

The Effect of Marketing Capability on The Marketing Performance of Islamic Fashion Small Businesses: The Mediator Role of a Religio-Centric Marketing Communication Strategy

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ABSTRACT

As a country with Muslim majority population, Indonesia is a potential market for the development of the Muslim fashion industry. However, this opportunity has not been utilized optimally due to the limited ability to understand customer needs and desires and the lack of Islamic small-business fashion knowledge in determining strategies that can be used to improve Marketing Performance (MP). Thus, this study aims to improve marketing performance in Islamic small business fashion by increasing marketing capability. Three dimensions of marketing capability were used in this study, namely marketing innovativeness (MI), market sensing capabilities (MSC), and Customer Relationship Management Capabilities (CRMC). Previous studies have shown that there are inconsistencies in findings that examine the relationship between marketing capability and marketing performance. Theoretically, marketing capability is a strategic tool for improving marketing performance, but practically the marketing capability dimensions do not always produce better marketing performance. Therefore, this study proposes a Religio-Centric Marketing Communication Strategy (RMCS) as a variable that mediates the relationship between marketing capability and marketing performance. RMCS is a new variable that was formed from the collaboration between marketing communication strategy and religio-centric concepts. RMCS is a marketing communication strategy that is carried out religiously when communicating with other parties. The population in this study are owners or managers of Islamic small business fashion in Indonesia. Data were obtained from questionnaires distributed to 310 selected respondents and then analysed by using Structural Equation Model (SEM) with AMOS. The results showed that MP can be increased through MSC, CRMC, and RMCS, but MI was apparently unable to increase MP.

Meanwhile, optimizing RMCS can be done through MI, MSC, and CRMC. From these results, it can be concluded that the performance of Islamic small business fashion can be improved through marketing communication strategies in a religious manner when communicating with other parties.

Keywords: *Marketing Capability, Marketing Performance*

1.0 INTRODUCTION

As a country with a vast-Muslim population, Indonesia has become a potential market for businesses related to products intended for Muslims, one of which is in the fashion sector. As a result, the Muslim fashion industry is growing rapidly. Indonesia is listed as one of the countries contributing quite a lot to this industry globally. However, such opportunities have not been optimally utilized by all Islamic fashion small businesses due to limited ability to understand customer needs and desires as well as lack of knowledge about strategies to improve Marketing Performance in religious-based markets. Several studies have shown that Marketing Performance (MP) is a top priority for managers to keep companies alive.

Since the strategy to increase MP can be achieved by increasing marketing capability (Lagat and Frankwick 2017; Sok et al. 2017), this research shows the extent of the role of marketing capability in increasing MP. Three dimensions with strong relevance to increase MP in the religion-based market will be discussed. First, marketing innovativeness (MI) is a company strategy to obtain uniqueness and novelty in marketing activities (Mulyana et al. 2019). Second, market sensing capabilities (MSC) reflect a company's ability to learn about customers, competitors, and channel members by continuously sensing and acting on events and trends in the current and future market (Day 1994; Hendar et al. 2020). Third, Customer Relationship Management Capabilities (CRMC) show the company's ability to create and manage close and strong relationships with customers (Morgan 2012).

MI, MSC, and CRMC have received serious attention in international journal publications in improving marketing performance. However, findings show that MI, MSC, and CRMC in improving performance is still not consistent. For example, several studies showed that marketing performance was affected by the company's ability to increase innovativeness (Cascio 2011; Hendar, Nurhayati, and Sugiyarti 2018; Salindal 2019) MSC (Mulyana et al. 2019), and also CRMC (Mulyana et al. 2019). However, other studies have shown different results; for example, MI (Hendar et al. 2020; Mulyana et al. 2019), MSC (Arduyan 2016), and CRM cannot be used to increase MP (Sorayaei et al. 2013).

Theoretically, MI, MSC, and CRMC are strategic tools in improving marketing performance. In practice, the dimensions of marketing capability do not always result in better marketing performance. To produce better marketing performance, MI, MSC, and CRMC should make it easier for marketers to produce better marketing strategies and produce better MP (Hendar et al. 2020; Mulyana et al. 2019). Therefore, this research proposes a marketing strategy in the form of Religio-Centric Marketing Communication Strategy (RMCS) to solve the inconsistency of the previously provided findings.

RMCS is a religious marketing strategy when communicating with other parties which is proposed based on several factors. First, rapidly developing technological advances require companies to rethink how marketing communication strategies should be carried out. Marketing communication has a significant role in the company because it conveys information to consumers and forms a public image of the company. Third, companies should have strong marketing communication skills to communicate the benefits of new products and services to potential customers, remind current product users about benefits and availability, and strengthen purchasing decisions to reduce cognitive dissonance (Morgan 2012).

Second, the RMCS is significant for companies that make products closely related to cultural phenomena (including religious sub-cultures) such as Muslim clothing. However, studies conducted with a religio-centric focus are still minimal. Culturally, Muslim clothing products have been offered according to sharia guidelines. Awareness to wear Muslim clothing is formed by the values of belief or personal faith. This shows a significant profit level for companies in the Muslim fashion market.

Companies that use religion as the basis for determining market segments and targets will not deviate from religious values when they convey information about their products. Likewise, in terms of message content, selection of communication media, advertising models, and strategy in communicating the company's image,

always pay attention to religious values to impact marketing performance. Therefore, MI, MSC, and CRMC that can improve RMCS will potentially improve marketing performance.

