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## The Effect of Ceramic Sales on the Performance of Ceramic Craftsmen with Digitalization as a Moderation Variable

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#### Authors' contributions

This work was carried out in collaboration among all authors. All authors read and approved the final manuscript.

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#### **ABSTRACT**

**Aims:** This study aims to determine the effect of sales on the performance of ceramic craftsmen and also the moderating effect of digitalization on the effect of sales on performance.

**Study Design:** This research was conducted using a quantitative method, then the data obtained was analyzed using an explanatory research approach.

**Place of Study:** The target of this research is ceramic craftsmen in Malang City. The total population in this study is 30 ceramic craftsmen.

**Methodology:** The total population in this study is 30 ceramic craftsmen. Sampling was carried out using a saturated sampling technique, and it was found that the samples taken were 30 ceramic craftsmen. The process of collecting data with a distribution questionnaire. This study used SPSS 21 software. The questionnaires distributed were measured using a Likert scale.

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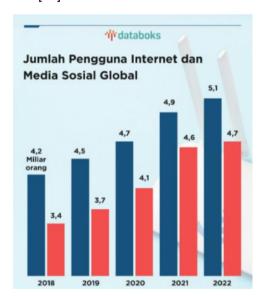
**Results:** This study indicate that sales have a significant effect on performance. Furthermore, digitization has a significant effect on performance. Sales have a significant effect on digitization. Then there is an insignificant effect between sales on performance which is moderated by digitalization.

**Conclusion:** Utilization of digital technology can help ceramic craftsmen improve marketing strategies and increase the visibility of their ceramic products online, so as to increase sales. Digitization can also affect the way ceramicists manage their business, such as using more efficient inventory management or tracking systems, which in turn can improve overall performance.

Keywords: Sales; digitalization; performance.

#### 1. INTRODUCTION

In 2020 the Covid-19 pandemic hit the world so that it could have an impact on various lines and areas of life, including the economic sector, which has changed the map or economic habits significantly [1]. Buying and selling activities that were previously carried out face-to-face face-toface are limited in their implementation, thus presenting a solution by utilizing existing technological developments, namely carrying out buying and selling activities online. So this resulted in an increase in internet users in the world in 2019 as many as 4.5 billion people to 4.7 billion people in 2020. And also social media users in the world in 2019 as many as 3.7 billion people to 4.1 billion people in 2020. And this increase will occur significantly from year to year until 2022 [27].



Graph 1. Diagram of the number of global internet and social media users

Source: Databoks 2022

So it can be said that the development of the digital economy was accelerated exponentially by the Covid-19 pandemic [1].

The Covid-19 pandemic is considered to be able to accelerate digitalization because various activities are limited and carried out online. So that digitalization in Indonesia continues to grow even into the new normal era which is the designation of the post-Covid-19 pandemic. In addition, currently Indonesia has entered the era of society 5.0, which is a conceptual framework in which society is based on technology, so that it is expected that it can solve social challenges and problems with this technology in order to improve the quality of life of human resources [28]. One of the problems in the midst of post-Covid-19 economic growth is social inequality. The solution to this problem is sustainable economic development, namely a growth model growth that integrates economic environmental sustainability and social justice, which is guided by the fifth precept of Pancasila which reads, social justice for all Indonesian people. This means that with economic growth, social inequality will not increase [24]. However, this sustainable economic development is difficult to implement in the era of society 5.0, because in fact, as the economy grows, social inequality also widens. So, the problem here is how to build a sustainable economy that integrates economic growth with environmental sustainability and social justice in an era of technology-centered society.

The Covid-19 pandemic specifically also has an impact on ceramic buying and selling activities among ceramic craftsmen in Malang City, which are Micro and Medium Enterprises (MSMEs) in the Malang City area [46]. The digitization that has occurred in ceramic craftsmen in Malang City can also be accelerated by the Covid-19 pandemic by changing buying and selling patterns from full offline to being able to serve online [48]. This was a demand when the Covid-19 pandemic hit due to restrictions on buying and selling offline. Of course, this is a challenge for ceramic craftsmen in Malang City, because the majority of ceramic craftsmen in Malang City are

generations who are still unfamiliar with technology, be it in the form of the internet or social media. Sales of ceramics and also the digitization that occurs can be a number of factors that affect the performance of ceramic craftsmen. So that with an increase or decrease in sales of ceramics and also with the development of digitalization it is suspected that it can affect the performance of ceramic craftsmen.

