

Branding Strategy and Social Media Marketing on MSME Business Performance: The Mediating Effect of Sales Performance

Nata Kesuma Wijaya^{1*}, Wahdiyati Moko²

^{1,2} Master of Management Study Program, Faculty of Economics and Business,
Universitas Brawijaya; Malang, Indonesia

*Corresponding Author E-Mail: natadscout@student.ub.ac.id

1

Submitted:
November 24, 2025

Revised:
January 20, 2026

Accepted:
January 26, 2026

Published Online:
January 31, 2026

ABSTRACT

In a competitive business environment, businesses need to implement effective marketing strategies to turn brand strength and digital presence into tangible sales and sustainable growth. This study aims to analyze the influence of branding strategy and social media marketing on business performance with sales performance as a mediating variable in MSMEs clothing traders. The approach used was quantitative with a survey method through the distribution of questionnaires to 275 randomly selected respondents. Data analysis was carried out using Structural Equation Modeling–Partial Least Squares (SEM-PLS) through SmartPLS 3.0 software. The results of the study show that both branding strategy and social media marketing have a positive and significant effect on sales performance. Furthermore, sales performance has been proven to have a dominant influence on business performance and significantly mediates the influence of branding strategy and social media marketing on business performance. These findings confirm that marketing strategies will yield maximum results only if they are able to increase sales in real terms. Therefore, improving sales performance is a key factor in converting brand strength and digital activities into profitability and sustainable business growth for MSMEs.

Keywords: Branding Strategy, Business Performance, MSMEs, Sales Performance, Social Media Marketing.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are the dominant pillars in Indonesia's economic structure. Based on data from the Central Statistics Agency (*Badan Pusat Statistik/BPS*) in 2022, this sector consistently dominates the national trade share, supported by the rapid adaptation of e-commerce as the main transaction. However, behind this dominance, there is a big challenge: many MSMEs experience stagnation or the phenomenon of "stunting", where they struggle to develop into larger-scale businesses or legal entities (companies) (Sudarwati & Naim, 2022). This obstacle is caused by various factors, such as the low urgency of innovation, limited human resources, and difficulties in obtaining access to capital.

One of the root problems is the lack of business performance evaluation among MSMEs. Business performance refers to a comprehensive assessment of achievements, including financial aspects (profitability, Return on Investment (ROI), cash flow) and non-financial aspects (customer satisfaction, service quality, operational efficiency) (Maina, 2024; Abrokawah-Larbi & Awuku-Larbi, 2024). Unlike large companies, MSMEs often neglect this evaluation due to limited financial records and resources (Wheelen et al., 2018; Marwanto et al., 2023). Without systematic evaluation, MSMEs lose the strategic basis for decision-making, innovation, and sustainable competitive advantage (David & David, 2017; Susanti et al., 2022; Sugangga et al., 2023).

JIMKES

Jurnal Ilmiah Manajemen
Kesatuan
Vol. 14 No. 1, 2026
pp. 1-14
IBI Kesatuan
ISSN 2337 – 7860
E-ISSN 2721 – 169X
DOI: 10.37641/jimkes.v14i1.4622

To overcome these challenges, literature emphasizes the role of marketing strategies, particularly branding strategy and social media marketing. Branding strategy involves managerial efforts to build a strong brand image to gain a competitive advantage (Srisusilawati et al., 2023; Mariam, 2024; Teng et al., 2025). Social media marketing provides cost-efficient promotion and enables direct consumer interaction, especially after COVID-19 accelerated digital adoption (Alqasa & Afaneh, 2022; Chen et al., 2024; Ayokunmia et al., 2025).

However, empirical evidence shows that the practical implementation of these strategies among MSMEs often fails to produce the expected outcomes, creating a performance gap between theoretical potential and actual performance. A study on clothing traders in Paser Regency, for example, found that although the traders excelled in service quality, they were still weak in promotion and brand exposure. Likewise, social media marketing showed only a relatively small influence on sales performance in the same context (Venciute et al., 2023). This contradiction indicates that branding and digital marketing strategies do not automatically translate into improved business outcomes for MSMEs.

Meanwhile, modern marketing strategies such as branding strategies and social media marketing, which are expected to be solutions, turn out to have an indirect and often non-optimal impact (Yu et al., 2023). Sales performance is strongly suspected to play a mediating role that determines the success of these strategies in improving business performance. This research aims to examine how branding strategy and social media marketing influence sales performance, how sales performance affects business performance, and how it mediates the effects of branding and social media marketing on business outcomes. The study provides insights and practical recommendations for MSMEs to design strategies that enhance competitiveness and sustainability.

Sales performance is not only a key indicator of business performance but also functions as a critical bridge that links marketing activities to tangible business outcomes (Badoyan, 2025). Branding strategy and social media marketing will not contribute optimally to overall business performance unless they are effectively translated into increased sales volume. Evidence from clothing merchants in Paser Regency illustrates this condition, where strong customer relationships as part of branding efforts do not automatically lead to higher sales. This phenomenon underscores the importance of integrating branding and social media strategies with sales-oriented approaches that emphasize conversion and revenue generation.