This research will investigate the relationship between each aspect of marketing capability on marketing performance. Besides, it shall examine the critical role of RMCS as mediation in the relationship between MI, MSC, and CRMC with MP by staying focused on the issue of the relationship gap between the dimensions of marketing capability and performance. Internalization of religious values in a religio-centric marketing communication strategy has not received much attention from previous studies. This is very important because the religious-based market segment is a potential market; thus, religious marketing communication needs to be developed. The development in fashion SMEs should increase sales growth and volume, expand sales areas, and increase profits to compete and develop fashion SMEs in Indonesia.

2.0 LITERATURE REVIEW

2.1. Marketing Performance

Marketing Performance is an indicator to measure the performance of a company. Every company needs to know its performance to succeed in market competition. Morgan (2012) argues that there are two aspects of performance to be considered when measuring a company's performance. *First*, a market performance that includes large sales volume increased customer satisfaction and behavioural loyalty, retention, and market share growth. *Second*, Financial Performance is related to cash flow, costs, margin, profit, ROI, Market value, and stock risk.

Improved marketing performance will lead to achieving organizational goals indicated by effectiveness, efficiency, and the ability to adapt (Sorayaei et al., 2013). Several measures of marketing performance have been previously examined. Ward and Duray (2000) use market share and sales growth dimensions to measure performance. Other studies use indicators of sales growth, market share growth, profitability, sales income, and ability to command a premium price (Vantamay, 2011). Similarly, Salim et al. (2021) argue that the success of SMEs shown by the achievement of marketing performance is the result of implementing the strategies in selling their products, where marketing performance is seen from selling growth, consumer growth, and selling volume. Meanwhile, Salindal (2019) measures the performance achievement of food companies with halal certificates based on innovative and market performance. Market performance was analysed from the achievement of share, total sales, customer satisfaction, and company reputation. In contrast to previous studies, Limakrisna and Yoserizal (2016) measured marketing performance from a customer perspective with satisfaction, customer profitability, and new addition indicators.

Therefore, marketing performance is a combination of the results of activities that have been carried out. These include achieving sales growth, increasing sales volume, achieving sales targets, customer satisfaction, customer growth, and expanding marketing areas.

2.2 Religio-centric Marketing Communication Strategy

The new concept of Religio-centric Marketing Communication Strategy (RMCS) was developed based on religious and marketing communication concepts. The religious concept is derived from Social Identity Theory (Tajfel dan Turner 1979). In social identity, religion is an identity, both for individuals and groups with the same values. Religiosity is religious values possessed by human beings, which plays a significant role in developing character (Safrilsyah, Rozumah Baharudin, 2010). The concept in Islam contains dimensions of Islamic belief, knowledge or science, religious practice or sharia, and practice or morals (Ancok dan Suroso 2011).

RMCS is also structured based on the concept of marketing communications. Communication is used to convey information as well as persuade and influence others. Therefore, it is significant for any organization (Borca & Baesu, 2014). Furthermore, it is a two-way process that combines formality, frequency, and quality of communication between parties (Duane, 2012).

Marketing communication is a way for the seller (in this case, the company) to provide information and influence the public to buy the products from the company. It emphasizes two-way communication to promote interactivity with the broader marketing environment (Luxton et al., 2017). With marketing

communication, consumers can be influenced to buy the company's goods or services. Therefore, communicating effectively with customers and prospects is an important marketing skill. Companies should have strong marketing communication skills to state the benefits of the company's new products and services to potential customers, remind current product users about the benefits and availability, and strengthen purchasing decisions to reduce cognitive dissonance (Morgan, 2012).

The principle of communication in Islam is to use good words, as narrated in hadith:

“Whoever believes in Allah and the Last Day, let him say good or remain silent” (Narrated by Bukhari and Muslim)

Several factors should be considered in carrying out communication, according to Rivai Zainal et al. (2017):

1. Honesty based on data and facts
2. Fair and impartial
3. Considering the elements of fairness and propriety
4. The information submitted is accurate and has been carefully and thoroughly researched
5. The information submitted needs to be accountable

The information conveyed in the communication should be guaranteed to be accurate, as stated in the Holy Qur'an in Al Hujurat: 6

“O you who believe, if a wicked person comes to you with news, then scrutinize it so that you do not inflict a disaster on a people without knowing the circumstances that cause you to regret what you did.”

Marketing activities in Islam should always be based on the spirit of worshiping Allah. Furthermore, they should be carried out to achieve mutual prosperity and not for temporary interests, groups, and own interests (Rivai Zainal et al., 2017). Therefore, according to Mas'ud (2017), communication activities in marketing need to pay attention to:

1. Messages conveyed should be honest not to deceive or hide the defects in the products (HQ. An-Nisa:9, HQ. Al-Ahzab: 70)
2. Communicate with good speech and words (*ma'ruf*) as contained in the Holy Qur'an in Al Baqarah: 235, An-Nisa: 5, Al-Ahzab: 32
3. The message conveyed should not lie or provide false information
4. Promotional activities that only aim to direct extravagant lifestyles and boast of increasing profits as much as possible for the company are not based on Islamic values

A new concept of Religio-centric Marketing Communication strategy (RMCS) was developed based on religiosity and marketing communication. This includes a religious marketing strategy when communicating with other parties. The intended religio-centric marketing communication strategy is a pattern of integrated organizational decisions that determine important choices regarding communicating or conveying religious values directly or indirectly to customers about products and brands in various programs to meet the target market's needs. The concept of RMCS is realized in the form of; (1) conveying information about products and companies in line with Islamic values (Shariah compliance), (2) The content of messages to communicate or promote consumers should pay attention to religious values, (3) the selection of media and advertising models; the preferred ones should support the implementation of religious values, (4) the company image should be built on religious values, (5) the company always pays attention to religious values when providing the name, design, and other attributes of the store.

