

## ***Product Innovation, Partnerships, Market Orientation, and Footwear SME Performance: The Mediating Role of Marketing Strategy***

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### **ABSTRACT**

*Small and Medium Enterprises (SMEs) in the footwear sector face increasing competitive pressure from imported products, rapidly changing fashion trends, shifting consumer preferences, and the growth of digital purchasing behavior. These challenges require footwear SMEs not only to innovate and build partnerships, but also to translate market knowledge and internal capabilities into effective marketing strategies. This study examines the mediating role of marketing strategy in the relationship between product innovation, business partnerships, market orientation, and marketing performance. A quantitative explanatory approach with a cross-sectional design was employed. Data were collected from 310 footwear SME owners or managers in the Greater Bandung area using proportional random sampling and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results show that product innovation ( $\beta = 0.312$ ), business partnerships ( $\beta = 0.281$ ), and market orientation ( $\beta = 0.410$ ) have significant positive effects on marketing strategy, with market orientation emerging as the strongest predictor. Marketing strategy also has a significant positive effect on marketing performance ( $\beta = 0.550$ ) and significantly mediates the relationships between the three antecedents and marketing performance. This study contributes to SME marketing literature by demonstrating that marketing strategy functions as an implementation mechanism that converts innovation, collaboration, and market intelligence into performance outcomes in a trend-sensitive footwear industry. Practically, the findings suggest that footwear SMEs should prioritize market intelligence, align product innovation with fashion trends and customer value, and develop partnerships that strengthen distribution, digital promotion, and market access. These elements should be integrated into consistent segmentation, positioning, and offline–digital channel strategies to improve marketing performance.*

**Keywords:** Marketing Strategy, Footwear Smes, Market Orientation, Product Innovation, Business Partnerships, Marketing Performance

## **1. Introduction**

Micro, Small, and Medium Enterprises (MSMEs), including footwear Small and Medium Industries (SMIs), play an important role in regional economic development through employment creation, local industrial growth, and economic resilience. However, footwear SMIs currently face increasing competitive pressure due to imported products, rapid changes in consumer preferences, fashion-driven demand, and the expansion of digital purchasing channels. These conditions directly affect marketing performance, particularly sales growth, customer acquisition, and market share. Therefore, footwear SMEs need more adaptive and strategically grounded marketing approaches to remain competitive.

The footwear sector provides a relevant context for examining SME marketing performance because it is highly sensitive to product design, comfort, material quality, lifestyle trends, and consumer taste. Unlike more standardized manufacturing sectors, footwear businesses must continuously adjust their product offerings and marketing approaches to match changing market preferences. In the Greater Bandung area, this challenge is intensified by intense local competition, imported products, and the growing use of digital platforms in

consumer purchasing behavior. Thus, footwear SMEs are required not only to innovate but also to translate innovation, partnerships, and market knowledge into effective marketing strategies.

Conceptually, product innovation, business partnerships, and market orientation are widely recognized as important determinants of SME performance. Product innovation enables firms to create differentiated value propositions, while business partnerships provide access to resources, knowledge, distribution channels, and market networks. Market orientation strengthens a firm's ability to understand customer needs and respond to competitor actions (Lafferty, 2022). However, these factors do not automatically improve marketing performance. Their effectiveness depends on how they are transformed into strategic marketing decisions, such as segmentation, targeting, positioning, channel selection, promotion, and marketing mix implementation (Morgan et al., 2022).

Despite growing research on SME marketing, several important gaps remain. First, previous studies have often examined the direct effects of innovation, partnerships, or market orientation on performance, with limited attention to the mechanism that explains how these factors generate performance outcomes. Second, studies that use mediating variables tend to apply diverse constructs, such as digital transformation, competitive advantage, or marketing capabilities, resulting in fragmented explanations and inconsistent findings (Deku et al., 2024; Hidayati et al., 2025). Third, limited research has integrated product innovation, business partnerships, and market orientation within a single model in trend-sensitive industries such as footwear SMEs. As a result, it remains unclear how these antecedents jointly contribute to marketing performance through a unified strategic pathway.

To address these gaps, this study positions marketing strategy as a central mediating mechanism that links product innovation, business partnerships, and market orientation to marketing performance. This perspective is grounded in the Resource-Based View, Dynamic Capability Theory, and Market Orientation Theory. Product innovation and business partnerships represent strategic resources, while market orientation provides market intelligence for decision-making. However, these resources and orientations must be operationalized through marketing strategy to generate measurable performance outcomes. In this study, marketing strategy is therefore viewed not merely as an independent predictor, but as an implementation mechanism that translates resources and market knowledge into concrete marketing actions.

The novelty of this study lies in its integrated model that explains how product innovation, business partnerships, and market orientation collectively influence marketing performance through marketing strategy in the footwear SME context. This study contributes to SME marketing literature by strengthening the explanation of the strategic process through which resources and market orientation are converted into performance outcomes. Practically, the findings are expected to provide guidance for footwear SME actors in developing market-driven innovation, selecting partnerships with tangible marketing benefits, strengthening market orientation, and integrating these elements into consistent marketing strategies.

Based on this background, this study aims to examine the effects of product innovation, business partnerships, and market orientation on marketing strategy; analyze the effect of marketing strategy on marketing performance; and test the mediating role of marketing strategy in the relationship between product innovation, business partnerships, market orientation, and marketing performance among footwear SMEs in Greater Bandung.

## **2. Literature Review**

### **Theoretical Foundation**

This study is grounded in three complementary theoretical perspectives: the Resource-Based View (RBV), Dynamic Capability Theory, and Market Orientation Theory. The Resource-Based View explains that firm performance is influenced by strategic resources that are valuable,

rare, inimitable, and non-substitutable (Barney, 1991). In the context of footwear SMEs, product innovation and business partnerships can be viewed as strategic resources because they enable firms to create differentiated products, access external knowledge, and strengthen market reach (Audretsch et al., 2023). However, RBV has been criticized for placing strong emphasis on resource possession while paying less attention to how resources are converted into market outcomes. This limitation is relevant for SMEs because many firms may possess innovation potential or partnership networks but fail to translate them into superior marketing performance when strategic execution is weak.

Dynamic Capability Theory complements RBV by emphasizing the firm's ability to sense opportunities, seize them, and reconfigure resources in response to environmental changes (Teece et al., 2016). This perspective is particularly relevant in the footwear sector, where firms must continuously respond to changes in fashion trends, consumer preferences, digital channels, and competitive dynamics. However, dynamic capabilities do not operate automatically. They require an operational mechanism that enables firms to transform resources and market insights into concrete strategic actions. In this study, marketing strategy is positioned as such a mechanism because it links innovation, partnerships, and market knowledge with decisions related to segmentation, targeting, positioning, channel selection, promotion, and value delivery (Morgan et al., 2022).

Market Orientation Theory further explains that firms need to generate, disseminate, and respond to market intelligence in order to create superior customer value (Lafferty, 2022). Nevertheless, previous studies suggest that market orientation does not always produce direct performance gains. Some studies report a positive relationship between market orientation and performance, while others indicate that its effect depends on strategic fit, marketing capabilities, and implementation quality (Ngo, 2021; Bodlaj & Čater, 2022). This indicates a theoretical tension: market knowledge is important, but it must be translated into effective marketing strategy before it can improve performance.

