



Model of Causal Factor Affecting the Business Performance of the Garment Industry in Gongqing City, Jiangxi Province

Li Long¹, Suchart Prakthayanon², Buraporn Kumboon³, and Sirachaya Karawek⁴

¹⁻⁴Faculty of Business Administration, Bangkokthonburi University, Thailand

¹Corresponding author e-mail: 6641100019@bkkthon.ac.th, ORCID ID: <https://orcid.org/0009-0005-0977-2685>

²E-mail: suchart.pra@bkkthon.ac.th, ORCID ID: <https://orcid.org/0009-0006-9247-751X>

³E-mail: burapornkumboon@gmail.com, ORCID ID: <https://orcid.org/0009-0009-3425-8134>

⁴E-mail: Sirachaya.g@bkkthon.ac.th, ORCID ID: <https://orcid.org/0009-0005-4428-9189>

Received 25/03/2026

Revised 10/04/2026

Accepted 16/05/2026

Abstract

Background and Aims: The garment industry in Gongqing City, Jiangxi Province, known as China's premier hub for down clothing, faces a critical strategic transition from original equipment manufacturing (OEM) to a brand-driven competitive model. Despite a rich body of marketing scholarship on advertising effectiveness and brand equity, limited empirical attention has been given to the psychological mechanisms through which advertising translates into measurable business outcomes in culturally distinctive regional industrial clusters. Drawing on brand equity theory, the hierarchy-of-effects model, and the resource-based view, this study aimed to: (1) identify key causal factors affecting business performance (BP); (2) analyze the causal relationships among advertising exposure (AE), brand recognition (BR), emotional connection (EC), and BP; and (3) develop and validate a structural model illustrating how these factors influence BP through dual mediation.

Methodology: A concurrent mixed-methods design was employed to ensure both theoretical rigor and contextual depth. Quantitatively, a questionnaire survey was administered to 420 employees drawn from 20 representative garment enterprises in Gongqing City using stratified random sampling. Constructs were measured using validated scales adapted from established marketing research on a 5-point Likert scale. Data were analyzed using Structural Equation Modeling (SEM) via AMOS, preceded by reliability (Cronbach α), convergent validity (Average Variance Extracted), and discriminant validity assessments. Qualitatively, semi-structured interviews with 15 industry experts provided contextual explanations of the quantitative patterns.

Results: All seven hypotheses were supported. AE exerted a significant direct effect on BP ($\beta=0.25$), as well as strong positive effects on BR ($\beta=0.90$) and EC ($\beta=0.57$). BR and EC, in turn, significantly influenced BP ($\beta=0.43$ and $\beta=0.39$, respectively). Critically, indirect effects through BR ($\beta=0.387$) and EC ($\beta=0.222$) together accounted for 70.9% of AE's total effect ($\beta=0.859$) on BP, revealing that the predominant pathway from advertising to performance is psychological rather than direct. The



structural model demonstrated excellent fit ($\chi^2/df=0.864$, RMSEA=0.000, GFI=0.967, NFI=0.959). Qualitative findings identified Douyin live-streaming, local ‘red culture’ storytelling, and eco-friendly branding as concrete mechanisms amplifying these mediation pathways.

Conclusion: This study advances marketing theory by validating a dual-mediation model in which AE influences BP primarily through sequential cognitive and affective pathways. The disproportionate magnitude of indirect effects representing 70.9% of total advertising impact challenges the conventional emphasis on direct advertising returns and signals a paradigm shift toward psychologically driven brand management for SMEs in manufacturing-based clusters. Practically, the findings provide a strategic framework for Gongqing garment enterprises to realign marketing investments from output-based advertising toward brand equity cultivation and emotionally resonant communication.

Keywords: Advertising Exposure; Brand Recognition; Emotional Connection; Business Performance

Introduction

The global apparel sector has undergone a profound transformation, shifting from volume-based manufacturing competition toward brand-driven value creation. In Gongqing City, Jiangxi Province designated as a famous city of down clothing in China, this transition is particularly salient, as hundreds of small and medium-sized enterprises (SMEs) attempt to move beyond OEM contracts and compete based on brand equity and consumer loyalty. Advertising has emerged as a primary strategic tool in this transformation; however, the mechanisms through which advertising investment converts into tangible business performance in such regionally embedded industrial clusters remain theoretically underdeveloped.

Existing marketing literature has addressed the advertising role in driving sales and awareness in general consumer markets (Tellis, 2009; Belch & Belch, 2021), yet it often overlooks the critical mediating psychological processes that may operate distinctively in culturally rich, manufacturing-oriented regional contexts. Brand equity theory posits that advertising builds cognitive and affective brand assets, most notably brand recognition and emotional connection, which in turn generate superior competitive performance (Keller, 2016; Aaker, 2009). The hierarchy-of-effects model similarly proposes a sequential progression from cognitive awareness, through affective engagement, to behavioral outcomes (Ray, 1973). Despite these frameworks, the extent to which these psychological pathways dominate over direct advertising effects and the degree to which local cultural resources modulate these pathways has not been empirically examined in China regional garment sector.

This study addresses this gap through three interconnected contributions. First, it investigates the specific causal architecture linking AE, BR, EC, and BP in the Gongqing garment industry, a



context where cultural heritage (notably local ‘red culture’ identity) and rapidly evolving digital channels (e.g., Douyin live-streaming) interact with conventional advertising mechanisms. Second, it tests whether the indirect effects through BR and EC collectively outweigh the direct effect of advertising on performance, thereby challenging conventional direct-effect assumptions. Third, it provides an empirically validated structural model that integrates cognitive and affective mediation pathways, extending existing theoretical frameworks to a regional SME context in a developing economy.

By situating the inquiry at the intersection of brand equity theory, the resource-based view (RBV), and the hierarchy-of-effects model, this study contributes both to theoretical understanding of advertising effectiveness and to practical guidance for garment enterprises seeking to transition from production-led to brand-led competitive strategies.

Objectives

1. To identify the key causal factors affecting the business performance of the garment industry in Gongqing City.
2. To analyze the causal relationships among advertising exposure, brand recognition, emotional connection, and business performance.
3. To develop and validate a structural model illustrating how these factors influence business performance through dual mediation.

