

Customer Value as a Mediator of Service Performance, Brand Image, and Marketing Performance

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Abstract—This study examines the mediating role of customer value in the relationship between service performance, brand image, and marketing performance within fashion MSMEs. Anchored in value-based marketing logic and signaling theory, this research seeks to explain how internal capabilities and market-based assets are translated into superior performance outcomes. A quantitative approach was employed using Covariance-Based Structural Equation Modeling (CB-SEM) with AMOS, based on data collected from 150 respondents. The findings reveal that service performance has a significant positive effect on customer value, which subsequently enhances marketing performance. However, service performance and brand image do not exert a direct influence on marketing performance. These results indicate that the effectiveness of both operational excellence and symbolic brand attributes is contingent upon their ability to generate customer-perceived value, rather than directly driving performance outcomes. This suggests that customers evaluate offerings through a value lens, integrating functional, emotional, and cost-related considerations before translating them into behavioral responses. Moreover, customer value fully mediates the relationship between service performance and marketing performance, highlighting its role as a critical value-transformation mechanism through which firm-level capabilities are converted into market success. In contrast, the absence of a mediating effect between brand image and marketing performance implies that brand-related signals may lack sufficient strength or credibility in the MSME context, where consumers may prioritize tangible benefits over symbolic associations. This study contributes to the extant literature by reinforcing the centrality of customer value as a bridging construct that links internal resources and external performance, while also challenging the presumed direct effect of brand image in emerging market settings. From a managerial perspective, the findings underscore the importance for MSMEs to move beyond service delivery and brand positioning toward a more holistic, value-oriented strategy focused on delivering superior customer value to achieve sustainable marketing performance.

Keywords: Customer Value; Service Performance; Brand Image; Marketing Performance; Fashion MSMEs

1. INTRODUCTION

The rapid development of the fashion industry has intensified competition, particularly among Micro, Small, and Medium Enterprises (MSMEs). In the digital era, firms compete not only on product quality but also on their ability to deliver superior service and meaningful customer experiences. The proliferation of digital platforms and social media has reshaped customer expectations toward responsiveness, personalization, and consistency in service delivery (Lemon & Verhoef, 2016) and (Becker & Jaakkola, 2020). As a result, creating superior customer value has become a strategic priority for sustaining marketing performance (García-Fernández et al., 2022) and (Rita et al., 2019a). From a theoretical perspective, service-dominant logic posits that value is co-created through interactions between firms and customers rather than embedded in products (Vargo & Lusch, 2008). This perspective highlights the importance of service performance in shaping customer perceptions and experiences. Recent studies suggest that service performance is positively associated with customer-perceived value, as higher service quality tends to enhance perceived benefits and reduce perceived sacrifices in the consumption process (Nguyen et al., 2021). In turn, customer value has been widely recognized as a key driver of behavioral outcomes and firm performance, particularly in service-intensive and digital environments (Woodruff, 1997; Hussein et al., 2022) and (Rita et al., 2019).

In addition to service performance, brand image remains an important determinant of customer perception. Brand image reflects consumers' associations and beliefs, which influence how they evaluate products and services. A favorable brand image is generally associated with higher perceived quality, trust, and emotional attachment. Recent studies indicate that brand image is positively related to customer satisfaction, loyalty, and perceived value, particularly in competitive markets (Cuong, 2020) and (Foroudi & Foroudi, 2021). However, prior research shows that the relationship between service performance, brand image, and marketing performance is not always direct. Some studies suggest that these effects are indirect and may operate through mediating variables such as customer value or customer satisfaction (Nguyen et al., 2021). Customer value has been widely acknowledged as a central concept in marketing, representing the overall evaluation of benefits relative to costs (Zeithaml, 1988). Contemporary research conceptualizes customer value as a multidimensional construct, including functional, emotional, and social dimensions (García-Fernández et al., 2022). Customers who perceive higher value are more likely to exhibit favorable behavioral intentions, including repeat purchases and positive word-of-mouth. Recent evidence also suggests that customer value plays a crucial role in driving marketing performance, particularly in SMEs where value creation directly influences competitiveness and sustainability (Hussein et al., 2022) and (Nguyen et al., 2021).

