

# Acculturative Esthetic Attractiveness and Indigenous Product Attractiveness Model: Development of New Concepts to Improve Marketing Performance of Community-Based MSMEs

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## ABSTRACT

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The inventive potential of MSMEs has been instrumental in creating a competitive edge. Batik has emerged as a product that encountered significant competition, owing to its distinctive attributes intricately linked to the diverse resources present across various regions of Indonesia. These resources included background, geography, culture, and history. On the one hand, batik is rooted in indigenous values, but on the other, it is also open to acculturation. This research examined the impact of innovation capability on marketing performance, considering the mediating roles of acculturative esthetic appeal and the attractiveness of indigenous products. Eight hundred and sixty-seven respondents from batik MSMEs affiliated with communities in Indonesia were surveyed. The proposed relationships were examined and confirmed through the structural equation modeling approach, utilizing SmartPLS software version 4.0. The findings of the study indicated that the ability to innovate, which included factors such as marketing performance, acculturative esthetic attractiveness, and indigenous product attractiveness, had a significant impact. Innovation capability offered numerous options to integrate native values and assimilation to enhance sales performance and bolster marketing outreach. Acculturative esthetic attractiveness and indigenous product attractiveness positively influenced marketing performance. This study provided a theoretical enhancement to the Resource-Based View (RBV) paradigm concerning the development of marketing performance. The practical implication was to offer guidance to batik MSMEs on enhancing their marketing effectiveness by leveraging their innovation capabilities, particularly by exploiting local resources and embracing varied esthetic inspirations in Indonesia.

**Keywords:** innovation capability, acculturative esthetic attractiveness, indigenous product attractiveness, marketing performance.

**JEL Classification:** A11, M31, L26

## INTRODUCTION

Batik stands as a significant cultural heritage of Indonesia, having gained international recognition through its inclusion in UNESCO's list of intangible cultural heritage in 2009. As one of the most authentic and highly valued cultural expressions, batik was not only a symbol of national identity but also one of Indonesia's flagship products in both domestic and international markets (Febriani et al., 2023). Batik has transcended geographical boundaries, being produced and worn not only in Java but also expanding to various regions in Indonesia, such as Sumatra, Kalimantan, Papua, Sulawesi, and Bali, with each region developing its own distinctive motifs and product innovations (Raya et al., 2021). However, in the midst of technological advancements, the marketing performance of batik in Indonesia is facing complex challenges arising from changing consumer preferences and increasing global competition. According to recent data, although the batik industry in various regions of Indonesia has shown a positive growth trend, the improvement in marketing performance has not yet been fully optimized. Many batik entrepreneurs, particularly those in small and medium enterprises (SMEs), continue to face significant challenges in

reaching global markets, especially in terms of their innovation capabilities (Anshari & Almunawar, 2021). The capabilities for innovation in this context pertain to the capacity to generate new products, enhance production processes, and formulate more efficient marketing strategies (Rajapathirana & Hui, 2018; Wallin et al., 2015).

In the context of MSMEs in Indonesia, particularly in creative industries such as batik, product uniqueness becomes one of the main strengths driving marketing performance (Indonesia, 2018). This uniqueness, such as traditional batik motifs and patterns, not only reflects local cultural identity but also holds a distinct appeal for both domestic and international consumers (Chen et al., 2021). Items that reflect the distinctiveness of local culture, such as batik, are regarded as important resources for boosting the competitiveness of MSMEs in the international marketplace.

The resource-based view (RBV) theory posits that a company's competitive advantage is contingent upon the effective management of internal resources that are valuable, rare, inimitable, and non-substitutable (Barney, 1991; Oh, 2015). In the context of MSMEs in Indonesia, unique and hard-to-imitate resources, such as innovation capabilities and the attractiveness of products based on local culture, could become key factors in enhancing marketing performance.

Innovation capabilities are essential in influencing the competitiveness and marketing performance of products, such as batik. Innovation in this sector could be realized in various forms, ranging from product, process, to marketing innovation. For example, in several cities like Solo and Yogyakarta, batik entrepreneurs have utilized innovation in batik design and motifs to meet the ever-changing market demands (Syed Shaharuddin et al., 2021). New designs and the use of innovative colors help attract new consumers while maintaining the loyalty of existing customers (Setyaningrum, 2021). Innovation in production processes has also been significant. The implementation of eco-friendly technology, such as natural dyes, enhances production efficiency and contributes to a favorable perception among global consumers increasingly focused on sustainability (Castela et al., 2018). This innovation process enables batik entrepreneurs to compete in a more competitive market (Andersson et al., 2020).

Batik is a cultural product that embodies local philosophy and values. The attractiveness of products based on local culture (indigenous product attractiveness) plays an important role in influencing consumer perceptions and marketing performance. For example, traditional batik motifs such as batik parang from Solo or batik mega mendung from Cirebon have high symbolic value and could attract the attention of both domestic and international consumers (Purchase & Volery, 2020). Products with strong cultural values are often considered more valuable by consumers, especially in international markets that value authenticity and stories behind products (Kolar & Zabkar, 2010; Södergren, 2021). However, research shows that there is still a gap in how small and medium batik entrepreneurs in various regions utilize the potential of this cultural attractiveness in their marketing strategies (Gómez-Antonio & Sweeney, 2021). Therefore, further studies are needed to optimize indigenous product attractiveness to enhance the competitiveness of batik in the global market (Cheng & Chen, 2013; Singh et al., 2021).