Literature Review

This review synthesizes scholarship on four core constructs: advertising exposure, brand recognition, emotional connection, and business performance, and integrates them within three overarching theoretical frameworks: brand equity theory, the hierarchy-of-effects model, and the resource-based view. Rather than treating each construct in isolation, this section develops a theoretically integrated logic that underpins the proposed dual-mediation model.

Advertising Exposure (AE)

Advertising exposure (AE) refers to the frequency, reach, and contextual delivery of promotional messages to target audiences. According to the hierarchy-of-effects model (Ray, 1973), exposure to advertising initiates a sequential cognitive-to-affective-to-conative process: consumers first become aware, then develop preferences, and finally act. This model provides the foundational logic for the present study's assertion that AE influences BP not merely directly, but through mediating cognitive (BR) and affective (EC) states.

Contemporary scholars have expanded this understanding to include multi-channel and digital dimensions. Belch and Belch (2021) argued that integrated marketing communications



(IMC), coordinating messages across digital, traditional, and experiential touchpoints, maximizes advertising reach and consistency, thereby accelerating progression through the hierarchy of effects. Ha and McCann (2022) emphasized that advertising frequency and timing are critical for building awareness and preventing cognitive overload, while Ray's (1973) original framework identified the synergistic role of both emotional and cognitive elements within advertising creative. In the Gongqing context, the emergence of Douyin live-streaming as a primary advertising channel represents a modern IMC strategy that simultaneously stimulates both cognitive recognition and emotional engagement.

Brand Recognition (BR)

Brand recognition is a foundational component of brand equity, the consumer-perceived value associated with a brand name, symbol, and associations (Keller, 2016; Aaker, 2009). Keller Customer-Based Brand Equity (CBBE) model identifies brand awareness, which encompasses recognition, as the necessary precursor to all higher-order brand relationships. Without recognition, consumers cannot progress to brand preference, trust, or loyalty. Aaker (2009) Brand Identity Theory further specifies that recognition depends on the consistency and distinctiveness of brand symbols, communication styles, and value propositions.

Empirical evidence consistently supports the positive effect of BR on business outcomes. Park and Hwang (2024) demonstrated that brand awareness, image, and perceived quality collectively enhance brand attitudes and behavioral intentions across service contexts. Brandão and Ramos (2024) further showed that emotional brand attachment mediates the relationship between brand equity (of which recognition is a component) and consumer engagement, reinforcing the interdependence of cognitive and affective brand assets. In terms of measurement, this study operationalizes BR through seven dimensions derived from prior validated scales: brand image, reputation, communication quality, product quality, consumer experience, differentiation, and awareness dimensions that collectively capture Keller's (2016) awareness and association components of the CBBE model.

Emotional Connection (EC)

Emotional connection (EC) refers to the deep, affective bond between consumers and brands, characterized by trust, warmth, empathy, and shared values (Fournier & Alvarez, 2012). While BR represents the cognitive dimension of brand equity, EC represents its affective counterpart. Chaudhuri and Holbrook (2001) empirically demonstrated a causal chain from brand affect to brand loyalty to performance outcomes, establishing EC as a critical mediator between brand investment and business results. Schmitt (2010) further argued that brands can deliberately cultivate emotional bonds through experiential marketing strategies that engage consumers' sensory, emotional, and social dimensions.





Within the Gongqing context, EC occupies a theoretically distinctive position. Under the resource-based view (RBV), local cultural narratives, specifically Gongqing ‘red culture’ heritage and industrial identity, constitute intangible, historically embedded resources that are difficult for competitors to imitate (Teece, 2018). When strategically incorporated into advertising, these cultural narratives generate authentic emotional resonance that goes beyond generic brand storytelling, creating a form of culturally grounded competitive advantage. Mehta and Deuskar (2025) confirmed that narrative and metaphorical advertising strategies consistently enhance emotional engagement and brand identification, particularly when adapted to cultural contexts, a finding that directly supports the role of EC as a culturally amplified mediator in the Gongqing garment industry. This study measures EC through dimensions including trust, shared values, empathy, experiential quality, and cultural resonance.

Business Performance (BP)

Business performance is a multidimensional construct reflecting an organization's success in achieving strategic objectives across financial and non-financial domains. Kaplan and Norton (2004) established that the Balanced Scorecard framework requires the integration of financial metrics with customer, operational, and innovation perspectives. Porter and Heppelmann (2014) linked performance directly to competitive advantage achieved through either cost leadership or differentiation strategies, two pathways highly relevant to garment enterprises transitioning from OEM to brand-based competition.

For this study, BP is operationalized as a latent construct with three indicator dimensions: cost efficiency (reflecting operational competitiveness), service quality (reflecting customer-facing performance), and innovation capacity (reflecting adaptive capability). These three dimensions are measured as reflective indicators of the latent BP construct within the SEM framework, following the approach of Parasuraman et al. (2005) and Christensen et al. (2015). This operationalization ensures that BP captures both the efficiency-driven and differentiation-driven pathways to competitive advantage that are most salient for Gongqing SMEs. Recent work by Lalaeng and Hongsakul (2024) on Thailand textile manufacturing industry similarly found that dynamic capabilities, including innovation and quality enhancement, mediate between competitive strategy and business performance among SMEs, reinforcing the validity of these dimensions in analogous manufacturing contexts.

Theoretical Integration and Synthesis

Prior research has tended to examine cognitive (BR) and affective (EC) pathways from advertising to performance independently. This study advances the literature by integrating both pathways into a single structural model, grounded simultaneously in three theoretical traditions. From the hierarchy-of-effects model (Ray, 1973), the study derives the sequential logic: AE → BR



(cognitive stage) $\rightarrow$ BP and AE $\rightarrow$ EC (affective stage) $\rightarrow$ BP. From brand equity theory (Keller, 2016; Aaker, 2009), it derives the proposition that advertising builds brand assets recognition and emotional connection that constitute durable sources of competitive value. From the RBV (Teece, 2018), it positions local cultural resources (red culture, regional identity) as firm-specific intangible assets that amplify EC and, by extension, BP.