2.3. Marketing Innovativeness and Religio-Centric Marketing Communication Strategy

Innovativeness has been the subject of significant attention in the literature. It has been established as a core dimension of entrepreneurial orientation to improve company performance (Kreiser et al., 2013). Marketing innovativeness emphasizes the novelty of a market-oriented approach in several ways; *first*, the company enters the market or identifies a new niche and launches a product with cutting-edge technology content. *Second*, companies innovate based on existing products but implement new marketing programs to promote

products and services (C. L. Wang & Ahmed, 2004). Both approaches allow the company to face new competitors in new markets or existing market segments.

Marketing innovations are carried out by improving the current product design, updating distribution channels, updating promotion techniques, product pricing techniques, and updating marketing management activities (Gunday et al., 2011).

Marketing innovation is the willingness to apply new methods by changing product or packaging designs, alternative product uses, product distribution, marketing communications, setting competitive prices to meet changing customer needs better, opening new markets, or positioning new products in the market to improve company sales (Karabulut, 2015).

Cascio (2011) explains Marketing Innovation through some points: *first*, the marketing-product space where innovation is seen from the creativity in identifying new needs from existing and potential customers, designing new product solutions and prototypes, managing functional units (departments), developing external networks, and coordinating product design activities efficiently. *Second*, the marketing-process space, where innovation is demonstrated in selecting and qualifying the desired suppliers and logistics, processing orders, pricing, billing, managing distribution channels, and facilitating product use. *Third*, the marketing-relationship space, where innovation is related to the company's creativity in identifying new potential customers, developing and implementing advertising, and realizing sales programs. Therefore, marketing innovation is management's willingness to make continuous changes in the product space, processes, and relationships to improve performance.

The company's willingness to innovate marketing activities will determine the quality of strategies to improve product/service quality, new product development, branding, and marketing communications. In addition, marketers with aggressive innovation to find novelty and uniqueness in specific market segments will better make strategic decisions on marketing communications. Therefore, marketers' tendency to produce something new and unique in the religious-based segment will determine the set religio-centric marketing communication strategy. Therefore, H₁ is proposed as follows:

H₁: There is a positive relationship between Marketing innovativeness and religio-centric marketing communication strategy

2.4. Market Sensing Capabilities and Religio-centric Marketing Communication Strategy

Market Sensing Capabilities have been the subject of great attention in many areas in marketing and have been established as a core dimension of Dynamic Capabilities (Teece 2007; Pavlou & El Sawy 2011; Takahashi et al., 2017). Furthermore, good dynamic capabilities will impact changes in marketing capabilities (Takahashi et al., 2017), which are indicated by changes in marketing communication (Dias & Pereira, 2017).

Every successful organization can analyse customer needs and desires, competitors' strategies and tactics, suppliers, identify and understand market developments with the changing environment. This concept is part of Market Sensing Capabilities (Teece, 2007; Pavlou & El Sawy 2011; Takahashi et al., 2017).

Market sensing capability is the company's ability to analyse consumers, competitors, and distribution channels to have more capabilities in seeing market opportunities. MSC describes how companies learn about the market and use these insights to make informed marketing strategy decisions (Takahashi et al., 2017). Therefore, the company can continue developing strategies that will enable it to improve its marketing performance, such as communication strategies. For example, the strategies carried out religiously in the religious-based market segment will improve marketing performance when supported by adequate market sensing capability.

Each company interprets market information differently to respond to environmental trends, issues, signals, and events in the same environment. Therefore, companies that are more responsive to customer needs will be larger than competitors. In addition, such actions may introduce new products, technological updates, product quality improvements, and production efficiency improvements. As a result, market sensing capabilities are more likely to lead to changes in product strategy and create unique competitive advantages for companies than companies without these changes.

Companies with good market sensing capabilities will be seen by studying customer needs and desires, discovering competitors' strategies and tactics, gaining insight into channel members, identifying and understanding market trends, and learning about the broad market environment. Therefore, MSC conducted in a good way will improve its marketing strategy because companies with complete market information will have a better ability to make strategic decisions, including marketing communication strategies. The company's sensing capability in the religious-based market segment determines the quality of the religio-centric marketing communication strategy that is decided; therefore, H₂ is proposed as follows:

H₂: There is a positive relationship between market sensing capabilities and religio-centric marketing communication strategy

2.5. Customer Relationship Management Capabilities and Religio-centric Marketing Communication Strategy

The marketing literature has described CRMC as a core dimension of Cross-functional marketing capabilities and other marketing capabilities that will determine Marketing Strategy Decisions and Marketing Strategy Implementation (Morgan, 2012). Companies with good CRMC can identify attractive customers, set attractive target customers, build a dialogue with customers, focus on meeting long-term customer needs, maintain customer loyalty, and improve the quality of customer relationships (Hendar et al., 2020).

Y. Wang and Feng (2012) explain CRMC through three dimensions. *First*, Customer interaction management capability is realized by regularly meeting customers to learn about customer needs for new products, creating relationships with key customers, and maintaining two-way communication with customers. *Second*, Customer relationship upgrading capability, for example, through cross-selling and up-selling. *Third*, Customer win-back capability, namely rebuilding lost but profitable customer relationships. In contrast to previous research, Sorayaei et al. (2013) explained that Customer Relationship Management focuses on critical clients, organizing in a suitable manner, knowledge management, and CRMC based on technology.

