

# The Mediating Role of Marketing Innovation to the Marketing Competence and Sustainable Competitive Advantage of selected Small and Medium Enterprises

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## Abstract

The purpose of this paper is to measure the mediating role of marketing innovation to marketing competence and sustainable competitive advantage. The study used a descriptive and quantitative approach to test the hypotheses. The data was collected among 85 managers and/or owners of the SMEs foodservice sector in Angeles City, Pampanga. The results of the research show that there is a significant relationship between marketing competence, marketing innovation, and sustained competitive advantage of the firm. Furthermore, product and price innovation significantly mediate the relationship between marketing competence and sustainable competitive advantage.

**Key Words:** small and medium enterprises; marketing competence; marketing innovation; sustainable competitive advantage

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## Introduction

There is growing attention to the essential role operated by SMEs to support growth (Miranda & Miranda, 2018). SMEs face challenges from the intensified competition, the strength to adjust to fast-changing market search, technological shift, and capacity limitations associated with information, novelty, and creativity (Yoshino, 2016). For institutions to become more sustainable, contentious, and develop their performance, they must have enough resources and abilities to continuously develop innovative products as well as approaches (Ungerman, Dedkova, & Gurinova, 2018). Gupta, Malhotra, Czinkota, & Foroudi, (2016) administered a study determining the correlation between unique marketing in an industry and a growth in the competitiveness of a firm. In the Philippines, it is estimated that SMEs contribute 35.7% of the total value-added or gross domestic product and 63.2% of the total employment (Congressional Policy and Budget Research Department, 2018). One of the most generating businesses in Angeles City is food services since Pampanga is known to be the culinary capital of the Philippines (Lacap, 2019). Food service industry expands in the region where the population and the economy grow. Therefore, demands for foods obviously increase in the area where the population increases. Local food, directly and indirectly, influences SMEs particularly food service sector (Du Rand & Heath, 2006; Everett & Slocum, 2013; Sims, 2009). The food service industry is a vital part of the Kapampangan economy (Thomson, 2017).

Marketing modifications are intended at better addressing customer demands, presenting different markets, or afresh placing a firm's product on the market, to improve the firm's sales (Karthika, 2014). The effectiveness of a firm in a market specifies its aptitude to catch the target market utilizing fresh and unique marketing approaches (Gupta, Malhotra, Czinkota, & Foroudi, 2016). Quaye and Mensah (2017) recognized these difficulties as either from the macro and microenvironment. As an effect of the challenging industry conditions, SME owners–managers formulate possibilities when they are bound to "think outside the box" to produce unique and/or distinctive methods and tactics to satisfy the growth plans of untamed entrants, customers, and administrative requirements. Despite the above reality, its influence on the capability of a business to improve and maintain advantage among entrants has not yet acquired satisfactory observational inquiry. In the study, Kamp & Parry (2017) confirmed that improved and unique marketing techniques have a purposeful influence on increasing revenue and decreasing outlays, so improving the effectiveness of the firm. Also, the research study aims to improve the prior conducted literature by concentrating on the precursors of innovation in marketing and its impact on building a sustainable competitive market (Prodromos, 2018). The paper intends to address this by examining the influence of innovation on the sustainability and growth of SMEs. To do this, the research will further explore the types of marketing innovation being conducted by SMEs; determine the relationship between MC, MI, and SCA; to measure the mediating role of MI on MC and SCA and assess whether SMEs have the marketing resources and capabilities to execute innovation to achieve sustainable and competitive market.

The result of the study may contribute and be useful to the following: (1) Department of Trade and Industry (DTI); (2) Small and Medium Enterprises (SMEs); (3) Future Researchers. The study assessed the MC, MI, and SCA of the SMEs foodservice sector in Angeles City, Pampanga. Only small and medium firms were included in the study since micro enterprises (e.g. sari-sari stores and the like) may not adopt marketing innovation and have limited resources.