Critically, while existing studies in regional industrial contexts have confirmed individual paths (e.g., AE $\rightarrow$ BR or EC $\rightarrow$ BP), none have simultaneously tested whether indirect effects dominate direct effects in the advertising-performance relationship for SMEs in Chinese garment clusters. Kamphaengdee, Maneenin, and Sriphong (2025) demonstrated that entrepreneurial potential and business management competencies jointly shape enterprise performance among agricultural community enterprises in Southern Thailand, a structurally analogous context of regional SMEs with strong cultural embeddedness, providing evidence that locally grounded managerial and branding capabilities constitute distinctive performance drivers. The present study extends this line of inquiry to the Chinese industrial cluster context.

Hypotheses

H1: Advertising exposure has a significant positive direct impact on business performance.

H2: Advertising exposure has a significant positive impact on brand recognition.

H3: Brand recognition has a significant positive impact on business performance.

H4: Advertising exposure has a significant positive impact on emotional connection.

H5: Emotional connection has a significant positive impact on business performance.

H6: Advertising exposure has a significant positive indirect impact on business performance through brand recognition.

H7: Advertising exposure has a significant positive indirect impact on business performance through emotional connection.

Figure 1 illustrates the conceptual framework integrating these seven hypotheses within the dual-mediation model.

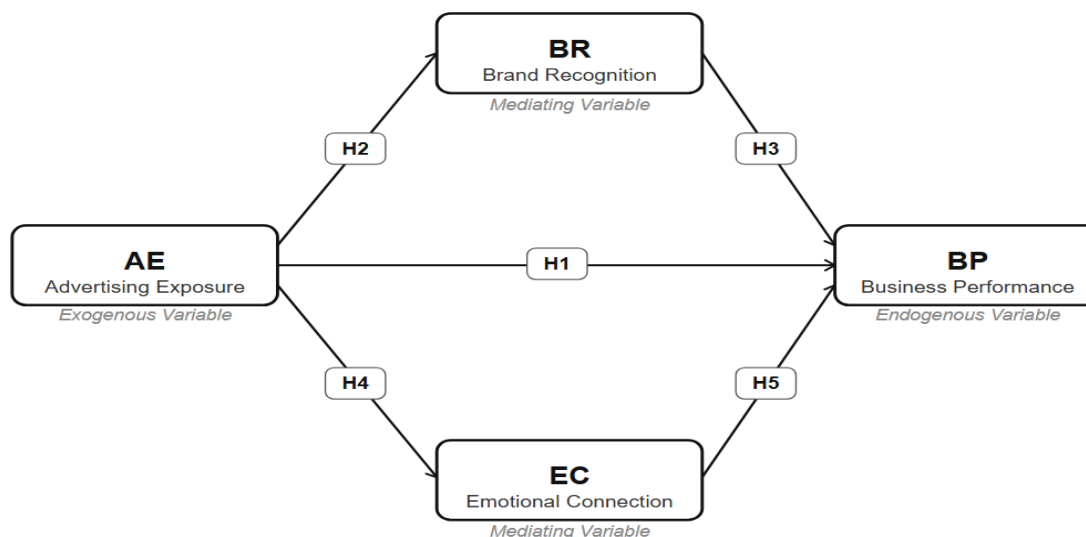


Figure 1 Conceptual Framework

Dual Mediation Model: $AE \rightarrow BR \rightarrow BP$; $AE \rightarrow EC \rightarrow BP$; $AE \rightarrow BP$

Methodology

This study employed a concurrent mixed-methods design, integrating quantitative structural analysis with qualitative expert inquiry. This approach is theoretically justified by the nature of the research problem: while SEM is necessary to test the causal and mediational structure of the proposed model, qualitative interviews are required to provide mechanistic explanations for why specific mediation pathways operate as they do in Gongqing's unique cultural and digital context. Together, the two methods provide both statistical validity and contextual interpretive depth, an approach aligned with best practices in marketing research that involves both hypothesis testing and context-sensitive explanation (Hair et al., 2019).

Quantitative Phase

The target population comprised employees of garment enterprises in Gongqing City, Jiangxi Province. A stratified random sampling procedure was employed to select 20 representative enterprises from the Gongqing garment industrial park, stratifying by enterprise size (small, medium, large) to ensure representativeness across firm types. From a total employee population of 11,508, a sample of 420 was determined following Hair et al. (2019) guidelines for SEM, which recommend a minimum of 10 observations per estimated parameter; the present model has 42 estimated parameters, thus requiring a minimum of 420 cases. A response rate of 100% was achieved through in-person data collection, yielding 420 valid questionnaires.

Constructs were measured using items adapted from established, validated scales. AE items were adapted from Belch and Belch (2021) and Ha and McCann (2022), covering multi-channel reach, frequency, and message quality. BR items drew on Keller (2016) CBBE framework and Aaker



(2009) Brand Identity Theory across seven sub-dimensions: image, reputation, communication, quality, experience, differentiation, and awareness. EC items were adapted from Fournier and Alvarez (2012) and Schmitt (2010), covering trust, shared values, empathy, experiential engagement, and cultural resonance. BP items were adapted from Kaplan and Norton (2004), Parasuraman et al. (2005), and Christensen et al. (2015), covering the three latent dimensions of cost efficiency, service quality, and innovation. All items used a 5-point Likert scale (1 = strongly disagree; 5 = strongly agree).

Data analysis proceeded in three stages. First, descriptive statistics and Pearson correlations were computed to characterize the sample and examine bivariate associations. Second, reliability was assessed using Cronbach's α (threshold: $\alpha > 0.70$); construct validity was assessed using confirmatory factor analysis (CFA), examining factor loadings (threshold: > 0.50), Average Variance Extracted (AVE; threshold: > 0.50) for convergent validity, and the Fornell-Larcker criterion (AVE $>$ squared inter-construct correlations) for discriminant validity. The Kaiser-Meyer-Olkin (KMO) measure confirmed sampling adequacy. Third, Structural Equation Modeling was conducted using AMOS 24.0 to test the hypothesized causal paths. SEM is particularly appropriate for this study because it simultaneously estimates multiple causal relationships and tests mediation effects while accounting for measurement error capabilities that regression-based approaches cannot replicate (Hair et al., 2022). Mediation significance was assessed using bootstrapped 95% confidence intervals (5,000 resamples). Model fit was evaluated using χ^2/df , RMSEA, GFI, and NFI indices. Potential common method bias was assessed using the Harman single-factor test; no single factor accounted for the majority of variance, suggesting common method bias was not a major concern.