The increase or decrease in the performance of ceramic craftsmen is in line with the performance theory of Gibson [2,3,32,35] which states that performance is the result of a job that is related to the goals of the organization itself, such as quantity. efficiency and work effectiveness. Individual, organizational and psychological are the three factors that influence performance. Performance can be affected by the quantity of profit or sales that were successfully carried out in a certain period [47], this is because with increased sales it will increase employee morale so that their performance increases to be higher than before [23,25,31]. In addition, the growing digitalization is also considered to be able to strengthen the relationship between sales and performance, this is because digitalization is thought to increase sales so that it can spur employee enthusiasm which leads to increased worker performance. Gibson's performance theory is in line with the phenomenon of increased performance due to sales and strengthened increased digitalization. And these two variables, namely sales and digitalization are external factors or external factors.

Sales according to Kotler [4,5] are composed of seven components, namely product, price, promotion, place, people, process, and physical evidence. This theory can be applied to analyze and improve marketing strategies to increase sales volume. In addition, Tarafdar (2014) et al. [6] in his research stated that sales have an effect or impact on performance. Then [7] states that sales can be increased by promotion. Then [8] in his research stated that sales are a core or main activity carried out by companies in order to gain profit or profit. In making sales must be applied the right strategy. Then Boles et al. [9] [10] states that sales orientation is an approach whose main focus is on the quantity of sales made or the number of products sold to consumers. So, it can be concluded that sales is the seller's ability to sell or market goods or services to consumers. In this era, sales can be made by utilizing existing digitalization. With sales through digital platforms, it is hoped that the way of buying and selling can be more efficient compared to conventional markets [11,43].

Apart from sales, digitization is another factor that can affect the performance of ceramic craftsmen. Digitalization according to Pertiwi & Nurhikmah, [12] is a system where everything can be done only by using gadgets, because gadgets are devices that are easy to apply without any time limits so that they can reduce company operational costs. In addition, [13,34] states that digitization, which in this case is the digitization of taxation, has the goal of improving and facilitating services to taxpavers. So it can be concluded that digitization is a form of change in which everything can be carried out online via the internet. According to Redieki and Affandi. 2021 [14] digitization can also reach a wider market by utilizing digital platforms such as ecommerce, social media, and online applications that can connect producers and consumers from various regions.

Sales have a positive influence on the performance of workers who in this study are ceramic craftsmen. As research [6] states that sales have a positive effect on performance. Then [7] also states that promotion has a positive effect on performance, in which this promotion is a form of increasing sales. In addition, [10] in the results of his research also states that sales orientation has a positive effect on performance. Besides having a positive influence between sales and performance, digitization also has a positive influence on the performance of workers who in this study are ceramic craftsmen. As the results of research [12] state that digitalization has a positive effect on performance. In addition. [15] in the results of his research stated that digital marketing which is a form of digitalization has an effect on performance. Then [13] in the of his research also states that results digitalization, in this case is the digitalization of taxation, has a positive effect on performance.

In addition, digitalization can moderate fully by strengthening the relationship between sales and performance. There have been no previous studies that examined digitalization as a moderator of the effect of sales on performance, so this is an update.

This study aims to determine the effect of sales on the performance of ceramic craftsmen and also the moderating effect of digitalization on the effect of sales on performance. This is because we want to see the moderating effect of digitalization on the effect of sales on performance, which is an update of this research from previous studies. Therefore, the researcher is interested in taking the title "The Influence of Ceramic Sales on the Performance of Ceramic Craftsmen in Malang City with Digitalization as a Moderating Variable".

#### 2. HYPOTHESIS DEVELOPMENT

#### 2.1 The Sales with Performance

Sales is one of the factors that influence the company's performance [29, 30]. This was conveyed by Rizan & Utama [10] which states that sales is something that refers to business actors who are involved in sales activities and they need and obtain sales results from customers who have made purchases. Sales are oriented towards sales results that have been successfully sold as much as possible and prioritize what the customer needs Boles, [9]. Based on the description above, the authors formulate the hypothesis as follows:

H1: Sales of ceramics have a significant effect on the performance of ceramic craftsmen in Malang.