## **Literature Review**

In this modern age, it is admitted that the sustainability of a firm depends on its capabilities and know-how based on information retrieval, the unification of systems and methods, and the applicability of technology (Medase & Barasa, 2019). Marketing capabilities demonstrate a firm's capability in distinguishing its goods from those of opponents and in building successful brands. Marketing capabilities also represent how firms connect with consumers to create profitable relationships for enhanced innovation performance (Egbetokun, 2015; Hauser et al., 2006; Ren et al., 2015; Vorhies et al., 2009). Marketing capabilities are usually valuable, inimitable, and non-substitutable in creating sustainable competitive advantage and promoting superior firm performance in both domestic and international markets (Morgan et al., 2018).

The emerging perils of competition, engagements of consumers, and their fast-changing requirements make it more important that businesses continuously develop their business. SMEs need to contemplate continuously improving product design and packaging, pricing schemes, retail location, promotional approach, production costs, delivery schedules, relevance, and productivity in all systems (Mbizi et al., 2013). In this regard, marketing innovation is a modification to increase the marketing method. Based on the literature that it is essential to maximize firms' competitive

edge and perform better with other competitors, the business must search and utilize the various innovations to unique products, pricing scheme, place and distribution, and brand positioning (Na, Kang, & Jeong, 2019). It also includes the understanding of the business to assign and create the assistance and capabilities of the business fit to the modern market. Tamayo, Ruiz, & Verdu, (2010) said that such improvement of product and service continues to aid and support the firms by the combination of different means. Moreover, the improvement of product offerings can be further strengthened, and continuously improved through the corresponding support of the firm.

The firm's status and performance can be strengthened and improved by improving firms' capability in the connection between MI and SCA (Ejrami, Salehi, & Ahmadian, 2016). Therefore, changing methods is recommended as an imperative requirement for a sustainable competitive edge and the final purpose of marketing innovation is in enhancing the use of the firm and matching the need of customers (Na et al., 2019).

Na, Kang, & Jeong, (2019) affirmed that the concept of SCA links to delivering superior performance utilizing the support and capacities of the firms. It shows the capability to create more favorable conditions and tremendous value for customers based on its greater resources and capabilities. Jaakkola et al., (2020) asserted that SCA is fulfilled by understanding results and the firm's capabilities that are good, different, hard to replicate, and important. The accomplishment of a firm will improve and grow more as time advances because the firm will have more versatility, the capability to utilize resources, and the continuous development of product offerings. Since the SCA of the firm can be improved and generated based on its resources and capabilities.

### **Theoretical Framework**

In the progress of the fundamental connections between the variables of the research, the theoretical framework of this research was based on the influential theory Resource-Based View of the firm theory was integrated. The RBV is a foundation in strategic management research that has been used and applied to various researchers in studying management principles and concepts. This theory is to examine the resources of a firm that have the potential to develop and sustain a competitive edge and, in turn, superior performance among firms (Barney, 2007; Barney, 2001; Barney & Arkan, 2001; Barney & Hesterly, 2010; Sheehan & Foss, 2007). The RBV objectives describe the in-house resources of a firm's continued competitive edge (Kraaijenbrink, Spender, & Groen, 2010). Also, this theory discusses how to obtain a sustainable competitive advantage by creating and utilizing new product development of the organization. By giving excellent service to consumers (Nuryakin, 2018), price innovation, retail/distribution innovation, and promotion innovation (Nkemkiafu et al., 2019). Wade and Hulland (2004) debate that businesses have possessions, a subcategory of which allows them to attain competitive lead, and a subsection of those that lead to excellent long-term performance. According to (Morgan, 2011) the achievement of the firm's sustainable performance and superior edge among firms is managed by marketing skills and resources. Marketing capability is intimately linked to understanding capabilities that generate innovation related to maintaining firms' market success.

