



REGIOCULTURAL BRANDING AS A STRATEGIC TRANSFORMATION: BRIDGING MARKET ORIENTATION, CULTURAL INTELLIGENCE, AND MARKETING PERFORMANCE IN BATIK SMES

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Abstract

Previous studies examining the relationship between market orientation and marketing performance have reported inconsistent findings. Batik small and medium enterprises (SMEs) in Indonesia continue to face challenges in improving their marketing performance. This study examines the role of regiocultural branding as a mediating mechanism linking market orientation and marketing performance, while also considering the influence of cultural intelligence. A survey was conducted among 200 owners or managers of batik SMEs in Cirebon Regency, Indonesia, selected using random sampling. Data were analyzed using Structural Equation Modeling (SEM) with AMOS. The results indicate that market orientation and cultural intelligence significantly strengthen regiocultural branding, which in turn positively affects marketing performance. Furthermore, regiocultural branding is confirmed to mediate the relationship between market orientation and marketing performance. These findings highlight the importance of integrating local cultural identity into branding strategies to enhance the competitiveness of batik SMEs.

Keywords: regiocultural branding; market orientation; cultural intelligence; marketing performance

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INTRODUCTION

Small and Medium Enterprises (SMEs) are an important component in the economic structure of many countries due to their ability to create jobs, increase income through GDP, and drive innovation (Brodny & Tutak, 2022; Jan et al., 2023). In Indonesia, SMEs contribute significantly to GDP, accounting for 60-61%, employing 97% of the national workforce, and comprising nearly 99% of national business units (BPS, 2024). On the other hand, with increasingly fierce business competition in the current era of globalisation and digitalisation, SMEs are required to be able to survive with limited resources (Martins et al., 2022).

Small and medium enterprises (SMEs) in the creative industry sector, such as batik SMEs in Indonesia, face increasingly complex competitive challenges due to product homogenisation, accelerated design

innovation, and changes in consumer preferences based on symbolism and brand identity (Imihezri et al., 2021). In this context, local culture is not only viewed as cultural heritage, but also as a strategic resource that has the potential to create sustainable differentiation if managed appropriately in a company's marketing and branding strategies (Elfahmi et al., 2021). The competitive pressures faced by Indonesian SMEs have had a major impact on marketing performance, requiring businesses to adopt more adaptive and market-based strategic approaches (Munandar et al., 2025). Thus, the challenges of competition in the creative industry not only demand operational efficiency, but also the ability of SMEs to strategically manage symbolic value and cultural meaning in line with market needs.

Market orientation represents a firm's strategic posture that focuses on understanding customers, monitoring competitors, and coordinating internal functions to deliver superior customer value (Narver & Slater, 1990). Although numerous studies report a positive relationship between market orientation and marketing performance (Jiang et al., 2020; Gotteland et al., 2020; Puspaningrum, 2020), empirical findings remain inconsistent across contexts (Ladipo et al., 2016; Laukkanen et al., 2016; Susanto, 2019). These inconsistencies suggest that market orientation does not always operate directly, but requires internal mechanisms capable of transforming market insights into consumer-relevant value (Lin & Chung, 2023). In creative industries, where competition is driven more by symbolic value, cultural meaning, and authenticity than by purely functional attributes, market orientation encourages the integration of customer insights with regional cultural understanding. In the context of batik SMEs, this process enables firms to align their products and communication strategies with local values, thereby enhancing differentiation and authenticity in the marketplace (Zhang, 2024; Liu & Id, 2024).

Customer orientation enables firms to identify consumer preferences related to authenticity, regional identity, and cultural meaning; however, such understanding does not inherently lead to the exploitation of local cultural elements (Zhang, 2024). Instead, firms must strategically interpret and selectively integrate cultural attributes that are perceived as valuable and relevant by the market (Liu & Id, 2024; Elfahmi et al., 2021). In this context, market orientation functions as a strategic selection mechanism that guides firms in determining which cultural and symbolic values should be articulated within their branding strategies (Imihezri et al., 2021). Regiocultural branding thus represents a strategic process through which market orientation informs the selection and articulation of regional cultural identity into branding practices. Accordingly, regiocultural branding operates as an analytical mediating mechanism that transforms market understanding into culturally grounded brand identity. This mechanism is particularly relevant for Indonesian batik SMEs, where cultural symbolism and regional identity constitute core sources of value creation (Imihezri et al., 2021; Sugiarto et al., 2023).