In addition to local cultural attractiveness, acculturative esthetic attractiveness also played a role in increasing the added value of batik products. Esthetic acculturation refers to the process where foreign cultural elements are integrated into batik design without erasing its local identity. This process produces a unique fusion that is visually richer and has broader appeal in the global market (Xie et al., 2022).

Several regions in Indonesia, such as Lasem and Cirebon, have a long history of interaction with foreign cultures, which is reflected in their batik designs. Batik Lasem, for instance, is known for the strong influence of Chinese culture, while Cirebon batik blends elements of Islamic and Chinese cultures in their designs (Ngo & O'Cass, 2012; Wu & Nguyen, 2019). Innovations in these designs help increase the attractiveness of batik products in international markets, which increasingly value products with complex cultural narratives (Xiao, 2024). On the other hand, marketing strategies that leverage esthetic acculturation have not yet been fully explored. Some studies indicate that although acculturative elements provide uniqueness, there remain challenges in communicating this esthetic value to global consumers (R. Song et al., 2018). Therefore, further research on how esthetic acculturation could be more effectively integrated into batik marketing strategies at both national and international levels is needed (Nuringsih et al., 2021).

## **Theoretical Background**

### ***Grand Theory***

The resource-based view (RBV) introduced by Barney (1991) and further developed by Hesterly and Barney (2014) posits that a firm's competitive advantage is contingent upon the effective management of resources characterized as valuable, rare, inimitable, and non-substitutable (VRIN). The resource-based view emphasizes the significance of intangible assets, including innovation capabilities, cultural knowledge, and market experience, as key sources of competitive advantage (Barney, 1991; Hesterly & Barney, 2014). Recent studies supported RBV by showing that companies with innovation capabilities could create products that differ from their competitors, ultimately enhancing marketing performance (Akter et al., 2021; K. Z. Zhou et al., 2008). These findings are in line with those of previous research, which state that innovation plays a crucial role in creating differentiation advantage, where companies with strong product innovation tend to have higher competitiveness in the market (Borah et al., 2022; Calantone et al., 2002; Lawson & Samson, 2001). Previous studies (Ahmad Zaidi & Othman, 2012; Matarazzo et al., 2021) indicate that innovation capabilities alone are inadequate; companies must also utilize these innovations alongside dynamic capabilities, which denote the capacity to respond effectively to market changes.

Resource-advantage theory (R-A theory), as articulated in (Hooley et al., 2005; Hunt & Morgan, 1995; Varadarajan, 2020), extends the resource-based view (RBV) by recognizing that corporate competition involves not only the preservation of unique resources but also the dynamic application of those resources to secure a competitive advantage. Recent studies (Katimertzopoulos et al., 2023; Mazur & Zaborek, 2016; Strese et al., 2016; H. Zhang et al., 2020) further strengthen this theory by showing that entrepreneurs who successfully optimize their innovation capabilities and the attractiveness of culture-based products tend to have better marketing performance.

The topic of marketing performance has been widely studied by researchers, who use various indicators to assess the success of a company's marketing efforts. Marketing performance comprises various metrics, including sales growth, market share, and enhanced sales to existing clients (Chang et al., 2010; García-Villaverde et al., 2013; Krush et al., 2013). Supplementary measures encompass the augmentation of sales revenue, the capacity to recruit new clientele, and the growth of market share (Merrilees et al., 2011; O'Cass & Weerawardena, 2010). Marketing performance can be evaluated using four primary indicators: value delivery, customer satisfaction, marketing program efficacy, and new product success (Morgan & Piercy, 1992). Effective marketing success could be measured by three main indicators: sales value, sales growth, and market share (Ferdinand & Fitriani, 2015). Marketing performance is an important factor in evaluating a company's marketing success (Bendle et al., 2010; Clark, 2000), which states that marketing performance serves as a tool to analyze product quality in the market.

Marketing performance is a broad term referring to how effectively a company's marketing strategies contribute to achieving its overall business objectives. It encompasses various metrics, including customer satisfaction, market share, brand equity, sales growth, and profitability (Solé, 2013). Marketing performance evaluates how well a company's marketing activities align with and support its business goals through the analysis of factors, such as return on marketing investment (ROMI) and customer loyalty (Pimenta da Gama, 2023).

### **Innovation Capabilities**

Based on the literature, innovation capabilities consistently emerge as a key driver of marketing performance. Companies that emphasize innovation are significantly more prepared to respond to market changes and maintain competitive advantage (Park et al., 2021), which in turn result in superior marketing outcomes, such as increased sales, customer retention, and market expansion (F. A. Miller & Lehoux, 2020; N. Miller et al., 2022; Xie et al., 2022). Innovation capabilities refer to a company's ability to produce and introduce new and improved products, services, or processes in comparison to its competitors (Lawson & Samson, 2001; Le & Lei, 2019; Saunila, 2020). Research conducted by (F. A. Miller & Lehoux, 2020) affirmed that innovative companies tend to be more successful in enhancing their marketing performance because they are more adaptive to market changes. Results from a study by (Alam et al., 2013; Rajapathirana & Hui, 2018; Ribau et al., 2017) reinforce this perspective, demonstrating that innovation capabilities significantly influence sales growth, market share expansion, and the acquisition of new customers.