These findings indicate a gap between the theoretical potential of the marketing strategy and the real impact it produces. The gap highlights the crucial role of sales performance as a central factor. Based on the above explanation, it can be seen that there is a complex problem flow: MSMEs dominate the market but are difficult to develop due to the lack of business performance evaluation. Meanwhile, modern marketing strategies such as branding strategies and social media marketing, which are expected to be solutions, turn out to have an indirect and often non-optimal impact. Sales performance is strongly suspected to play a mediating role that determines the success of these strategies in improving overall business performance. This research aims to examine the effects of branding strategy and social media marketing on sales performance, the effect of sales performance on business performance, and its role as a mediator, providing insights for MSMEs to enhance competitiveness and sustainability.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

The Effect of Branding Strategy on Sales Performance

A strategically developed branding approach plays a vital role in boosting sales performance by influencing consumer perceptions, enhancing brand equity, and fostering long-term customer loyalty (Bing et al., 2024; Islami et al., 2024). Branding is far more than designing a logo, tagline, or visual identity; it represents a holistic effort to establish a distinct and recognizable identity that differentiates a business within a competitive market environment (Aguilika & Padmasari, 2026). When implemented effectively,

branding strategies communicate the unique value of a company, build credibility, and create emotional connections with consumers, which in turn shape purchase intentions and encourage repeated engagement over time (Vale et al., 2026).

Empirical studies have demonstrated the tangible benefits of robust branding strategies on sales outcomes and customer retention. For instance, research by Herlyaminda and Putri (2026) indicates that companies that maintain consistent branding practices strengthen consumer trust and positively influence purchase intentions through perceived reliability and customer satisfaction. Similarly, Landa et al. (2026) reveal that digital branding initiatives, such as online campaigns and social media engagement, significantly impact consumer decision-making processes, thereby improving both sales and overall business performance. These findings highlight that a well-crafted branding strategy not only increases visibility and market recognition but also serves as a key driver in converting brand strength into measurable financial results and sustainable customer relationships.

H1: Branding strategy has a positive effect on sales performance.

The Effect of Social Media Marketing on Sales Performance

Social media marketing has emerged as a powerful strategy that enables businesses to engage customers, enhance brand visibility, and improve overall sales performance in today's digital economy (Jazula & Isharina, 2025). Unlike traditional marketing channels, social media platforms like Facebook, Instagram, and WhatsApp allow firms to communicate directly with both current and potential customers through interactive content, promotions, and personalized messaging. A study conducted on local grocery stores in Liverpool, UK, found that active social media marketing efforts increased sales performance by as much as 20%, while also strengthening customer loyalty and word-of-mouth referrals, illustrating the positive role social media can play in driving business outcomes (Jesurajah & Ong, 2024).

Similarly, research among Batik Gedog microenterprises in Indonesia demonstrated that social media marketing has a positive and statistically significant effect on sales performance, explaining nearly 38.9% of variation in sales outcomes (Pratiwi & Sulistyowati, 2020). This suggests that beyond just increasing brand awareness, social media activities contribute directly to financial results when content and engagement strategies are implemented effectively (Dewi & Rhamdhani, 2025). In addition, broader surveys of Indonesian MSMEs indicate that social media marketing activities, especially those focused on communication and connection, significantly improve overall business performance, including increases in sales and market reach. Therefore, the empirical evidence supports the idea that social media marketing is an influential tool for enhancing sales results, particularly for small and medium enterprises that rely on digital connections to reach customers.

H2: Social media marketing has a positive effect on sales performance.

The Effect of Sales Performance on Business Performance

Sales performance is widely acknowledged as a fundamental factor influencing overall business performance, as it directly affects key indicators such as profitability, market share, and the long-term viability of an organization. The ability of a firm to achieve high levels of sales reflects not only the effectiveness of its marketing and promotional strategies but also the robustness of its operational processes and the strength of its relationships with customers. According to Ermad et al. (2025), organizations that maintain well-structured and efficient sales mechanisms are more likely to attain superior business outcomes, as consistent revenue generation supports organizational stability and resilience.

In addition, research by Sharpe et al. (2024) suggests that sales performance functions as an essential intermediary between investments in brand capital and overall firm

performance, highlighting that effective sales translate intangible brand value into measurable financial results. Complementing these findings, Herlyaminda and Putri (2024) argue that the implementation of strategic sales initiatives not only enhances revenue but also positively impacts employee motivation and contributes to broader company growth, demonstrating the multidimensional benefits of strong sales outcomes. Moreover, Warząła and Bórawski (2024) emphasize that during post-pandemic economic recovery, the expansion of retail sales significantly fueled regional revitalization, underscoring the critical role of sales performance not only for individual firms but also for the wider business ecosystem. Collectively, these studies indicate that robust sales performance is a pivotal driver of both micro-level business success and macro-level economic development.

H3: Sales performance has a positive effect on business performance.

Sales Performance as a Mediating Variable

Sales performance serves as a vital mediating mechanism that connects both marketing and branding strategies to overall business performance, acting as the channel through which strategic initiatives generate measurable market results. By converting marketing and branding efforts into tangible outcomes such as increased revenue, improved customer retention, and strengthened competitive positioning, sales performance effectively bridges the gap between organizational strategy and financial achievement (Istianingsih & Ariyanto, 2025). Fitriany and Star (2025) emphasize that digital marketing and branding strategies alone are insufficient to drive business performance; these initiatives must first translate into enhanced sales effectiveness, illustrating that sales performance is the critical link that enables marketing inputs to produce organizational success.

