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Beyond Budgeting, Digital Marketing, and Product Innovation Approaches to Increase Buffet Pottery Sales for MSME Sustainability

Keyword :
Beyond Budgeting; Digital Marketing; Product Innovation; Sales Increase; MSME Sustainability

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Abstract *— This study aims to analyze the role of Beyond Budgeting, digital marketing, and product innovation in supporting sales growth and MSME sustainability in pottery buffet utensils. The study employed a qualitative approach with a case study design. Data were obtained through in-depth interviews, observation, and documentation. Data analysis was conducted interactively through data condensation, data presentation, and conclusion drawing. The results show that Beyond Budgeting supports internal adaptability through flexibility in planning and resource management. Digital marketing contributes to expanding market reach, strengthening consumer communication, and obtaining information about market needs. Product innovation increases product relevance and added value. The integration of these approaches forms a sustainable adaptation mechanism that creates opportunities for market expansion, increased demand, and MSME sustainability. This study offers an integrative conceptual model connecting management flexibility, market learning, innovation, and digital strategies to support MSME sustainability and adaptive responses to changing market conditions.*

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I. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) hold a strategic position in supporting economic growth, job creation, and strengthening community-based economic activities. As they develop, MSMEs no longer only face limited capital and production capacity, but are also required to adapt to changing consumer behavior, digital technology developments, product competition, and the dynamics of the business environment. These changes make adaptability a crucial factor for MSME sustainability. In the context of craft-based businesses, these challenges become even more complex as entrepreneurs need to maintain cultural values and local characteristics while adapting products to evolving market needs.

One MSME sector with both economic potential and cultural value is the pottery industry. Pottery not only functions as a craft product but also represents the skills, creativity, and identity of the local community. One area with pottery activity is Plumpungrejo Village, Blitar Regency. The development of the pottery industry in this region demonstrates the potential to develop craft-based products into commodities with higher economic value.

One such development opportunity is pottery buffet utensils, which can be used for household needs, restaurants, catering, hotels, eateries, and event organizing activities. However, this potential does not automatically guarantee business sustainability. Pottery MSMEs still face challenges such as changing demand, limited market access, competition with substitute products, limited digital marketing capacity, and the need for continuous product innovation. In a dynamic business environment, overly rigid business management patterns have the potential to limit MSMEs' ability to respond to market changes.

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The Beyond Budgeting concept offers a management perspective that emphasizes flexibility, decentralized decision-making, adaptive resource use, and the ability to respond to changing business environmental conditions (Bogsnes, 2016). Over time, the Beyond Budgeting principle can be linked to the perspective of *dynamic capabilities*, namely, an organization's ability to integrate, build, and reconfigure internal and external resources in response to environmental changes. For MSMEs, this capability is relevant because resource constraints require business actors to flexibly prioritize and make decisions based on actual market needs. This adaptability is increasingly important as MSMEs face digital transformation.

Technological advancements have changed the way businesses communicate with consumers, introduce products, build customer relationships, and expand markets. Digital marketing enables MSMEs to leverage social media, *marketplace*, digital catalogs, and various online communication channels to increase product visibility and reach consumers beyond conventional markets. Canhoto et al. (2021) point out that digital strategy in small and medium enterprises (SMEs) needs to be understood as part of the organization's dynamic capabilities, because the success of digitalization depends not only on the use of technology but also on the ability to align digital strategies with changes in the business environment. In line with this, Cannas (2021) positions digital transformation as a process related to the development of dynamic capabilities in MSMEs so they can respond to change more effectively.

In the context of MSMEs in Indonesia, the use of digital marketing has also shown increasing relevance to business performance. Purwanti et al. (2022) demonstrated that digital marketing capabilities are linked to MSME performance, particularly when organizations are able to respond appropriately to environmental dynamics. These findings demonstrate that digital marketing should not be understood solely as promotional activities through social media, but as a strategic capability to build market access and respond to changes in consumer behavior. Research on the adoption of social media marketing also indicates that utilizing digital channels can support the performance of small and medium enterprises by increasing market interaction and the ability to obtain consumer information (Samat et al., 2020).

Thus, digital marketing has the potential to become a crucial mechanism for expanding the marketing reach of pottery buffet products, which currently rely on existing customers, recommendations, and conventional marketing networks. However, market expansion through digital marketing will not be optimal if the products offered cannot meet consumer needs. In increasingly competitive conditions, product innovation is a crucial part of creating added value and maintaining the competitiveness of MSMEs. Innovation can be achieved through developments in design, size, shape, function, quality, packaging, and product variations.