By integrating these three perspectives, this study argues that product innovation, business partnerships, and market orientation are important antecedents of marketing performance, but their effects depend on strategic implementation. Therefore, marketing strategy is positioned as a mediating mechanism that operationalizes internal resources, external collaboration, and market intelligence into measurable marketing performance outcomes.

### **Product Innovation**

Product innovation refers to a firm's ability to introduce new products or improve existing products in ways that enhance customer value. In footwear SMEs, product innovation may include improvements in design, comfort, material quality, durability, model variety, and responsiveness to fashion trends. Innovation is important because SMEs that continuously renew their products are more likely to differentiate themselves in competitive markets and respond to changing consumer expectations (Audretsch et al., 2023).

However, prior findings on the relationship between product innovation and performance are not always consistent. Some studies suggest that innovation directly improves marketing performance because new products can attract customers, strengthen brand image, and increase sales opportunities. Conversely, other studies indicate that innovation may not lead to stronger performance when firms fail to communicate product value, choose inappropriate distribution channels, or misread customer preferences. This inconsistency suggests that innovation is not inherently valuable unless it is aligned with market needs and supported by an effective marketing strategy.

In the footwear industry, this issue is particularly important because product innovation is closely tied to trend cycles. A new design or model may quickly lose relevance if it is not introduced to the right market segment at the right time. Thus, product innovation must be

connected to strategic marketing decisions, including positioning, promotional messaging, pricing, and channel selection. From the perspective of Dynamic Capability Theory, product innovation becomes meaningful only when firms can reconfigure it into market-oriented actions. Therefore, this study treats product innovation not merely as a direct driver of performance, but as a strategic resource whose effect is channeled through marketing strategy.

Operationally, product innovation in footwear SMEs can be reflected in novelty of design and models, improvement in material quality and finishing, development of comfort and functional features, and the speed of introducing new variants in response to market trends (Audretsch et al., 2023; Dwivedi & Pawsey, 2023).

### **Business Partnerships**

Business partnerships refer to strategic collaborations between SMEs and external parties to access resources, knowledge, markets, and distribution channels. In footwear SMEs, partnerships may involve suppliers, artisans, distributors, resellers, marketplaces, financial institutions, business communities, government agencies, and development programs. Such partnerships are often considered important because SMEs typically face resource limitations, including limited capital, marketing knowledge, technology access, and distribution networks.

Previous literature generally shows that partnerships can improve SME competitiveness by expanding market access, facilitating learning, and strengthening marketing capabilities (Gliga & Evers, 2023). However, empirical findings also reveal that not all partnerships generate positive outcomes. Some partnerships remain transactional and provide only short-term operational support, while others create strategic value through knowledge sharing, co-marketing, digital channel development, and access to new customer segments. This creates an important theoretical tension within the RBV perspective: external resources may be valuable, but their value depends on the firm's ability to absorb, integrate, and deploy them strategically.

In footwear SMEs, partnerships with suppliers may support product quality and material availability, while partnerships with resellers or marketplaces may enhance distribution and customer reach. However, these benefits will not automatically improve marketing performance unless they are integrated into marketing strategy. For instance, access to a marketplace does not necessarily increase sales if the firm lacks appropriate product positioning, digital promotion, pricing strategy, or customer engagement. Therefore, partnerships should be understood not only as external resources but also as inputs that must be strategically converted into marketing actions.

Accordingly, this study argues that business partnerships influence marketing performance through marketing strategy. Strong partnerships can improve marketing strategy when they provide market information, promotional collaboration, channel expansion, and credibility. Indicators of business partnerships include continuity and trust, support for market access, resource support, and knowledge support such as training, market information, and best practices (Gliga & Evers, 2023; Widjajanti et al., 2023).

### **Market Orientation**

Market orientation refers to an organizational mindset and set of practices that place customer needs, competitor information, and market intelligence at the center of decision-making. For SMEs, market orientation is particularly important because limited resources require accurate targeting, relevant value propositions, and efficient marketing programs. Market-oriented firms are more likely to monitor customer preferences, understand competitor movements, and coordinate internal activities to respond to market changes (Lafferty, 2022).

Although market orientation is often associated with better performance, prior studies do not always show uniform results. Some research finds that market orientation directly enhances SME performance because it enables firms to respond more effectively to customer needs. However, other studies suggest that market orientation alone is insufficient when it is

not supported by marketing capabilities, strategic fit, or implementation quality (Ngo, 2021; Bodlaj & Čater, 2022). This inconsistency highlights a key theoretical issue: possessing market knowledge does not guarantee performance improvement unless that knowledge is converted into strategic decisions.

This issue is especially relevant in footwear SMEs because customer preferences are shaped by fashion trends, lifestyle changes, price sensitivity, comfort expectations, and digital purchasing behavior. Firms may understand that consumers prefer certain designs or digital channels, but this awareness will not improve performance unless it is translated into segmentation, positioning, promotional content, and channel strategy. Therefore, market orientation functions as a source of strategic direction, while marketing strategy serves as the mechanism that operationalizes market intelligence.

In this study, market orientation is expected to have a strong influence on marketing strategy because footwear SMEs operate in a market where trends change rapidly and competition is intense. Market orientation can be operationalized through customer focus, competitor monitoring, and internal coordination to respond consistently to market intelligence (Bodlaj & Čater, 2022; Ngo, 2021).

### **Marketing Strategy**

Marketing strategy refers to an integrated set of decisions that guide how firms create customer value and compete in the market. It includes segmentation, targeting, positioning, marketing mix design, channel selection, promotion, and consistency of implementation. Marketing strategy is important because it determines how resources, capabilities, and market knowledge are translated into actions that can be recognized and valued by customers (Morgan et al., 2022).

Previous research has shown that marketing strategy is associated with improved marketing performance, especially when strategy is aligned with customer needs, competitive conditions, and firm resources. However, the literature also suggests that marketing strategy does not always produce strong outcomes when it is poorly implemented or disconnected from market realities. For example, SMEs may adopt digital channels, social media, or marketplace platforms, but these tools will not improve performance if they are not supported by clear positioning, consistent promotion, customer engagement, and appropriate product-market fit.

This creates an important analytical distinction between the existence of marketing activities and the quality of marketing strategy. Many SMEs engage in promotional activities, but not all have a coherent strategy. In footwear SMEs, marketing strategy becomes crucial because firms must communicate product design, comfort, quality, and lifestyle value to specific customer segments. Strategy also helps SMEs decide whether to compete through price, uniqueness, local identity, design innovation, or digital reach.

Therefore, this study positions marketing strategy as a mediating construct rather than merely an independent predictor. Marketing strategy explains how product innovation, business partnerships, and market orientation are converted into marketing performance. Indicators of marketing strategy include clarity of segmentation, targeting, and positioning; alignment of the marketing mix; appropriateness of offline and digital channel selection; and consistency of marketing program implementation (Morgan et al., 2022; Wu et al., 2024).

### **Marketing Performance**

Marketing performance refers to the outcomes that reflect the effectiveness of a firm's marketing strategy and activities. It may include sales growth, customer growth, repeat purchases, increased market share, and improved profitability. In SMEs, marketing performance is often measured using perceptual indicators because many firms do not maintain complete objective records of sales, market share, or marketing return on investment (Morgan et al., 2022).