In a similar vein, Kuswibowo et al. (2025) demonstrate that factors such as brand image and customer engagement exert a positive influence on sales when mediated through digital channels, and that the resulting increase in sales performance subsequently leads to better overall business outcomes. This underscores the role of sales performance as a transmission mechanism, transforming intangible branding efforts and online engagement strategies into concrete financial and operational results. Furthermore, Setiawan et al. (2025) highlight that innovative approaches to digital marketing not only drive higher sales growth but also contribute to stronger long-term customer relationships and enhanced firm performance, reinforcing the idea that sales outcomes are essential for translating strategic marketing efforts into sustainable business success. These studies indicate that sales performance is a central conduit through which strategic marketing and branding initiatives exert their full impact on organizational performance.

H4: Sales performance has a mediating effect between branding strategy and business performance.

H5: Sales performance has a mediating effect between social media marketing and business performance.

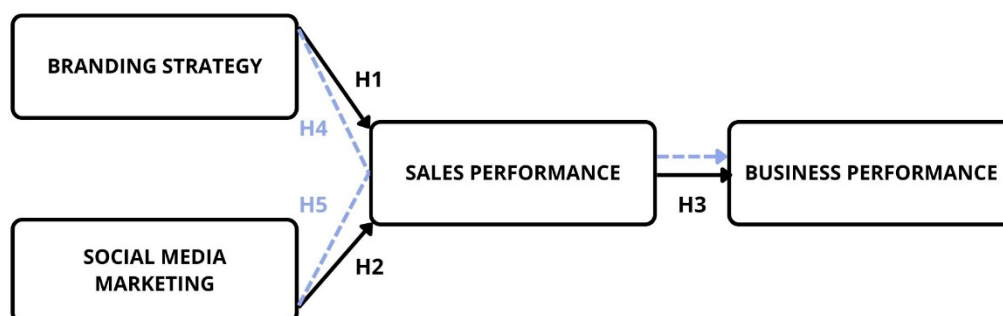


Figure 1. Conceptual Framework

Figure 1 presents the conceptual framework of this study, showing the relationships between branding strategy, social media marketing, sales performance, and business performance. Both branding strategy and social media marketing are expected to enhance sales performance, which in turn drives overall business performance. Sales performance acts as a mediating variable, translating strategic marketing efforts into measurable outcomes such as revenue growth, customer retention, and organizational success. The figure highlights that the effect of marketing strategies on business performance occurs primarily through their influence on sales effectiveness.

RESEARCH METHODS

This study's research methodology combines a survey method with a quantitative approach. This method was selected because it is thought to be the most suitable for employing statistical data evaluated with Structural Equation Modeling–Partial Least Squares (SEM-PLS) to objectively explain the causal link between variables. The SEM-PLS model is useful for exploratory research that aims to identify predictive associations and build new theories because it enables the examination of complex relationships among latent variables without requiring normality assumptions (Ferdinand, 2014; Ghozali & Latan, 2014; Hair et al., 2021).

According to data from the Department of Industry sector, Cooperatives, and SMEs, there are 878 business units in Paser Regency, East Kalimantan, which comprise all MSME actors in the apparel sector. In order to attain a minimum of 275 respondents, the number of samples was calculated using the Slovin formula with a 5% error rate. Respondents were chosen using a random sample technique based on the following criteria: they had to be owners or strategic decision-makers, have been in business for at least three years, and have utilized social media in their operations. This study employs four main research variables, namely social media marketing and branding strategy as independent variables, sales performance as a mediating variable, and business performance as the dependent variable.

The study's primary tool is a questionnaire that was created using the theoretical framework of the research variables of social media marketing, branding strategy, sales performance, and company performance. A 5-point Likert scale from “strongly disagree” to “strongly agree” is used for each statement. Content validity tests, constructs, Cronbach's Alpha, and Composite Reliability assessments were used to assess the validity and reliability of the instrument. A minimum value of 0.70 was used to indicate excellent internal consistency.

The data collection technique was carried out through surveys and direct interviews with respondents. The questionnaire was distributed face-to-face or online through Google Form, adjusting the conditions and comfort of the participants. In addition, this study also uses secondary data from government reports, scientific publications, and online news as a complement to primary data. Descriptive and inferential analysis are the two steps in the data analysis process. Inferential analysis tested structural models and measurements using SEM-PLS with the use of SmartPLS 3.0 software, whereas descriptive analysis described respondent characteristics and the distribution of responses. Validity, reliability, model evaluation (both inner and outer models), and direct and indirect hypothesis testing (mediation) utilizing the bootstrapping approach are all included in the analysis. This method makes it possible to test the link between factors at the same time and yields precise findings about how marketing tactics and digital capabilities affect MSME business success.

RESULTS

Data acquired from research tools in the form of questionnaires was analyzed to conduct the study. With the use of SmartPLS software, the gathered data was encoded and processed to create the information shown in the research findings below. Validity tests (including convergent and discriminant validity) and reliability tests are used in the

study of the measurement model in PLS to ascertain the construct's validity and reliability. The factor loading value is used to gauge convergent validity. If an instrument's loading factor value is greater than 0.7 for confirmatory research, greater than 0.6 for exploratory research, and greater than 0.5 for Average Variance Extracted (AVE), it can be deemed legitimate.