Batik represents one of the cultural-based creative industry products with a high level of cultural embeddedness, where the value of the product is not only determined by its physical quality, but also by the philosophical meaning of its motifs, regional identity, and accompanying cultural narratives (Imihezri et al., 2021). From a branding perspective, these characteristics make batik a strategic medium for building an authentic and distinctive brand identity (Sugiarto et al., 2023). In this context, the concept of regiocultural branding emphasizes the strategic utilization of cultural identity and regional characteristics as a foundation for shaping brand meaning and differentiation (Kaufmann & Durst, 2017; Margarisová & Vokáčová, 2016). Integrating local cultural elements into brand strategy enables companies to create meaning-based differentiation that is difficult for competitors to imitate, while also increasing perceived value in the eyes of consumers (Terlutter & Capella, 2013). For batik SMEs, market orientation functions as an exploratory sense-making process that enables firms to identify consumer preferences related to authenticity, symbolism, and cultural values. These market insights are not directly translated into branding elements; rather, they require interpretation and selection to ensure cultural relevance and market fit.

At this stage, cultural intelligence plays a critical role as an interpretive capability that allows business actors to understand, evaluate, and adapt cultural meanings into branding strategies in a contextually appropriate manner (Ang et al., 2007; Presbitero, 2024; Serdari, 2020). Through the interaction of market orientation and cultural intelligence, SMEs selectively integrate cultural elements—such as motifs, symbols, colors, and narratives—into brand identity. This process is exploratory rather than purely exploitative, as it involves sense-making and cultural interpretation instead of direct market-driven exploitation. Consequently,

regiocultural branding operates as a causal mechanism that transforms market understanding and cultural capability into symbolic and emotional brand value (Chen et al., 2022; Ranjan & Upadhyay, 2025), which ultimately enhances marketing performance.

Conceptually, regiocultural branding synthesizes cultural branding and place-based branding perspectives (Jain et al., 2022; Vecchi et al., 2021) with the Resource-Based View, which positions local culture as a valuable and difficult-to-imitate strategic resource (Barney et al., 2021). Thus, regiocultural branding is not merely descriptive or symbolic, but represents a strategic capability that causally links market orientation and cultural intelligence to marketing performance in culture-based creative industries, particularly batik SMEs.

The concept also draws on *brand identity theory* (Kapferer, 2012), which views brand identity as a system of visual and symbolic representations that communicate the essence of a brand. In the context of batik SMEs, regional culture becomes a central component of this identity system. Furthermore, *cultural capital theory* (Mormont, 2023), provides a socio-symbolic explanation of how cultural values are converted into social and economic capital through branding. Hence, regiocultural branding can be seen as a synthesis of tangible and symbolic resources, combining the aesthetic representation of culture with its strategic business value. Overall, regiocultural branding can be defined as a strategy that fuses local cultural narratives, regional symbolism, and aesthetic authenticity into brand communication. It is a multidimensional construct that merges narrative, visual, and symbolic components to strengthen brand differentiation and long-term marketing performance.

However, the effectiveness of translating market orientation and cultural values into regiocultural branding strategies is not solely determined by strategic intent, but also by the capability of SME actors to interpret and manage cultural meanings embedded in products and target markets. In this context, cultural intelligence functions as an interpretive and sensemaking capability that enables entrepreneurs to recognize cultural cues, evaluate symbolic relevance, and adjust branding decisions accordingly (Ang et al., 2007; Stoermer et al., 2021). Adequate levels of cultural intelligence allow SMEs to ensure that the cultural elements incorporated into their branding strategies are not only internally authentic, but also socially acceptable and relevant to consumer expectations (Hazzam & Wilkins, 2021).