Manthey et al. (2016) showed that product innovation performance in MSMEs is related to the business's ability to develop and manage innovation appropriately. Meanwhile, Rahmawati and Novani (2021) demonstrated the importance of product innovation and shared value creation (*value co-creation*) in supporting MSME marketing performance. These findings emphasize that product innovation needs to be developed based on market needs and interactions with consumers, not solely on internal business decisions. The relationship between digital marketing and product innovation is becoming increasingly important in the context of developing craft-based MSMEs.

Digital marketing can be a means of introducing product innovations to consumers, while digital interactions with consumers can generate information and feedback that can be used as the basis for subsequent product development. Thus, digital marketing and product innovation form a reciprocal relationship that can support MSMEs' ability to create value and maintain product relevance. Research by Farid et al. (2025) shows that digital marketing and sustainable marketing can contribute to the creation of competitive advantages for MSMEs, especially when these strategies are linked to shared value creation. Meanwhile, Rofiq et al. (2024) show that digital marketing is a crucial aspect in supporting MSME performance, especially when combined with innovation capabilities.

In addition to digital capabilities and innovation, the sustainability of MSMEs also requires the ability to build long-term relationships with consumers and the business community. Social media can play a role in maintaining communication with customers while strengthening the presence of MSMEs in the digital environment. Paransa et al. (2025) emphasized that social media

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plays a role in supporting MSME sustainability by increasing visibility, interacting with consumers, and strengthening market relationships. More broadly, the development of digital marketing is also increasingly linked to the sustainability agenda, as digital transformation can help MSMEs expand their markets with relatively more flexible and efficient marketing resources (Ekaputra et al., 2024).

Although research on Beyond Budgeting, digital marketing, dynamic capabilities, and product innovation has been growing, most previous studies tend to examine these aspects separately. Research on Beyond Budgeting focuses more on management flexibility and performance management systems, while digital marketing research often positions digital technology as a marketing strategy and product innovation as a factor related to marketing performance. There is limited research specifically integrating Beyond Budgeting as an adaptive management approach, digital marketing as a market expansion mechanism, and product innovation as a value creation mechanism in the context of local craft-based MSMEs. This research gap becomes even more relevant when placed in the context of the pottery buffet-ware MSME in Plumpungrejo.

Craft-based businesses have different dynamics than MSMEs in the trade or service sectors. The production process requires specialized skills, while consumer demand can change based on design trends, functional needs, and market developments. On the other hand, pottery products have the potential to be developed as value-added products that combine function, aesthetics, and local identity. Therefore, a management approach is needed that allows businesses to flexibly respond to market changes while maintaining local product characteristics. Research on pottery MSMEs in Plumpungrejo demonstrates the importance of developing adaptive management systems.

Martanti et al. (2025) highlighted the need to develop adaptive procedures in pottery-based MSMEs through periodic work planning, adaptable performance indicators, innovation space for artisans, and collaboration with stakeholders. These findings provide an important foundation for this research, but do not specifically outline how business management flexibility can be integrated with digital marketing and product innovation to support increased sales of pottery buffet utensils. Therefore, this study seeks to develop a more integrative understanding of these mechanisms in the context of local pottery MSMEs. This study uses a Beyond Budgeting perspective not to test the implementation of a formal budgeting system, but rather to understand the principles of adaptability reflected in how MSMEs plan their businesses, allocate resources, respond to demand, and make decisions.

This approach is relevant because pottery MSMEs operate under limited resources and face unpredictable changes in demand. Management flexibility allows businesses to adjust production capacity to actual demand, while digital marketing and product innovation serve as tools to expand markets and increase product relevance. The novelty of this research lies in the development of an integrative perspective that positions Beyond Budgeting as the foundation of internal adaptability, product innovation as a value creation mechanism, and digital marketing as a mechanism for expanding market access. All three are understood as interconnected processes that support increased sales and the sustainability of pottery MSMEs.

This research does not view sales increases as a causal relationship tested through statistical analysis, but rather as a process and contributing mechanism that can be understood through business actors' experiences, management practices, consumer responses, and changes in marketing and product strategies. Based on these gaps, this study aims to analyze the role and application of the Beyond Budgeting principle in the adaptive management of buffet-ware pottery MSMEs, analyze the contribution of digital marketing in expanding access and relationships with the market, and analyze the role of product innovation in creating value and increasing product relevance to consumer needs. Furthermore, this study analyzes the relationship between these three aspects in forming a mechanism that supports increasing sales opportunities and the sustainability of buffet-ware pottery MSMEs in Plumpungrejo. With a qualitative approach, this study is expected to provide a deeper understanding of how local craft-based MSMEs can build adaptive capacity, utilize digital technology, and develop product innovation without losing the characteristics and local values that are the identity of their businesses.