#### 2.2 The Digitalization with Performance

According to Sukmana [16], Digitization is a procedure from meta in audio form to digital form. This digitization is carried out with the aim of archiving documents or the like into digital form. When the digitization process requires tools such as computers, mobile phones, and others that can support the digital process. According to Brennen [17], Digitization is the increasing availability of digital data caused by technological advances in creating and storing it that has an impact on the contemporary world. With companies implementing digitization, this will be related to employee performance will increase or not. Digitalization is an important factor in company performance.

According to Huda et al. [18] digital marketing can affect company performance. This is supported by several previous studies which also state that digitalization has a significant effect on company performance. The following are some studies conducted by several experts [36,38].

Based on the description above, the authors formulate the hypothesis as follows:

H2: Digitalization has a significant effect on the performance of ceramic craftsmen in the Malang

#### 2.3 The Sales with Digitalization

Sales is an art to carry out a job through other people [41]. Some experts claim it as a science and as an art, there are those who put it into ethical issues in sales [37]. The main terms of sale can be interpreted as follows: According to Kotler [19] the concept of selling is the belief that consumers and business companies will not regularly buy enough of the products offered by certain organizations. Therefore, the organization concerned must undertake an aggressive selling and promotion effort. Sales generated by a company or organization will also advance the business. Especially in this digital era, sales can be done more quickly because of a wider reach.

Sales can be increased or boosted by digitalization [26,40]. Nowadays, of course, in business you have to digitize all activities. Research conducted by Román & Rodríguez [6] explains that sales can be reduced more by utilizing technological advances in the sales process. This research is supported by several previous studies conducted by Johnson & Bharadwaj, [20] Slater & Olson, [21] which stated that sales and digitalization have a positive relationship. Based on the description above, the authors formulate the hypothesis as follows:

H3: The sale of ceramics has a significant effect on digitization in the Malang

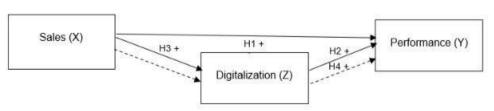


Fig. 1. Framework methodology

### 2.4 The Digitalization Moderated Sales with Performance

Sales is something that refers to business actors who are involved in sales activities and they need and get sales from customers who have made purchases [22]. Sales are oriented towards sales results that have been successfully sold as much as possible and prioritize what the customer needs [9]. Entrepreneurs who do not adopt a sales orientation will be less customer satisfaction oriented, show less of their services/products and lack sales, entrepreneurs will also be less involved in some sales-oriented behaviors [9].

In this case the digitalization carried out by the company will strengthen its influence in improving the company's performance. Based on the description above, the authors formulate the hypothesis as follows:

H4: Moderating digitization significantly affects ceramic sales on the performance of ceramic craftsmen in the Malang

#### 3. METHODOLOGY

The type of research applied in this research is quantitative research [39]. The type of data used in this study is primary data which is data from filling out questionnaires by 23 ceramic craftsmen in the Dinoyo ceramics village in Dinoyo Village, Lowokwaru District, Malang City, East Java, plus 7 ceramic craftsmen spread across Malang City and Batu City, Java. East. The questionnaire contains statements regarding sales, digitalization and performance variables. The effect of sales on performance moderated by digitalization is something that we want to know and study in this study, so this is the aim of this research. The results of this study were seen from the answers to the questionnaire using a Likert scale [49]. The data containing the answers to the questionnaire were then processed using the SPSS application version 21. Testing with the SPSS application consisted of validity and reliability tests and also a moderation regression test [33,39,42].

#### 4. RESULTS AND DISCUSSION

The results showed that the effect of selling ceramics on the performance of ceramic craftsmen in Malang was influenced by digitalization as a moderating variable. In other words, digitization has a role in influencing the

relationship between sales of ceramics and the performance of ceramic craftsmen.

Sales of ceramics can have a positive effect on the performance of ceramic craftsmen, meaning that the higher the sales, the more likely the performance of ceramic craftsmen will also increase. However, this influence can be moderated by digitalization, which means that the positive effect of selling ceramics on the performance of craftsmen can be influenced or enhanced by the level of adoption of digital technology in the production process, marketing, management or other aspects of the ceramics business.

