of stages that consumers go through, starting from the top of the funnel (TOFU), which focuses on awareness, the middle of the funnel (MOFU), which aims to increase consideration, and the bottom of the funnel (BOFU), which leads to purchase decisions (Meyer, 2019). However, in the digital context, changes in consumer behavior, which are increasingly influenced by digital interactions and various information channels, require a more flexible and dynamic approach (Lautner, 2023).

According to (Venermo et al., 2020), the consumer journey in the digital world is no longer linear. Consumers can move between stages in the customer decision journey multiple times based on the information they encounter at various digital touchpoints, such as social media, marketplaces, and e-commerce websites. This indicates that the application of the marketing funnel must be more integrated and adaptive to the increasingly complex consumer behavior changes. Nevertheless, many MSME players still struggle to utilize these stages effectively due to limited resources, both in terms of marketing budgets and understanding of digital technology.

It is important to note that most research on the customer decision journey and the marketing funnel has focused more on large companies or international brands with greater resources. (Siddiqui et al., 2025) highlight that most studies related to digital marketing in MSMEs are still limited, leaving room for more in-depth research on the dynamics of the local fashion MSME market. (Rekettye & Rekettye, 2020) also point out that digitalization has changed the way consumers interact with brands, requiring the adaptation of marketing strategies that are more suitable for the current digital ecosystem.

Additionally, the importance of managing the consumer journey in the digital context is increasingly emphasized by the development of technologies such as artificial intelligence and



data analytics. (Araujo et al., 2022) emphasize that technologies like recommendation systems and chatbots can enhance consumer interaction at every stage of their decision journey. However, research related to the use of technology in the customer decision journey of local fashion MSMEs in Indonesia is still very limited, making it crucial to examine how these technologies can be practically applied by MSMEs with limited budgets and resources.

Through this research, the author aims to fill the gap in the literature regarding the application of the customer decision journey and the marketing funnel for local fashion MSMEs, particularly in Indonesia. This study will delve deeper into how MSMEs can optimize their marketing funnel through digital platforms and provide recommendations that can be applied to improve the effectiveness of their marketing strategies in an increasingly competitive digital market. This research aims to analyze the customer decision journey in the context of digital marketing for local fashion MSMEs and explore the application of the marketing funnel in enhancing sales conversions and customer loyalty.

This study is based on marketing theories that focus on the customer decision journey and the marketing funnel, as well as the use of digital technology in supporting marketing strategies. The AIDA model (Attention, Interest, Desire, Action) and the TOFU-MOFU-BOFU model will be used to map the consumer journey and provide a clearer understanding of how each stage in the funnel can be optimized. The research will also consider the application of conversion rate optimization (CRO) to improve conversion rates at each stage of the funnel.

## **METHOD**

### **Research Type**

This study uses a quantitative approach with a descriptive research design. Descriptive research aims to describe and analyze variables related to the customer decision journey and marketing funnel in local fashion MSMEs that use digital platforms. The quantitative approach was chosen because it provides a clear and measurable understanding of the impact of digital marketing strategies on purchase decisions and customer loyalty.



## **Research Subjects**

The subjects of this study are MSMEs engaged in the local fashion sector in Indonesia. The main focus of this research is on the owners or managers of MSMEs who are actively using digital platforms to market their products. Additionally, this study also involves consumers who interact with these MSMEs through various digital platforms, such as social media, marketplaces, and e-commerce. To ensure broad representation, this study will involve approximately 100 respondents consisting of MSME owners and consumers who are involved in the digital purchase journey of local fashion products.

## **Research Procedures**

The research procedure is carried out in several stages. The first stage is the selection and mapping of local fashion MSMEs that use digital platforms for marketing. Next, the study will collect data through structured surveys distributed to MSME owners and consumers. The survey contains questions designed to measure their understanding of the customer decision journey, marketing funnel, and their experience in interacting with MSMEs through digital platforms.