Through the interaction between market orientation and cultural intelligence, regiocultural branding operates as a process of symbolic translation and market signaling within culture-based SMEs. Market orientation provides insights into consumer expectations, preferences, and cultural values, while cultural intelligence enables firms to translate these insights into culturally resonant symbols, narratives, and aesthetic expressions embedded in branding (Hazzam & Wilkins, 2021; Pan et al., 2023). This process is not purely exploitative or market-driven, but involves exploratory sensemaking, where cultural elements are selectively constructed and communicated to align authenticity with market relevance.

As a result, regiocultural branding functions as a transformative mechanism that converts strategic orientations, market orientation and cultural intelligence, into symbolic brand value. This transformation enables culture-based SMEs to create meaning-based differentiation, emotional attachment, and perceived authenticity that strengthen brand positioning in competitive markets (Morgan et al., 2022; Somwethee et al., 2023). Consequently, the effectiveness of regiocultural branding is reflected in improved marketing performance indicators, such as sales growth, market share, and brand strength.

Building on this analytical framework, this study integrates market orientation, cultural intelligence, regiocultural branding, and marketing performance into a unified theoretical model. Market orientation and cultural intelligence are positioned as strategic antecedents that influence marketing performance both directly and indirectly through the mediating role of regiocultural branding. From a resource-based view, local culture is conceptualized as an intangible strategic resource that, when systematically embedded into branding, enables SMEs to achieve sustainable competitive advantage. Accordingly, regiocultural branding is positioned as a transformative mechanism that translates strategic orientations into measurable marketing outcomes, providing both theoretical justification and empirical direction for examining mediation effects within the context of Indonesian batik SMEs.

METHOD

This study uses a quantitative survey approach to examine the causal relationships between latent variables in SMEs engaged in batik production in Cirebon Regency, West Java, Indonesia. This approach was chosen because it is suitable for examining complex structural relationships involving several multidimensional constructs. Data analysis was conducted using Structural Equation Modelling (SEM), as SEM allows for the testing of simultaneous relationships between latent variables while considering measurement errors, and is relevant for research models involving mediation, namely regiocultural branding (Hair et al., 2019).

The population of this study was SMEs producing batik typical of Cirebon. Population data was obtained from the Cirebon Regency Industry and Trade Office, which provided a list of active batik craftsmen along with information on business addresses, business scale, and product types. This data was used as the research sample framework because it provided specific identification of batik business units. Based on this data, the number of batik SMEs recorded and meeting the research criteria was 597 business units. Respondents were selected based on the following criteria: (1) still active in production activities, (2) having at least two years of business experience, and (3) focusing on the production of regional batik. Based on these criteria, the number of SMEs that met the requirements was 389 business units.

The sample size was determined using the Slovin formula (Mao et al., 2021) and considering the recommended sample adequacy for SEM analysis based on Maximum Likelihood Estimation, which is between 100 and 200 respondents (Hair et al., 2019). The calculation results indicate a sample requirement of approximately 197 respondents, so this study set the number of respondents at 200 SMEs. The sampling technique used the random sampling method (Singh & Gorey, 2019).

Data collection was conducted using structured questionnaires distributed directly and through electronic channels such as email and WhatsApp. Direct visits were predominantly conducted to accommodate the limited access to technology among some SME actors. The research was conducted over four months, from December 2024 to March 2025. To maintain data quality, respondents were screened, answers were checked for completeness, and incomplete or duplicate responses were eliminated. Prior to the main data collection, the questionnaire was tested on a limited basis (pilot test) to ensure the readability and clarity of the questions.