The literature generally suggests that marketing performance improves when firms are able to align resources, market knowledge, and strategy. However, performance outcomes may vary depending on the quality of strategic implementation. Product innovation may fail to improve performance if customers do not perceive its value. Partnerships may not increase performance if they do not expand marketing access or strengthen customer reach. Market orientation may not generate performance gains if it remains only as information without strategic execution. These inconsistencies indicate that marketing performance is not simply the result of possessing resources or information, but of transforming them into coherent marketing actions.

In the footwear SME context, marketing performance is influenced by the ability to respond to fashion trends, reach customers through appropriate channels, maintain product relevance, and build customer loyalty. Recent studies also show that digital marketing strategies can improve SME performance, but their effectiveness depends on how well they are integrated with broader marketing strategy (Sharabati et al., 2024; Wu et al., 2024). Therefore, relevant indicators of marketing performance in this study include sales growth, customer growth or repeat purchases, perceived increase in market share, and improved margins or profitability.

## **Hypothesis Development**

### **Product Innovation and Marketing Strategy**

Product innovation expands the range of value propositions that SMEs can offer to the market. However, innovation requires strategic interpretation before it can influence customers. A new footwear design, improved material, or additional product feature may create potential value, but this value must be communicated through appropriate positioning, pricing, promotion, and channel decisions. This explains why product innovation is closely related to marketing strategy.

Previous studies suggest that innovation can support SME competitiveness, but its effect may vary depending on how well firms align innovation with customer expectations and market communication (Audretsch et al., 2023; Dwivedi & Pawsey, 2023). In the footwear context, this alignment is particularly important because design and fashion preferences change quickly. Therefore, product innovation is expected to influence marketing strategy by shaping how firms define their target market, communicate product uniqueness, and select suitable distribution channels.

**H1:** *Product innovation has a positive effect on marketing strategy.*

### **Business Partnerships and Marketing Strategy**

Business partnerships provide SMEs with access to external resources, market knowledge, distribution networks, and promotional opportunities. However, the strategic value of partnerships depends on how they are used. Partnerships that only support production or supply may have limited influence on marketing performance, while partnerships that support distribution, co-promotion, digital access, and customer reach can directly strengthen marketing strategy.

Prior research indicates that networks and collaborations can enhance SME marketing capabilities and innovation outputs (Gliga & Evers, 2023; Widjajanti et al., 2023). Nevertheless, the inconsistent impact of partnerships in previous studies suggests that collaboration must be integrated into strategic marketing decisions. In footwear SMEs, partnerships with resellers, marketplaces, suppliers, and communities can help firms improve channel selection, promotional activities, and market positioning. Therefore, business partnerships are expected to influence marketing strategy.

**H2:** *Business partnerships have a positive effect on marketing strategy.*

### **Market Orientation and Marketing Strategy**

Market orientation provides the informational basis for marketing strategy. Firms that understand customer needs, monitor competitors, and coordinate responses internally are better able to select target markets, define positioning, and design relevant marketing programs. However, market orientation does not automatically improve performance if it is not translated into strategic action.

Previous studies show that market orientation can enhance performance when it is supported by strategic fit and marketing capability (Ngo, 2021; Bodlaj & Čater, 2022). This suggests that market orientation should be viewed as a foundation for strategy rather than as a direct guarantee of performance. In footwear SMEs, market orientation helps firms identify changing fashion trends, customer preferences, pricing expectations, and digital buying behavior. Therefore, it is expected to strengthen the formulation and implementation of marketing strategy.

**H3:** *Market orientation has a positive effect on marketing strategy.*

### **Marketing Strategy and Marketing Performance**

Marketing strategy influences marketing performance by determining how firms create customer value, communicate product benefits, reach target markets, and differentiate themselves from competitors. A clear and consistent marketing strategy can improve sales growth, customer acquisition, repeat purchases, and market share by aligning products, prices, promotion, and distribution channels with customer needs.

Previous literature emphasizes that the effectiveness of marketing strategy depends not only on strategic planning but also on implementation quality (Morgan et al., 2022). In SMEs, the adoption of digital marketing channels can improve performance, but only when these channels are integrated into a coherent strategy rather than used as isolated promotional tools (Sharabati et al., 2024; Wu et al., 2024). Therefore, marketing strategy is expected to have a positive effect on marketing performance.

**H4:** *Marketing strategy has a positive effect on marketing performance.*

### **The Mediating Role of Marketing Strategy**

This study positions marketing strategy as a mediating mechanism that explains how product innovation, business partnerships, and market orientation are transformed into marketing performance. The mediation argument is based on the idea that resources and market knowledge do not automatically produce performance outcomes. Instead, they must be converted into strategic decisions and implemented through marketing actions.

From the RBV perspective, product innovation and business partnerships represent strategic resources, but their value depends on deployment. From Dynamic Capability Theory, firms must reconfigure resources in response to market changes. From Market Orientation Theory, market intelligence must be translated into customer-oriented decisions. Marketing strategy integrates these three perspectives by functioning as the operational mechanism that connects resources, partnerships, and market knowledge with marketing performance.

In footwear SMEs, this mediating role is particularly important because firms operate in a trend-sensitive and competitive market. Innovation must be communicated quickly, partnerships must be used to expand marketing access, and market intelligence must be translated into positioning and channel decisions. Therefore, marketing strategy is expected to mediate the relationship between product innovation, business partnerships, market orientation, and marketing performance.

**H5:** *Marketing strategy mediates the effect of product innovation on marketing performance.*

**H6:** *Marketing strategy mediates the effect of business partnerships on marketing performance.*

**H7:** *Marketing strategy mediates the effect of market orientation on marketing performance.*

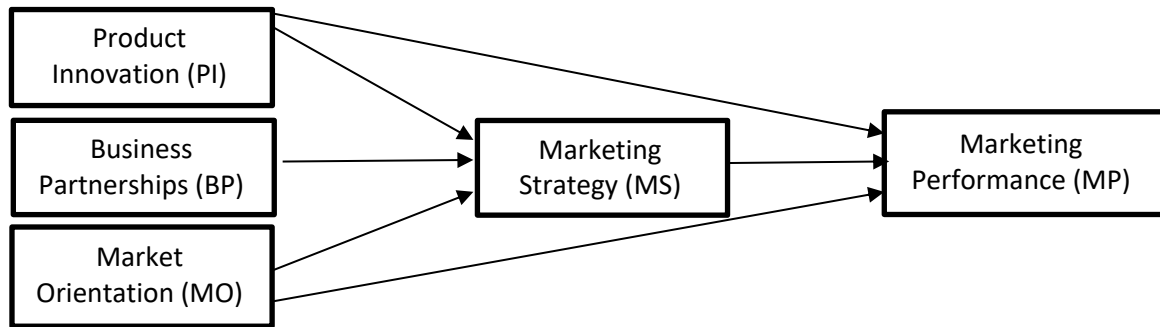


Figure 1. Conceptual Framework

### 3. Metode Penelitian

#### Research Approach and Design

This study employed a quantitative approach with an explanatory survey design to examine the relationships among product innovation, business partnerships, market orientation, marketing strategy, and marketing performance. The explanatory design was considered appropriate because this study aims to test theoretically proposed relationships among latent constructs. Data were collected using a cross-sectional approach, meaning that observations were obtained at a single point in time. Therefore, the causal interpretation in this study is limited to empirical support for the direction of relationships specified in the theoretical model rather than evidence of temporal causality (Maier et al., 2023).