### 4.1 Validity Test Results and Reliability Tests

The research was conducted by preparing a list of questionnaire questions to be used. The questionnaire used in the study consisted of 28 sales, 8 statements regarding statements regarding digitization, and 4 statements regarding performance which would then be tested on ceramic craftsmen in Malang City. Analysis of the research validity test was carried out using the SPSS version 21 computer program, namely by correlating the value of each question item with the total value which is the sum of the values of each question item. If one of the questions on the questionnaire list has a correlation value of <0.05 then the question item can be used in subsequent analysis, or it can be said to be valid, while question items that have a correlation value> 0.05 then the question item can be declared invalid [44]. The validity test in this study was carried out using the Product technique. Then Moment proceed conducting a reliability test using the Alpha Cronbach method [45].

After testing the validity using the SPSS 21 program, it can be seen that the questions that have met the requirements can be reviewed from the results of their validity. The following are the results of validity tests that have been carried out using the SPSS 21 computer program:

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Based on the results of the validity test of Table 1 with the sales variable above, it shows that there

are 28 statements where the value of all statement items has a Sig value. <0.05, meaning that it is declared valid, then these statement items can be used as an accurate data collection tool in a study [44].

Based on the results of the validity test in Table 2 with the digitization variable above, it shows that there are 8 statements where the value of all statement items has a Sig value. <0.05, meaning that it is declared valid, then these statement items can be used as an accurate data collection tool in a study [44].

Table 1. Validity test sales variable question items

Statement item	Sig	Α	Intrepretation
1	0,014	<0,05	Valid
2	0,024	<0,05	Valid
3	0,001	<0,05	Valid
4	0,001	<0,05	Valid
5 6	0,001	<0,05	Valid
6	0,004	<0,05	Valid
7	0,004	<0,05	Valid
8	0,000	<0,05	Valid
9	0,008	<0,05	Valid
10	0,001	<0,05	Valid
11	0,013	<0,05	Valid
12	0,051	<0,05	Valid
13	0,008	<0,05	Valid
14	0,046	<0,05	Valid
15	0,049	<0,05	Valid
16	0,000	<0,05	Valid
17	0,000	<0,05	Valid
18	0,010	<0,05	Valid
19	0,002	<0,05	Valid
20	0,012	<0,05	Valid
21	0,001	<0,05	Valid
22	0,013	<0,05	Valid
23	0,023	<0,05	Valid
24	0,001	<0,05	Valid
25	0,005	<0,05	Valid
26	0,022	<0,05	Valid
27	0,003	<0,05	Valid
28		<0,05	Valid

Table 2. Validity test digitization variable statement points

Statement item	Sig	Α	Intrepretation
1	0,000	<0,05	Valid
2	0,000	<0,05	Valid
3	0,000	<0,05	Valid
4	0,000	<0,05	Valid
5	0,000	<0,05	Valid
6	0,000	<0,05	Valid
7	0,000	<0,05	Valid
8	0,000	<0,05	Valid

Based on the results of the validity test in Table 2 with the performance variables above, it shows that there are 4 statements where the value of all statement items has a Sig value. <0.05, meaning that it is declared valid, then these statement items can be used as an accurate data collection tool in a study [44].

The reliability test for the sales variable yielded a Cronbach's Alpha value of 0.739 > 0.60, so it can be concluded that the statement for the sales variable is reliable or consistent [45]. Likewise with the reliability test of the digitization variable, the results obtained were reliable or consistent with the Cronbach's Alpha value of 0.765 > 0.60 [45]. In the reliability test with performance variables, the Cronbach's Alpha value was 0.667 > 0.60, so it can be concluded that statements for performance variables are reliable or consistent and can be used in subsequent analysis [45].

#### 4.2 Moderation Regression Test Results

In this study, a moderation regression test was carried out because in this study digitalization played a role as a moderating variable. So, this

test is run to find out whether the moderator variable strengthens or weakens the influence relationship between the independent variable, which in this case is sales, on the dependent variable, which in this case is performance. Below are the results of the moderation regression test conducted in SPSS version 21:

The results of the regression test between the sales variable and the performance variable are in the form of a Sig value. <0.005 which is equal to 0.004, meaning that the sales variable has a significant influence on the performance variable [45]. And it is known that the R Square is 0.263, meaning that the influence of the sales variable on the performance variable is 26.3% [45].

The results of the regression test between the digitization variable and the performance variable are in the form of a Sig value. <0.005 which is equal to 0.000, meaning that the digitization variable has a significant influence on the performance variable [45]. And it is known that the R Square is 0.391, meaning that the effect of the digitalization variable on the performance variable is 39.1% [45].