Variable measurement uses a 10-point interval scale, ranging from 1 ("strongly disagree") to 10 ("strongly agree"), following the approach Ferrante et al. (2020). Market orientation is measured using three dimensions adapted from Narver & Slater (1990): customer orientation, competitor orientation, and interfunctional coordination. Regiocultural branding was measured using four indicators developed based on the synthesis of theories from Vecchi et al. (2021) and Jain et al. (2022), including the use of regional motifs, cultural narratives, local community involvement, and regional identity. Cultural intelligence was measured using four indicators adapted from Ang et al. (2007): metacognitive, cognitive, motivational, and behavioural. Marketing performance is measured using four indicators adapted from Suliyanto et al. (2020) and Rois et al. (2025), namely sales volume growth, sales growth, market share increase, and profitability.

RESULTS

The evaluation of convergent validity indicated that every indicator possessed a factor loading higher than 0.70, while the Average Variance Extracted (AVE) values were all greater than 0.50. These outcomes confirm that each item and construct achieved satisfactory levels of convergent validity, consistent with the criteria proposed by Hair et al. (1998). Furthermore, the internal consistency assessment revealed that all constructs obtained Cronbach's alpha coefficients above 0.70 (Nunnally, 1975), and their Composite Reliability (CR) values also exceeded 0.70 as recommended by Hair et al. (1998). Based on these results, it can be concluded that all latent variables used in the study fulfilled the requirements for internal reliability. The complete outcomes of both the convergent validity and reliability analyses are presented in Tables 1 and Table 2.

Table 1. Validity Test

Variable	Indicator	Faktor Loading	Validity
Market Orientation	MO1	0,776	Valid
	MO2	0,794	Valid
	MO3	0,723	Valid
Cultural Intelligence	CI1	0,785	Valid
	CI2	0,739	Valid
	CI3	0,813	Valid
	CI4	0,764	Valid
Regiocultural Branding	RB1	0,750	Valid
	RB2	0,787	Valid
	RB3	0,749	Valid
	RB4	0,837	Valid
Marketing Performance	MP1	0,767	Valid
	MP2	0,767	Valid
	MP3	0,770	Valid
	MP4	0,795	Valid

Table 2. Reliability Test

Variable	Construct Reliability	Composit Reliability	Variance Extract	Reliability
Market Orientation	0,911	0,861	0,587	Reliabel
Cultural Intelligence	0,831	0,895	0,580	Reliabel
Regiocultural Branding	0,826	0,874	0,591	Reliabel
Marketing Performance	0,859	0,851	0,508	Reliabel

After confirming that the measurement model fulfilled all validity and reliability requirements, the research proceeded to perform a comprehensive analysis using the Structural Equation Modeling (SEM) approach.