Qualitative Phase

Semi-structured interviews were conducted with 15 purposively selected industry experts, comprising enterprise owners (n=6), senior marketing managers (n=5), and professional technicians and brand consultants (n=4). Participants were selected based on their minimum five years of direct experience in the Gongqing garment sector and their involvement in advertising and branding decisions. Interviews averaged 45–60 minutes and were conducted in Mandarin Chinese, audio-recorded with consent, and transcribed verbatim.

Thematic analysis, following Braun and Clarke's (2006) six-phase framework, was used to analyze interview data. The analysis aimed not merely to confirm quantitative findings but to explain the mechanisms underlying the statistical patterns, specifically, to illuminate why the indirect effects through BR and EC are so dominant, and to uncover the role of cultural, digital, and organizational factors in amplifying these pathways. Qualitative and quantitative findings were



integrated through a convergent triangulation strategy, in which both data strands were analyzed independently and then compared and synthesized in the results and discussion sections.

Results

Sample Characteristics

The final sample of 420 respondents comprised 52.9% female and 47.1% male participants. The majority (63.8%) were aged between 25 and 45 years, reflecting the workforce profile of the Gongqing garment sector. Most respondents had 3–10 years of industry experience (58.1%), with 21.4% reporting more than 10 years. These demographics indicate a workforce with sufficient brand and operational awareness to provide reliable assessments of the study constructs, enhancing the external validity of findings relevant to the Gongqing SME garment context.

Measurement Quality: Reliability and Validity

All constructs demonstrated excellent internal consistency, with Cronbach α values well above the 0.70 threshold: AE ($\alpha=0.921$), BR ($\alpha=0.932$), EC ($\alpha=0.922$), and BP ($\alpha=0.942$). These values confirm that items within each construct measure the same underlying dimension reliably.

KMO values exceeded 0.80 for all constructs (AE: 0.892; BR: 0.904; EC: 0.886; BP: 0.915), confirming that inter-item correlations are sufficiently large for factor analysis. All items loaded significantly on their designated factors (loadings ≥ 0.62), and Bartlett tests of sphericity were significant ($p < 0.001$) for all constructs, further validating the factor structure.

Convergent validity was confirmed through AVE values exceeding the 0.50 threshold for all constructs (AE: 0.61; BR: 0.63; EC: 0.59; BP: 0.65). Discriminant validity was established via the Fornell-Larcker criterion: the square root of each construct's AVE exceeded its correlations with all other constructs, confirming that each construct shares more variance with its own indicators than with other constructs in the model. Collectively, these results confirm that the measurement model provides a reliable and valid foundation for the subsequent structural analysis.

Structural Model Fit and Path Analysis

The structural model demonstrated excellent fit across all indices: $\chi^2/df = 0.864$, RMSEA = 0.000, GFI = 0.967, NFI = 0.959. These values meet or exceed conventional thresholds ($\chi^2/df < 3.0$; RMSEA < 0.08 ; GFI > 0.90 ; NFI > 0.90), confirming that the hypothesized model structure is consistent with the empirical data and that the theoretical architecture derived from brand equity theory and the hierarchy-of-effects model accurately reflects the patterns observed in the Gongqing garment sector. Table 1 presents the standardized path coefficients and statistical significance for each hypothesis.

Table 1 Estimates of the Structural Equation Model



Hypothesis	Path	Estimate	S.E.	C.R.	P-value	Result
H1	BP <--- AE	0.25	.078	4.093	< 0.001	Supported
H2	BR <--- AE	0.90	.085	8.085	< 0.001	Supported
H3	BP <--- BR	0.43	.056	7.902	< 0.001	Supported
H4	EC <--- AE	0.57	.093	8.074	< 0.001	Supported
H5	BP <--- EC	0.39	.051	7.273	< 0.001	Supported

Note. All paths are significant at $p < 0.001$. S.E. = standard error; C.R. = critical ratio.

The most notable finding at the path level is the very strong effect of AE on BR ($\beta=0.90$), indicating that advertising exposure in the Gongqing garment context exerts an overwhelming influence on consumers' ability to identify and recall brand signals, a pattern consistent with the cognitive first-stage prediction of the hierarchy-of-effects model. The moderately strong effects of BR on BP ($\beta=0.43$) and EC on BP ($\beta=0.39$) indicate that both cognitive and affective brand assets translate into meaningful performance advantages. The direct effect of AE on BP ($\beta=0.25$), while significant, is notably smaller than the effects operating through the mediators, foreshadowing the dominance of indirect effects reported in the mediation analysis.

Mediation Analysis

The mediation analysis, conducted using bootstrapped confidence intervals (5,000 resamples), confirmed both indirect effects and revealed the predominance of psychological mediation in the advertising-performance relationship. Table 2 presents the decomposition of total, direct, and indirect effects.

Table 2 Results of Direct, Indirect, and Total Effects

Independent Var.	Dependent Var.	Total Effect (TE)	Direct Effect (DE)	Indirect Effect (IE)
AE	BP	0.859	0.250	0.609
AE	BR	0.900	0.900	0.000
AE	EC	0.570	0.570	0.000
BR	BP	0.430	0.430	0.000
EC	BP	0.390	0.390	0.000

Note. Indirect effects were assessed using bootstrapped 95% confidence intervals (5,000 resamples); all indirect effects reported are significant (CI excludes zero).