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II. RESEARCH METHOD

This research uses a qualitative approach with a descriptive-exploratory case study design. The qualitative approach was chosen because the research is directed at understanding in-depth the processes, experiences, practices, and management mechanisms of MSMEs producing buffet-ware pottery in facing market dynamics. This research is not intended to statistically test the influence between variables, but to analyze the role and application of the Beyond Budgeting principle, the contribution of digital marketing, and the role of product innovation in supporting increased sales and the sustainability of MSMEs. Thus, the term "increasing sales" in this study is understood as a process and mechanism of contribution discovered through informant experiences and business practices, not as a causal relationship proven through statistical testing.

A case study design was used because the research focuses on a contemporary phenomenon in a real-life context, namely the management of a buffet-ware pottery MSME in Plumpungrejo Village, Blitar Regency. This focus allows researchers to understand the relationship between internal business conditions and changes in the external environment, particularly in aspects of resource management, digital marketing, product innovation, and business sustainability. The Beyond Budgeting perspective is used as a conceptual framework to understand planning flexibility, resource allocation, decision-making, and the ability to respond to market changes (Bogsnes, 2016). Meanwhile, the dynamic capabilities perspective is used to help explain how MSMEs develop and adapt internal capabilities to face changes in the business environment (Canhoto et al., 2021; Cannas, 2021).

The research object is a MSME that produces and/or markets pottery buffet utensils in Plumpungrejo Village, Blitar Regency. The object selection was based on product characteristics that have potential for development in terms of function, design, aesthetics, and market segmentation. Pottery buffet utensils have the potential to be marketed to household consumers as well as business segments such as restaurants, eateries, hotels, catering, and event organizers. These conditions make pottery MSMEs relevant to studying the relationship between adaptive management, digital marketing, product innovation, sales growth opportunities, and business sustainability.

The research focuses on four main aspects. First, the application of Beyond Budgeting principles, which encompasses planning flexibility, resource allocation, decision-making, production adjustments, and business evaluation based on actual conditions. Second, digital marketing, which encompasses the use of social media, *marketplace*, digital catalogs, online communications, content creation, and the use of digital channels to expand market reach. Third, product innovation, which includes the development of design, size, shape, function, quality, variety, and product customization based on consumer needs. Fourth, the mechanism by which these three aspects contribute to increased sales and the sustainability of MSMEs, as observed through qualitative indicators such as market expansion, the addition of new customers, repeat purchases, order variations, consumer response, and the ability to maintain business activities.

Research informants were selected using the technique *purposive sampling*, namely the selection of informants based on the consideration that the informants have knowledge, experience, and direct involvement with the phenomenon being studied. The main informants consist of owners or managers of MSMEs producing pottery buffet utensils, craftsmen involved in the production process, consumers or customers, and supporting informants who understand the development of MSMEs producing pottery in the research area. The number of informants is determined gradually according to the research information needs and data sufficiency. Data collection is stopped when the information obtained has shown a relatively consistent pattern and additional interviews no longer produce new substantive themes.

MSME owners or managers were selected because they have direct knowledge of business planning, capital management, production, marketing, innovation, and sales development. Artisans were selected to obtain information on the production process and implementation of product innovations. Consumers were selected to understand perceptions of product quality, design, function, and attractiveness, as well as sources of information that influence purchasing decisions. Supporting informants were used to provide contextual information on the development of pottery MSMEs and the business environment in the research area.

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The research data consists of primary and secondary data. Primary data was obtained through in-depth interviews, observation, and documentation. Secondary data was obtained from accessible business documents, government publications, information on the development of MSMEs and pottery centers, and scientific articles relevant to Beyond Budgeting, dynamic capabilities, digital marketing, product innovation, and MSME sustainability. Interviews were conducted semi-structured using an interview guide developed based on the research focus. Interviews focused on exploring informants' experiences in managing businesses, planning production, prioritizing resources, responding to changing demand, utilizing digital media, developing products, and retaining customers.

Interviews with owners or managers also focused on how business decisions are made when faced with market changes and resource constraints. Interviews with artisans focused on the product development process and barriers to innovation, while interviews with consumers focused on purchasing experiences, product perceptions, and the influence of digital information on product interest. Observations were conducted non-participatoryly by observing production activities, business premises conditions, product development processes, storage, marketing activities, digital media usage, and interactions between business owners and consumers. Observations also focused on the characteristics of buffet-ware pottery products, design variations, product finishing quality, packaging, and how products were presented to potential consumers.

Documentation was used to support the data, including product photos, catalogs, and social media screenshots.*marketplace*, production process documentation, and other relevant business documents and obtain permission for use. Data analysis was conducted interactively through the stages of data condensation, data presentation, and drawing and verifying conclusions. Interview data was transcribed and read repeatedly to identify key themes. The coding process was conducted based on the research focus, namely Beyond Budgeting, digital marketing, product innovation, sales growth, and MSME sustainability. Codes with similar meanings were then grouped into broader themes.