Table 3. Validity test performance variable statement points

Statement item	Sig	Α	Intrepretation
1	0,000	<0,05	Valid
2	0,000	<0,05	Valid
3	0,000	<0,05	Valid
4	0,016	<0,05	Valid

Table 4. Questionnaire reliability test results

No	Variable	Cronbach's Alpha	N of Item	_
1	Sales (X)	0,739	28	
2	Digitalization (Z)	0,765	8	
3	Performance (Y)	0,667	4	

Table 5. Sales regression test results on performance

Model		Unstandardized coefficients		Standardized coefficients	Т	Sig.
		В	Std. Error	Beta	-	
1	(Constant)	6.793	2.792		2.433	.022
	X	.080	.025	.513	3.161	.004

Model summary						
Model	R	R Square	Adjusted R Square	Std. error of the estimate		
1	.513 <sup>a</sup>	.263	.237	.990		

a. Predictors: (Constant), X

Table 6. Digitalization regression test results on performance

Model		Unstandard	dized coefficients	Standardized coefficients	Т	Sig.
		В	Std. error	Beta		o.g.
1	(Constant)	9.061	1.551		5.842	.000
	Ž	.220	.052	.625	4.239	.000

a. Dependent Variable: Y

Model summary						
Model	R	R square	Adjusted R square	Std. error of the estimate		
1	.625 <sup>a</sup>	.391	.369	.900		

a. Predictors: (Constant), Z

The results of the regression test between sales variables and digitization variables are Sig. <0.005 which is equal to 0.003, this means that the sales variable has a significant effect on the digitization variable [45]. And it is known that the R Square is 0.276, meaning that the influence of the sales variable on the digitization variable is 27.6% [45].

The results of the moderation regression test between digitization variables on the influence of sales variables on performance variables are Sig. > 0.005 which is equal to 0.330, this means that the moderating function of the digitization variable on the effect of the sales variable on the performance variable is not significant [45]. And it is known that the R Square is 0.458, meaning that the influence of the digitization variable can moderate the effect of the sales variable on the performance variable by 45.8% so that the digitization variable can moderate the effect of the sales variable on the performance variable but it is not significant [45].

## 4.3 The Influence of Sales on the Performance of Ceramic Craftsmen in Malang City

Based on the results of the regression test between sales and performance variables, it was found that sales had a positive and significant influence on the performance of ceramic craftsmen in Malang City, this is evidenced by the Sig. < 0.005 which is equal to 0.004 [45]. Even though they have a positive and significant influence, both have a low correlation as evidenced by the R Square value of 0.263 or 26.3% [45]. There is a significant influence between sales on the performance of ceramic craftsmen in Malang City, so that hypothesis 1 is accepted.

The results of this study are in line with research conducted by Román & Rodríguez, [6] which states that sales have a positive influence on performance, in which a positive relationship between the two is known from the test results using the LISREL 8.80 application. Apart from that, it is also in line with research [10] which states that sales orientation has a positive influence on the performance of the business being run. The positive relationship between the two is known from the test results using the SPSS application. This positive relationship illustrates that if sales increase, performance will also increase linearly with increased sales.

#### 4.4 The Effect of Digitalization on the Performance of Ceramic Craftsmen in Malang City

Based on the results of the regression test between the digitization variable and the performance variable, it was found that digitization has a positive and significant influence on the performance of ceramic craftsmen in Malang City, this is evidenced by the Sig. < 0.005 which is equal to 0.000 [45]. Even though they have a positive and significant influence, both have a low correlation as evidenced by the R Square value of 0.391 or 39.1% [45]. There is a significant influence between sales on the performance of ceramic craftsmen in Malang City, so hypothesis 2 is accepted.

The results of this study are in line with research [6] which states that digitization has a positive effect on performance, in which a positive relationship between the two is known from the test results using the LISREL 8.80 application. Apart from that, it is also in line with research (Etanim, 2022) [12,18] which states that digitalization of taxation has a positive effect on

the performance of MSMEs. The positive relationship between the two is known from the test results using PLS (Partial Least Square) Software. This positive relationship illustrates that when MSMEs apply digitization to their business, the performance of ceramic craftsmen will increase. Digitalization carried out by these business actors will be useful for reducing promotion costs and can reach a community using social media Facebook, Instagram, TikTok, and shopping marketplaces. However, there were findings from ceramic craftsmen in Malang City that the digitization carried out was still less attractive and less intense, so that it was not able to give a strong impression, especially in terms of site design so that it could support the performance of ceramic craftsmen.