In increasingly competitive markets, MSMEs are required not only to deliver products efficiently but also to build sustainable relationships with customers through value creation. The emergence of customer-centric marketing has shifted the focus of firms from transactional exchanges toward long-term value delivery. In this context, customer value is

considered one of the most important strategic assets because it influences customer satisfaction, loyalty, repurchase intention, and long-term business sustainability (Kotler & Keller, 2016). Moreover, signaling theory explains that firms communicate quality and credibility through various market signals such as brand image and service performance (Connelly et al., 2011). Customers interpret these signals to reduce uncertainty before making purchasing decisions. However, in MSMEs, especially within emerging markets, customers may rely more heavily on actual consumption experiences and perceived value than on symbolic brand associations. Consequently, firms that are capable of delivering superior value are more likely to achieve stronger marketing performance. From the perspective of Resource-Based View (RBV), service performance can be regarded as an organizational capability that enables firms to create competitive advantage (Barney, 1991). Firms possessing superior service capabilities are more likely to generate positive customer evaluations, resulting in enhanced value perceptions and stronger market outcomes. Therefore, understanding the mechanism through which service performance and brand image contribute to marketing performance becomes essential for MSMEs operating in highly dynamic industries such as fashion.

Despite extensive research, most prior studies have focused on large firms or developed markets, leaving limited understanding of these relationships in MSMEs, particularly in emerging economies. MSMEs often operate under resource constraints, requiring them to prioritize strategies that generate the greatest impact. In the fashion industry, characterized by rapid trends and intense competition, this challenge becomes more pronounced. While customers increasingly prioritize value derived from both product attributes and service experiences, many MSMEs still rely heavily on branding strategies without adequately emphasizing value creation. Based on these considerations, this study aims to examine the relationships between service performance, brand image, customer value, and marketing performance, with customer value acting as a mediating variable. Specifically, this study investigates whether service performance and brand image influence marketing performance directly or indirectly through customer value. The novelty of this study lies in highlighting the central role of customer value as a mediating mechanism linking service performance to marketing performance, while also providing evidence that brand image may not directly translate into performance outcomes in the MSME context. This finding suggests that, in resource-constrained environments, customers may place greater emphasis on tangible and experiential value rather than purely symbolic brand associations. The study contributes to the development of value-based marketing literature by integrating service performance, brand image, and customer value into a unified framework. From a managerial perspective, the findings underscore the importance for MSMEs to prioritize value creation strategies to enhance marketing performance and sustain competitiveness.

2. RESEARCH METHODS

2.1 Research Design

This study adopts a quantitative research approach to examine the causal relationships among the variables proposed in the conceptual model. This approach enables objective measurement and statistical analysis of relationships among variables. The analytical technique employed is Covariance-Based Structural Equation Modeling (CB-SEM) using AMOS software. CB-SEM is widely used for theory testing and confirmation, as it allows for the simultaneous estimation of multiple relationships among latent constructs and provides a comprehensive evaluation of both measurement and structural models (Hair et al., 2019). The analysis follows a two-step approach. First, the measurement model is assessed using Confirmatory Factor Analysis (CFA) to evaluate construct validity and reliability. Second, the structural model is tested to examine the hypothesized relationships among variables. This approach is recommended to ensure the adequacy of the measurement model prior to testing structural relationships (Hair et al., 2019). In addition, mediation analysis is conducted to evaluate the role of customer value as an intervening variable.

2.1.1 SEM Approach and Model Specification

This study employs CB-SEM as the primary analytical technique due to its suitability for confirmatory research aimed at testing theoretically grounded models and assessing causal relationships among latent variables (Hair et al., 2019). The model consists of two components: the measurement model and the structural model. The measurement model specifies the relationships between latent constructs and their observed indicators, ensuring construct validity and reliability. The structural model defines the causal relationships among latent variables, including both direct and indirect effects. Furthermore, this study incorporates a mediation model in which customer value acts as an intervening variable between service performance, brand image, and marketing performance. The mediation effect is assessed by examining both direct and indirect paths using established SEM procedures (Hair et al., 2019).

2.2 Population and Sample

The population of this study consists of Micro, Small, and Medium Enterprises (MSMEs) operating in the fashion sector. This sector is selected due to its highly competitive nature and its reliance on customer perception and value creation. Purposive sampling is employed to select respondents based on criteria relevant to the research objectives. The respondents include business owners or managers who are actively involved in marketing activities and have direct interaction with customers. A total of 150 respondents were included in this study. This sample size is considered adequate for CB-SEM analysis, as it meets the recommended minimum requirements and ensures stable parameter estimation (Hair et al., 2019).