The central finding is that indirect effects account for 70.9% of the AE total effect on BP (0.609 out of 0.859). The indirect effect through BR ($\beta=0.387$) is larger than that through EC ($\beta=0.222$), indicating that the cognitive pathway from advertising to business performance operating through brand recognition is the dominant mechanism, with the affective pathway through emotional connection providing substantial additional mediation. Together, these findings reveal that advertising value in the Gongqing garment industry is realized primarily through the psychological brand assets it builds, rather than through direct conversion of exposure into sales or performance. This pattern challenges the conventional direct-effect emphasis in advertising ROI models and aligns with the psychological processing logic of the hierarchy-of-effects model and the asset-building logic of brand equity theory.

Qualitative Findings and Integration

Thematic analysis of the 15 expert interviews generated three primary themes that help explain the magnitude and pattern of the quantitative mediation results.

Theme 1: Channel Integration as Cognitive Amplifier. All interviewees identified Douyin live-streaming as a transformative advertising channel that dramatically accelerates brand recognition building. One enterprise owner described how systematic live-streaming campaigns featuring consistent visual branding elements, logos, packaging colors, and spokesperson styles produced measurable increases in brand recall within weeks. This qualitative insight explains why the AE→BR path coefficient ($\beta=0.90$) is exceptionally strong compared to analogous studies in other sectors: the combination of high-frequency digital exposure and visual consistency in Douyin content creates near-optimal conditions for cognitive brand recognition formation.

Theme 2: Red Culture Storytelling as Emotional Amplifier. Multiple managers described deliberate strategies to embed narratives of Gongqing revolutionary history and local industrial pride into advertising content. These culturally rooted narratives generated emotional responses of pride, belonging, and identification that generic product advertising could not replicate. This qualitative finding explains why the AE→EC path ($\beta=0.57$) and the EC→BP path ($\beta=0.39$) are both significant: the cultural specificity of Gongqing advertising content transforms exposure into emotionally charged brand bonds that translate into sustained consumer loyalty and repeat purchase behavior. Under the RBV, this represents a regionally distinctive, inimitable resource that competitors from outside Gongqing cannot easily appropriate.

Theme 3: Eco-Friendly Innovation as Performance Driver. Interviewees noted growing consumer sensitivity to sustainability in the down clothing sector, with several enterprises reporting that eco-friendly branding initiatives (e.g., certified sustainable down sourcing, recyclable packaging) had measurably improved both service quality perceptions and brand differentiation.



This theme provides contextual explanation for the BP construct innovation dimension, suggesting that in the Gongqing contemporary market, innovation-driven performance gains increasingly flow through brand recognition and emotional connection built around sustainability narratives.

Discussion

1. Key Factors Affecting Business Performance

The first research objective was to identify key factors affecting BP in the Gongqing garment industry. The results confirm that AE, BR, and EC are all significant determinants of BP, but that their relative contributions differ substantially. BR emerged as the strongest mediator ($\beta=0.387$), followed by EC ($\beta=0.222$), with the combined indirect effects accounting for 70.9% of AE's total impact on BP. This dominance of mediated over direct effects represents the study's most theoretically consequential finding, warranting critical interpretation beyond mere confirmation of prior literature.

The finding aligns with Keller's (2016) CBBE framework and Aaker's (2009) brand equity theory, which posit that advertising creates brand assets recognition, associations, and affective bonds that generate enduring competitive advantages exceeding those from direct advertising conversion. However, the specific magnitude of indirect effects (70.9%) is notably higher than values reported in comparable studies in other sectors or national markets. This elevation likely reflects two contextually specific dynamics: First, the SME-dominated structure of the Gongqing garment market means that most enterprises lack the scale for direct-response advertising to generate substantial sales volume, making brand equity building a more productive investment pathway. This is consistent with Lalaeng and Hongsakul's (2024) finding that dynamic capabilities, including brand differentiation, are the primary performance drivers for SMEs in Thailand's textile manufacturing industry, suggesting a common pattern among manufacturing SMEs in culturally embedded Southeast and East Asian contexts. Second, the cultural richness of Gongqing with its revolutionary history and strong local identity creates unusually fertile ground for emotionally resonant branding, making the EC pathway more potent than it would be in a culturally generic market.

Importantly, this study's RBV interpretation goes beyond treating cultural factors as a mere contextual backdrop. Gongqing red culture narratives function as strategic intangible resources historically accumulated, locally specific, and competitively inimitable that amplify the EC mechanism and create a form of place-based brand differentiation unavailable to external competitors. This theoretical re-framing transforms cultural context from a limiting condition on generalizability into a theoretically productive source of competitive advantage.

2. Causal Relationships Among AE, BR, EC, and BP



2.1 Direct Effects

The direct effect of AE on BP ($\beta=0.25$, $p<0.001$) supports H1 and is consistent with established advertising effectiveness research. Tellis (2009) synthesized decades of empirical evidence demonstrating that well-designed advertising campaigns consistently generate positive returns on investment. Belch and Belch (2021) further emphasized that IMC approaches coordinating digital, traditional, and experiential touchpoints enhance both reach and return. Recent evidence from the apparel sector reinforces this: Mishra et al. (2024) found that sales promotions have a significant positive influence on consumer purchase decisions in India apparel industry, particularly among younger segments, while Vijayakumar and Davidova (2025) identified digital engagement as the most significant predictor of consumer behavior in the Indian apparel sector, accounting for 32.9% of variance in purchase decisions.

The exceptionally strong direct effect of AE on BR ($\beta=0.90$) supports H2 and reflects the cognitive first-stage prediction of the hierarchy-of-effects model. Contemporary research by Vijayakumar and Davidova (2025) confirms that digital advertising channels are particularly effective at building the cognitive recognition prerequisite for brand relationships. The AE→EC path ($\beta=0.57$) supports H4 and reflects the affective pathway proposed by Ray (1973), indicating that advertising in Gongqing with its culturally resonant content stimulates emotional responses as well as cognitive recognition.

The direct effects of BR on BP ($\beta=0.43$) and EC on BP ($\beta=0.39$) support H3 and H5, respectively, demonstrating that both cognitive and affective brand assets independently drive business performance. Park and Hwang (2024) confirmed a parallel pattern, showing that brand awareness, image, perceived quality, and loyalty positively affect brand attitudes and behavioral intentions in service contexts. Brandão and Ramos (2024) similarly demonstrated that emotional brand attachment mediates between brand equity and consumer engagement, reinforcing the independent contributions of both BR and EC to performance outcomes. These findings are consistent with the dual-process logic of consumer psychology, in which both rational (cognitive) and emotional (affective) evaluations contribute to decision-making and loyalty.