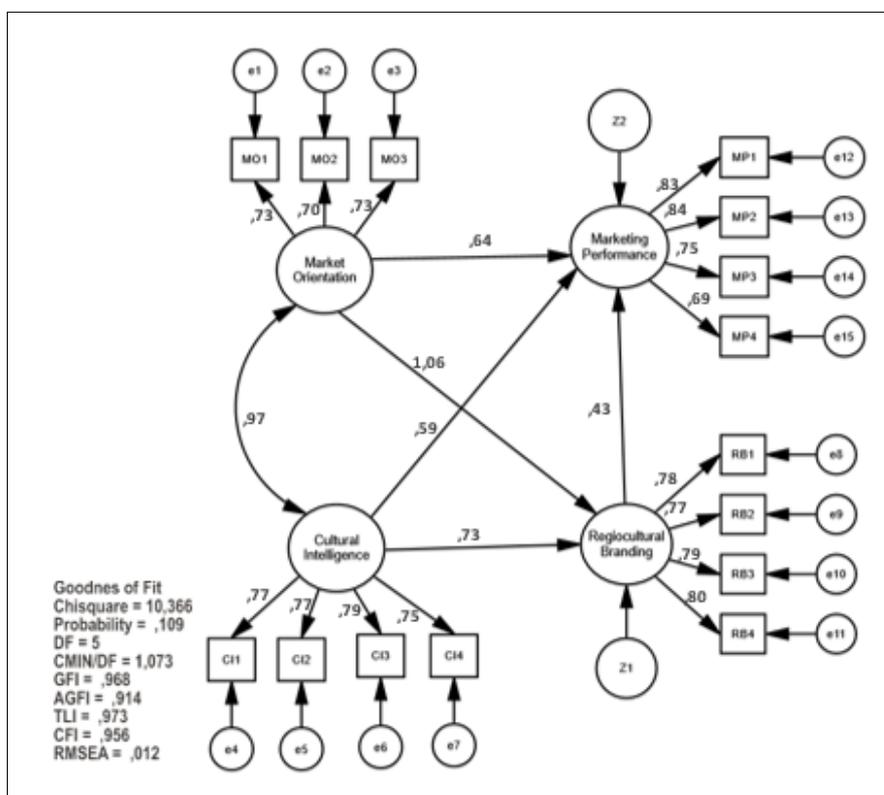


Figure 1. Structural Equation Modelling Factors Affecting Marketing Performance

As demonstrated in Table 3, the results of the Goodness of Fit test indicate that the model meets the Goodness of Fit criteria established by Hair et al. (1998). The model suitability test demonstrates that this model is appropriate for the data utilised in the study, as evidenced by the chi-square value being less than the 5 DF 11. The results of the analysis indicate that the probability value (0.109) is greater than 0.05, the AGFI value (0.914) is greater than 0.90, the CMIN/DF value (1.073) is less than 2.00, the GFI value (0.968) is greater than 0.90, the TLI value (0.973) is greater than 0.95, the CFI value (0.956) is greater than 0.95 and the RMSEA value (0.012) is less than 0.08.

The hypothesis testing was conducted at a significance level of 95% ($\alpha = 0.05$), and the results are presented in detail in Table 4. As demonstrated in the above table, all C.R. values for the relationships between the variables are positive, with p values less than 0.05. This indicates that all hypotheses concerning direct relationships are accepted.

Table 3. Testing the Causal Hypothesis

	Variabel	CR	P	Conclusion
1.	Market Orientation → Regiocultural Branding	6,886	0,000	Supported
2.	Cultural Intelligence → Regiocultural Branding	7,498	0,000	Supported
3.	Market Orentation → Marketing Performance	8,161	0,003	Supported
4.	Cultural Intelligence → Marketing Performance	8,161	0,000	Supported
5.	Regiocultural Branding → Marketing Performance	8,161	0,000	Supported

The findings of the data analysis indicate a positive direct effect of market orientation on marketing performance, as evidenced by a value of 0.951. This result is further substantiated by the calculated t-value (33.214), which exceeds the critical t-value (1.652). Moreover, the significance level of $0.000 < 0.05$ further corroborates the statistical significance of the observed relationship. The conclusion drawn from this analysis is that market orientation exerts a significant positive effect on marketing performance. Following the introduction of the mediating variable of regional cultural branding, the influence of market orientation on marketing performance exhibited a regression value of 0.543, with a calculated t-value (8.753) greater than the table t-value (1.652), and a significance level of $0.000 < 0.05$. It is evident from the findings of the mediation test, as ascertained by means of the Sobel test, that the Z Count value (10.091) exceeds the Z table (1.96). It can thus be concluded that regiocultural branding serves as a mediating factor in the relationship between market orientation and marketing performance. The impact of market orientation on marketing performance, both before and after the introduction of the mediating variable of innovation capability, is found to be significant. However, the influence before including the mediating variable has a regression value of 0.951, which decreases to 0.543 after including the mediating variable. It can thus be concluded that, to a certain extent, regional cultural branding serves as a mediator in the relationship between market orientation and marketing performance.