Data collection will be conducted online through a survey platform that is easily accessible to respondents. During data collection, the researcher will ensure that all participants understand the purpose of the study and provide their consent to participate through informed consent. The collected data will be analyzed to find correlations between understanding the consumer journey and the effectiveness of applying the marketing funnel in improving conversions and customer loyalty.

## **Research Tools**

The tool used in this study is a questionnaire consisting of two main sections. The first section aims to measure MSMEs' understanding of the customer decision journey and the marketing funnel strategies they apply in digital marketing. The second section is directed at consumers, focusing on their experience in interacting with MSMEs through various digital platforms, as well as how this experience influences their purchase decisions and brand loyalty.



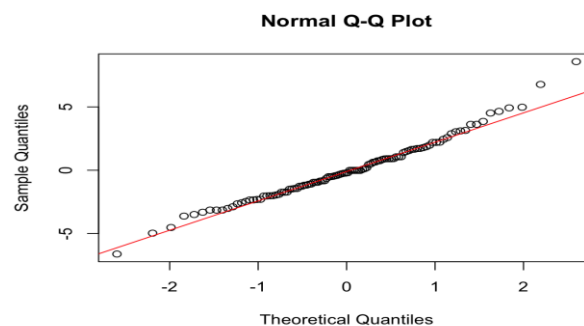
The questionnaire will use a Likert scale to assess each item, with a score range from 1 (strongly disagree) to 5 (strongly agree). This tool is designed to collect data that can be analyzed statistically and provide a clear picture of the factors influencing consumer purchase decisions and the effectiveness of MSME marketing strategies.

## Data Analysis

The collected data will be analyzed using multiple linear regression analysis techniques with RStudio. Before performing the analysis, the data will be tested for classical assumptions, including normality testing, multicollinearity testing, and heteroscedasticity testing. Afterward, multiple linear regression analysis will be conducted. Regression analysis will be used to examine whether there is a significant effect between the independent variables (understanding of the customer journey and the application of the marketing funnel) and the dependent variables (conversion rate and customer loyalty).

## RESULTS AND DISCUSSION

### Result Normality Test



*Figure 1. QQ Normality Plot*

The normality test aims to evaluate whether the residual data from the multiple regression model follows a normal distribution pattern. One commonly used method for the normality test is the Shapiro-Wilk normality test, which tests the hypothesis that the residual data follows a normal



distribution. In Figure 1, it can be seen that the data is normally distributed, which aligns with the results of the normality test conducted on the residuals using the Shapiro-Wilk normality test. The p-value result from the Shapiro-Wilk Normality Test is 0.1111. Since the p-value  $> 0.05$ , it indicates that the residual data follows a normal distribution.

### **Multicollinearity Test**

The multicollinearity test aims to identify whether there is a strong linear relationship between the independent variables in the regression model. When multicollinearity occurs, the regression coefficients can become unstable, and the interpretation of the model can become unreliable, as highly correlated independent variables may cause difficulties in separating the effects of each variable on the dependent variable. Therefore, detecting and addressing multicollinearity is crucial in regression analysis. The method used in this study is to calculate the Variance Inflation Factor (VIF). VIF measures the extent to which the variability of the regression coefficient estimates increases due to correlations among the independent variables.

A VIF value greater than 10 indicates a significant multicollinearity problem between the independent variables in the model. Conversely, a VIF value less than 10 indicates that there is no serious multicollinearity issue. After calculation, the VIF values for both variables (X1 and X2) are 2.5248, which is much smaller than the threshold of 10. This suggests that there is no significant multicollinearity between X1 and X2 in this regression model.

Based on the results of the multicollinearity test using VIF, it can be concluded that there is no significant multicollinearity issue between variables X1 and X2 in this regression model. Therefore, the regression model used can be considered free from multicollinearity effects, and the estimated regression coefficients are valid and reliable. As a result, the analysis can proceed with confidence that each independent variable contributes clearly and separately to the dependent variable.