Table 1. Convergent Validity Test

Variable	Indicator	Item	Outer Loading	Cut Off	AVE	CA	CR	Description
Branding Strategy	Store Identity	X1.1	0.834	0.7	0.710	0.963	0.967	Valid & Reliable
		X1.2	0.836					
		X1.3	0.863					
		X1.4	0.830					
	Positioning	X1.5	0.841					
		X1.6	0.862					
		X1.7	0.805					
		X1.8	0.835					
	Supply Chain Synchronization	X1.9	0.840					
		X1.10	0.850					
		X1.11	0.863					
		X1.12	0.848					
Social Media Marketing	Research Marketing	X2.1	0.845	0.7	0.709	0.963	0.967	Valid & Reliable
		X2.2	0.854					
		X2.3	0.855					
		X2.4	0.851					
	Advertising	X2.5	0.845					
		X2.6	0.839					
		X2.7	0.849					
		X2.8	0.862					
	Engagement dan Feedback	X2.9	0.840					
		X2.10	0.838					
		X2.11	0.837					
		X2.12	0.787					
Business Performance	Business Finance	Y.1	0.871	0.7	0.736	0.940	0.951	Valid & Reliable
		Y.2	0.840					
		Y.3	0.853					
	Non-Financial Business	Y.4	0.865					
		Y.5	0.865					
		Y.6	0.833					
		Y.7	0.877					
Sales Performance	Increased Sales	Z.1	0.855	0.7	0.694	0.945	0.953	Valid & Reliable
		Z.2	0.759					
		Z.3	0.833					
	Merchant Performance	Z.4	0.807					
		Z.5	0.847					
		Z.6	0.848					
	Market Expansion	Z.7	0.852					
		Z.8	0.850					
		Z.9	0.841					

The convergent validity and reliability test results for each of the study's constructs are compiled in Table 1. The measurement model is appropriate for additional analysis and satisfies the necessary requirements. All constructs meet the suggested requirements, according to the convergent validity results. Twelve indicators with an AVE of 0.710 and outer loading values between 0.805 and 0.863 demonstrate the great validity of the branding strategy construct. With an AVE of 0.709 and outer loadings ranging from 0.787 to 0.862, social media marketing likewise exhibits sufficient convergent validity.

Sales Performance displays outer loadings ranging from 0.759 to 0.855 with an AVE of 0.694, whereas business performance, as determined by seven indicators, displays outer loading values of 0.833–0.877 with an AVE of 0.736. The indicators consistently represent their respective constructions, as evidenced by all AVE values exceeding the minimum

threshold of 0.50. The measuring model's resilience is further confirmed by reliability testing. All constructions are verified to be reliable using Cronbach's Alpha and Composite Reliability benchmarks (≥ 0.70). With ratings of 0.963 and 0.967, respectively, branding strategy and social media marketing show extremely high reliability. Sales Performance displays values of 0.945 and 0.953, whereas Business Performance records reliability levels of 0.940 and 0.951. These findings show outstanding internal consistency, demonstrating the validity and suitability of each construct for further examination.

The purpose of the discriminant validity test is to make sure that every concept in the research model can stand out from the others. With the requirement that each indication have the highest loading value on its original construct in comparison to other constructs, the test was conducted using the cross-loading approach. Accordingly, a construct is said to have excellent discriminant validity if it is more accurately reflected by the indicator than by other constructs.

Table 2. Discriminatory Validity Test (Cross Loading)

Variable	Item	Branding Strategy	Social Media Marketing	Business Performance	Sales Performance	Information
Branding Strategy	X1.1	0.834	0.389	0.393	0.500	Valid
	X1.2	0.850	0.419	0.377	0.445	
	X1.3	0.863	0.417	0.411	0.483	
	X1.4	0.848	0.418	0.385	0.470	
	X1.5	0.836	0.427	0.399	0.503	
	X1.6	0.863	0.412	0.399	0.490	
	X1.7	0.830	0.371	0.403	0.490	
	X1.8	0.841	0.341	0.398	0.502	
	X1.9	0.862	0.419	0.372	0.498	
	X1.10	0.420	0.849	0.482	0.518	
	X1.11	0.357	0.862	0.426	0.500	
	X1.12	0.414	0.840	0.410	0.519	
Social Media Marketing	X2.1	0.805	0.387	0.389	0.451	Valid
	X2.2	0.416	0.838	0.394	0.492	
	X2.3	0.379	0.837	0.437	0.516	
	X2.4	0.396	0.787	0.369	0.470	
	X2.5	0.423	0.854	0.406	0.538	
	X2.6	0.365	0.855	0.428	0.516	
	X2.7	0.419	0.851	0.433	0.484	
	X2.8	0.395	0.845	0.449	0.495	
	X2.9	0.370	0.839	0.388	0.480	
	X2.10	0.835	0.391	0.372	0.496	
	X2.11	0.840	0.407	0.396	0.464	
	X2.12	0.439	0.845	0.458	0.505	
Business Performance	Y.1	0.370	0.454	0.871	0.594	Valid
	Y.2	0.359	0.404	0.840	0.572	
	Y.3	0.387	0.381	0.853	0.576	
	Y.4	0.409	0.455	0.865	0.605	
	Y.5	0.431	0.479	0.865	0.605	
	Y.6	0.411	0.398	0.833	0.606	
	Y.7	0.419	0.447	0.877	0.590	
Sales Performance	Z.1	0.470	0.504	0.614	0.855	Valid
	Z.2	0.417	0.448	0.477	0.759	
	Z.3	0.473	0.514	0.615	0.833	
	Z.4	0.435	0.491	0.534	0.807	
	Z.5	0.455	0.488	0.605	0.847	
	Z.6	0.453	0.493	0.585	0.848	
	Z.7	0.589	0.498	0.571	0.852	
	Z.8	0.476	0.495	0.586	0.850	
	Z.9	0.521	0.546	0.583	0.841	

Based on Table 2, the discriminant validity test shows that all constructs are able to distinguish themselves from other constructs. Each indication has the highest value in its

original construct according to the cross-loading results. Branding strategy shows a value of 0.830–0.863, Social media marketing 0.787–0.862, business performance 0.833–0.877, and sales performance 0.759–0.855. There is no indicator that has a higher load on other constructs. Thus, all constructs meet discriminant validity and are declared to be able to represent their variables consistently and clearly separate from other constructs.