Subsequent analysis aimed to identify patterns of relationships and mechanisms between business management flexibility, product development, digital marketing activities, consumer response, and business sustainability. Data validity is maintained through source triangulation, technique triangulation, and*member checking*Source triangulation was conducted by comparing information from MSME owners, artisans, consumers, and supporting informants. Technical triangulation was conducted by comparing the results of interviews, observations, and documentation. *Member checking* this is done by confirming the meaning or summary of the interview results with the informant to ensure the suitability between the researcher's interpretation and the informant's experience.

The research analysis does not use regression, test*t*, test*F*, or coefficient of determination. Sales growth is understood through observable mechanisms, such as the emergence of new customers, expansion of marketing areas, increased order frequency, repeat purchases, order variations, and increased demand for certain products if such information is available. With this procedure, the study is expected to explain in depth how Beyond Budgeting, digital marketing, and product innovation are interrelated in supporting sales growth and the sustainability of MSMEs producing pottery buffet utensils.

III. RESULTS AND DICUSSIONS

The Context of Buffet Utensil Pottery MSMEs in Plumpungrejo

The research results show that the buffet-ware pottery MSME in Plumpungrejo has significant development potential because its products combine functional and aesthetic value. These products are not only used as food serving utensils but can also be part of the visual appearance of dining activities, restaurants, catering establishments, and special events. These characteristics open up opportunities for broader market development, but also require entrepreneurs to adapt their products to changing consumer tastes and needs. Based on interviews and observations, MSMEs face fluctuating demand.

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The quantity, type, and specifications of products ordered can change according to customer needs. This situation means that businesses cannot always use fixed production plans.

> "Orders for buffet equipment vary from month to month. Sometimes we get a large order for catering or an event, but the following month is often quiet. So we can't produce too many items if we haven't received any orders, because our capital is tied up in the goods." *(Interview with Mr. Burhan, 2026).*

These findings indicate that the primary challenge facing MSMEs is not simply production capacity, but the ability to link production to changing market needs. Businesses need to determine when to produce, how much to produce, which products to prioritize, and how to allocate limited resources. This condition is related to the Beyond Budgeting principle, which emphasizes flexibility and an organization's ability to respond to environmental changes (Bogsnes, 2016). In the context of MSMEs, this flexibility can be translated into simple management practices, such as adjusting production to actual demand, allocating capital based on priorities, and making quick decisions.

These findings can also be understood from a dynamic capabilities perspective. Canhoto et al. (2021) emphasize the importance of aligning digital strategy with an organization's ability to navigate change, while Cannas (2021) suggests that digital transformation in MSMEs is linked to the development of dynamic capabilities. In the pottery MSME sector, dynamic capabilities are evident not only in the use of technology but also in the ability of business actors to adapt to market changes in production, marketing, and product development methods.

Beyond Budgeting as the Foundation for MSME Adaptability:
Flexibility of Resource Planning and Management

The research results show that pottery MSMEs have implemented practices that align with Beyond Budgeting principles, although they have not yet formally used the term. Flexibility is evident in production planning that adapts to orders and market conditions.

> "We usually monitor orders first. If there are a lot of orders, we increase production. When there aren't any orders, we make products that typically sell quickly. So there's no fixed production target every month."*(Interview with Mr. Nafi, Owner of Pottery UMKM, 2026).*

This practice demonstrates the adaptive nature of MSME planning. Businesses aren't completely tied to fixed production targets but adjust resource usage based on actual needs. In the context of businesses with limited capital, this flexibility can reduce the risk of inventory buildup. Bogsnes (2016) explains that the Beyond Budgeting approach seeks to reduce management rigidity that relies too heavily on fixed targets and allows organizations to respond to actual conditions. Research findings indicate that this principle is relevant to MSMEs, but its application is more informal and simplified.

These flexible practices are also related to dynamic capabilities. Zheng (2021) shows that dynamic capabilities in small and micro enterprises are related to the ability to build and utilize knowledge networks to respond to change. In the context of pottery MSMEs, market knowledge is gained from the owner's experience, communication with customers, information from artisans, and consumer responses to the products offered.

Adaptive Decision Making

Decisions in pottery MSMEs tend to be made directly by the owner or manager. This allows for quick decision-making when demand changes.

> "If a customer requests a specific size or shape, we usually discuss it directly with the craftsman. If it can be made, we try. So, we don't have to wait long for a decision because we manage the business ourselves."*(Interview with Mr. Burhan, Owner of Pottery UMKM, 2026).*

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This pattern demonstrates that a simple business structure can be a source of adaptive advantage. Owners can receive information directly from customers and immediately translate it into production or product development decisions. However, research also found that this flexibility still relies heavily on owner experience and is not fully supported by systematic information recording. Therefore, the challenge of developing Beyond Budgeting in MSMEs is not only creating flexibility but also building a simple information system that can facilitate decision-making. These findings reinforce the perspective that adaptability needs to be supported by the ability to acquire and utilize information. Dynamic capabilities relate not only to the ability to act quickly but also to the ability to read changes, seize opportunities, and reconfigure resources.