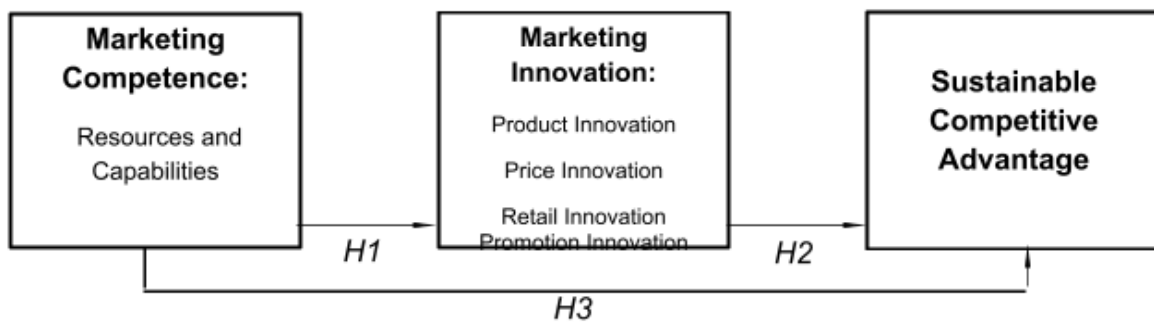
## Conceptual Framework

The conceptual framework of the study (Figure 1) illustrates that small-scale and medium-scale enterprises own different promotional means such as economics, supplies, workers (Saunila et al., 2014), professional experiences, capabilities, information, licenses, and assets (Remeikiene and Startiene, 2009) associated to building buying innovation enterprise (Abdelrahman, 2012). Firms' capabilities also cover regular methods, ideas, approaches, systems and services, and compliance to modify (Miller et al., 2002). With regards to the necessity to set goals for the research of resources and competencies, this inquiry will concentrate on employees, technology application, economics, plans and policies, marketing strategies, and flexibility to adapt (Santos-Vijande, Sanzo-Pérez, Trespalacios Gutiérrez, & García Rodríguez, 2012).

In this research, the researcher will follow the recommendation that effective integration of marketing competence builds blocks of core capability to produce innovative marketing strategies towards the sustainable competitive advantage of SMEs (Barney, 1991; Genç et al., 2013; Jiao et al., 2010; Miller et al., 2002). The ability to innovate depends largely on the marketing capabilities and resources of SMEs to achieve a sustainable competitive advantage, shown in Figure 2.

**Figure 1**

*Conceptual framework*



## General Assumption

Generally, the research questions and hypotheses were derived from the most salient findings of the literature, particularly that of Quaye, D.M., and Mensah, I. (2017). The main research question and its corresponding hypotheses, which are based on the findings of the literature review, is stated as: What is the relationship of the independent variables (marketing competence: resources and capabilities) on dependent variables (sustainable competitive advantage)? Do the mediating variables (marketing innovation: product design innovation, price innovation, promotion innovation, and retail innovation) mediate the relationship between the independent variables (marketing competence: resources and capabilities) and dependent variables

(sustainable competitive advantage)? Hence, it is hypothesized that H1. There is a positive relationship between MC and MI. H2. There is a positive relationship between MI and SCA. H3. MI mediates the relationship between MC and SCA.

### Methodology

The study used descriptive-causal using a quantitative approach since the entire paper revolves around testing the hypotheses and examining the relationship of variables. The paper's objectives are to measure the relationship between marketing competence and marketing innovation, the impact of marketing innovation and SCA, and the mediating effect of marketing innovation that strengthens the relationship between marketing competence and sustainable competitive advantage.

The researcher used respondents from different small and medium businesses in Angeles City, Pampanga. The list of SMEs in Angeles City, Pampanga showed that there was a total population of 731 small and medium enterprises. Using a sample size calculator by *Raosoftware* with a 95% confidence level and 5% margin of error, the derived sample size of this study was 253 respondents. However, due to time constraints and non-response from the refusal of other respondents, the margin of error was increased to 10%. Therefore, the computed sample size for this study was 85 SMEs. The research questionnaire was adopted from Quay & Mensah, (2019). The questionnaire was divided into four (4) parts: part one (1) demographic profile of the respondents, part two (2) marketing competence, part three (3) marketing innovation, and part four (4) sustainable competitive advantage. The questionnaire was developed through Google forms as the main instrument of collecting primary information from respondents.

To establish the content validity of the survey questionnaire, the researcher conducted a pretest of the survey form to 20 business owners/managers using Cronbach's  $\alpha$  (CA), before the conduct of the survey. They were not included in the sample size. The result of the reliability test, therefore, was 85.28% which signifies the validity of the said research instrument. The instrument used in the study scored an overall Cronbach's alpha of 82.73%. The reliability rates reported were within the range of 0.95 and 0.68 over the satisfying levels of 0.70 as suggested by CA (Cronbach, 1951; Hair et al., 2013). Survey questionnaires were distributed to the owners and managers of the selected enterprises. The questionnaires were personally distributed while some were sent through electronic-mail, and lastly through Google forms. The data were collected and tabulated, analyzed, and interpreted using *Jamovi Software*.