Table 3. Fornell-Larcker Criteria Test

Variable	Branding Strategy	Social Media Marketing	Business Performance	Sales Performance	Information
Branding Strategy	0.842				Valid
Social Media Marketing	0.464	0.858			Valid
Business Performance	0.574	0.691	0.833		Valid
Sales Performance	0.474	0.503	0.598	0.842	Valid

The Fornell-Larcker Criterion test results, as presented in Table 3, demonstrate that the entire concept satisfies the discriminant validity. The square root value of AVE is higher than the correlation between the other four constructs for branding strategy (0.842), social media marketing (0.858), business performance (0.833), and sales performance (0.842). Because it shows that each construct can accurately reflect its variables and is different from other constructs, the study model is considered to have excellent discriminant validity.

The purpose of the determination coefficient (R^2) testing is to gauge a model's capacity for prediction. The R^2 value, which is utilized to both explain and quantify the impact of independent latent variables on dependent latent variables, serves as the foundation for this test. A score of 0.25 denotes a weak model, 0.50 denotes a moderate model, and 0.75 denotes a strong model, according to the interpretation of the score. Furthermore, an adjusted R^2 value is used to prevent bias caused by overly complex models.

Table 4. R-Square, R-Square Adjusted Test (R^2), and Q-Square Test

Variable	R Square	R Square Adjusted	Q-Square	Information
Business Performance	0.478	0.476	0.348	Moderate & predictive relevance
Sales Performance	0.466	0.462	0.319	Moderate & predictive relevance

Table 4 presents the results of the R^2 and Q^2 analyses of the structural model. Branding strategy and social media marketing account for roughly 47% of the variance in business performance and 46% of the variance in sales performance, according to the R^2 values for business performance (0.478) and sales performance (0.466), which show a moderate explanatory power. The remaining variance is explained by factors outside the model. Furthermore, the Q^2 values are greater than zero, indicating that the model can accurately forecast the observed data and has good predictive relevance.

The F-Square Effect Size test is designed to assess how each independent variable affects the R-Square value separately. The following criteria are used to interpret the findings using the F-Square value: A strong effect size is indicated by a value of 0.35 or higher, a medium effect size by a value of 0.15, a small effect size by a value of 0.02, and no effect size by a value of less than 0.02.

Table 5. F-Square Effect Size Test (f^2)

Connection Variable	F-Square	Effect Size
Branding Strategy > Sales Performance	0.204	Medium
Social Media Marketing > Sales Performance	0.256	Medium
Sales Performance > Business Performance	0.916	Strong

Table 5 displays the F-Square test (f^2) results, which indicate that social media marketing and branding strategy had a moderate impact on sales performance (0.256 and 0.204, respectively). In the meantime, there was a significant impact of sales performance on business performance (0.916). This indicates that the success of clothes merchant enterprises in Paser Regency is mostly driven by sales performance, with branding and social media marketing methods contributing just a little to higher sales.

The goal of the Goodness of Fit (GoF) test is to determine if the sample data's distribution matches its theoretical distribution. The GoF value is separated into three categories: the small category has a score of 0.1, the medium category has a score of 0.25, and the large category has a score of 0.36.

$$\sqrt{0.710 \times 0.472} = 0.579$$

The GoF value is known to be 0.579 based on the analysis of the GoF Test. These numbers fit the large or good category, which explains why the theoretical distribution is appropriate.

Table 6. Hypothesis Test

Construct	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Information
Branding Strategy > Sales Performance	0.375	0.372	0.050	7.475	0.000	Accepted
Social Media Marketing > Sales Performance	0.420	0.423	0.051	8.218	0.000	Accepted
Sales Performance > Business Performance	0.691	0.694	0.031	22.308	0.000	Accepted
Branding Strategy > Sales Performance > Business Performance	0.259	0.258	0.038	6.871	0.000	Accepted
Social Media Marketing > Sales Performance > Business Performance	0.290	0.293	0.038	7.565	0.000	Accepted

Table 6 shows the test results, which show that the entire hypothesis is accepted. Branding strategy on sales performance has a significant positive effect ($T = 7,475$; $P = 0.000$; $\beta = 0.375$), which signifies that a good brand strategy improves sales performance. Social media marketing on sales performance also had a significant positive effect ($T = 8,218$; $P = 0.000$; $\beta = 0.420$), demonstrating the effectiveness of digital marketing in expanding market reach and increasing sales. Meanwhile, sales performance on business performance had a very strong effect ($T = 22,308$; $P = 0.000$; $\beta = 0.691$), emphasizing that increased sales are the main factor in driving the growth and success of clothing merchant businesses in Paser Regency. The test results showed that sales performance significantly mediated the relationship between branding strategy and business performance ($T = 6,871$; $P = 0.000$; $\beta = 0.259$), as well as between social media marketing and business performance ($T = 7.565$; $P = 0.000$; $\beta = 0.290$). This means that branding and social media marketing strategies improve business performance indirectly through increased sales. In other words, the more effective the brand strategy and social media activities carried out, the higher the sales and business performance of clothing traders in Paser Regency.