Digital Marketing as a Market Expansion Mechanism:
Changes in Marketing Patterns

The research results show that the MSME's current marketing practices still rely heavily on old customers, recommendations, and personal relationships. Digital media has also been introduced as a means of presenting pottery products, but its use is not yet conducted consistently. Thus, the current digital marketing practice can be characterized as an emerging activity that complements conventional customer networks rather than replacing them.

> "So far, many of our customers have come from acquaintances or previous customers who recommend us to others. If someone has ordered and is satisfied, they usually order again or recommend us to other places."*(Interview with Mr. Burhan, Owner of Pottery UMKM, 2026).*

This approach has the advantage of building trust, but its market reach is relatively limited. The findings therefore distinguish between the digital marketing practices currently implemented and the strategies proposed for future market expansion. At present, the MSME uses digital media mainly to make products visible and communicate their value, although content creation is still irregular because of time and skill constraints. For future expansion, digital marketing needs to be developed more systematically toward broader market access, clearer customer segmentation, and continuous interaction with potential customers.

Purwanti et al. (2022) demonstrated the relevance of digital marketing capabilities to the performance of MSMEs in a dynamic environment. Samat et al. (2020) also demonstrated that adopting social media marketing can support the performance of small and medium enterprises. These studies support the interpretation that the MSME's existing use of digital media provides a foundation for market expansion, while the proposed strengthening of digital activities can help the business reach consumers beyond its existing customer network.

Digital Marketing as a Media for Communicating Product Value

Pottery products have strong visual characteristics so they have the potential to be marketed through photo and video content.

> "If the product is photographed well, the shape and design can actually be more appealing. People who have never been here before can see the product on social media. The problem is, we haven't been creating content regularly because we have to balance our time with production." *(Interview with Mr. Burhan, Owner of Pottery UMKM, 2026).*

These findings indicate a gap between awareness of the benefits of digital marketing and the ability to implement it. The current practice is therefore still limited by time and skills, particularly in maintaining regular content. This condition is important because it shows that the MSME has begun to utilize digital media, but has not yet developed it as a systematic market expansion strategy. Lumbantoruan (2022) and Maulana et al. (2022) demonstrate the importance of utilizing digital marketing for MSMEs in expanding their marketing activities. In the context of pottery, the existing digital practice can be strengthened into a more structured strategy by

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developing product catalogs, improving customer communication, collecting market feedback, and presenting the production process, local identity, and unique skills of artisans. These activities should be understood as proposed directions for future development rather than as practices that have already been fully implemented by the MSME.

Paransa et al. (2025) also positioned social media as part of efforts to support the sustainability of MSMEs by increasing visibility and relationships with consumers. Therefore, the digital marketing strategy for pottery MSMEs should not only focus on direct sales, but also on building brand awareness and long-term relationships. In practical terms, the MSME can move from its current, still irregular use of digital media toward more consistent content, targeted market segmentation, and two-way communication with potential customers. This distinction clarifies that digital media utilization is the current practice, whereas systematic market segmentation, catalog development, feedback collection, and broader customer targeting represent proposed strategies for future market expansion.

Current Digital Marketing Practices and Proposed Future Strategies

A clear distinction between current practices and future strategies is important for interpreting the practical implications of the findings. The MSME currently relies primarily on repeat customers, recommendations, personal relationships, and limited use of social media to display products and communicate product value. The use of digital media is not yet consistent because the owners must balance content creation with production activities. In contrast, the strategies proposed for future market expansion include more systematic product catalog development, regular digital content, customer communication and feedback collection, clearer market segmentation, and targeted access to restaurants, hotels, catering businesses, eateries, and event organizers.

The former describes the MSME's existing condition, while the latter represents a development direction derived from the research findings. This distinction prevents proposed strategies from being interpreted as activities that have already been fully implemented.

Digital Market Segmentation

The research found that buffet tool pottery has the potential to be developed in more specific market segments, such as restaurants, hotels, catering, eateries, and event organizers. These segments represent proposed target markets for future expansion because the current customer base is still dominated by households and existing customers. Accordingly, digital marketing should be directed toward identifying and reaching business customers with recurring and potentially larger-volume needs.

> "While most of our orders have been from households or specific customers, we'd actually like to expand into catering and restaurants. They can order in bulk, but we haven't yet figured out how to find those customers online."*(Interview with Mr. Burhan, Owner of Pottery UMKM, 2026).*

This statement demonstrates that digital marketing requires segmentation capabilities. MSMEs need to identify consumers with recurring needs and the potential for large orders. Ekaputra et al. (2024) demonstrated that the development of digital marketing in MSMEs needs to be linked to broader business strategies and sustainability agendas. Therefore, the use of digital media for pottery MSMEs needs to be directed towards a clear market strategy, not simply increasing the frequency of uploads.