2.3 Literatur Review

2.3.1 Service Performance and Customer Value

Service performance refers to the effectiveness of service delivery in meeting customer expectations through responsiveness, reliability, assurance, and consistency. According to (Parasuraman et al., 1988), customers evaluate service performance based on the gap between expectations and actual experiences. High service performance enhances customer trust and perceived benefits, ultimately increasing customer value. Previous studies have consistently demonstrated that service quality positively influences customer-perceived value. Customers tend to perceive higher value when firms provide responsive services, personalized interactions, and reliable support (Nguyen et al., 2021). In digital and service-intensive industries, service performance becomes increasingly important because customers expect fast responses and seamless experiences.

2.3.2 Brand Image and Customer Value

Brand image represents the overall perception of a brand formed through customer experiences, communication, and symbolic associations (Keller, 2016). A strong brand image helps firms differentiate themselves from competitors and develop emotional connections with customers. Prior studies indicate that positive brand image contributes to customer trust, perceived quality, and loyalty (Foroudi & Foroudi, 2021). However, the influence of brand image may vary across contexts. In MSMEs, where customer relationships are often more personal and direct, consumers may prioritize tangible value and actual experiences over symbolic brand associations. (Aaker, 1996) and (Keller, 1993).

2.3.3 Customer Value and Marketing Performance

Customer value is generally defined as the customer’s overall assessment of benefits received relative to sacrifices made (Zeithaml, 1988). Contemporary literature conceptualizes customer value as a multidimensional construct encompassing functional, emotional, social, and economic dimensions. Firms capable of creating superior customer value are more likely to achieve stronger marketing performance, including increased customer retention, sales growth, and positive word-of-mouth (Kotler & Keller, 2016). In MSMEs, customer value plays a particularly important role because limited resources require businesses to maximize customer satisfaction and loyalty efficiently.

Table 1. Operational Definition and Measurement Indicators of Variables

Variable	Definition	Indicators	Sources
Service Performance (SP)	Service performance refers to the effectiveness and quality of service delivery provided by firms in meeting customer expectations through responsiveness, reliability, and consistency.	<ol style="list-style-type: none"> 1. Responsiveness to customer needs 2. Reliability of service delivery 3. Consistency in service quality 4. Speed of service 5. Ability to solve customer problems 	Nguyen et al., 2021; Rita et al., 2019; García-Fernández et al., 2022
Brand Image (BI)	Brand image represents customer perceptions, beliefs, and associations toward a brand formed through experiences and marketing communication.	<ol style="list-style-type: none"> 1. Brand reputation 2. Trustworthiness of the brand 3. Positive brand impression 4. Brand uniqueness 5. Brand attractiveness 	Foroudi & Foroudi, 2021; Cuong, 2020
Customer Value (CV)	Customer value is the customer’s overall evaluation of benefits received compared to the sacrifices or costs incurred.	<ol style="list-style-type: none"> 1. Functional value 2. Emotional value 3. Value for money 4. Product/service usefulness 5. Overall perceived benefits 	Hussein et al., 2022; García-Fernández et al., 2022; Nguyen et al., 2021
Marketing Performance (MP)	Marketing performance refers to the achievement of marketing outcomes resulting from business strategies and activities.	<ol style="list-style-type: none"> 1. Sales growth 2. Customer growth 3. Customer retention 4. Market expansion 5. Overall marketing effectiveness 	Hussein et al., 2022; Rita et al., 2019

The indicators used in this study were adapted from recent empirical studies related to service quality, customer value, branding, and marketing performance. All constructs were measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The measurement items were adjusted to fit the context of fashion MSMEs.

2.4 Research Hypotheses

The hypotheses in this study are developed based on the conceptual framework and theoretical relationships among the variables. This study examines both direct and indirect effects of service performance and brand image on marketing performance, with customer value acting as a mediating variable.

Based on the theoretical background, the following hypotheses are proposed:

- H1: Service performance has a positive effect on customer value.
- H2: Brand image has a positive effect on customer value.
- H3: Customer value has a positive effect on marketing performance.
- H4: Service performance has a positive effect on marketing performance.
- H5: Brand image has a positive effect on marketing performance.
- H6: Customer value mediates the relationship between service performance and marketing performance.
- H7: Customer value mediates the relationship between brand image and marketing performance.