DISCUSSION

The results indicate that branding strategy has a positive and significant effect on sales performance among MSME clothing traders in Paser Regency. This finding is consistent with the customer perspective of the balanced scorecard, which emphasizes the role of strong branding in enhancing customer satisfaction, loyalty, and favorable perceptions of products and businesses. Empirically, these results support prior studies highlighting the importance of branding in improving competitiveness and business performance. Teng et al. (2025) demonstrate that the integration of branding and innovation strengthens brand equity and long-term competitiveness, while Ameyibor et al. (2022) find that effective brand positioning influences business performance through consumer loyalty. Similarly, Ogunsanya (2020) confirms that branding plays a crucial role in the recovery and sustainability of MSMEs in the post-pandemic period. Branding strategy enhances sales performance through clear brand identity, product differentiation, and the development of customer trust and loyalty. These findings imply that branding should be viewed not merely as a promotional activity but as a strategic investment that supports sustained sales growth and competitive advantage.

The findings also indicate that social media marketing has a positive and significant effect on sales performance among MSME clothing traders in Paser Regency. The positive coefficient (0.420) and medium effect size (0.256) suggest that social media marketing meaningfully enhances sales performance, although it is not the dominant driver. This result aligns with the balanced scorecard framework, particularly the customer and learning-growth perspectives, where social media facilitates two-way interaction, strengthens customer relationships, and reflects organizational adaptability to digital transformation. Consistent with previous studies, social media adoption improves MSME performance by enhancing brand equity and increasing sales conversions (Tatik & Setiawan, 2024; Laradi et al., 2024; Ntousi et al., 2025). However, the medium effect size indicates that its potential is not yet fully optimized due to constraints such as limited digital literacy, weak content strategies, and inconsistent platform management (Chen et al., 2024). These findings suggest that strengthening digital capabilities and maintaining consistent engagement strategies are essential to maximizing the sales impact of social media marketing.

Furthermore, the results show that sales performance has a positive and highly significant effect on business performance, with a very large effect size (0.916). This confirms that sales performance is the main determinant of business performance among MSME clothing traders. Within the balanced scorecard framework, sales performance functions as a critical link between the customer and financial perspectives by directly contributing to revenue, profitability, and long-term customer retention. These findings are consistent with prior studies emphasizing the central role of sales performance in sustaining competitiveness and business viability (Høgevold et al., 2022; Rodriguez et al., 2022; Razi et al., 2022). Strong sales performance reflects effective marketing execution, stable cash flow, and the ability of MSMEs to respond to market dynamics. Practically, this underscores the importance of prioritizing sales capability development, supported by digital tools, product innovation, and customer service improvements.

The mediation analysis further confirms that sales performance significantly mediates the relationship between branding strategy and business performance, as well as between social media marketing and business performance. The indirect effect results (T-statistic = 6.871; P-value = 0.000; coefficient = 0.259) indicate that branding and digital marketing influence business performance primarily through their ability to improve sales outcomes. This finding reinforces the balanced scorecard logic, where intangible assets such as brand image, engagement, and loyalty must be converted into tangible sales results to generate financial value. Empirical support for this mechanism is provided by Suryani et al. (2021), Ameyibor et al. (2022), Noviaristanti et al. (2023), Suleman et al. (2024), and Wijaya et al. (2024) all of whom highlight the mediating role of performance-related variables in linking marketing strategies to business outcomes. The high R² value (0.804) further

indicates that branding strategy and social media marketing jointly explain a substantial proportion of sales performance variance.

These findings imply that marketing strategies will generate meaningful business value only when integrated with effective sales execution. Without a strong sales performance, branding and social media initiatives risk remaining symbolic investments with limited financial impact. Therefore, MSMEs should align branding and digital marketing efforts with sales-oriented practices such as clear call-to-actions, direct purchasing features, and responsive customer engagement to ensure sustainable growth and long-term competitiveness.

CONCLUSION

Based on the data analysis, all proposed hypotheses were supported, addressing the research objectives for clothing MSMEs in Paser Regency, East Kalimantan. Both branding strategy and social media marketing have a positive and significant effect on sales performance, indicating that a strong brand identity and effective social media utilization can enhance sales. Furthermore, sales performance has a positive, significant, and dominant impact on business performance and serves as a mediator between branding strategy and social media marketing on business performance. In other words, brand strength and digital marketing efforts translate into business success only when they effectively generate actual sales. Sales performance emerges as the most influential factor linking marketing strategies to business outcomes for MSMEs. The practical implication of this study is that MSMEs should prioritize strategies that improve sales performance through consistent brand building and targeted social media activities. Digital campaigns should not only increase visibility but also drive tangible transactions to support profitability and business sustainability.

This study is limited in a number of ways. Its exclusive emphasis on clothes MSMEs in Paser Regency may limit the findings' applicability to other industries or geographical areas. Additionally, the cross-sectional data cannot capture the dynamic, long-term effects of marketing strategies on business performance. To evaluate the consistency of these results, future studies could broaden the sample to include more industries or regions. It is advised to do longitudinal research to examine how branding and digital marketing affect sales and business performance over the long run. Moreover, incorporating additional variables such as product innovation or customer satisfaction could provide a more comprehensive understanding of factors driving MSME success.

Acknowledgement

Thank you to the respondents, especially the clothing traders in Paser Regency who have been willing to take the time to participate in filling out the questionnaire so that this research can run well. Thank you also to the Master of Management Study Program, Faculty of Economics and Business, Universitas Brawijaya, for the guidance, facilities, and academic support provided during the research process. Not to forget, thank you to the supervisor and all parties who cannot be mentioned one by one for their contributions, inputs, and very meaningful assistance in completing this scientific paper.