There is a clear link between marketing capabilities and Marketing Strategy. From the literature, CRMC as part of Cross-functional marketing capabilities will determine the effectiveness of Marketing Strategy Decisions and Marketing Strategy Implementation (Morgan, 2012). The quality of a good marketing relationship with customers will make it easier for a marketer to design the right strategy in the specified target market. Therefore, the company's capability to manage customer relationships in a religion-based market determines the decided religio-centric marketing communication strategy. In the religion-based market segment, companies with better CRMC are likely easier to develop and implement RMCS; thus, H₃ is proposed as follows:

H₃: There is a positive relationship between Customer Relationship Management Capabilities and religio-centric marketing communication strategy

2.6. Marketing innovativeness and marketing performance

The company's success in marketing can be seen from the achievement of Marketing Performance. This achievement can be obtained by carrying out various innovations in marketing. Its willingness to innovate in marketing activities will determine the success and survival. Companies with increased sales volume, customer satisfaction, and market growth show good marketing performance (Morgan, 2012; Salim et al., 2021).

Several empirical studies show the relationship between innovation and performance. Innovativeness is a driving force to improve company performance (Isichei et al., 2020; Kreiser et al., 2013). Marketing innovation improves company (Cascio, 2011), innovation (Gunday et al., 2011), and company performance by improving financial, customer, and internal business processes Performance (Karabulut, 2015), Innovative capability together with adaptive capability and absorptive capability affect company performance (C. L. Wang & Ahmed, 2007), Innovation strategy affects market performance (De Toni et al., 2022). Thus, companies with better MI will be likely to increase MP; thus, H₄ is proposed as follows:

H₄: There is a positive relationship between marketing innovation and marketing performance

2.7. Market Sensing Capabilities and Marketing Performance

Market sensing capability is a company's ability to obtain and use market information, anticipate competitors' actions, predict consumer demand to create a database for serving customers, and integrate market information and technology in the company's Market Sensing Capabilities (Alshanty & Emeagwali, 2019). In addition, the ability to act quickly to create higher customer value than competitors will satisfy customers, expand market share, and increase sales (Mulyana et al., 2019). Market sensing is a process for studying the market (Day, 1994) while MSC is a component of dynamic capability (Teece 2007; Pavlou and El Sawy 2011; Takahashi, Bulgacov, and Giacomini 2017). Furthermore, increasing dynamic capability should improve company performance (C. L. Wang & Ahmed, 2007).

Several empirical studies also show the relationship between MSC and performance, such as research conducted by Hendar et al. (2020); Mulyana et al. (2019), proving that increasing MSC can improve Marketing performance. In addition, previous research conducted by Morgan et al. (2009) proved that an increase in MSC positively affects revenue growth rate. The findings above illustrate how important MSC is in supporting the improvement of MP. Such findings may also occur in the religious-based market segment; therefore, H₅ is proposed as follows:

H₅: There is a positive relationship between market sensing capabilities and marketing performance

2.8. Customer Relationship Management Capabilities and Marketing Performance

The marketing literature explains that there is a clear link between CRMC as part of Cross-functional marketing capabilities, which will determine the success of MP (Morgan, 2012). CRMC is conceptualized as a combination of customer interaction management capability, relationship upgrading capability, and customer win-back capability, which will affect business performance, market share, sales growth, profitability, and customer satisfaction (Y. Wang, 2012). Meanwhile, other studies also revealed the relationship between CRMC and MP, which concluded that CRMC can increase MP (Cao, 2020; Hendar et al., 2020; Mulyana et al., 2019).

Building good relationships will increase customer commitment to purchase products, thereby increasing sales, profits, and market share. Therefore, companies need to actively improve CRMC to provide convenience in managing long-term marketing activities, which can improve marketing performance. Furthermore, companies with better CRMC are likely to develop MP in the religion-based market segment. Hence, H₆ is proposed as follows:

H₆: There is a positive relationship between Customer Relationship Management Capabilities and marketing performance

2.9. Religio-centric Marketing Communication Strategy and Marketing Performance

The new concept of RMCS is a marketing communication strategy that is carried out religiously. It involves delivering information about products and companies, selecting media, and advertising models, communicating the company's image, giving the name, design, and other store attributes according to Islamic religious values.

Islamic marketing communication is needed to encourage the creation of profit (*madiyah*), blessings, and dignified human civilization (Rivai Zainal et al., 2017). Islamic marketing communication supports business growth and can also achieve blessings and rewards. Effective marketing communication in an Islamic perspective is carried out by consistently applying the principles of the Holy Qur'an, approaches to social, religious, and cultural values (Rivai Zainal et al., 2017).