2.2 Indirect Effects (Dual Mediation)

The mediation analysis revealed that indirect effects through BR and EC collectively account for 70.9% of AE's total impact on BP, the most theoretically significant finding of this study. This result demonstrates that the primary value in the Gongqing garment context is not its direct conversion power but its capacity to build the psychological brand assets that sustain long-term performance.

This pattern is theoretically consistent with the Stimulus-Organism-Response (SOR) framework (Khan et al., 2024), which characterizes advertising as a stimulus that operates through internal organism states, in this case, brand recognition and emotional connection, before producing behavioral and performance responses. Yang et al. (2024) found that live-streaming attributes influence purchase intention through trust and impulsive mechanisms, forming a parallel dual-mediation structure. This supports the present study's finding that the relationship between AE and BP is primarily mediated rather than direct.

Comparing across contexts, the 70.9% indirect proportion exceeds that reported in most prior studies of advertising effectiveness in general consumer markets (typically 40–55%), suggesting that the Gongqing industrial cluster context amplifies the mediating role of psychological brand assets. Two boundary conditions likely contribute to this amplification: firm size (SMEs have limited direct-response capacity, increasing reliance on brand equity) and cultural embeddedness (locally specific cultural resources strengthen EC, boosting its mediating power). Future research testing these boundary conditions through moderation analysis would further advance theoretical understanding.

3. Development and Validation of the Structural Model

The third research objective was to develop and validate a structural model. The final model's excellent fit ($\chi^2/df=0.864$, RMSEA=0.000, GFI=0.967, NFI=0.959) confirms that the hypothesized dual-mediation architecture accurately reflects the empirical data structure. This model extends the hierarchy-of-effects framework (Ray, 1973) by demonstrating that cognitive (BR) and affective (EC) processes operate not only sequentially but also independently and in parallel, both serving as conduits from advertising exposure to business performance.

The model further provides empirical support for the IMC framework (Belch & Belch, 2021): the multi-channel advertising strategies employed by Gongqing enterprises (combining Douyin live-streaming, traditional media, and cultural experiential events) produce the consistent, high-frequency exposure necessary to generate both the strong AE→BR effect ($\beta=0.90$) and the substantial AE→EC effect ($\beta=0.57$). Vijayakumar and Davidova (2025) independently confirmed that innovation hubs integrating digital engagement, sustainability, retail experience, and social co-creation significantly enhance consumer behavior in the apparel sector, a finding structurally analogous to this study's multi-channel advertising mechanism.

Looking forward, the model's applicability to other culturally embedded manufacturing clusters, such as textile SMEs in Southeast Asia or artisanal production hubs in other developing economies, warrants investigation. Kamphaengdee et al. (2025) demonstrated that entrepreneurial management capabilities significantly shape enterprise performance in regional



agricultural community enterprises in Southern Thailand, suggesting that the interplay of cultural distinctiveness and strategic capability is a generalizable performance driver beyond the Gongqing specific context. Future research should test whether the dual-mediation model holds across different cultural and industrial contexts, and whether firm-level moderators such as digital capability, enterprise scale, or market competition intensity affect the relative strengths of the two mediation pathways.

4. Theoretical and Practical Implications

4.1 Theoretical Contributions

This study makes three distinct theoretical contributions. First, it empirically validates a dual-mediation model that simultaneously tests cognitive (BR) and affective (EC) pathways from advertising to performance, extending prior research that examined these pathways in isolation (Chaudhuri & Holbrook, 2001; Keller, 2016). The simultaneous confirmation of both pathways within a single structural model advances theoretical understanding of advertising effectiveness as a fundamentally psychological process rather than a simple stimulus-response mechanism.

Second, the study demonstrates the predominance of indirect effects (70.9%) in a regionally embedded SME context, challenging the conventional emphasis on direct advertising returns (Tellis, 2009) and providing evidence that, for manufacturing SMEs in culturally rich industrial clusters, brand equity building is a more productive investment than direct-response advertising. This finding has important implications for how advertising ROI should be conceptualized and measured in emerging market SME contexts.

Third, the study reframes local cultural resources (red culture, regional identity) as strategic intangible assets under the RBV, demonstrating that cultural embeddedness is not merely a contextual factor that limits generalizability but a theoretically meaningful source of competitive advantage that amplifies EC and, by extension, sustained business performance. This conceptual contribution opens a productive research direction examining how place-based cultural resources function as components of brand equity in other regionally distinctive industrial clusters.

4.2 Practical Implications

For practitioners in the Gongqing garment industry, the findings offer four specific and evidence-based strategic recommendations:

1. Invest in Consistent Visual Branding: The strong $AE \rightarrow BR$ path ($\beta=0.90$) confirms that consistent logo, color, and visual identity across all advertising channels is the single most powerful lever for building brand recognition. Park and Hwang (2024) confirm that brand image and perceived quality positively influence consumer attitudes across service contexts, reinforcing the importance of sustained visual consistency in the Gongqing competitive SME landscape.





2. Develop Culturally Resonant Narratives: The significant EC pathway underscores the value of advertising strategies rooted in Gongqing red culture heritage and local industrial identity. Mehta and Deuskar (2025) found that narrative and metaphorical advertising strategies enhance emotional engagement and brand identification, particularly when culturally adapted, providing direct empirical support for this recommendation.

3. Leverage Multi-Channel Integration: The effectiveness of Douyin live-streaming, as identified in qualitative findings, combined with traditional media and cultural experiential events, reflects the IMC logic of Belch and Belch (2021). Enterprises should strategically coordinate messages across platforms to reinforce both cognitive and affective brand dimensions simultaneously.

4. Embrace Innovation-Driven Sustainability: The qualitative finding that eco-friendly branding initiatives drive BP through both the innovation and service quality dimensions of the BP construct is supported by Vijayakumar and Davidova (2025), who identified sustainability as a significant driver of consumer behavior in the apparel sector. Gongqing enterprises should integrate sustainability narratives into their branding strategies to both differentiate their brand and build the emotional connections associated with shared environmental values.