FUNDING STATEMENT: This research did not receive any specific grant from funding agencies in the public, commercial, or not - for - profit sectors.

CONFLICTS OF INTEREST: The author declares no conflict of interest.

DECLARATION OF GENERATIVE AI STATEMENT: During the preparation of this work the author(s) used ChatGPT, Grammarly, and Turnitin in order to assist with language refinement, grammar checking, and originality verification. After using this tool/service, the author(s) reviewed and edited the content as needed and take(s) full responsibility for the content of the publication.

REFERENCES

- [1] Abrokwah-Larbi, K., & Awuku-Larbi, Y. (2024). The impact of marketing modification on the performance of food processing SMEs in Ghana. *Journal of Research in Marketing and Entrepreneurship*, 26(1), 163–190.
- [2] Aguilika, D., & Padmasari, N. (2026). The influence of product quality and online shopping experience on customer loyalty through customer satisfaction with Azarine sunscreen products. *Jurnal STEI Ekonomi*, 35(1), 1–14.
- [3] Ameyibor, L. E. K., Anabila, P., & Saini, Y. K. (2022). Brand positioning and business performance of alcoholic beverage firms in an emerging market context: The mediation effect of brand equity. *International Journal of Wine Business Research*, 34(1), 133–154.
- [4] Ayokunmia, L. A., Seman, N. A. A., Rashid, U. K., & Mohamad, A. (2025). The role of social media marketing as an ICT tool in improving supply chain sustainability of SMEs. *Procedia Computer Science*, 253(2), 1392–1401.
- [5] Badoyan, G. (2025). *The impact of sales and marketing process synergy on companies performance, moderated by data analytics tools usage*. Vilnius: Vilniaus universitetas (Doctoral dissertation).
- [6] Bing, G., Al Mughairi, B., Karim, A. M., & Karim, A. M. (2024). Study on importance of brand loyalty for customer retention for consumer durable products: new era viewpoint. *International Journal of Academic Research in Business and Social Sciences*, 14(1), 453-464.
- [7] Chen, H., Ma, D., & Sharma, B. (2024). Short video marketing strategy: Evidence from successful entrepreneurs on TikTok. *Journal of Research in Marketing and Entrepreneurship*, 26(2), 257–278.
- [8] David, F. R., & David, F. R. (2017). *Strategic management: A competitive advantage approach, concepts and cases* (16th ed.). London: Pearson Education Limited.
- [9] Dewi, S. (2025). *Pengaruh social media marketing terhadap kinerja bisnis UMKM Larisshop Grosir (Studi pada reseller UMKM Larisshop yang tergabung dalam grup WhatsApp)*. Kebumen: Universitas Putra Bangsa (Doctoral dissertation).
- [10] Ermad, E., Arfan, M., Islahuddin, I., & Faisal, F. (2026). Related party sales and firm value: The moderating role of dispersed institutional ownership, debt and timeliness of financial reporting. *Cogent Business & Management*, 13(1), 260-278.
- [11] Ferdinand, A. (2014). *Metode penelitian manajemen: Pedoman penelitian untuk skripsi, tesis dan disertasi ilmu manajemen*. Semarang: Universitas Diponegoro.
- [12] Fitriany, F., & Star, Y. (2025). Implementasi customer relationship management (CRM) dalam strategi pemasaran UMKM berbasis digital. *MAMEN: Jurnal Manajemen*, 4(4), 805–817.
- [13] Ghozali, I., & Latan, H. (2015). *Partial least squares: Konsep, teknik dan aplikasi menggunakan program SmartPLS 3.0 untuk penelitian empiris*. Semarang: Badan Penerbit Universitas Diponegoro.
- [14] Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2021). *Partial least squares structural equation modeling (PLS-SEM) using R*. Cham: Springer International Publishing AG.
- [15] Herlyaminda, E., & Putri, A. R. (2026). The role of marketing strategy in improving consumer purchase decisions on employee performance at Labbaik Chicken Kampung Bali. *Journal of Management, Economic, and Accounting*, 5(1), 567–576.
- [16] Islami, M. M., Rahyuni, S., & Rukayyah, A. (2024). Strategic branding: Building market positioning and business growth through integrated management practices. *Advances in Business & Industrial Marketing Research*, 2(2), 110-122.
- [17] Istianingsih, N., & Ariyanto, M. (2025). The influence of digital marketing strategy, brand image and sales performance with customer loyalty as a moderating variable. *Jurnal Ilmiah Manajemen Kesatuan*, 13(5), 3689–3700.
- [18] Jazula, F. I., & Isharina, I. K. (2025). The effect of social media marketing on repurchase intention: Mediating roles of satisfaction and brand image. *Jurnal Ilmiah Manajemen Kesatuan*, 13(5), 3651–3662.
- [19] Jesurajah, D., & Ong, C. (2024). The impact of social media marketing on sales performance: An empirical study of local grocery stores in Liverpool, UK. *Postgraduate Journal of Management Research*, 2(1), 7676-786.
- [20] Kuswibowo, C., Santoso, A., Saberan, F., & Raharjo, T. (2025). From reviews to revenue: The role of product quality, online customer review and brand image in Samsung's Shopee application sales. *Indonesian Journal of Business and Entrepreneurship*, 11(3), 530–530.
- [21] Landa, D. R., Anggriani, I., & Astuty, K. (2026). The effect of digital marketing and product variety on purchase decisions at Juragan Mode Shopin Bengkulu City. *Journal of Multidisciplinary Research*, 2(2), 103–112.
- [22] Laradi, S., Elfekair, A., Alrawad, M., Hashim, M., & Derouez, F. (2024). Leveraging capabilities of social media marketing for business success. *Computers in Human Behavior Reports*, 16(2), 100-104.
- [23] Maina, J. J. (2024). Modelling business performance from marketing practices of architecture firms in Nigeria. *Journal of Financial Management of Property and Construction*, 29(3), 425–443.