2.5 Research Instrument

Data were collected using a structured questionnaire developed based on indicators representing each research variable. The instrument employs a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Measurement items were adapted from prior validated studies. Service performance is measured based on responsiveness, reliability, and service consistency. Brand image is assessed through perceptions of reputation, trustworthiness, and overall brand impression. Customer value is measured based on perceived benefits relative to costs, while marketing performance is evaluated using indicators such as sales growth, customer growth, and overall effectiveness. Prior to the main analysis, the instrument was tested for validity and reliability to ensure that all indicators accurately measure the intended constructs (Hair et al., 2019).

2.6 Conceptual Framework

The conceptual framework illustrates the relationships among service performance, brand image, customer value, and marketing performance. Service performance and brand image are positioned as independent variables, customer value as a mediating variable, and marketing performance as the dependent variable. The model proposes that service performance and brand image influence customer value, which in turn affects marketing performance. In addition, direct effects from service performance and brand image to marketing performance are examined to determine the presence of mediation.

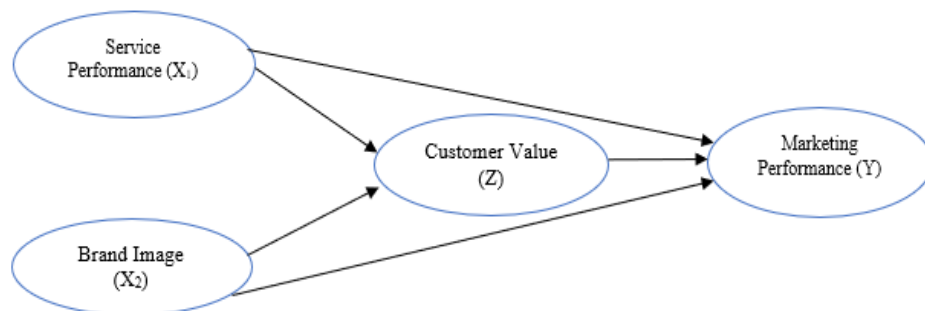


Figure 1. Conceptual Framework of the Study

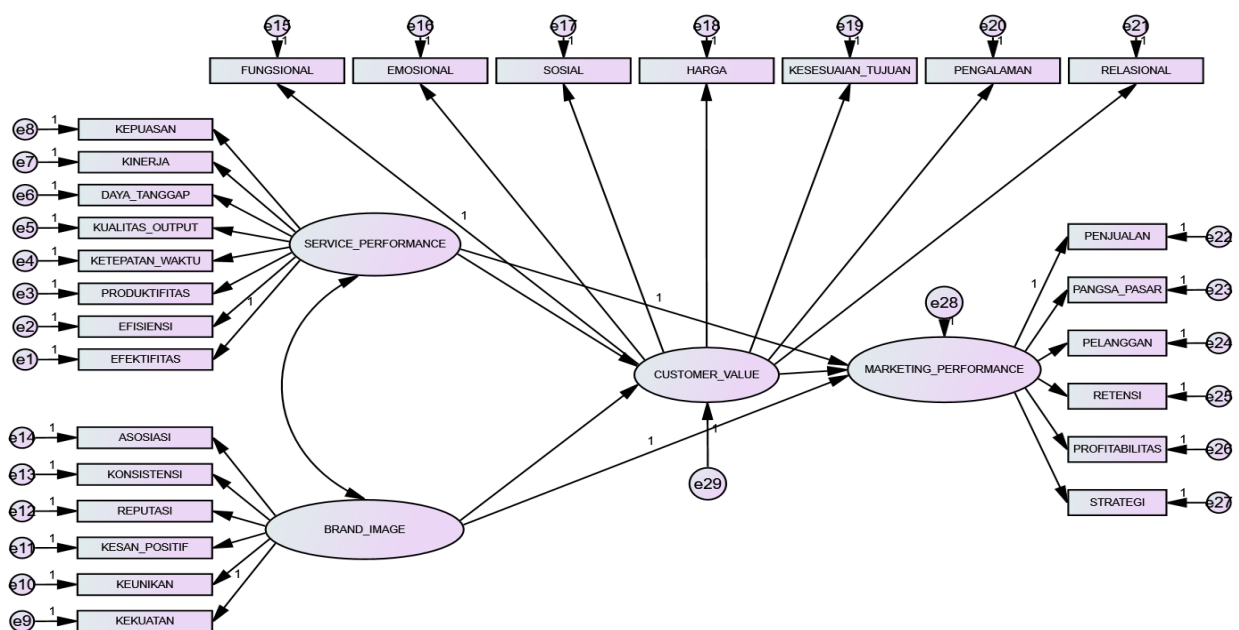


Figure 2. SEM Model with Latent Constructs and Indicators

2.7 Data Analysis and Testing Techniques

Data analysis is conducted using CB-SEM with AMOS software. The analysis consists of two stages: measurement model evaluation and structural model assessment. In the measurement model, convergent validity, discriminant validity, and construct reliability are evaluated. Indicators are considered valid if standardized factor loadings exceed 0.50. Construct reliability is assessed using Composite Reliability (CR) and Average Variance Extracted (AVE) based on recommended thresholds (Hair et al., 2019) and (Kline, 2018). In the structural model, relationships among latent variables are examined using path coefficients and significance levels. Model fit is evaluated using goodness-of-fit indices, including Chi-square, CFI, TLI, RMSEA, and GFI. The structural equations are specified as follows:

$$\text{Customer Value} = \beta_1(\text{Service Performance}) + \beta_2(\text{Brand Image}) + \epsilon_1 \tag{1}$$

$$\text{Marketing Performance} = \beta_3(\text{Customer Value}) + \beta_4(\text{Service Performance}) + \beta_5(\text{Brand Image}) + \epsilon_2 \tag{2}$$