However, some previous studies (Baker & Sinkula, 2007; Schulze et al., 2022) indicate that innovations that are not aligned with market needs or local culture could fail, even if those innovations are technically superior. This is important in the context of products with philosophical values and local attractiveness, where innovations need to consider the preferences of consumers who value culture-based product attractiveness (Artico & Tamma, 2018; Munir et al., 2020; Setyawati et al., 2020).

Innovative capabilities and the appeal of culture-based products may synergistically enhance a company's marketing effectiveness, particularly in emerging nations. Innovation capabilities allow companies to create products that are not only appealing but also relevant to rapidly changing consumer trends and preferences (Agustiana et al., 2024). For example, batik entrepreneurs who are able to integrate modern designs with traditional motifs could expand their product appeal, attracting the attention of a broader and more diverse consumer base (Calantone et al., 2002).

#### Indigenous product attractiveness

Research shows that innovations that consider local cultural values could create products with stronger market appeal, as consumers increasingly value products that are not only functional but also carry cultural significance (R. D. Holt, 2004). Thus, innovation capabilities could strengthen indigenous product attractiveness, creating a combination that enhances competitiveness and marketing performance in the global market. A study that supports this view (Batra et al., 2014; Mellens et al., 1996; Sandvik & Sandvik, 2003) indicates that innovative companies tend to have better marketing performance, especially when their products reflect the uniqueness of local culture. Indigenous product attractiveness refers to the extent to which products can reflect the values, traditions, and distinctive characteristics of a society (Setyawati, 2018; Setyawati et al., 2020). Products that reflect local culture often have greater appeal in the market, especially among consumers who value authenticity and cultural identity (Dalmoro et al., 2020; R. D. Holt, 2004; Yeboah-Banin & Quaye, 2021). Findings indicate that products integrating elements of local culture could enhance customer satisfaction and loyalty, positively impacting marketing performance (Munir et al., 2020; Setyawati et al., 2020). The attractiveness of indigenous products significantly influence marketing performance (Baker & Sinkula, 2007). They found that products with authentic values tend to attract more attention and interest from consumers, which in turn increase sales and market share (Pozner et al., 2022). This research supports the results from a study by (Agustiana et al., 2024), indicating that MSMEs promoting the uniqueness of local cultural products experience improved marketing performance through digital strategies. Products with local cultural value are more accepted by consumers, showing that they tend to choose products reflecting their identity. This suggests that indigenous product attractiveness could be a key factor in successful marketing strategies (Cleveland & Bartsch, 2019; Ger & Belk, 1996).

Holt (2004) emphasizes that in the global market, products capable of creating cultural connections would be more successful. This is consistent with recent research by Qu and Mardani (2023), which showed that products integrating local and global elements have greater appeal in international markets (Qu & Mardani, 2023). This indicates that indigenous product attractiveness may serve as a competitive advantage in marketing. Research conducted by Morgan et al. (2004) indicates that consumers exhibit a higher likelihood of repurchasing products they regard as authentic and culturally connected (Bodlaj & Čater, 2022; Morgan et al., 2004). According to Lawson and Samson (2001), companies that are innovative in their marketing approaches, including the use of indigenous product attractiveness, could achieve better results in terms of marketing performance. Research indicates that companies leveraging local cultural appeal in their marketing strategies are more capable of achieving success in broader markets. Indigenous product attractiveness allows companies to create clear differentiation from competitors. Research by Aksoy (2017) demonstrates that products with local cultural elements could create a strong market position, which in turn improve marketing performance (Aksoy, 2017; Uysal et al., 2000). Agustiana et al. (2024) found that entrepreneurs who successfully combine innovation with cultural uniqueness in their products are able to enhance visibility and appeal in the global market.

#### Acculturative esthetic attractiveness

Acculturative esthetic attractiveness refers to the capability of a product or brand to blend local cultural esthetics with external, often global, design elements. This concept is especially relevant in industries that rely on a



strong cultural identity, such as fashion, art, and handicrafts, allowing businesses to appeal to both local and international markets (Munir et al., 2020). Acculturative esthetic attractiveness plays a pivotal role in enhancing a product's appeal across various markets by balancing the authenticity of local culture with the adaptability to global preferences. It acts as a bridge between traditional identity and modern consumer demands (M Pono et al., 2019). By incorporating elements from other cultures, companies are able to attract international markets and increase the perceived value of their products. This strategy is particularly important in developing countries where cultural products are seen as both heritage and economic commodities (Pieterse, 2018). The challenge associated with acculturative esthetic attractiveness is maintaining authenticity while incorporating external influences. If executed poorly, cultural integration can lead to the dilution of the product's original identity, alienating both local consumers who value traditional products and international consumers seeking authenticity (Ger & Belk, 1996). Companies must, therefore, strike a balance between cultural preservation and innovation to ensure market success (D. B. Holt, 2007; R. D. Holt, 2004).