Many pieces of research in marketing explain that there is a clear link between communication and MP. For example, Chang, Chuang, and Chao (2011) concluded that communication quality positively affects team performance. In line with this, Jerman and Bruno (2012) suggested that marketing communication positively influences organizational performance. Furthermore, marketing communication's marketing capabilities positively affect company performance (Dias & Pereira, 2017). Therefore, companies that use a better RMCS strategy in the religion-based market segment are likely easier to increase MP; then, H₇ is proposed as follows:

H₇: There is a positive relationship between religio-centric marketing communication strategy and marketing performance

2.10 Mediating Role of Religio-Centric Marketing Communication Strategy (RMCS)

Based on the description above, there is a relationship between MI, MSC and CRMC on RMCS. The company's willingness to produce something new and unique in the religion-based market segment will determine the established religio-centric marketing communication strategy. Likewise, the company's ability to oversee market opportunities and the company's ability to create good quality marketing relationships with customers will determine the right marketing communication strategy. Companies with good marketing capabilities will make it easier to make decisions and implement their marketing strategies, which will eventually increase MP (Morgan, 2012). Thus, this study assumes that RMCS really becomes a mediating variable in the relationship between MI, MSC and CRMC with MP, so that H₈, H₉ and H₁₀ are proposed as follows:

H₈: RMCS acts as a mediation in the relationship between MI and MP

H₉: RMCS acts as a mediation in the relationship between MSC and MP

H₁₀: RMCS acts as a mediation in the relationship between CRMC and MP

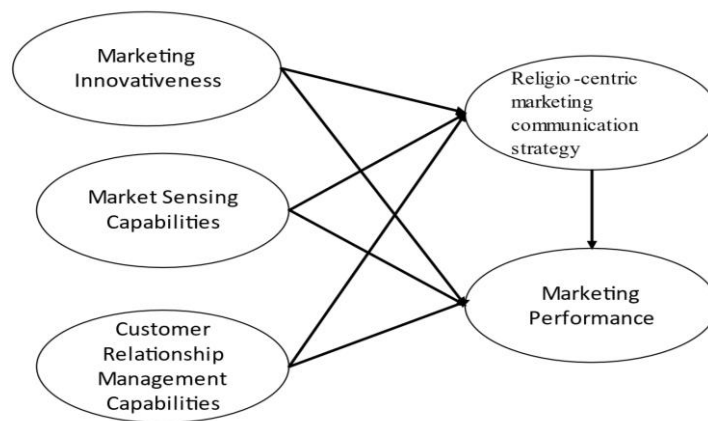


Figure 1: Empirical Research Model

3.0 METHODOLOGY

3.1 Sample and procedure

The population consists of managers of Islamic fashion small businesses in Indonesia. Data were obtained from distributing questionnaires to 310 respondents in 10 districts/cities in Central Java. Respondents were selected from Islamic fashion small businesses with at least three years of experience. The questionnaire was delivered by research assistants trained beforehand to the selected respondents.

3.2 Instrument

Three exogenous variables used are marketing innovativeness, market sensing capabilities, and CRMC. *First*, Marketing innovativeness is adapted from the views of Karabulut (2015) and Gunday et al. (2011). It is a willingness to seek ideas and try new ways in marketing activities, product design improvements, product positioning improvements, marketing communication activities (promotions), improvements in competitive pricing, distribution channels, and customer maintenance. *Second*, Market sensing capabilities are adapted from Teece (2007), Pavlou and El Sawy (2011), Takahashi et al. (2017). Market sensing capabilities are the company's ability to learn about customer needs and desires, discover competitors' strategies and tactics, gain insight into channel members, identify and understand market trends, and learn about the broad market environment. *Third*, CRMC are adapted from Y. Wang and Feng (2012) and Hendar et al. (2020). CRMC identifies and targets attractive customers, establishes a dialogue, and gets them to try its products/services. It is focused on meeting target customers' long-term needs, maintaining loyalty among attractive customers,

and improving relationships. Furthermore, it attracts customers and maintains positive relationships when migrating unattractive customers.

One intervening variable, religio-centric marketing communication strategy, is a new variable formed from combining the concept with religio-centric. Religio-centric marketing communication strategy is an integrated organizational decision that determines important marketing communications choices used with marketing resources to communicate or convey religious values in various programs to meet the targeted market's needs. While marketing performance becomes a consequence variable that combines marketing activities. As a result, the company manager achieves sales growth, sales volume, targets, customer growth, and expands marketing areas (Morgan, 2012).

3.3 Analysis Techniques

The examined data is normally distributed, and the final model testing used the Structural Equation Model (SEM) with AMOS software. Reliability and validity were also examined for the consistency of internal indicators and data validity, as shown in Table 1. Reliability measures the internal consistency of latent variable indicators that show the extent to which each indicator has the construct/latent factor in general. The limit of the cut-off value of the reliability construct is > 0.7 , while the extracted variance is > 0.5 . Furthermore, the validity of the indicator can be seen in the loading value obtained. SEM is performed to test and confirm theories or models with minor changes even though several measures of global suitability have been considered.

4.0 RESULT AND DISCUSSION

A validity test with confirmatory factor analysis (CFA) was carried out on the Marketing innovativeness (MI) variable with seven indicators, Market sensing capabilities (MSC) with five indicators, CRMC with six indicators, Religio-centric marketing communication strategy (RMCS) with six indicators, and Marketing performance with five indicators. The convergent validity value or the loading value of each indicator ranges from 0.583 to 0.776, so it is categorized as valid. The loading value of each indicator on each variable used is summarized in Table 1.