Product Innovation as a Value Creation Mechanism:
Consumer Needs-Based Innovation

Research results show that product innovation in pottery MSMEs occurs through modifications to shape, size, design, function, and quality. Innovation often arises from consumer demand.

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> "Nowadays, customers don't just ask if we can make pottery. They request specific sizes, shapes, and sometimes even bring sample drawings. So we have to follow their requests to ensure the product meets their needs."*(Interview with Umami, Pottery Craftsman, 2026).*

The findings show that innovation in pottery MSMEs is of a*market-pull*. Consumers no longer simply accept available products, but also influence product development. Manthey et al. (2016) showed that product innovation in MSMEs is related to the ability to develop and manage innovation. Rahmawati and Novani (2021) also demonstrated the importance of innovation and*value co-creation*in supporting the marketing performance of MSMEs. Thus, innovation in pottery products should not only focus on creating new products, but also on developing products that meet consumer needs. Innovations could include more uniform sizes, designs that align with restaurant concepts, ease of use, durability, and aesthetic presentation.

Digital Marketing and Innovation as a Learning Cycle

Research findings indicate a reciprocal relationship between digital marketing and product innovation. Digital media is used to introduce products, while consumer responses serve as a source of information for subsequent product development. Yuliani (2020) places innovation as a crucial component in developing product variety and added value. Farid et al. (2025) demonstrate that digital marketing can be linked to sustainable marketing and competitive advantage through value creation.

In the context of this research, the mechanism can be formulated as:

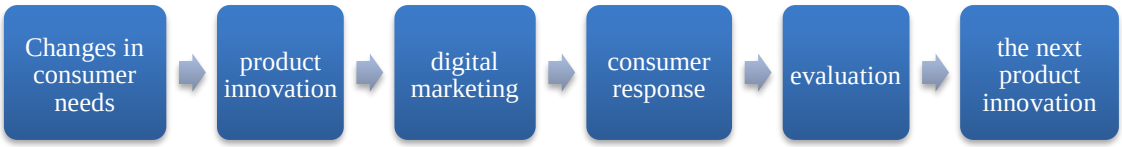


Figure 1. Market Learning Cycle Mechanism
Source: Results of research analysis, 2026.

This cycle demonstrates that innovation and digital marketing are not separate activities. Digital marketing serves as a source of market information, while innovation provides the content and value offered to consumers.

Integration Beyond Budgeting, Digital Marketing, and Product Innovation

The main findings of the study indicate that Beyond Budgeting, digital marketing, and product innovation form a mutually reinforcing mechanism. Beyond Budgeting serves as the foundation for internal adaptability. The principle of flexibility allows MSMEs to adjust resource usage to market conditions. Digital marketing serves as a mechanism for expanding market access, while product innovation serves as a mechanism for creating value..

The relationship can be formulated as:

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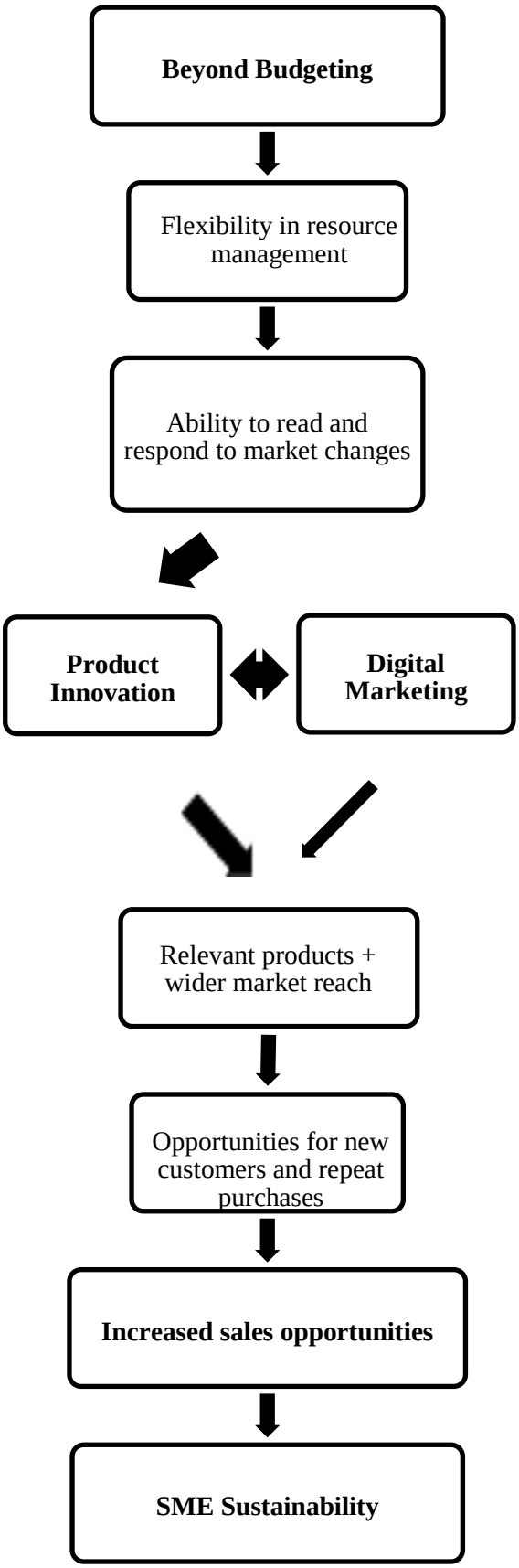