The mediation effect is tested using the bootstrapping approach to assess the significance of indirect effects (Hair et al., 2019) and (Kline, 2018).

3. RESULTS AND DISCUSSION

3.1 Research Results

3.1.1 Measurement Model Evaluation (CFA)

The measurement model was evaluated using Confirmatory Factor Analysis (CFA) to assess the validity and reliability of the constructs. The results indicate that all indicators have standardized loading values above the acceptable threshold of 0.50, demonstrating adequate convergent validity. This suggests that each indicator is capable of explaining its respective latent construct effectively. In addition, construct reliability was assessed using composite reliability values, which exceeded the recommended threshold of 0.70. Furthermore, all constructs achieved Average Variance Extracted (AVE) values above 0.50, indicating that the constructs are both valid and reliable. Overall, the measurement model meets the required criteria and is suitable for further structural analysis.

3.1.2 Structural Model and Hypothesis Testing

Table 2. Results of Hypothesis Testing

Hypothesis	Path	Estimate	P-value	Lower CI	Upper CI	Decision
H1	SP → CV	2.106	0.003	0.429	9.411	Supported
H2	BI → CV	-0.299	0.305	-4.262	0.394	Rejected
H3	CV → MP	1.260	0.001	0.284	11.934	Supported
H4	SP → MP	-1.196	0.065	-18.333	0.061	Rejected
H5	BI → MP	0.236	0.159	-0.127	4.450	Rejected

The results of hypothesis testing reveal several important findings. Service performance has a positive and significant effect on customer value ($\beta = 2.106$; $p = 0.003$), indicating that improved service performance enhances customer value. Therefore, H1 is supported. However, brand image does not significantly influence customer value ($\beta = -0.299$; $p = 0.305$), suggesting that brand perception alone is insufficient to increase perceived value in the MSME fashion context. Thus, H2 is rejected. Customer value has a positive and significant effect on marketing performance ($\beta = 1.260$; $p = 0.001$), confirming that higher perceived value leads to better marketing outcomes. Therefore, H3 is supported. Interestingly, service performance does not have a direct significant effect on marketing performance ($\beta = -1.196$; $p = 0.065$). This finding indicates that the effect of service performance on marketing performance occurs indirectly through customer value. Thus, H4 is rejected. Similarly, brand image does not significantly influence marketing performance ($\beta = 0.236$; $p = 0.159$), indicating that brand perception alone does not drive marketing success. Therefore, H5 is rejected.