#### Research Location and Timeframe

The study was conducted in the Greater Bandung area, which includes Bandung City, Bandung Regency, West Bandung Regency, and Cimahi City. This area was selected because it represents one of the important footwear SME clusters in West Java and reflects a competitive local industry environment characterized by product innovation, business networks, and changing consumer preferences. Data collection was conducted from January to June 2026, covering instrument development, pilot testing, questionnaire distribution, data screening, and statistical analysis.

#### Unit of Analysis, Population, and Respondent Criteria

The unit of analysis in this study was footwear Small and Medium Industries (SMIs). The research population consisted of footwear SMEs operating in the Greater Bandung area and registered in official databases of local government agencies, such as Dinas Koperasi dan UMKM, as well as footwear business association records. These records were used as the sampling frame to ensure that the selected respondents were relevant to the research context and geographically representative of the study area.

Based on the sampling frame obtained from local government agency records and footwear business association data, the total population consisted of **1,550 footwear SMEs** distributed across Bandung City, Bandung Regency, West Bandung Regency, and Cimahi City. This population was used as the basis for proportional stratified random sampling to ensure that each administrative region was represented according to its actual proportion in the population.

The respondents were owners, managers, or business operators who were directly involved in product innovation, business partnerships, and marketing decisions. The respondent criteria were as follows: first, the footwear SME operates in the Greater Bandung area; second, the business has operated for at least two years to ensure that innovation processes, partnership relationships, and marketing practices have been established; and third, the

respondent is involved in decision-making related to products, collaboration, and marketing activities.

**Sampling Technique and Sample Size**

This study applied proportional stratified random sampling based on administrative regions. This technique was used because the footwear SME population is distributed across several administrative areas, and each region needed to be proportionally represented in the sample. The sampling procedure consisted of three stages. First, the population was divided into regional strata, namely Bandung City, Bandung Regency, West Bandung Regency, and Cimahi City. Second, the sample allocation for each stratum was determined proportionally based on the population size of each region. Third, respondents were randomly selected from each stratum.

The final sample consisted of 310 respondents, representing 20% of the total population. This sample size is considered adequate for PLS-SEM analysis because it exceeds the minimum statistical power requirements and supports the estimation of a structural model involving multiple predictors and mediation effects (Moshagen & Bader, 2023; Guenther et al., 2023).

The proportional allocation formula used in this study was:

$$n_i = (N_i / N) \times 310$$

where  $n_i$  denotes the sample size of stratum  $i$ ,  $N_i$  represents the population size of stratum  $i$ , and  $N$  denotes the total population of footwear SMEs in the sampling frame. The population and sample distribution are presented in Table 1.

**Table 1. Population and Sample Distribution**

Region	Population of Footwear SMEs	Proportion	Sample
Bandung City	420	27.10%	84
Bandung Regency	520	33.55%	104
West Bandung Regency	360	23.22%	72
Cimahi City	250	16.13%	50
Total	1,550	100%	310

As shown in Table 1, the largest proportion of the population was located in Bandung Regency, with 520 footwear SMEs or 33.55% of the total population, followed by Bandung City with 420 SMEs or 27.10%. West Bandung Regency accounted for 360 SMEs or 23.22%, while Cimahi City represented 250 SMEs or 16.13%. Based on proportional stratified random sampling, the sample allocation consisted of 84 respondents from Bandung City, 104 respondents from Bandung Regency, 72 respondents from West Bandung Regency, and 50 respondents from Cimahi City. This proportional allocation strengthens the representativeness of the sample because each region is represented according to its share in the total population.

**Types of Data, Data Sources, and Data Collection Techniques**

This study used primary and secondary data. Primary data were obtained through structured questionnaires distributed to footwear SME owners, managers, or operators. Secondary data were obtained from supporting documents, including footwear cluster profiles, reports from local government agencies, business association records, and relevant industry publications. These secondary sources were used to strengthen the contextual understanding of the footwear SME sector in Greater Bandung.

Data were collected through offline and online questionnaire distribution. Before completing the questionnaire, respondents were informed about the research objectives, confidentiality assurance, voluntary participation, and instructions for completing the instrument. This procedure was intended to improve response quality and reduce potential response bias.

### **Research Instrument and Measurement Scale**

The research instrument was a structured questionnaire using a five-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree. The indicators were developed based on the operational definitions of each construct and prior measurement practices in marketing and SME research.

Several representative items are presented as follows. Product innovation was measured using items such as, "Our business regularly introduces new footwear designs that follow current market trends." Business partnerships were measured using items such as, "We collaborate with partners to expand our marketing and distribution channels." Market orientation was measured using items such as, "We actively monitor changes in customer preferences and competitor strategies." Marketing strategy was measured using items such as, "Our business has clear segmentation, targeting, and positioning strategies." Marketing performance was measured using items such as, "Our sales and customer growth have improved compared to competitors."

Instrument development involved three stages: constructing indicators tailored to the footwear SME context, conducting content validation through expert judgment by marketing academics and footwear SME practitioners, and pilot testing with at least 30 respondents to ensure clarity of wording and initial instrument quality. The pilot test indicated that the items were understandable and suitable for full-scale data collection.

### **Control of Common Method Bias and Data Quality**

Because this study used perceptual questionnaire data collected at a single point in time, potential common method bias was addressed through procedural and statistical remedies. Procedurally, the study ensured respondent anonymity and confidentiality, randomized item order, and separated construct sections within the questionnaire. These procedures were applied to reduce respondents' tendency to provide uniform or socially desirable answers (Yao & Xu, 2024).

Statistically, common method bias was assessed using the full collinearity VIF approach. The results showed that all VIF values ranged between 1.85 and 2.58, which are below the recommended threshold of 3.30. Therefore, common method bias was not considered a serious concern in this study (Kock et al., 2021).

### **Data Analysis Technique**

Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4 software. PLS-SEM was selected because this study focuses on prediction, variance explanation, and testing a mediation model involving multiple latent constructs. PLS-SEM is also suitable for analyzing complex models and is widely used in SME and marketing research, particularly when the objective is to explain endogenous construct variance and evaluate mediation effects (Guenther et al., 2023; Cheah et al., 2024).

### **Measurement Model Evaluation**

All constructs in this study were treated as reflective constructs. The measurement model was evaluated using convergent validity, construct reliability, and discriminant validity. Convergent validity was assessed using outer loadings and Average Variance Extracted (AVE). Construct reliability was evaluated using Composite Reliability and Cronbach's alpha. Discriminant validity was assessed using the Heterotrait–Monotrait ratio (HTMT), with HTMT2 considered when additional validation was needed (Roemer et al., 2021). The evaluation criteria followed commonly accepted PLS-SEM reporting standards (Guenther et al., 2023).

### **Structural Model Evaluation**

The structural model was evaluated by assessing predictor collinearity, path coefficients, explanatory power, effect size, and predictive relevance. Predictor collinearity was examined

using Variance Inflation Factor (VIF). The significance of path coefficients was tested using bootstrapping with 5,000 resamples. The explanatory power of endogenous constructs was assessed using R<sup>2</sup> values, while effect size was evaluated using f<sup>2</sup>. Predictive relevance was examined using Q<sup>2</sup> or PLSpredict, when appropriate, following PLS-SEM reporting recommendations (Guenther et al., 2023; Cheah et al., 2024).