5. Limitations and Future Research

Three key limitations of this study should be acknowledged. First, the cross-sectional design precludes definitive causal inference about how the mediation pathways evolve. Future longitudinal research could examine whether the BR and EC pathways strengthen with repeated advertising exposure and whether seasonal campaigns produce differential effects on the two mediation pathways.

Second, the study focused exclusively on the Gongqing garment industry, which, while providing rich contextual depth, limits direct generalizability. As recommended by the reviewer, the transferability of the dual-mediation model to other culturally distinctive industrial clusters (e.g., Thai textile SMEs, Taiwanese electronics clusters) should be explicitly tested. The structural parallels with Lalaeng and Hongsakul's (2024) findings in the Thai textile sector and Kamphaengdee et al. (2025) findings in Southern Thai agri-food enterprises suggest strong potential for cross-context validation.

Third, while Harman's single-factor test did not indicate substantial common method bias, future research should consider multi-source data collection, gathering advertising exposure data from enterprise records and business performance data from financial reports to further strengthen causal inference and mitigate self-report limitations.



Conclusion

This study developed and validated a dual-mediation model demonstrating that advertising exposure influences business performance in the Gongqing garment industry primarily through two psychological mechanisms: brand recognition ($\beta=0.387$ indirect) and emotional connection ($\beta=0.222$ indirect), which together account for 70.9% of the total advertising-to-performance effect. These findings advance marketing theory in three ways. Theoretically, they demonstrate that in culturally embedded regional industrial clusters, indirect psychological pathways dominate direct advertising effects, a finding that challenges conventional advertising ROI models and extends the hierarchy-of-effects framework by empirically confirming the predominance of mediated effects. Methodologically, the study provides a rigorously validated SEM framework with excellent fit that can serve as a template for analogous investigations in other regional SME contexts. Contextually, it reveals that Gongqing red culture heritage functions as a strategically significant intangible resource under the RBV that amplifies emotional connection and creates culturally inimitable competitive advantage.

The critical implication for both theory and practice is that the 70.9% indirect effect proportion signals a fundamental shift in how advertising should be understood and deployed for manufacturing SMEs undertaking brand-driven transformation. Rather than measuring advertising success through direct conversion metrics, Gongqing enterprises and analogous SMEs in culturally distinctive clusters worldwide should evaluate advertising performance through its capacity to build brand recognition and foster deep emotional connections, as these psychological assets are the primary engines of sustainable business performance.

Future research should test the boundary conditions of this model, particularly the moderating roles of firm size, digital capability, and cultural embeddedness, and examine whether the dual-mediation structure generalizes to other textile and apparel clusters in East and Southeast Asian developing economies. Longitudinal designs and multi-source data collection would further strengthen the causal framework established here.

New Knowledge from the Research

This research contributes three distinct categories of new knowledge to the fields of marketing and business management.

Theoretical contribution: The study establishes empirical proof that indirect psychological pathways (brand recognition + emotional connection) account for 70.9% of advertising's total effect on business performance, a proportion exceeding that reported in prior studies of advertising effectiveness in general consumer markets. This finding advances brand equity theory and the hierarchy-of-effects model by demonstrating, for the first time in a Chinese regional garment SME context, that the shift from direct advertising impact to psychologically driven





performance mechanisms is not merely a theoretical proposition but an empirically verified reality. The validated dual-mediation model provides a new theoretical architecture for understanding advertising effectiveness as fundamentally a brand asset-building process.

Methodological contribution: The study introduces a validated SEM-based measurement framework that operationalizes business performance as a reflective latent construct with three specific indicator dimensions (cost efficiency, service quality, innovation), integrated within a mixed-methods design that provides both quantitative precision and qualitative mechanism explanation. This methodological approach offers a replicable template for future research on advertising effectiveness and brand equity in regional industrial cluster contexts.

Contextual contribution: The research reveals that locally specific cultural resources, particularly Gongqing red culture identity and regional heritage, function as firm-specific strategic intangible assets under the RBV that amplify emotional connection and differentiate local brands in ways that external competitors cannot replicate. This finding reframes cultural embeddedness from a limiting generalizability condition into a theoretically productive source of competitive advantage, opening new research directions on place-based brand equity in culturally distinctive industrial clusters in developing economies.

Recommendation

Based on the findings, the following strategic recommendations are made for practitioners and policymakers in the Gongqing garment industry:

Implement a Balanced Marketing Strategy: Shift from solely direct-response advertising toward a model that simultaneously cultivates cognitive brand recognition and emotional connection. Since indirect effects account for 70.9% of advertising's total impact on performance, marketing budgets should be reallocated to sustain a consistent brand identity alongside emotionally resonant campaign content. The practical standard should be measured not only in sales conversion but in brand equity indicators, consumer recall rates, brand association scores, and emotional engagement metrics.

Integrate Cultural Narratives as Strategic Brand Assets: Develop advertising campaigns that authentically incorporate Gongqing's unique red culture heritage and industrial history. These narratives should be treated not as marketing decoration but as core strategic assets that generate the emotional differentiation unavailable to competitors outside the region. Enterprises should invest in brand storytelling capabilities and cultural content production as long-term competitive investments.

Leverage Multi-Channel Integration Strategically: Continue utilizing Douyin live-streaming for its powerful cognitive brand recognition-building capacity (AE→BR: $\beta=0.90$), while integrating





traditional media and offline cultural experiential events to deepen emotional connection. The goal of multi-channel integration should be the coordinated reinforcement of both cognitive and affective brand dimensions across all consumer touchpoints, consistent with IMC best practices.

Invest in Long-Term Brand Equity and Sustainability Innovation: Recognize that advertising is an investment in brand equity with compounding long-term returns. Consistent, high-quality creative content combined with innovation-driven sustainability initiatives, certified eco-friendly sourcing, sustainable packaging will build both the recognition and emotional connection dimensions of brand equity while positioning Gongqing enterprises at the frontier of consumer expectations in the contemporary apparel sector.