DISCUSSION

Research findings indicate that market orientation plays a strategic role in strengthening the formation of regiocultural branding among batik SMEs in Cirebon Regency. This relationship is strong because market orientation enables SME actors to not only understand consumers' functional preferences, but also capture the symbolic meaning and cultural values that are appreciated by the batik market. In the context of Cirebon Batik, which is known for its distinctive motifs such as Mega Mendung, coastal colours, and narratives of cultural acculturation between the royal court and maritime traditions, market orientation functions as a selective mechanism that helps SMEs determine which cultural elements resonate most strongly with consumers. Through customer orientation, businesses can tailor their interpretation of motif meanings and cultural narratives to market tastes; through competitor orientation, SMEs are encouraged to emphasise the uniqueness of Cirebon culture as a differentiator from other regional batik; while through interfunctional coordination, these cultural values can be consistently integrated into product design, brand communication, and customer experience. Thus, market orientation does not merely serve as a tool for adapting to consumer demand, but becomes a catalyst that directs the transformation of local cultural heritage into an authentic, relevant, and

differentiated brand identity. These findings are in line with Zhang (2024) view which emphasises that the ability to connect market insights with cultural elements is the main foundation in the development of regional culture-based branding.

In addition to market orientation, the results of the study also confirm the crucial role of cultural intelligence in strengthening the effectiveness of regiocultural branding for batik SMEs in Cirebon Regency. Cultural intelligence enables business actors to not only understand local culture normatively, but also interpret how the meaning of that culture is perceived, negotiated, and appreciated by increasingly diverse consumers. In the context of Cirebon batik, this ability is important because the symbolic value of motifs and cultural narratives is not static, but can be understood differently by local consumers, domestic tourists, and the wider market. Through metacognitive and cognitive capabilities, SME actors are able to reflect on the cultural meanings to be highlighted in their brands; through the motivational dimension, they are encouraged to actively manage cultural identity as a strategic asset; while the behavioural dimension enables the translation of these values into branding and communication practices that are in line with market expectations. These findings reinforce previous research that places cultural intelligence as a key capability in designing marketing and branding strategies that are adaptive to cultural diversity (Ang et al., 2007; Stoermer et al., 2021). Thus, cultural intelligence functions as a strategic enabler that ensures that the use of culture in regiocultural branding is not only authentic internally, but also relevant, acceptable, and meaningful to target consumers.

The findings of this study confirm that market orientation is the main driver of improved marketing performance among batik SMEs in Cirebon Regency, while also showing that this capability is not merely an operational practice, but rather a strategic foundation that determines the ability of SMEs to respond effectively to market dynamics. The increase in market orientation has been proven to result in direct improvements in marketing achievements, indicating that customer understanding, competitor observation, and cross-functional coordination cannot be replaced by other internal factors when SMEs seek to improve their competitiveness. These results reinforce criticism of SMEs that still rely on intuition or traditional business patterns without systematic market mechanisms, as revealed in previous studies (Jiang et al., 2020; Taghvaei & Talebi, 2022; Margaretha & Suryana, 2023). Thus, market orientation needs to be understood not only as a marketing routine but as a strategic asset that requires continuous investment in market information gathering, competitive analysis, and strengthening internal coordination so that SMEs can achieve consistent and sustainable marketing performance.

The fourth finding shows that regiocultural branding has a significant and beneficial impact on the marketing performance of batik SMEs in Cirebon Regency. Regiocultural branding highlights the richness of local culture as a product differentiation advantage, increasing perceived value and customer engagement. Strong branding based on regional and cultural identity will increase customer loyalty, expand market share, and improve marketing results. Branding strategies that highlight local cultural elements have been proven to increase consumer emotional attachment and product differentiation, thereby improving marketing performance (Barney et al., 2021). Therefore, batik SMEs must maximise their understanding of regiocultural branding as part of their marketing strategy. Business actors should strive to optimise the use of distinctive regional motifs, cultural narratives, local community engagement, and regional identity as attractions to enhance marketing performance.

The findings of this study confirm that cultural intelligence functions as a strategic capability that strengthens the marketing performance of batik SMEs through more effective cross-cultural adaptation mechanisms. From the perspective of dynamic capability theory, cultural intelligence enables business actors to absorb cultural information, interpret local symbolism, and tailor marketing responses appropriately to consumer diversity, thereby generating adaptive advantages in heterogeneous markets. This empirical evidence is consistent with the conceptual models of Ang et al. (2007) and Stoermer et al., (2021) which place cultural intelligence as an important determinant in the effectiveness of culture-based marketing strategies. Thus, strengthening the metacognitive, cognitive, motivational, and behavioural dimensions is not merely an operational necessity but an epistemic foundation for SMEs to integrate local cultural assets into their marketing strategies in a more systematic and strategically valuable manner.