3.1.3 Assessment of Normality

Table 3. Assessment of Normality

Variable	Min	Max	skew	c.r.	Kurtosis	c.r.
MP6	3	5	-0,15	-0,749	-1,011	-2,527
MP5	3	5	0,228	1,14	-0,982	-2,455
MP4	3	5	-0,101	-0,505	-1,163	-2,908
MP3	3	5	0,011	0,055	-1,634	-4,086
MP2	3	5	-0,152	-0,758	-1,162	-2,906
MP1	2	5	0,021	0,106	1,147	2,867
CV7	4	5	0,465	2,327	-1,783	-4,458
CV6	3	5	0	0	-1,143	-2,857

Variable	Min	Max	skew	c.r.	Kurtosis	c.r.
CV5	3	5	0,224	1,12	-1,563	-3,906
CV4	3	5	0,305	1,527	-1,506	-3,766
CV3	3	5	0,152	0,758	-1,054	-2,636
CV2	3	5	-0,175	-0,873	-1,609	-4,024
CV1	3	5	0,437	2,184	-1,012	-2,531
SP1.8	3	5	0,202	1,012	-1,008	-2,521
SP1.7	1	5	-1,176	-5,879	5,423	13,558
SP1.6	3	5	-0,068	-0,342	-1,634	-4,084
BI2.1	3	5	0,331	1,657	-0,852	-2,13
BI2.2	3	5	-0,31	-1,548	-0,752	-1,879
BI2.3	3	5	-0,121	-0,607	-1,625	-4,062
BI2.4	3	5	-0,411	-2,054	-1,048	-2,619
BI2.5	3	5	0,382	1,909	-1,087	-2,717
BI2.6	3	5	-0,027	-0,137	-0,98	-2,45
SP1.5	3	5	0,228	1,14	-0,982	-2,455
SP1.4	2	5	-0,576	-2,88	0,613	1,533
SP1.3	4	5	0,08	0,4	-1,994	-4,984
SP1.2	3	5	0,011	0,055	-1,634	-4,086
SP1.1	4	5	0,98	4,9	-1,04	-2,599
Multivariate					18,471	2,858

The assessment of normality indicates that most indicators meet the acceptable criteria for univariate normality, as the critical ratio (C.R.) values for skewness and kurtosis generally fall within the recommended threshold of ± 2.58 . However, several indicators show marginal deviations from normality, particularly SP1.7, which exceeds the acceptable threshold and indicates non-normal distribution. Despite this, the multivariate critical ratio value of 2.858 remains close to the recommended cut-off, suggesting that the overall data distribution is still acceptable for SEM analysis, particularly considering the robustness of CB-SEM with an adequate sample size (Hair et al., 2019) and (Kline, 2018).

3.1.4 Construct Validity and Reliability Test Results

Table 4. Construct Validity and Reliability Test

No	Variables and Indicators	Std. Loading	Average Std. Loading	Construct Reliability (CR)	Convergent Validity (AVE)	Discriminant Validity (\sqrt{AVE})
EXOGENEOUS CONSTRUCT						
	Service Performance		0.719	0.899	0.535	0.732
1	Service Effectiveness	0.665				
2	Service Efficiency	0.775				
3	Service Productivity	0.545				
4	Timeliness of Service	0.501				
5	Service Output Quality	0.822				
6	Responsiveness in Problem Solving	0.730				
7	Service Human Resource Performance	0.854				
8	Customer Satisfaction toward Service	0.864				
	Brand Image		0.742	0.881	0.556	0.746
1	Strength of Brand Association	0.780				
2	Uniqueness of Brand Association	0.629				
3	Positive Impression toward Brand	0.723				
4	Brand Reputation and Trust	0.710				
5	Consistency of Brand Identity	0.744				
6	Emotional Association	0.866				

No	Variables and Indicators	Std. Loading	Average Std. Loading	Construct Reliability (CR)	Convergent Validity (AVE)	Discriminant Validity (\sqrt{AVE})
ENDOGENEOUS CONSTRUCT						
	Customer Value		0.717	0.882	0.518	0.719
1	Functional Value	0.627				
2	Emotional Value	0.721				
3	Social Value	0.688				
4	Price Value	0.684				
5	Goal Congruence Value	0.744				
6	Experiential Value	0.755				
7	Relational Value	0.681				
	Marketing Performance		0.716	0.864	0.514	0.717
1	Sales Growth	0.667				
2	Market Share	0.746				
3	Customer Growth	0.667				
4	Customer Retention and Loyalty	0.710				
5	Marketing Profitability	0.773				
6	Marketing Strategy Effectiveness	0.733				