### **Heteroscedasticity Test**

Heteroscedasticity is a phenomenon that occurs when the variance of residuals (errors) in a regression model is not constant across the range of predictor values. To detect the presence of



heteroscedasticity, the Breusch-Pagan test is used. This test examines the hypothesis that the variance of the residuals in the regression model depends on the values of the independent variables, which may indicate the presence of heteroscedasticity.

The hypotheses tested in the Breusch-Pagan Test are as follows:

- Null hypothesis ( $H_0$ ): There is no heteroscedasticity, meaning the residual variance is constant (homoscedasticity).
- Alternative hypothesis ( $H_1$ ): There is heteroscedasticity, meaning the residual variance is not constant (heteroscedasticity).

The result from the Breusch-Pagan test calculation shows a p-value of 0.001083, which is smaller than the significance level of 0.05. Since the p-value  $< 0.05$ , the null hypothesis ( $H_0$ ), which states that there is no heteroscedasticity, is rejected. Therefore, it can be concluded that there is heteroscedasticity in the tested regression model, meaning the residual variance is not constant and changes with changes in the values of the independent variables.

Based on the Breusch-Pagan test result, which indicates the presence of heteroscedasticity (p-value = 0.001083), it can be concluded that the regression model being tested suffers from non-constant residual variance. Therefore, to obtain more efficient estimates and valid statistical inferences, correction using robust standard errors regression is necessary. This step is crucial to ensure that the regression analysis results can be relied upon for decision-making or further interpretation.

### **Multiple Linear Regression Analysis Results**

Multiple linear regression analysis was conducted to determine the extent to which the independent variables, namely Customer Decision Journey ( $X_1$ ) and Effectiveness of Marketing Funnel Strategy ( $X_2$ ), influence the dependent variables, Sales Conversion and Consumer Loyalty (Y).

Based on the data processing results using R software, the following output was obtained:

Variable	Koefisien (Estimate)	Std. Error	t-value	Sig. (p-value)	Description
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(Intercept)	3.146	1.003	3.136	0.002	Significant
X <sub>1</sub> (Customer Decision Journey)	0.156	0.031	5.039	0.000	Significant
X <sub>2</sub> (Efektivitas Marketing Funnel)	0.335	0.054	6.184	0.000	Significant

Source: Data Processing, 2025

**Table 1.** Output Multiple Linear Regression Analysis.

The multiple linear regression equation formed is:

$$Y = 3.146 + 0.156X_1 + 0.335X_2$$

Interpretation:

- The constant value of 3.146 means that if X<sub>1</sub> and X<sub>2</sub> are both 0, the value of Y is estimated to be 3.146.
- The coefficient of X<sub>1</sub> (0.156) indicates that for each increase of 1 unit in the Customer Decision Journey, the value of Y will increase by 0.156 units, assuming X<sub>2</sub> remains constant.
- The coefficient of X<sub>2</sub> (0.335) means that for each increase of 1 unit in the Effectiveness of Marketing Funnel Strategy, the value of Y will increase by 0.335 units, assuming X<sub>1</sub> remains constant.

Variable	Coefisien	p-value	Description
X1	0.15596	0.00000201 (<0.05)	Significant
X2	0.33517	0.0000000128 (<0.05)	Significant
Variable	Coefisien	p-value	Description

Source: Data Processing, 2025

**Table 2.** Output t-test (parsial)

The t-test is used to determine whether each independent variable (X<sub>1</sub> and X<sub>2</sub>) significantly contributes to the dependent variable Y, by testing the hypothesis that the regression coefficient for each independent variable is zero (no effect).