## Result

### 1. *Descriptive statistics of respondents*

**Table 1**

*Demographic characteristics of respondents*

Characteristics	Item	Mean	SD	frequency	Percent
Age		29.5	7.83		
Years of operation		8.37	8.62		
Number of employees		21.2	19.1		
Gender	Male			45	52.9
	Female			40	47.1
	<b>Total</b>			<b>85</b>	<b>100</b>
Level of education	Vocational			1	1.2
	High school			2	2.4
	High school graduate			6	7.1
	College level			19	22.4
	College graduate			41	48.2
	Master's level			11	12.9
	Master's graduate			5	5.9
	<b>Total</b>			<b>85</b>	<b>100</b>
Job position	Owner-manager			16	18.8
	General manager			12	14.1
	Supervisor			32	37.6
	Non-managerial			25	29.4
	<b>Total</b>			<b>85</b>	<b>100</b>
Nature of business	Bakeshops/bakery			14	16.5
	Bars			3	3.5
	Cafes/coffee shops			13	15.3
	Fast-food chains			16	18.8

	Food kiosks	3	3.5
	Restaurants	35	41.2
	Take-out and delivery stores	1	1.2
	<b>Total</b>	<b>85</b>	<b>100</b>
Firm's size (assets)	Small (3,000,001-15,000,000)	81	95.3
	Medium (15,000,001-100,000,000)	4	4.7
	<b>Total</b>	<b>85</b>	<b>100</b>

Table 1 shows the descriptive statistics of respondents mainly SMEs under the foodservice sector in Angeles City, Pampanga. The participant's mean age was 29.5 (SD=8.37) and has been operating in Angeles City, Pampanga for an average of 7.83 (SD=8.62). Also, the enterprise has an average of 21.2 (SD=19.1) employees working in the business. The respondents comprised 52.9 % males and 47.1 percent females. On the level of education, the study found that the highest percentage of 48.2 participants were college graduates. In terms of industry or nature of the business, as shown in the table, 41.2 percent belong to restaurants. The result revealed that the majority of the enterprises were categorized under restaurants such as fine dining, casual dining, and family-style restaurants.

## 2. *The mean and standard deviation of construct*

**Table 2**

*Construct mean and standard deviation*

Constructs	Mean	SD	Cronbach's $\alpha$	Verbal Interpretation
<b><i>Marketing competence</i></b>	<b><i>4.23</i></b>	<b><i>0.722</i></b>	<b><i>0.8889</i></b>	<b><i>Highly competent</i></b>
MC1	4.19	0.893	0.8709	
MC2	4.06	0.943	0.8673	
MC3	4.25	0.925	0.8670	
MC4	4.49	0.750	0.8866	
MC5	4.31	0.845	0.8855	
MC6	4.08	0.929	0.8304	

<b><i>Product design innovation</i></b>	<b><i>4.29</i></b>	<b><i>0.808</i></b>	<b><i>0.8679</i></b>	<b><i>Highly innovative</i></b>
PDI1	4.41	0.849	0.8522	
PDI2	4.22	0.993	0.8416	
PDI3	4.33	0.956	0.8140	
PDI4	4.46	0.839	0.8440	
PDI5	4.01	1.120	0.8455	

<b><i>Price Innovation</i></b>	<b><i>4.10</i></b>	<b><i>1.22</i></b>	<b><i>0.7719</i></b>	<b><i>Quite innovative</i></b>
PRI1	3.86	1.220	0.7160	
PRI2	4.15	0.906	0.6566	
PRI3	4.18	0.978	0.7125	

**Continuation of Table 2***Construct mean and standard deviation*

PRI4	4.22	0.956	0.7806	
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<b><i>Retail Innovation</i></b>	<b><i>4.03</i></b>	<b><i>0.939</i></b>	<b><i>0.8756</i></b>	<b><i>Quite innovative</i></b>
RI1	4.38	0.963	0.8596	
RI2	3.55	1.380	0.8364	
RI3	3.87	1.390	0.8285	
RI4	4.32	1.050	0.8376	