#### 4.5 The Effect of Sales on the Digitalization of Ceramic Craftsmen in Malang City

Based on the results of the regression test between sales variables and digitization variables, it was found that sales had a positive and significant influence on digitization of ceramic craftsmen in Malang City, this is evidenced by the Sig value. < 0.005 which is equal to 0.003 [45]. Even though they have a positive and significant influence, both have a low correlation as evidenced by the R Square value of 0.276 or 27.6% [45]. There is a significant influence between sales on the digitization of ceramic craftsmen in Malang City, so hypothesis 3 is accepted.

The results of this study are in line with research [6] which states that sales can be reduced more if you take advantage of technological advances in the sales process from the test results using the LISREL 8.80 application. Apart from that, it is also in line with research by Johnson & Bharadwaj, [20] Slater & Olson, [21] which states that sales and digitalization have a positive relationship. The positive relationship between the two is known from the test results using software. This positive relationship illustrates that this increase in sales will affect the digitalization process carried out by business actors. This is related because as a business develops, it will definitely continue to expand its business to be wider by digitizing the business.

Table 7. Sales regression test results on digitalization

Coefficients <sup>a</sup>							
Model		Unstandard	lized coefficients	Standardized c	oefficients T	Sig.	
		В	Std. Error	Beta			
1	(Constant)	4.109	7.879		.522	.606	
	X	.234	.072	.525	3.263	.003	

a. Dependent Variable: Z

Model summary					
Model	R	R square	Adjusted R square	Std. error of the estimate	
1	.525 <sup>a</sup>	.276	.250	2.792	

a. Predictors: (Constant), X

Table 8. Regression test results of digitalization moderation on the effect of sales on performance

Coefficients <sup>a</sup>							
Model		Unstandardized coefficients		Standardized coefficients	T	Sig.	
		В	Std. Error	Beta	-	_	
1	(Constant)	-12.657	19.052		664	.512	
	X	.228	.191	1.452	1.192	.244	
	Z	.811	.646	2.308	1.255	.221	
	XZ	006	.006	-2.653	992	.330	

a. Dependent Variable: Y

Model Summary						
Model	R	R square	Adjusted R square	Std. error of the estimate		
1	.677 <sup>a</sup>	.458	.396	.880		

a. Predictors: (Constant), XZ, X, Z

# 4.6 The Influence of Sales on the Performance of Ceramic Craftsmen in Malang City Moderated by Digitalization

Based on the results of the moderating regression test of the digitalization variable on the effect of the sales variable on the performance variable, it was found digitalization can moderate the effect of sales on the performance of ceramic craftsmen in Malang City positively but not significantly, this is evidenced by the Sig value. > 0.005 which is equal to 0.330 [45]. Even so, the two have a moderate correlation as evidenced by the R Square value of 0.458 or 45.8% [45]. There has been no previous research that examines and discusses the effect of sales on performance, so this research is an update. There was an insignificant effect between sales performance moderated by digitalization, so hypothesis 4 was rejected.

#### 5. CONCLUSION

Based on the results of the study it can be concluded that: (1) Sales have a significant effect on the performance of ceramic craftsmen in Malang City. (2) Digitalization has a significant effect on the performance of ceramic craftsmen in Malang City. (3) Sales have a significant effect on digitalization carried out by ceramic craftsmen in Malang City. (4) There is an between insignificant effect sales performance moderated by digitalization. The contribution in this research is to provide an understanding of the economic contribution that has been made by ceramic craftsmen in Malang City so that they can strengthen the economy of Malang City during the Covid-19 pandemic by digitizing its sales. activities that lead to improving the performance of ceramic craftsmen. it can be concluded that the adoption of digital technology helps craftsmen increase production efficiency, speed up response time to customer requests, or reach a wider market through digital platforms. Utilization of digital technology can help ceramic craftsmen improve marketing strategies and increase the visibility of their ceramic products online, so as to increase sales. Digitization can also affect the way ceramicists manage their business, such as using more efficient inventory management or tracking systems, which in turn can improve overall performance.

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#### COMPETING INTERESTS

Authors have declared that no competing interests exist.

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