Table 1. Confirmatory Factor Analysis Results for the Measurement Model

Variables and Indicators	λ
<i>Marketing Innovativeness (MI)</i>	
• Willingness of marketers to seek new marketing ideas	0,583
• Willingness of marketers to pilot new marketing programs	0,699
• Willingness of marketers to take advantage of new technologies	0,650
• Continuously improve the appearance of the products offered	0,686
• Continuously introduce new product models to the market	0,614
• Novelty in sales management	0,696
• Develop a variety of customer relationship marketing approaches	0,686
<i>Market Sensing Capabilities (MSC)</i>	
• Ability to study customer needs and desires	0,704
• Ability to study competitors' strategies and tactics	0,694
• Ability to learn suppliers	0,712
• Ability to identify and understand market trends (developments)	0,704
• Ability to understand the changing market environment	0,709
<i>Customer Relationship Management Capabilities (CRMC)</i>	
• Ability to identify attractive customers	0,740
• Ability to set attractive target customers	0,710
• Ability to build dialogue with customers	0,692
• Ability to focus on meeting long-term customer needs	0,674
• Ability to maintain customer loyalty	0,682
• Ability to improve the quality of relationships with customers	0,719

Variables and Indicators	λ
<i>Religio-centric marketing communication strategy (RMCS)</i>	
• Delivering information about products and companies that are in line with religious values (sharia compliance)	0,715
• The content of messages to communicate with customers (promotion) pays attention to religious values	0,650
• Choose communication media that support the implementation of religious values when promoting to customers and business partners	0,671
• Advertising models used to promote products is in line with religious values	0,776
• Communicating the image of the company as a religious company (obedient to religious values)	0,751
• Always pay attention to religious values when giving the name, design, and other store attributes.	0,735
<i>Marketing Performance (MP)</i>	
• Increased sales revenue	0,687
• Increased sales volume	0,659
• Increased customers	0,713
• Expansion of sales area	0,664
• Increased company profit	0,703
<i>Note:</i> <i>P value</i> < 0.05; $\chi^2 = 368.757$; DF = 367; prob. = 0.464; GFI = 0.924; AGFI = 0.910; TLI = 0.999; CFI = 0.999; RMSEA = 0.004; CMIN/DF = 1.056; Hoelter.01 = 368	

Based on the reliability test result, it shows that all construct reliability have met the cut-off value criteria, which is greater than 0.70. Likewise, all variables' variance extracted value meet the cut-off value, which is > 0.5. Therefore, it can be concluded that each latent variable meets the reliability criteria. Furthermore, the AVE square that exceeds the correlation value between MI, MSC, CRMC, RMCS, and MP shows that each indicator has good validity in explaining the variables.

The validity and normality tests indicate that the model is accepted because it has met the required criteria. In conducting the suitability test and empirical model testing, the absolute fit measure directly obtained how well the model built can produce observational data. The model is declared fit based on the fit test results because it meets the test index based on the required rule of thumb; therefore, the model can be tested empirically.

Chi-Square (χ^2) is a fundamental measure of overall fit. If the chi-square value is small, it will produce a considerable probability value (p). This indicates that the input covariance matrix between predictions and actual observations is not significantly different. In addition, a low chi-square (χ^2) value will produce a significance level greater than 0.05. As a result, it will not produce a significant difference between the data and the estimated covariance matrix. The test results obtained a chi-square value of 368.757.

CMIN/DF is the chi-square value divided by the degrees of freedom. This index is obtained using the CMIN (the Minimum sample discrepancy function) divided by the degrees of freedom (df). Generally, as an indicator of studies, this index measures the suitability of a model. In this case, CMIN/DF is nothing but the statistic χ^2 divided by df equals χ^2 -relative. The χ^2 relative value less than 2.00 or even less than 3.00 indicates an acceptable fit between the model and the data. In this research, the model produces a CMIN/DF of 1.056 with a value less than 2; therefore, it is fit.

The RMSEA is an index that can offset the chi-square statistic in a large sample. The value less than 0.08 is an index of model acceptance that indicates suitability. The RMSEA value for this model is 0.004, which means the model is accepted. GFI is a non-statistical measure with a value range between 0-1. Value > 0.9 indicates a fit model. The GFI value in this model is 0.924, meaning that the model is fit.

The recommended Adjust Goodness of Fit Index (AGFI) is 0.90. The results showed that the AGFI value is 0.91 > 0.8, which means the model is moderate. The Tucker Lewis Index (TLI) is an alternative incremental fit index, which compares the tested model with the base model. The recommended value for the conformity criteria is 0.95. The results indicate that the TLI value is 0.994, which means the model is fit. Then, the CFI index scale is in the value range between 0-1 since getting closer to 1 indicates the highest level of conformity.

Therefore, it is perfect since the recommended CFI value is 0.95. Finally, the results indicate that the CFI value of 0.999 means the model is fit.

Table 2: Construct Reliabilities, Correlations and AVE

N = 310	1	2	3	4	5
1. MI	<i>0.661^a</i>				
2. MSC	0.413	<i>0.705</i>			
3. CRMC	0.449	0.424	<i>0.703</i>		
4. RMCS	0.526	0.463	0.459	<i>0.718</i>	
5. MP	0.413	0.494	0.459	0.540	<i>0.686</i>
Average Variance Extracted (AVE)	0.838	0.842	0.863	0.849	0.822

^a Reliability factor is on the diagonal (marked with italic bold).

4.1 Hypothesis Testing Results

The direct effect of MI and RMCS showed positive and significant results (Std = 0.157, c.r = 2.202, p-value < 0.05). These results indicate that an increase in MI will impact RMCS. Therefore, Hypothesis 1, which states a positive relationship between Marketing innovativeness and religio-centric marketing communication strategy, can be accepted. Furthermore, the direct effect between MSC and RMCS showed positive and significant results, with the value of Std = 0.260, c.r = 3.599, p-value < 0.01. These indicate that increasing MSC can increase RMCS since there is a positive influence between market sensing capabilities and religio-centric marketing communication strategy; therefore, hypothesis 2 is accepted.