#### t-test Results:

- For  $X_1$ , the p-value is 0.00000201, which is much smaller than 0.05. This indicates that  $X_1$  has a significant effect on Y, and we can reject the null hypothesis stating that  $X_1$  has no effect on Y.
  - For  $X_2$ , the p-value is 0.0000000128, which is also smaller than 0.05. This shows that  $X_2$  also has a significant effect on Y, and we can reject the null hypothesis stating that  $X_2$  has no effect on Y.
- Therefore, both independent variables have a significant partial effect on sales conversion and consumer loyalty

#### **F-Test (Simultaneous Test)**

The results of the F-test show a p-value  $< 2.2e-16$  ( $< 0.05$ ), indicating that the variables  $X_1$  and  $X_2$  jointly have a significant effect on the variable Y. In other words, the Customer Decision Journey and the Effectiveness of Marketing Funnel Strategy together significantly explain changes in sales conversion and consumer loyalty.

#### **Coefficient of Determination ( $R^2$ and Adjusted $R^2$ )**

The coefficient of determination ( $R^2$ ) is used to measure how well the regression model explains the variation in the dependent variable.  $R^2$  represents the percentage of variation in Y that can be explained by the variables  $X_1$  and  $X_2$ .

- $R^2 = 0.7331$ : This means that 73.31% of the variation in the dependent variable (Y) can be explained by the variables  $X_1$  and  $X_2$ . The remaining 26.69% is explained by factors outside the model.
- Adjusted  $R^2 = 0.7279$ : Adjusted  $R^2$  adjusts  $R^2$  by taking into account the number of predictor variables in the model. The value of Adjusted  $R^2$ , which is close to  $R^2$ , indicates that this regression model fits the existing data well, and the variables included in the model contribute significantly to explaining the variation in Y.

#### **Classical Assumption Test and Model Improvement**

Based on the results of the Breusch-Pagan test, a p-value of 0.001 ( $< 0.05$ ) was obtained, indicating the presence of heteroscedasticity in the model. To address this, a correction was made



using robust standard error regression (White’s correction) to ensure that the estimation results are more reliable.

variable	Estimate	Std. Error (Robust)	t-value	p-value	Description
(Intercept)	3.146	1.259	2.498	0.014	Significant
X <sub>1</sub>	0.156	0.056	2.794	0.006	Significant
X <sub>2</sub>	0.335	0.091	3.699	0.000	Significant

Source:Data Processing, 2025

**Table 3.** Result of Regression Robust Standard Error (Whites’s Correction)

Interpretation:

- The p-value for X<sub>1</sub> (0.006) < 0.05, which means that the Customer Decision Journey continues to have a significant effect on Y.
- The p-value for X<sub>2</sub> (0.000) < 0.001, which indicates that the Effectiveness of the Marketing Funnel Strategy has a very significant effect on Y.

Thus, even after correcting for heteroscedasticity, the research results remain consistent, with both independent variables having a positive and significant impact on sales conversion and consumer loyalty.

## CONCLUSION

This study aims to analyze the Consumer Decision Journey (CDJ) and the application of the marketing funnel in the context of digital marketing for local fashion MSMEs in Indonesia. Based on the findings, it can be concluded that: Understanding the Customer Decision Journey (CDJ) and the correct application of the marketing funnel significantly influence sales conversion rates and consumer loyalty in local fashion MSMEs. The stages in the funnel from product awareness (TOFU), consideration (MOFU), to purchase decision (BOFU) are crucial processes in guiding consumers toward more informed purchase decisions. The consumer decision journey is now non-linear and influenced by various digital touchpoints, such as social media, marketplaces, and e-



commerce. Therefore, it is important for MSMEs to adopt a more flexible and adaptive marketing approach to respond to the increasingly complex and digital-based changes in consumer behavior.

Digital technologies, including artificial intelligence (AI) and recommendation systems, play a crucial role in supporting more personalized interactions and enhancing marketing effectiveness. Although MSMEs often face resource constraints, more affordable technologies and marketing automation tools can help them optimize the marketing process more efficiently. Based on the statistical tests, it was found that the regression model used in this study shows a strong and significant relationship between the understanding of the CDJ and the implementation of the marketing funnel strategy with sales conversion and consumer loyalty. The multicollinearity test results indicated no significant issues between the independent variables, while the heteroscedasticity test revealed variance differences in the residuals, which needed to be corrected with robust standard error regression.

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