Companies with higher innovation capabilities are better equipped to integrate acculturative esthetic attractiveness into their products (M Pono et al., 2019). Innovation enables firms to experiment with new materials, designs, and technologies while maintaining traditional esthetics (Munir et al., 2020). Research has shown that innovation capability enhances the implementation of acculturative esthetics by allowing businesses to creatively combine elements of different cultural backgrounds. For instance, in the Indonesian batik industry, companies with high innovation capabilities have been able to merge traditional patterns with contemporary fashion trends, leading to improved product appeal (Calantone et al., 2002). Furthermore, studies demonstrate that firms with robust innovation frameworks are generally more successful in expanding globally, as they can adapt products to meet the diverse tastes of international consumers (Z. Zhou & Verburg, 2023).

Products that skillfully blend local and global esthetics are more likely to capture the interest of both domestic and international consumers, leading to enhanced brand visibility and consumer engagement (M Pono et al., 2019). Studies have shown that this esthetic appeal not only improves sales performance but also fosters customer loyalty, as consumers perceive these products as unique and valuable due to their cultural significance (Brown, 2016; D. B. Holt, 2007). Moreover, businesses that adopt acculturative esthetics are able to differentiate themselves from competitors by offering products that stand out in terms of design and cultural narrative (Z. Zhou & Verburg, 2023). For example, companies that successfully incorporate foreign influences into local crafts can charge premium prices due to the perceived higher value, thereby improving profitability and market share (Calantone et al., 2002).

However, the effectiveness of acculturative esthetic attractiveness on marketing performance depends largely on the company's ability to maintain authenticity while introducing innovation. Over-innovation without respect for cultural elements can lead to consumer distrust, especially in markets where traditional values are highly regarded (Cleveland & Bartsch, 2019; Ger & Belk, 1996). Therefore, the strategic application of acculturative esthetics is key to maximizing its positive impact on marketing performance. In light of the preceding discussion, we propose the following hypotheses:

- H1 : Innovation capability positively and directly influences indigenous product attractiveness.
- H2 : Innovation capability positively and directly influences acculturative esthetic attractiveness.
- H3 : Innovation capability positively and directly influences marketing performance.
- H4 : Indigenous product attractiveness positively and directly influences marketing performance.
- H5 : Acculturative esthetic attractiveness positively and directly influences marketing performance.
- H6 : Innovation capability positively influences marketing performance through indigenous product attractiveness.
- H7 : Innovation capability positively influences marketing performance through acculturative esthetic attractiveness.

## RESEARCH OBJECTIVE, METHODOLOGY AND DATA

A quantitative approach was applied to empirically assess the research model. Therefore, data collection and measurement were utilized.

**Measure**

The measurement of the construct was conducted using a 4-point Likert scale, adopted from previous studies and modified by removing the neutral response option to minimize the likelihood of poor responses. A 4-point Likert scale with answer options ranging from 1 (strongly disagree) to 4 (strongly agree) was utilized to assess the research scale. The modification of the Likert scale was as recommended by Kriksciuniene et al. (2019), who asserts that eliminating the middle response option provides more reliable results among respondents from Asian countries.

This research employed the resource-based view (RBV) paradigm to develop entrepreneurial marketing performance, with innovation capability assessed by four items from (D. Miller & Friesen, 1983), further developed by (Rajapathirana & Hui, 2018). Acculturative esthetic attractiveness, which was first introduced by (M Pono et al., 2019) and reinforced by (Indriastuti et al., 2020), is also measured with four items. Indigenous product attractiveness utilized the scale established by (Setyawati et al., 2020), consisting of three items, together with an additional item from (Setyawati et al., 2023). The marketing performance questionnaire was first introduced by (X. M. Song & Parry, 1997) and subsequently revised by (Katsikeas et al., 2016).

**Data collection**

The sample for this study was a non-probabilistic sample that was collected using a structured questionnaire in accordance with the most effective recommendations from (Taherdoost, 2016) regarding the use of survey questionnaires. This type of sampling technique allows for quick and easy data collection, as participants who are available and accessible can be selected. This approach is useful when resources and time are limited (Hair Jr et al., 2021). The data collection took place in 2024 across 29 of the largest batik-producing cities in Indonesia. This data was utilized for the first time to illustrate the current state of marketing performance and innovation capability, as well as the indigenous and acculturative appeal of batik entrepreneurs.

The data collection procedure involved communicating with batik entrepreneur communities. Respondents were instructed to read the survey form and anonymously record their chosen responses to avoid related bias. The survey form was accompanied by a cover letter and used a language that was easy to understand to ensure effective responses. Additionally, all questions were prepared on Google Forms and were asked directly to respondents, with surveyors filling in the form to avoid entry errors and encourage open responses.

A total of 970 surveys were distributed to batik entrepreneurs. Of these, 867 surveys (97.0 percent) were accepted, while 30 surveys (3 percent) were rejected due to incomplete data. Table 1 presents the sample characteristics, showing that 292 (33.71 percent) were male, 574 (66.28 percent) were female, and those under the age of 29 were 203 (23.44 percent), 30 to 39 years old were 487 (56.23 percent), 40 to 49 years old were 151 (17.43 percent), and 50 years and older were 25 (2.88 percent). In terms of education level, 54 (4.39 percent) had completed elementary school, 127 (14.66 percent) middle school, 384 (44.34 percent) high school, 263 (30.37 percent) had a bachelor's degree, and 38 (4.89 percent) held a master's degree.