The third hypothesis, which states a positive relationship between Customer Relationship Management Capabilities and religio-centric marketing communication strategy, is correct. This is indicated by the direct effect of CRMC on RMCS that shows positive and significant results (Std = 0.233, c.r = 3.256, p-value < 0.01). Subsequently, the direct effect of MI on MP showed insignificant results (Std = 0.125, c.r = 1.816, p-value > 0.05). These results indicate no relationship between marketing innovation and marketing performance; therefore, H4 is rejected.

The direct effect of MSC on MP showed positive and significant results (Std = 0.241, c.r = 3.300, p-value < 0.01). The direct effect of CRMC on MP showed positive and significant results (Std = 0.180, cr = 2.541, p-value < 0.05), as well as the direct effect of RMCS on MP showed positive and significant results (Std = 0.291, cr = 4.142, p-value < 0.01). This indicates a positive and significant relationship between market sensing capabilities and marketing performance. There is a positive and significant relationship between CRMC and marketing performance. Furthermore, a positive and significant relationship exists between religio-centric marketing communication strategy and performance; therefore, H5, H6, and H7 are accepted

Table 3: Hypothesis Testing

Hyp.	Regression	Std B	Unstd B	S.E.	CR.	Results
H1	MI → RMCS	0.157	0.156	0.071	2.202*	Accepted
H2	MSC → RMCS	0.260	0.256	0.071	3.599**	Accepted
H3	CRMC → RMCS	0.233	0.243	0.075	3.256**	Accepted
H4	MI → MP	0.125	0.116	0.064	1.816	Rejected
H5	MSC → MP	0.241	0.221	0.067	3.300**	Accepted
H6	CRMC → MP	0.180	0.175	0.069	2.541*	Accepted
H7	RMCS → MP	0.291	0.271	0.065	4.142**	Accepted

Note: * p < 0.05; **p < 0.01

The mediating role of RMCS in the relationship between MI, MSC and CRMC with MP, was carried out using the Sobel Test adapted from www.quantpsy.org (Table 4).

Table 4. Parameter estimates for the path: indirect effects (Sobel test)

Path		p-value	Result
H8	MI → RMCS → MP	0.065	Rejected
H9	MSC → RMCS → MP	0.006**	Accepted
H10	CRMC → RMCS → MP	0.030*	Accepted

Note: * p < 0.05; **p < 0.01

The mediating role of RMCS in the relationship between MI and MP is shown from the results of the Sobel test which gives a probability value of 0.065. This means that at the level $\alpha = 0.05$, RMCS is proven to be unable to play a role as a mediating variable in the relationship between MI and MP. Thus, H8 which states that RMCS acts as a mediation in the relationship between MI and MP is rejected. With regard to the H9 test, the mediating role of RMCS in the relationship between MSC and MP is indicated by the results of the Sobel test which gives a probability value of 0.006 ($p < 0.01$). H9 which states that RMCS acts as a mediation in the relationship between MSC and MP is accepted. These results showed that RMCS has an important role as a mediation in the relationship between MSC and MP and is an important alternative in improving marketing performance. The RMCS also acts as a mediation in the relationship between CRMC and MP. This is indicated by the results of the Sobel test which gives a probability value of 0.03 ($P < 0.05$). Finally, H10 which states that RMCS acts as a mediation in the relationship between CRMC and MP is accepted.

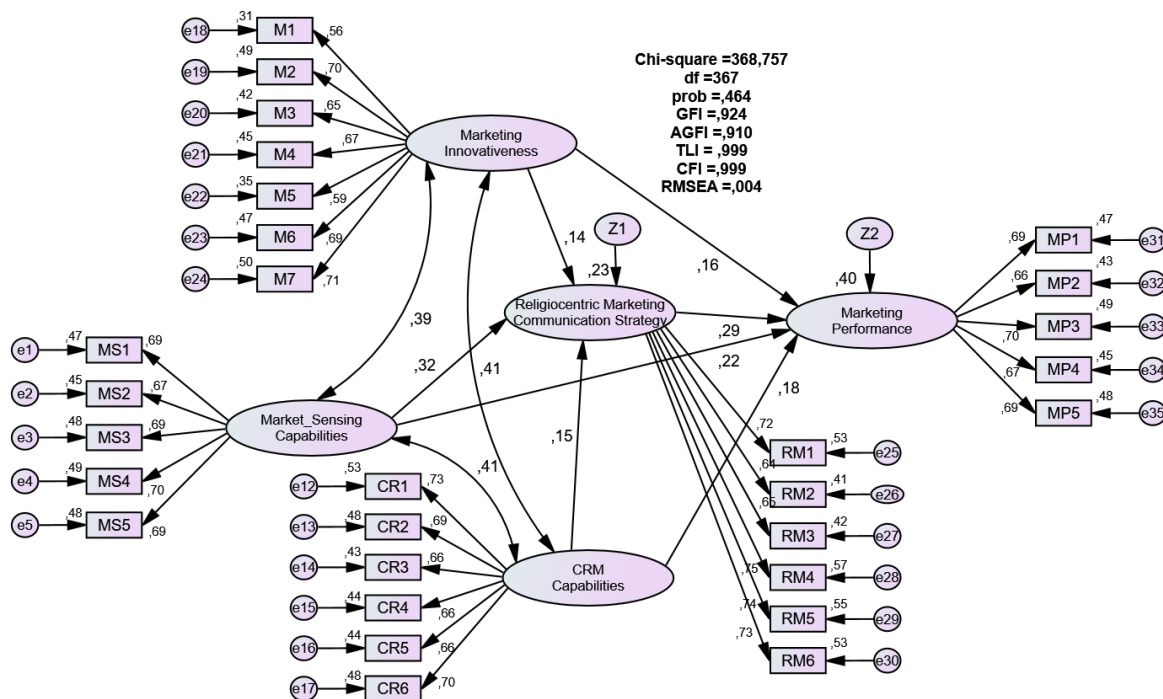


Figure 2: Result of empirical model test

5.0 CONCLUSION

The test results show that the existing theories support the model in this research. The ability of Islamic fashion small businesses in carrying out marketing innovativeness can encourage the creation of an appropriate religio-centric marketing communication strategy. In line with previous researches, there is a clear relationship between product innovation, market, process, behaviour, and strategy with marketing effectiveness in managing products, customer relations, distribution, and pricing. Therefore, the company's willingness to innovate in marketing activities will determine the quality of marketing strategies. These