**Mediation Testing**

The mediating role of marketing strategy was examined using specific indirect effects through bootstrapping. The mediation effect was considered significant when the p-value was below 0.05 and the 95% confidence interval did not include zero. This procedure provides a more robust assessment of mediation effects in PLS-SEM than relying only on the significance of direct effects (Sarstedt & Moisescu, 2024).

**Operational Definitions of Variables**

**Table 2. Operational Definitions of Variables**

Variable	Main Dimensions/Indicators	Scale
Product Innovation	Novelty of design/models; improvement in material quality and finishing; development of comfort/features; speed of introducing new variants.	Likert 1–5
Business Partnerships	Continuity and trust; support for market access/channels; supply or capital support; knowledge/training support.	Likert 1–5
Market Orientation	Customer focus; competitor monitoring; internal coordination for market response.	Likert 1–5
Marketing Strategy	Clarity of STP; alignment of marketing mix; selection of promotion and sales channels; consistency of implementation.	Likert 1–5
Marketing Performance	Sales growth; customer growth/repeat purchases; perceived market share increase; margin or profit improvement.	Likert 1–5

**4. Result and Discussion**

**Respondent Profile**

This section presents the profile of respondents obtained from questionnaires distributed to footwear Small and Medium Industries (SMIs) in the Greater Bandung area. Respondent characteristics are presented to describe the socio-economic context of the sample and to ensure that the analyzed data represent business actors relevant to the study objectives. The respondent profile includes gender, age, business tenure, monthly income, and source of business capital.

**Table 3. Respondent Characteristics**

Characteristics	Category	Frequency	Percentage (%)
<b>Gender</b>	Male	278	89.68
	Female	32	10.32
<b>Age</b>	≤ 20 years	25	8.06
	21–30 years	129	41.61
	31–40 years	115	37.10
	41–50 years	41	13.23
<b>Business tenure</b>	1–5 years	45	14.52
	6–10 years	25	8.06
	11–20 years	110	35.48
	21–30 years	115	37.10
	≥ 30 years	15	4.84

<b>Monthly income</b>	IDR 1,000,000–IDR 5,000,000	39	12.58
	IDR 6,000,000–IDR 10,000,000	98	31.61
	IDR 11,000,000–IDR 20,000,000	120	38.71
	IDR 21,000,000–IDR 30,000,000	47	15.16
	≥ IDR 31,000,000	6	1.94
<b>Source of capital</b>	Own capital	295	95.16
	Loans/third parties	15	4.84

Based on Table 3, respondents were predominantly male, representing 89.68% of the sample. This indicates that footwear SMI activities in the study area remain largely dominated by male entrepreneurs, particularly in family-based or inherited businesses. However, respondents aged 21–40 years accounted for 78.71% of the sample, suggesting that most respondents were in a productive age group and potentially more adaptive to market changes, product innovation, and digital marketing practices.

In terms of business characteristics, most firms had operated for more than ten years, indicating relatively mature business experience and established operational systems. This strengthens the credibility of the data because respondents are assumed to have sufficient knowledge of innovation practices, partnership activities, and marketing strategy implementation. Furthermore, the dominance of internally funded businesses, representing 95.16% of the sample, suggests that footwear SMEs still rely heavily on their own financial resources. This condition may influence strategic decisions, particularly in relation to product development, marketing investment, and the use of external partnerships.

**PLS-SEM Model Evaluation**

The research model was evaluated using Partial Least Squares Structural Equation Modeling (PLS-SEM). Since all constructs were modeled reflectively, the analysis was conducted in two stages: measurement model evaluation and structural model evaluation. The measurement model was assessed using outer loading, Cronbach’s alpha, composite reliability, Average Variance Extracted (AVE), and the Heterotrait–Monotrait ratio (HTMT). The structural model was evaluated using collinearity statistics, path coefficients, coefficient of determination, effect size, predictive relevance, and mediation testing through bootstrapping.

In accordance with PLS-SEM reporting standards, this study does not report conventional SPSS-based item-total correlation validity testing and reliability testing. These procedures were omitted because they are methodologically redundant in a PLS-SEM study. Instead, the validity and reliability of the measurement model are reported using SEM-based assessments, including outer loading, AVE, composite reliability, Cronbach’s alpha, and HTMT.

**Measurement Model Evaluation**

**Outer Loading**

Indicator reliability was evaluated using outer loading values. An indicator is considered reliable when its outer loading value exceeds the recommended threshold of 0.70. The complete outer loading results are presented in Table 4.

**Table 4. Outer Loading Results**

Construct	Indicator	Outer Loading	Criterion	Conclusion
Product Innovation	PI1	0.812	> 0.70	Valid
	PI2	0.804	> 0.70	Valid
	PI3	0.791	> 0.70	Valid
	PI4	0.783	> 0.70	Valid
	PI5	0.799	> 0.70	Valid
	PI6	0.821	> 0.70	Valid
	PI7	0.808	> 0.70	Valid

	PI8	0.786	> 0.70	Valid
	PI9	0.774	> 0.70	Valid
	PI10	0.803	> 0.70	Valid
	PI11	0.816	> 0.70	Valid
	PI12	0.795	> 0.70	Valid
	PI13	0.824	> 0.70	Valid
	PI14	0.789	> 0.70	Valid
	PI15	0.807	> 0.70	Valid
Business Partnerships	BP1	0.831	> 0.70	Valid
	BP2	0.826	> 0.70	Valid
	BP3	0.819	> 0.70	Valid
	BP4	0.842	> 0.70	Valid
	BP5	0.827	> 0.70	Valid
	BP6	0.811	> 0.70	Valid
	BP7	0.833	> 0.70	Valid
	BP8	0.824	> 0.70	Valid
	BP9	0.806	> 0.70	Valid
	BP10	0.851	> 0.70	Valid
	BP11	0.846	> 0.70	Valid
	BP12	0.838	> 0.70	Valid
	BP13	0.849	> 0.70	Valid
	BP14	0.835	> 0.70	Valid
	BP15	0.829	> 0.70	Valid
Market Orientation	MO1	0.856	> 0.70	Valid
	MO2	0.871	> 0.70	Valid
	MO3	0.862	> 0.70	Valid
	MO4	0.849	> 0.70	Valid
	MO5	0.875	> 0.70	Valid
	MO6	0.866	> 0.70	Valid
	MO7	0.831	> 0.70	Valid
	MO8	0.872	> 0.70	Valid
	MO9	0.846	> 0.70	Valid
	MO10	0.858	> 0.70	Valid
	MO11	0.864	> 0.70	Valid
	MO12	0.853	> 0.70	Valid
	MO13	0.876	> 0.70	Valid
	MO14	0.842	> 0.70	Valid
	MO15	0.861	> 0.70	Valid
Marketing Strategy	MS1	0.872	> 0.70	Valid
	MS2	0.861	> 0.70	Valid
	MS3	0.854	> 0.70	Valid
	MS4	0.867	> 0.70	Valid
	MS5	0.842	> 0.70	Valid
	MS6	0.831	> 0.70	Valid
	MS7	0.859	> 0.70	Valid
	MS8	0.874	> 0.70	Valid
	MS9	0.846	> 0.70	Valid
	MS10	0.838	> 0.70	Valid
	MS11	0.863	> 0.70	Valid

	MS12	0.889	> 0.70	Valid
	MS13	0.882	> 0.70	Valid
	MS14	0.891	> 0.70	Valid
	MS15	0.879	> 0.70	Valid
Marketing Performance	MP1	0.847	> 0.70	Valid
	MP2	0.851	> 0.70	Valid
	MP3	0.833	> 0.70	Valid
	MP4	0.842	> 0.70	Valid
	MP5	0.829	> 0.70	Valid
	MP6	0.856	> 0.70	Valid
	MP7	0.849	> 0.70	Valid
	MP8	0.854	> 0.70	Valid
	MP9	0.827	> 0.70	Valid
	MP10	0.862	> 0.70	Valid
	MP11	0.859	> 0.70	Valid
	MP12	0.852	> 0.70	Valid
	MP13	0.831	> 0.70	Valid
	MP14	0.836	> 0.70	Valid
	MP15	0.844	> 0.70	Valid

Based on Table 4, all indicators have outer loading values above the recommended threshold of 0.70. This indicates that each indicator has adequate reliability in measuring its respective latent construct. Therefore, all indicators were retained for further analysis.