Table 1. Respondents' Profile

Demographic Characteristics	Frequency	Percentage
<b>Gender</b>		
Male	292	33.71
Female	574	66.28
<b>Age</b>		
29 years and below	203	23.44
30-39 years	487	56.23
40-49 years	151	17.43
50 years and above	25	2.88

Education		
Elementary School	54	4.39
Middle School	127	14.66
High School	384	44.34
Bachelor's Degree	263	30.37
Master's Degree	38	4.89

## RESULTS AND DISCUSSION

### a. Result

#### Measurement model

This study employed SEM, specifically utilizing the SEM-PLS tool, which was suitable for the sample size and construct model (Hair Jr et al., 2021). Table 2 presents the results for all factor loadings, construct alpha, average variance extracted (AVE), and composite reliability (CR). The factor loadings for all constructs varied between 0.733 and 0.842, with a significance level of 0.01. The alpha values for all constructs varied between 0.71 and 0.84, falling within the acceptable range. The AVE values varied between 0.57 and 0.68, exceeding the threshold of 0.5, while the CR values for all constructs ranged from 0.84 to 0.89, surpassing 0.6. This demonstrates a high level of internal consistency within the measurement model. In the acculturative esthetic attractiveness variable, one indicator was removed due to non-compliance with the established criteria.

Table 2. Results from the Measurement Model

Constructs	Item	Factor loading	Alpha Value	AVE	C.R
Innovation Capability			0.787	0.610	0.862
	IC1	0.778			
	IC2	0.787			
	IC3	0.775			
	IC4	0.785			
Indigenous Product Attractiveness			0.751	0.572	0.843
	IPA5	0.744			
	IPA6	0.733			
	IPA7	0.786			
	IPA8	0.763			
Acculturative Esthetic Attractiveness			0.717	0.639	0.841
	AA9	0.836			
	AA10	0.793			
	AA11	0.767			
Marketing Performance			0.846	0.684	0.896
	MP12	0.829			
	MP13	0.822			
	MP14	0.813			
	MP15	0.842			

#### Discriminant validity

Table 3 shows that discriminant validity was proven, as suggested by the HTMT, Fornell-Larcker criterion. The Fornell-Larcker criterion demonstrates that the square root of the AVE values for each construct exceeds the correlations with other latent constructs, indicating sufficient discriminant validity (Ab Hamid et al., 2017).

According to the HTMT criteria, all values fell below the threshold of 0.85, thereby confirming the attainment of discriminant validity.

Table 3. Discriminant Validity

Constructs	Fornell-Larcker Criterion			
	1	2	3	4
1. Acculturative Esthetic Attractiveness	0.799			
2. Indigenous Product Attractiveness	0.679	0.757		
3. Innovation Capability	0.694	0.743	0.781	
4. Marketing Performance	0.592	0.637	0.766	0.827
Constructs	HTMT Criterion			
	1	2	3	4
1. Acculturative Esthetic Attractiveness				
2. Indigenous Product Attractiveness	0.927			
3. Innovation Capability	0.923	0.966		
4. Marketing Performance	0.760	0.799	0.939	

The coefficient of determination ( $R^2$ ) in the measurement model revealed that 60% of the total variance in marketing performance, 55.2% in indigenous product attractiveness, and 48.1% in acculturative esthetic attractiveness could be elucidated by innovation capability (refer to measurement model in Figure 1).

### Structural path evaluation

The path coefficient for the impact of innovation capability on the attraction of indigenous products ( $\beta = 0.020$ ,  $t = 36.304$ ,  $p = 0.00$ ) showed a substantial effect, hence corroborating H1. The path coefficient value of creative capability on acculturative esthetic attractiveness ( $\beta = 0.023$ ,  $t = 30.342$ ,  $p = 0.00$ ) demonstrated a significantly large influence, hence corroborating H2. The path coefficient indicating the impact of innovation capability on marketing performance ( $\beta = 0.048$ ,  $t = 12.848$ ,  $p = 0.00$ ) had a substantial effect, hence corroborating H3. The path coefficient values for indigenous product attractiveness and acculturative esthetic appeal on marketing performance ( $\beta = 0.043$ ,  $0.039$ ,  $t = 2.913$ ,  $1.970$ ,  $p = 0.00$ ,  $0.04$ ) demonstrated substantial effects, hence corroborating H4 and H5.

Table 4. Summary of the results of the hypothesis

Relationships	$\beta$ value	T value	P value	Decision
innovation capability - Indigenous product attractiveness	0.020	36.304	0.000	Supported
innovation capability - acculturative esthetic attractiveness	0.023	30.342	0.000	Supported
innovation capability - marketing performance	0.048	12.848	0.000	Supported
Indigenous product attractiveness - marketing performance	0.043	2.913	0.004	Supported
acculturative esthetic attractiveness - marketing performance	0.039	1.970	0.049	Supported

We incorporated indigenous product attractiveness and acculturative esthetic attractiveness as mediation constructs between exogenous and endogenous variables; we employed conditional process modeling for analysis purposes. Table 5 presents the mediation results using the bootstrapping method.