includes improving product/service quality, new product development, branding, and marketing communications. Furthermore, marketers with aggressive innovation to find novelty and uniqueness in specific market segments will make better strategic decisions about marketing communications. Marketers' tendency to produce something new and unique in the religious-based market segment will also determine the religio-centric marketing communication strategy.

The market sensing capabilities of Islamic fashion small businesses will encourage the creation of an appropriate religio-centric marketing communication strategy. Consequently, companies that are more responsive to customer needs can build good communication. Such actions may introduce new products, technological updates, product quality improvements, and production efficiency improvements. In line with previous researches, there is a clear link between marketing resources, capabilities, and strategy. This includes the link between market sensing capabilities and product strategy. Companies with complete information will make better strategic decisions about marketing communications in selected market segments. Therefore, the company's capability to scan the religious-based market segment market determines the quality of the religio-centric marketing communication strategy that is decided.

Customer relationship management capability (CRMC) can improve Islamic fashion small businesses' religio-centric marketing communication strategy. Companies need to have CRMC to manage organizational processes in attracting, initiating, and maintaining attractive customer relationships. The result is consistent with previous research, where organizational resources and capabilities affect marketing strategy (Morgan 2012). This includes the link between customer relationship management capabilities and marketing communication strategy. A good marketing relationship with the customers will make designing the right communication strategy easier. Hence, the company's capability to manage customer relationships in a religion-based market determines the decided religio-centric marketing communication strategy.

The market sensing capability of Islamic fashion small businesses can improve marketing performance. This supports the research conducted by Hendar et al. (2020) and Mulyana et al. (2019). Companies that can capture market opportunities, understand customer needs, respond to competitor strategies, provide products considering customer expectations, and configure resources can quickly make decisions. Furthermore, MSC is a component of dynamic capability (Morgan 2012), affecting performance according to C. L. Wang and Ahmed (2007). An organization with a culture of learning to the market and customers should hone the organization's sensitivity in the process of evaluating errors and sensing market changes, hence enabling the organization to achieve optimal marketing performance.

CRMC can improve the marketing performance of Islamic fashion small businesses. This is consistent with the statement by Cao (2020), Hendar et al. (2020), and Mulyana et al. (2019). Companies that can build and develop marketing relationships well will satisfy customers. Satisfaction with the quality of the relationship will affect the commitment to maintain long-term relationships. Therefore, CRMC will actively provide convenience in managing long-term marketing activities to improve performance.

Religio-centric marketing communication strategy can improve the marketing performance of Islamic fashion small businesses. This is consistent with Chang, Chuang, and Chao's (2011) views that marketing communication can be a tool to achieve performance. Therefore, good marketing communication can help the organization establish a dialogue with the stakeholders. Through the process, the organization will achieve results beyond brand performance, which will impact overall marketing performance. Islamic marketing communication supports business growth and can also achieve blessings and rewards. Effective communication in an Islamic perspective is carried out by consistently applying the principles of the Koran, approaches to social, religious, and cultural values (Rivai Zainal et al., 2017). This is consistent with the views of Jerman and Bruno (2012) that good marketing communication has a positive influence on organizational performance.

Religio-centric marketing communication strategy cannot act as a mediating variable in the relationship between Marketing Innovativeness and Marketing Performance, but the Religio-centric marketing communication strategy plays a role as a mediation in the relationship between Market Sensing Capabilities and Marketing Performance. RMCS also acts as a mediation in the relationship between Customer Relationship Management Capabilities and Marketing Performance. This means, the Religio-centric marketing communication strategy is an important alternative in improving marketing performance.

However, companies must provide priority scales to increase RMCS by means of 1) Convey information about products and companies that are aligned with religious values, 2) Message content designed to communicate (promotion) with customers by paying attention to religious values, 3) Choose communication media that supports the implementation of religious values when promoting to customers and business partners, 4) Advertising models used to promote products, in accordance with religious values, 5) Communicating the company's image as a religious company (obeying religious values), 6) Always paying attention to religious values when giving names, designs, and so forth.

In conclusion, the marketing performance of Islamic fashion SMEs can be directly improved by increasing MSC, CRMC and RMCS. Improving marketing performance can also be done indirectly, namely by increasing MSC and CRMC through a Religio-centric marketing communication strategy.

5.1 Limitation and Future Research

Research on the relationship between marketing innovativeness, CRMC, market sensing capability, and marketing performance in Islamic fashion small businesses committed to religious products requires a communication strategy according to Islamic values. However, this research only focuses on small Islamic fashion businesses with leaders having different abilities and behaviours to manage the businesses as respondents. Therefore, future research will focus more on significant companies and SMEs on a broader scale. The results are also expected to be better and comprehensive to have a significant contribution to the development of marketing communication science.

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