The validity and reliability test results demonstrate that all constructs satisfy the recommended thresholds for construct reliability and convergent validity. The Construct Reliability (CR) values for all variables exceed the minimum threshold of 0.70, indicating satisfactory internal consistency among indicators. Similarly, the Average Variance Extracted (AVE) values are above 0.50, suggesting adequate convergent validity. Furthermore, the discriminant validity results, represented by the square root of AVE (\sqrt{AVE}), indicate that each construct possesses acceptable discriminant validity. Most standardized loading values also exceed the recommended threshold of 0.50, indicating that the indicators adequately represent their respective latent constructs. Therefore, the measurement model is considered valid and reliable for subsequent structural model analysis using SEM (Hair et al., 2019) and (Kline, 2018).

3.1.5 Goodness of Fit Evaluation

Table 5. Goodness-of-Fit Indices

Goodness of Fit Indices	Cut-off Value	Result	Conclusion
Chi-Square		287.744	Not Fit
Probability	≥ 0.05	0.655	Good Fit
CMIN/DF	≤ 2.00	0.895	Good Fit
GFI	≥ 0.90	0.882	Marginal Fit
AGFI	≥ 0.90	0.850	Marginal Fit
TLI	≥ 0.90	1.029	Good Fit
CFI	≥ 0.90	1.000	Good Fit
RMSEA	≤ 0.08	0.000	Good Fit

The goodness-of-fit evaluation indicates that the proposed model fits the data adequately. Although the Chi-square value suggests a less-than-perfect fit, this index is highly sensitive to sample size and model complexity. Therefore, it is not used as the sole criterion. Other indices demonstrate good model fit. The probability value (0.655) exceeds 0.05, indicating acceptable fit. The CMIN/DF value of 0.895 is below the threshold of 2.00, confirming model adequacy. The TLI (1.029) and CFI (1.000) values indicate excellent fit, while the RMSEA value of 0.000 further supports this conclusion. Although GFI (0.882) and AGFI (0.850) fall slightly below the recommended threshold, they are still considered acceptable in SEM analysis. Overall, the model is deemed fit and appropriate for hypothesis testing. Although the goodness-of-fit indices indicate an excellent model fit, these results should be interpreted with caution. Extremely high values of CFI and TLI, along with a near-zero RMSEA, may indicate a very well-specified model; however, they may also suggest potential overfitting or sample-specific characteristics.

3.1.4 Mediation Analysis

Table 6. Results of Mediation Analysis

Relationship	Estimate	P-value	Lower CI	Upper CI	Conclusion
SP → CV → MP	2.653	0.002	0.493	20.302	SIGNIFICANT
BI → CV → MP	-0.377	0.136	-5.381	0.106	NOT SIGNIFICANT

The mediation analysis reveals that customer value plays a significant mediating role in the relationship between service performance and marketing performance. The indirect effect is positive and significant ($\beta = 2.653$; $p = 0.002$), indicating full mediation, as the direct effect of service performance on marketing performance is not significant. In contrast, customer value does not mediate the relationship between brand image and marketing performance, as the indirect effect is not significant ($\beta = -0.377$; $p = 0.136$).

3.2 Discussion

The findings of this study highlight the critical role of customer value in influencing marketing performance. The significant effect of service performance on customer value is consistent with prior studies suggesting that high-quality service enhances customer perceptions of value and overall experience (Cuong, 2020). This finding reinforces the view that service delivery plays a central role in shaping perceived benefits and customer evaluations. However, the results show that service performance does not directly influence marketing performance, indicating a full mediation effect. This implies that improvements in service performance must first be translated into perceived customer value before they can impact marketing outcomes. This finding aligns with value-based marketing theory, which posits that customer decisions are primarily driven by perceived value rather than objective service attributes (Zeithaml, 1988). It also supports more recent empirical findings emphasizing the mediating role of customer value in linking firm capabilities to performance outcomes (Hussein et al., 2022). These results suggest that firms should not only focus on delivering high-quality service but also ensure that such service is perceived as valuable by customers. The insignificant effect of brand image on marketing performance indicates that brand-related perceptions alone may not be sufficient to drive customer behavior in the MSME context.