Table 5. Results of mediation analysis

Relationships	OS	T value	P value	Decision
innovation capability - Indigenous product attractiveness – marketing performance	0.032	2.864	0.004	Supported
innovation capability - acculturative esthetic attractiveness – marketing performance	0.028	1.939	0.053	Not Supported

The mediating association among innovation capability, indigenous product attractiveness, and marketing performance exhibited a path coefficient of 0.092, a t-statistic of 2.864, and a p-value of 0.004. This suggests that the appeal of indigenous products considerably moderated the link between innovation capabilities and marketing performance. The p-value of less than 0.01 indicates that the changes implemented by entrepreneurs in their products significantly enhanced local cultural appeal, hence improving marketing performance. The mediation was partial, as innovative competence maintained a substantial direct impact on marketing performance, but cultural attractiveness enhanced this link.

The mediating association among innovation capability, acculturative esthetic attractiveness, and marketing performance exhibited a path coefficient of 0.054, accompanied by a t-statistic of 1.939 and a p-value of 0.053. The p-value neared 0.05 but did not achieve significance at the 5% threshold. This suggests that acculturative esthetic beauty did not significantly influence the association between innovation capability and marketing performance at the 5% significance level, but it approached significance. Therefore, innovation in combining local and foreign cultural elements (esthetic acculturation) did not have as strong an impact on enhancing marketing performance as the appeal of local cultural products. These findings, however, contradict previous research (Munir et al., 2020; M Pono et al., 2019).

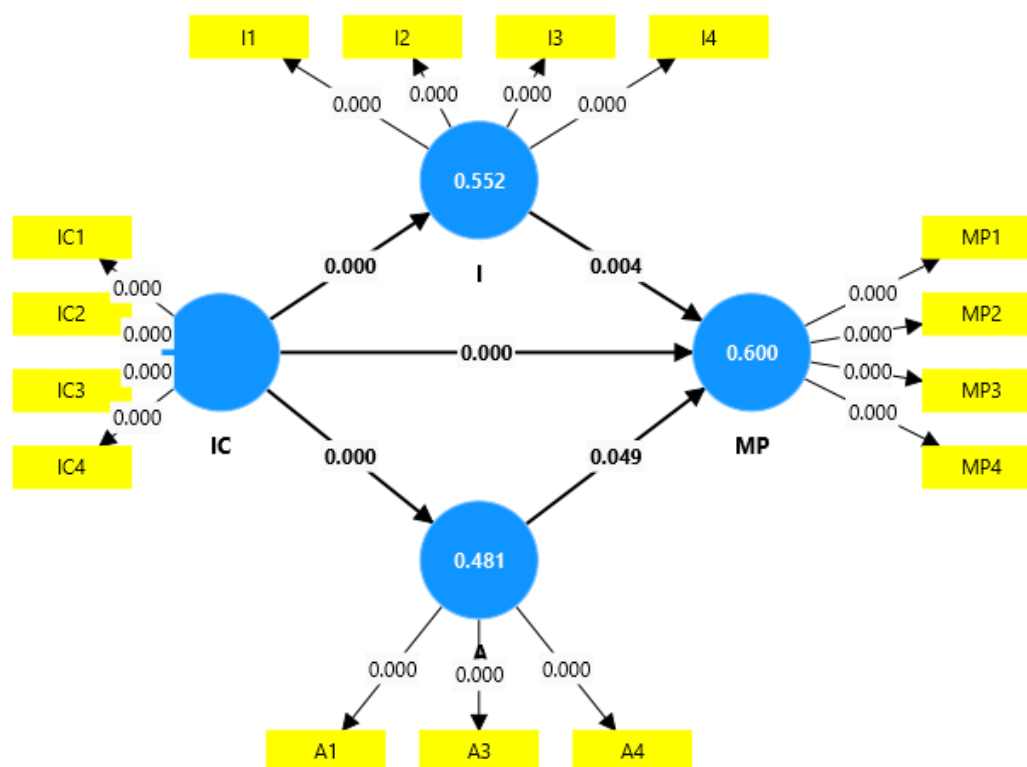


Figure 1. Model Calculation

**b. Discussion**

The purpose of this study was to investigate the impact of innovation capability, attractiveness of indigenous products, and attractiveness of acculturative esthetics on the marketing performance of batik business owners by broadening the scope of the study to include the community context. On the basis of the analysis and interpretation of the findings, it was evident that the capability of invention exhibited a highly substantial impact on marketing success. This was followed by the attractiveness of indigenous products and the attractiveness of acculturative esthetics. To enhance marketing performance, batik entrepreneurs need to combine innovation with preserving local cultural values while also considering the preferences of global consumers who appreciate acculturated elements.