Figure 2. An Integrative Model Beyond Budgeting, Digital Marketing, and Product Innovation to Support Sales Increase and Sustainability of MSMEs
Source: Results of research analysis, 2026

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These findings demonstrate that increasing sales doesn't occur through a single strategy. Businesses need the ability to manage resources adaptively, develop products according to market needs, and communicate product value to consumers. Canhoto et al. (2021) and Cannas (2021) reinforce the importance of dynamic capabilities in navigating digital change. In the context of this research, these capabilities translate into simpler practices in MSMEs, namely the ability to change production plans, adapt products, utilize digital media, and respond to customer feedback. Rofiq et al. (2024) also demonstrated the relevance of digital marketing and innovation to MSME performance. This research provides an additional contribution by emphasizing management flexibility as a foundation that enables both strategies to operate adaptively.

Contribution Mechanisms to Increase Sales

Sales increase in this study is understood as a process that is seen through market expansion, increasing customers, repeat purchases, and the emergence of demand for the products being developed.

Table 1. Strategic Contribution Mechanisms for Increasing MSME Sales

Aspect	Mechanisms Discovered	Contribution to Sales and Sustainability
Beyond Budgeting	Flexibility in production planning, resource allocation, and decision making based on actual conditions	Helps reduce the risk of production that does not match market needs and enables MSMEs to respond adaptively to changes in demand.
Digital Marketing	Utilization of digital media to expand the reach of information, communication, and interaction with consumers	Opening up opportunities to reach new consumers, expanding markets, and building relationships with customers
Product Innovation	Adjustment of product design, size, function and variations based on consumer needs and feedback	Increase product relevance, create added value, and open up opportunities for demand for new products.
Integration of the Three Aspects	Continuous adaptation through management flexibility, market learning, digital marketing, and product development	Supporting market expansion, opportunities for increased sales, repeat purchases, and the sustainability of MSMEs

Source: Results of research analysis, 2026.

The synthesis results in Table 1 show that contributions to sales growth do not come from a single approach in isolation, but rather through complementary mechanisms. Beyond Budgeting provides internal flexibility in managing resources and responding to changing demand, digital marketing expands access and provides information on market needs, while product innovation increases product relevance and added value. The integration of these three aspects forms a sustainable adaptation mechanism that can open up opportunities for market expansion, acquire new customers, encourage repeat purchases, and support the sustainability of MSMEs.

Sustainability of Pottery MSMEs

The sustainability of pottery MSMEs is not only related to the ability to earn profits, but also the ability to maintain production activities, maintain craftsmen's skills, retain customers, and develop markets.

> "What we're hoping for isn't just to be busy now, but also to keep this business going. If the market changes, we have to change with it. If the old model is no longer popular, we have to introduce a new product. Young people also have to be interested so this business doesn't stall." *(Interview with Mr. Burhan, Owner of Pottery UMKM, 2026).*

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This statement demonstrates that sustainability has both economic and social dimensions. The development of digital marketing and innovation should not diminish the traditional identity of pottery. Instead, digital technology can be used to promote production processes, artisan skills, history, and local uniqueness as part of the product's value. Paransa et al. (2025) demonstrated the importance of social media for the sustainability of MSMEs, while Ekaputra et al. (2024) emphasized the relevance of digital marketing developments to the sustainability agenda. In the context of pottery, sustainability can be built through a combination of preserving local identity and adapting to modern market needs.