The findings also suggest that customer value acts as a strategic bridge connecting operational capabilities and market outcomes. This result is consistent with the service-dominant logic perspective, which emphasizes that value is co-created through interactions and experiences rather than embedded solely within products or brands (Vargo & Lusch, 2008). In the context of fashion MSMEs, customers may evaluate businesses based on responsiveness, convenience, and experiential benefits rather than relying entirely on brand reputation. Another possible explanation for the insignificant effect of brand image is the nature of MSMEs themselves. Unlike large corporations that invest heavily in branding activities, MSMEs often compete through personalized interactions, flexibility, and direct customer engagement. Consequently, customers may perceive greater value from practical benefits and service experiences than from symbolic brand meanings. Furthermore, the findings reinforce the argument that customer value is not merely an outcome variable but also a strategic mechanism that translates organizational resources into performance outcomes. This supports the Resource-Based View (RBV), which argues that firms achieve competitive advantage through valuable and difficult-to-imitate capabilities (Barney, 1991). In this study, service performance emerges as an important capability that contributes to marketing performance indirectly through customer value creation. These results also have important managerial implications for MSME owners. Rather than allocating excessive resources toward branding activities alone, firms should focus on improving customer experiences, responsiveness, and service consistency. Such strategies are more likely to enhance perceived value and generate sustainable marketing performance.

This finding contrasts with prior studies that report a positive relationship between brand image and performance (Foroudi & Foroudi, 2021) and (Cuong, 2020). This discrepancy suggests that the role of brand image is context-dependent, particularly in MSMEs where resource limitations and closer customer interactions reduce reliance on symbolic brand associations. Instead, customers may prioritize tangible and experiential value derived from direct interactions. Furthermore, the significant relationship between customer value and marketing performance confirms that value creation is a fundamental driver of business success (Joseph & Gilmore, 1998) and (Schmitt, 2007). This finding is consistent with prior studies indicating that higher perceived value leads to stronger behavioral outcomes, such as repeat purchases and positive word-of-mouth (Hussein et al., 2022). Customer value therefore functions as a key mechanism linking internal firm capabilities to external market outcomes. From a theoretical perspective, these findings can be explained through service-dominant logic, which emphasizes that value is co-created through interactions between firms and customers rather than embedded in products or brands (Vargo & Lusch, 2008). In the MSME context, where interactions tend to be more direct and personalized, customers are more likely to evaluate value based on their actual experiences. As a result, customer value emerges as a more critical determinant of marketing performance compared to brand image. This study extends prior research by providing empirical evidence that customer value acts as a dominant mediating mechanism in MSMEs, highlighting the limited direct role of brand image in driving marketing performance in resource-constrained environments.

4. CONCLUSION

This study provides empirical evidence that customer value plays a central role in influencing marketing performance among Micro, Small, and Medium Enterprises (MSMEs), particularly in the fashion sector. The findings indicate that service performance does not directly affect marketing performance but exerts a significant indirect effect through customer value, confirming a full mediation mechanism. This implies that improvements in service performance must first be translated into perceived customer value before contributing to enhanced marketing outcomes. In contrast, brand image is found to have no significant effect on either customer value or marketing performance, suggesting that symbolic

branding alone is insufficient to drive performance in MSMEs. From a theoretical perspective, this study contributes to value-based marketing theory by demonstrating that customer value serves as a key mechanism linking service performance to marketing outcomes. The findings challenge prior studies that emphasize the dominant role of brand image, showing instead that in MSME contexts, customers place greater importance on tangible value derived from direct experiences rather than on brand perceptions. From a practical perspective, the results suggest that MSMEs should prioritize enhancing customer value through improvements in service quality, responsiveness, and overall customer experience. By focusing on value creation rather than relying solely on branding strategies, businesses can achieve more sustainable and effective marketing performance. This study also highlights that customer value should be viewed as a strategic orientation rather than merely an operational outcome. MSMEs that consistently prioritize customer benefits and experiential quality are more likely to strengthen their competitiveness in rapidly changing markets. Therefore, value creation should become the core focus of marketing strategies in the fashion industry. This study has several limitations. First, the sample is limited to fashion MSMEs, which may restrict the generalizability of the findings to other sectors. Second, the use of cross-sectional data limits the ability to capture changes over time and establish stronger causal relationships. Future research is encouraged to expand the scope across different industries and regions, as well as to employ longitudinal approaches. Additionally, incorporating variables such as customer satisfaction or digital marketing capabilities may provide a more comprehensive understanding of marketing performance.

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