The results of the study indicate that regiocultural branding acts as a significant mediating mechanism in channelling the influence of market orientation on the marketing achievements of batik SMEs. These findings enrich theoretical understanding by emphasising that market orientation will not be optimal if it stops at activities such as gathering information about customers and competitors, but must be translated into differentiation strategies based on local cultural wealth. Conceptually, when business actors have a strong market orientation, they are indeed better able to recognise consumer preferences and competitive dynamics; however, competitive advantage is only created when this information is processed into a branding strategy that highlights regional symbols, narratives and identities as value differentiators. In other words, regiocultural branding serves as a bridge that transforms market insights into concrete positioning strategies, thereby strengthening the perception of product authenticity, increasing emotional relevance for consumers, and ultimately driving improvements in marketing indicators such as increased sales volume, market share expansion, and profitability.

Based on research findings that confirm the central role of market orientation in strengthening regiocultural branding practices and improving marketing achievements, a number of practical implications have emerged that can be used as guidelines for batik SME players in optimising their ability to read and respond to market dynamics. First, SME players need to strengthen the customer orientation dimension through regular activities to gather information on consumer needs and preferences, for example through simple surveys, direct interactions, or social media. In addition, it is also important to improve competitor orientation by conducting simple analyses of the strategies, products, and services of competitors in the local and digital markets. Furthermore, cross-functional coordination between departments within the business, such as production, marketing, and services, must be improved so that every business decision is based on accurate market information. These three aspects will strengthen SMEs' ability to adapt to market dynamics and encourage continuous improvement in marketing performance.

Cultural intelligence has been proven to contribute significantly to the improvement of regiocultural branding and marketing performance, which has several practical implications for SME players. SMEs operating in culturally diverse regions, or those targeting tourists or markets outside their local area, need to have a good understanding of cross-cultural issues. Metacognitive aspects can be improved through reflection and evaluation of how to interact appropriately with consumers in their cultural context. Business owners need to have cognitive knowledge of local customs, symbols and cultural norms, including through training or collaboration with local cultural communities. In addition, motivation to establish intercultural relationships must be strengthened, for example by participating in cross-community activities or cultural forums. Finally, SME players need to develop adaptive behaviours, such as the use of language, visual symbols, or communication styles that reflect cultural sensitivity. Improving these four dimensions will expand market reach and strengthen customer loyalty from various backgrounds.

The finding that regiocultural branding as a new conceptual contribution has a significant positive effect on marketing performance shows that regional cultural identity functions as a valuable intangible strategic asset when processed through the cognitive and interpretive capabilities of business actors. Within the framework of cultural sensemaking theory, cultural intelligence enables SME actors to not only recognise local cultural symbols, but also interpret, give meaning to, and reconfigure these cultural elements to align with market expectations (Ang et al., 2007). Through this sensemaking process, regional motifs, narratives, and identities are not treated as static attributes, but as dynamic sources of meaning that can be reconfigured into relevant brand value propositions. Therefore, the influence of regiocultural branding on marketing performance does not solely stem from the presence of local elements, but from the ability of SMEs to transform cultural values into brand identities that are meaningful, authentic, and have emotional resonance for consumers.