The PLS-SEM test results showed that innovation capability significantly influenced marketing performance, evidenced by a path coefficient of 0.766 ( $p$ -value = 0.000). This indicates that the capacity to develop new batik designs, innovate in business growth, embrace risks, and discover creative solutions is essential for enhancing sales, attracting new customers, broadening the market, and increasing purchases from current customers. The findings theoretically support earlier theories that highlight innovation capability as a crucial element in enhancing a company's competitiveness and marketing performance (F. A. Miller & Lehoux, 2020; Park et al., 2021). Previous research indicates that product innovation allows companies to adjust to market fluctuations and enhance product attractiveness (Ali et al., 2021; Park et al., 2021; M. Zhang & Hartley, 2018). Some studies have indicated that excessive innovation, when not aligned with local cultural preferences, may diminish appeal in traditional markets (M. Zhang & Hartley, 2018). This underscores the necessity of balancing innovation with the preservation of cultural values. In practice, batik entrepreneurs with innovation capability are more flexible in responding to changes in market demand and creating products that better meet the needs of modern consumers. Batik that continuously innovates in terms of motifs, patterns, and designs tends to attract more consumer attention, both in domestic and international markets. For example, innovations in environmentally friendly natural dyes and motifs that follow global trends become additional attractive factors that may boost sales.

The correlation between the appeal of indigenous products and marketing performance showed a strong positive effect, with a path coefficient of 0.124 ( $p$ -value = 0.004). Batik businesses that preserve and emphasize traditional elements such as motifs, colors, and regional batik patterns augment their product's commercial appeal. The findings are in line with those of prior research, indicating that products embodying local cultural identity generally possess enhanced appeal (Deshpandé et al., 1993). It also supports the concept that cultural branding plays an important role in enhancing marketing performance, especially in markets that value cultural heritage (R. D. Holt, 2004). Research suggests that in current and segmented marketplaces, local cultural appeal is less effective unless accompanied by modern innovation (Munir et al., 2020; Setyawati et al., 2020). The practical implication of these findings is that batik entrepreneurs should prioritize both innovation and the preservation of local cultural distinctiveness. Consumers, particularly in international markets, often seek products that possess authentic value and reflect specific cultural identities. For instance, batik with unique floral or animal motifs from certain regions has its own advantage in the eyes of consumers who value product authenticity.

The correlation between acculturative esthetic beauty and marketing performance exhibited a modest yet significant effect, evidenced by a  $p$ -value of 0.049 and a path coefficient of 0.078. This suggests that the integration of external aspects into batik motifs, patterns, and characteristics has a minor impact on enhancing marketing success. These findings support the concept of cultural hybridization, which asserts that combining local and foreign cultural elements can enhance a product's appeal in global markets (Mesquita Carvalho de Sá, 2020; Pieterse, 2018; Maat Pono et al., 2018). However, these findings are contrary to some studies that argue that excessive cultural mixing may obscure the original identity of the product and reduce the authenticity valued by certain consumers (Celenk & Van de Vijver, 2014; Ferdinand & Fitriani, 2015; Ger & Belk, 1996; Indriastuti et al., 2020). Practically, incorporating external cultural elements into batik products may provide an opportunity for entrepreneurs to penetrate a broader global market. Batik with modern or international touches is more appealing to younger consumers and foreign markets. For example, batik with geometric patterns or the use of colors inspired by global trends is more accepted in diverse international markets.

The correlation between innovation aptitude and marketing performance has been extensively recognized in academic literature, especially in sectors where creativity and responsiveness to market demands are crucial for competitive advantage. The incorporation of culture-based product appeal as a mediating variable introduces a novel aspect to this comprehension. Research by (M Pono et al., 2019) indicates that innovation capability alone does not fully explain marketing success in SMEs, especially in culturally rich markets like Indonesia. Culture-based product attractiveness, defined as a product's ability to resonate with cultural values and esthetics, helps bridge this gap by enhancing the emotional and cultural appeal of products. This study revealed a significant mediating effect of culture-based product attractiveness, evidenced by a path coefficient of 0.092, a t-statistic of 2.864, and a p-value of 0.004, demonstrating that local cultural esthetics are instrumental in converting innovation efforts into enhanced marketing performance. The findings correspond with the resource-based view (RBV) paradigm, which asserts that distinctive and difficult-to-replicate resources, such as local cultural esthetics, can yield persistent competitive advantages (Barney, 1991). By leveraging cultural value, companies differentiate their products in ways that are difficult for competitors to replicate.

Numerous empirical studies corroborate these findings, but some present alternative viewpoints. Indriastuti et al. (2020), Munir et al. (2020), and M Pono et al. (2019) found that esthetic acculturation strongly impacts the connection between innovation and marketing performance, especially in the crafts and fashion industries. Nonetheless, Setyawati et al. (2020, 2023) found that innovation capabilities do not exert a direct substantial influence on the appeal of indigenous products, indicating that, in certain instances, the efficacy of innovation initiatives rely on their alignment with cultural esthetics. These divergent findings indicate the need for further exploration of how innovation and culture interact to influence marketing performance. While the current study supports the idea that indigenous product attractiveness mediates the relationship between innovation capability and marketing performance, it is clear that the strength of this mediation may vary across industries and cultural contexts (Setyawati et al., 2023).