References

- Aaker, D. A. (1991). *Managing brand equity: Capitalizing on the value of a brand name*. Free Press.
https://books.google.com/books/about/Managing_Brand_Equity.html?id=FkO5AAAAIAAJ
- Belch, G. E., & Belch, M. A. (2021). *Advertising and promotion: An integrated marketing communications perspective* (12th ed.). McGraw Hill.
https://books.google.com/books/about/Advertising_and_Promotion.html?id=PYpSzQEACAAJ
- Brandão, A., & Ramos, Á. S. (2024). “Your comments boost my value!” The mediator role of emotional brand attachment between brand equity and social media engagement. *Journal of Marketing for Higher Education*, 34(2), 1220–1249.
<https://doi.org/10.1080/08841241.2023.2275749>
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77–101. <https://doi.org/10.1191/1478088706qp063oa>
- Chaudhuri, A., & Holbrook, M. B. (2001). The chain of effects from brand trust and brand affect to brand performance: The role of brand loyalty. *Journal of Marketing*, 65(2), 81–93.
<https://doi.org/10.1509/jmkg.65.2.81.18255>
- Christensen, C. M., Raynor, M. E., & McDonald, R. (2015). What is disruptive innovation? *Harvard Business Review*, 93(12), 44–53. <https://hbr.org/2015/12/what-is-disruptive-innovation>
- Fournier, S., & Alvarez, C. (2012). Brands as relationship partners: Warmth, competence, and in-between. *Journal of Consumer Psychology*, 22(2), 177–185.
<https://doi.org/10.1016/j.jcps.2011.10.003>
- Ha, L., & McCann, J. (2022). The role of peripheral cues in low-involvement TV advertising persuasion. *Journal of Current Issues & Research in Advertising*, 43(1), 45–62.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2019). *Multivariate data analysis* (8th ed.). Cengage.





- Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2022). *A primer on partial least squares structural equation modeling (PLS-SEM)* (3rd ed.). Sage. <https://us.sagepub.com/en-us/nam/a-primer-on-partial-least-squares-structural-equation-modeling-pls-sem/book270548>
- Kamphaengdee, W., Maneenin, N., & Sriphong, P. (2025). Pathways to success: Examining the influence of entrepreneurial potential and business management on Southern Thai agri-food community enterprise performance. *Asian Interdisciplinary and Sustainability Review*, 14(1), Article 7. <https://doi.org/10.14456/aisr.2025.7>
- Kaplan, R. S., & Norton, D. P. (2004). *Strategy maps: Converting intangible assets into tangible outcomes*. Harvard Business School Press.
- Keller, K. L. (2016). Reflections on customer-based brand equity: Perspectives, progress, and priorities. *AMS Review*, 6(1), 1–16. <https://doi.org/10.1007/s13162-016-0078-z>
- Khan, A., Khan, Z., & Nabi, M. K. (2024). “I think exactly the same”—Trust in SMLs and online purchase intention: A moderation mediation analysis using PLS-SEM. *Journal of Advances in Management Research*, 21(2), 311–330. <https://doi.org/10.1108/JAMR-03-2023-0087>
- Lalaeng, P., & Hongsakul, N. (2024). Creative economy, dynamic capabilities, and competitive advantage affecting the business performance of SMEs in the textile manufacturing industry of Thailand. *Asian Administration and Management Review*, 7(2), 115–129. <https://doi.org/10.14456/aamr.2024.28>
- Mehta, M. J., & Deuskar, V. A. (2025). Narrative and metaphorical persuasion in advertising: A multidisciplinary systematic review of linguistic strategies and consumer response. *International Education and Research Journal*, 11(8). <https://doi.org/10.5281/zenodo.17036593>
- Mishra, M., Kushwaha, R., & Gupta, N. (2024). Impact of sales promotion on consumer buying behavior in the apparel industry. *Cogent Business & Management*, 11(1), Article 2310552. <https://doi.org/10.1080/23311975.2024.2310552>
- Parasuraman, A., Zeithaml, V. A., & Malhotra, A. (2005). E-S-QUAL: A multiple-item scale for assessing electronic service quality. *Journal of Service Research*, 7(3), 213–233. <https://doi.org/10.1177/1094670504271156>
- Park, J. P., & Hwang, J. S. (2024). The effect of customer-based brand equity on brand attitude and behavioral intention for mobile e-coupons: Focusing on chicken franchise brands. *Korean Journal of Franchise Management*, 15(3), 1–15. <https://accesson.kr/kjfm/assets/pdf/45226/journal-15-3-25.pdf>





- Porter, M. E., & Heppelmann, J. E. (2014). How smart, connected products are transforming competition. *Harvard Business Review*, 92(11), 64–88. <https://hbr.org/2014/11/how-smart-connected-products-are-transforming-competition>
- Ray, M. L. (1973). Marketing communication and the hierarchy-of-effects. In P. Clarke (Ed.), *New models for mass communication research* (pp. 147–176). Sage.
- Schmitt, B. (2011). Experience marketing: Concepts, frameworks and consumer insights. *Foundations and Trends in Marketing*, 5(2), 55–112. <https://doi.org/10.1561/17000000027>
- Teece, D. J. (2018). Business models and dynamic capabilities. *Long Range Planning*, 51(1), 40–49. <https://doi.org/10.1016/j.lrp.2017.06.007>
- Tellis, G. J. (2009). Generalizations about advertising effectiveness in markets. *Journal of Advertising Research*, 49(2), 240–245. <https://doi.org/10.2501/S0021849909090357>
- Vijayakumar, A., & Davidova, J. (2025). Enhancing consumer buying behaviour through innovation hubs: A quantitative study in the Indian apparel sector. *Acta Prosperitatis*, 16(1), 165–178. <https://doi.org/10.2478/acpro-2025-0014>
- Yang, G., Chaiyasoonthorn, W., & Chaveesuk, S. (2024). Exploring the influence of live streaming on consumer purchase intention: A structural equation modeling approach in the Chinese e-commerce sector. *Acta Psychologica*, 249, Article 104415. <https://doi.org/10.1016/j.actpsy.2024.104415>