Findings regarding the mediating role of regiocultural branding emphasise that market orientation does not automatically result in improved marketing performance without a transformational mechanism that connects market insights with brand expression. From the perspective of cross-cultural adaptation theory, cultural intelligence functions as an adaptive capability that enables SME actors to convert market information into creative and contextual branding expressions. CQ not only increases cultural sensitivity, but also expands the creative capacity of business actors in selecting, combining, and representing cultural symbols innovatively

in product design, storytelling, and brand communication. Thus, cultural intelligence influences brand creativity through its ability to bridge market demands with authentic cultural expressions. Regiocultural branding then acts as a strategic medium that articulates the results of this adaptation, enabling market orientation and cultural intelligence to simultaneously contribute to the creation of differentiation and improved marketing performance for batik SMEs. By positioning cultural intelligence as a capability for sensemaking and cross-cultural adaptation, this study expands the market orientation literature by showing how cultural resources are not merely utilised symbolically, but actively transformed into creative and relevant brand meanings in creative industries with high cultural attachment.

CONCLUSION

This study provides a theoretically grounded explanation of how market orientation and cultural intelligence jointly contribute to marketing performance through the mediating role of regiocultural branding in culture-based creative industries. Moving beyond prior studies that reported inconsistent findings regarding the market orientation–performance relationship, this research demonstrates that market orientation does not operate as a direct performance driver in isolation. Instead, its effectiveness depends on the presence of a transformational mechanism capable of converting market insights into culturally meaningful brand value.

From a theoretical perspective, this study makes three key contributions. First, it extends the market orientation literature by reconceptualizing market orientation as an exploratory sense-making capability rather than a purely exploitative, market-driven practice. In creative industries characterized by symbolic value, authenticity, and cultural meaning, market orientation functions as a selective mechanism that identifies which cultural attributes are strategically relevant, but does not automatically translate them into competitive advantage. This finding helps explain why previous empirical studies have reported mixed results regarding the impact of market orientation on marketing performance.

Second, this study advances branding theory by positioning regiocultural branding as a strategic intangible resource within the Resource-Based View (RBV). Regiocultural branding is not merely a symbolic or aesthetic expression of local culture, but a strategic capability that transforms cultural capital into market value. By embedding regional identity, cultural narratives, and symbolic authenticity into brand identity, SMEs are able to create differentiation that is difficult to imitate and emotionally resonant for consumers. In this sense, regiocultural branding operates as a causal mechanism that links strategic orientations to performance outcomes.

Third, this research contributes to the cultural intelligence literature by demonstrating its role as an interpretive and adaptive capability that enables SMEs to translate cultural meaning into branding strategies that are both authentic and market-relevant. Cultural intelligence facilitates the sense-making and symbolic translation processes through which cultural elements are selected, reinterpreted, and communicated in branding. By integrating cultural intelligence into the market orientation–branding–performance framework, this study shows how cultural resources are actively transformed, rather than passively utilized, in culture-based marketing strategies.

Beyond the batik industry context, the findings offer broader implications for SMEs operating in creative and cultural industries, tourism-oriented markets, and regions where authenticity and local identity constitute key sources of competitive advantage. The proposed model suggests that firms competing on symbolic and cultural value must move beyond operational market responsiveness and invest in capabilities that enable cultural interpretation, storytelling, and identity-based branding.

From a practical standpoint, the results highlight the importance for SME owners and managers to strengthen market orientation practices while simultaneously developing cultural intelligence competencies. Effective branding in culturally embedded industries requires not only understanding customer preferences, but also the ability to interpret cultural symbols, narratives, and regional identities in ways that align authenticity with market expectations. Policymakers and support institutions may also play a role by facilitating cultural capability development through training, community engagement, and collaboration with local cultural actors.

Despite its contributions, this study has several limitations that suggest avenues for future research. First, the analysis is conducted at the firm level and relies on managerial perceptions; future studies could incorporate consumer-level data to examine how regiocultural branding is perceived and co-created by consumers. From a theoretical perspective, co-creation theory is particularly relevant, as cultural brand meaning is not solely constructed by firms but emerges through interaction between producers, consumers, and local communities. Second, longitudinal or mixed-methods designs could be employed to capture the dynamic evolution of regiocultural branding and its long-term performance implications. Finally, future research may test the proposed model across different creative industries and regional contexts to further validate the generalizability of regiocultural branding as a strategic intangible resource.

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