Research Findings Model

Based on the analysis, this study developed a conceptual model that places three approaches within a single integrative mechanism. This can be seen in the following figure:

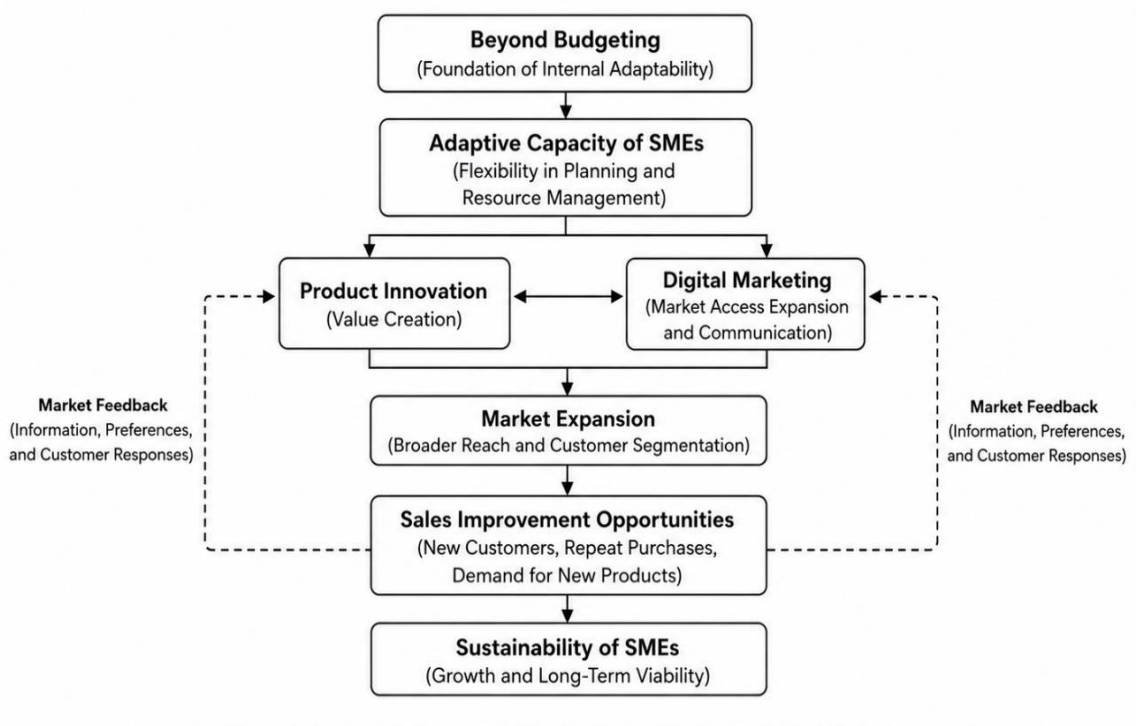


Figure 3. Integrative Conceptual Model
Source: Results of research data analysis, 2026

This relationship is cyclical, not linear. Information gained from the market through digital marketing can drive new innovations. These innovations are then marketed through digital channels. Beyond Budgeting's flexibility allows MSMEs to allocate resources to respond to these changes. The conceptual proposition of this research is that the more MSMEs are able to adaptively manage resources, develop products based on market needs, and strategically utilize digital channels, the greater the opportunity for new customers, repeat purchases, and market expansion, which support business sustainability. This proposition is not intended as a statistical hypothesis, but rather as a conceptual explanation of the mechanisms discovered through qualitative data.

IV. CONCLUSION

This study concludes that increasing sales and sustainability of the buffet-ware pottery MSME in Plumpungrejo can be understood as an adaptive process formed through the relationship between business management flexibility, the ability to create product value, and the ability to reach the market. Within this qualitative research framework, Beyond Budgeting serves as an approach that supports flexible planning, resource allocation, and decision-making based on actual conditions. Digital marketing plays a role in expanding market reach and building

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relationships with consumers, while product innovation helps MSMEs maintain product relevance and added value based on market needs.

The interconnectedness of these three approaches creates an adaptive mechanism that enables MSMEs to respond more flexibly to changing consumer needs. Market information can be used as a basis for developing innovations, while developed products can be introduced more widely through digital channels. In this process, the Beyond Budgeting principle provides MSMEs with the flexibility to adapt resources and business decisions to changing market opportunities. Therefore, the increase in sales in this study is not understood as a statistical consequence of a single variable, but rather as the result of interrelated mechanisms involving adaptive management, product innovation, and market expansion.

Based on the research findings, MSMEs producing buffet pottery need to strengthen adaptive business management through simple recording of demand, customers, products, costs, and market response. The use of digital marketing needs to be expanded beyond mere promotional media to include catalog building, customer communication, market segmentation, and feedback collection. Product innovation also needs to be directed at consumer needs, particularly in the restaurant, catering, hotel, food service, and event organizer segments. Local governments and relevant stakeholders are advised to strengthen mentoring in the areas of adaptive management, digital marketing, design development, and market access. Further research can utilize a longitudinal or cross-sectional approach *mixed methods*to test the development of sales performance in a more measurable manner and develop an adaptability model for craft-based MSMEs in a broader context.

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