- [24] Mariam, S. (2024). Building competitive advantage through information technology integration in marketing and branding management strategies. *Golden Ratio of Mapping Idea and Literature Format*, 4(2), 111–139.
- [25] Marwanto, I. G. G. H., Rahmadi, A. N., & Yap, N. (2023). Evaluation of micro, small and medium enterprises (MSMES) financing policies for MSME actors in Yogyakarta. *Return: Study of Management, Economic and Bussines*, 2(5), 456–462.
- [26] Noviaristanti, S., Yunita, S. C., & Triono, S. P. H. (2023). Social media usage impacts on SME's firm performance: Evidence from West Java, Indonesia. *Indonesian Journal of Business and Entrepreneurship*, 9(2), 285–300.
- [27] Pratiwi, W. A., & Sulistyowati, R. (2020). Pengaruh inovasi produk dan social media marketing terhadap sales performance pada ikm batik gedog kabupaten tuban. *Jurnal Pendidikan Tata Niaga (JPTN)*, 8(1), 54-57.
- [28] Setiawan, A. I., Kusmantini, T., & Peranginangin, J. (2025). How can culinary companies enhance customer retention through innovative digital marketing strategies?. *Jurnal Manajemen Keuangan*, 9(4), 34-39.
- [29] Sharpe, S., Hanson, N., & Tofighi, M. (2026). Exploring the role of brand capital investment in the realization of firm-level ESG benefits and consequences on firm performance: An empirical study. *Journal of Risk and Financial Management*, 19(1), 50-66.
- [30] Srisusilawati, P., Wijayanti, I. M., Yaqin, H. N., & Eprianti, N. (2023). Marketing strategy in building brand image and strengthening the foundation of sharia bank. *International Journal of Professional Business Review: Int. J. Prof. Bus. Rev.*, 8(5), 106-109.
- [31] Sudarwati, N., & Naim, S. (2022). The urgency of education in economic development and human resources: A theoretical perspective. *Tadbir: Jurnal Studi Manajemen Pendidikan*, 6(2), 169–186.
- [32] Sugangga, A., Handayati, P., & Zagladi, A. N. (2023). Measuring the contribution of financial literacy in building the competitive advantage of MSMEs in Indonesia: Systematic literature review (SLR). *Brilliant International Journal Of Management And Tourism*, 3(3), 63–77.
- [33] Suleman, D., Nurhayaty, E., Hakim, L., Taruna, H. I., Joesah, N., Kusumastuti, Y. S., & Yulistria, R. (2024). The impact of digital marketing and brand articulation capabilities on marketing performance of small and medium enterprises: Case study in West Lombok Province. *Dinasti International Journal of Digital Business Management*, 5(2), 65-75.
- [34] Susanti, E., Mulyanti, R. Y., & Wati, L. N. (2022). Systematic literature review: Increasing performance of women MSMEs through competitive advantage based on digital transformation and innovation. In *International Conference on Global Innovation and Trends in Economics and Business (ICOBIS 2022)* (pp. 25–61). New York: Atlantis Press.
- [35] Tatik, T., & Setiawan, D. (2024). Does social media marketing matter for MSME performance in Indonesia? *Asia Pacific Journal of Marketing and Logistics*, 37(1), 99–114.
- [36] Teng, L., Xie, C., Huang, X., & Ma, J. (2025). The effects of dual-oriented branding strategies on brand equity through innovation investment. *Journal of Business Research*, 190(4), 115-135.
- [37] Vale, A. F. N., Nobre, L. H. N., Vieira, V. A., & Deretti, S. (2026). How connectivity in online social interactions influence the loyalty and WOM toward games? The role of need to belong. *Journal of Consumer Marketing*, 6(4), 1–14.
- [38] Venciute, D., Auruskeviciene, V., & Reardon, J. (2023). The impact of social media marketing on new venture performance. *Corporate Communications: An International Journal*, 28(5), 788–810.
- [39] Warżaća, R., & Bórawski, P. (2026). The effects and scale of the collapse of regional economies in Poland during the 2007–2009 crisis and the COVID-19 pandemic in the aspect of recent energy crisis caused by the war in Ukraine. *Sustainability*, 18(2), 640-655.
- [40] Wheelen, T. L., Hunger, J. D., Hoffman, A. N., & Bamford, C. E. (2018). *Strategic management and business policy: Globalization, innovation and sustainability* (15th ed.). London: Pearson Education Limited.
- [41] Wijaya, I. G. N. S., Malintang, A. B. B. S., & Sugianitri, N. N. A. R. (2024). The influence of marketing strategy on marketing performance from a management perspective in the disruption era. *Binus Business Review*, 15(1), 15–28.
- [42] Yu, H., Yang, W., Xu, N., & Du, Y. (2023). Advertising strategy and contract coordination for a supply chain system: Immediate and delayed effects. *Kybernetes*, 52(1), 235–261.