From a practical perspective, these findings provide important insights for SMEs in developing countries facing the dual challenge of innovating while maintaining cultural integrity. (Setyawati et al., 2020) emphasizes that in industries like batik, where local cultural identity is crucial, innovation has to be balanced with the preservation of cultural esthetics to attract both local and international consumers. The partial mediation effect found in this study indicates that while innovation capability directly impacts marketing performance, indigenous product attractiveness strengthens this relationship by adding cultural value to innovative products (Setyawati et al., 2020). This insight is particularly relevant in global markets, where consumers are increasingly seeking products with authentic cultural connections. SMEs could enhance their market appeal by ensuring that their innovations incorporate cultural elements that resonate with their target audience. This strategy not only strengthens customer loyalty but also allows companies to charge premium prices for culturally rich products (Ferdinand & Fitriani, 2015). The appeal of indigenous products significantly influences the connection between innovative capabilities and marketing performance. While innovation capability provides the technical and creative foundation for product development, effectively incorporating local cultural esthetics enhances market appeal and boosts performance. These findings have significant implications for SMEs in culturally rich industries, where the balance between innovation and cultural integrity is key to achieving competitive success.

The observation that acculturative esthetic attractiveness did not significantly mediate the relationship between innovation capability and marketing performance, as indicated by a path coefficient of 0.054, a t-statistic of 1.939, and a p-value of 0.053, offers valuable insights into the influence of esthetics in marketing. With a p-value approaching 0.05 but not reaching significance at the 5% level, this suggests that acculturative esthetic attractiveness is not strong enough to serve as a significant mediator in enhancing innovation-based marketing performance. This suggests that while innovative skill contributes to the integration of local and foreign cultural aspects via esthetic acculturation, its influence on marketing performance is less significant than that of indigenous product appeal. According to the resource-based view (RBV), distinctive and hard-to-replicate resources, such as local cultural attributes, exert a more significant impact on competitive advantage than innovations that solely integrate external esthetic components (Barney, 1991). (Ferdinand & Fitriani, 2015; Munir et al., 2020; M Pono et al., 2019) also support

these findings, indicating that the strength of innovation in esthetic acculturation is often limited by the mismatch between local and global preferences.

The findings support those of multiple studies, which indicate that although global esthetic improvements may attract worldwide markets, they are constrained in improving commercial performance without a profound comprehension of local values. (Z. Zhou & Verburg, 2023) found that innovation in global esthetics must be adjusted to the local cultural context to provide optimal results. However, research by (Ger & Belk, 1996) suggests that acculturative esthetic attractiveness can succeed if applied carefully, especially in the context of internationally-oriented products. They argue that successful esthetic acculturation creates products with high symbolic value, appealing to consumers seeking a combination of modernity and cultural heritage. Practically, this suggests that companies or SMEs combining local and foreign cultural elements in their products should be more cautious in managing their marketing strategies. Acculturative esthetic attractiveness may attract the attention of certain market segments, particularly those focused on internationally-oriented products, but it may not have the same impact on local or more traditional markets. Previous research by (Setyawati et al., 2020) shows that more conservative markets value cultural authenticity more than global esthetic innovations. In this context, innovations in esthetic acculturation need to be carefully managed to maintain the original cultural identity of the product, as any blurring of this identity can reduce marketing performance, especially in markets sensitive to cultural values.

### **CONCLUSION:**

This study aimed to investigate how indigenous product attractiveness, acculturative esthetic attractiveness, and innovation capability impact marketing performance. The results of this study indicated that innovation exerted a significant direct influence on the attractiveness of indigenous products, the esthetic appeal related to acculturation, and marketing performance. The attractiveness of indigenous products significantly influenced marketing performance. The influence of acculturative esthetic attractiveness on marketing performance was found to be significant. Innovation capability influenced marketing performance, with the attractiveness of indigenous products serving as a mediating factor. The relationship between innovation capability and marketing performance was not mediated by acculturative esthetic attractiveness.

This study recommends that batik entrepreneurs, or those involved with local products that hold historical value and uniqueness, continue to innovate, both in terms of products and by taking risks in their innovations. Batik entrepreneurs and producers are encouraged to begin inventorying the unique features of their batik creations, such as motifs, designs, and color schemes, as a form of distinct attraction. The acculturation in batik, which has taken place for decades, could continue to be preserved, but with esthetic principles that do not diminish its distinct value. Effective and sustainable preservation practices will result in improved marketing performance of Javanese batik, creating a competitive advantage that would be difficult to surpass by other garment products.

However, this study has some limitations. Further research is needed to investigate batik producers and entrepreneurs outside Java. Due to Indonesia's vast geography, it is challenging to collect data from various cities with unique batik characteristics. Data collection from multiple regions require significant amount of time and costs, meaning the selected respondents may not have fully represented the potential cultural variations and acculturation occurring throughout the country. Additionally, each city in Indonesia has distinct batik characteristics, suggesting that indigenous product attractiveness and acculturative esthetic attractiveness may vary across regions. This study may not have comprehensively explored the unique dynamics present in all batik centers; therefore, further exploration of cultural uniqueness and the influence of esthetic acculturation in different batik-producing regions is needed.

Future research could expand the geographical scope to better understand how indigenous product attractiveness and acculturative esthetic attractiveness vary across different cities in Indonesia. Given that each region has its own distinctive batik characteristics, future research could conduct comparative studies between regions to identify cultural factors that influence market acceptance of batik.

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