### Construct Reliability and Convergent Validity

Construct reliability was assessed using Cronbach’s alpha and composite reliability, while convergent validity was assessed using Average Variance Extracted (AVE). The results are presented in Table 5.

**Table 5. Construct Reliability and Convergent Validity**

Construct	Cronbach’s Alpha	Composite Reliability	AVE
Product Innovation	0.812	0.873	0.634
Business Partnerships	0.801	0.865	0.681
Market Orientation	0.845	0.897	0.745
Marketing Strategy	0.856	0.903	0.757
Marketing Performance	0.829	0.884	0.718

Table 5 shows that all constructs meet the criteria for reliability and convergent validity. All Cronbach’s alpha and composite reliability values exceed the recommended threshold of 0.70, indicating satisfactory internal consistency. In addition, all AVE values are above 0.50, confirming that each construct explains more than half of the variance of its indicators. These results indicate that the measurement model is reliable and valid.

### Discriminant Validity

Discriminant validity was evaluated using the Heterotrait–Monotrait ratio. HTMT values below 0.90 indicate that each construct is empirically distinct from other constructs. The results are shown in Table 6.

**Table 6. Heterotrait–Monotrait Ratio**

Construct	PI	BP	MO	MS	MP
PI	—				
BP	0.62	—			
MO	0.58	0.60	—		
MS	0.71	0.69	0.78	—	

MP	0.66	0.63	0.70	0.82	—
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As shown in Table 6, all HTMT values are below the threshold of 0.90. This confirms that the constructs have adequate discriminant validity and do not overlap excessively with one another. Therefore, the measurement model is suitable for structural model evaluation.

**Model Fit**

The Standardized Root Mean Square Residual was used to assess overall model fit. An SRMR value below 0.08 indicates acceptable model fit.

**Table 7. Model Fit**

Indicator	Value	Criterion	Conclusion
SRMR	0.061	< 0.080	Model fit

Table 7 shows that the SRMR value is 0.061, which is below the recommended threshold of 0.08. This indicates that the model has an acceptable level of fit for testing the proposed structural relationships.

**Common Method Bias and Non-Response Bias**

Because the data were collected using a self-reported questionnaire at a single point in time, common method bias was assessed using the full collinearity approach. The results showed that all VIF values were below 3.30, indicating that common method bias is not a serious concern in this study.

Non-response bias was also evaluated by comparing early and late respondents using independent sample t-tests. The results showed no significant differences between the two groups, with p-values greater than 0.05. Therefore, non-response bias is unlikely to affect the findings. These results strengthen the robustness and reliability of the dataset.

**Structural Model Evaluation and Hypothesis Testing**

**Collinearity Assessment**

Before testing the structural relationships, collinearity among predictor constructs was assessed using the Variance Inflation Factor. VIF values below 5.00 indicate that the model does not suffer from problematic collinearity.

**Table 8. Inner VIF Values**

Endogenous Construct	Predictor	VIF	Criterion	Conclusion
Marketing Strategy	Product Innovation	1.85	< 5.00	No collinearity issue
	Business Partnerships	1.74	< 5.00	No collinearity issue
	Market Orientation	2.10	< 5.00	No collinearity issue
Marketing Performance	Marketing Strategy	1.00	< 5.00	No collinearity issue

Based on Table 8, all VIF values are below the threshold of 5.00. This indicates that the structural model does not have collinearity problems. Therefore, the estimated path coefficients can be interpreted as stable and not distorted by excessive correlations among predictor constructs.

**Path Coefficients and Hypothesis Testing**

Hypothesis testing was conducted using bootstrapping with 5,000 resamples. The significance of the direct effects was evaluated using path coefficients, t-statistics, p-values, and 95% confidence intervals. The results are presented in Table 9.

**Table 9. Path Coefficients and Hypothesis Testing**

Hypothesis	Relationship	$\beta$	t-statistic	p-value	95% CI	Decision
H1	Product Innovation → Marketing Strategy	0.312	3.45	0.001	0.135–0.489	Supported

H2	Business Partnerships → Marketing Strategy	0.281	3.12	0.002	0.104–0.458	Supported
H3	Market Orientation → Marketing Strategy	0.410	5.20	<0.001	0.256–0.564	Supported
H4	Marketing Strategy → Marketing Performance	0.550	9.10	<0.001	0.432–0.668	Supported

Table 9 indicates that all direct relationships are positive and statistically significant. Product innovation has a positive effect on marketing strategy, supporting H1. Business partnerships also positively affect marketing strategy, supporting H2. Market orientation has the strongest effect on marketing strategy, supporting H3. Furthermore, marketing strategy has a positive and significant effect on marketing performance, supporting H4. The 95% confidence intervals for all direct effects do not include zero, confirming the robustness of the hypothesized relationships.

### Coefficient of Determination

The coefficient of determination was used to evaluate the explanatory power of the endogenous constructs. The results are presented in Table 10.

**Table 10. R<sup>2</sup> Values**

Endogenous Construct	R <sup>2</sup>	Interpretation
Marketing Strategy	0.62	Moderate to substantial
Marketing Performance	0.30	Moderate

Based on Table 10, the R<sup>2</sup> value for marketing strategy is 0.62, indicating that product innovation, business partnerships, and market orientation collectively explain 62% of the variance in marketing strategy. Meanwhile, the R<sup>2</sup> value for marketing performance is 0.30, indicating that marketing strategy explains 30% of the variance in marketing performance. These results suggest that the model has adequate explanatory power.

### Effect Size

Effect size was assessed using f<sup>2</sup> values to determine the contribution of each predictor construct to the endogenous construct.

**Table 11. f<sup>2</sup> Values**

Relationship	f <sup>2</sup>	Interpretation
Product Innovation → Marketing Strategy	0.12	Small to medium
Business Partnerships → Marketing Strategy	0.10	Small
Market Orientation → Marketing Strategy	0.22	Medium
Marketing Strategy → Marketing Performance	0.43	Large

Table 11 shows that market orientation has the largest effect size among the predictors of marketing strategy, while marketing strategy has a large effect size on marketing performance. This indicates that marketing strategy plays an important role in explaining marketing performance among footwear SMEs.

### Predictive Relevance

Predictive relevance was assessed using Q<sup>2</sup> values. A Q<sup>2</sup> value greater than zero indicates that the model has predictive relevance.

**Table 12. Q<sup>2</sup> Values**

Endogenous Construct	Q <sup>2</sup>	Conclusion
Marketing Strategy	0.39	Good predictive relevance
Marketing Performance	0.21	Good predictive relevance

Table 12 shows that the Q<sup>2</sup> values for marketing strategy and marketing performance are greater than zero. This indicates that the model has good predictive relevance for both endogenous constructs.

**Mediation Testing**

The mediating role of marketing strategy was examined using specific indirect effects through bootstrapping. The indirect effect is considered significant when the p-value is below 0.05 and the 95% confidence interval does not include zero.

**Table 13. Specific Indirect Effects**

Hypothesis	Mediation Path	Indirect Effect	t-statistic	p-value	95% CI	Conclusion
H5	Product Innovation → Marketing Strategy → Marketing Performance	0.172	3.40	0.001	0.073–0.271	Significant
H6	Business Partnerships → Marketing Strategy → Marketing Performance	0.155	3.05	0.002	0.055–0.255	Significant
H7	Market Orientation → Marketing Strategy → Marketing Performance	0.226	4.60	<0.001	0.130–0.322	Significant

Table 13 shows that all indirect effects are statistically significant. Marketing strategy significantly mediates the effect of product innovation on marketing performance, supporting H5. Marketing strategy also mediates the effect of business partnerships on marketing performance, supporting H6. In addition, marketing strategy mediates the effect of market orientation on marketing performance, supporting H7. The strongest indirect effect is found in the relationship between market orientation and marketing performance through marketing strategy. This finding indicates that footwear SMEs with stronger market orientation are more capable of developing effective marketing strategies that ultimately improve marketing performance.

**Discussion**

**The Effect of Product Innovation on Marketing Strategy**

The findings indicate that product innovation significantly strengthens marketing strategy formulation among footwear SMEs in Greater Bandung. This result suggests that innovation is not merely a technical or production-related activity, but also a strategic input for marketing decision-making. In the footwear industry, innovation in design, materials, comfort, durability, and product variety can create potential customer value. However, such value will not automatically be recognized by the market unless it is translated into clear positioning, persuasive communication, suitable pricing, and appropriate distribution channels. This result is also in line with Zuhroh and Rini (2026), who emphasized that product innovation capability and distinctive value positioning are important drivers of marketing performance. In footwear SMEs, innovation becomes more valuable when it is supported by clear positioning that highlights design uniqueness, comfort, quality, and trend relevance.

From the perspective of the Resource-Based View, product innovation represents a valuable resource that can support competitive advantage when it is difficult to imitate and relevant to customer needs (Audretsch et al., 2023; Oduro & Mensah Williams, 2023). However, the findings also show that resources alone are insufficient. Innovation must be strategically

deployed to generate market impact. This argument is consistent with Dynamic Capability Theory, which emphasizes that firms need to reconfigure internal resources into market-oriented actions in response to changing environments (Teece et al., 2016; Rahmawati, F., & Novani, 2021)).

In footwear SMEs, this mechanism is particularly important because product lifecycles are relatively short and strongly influenced by fashion trends. A new design may have commercial potential, but it can quickly lose relevance if it is not introduced to the right customer segment, through the right channel, and with the right promotional message. Thus, innovation must be “marketed” as much as it is “created.” This explains why product innovation significantly influences marketing strategy rather than directly guaranteeing stronger marketing performance. The result supports previous studies showing that innovation often requires changes in marketing approaches, including communication, positioning, and distribution strategies (Dwivedi & Pawsey, 2023; Pérez-Orozco et al., 2024).

This finding also helps explain inconsistencies in prior studies where product innovation does not always lead to stronger performance (Graciafernandy & Amaliyah, 2024; Khasanah & Astuti, 2025). In the footwear SME context, innovation may fail to improve performance when it is not aligned with market trends, customer preferences, or promotional strategy. Therefore, the contribution of product innovation depends on the firm’s ability to convert product renewal into a coherent marketing strategy.

### **The Effect of Business Partnerships on Marketing Strategy**

The results show that business partnerships significantly influence marketing strategy. This indicates that collaboration plays a strategic role beyond simple resource acquisition. In footwear SMEs, partnerships with suppliers, artisans, resellers, distributors, marketplaces, communities, and supporting institutions can provide access to materials, production knowledge, distribution channels, customer networks, and market information. These resources can help SMEs formulate more effective marketing strategies.

From the Resource-Based View, partnerships can be understood as external resources that expand the firm’s capability base (Gliga & Evers, 2023; Singh et al., 2022). However, the value of partnerships depends on how they are integrated into strategic decisions. Dynamic Capability Theory further explains that firms must be able to absorb, combine, and reconfigure external resources into actionable strategies (Teece et al., 2016). In this regard, partnerships contribute to marketing strategy when they support channel selection, promotional cooperation, brand visibility, and market access.

The findings also show that not all partnerships generate the same strategic value. Transactional partnerships, such as short-term supplier relationships or informal sales connections, may only support operational continuity. In contrast, strategic partnerships involving knowledge sharing, co-marketing, marketplace access, digital promotion, and distribution expansion can strengthen marketing strategy more substantially. This is important in the footwear SME context because many firms face limited resources, limited promotional capacity, and restricted access to wider markets.

Therefore, the role of partnerships should not be interpreted merely as the existence of networks, but as the quality and strategic use of those networks. Partnerships become meaningful when they help SMEs define market segments, improve product positioning, expand distribution reach, and build customer trust. This supports prior research showing that network effectiveness depends on relationship quality, trust, and strategic alignment (Gliga & Evers, 2023; Pieroni et al., 2024). Thus, this study extends the literature by showing that partnerships contribute to performance through their role in shaping marketing strategy.

### **The Effect of Market Orientation on Marketing Strategy**

Market orientation emerged as the strongest predictor of marketing strategy. This finding is analytically important because it shows that footwear SME marketing strategies are driven more strongly by market intelligence than by internal resources alone. In other words, the ability to understand customers, monitor competitors, and respond to market signals is the most decisive factor in shaping effective marketing strategy.

This result is highly relevant to the footwear industry, which is strongly influenced by fashion trends, lifestyle changes, and consumer preferences. Footwear products are not purchased only for functional reasons such as comfort and durability, but also for symbolic and aesthetic reasons, including style, identity, trend relevance, and social image. Therefore, SMEs that actively monitor changes in customer preferences are more capable of designing products, selecting target markets, and developing promotional messages that fit current demand. This explains why market orientation has a stronger effect on marketing strategy than product innovation and business partnerships.

The dominance of market orientation can also be explained through digital readiness. Consumer behavior in the footwear market is increasingly shaped by social media, online reviews, marketplace visibility, influencer content, and digital product comparison. Footwear SMEs that are more market-oriented tend to be more attentive to these digital signals. They can observe trending designs, customer feedback, competitor promotions, pricing patterns, and online purchasing behavior. This digital market intelligence helps SMEs formulate more relevant strategies, including the use of social media promotion, marketplace optimization, product photography, customer engagement, and online–offline channel integration (Palwaguana & Yasa 2021).

Local competitive dynamics in Greater Bandung further strengthen the importance of market orientation. Footwear SMEs in this region compete not only with other local producers, but also with imported products, mass-produced brands, and digitally active competitors. In such an environment, relying only on production experience or traditional selling methods is no longer sufficient. Firms must continuously interpret market changes and translate them into strategic actions. Market-oriented SMEs are better able to identify whether consumers prioritize price, design uniqueness, comfort, local identity, brand image, or digital accessibility.

This finding is consistent with Market Orientation Theory, which argues that firms must generate, disseminate, and respond to market intelligence to remain competitive (Lafferty, 2022). However, the findings also refine this theory by showing that market orientation becomes valuable when it is operationalized through marketing strategy. This finding is also consistent with Butkouskaya et al. (2024), who showed that market orientation can improve SME performance when it is translated through integrated marketing communication as a strategic capability. In the footwear SME context, this supports the argument that market knowledge must be converted into coherent marketing actions before it can generate stronger performance outcomes.

Therefore, the finding that market orientation is the strongest predictor is not merely statistical confirmation. It reflects the nature of the footwear SME market itself: trend-sensitive, digitally influenced, and locally competitive. In such a market, firms that are more responsive to customer preferences and competitor movements are better positioned to develop marketing strategies that match actual market conditions.

### **The Effect of Marketing Strategy on Marketing Performance**

The findings confirm that marketing strategy has a strong and significant effect on marketing performance. This indicates that marketing strategy functions as a conversion mechanism that transforms resources, partnerships, and market knowledge into measurable outcomes such as sales growth, customer growth, market share, and profitability. In footwear SMEs, marketing strategy determines how firms communicate product value, select distribution

channels, position their products, manage promotional activities, and maintain customer relationships.

From a theoretical perspective, this result aligns with Dynamic Capability Theory, which emphasizes the importance of aligning internal capabilities with external market opportunities (Teece et al., 2016). Marketing strategy enables firms to convert innovation, partnerships, and market intelligence into practical actions that can be recognized by customers. Without strategy, resources may remain underutilized and market information may not produce meaningful outcomes.

In the footwear SME context, the effect of marketing strategy is particularly important because competition occurs not only in product quality but also in visibility, image, customer experience, and channel accessibility. SMEs that have clear segmentation and positioning are more likely to communicate product value effectively. Similarly, SMEs that use suitable offline and digital channels are more likely to reach customers and strengthen sales opportunities. This is consistent with studies showing that digital marketing strategies can improve SME performance when implemented coherently and consistently (Sharabati et al., 2024; Wu et al., 2024).

In the footwear SME context, the effect of marketing strategy is particularly important because competition occurs not only in product quality but also in visibility, image, customer experience, and channel accessibility. SMEs that have clear segmentation and positioning are more likely to communicate product value effectively. Similarly, SMEs that use suitable offline and digital channels are more likely to reach customers and strengthen sales opportunities. This is consistent with studies showing that digital marketing strategies can improve SME performance when implemented coherently and consistently (Sharabati et al., 2024; Wu et al., 2024). The importance of digital and integrated marketing strategy is further supported by Noer et al. (2025), who found that digital marketing and innovation are increasingly connected to SME competitiveness and sustainability. Therefore, footwear SMEs need to integrate offline and digital channels to ensure that product innovation and market information are effectively communicated to customers.

However, this finding should not be interpreted as meaning that any marketing strategy will automatically improve performance. The effectiveness of marketing strategy depends on its fit with customer needs, competitive conditions, resource capacity, and digital readiness. Strategies that are not aligned with market realities may fail to generate performance outcomes even when firms have innovative products or strong partnerships. Therefore, marketing strategy is most effective when it is grounded in market orientation, supported by relevant partnerships, and reinforced by product innovation.

### **The Mediating Role of Marketing Strategy**

The mediation results show that marketing strategy significantly mediates the effects of product innovation, business partnerships, and market orientation on marketing performance. This finding provides an important theoretical contribution because it explains the mechanism through which resources and market knowledge are converted into performance outcomes.

From the Resource-Based View, product innovation and business partnerships represent strategic resources that can support competitiveness (Audretsch et al., 2023; Oduro & Mensah Williams, 2023). However, the findings indicate that the possession of resources alone is not enough. These resources must be translated into marketing actions before they can improve performance. Dynamic Capability Theory strengthens this explanation by emphasizing that firms must reconfigure resources in response to changing market conditions (Teece et al., 2016). Market Orientation Theory also supports this mechanism by explaining that market intelligence must be transformed into customer-oriented decisions (Lafferty, 2022).

The strongest indirect effect was found in the relationship between market orientation and marketing performance through marketing strategy. This result reinforces the argument

that market orientation is especially important in the footwear SME context. Because footwear products are highly influenced by fashion trends, consumer lifestyles, and digital purchasing behavior, market knowledge becomes the main input for strategic marketing decisions. SMEs that understand market changes are better able to design appropriate positioning, select relevant channels, and develop promotional messages that match customer expectations.

This mediation finding also clarifies inconsistencies in prior research. Previous studies often show mixed results regarding whether innovation, partnerships, or market orientation directly improve performance (Deku et al., 2024; Hidayati et al., 2025). The results of this study suggest that these antecedents improve marketing performance when they are strategically translated through marketing strategy. Innovation needs strategic communication, partnerships need strategic utilization, and market orientation needs strategic implementation.

Therefore, this study demonstrates that marketing performance is not a direct result of resources or market awareness alone. Instead, it is the outcome of a strategic translation process. In the footwear SME context, this process is especially important because firms must respond quickly to fashion changes, use digital channels effectively, and compete within a dense local market. Marketing strategy thus serves as the central mechanism that connects product innovation, business partnerships, and market orientation with marketing performance.

## **5. Conclusions**

This study examined the mediating role of marketing strategy in linking product innovation, business partnerships, and market orientation to marketing performance among footwear SMEs in Greater Bandung. The findings show that all three antecedents significantly influence marketing strategy, with market orientation emerging as the strongest predictor. Marketing strategy also has a significant effect on marketing performance and mediates the relationships between product innovation, business partnerships, market orientation, and marketing performance.

The main contribution of this study lies in demonstrating that marketing performance is not determined solely by the possession of resources, partnerships, or market knowledge, but by the ability of SMEs to translate them into coherent marketing strategies (Saura et al., 2021). By integrating the Resource-Based View, Dynamic Capability Theory, and Market Orientation Theory, this study highlights marketing strategy as an implementation mechanism that converts innovation, collaboration, and market intelligence into measurable performance outcomes. This contribution is particularly relevant in footwear SMEs, where market success depends on the ability to respond to fashion trends, digital purchasing behavior, and local competitive dynamics.

Practically, the findings suggest that footwear SME actors should prioritize market-oriented decision-making by systematically using customer and competitor information as the basis for strategy formulation. Product innovation should be aligned with customer value, especially in terms of design relevance, comfort, quality, and trend responsiveness. Business partnerships should also be directed toward collaborations that provide tangible marketing benefits, such as distribution access, co-marketing opportunities, digital channel support, and market knowledge transfer. For policymakers and industry stakeholders, SME development programs should not only focus on production assistance but also strengthen strategic marketing capabilities, including positioning, promotion, customer analysis, and offline–digital channel integration.

This study has several limitations. The use of self-reported and cross-sectional data limits causal interpretation and may introduce perceptual bias, although procedural and statistical controls were applied. In addition, the research context is limited to footwear SMEs in Greater Bandung, which may affect the generalizability of the findings to other sectors or regions. Future studies are encouraged to use longitudinal designs, incorporate objective performance indicators, and examine additional variables such as digital marketing capability, entrepreneurial

orientation, or customer analytics capability. Comparative studies across different SME sectors and regional clusters would also help determine whether the relationships identified in this study are context-specific or more broadly applicable.

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