<b><i>Promotion innovation</i></b>	<b><i>3.99</i></b>	<b><i>0.966</i></b>	<b><i>0.8083</i></b>	<b><i>Quite innovative</i></b>
PMI1	4.28	1.030	0.7370	
PMI2	3.92	1.200	0.8404	
PMI3	3.98	1.160	0.6624	
PMI4	3.76	1.320	0.7788	

<b><i>Sustainable competitive advantage</i></b>	<b><i>4.44</i></b>	<b><i>0.678</i></b>	<b><i>0.9042</i></b>	<b><i>Highly evident</i></b>
SCA1	4.48	0.766	0.8905	
SCA2	4.52	0.717	0.8805	
SCA3	4.49	0.826	0.8925	
SCA4	4.39	0.803	0.8808	

SCA5	4.47	0.765	0.8822
SCA6	4.34	0.853	0.8841
SCA7	4.44	0.778	0.9025
SCA8	4.46	0.853	0.8852
SCA9	4.32	0.759	0.9064
SCA10	4.45	0.866	0.9359

Table 2 shows all the six constructs recorded the average mean and standard deviation scores of the SMEs respondents in Angeles City, Pampanga. The respondents' average marketing competence (MC) rating was 4.23 (SD=.722) indicating that the firm is highly competent in identifying resources and capabilities in achieving superior performance over time. Additionally, in terms of sustainable competitive advantage (SCA), the respondent's average SCA rating was 4.44 (SD=.678) indicating that respondents' ability to build and improve a sustainable and competitive market to achieve a firm's success is highly evident.

### 3. Relationship of variables

**Table 3**

*Path relationship*

Constructs	Hypothesis	Result	Spearman's rho	Significance
<i>MC ↔ MI</i>	<i>H1</i>	Strongly positively correlated	0.710	p<.001
<i>MC ↔ PDI</i>	<i>H1a</i>	Moderately positively correlated	0.637	p<.001
<i>MC ↔ PRI</i>	<i>H1b</i>	Moderately positively correlated	0.645	p<.001
<i>MC ↔ RI</i>	<i>H1c</i>	Moderately positively correlated	0.648	p<.001
<i>MC ↔ PMI</i>	<i>H1d</i>	Moderately positively correlated	0.515	p<.001
<i>MI ↔ SCA</i>	<i>H2</i>	Moderately positively correlated	0.672	p<.001
<i>PDI ↔ SCA</i>	<i>H2a</i>	Moderately positively correlated	0.548	p<.001
<i>PRI ↔ SCA</i>	<i>H2b</i>	Moderately positively correlated	0.614	p<.001
<i>RI ↔ SCA</i>	<i>H2c</i>	Moderately positively correlated	0.631	p<.001
<i>PMI ↔ SCA</i>	<i>H2d</i>	Moderately positively correlated	0.497	p<.001

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Note. \*  $p < .05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$

Based on the conceptual framework of this study, it confirmed that marketing competence presented a strong positive relationship with marketing innovation (Medase & Barasa, 2019), while marketing innovation presented a moderate positive relationship with a sustainable competitive advantage (Quaye & Mensah, 2019).

#### 4. Regression Analysis

**Table 4**

*Model Fit Measures – MC on MI*

Model	R	R <sup>2</sup>	Overall Model Test				
			F	df1	df2	P	Decision
MC on MI	0.753	0.568	109	1	83	<.001	Accepted H1
MC on PDI	0.711	0.506	84.9	1	83	<.001	Accepted H1a
MC on PRI	0.679	0.461	70.9	1	83	<.001	Accepted H1b
MC on RI	0.661	0.437	64.5	1	83	<.001	Accepted H1c
MC on PMI	0.555	0.308	37	1	83	<.001	Accepted H1d

**Table 5**

*Model Fit Measures - MI on SCA*

Model	R	R <sup>2</sup>	Overall Model Test				
			F	df1	df2	P	Decision
MI on SCA	0.7	0.49	79.9	1	83	<.001	Accepted H2
PDI on SCA	0.678	0.46	70.6	1	83	<.001	Accepted H2a
PRI on SCA	0.671	0.45	67.8	1	83	<.001	Accepted H2b
RI on SCA	0.593	0.351	45	1	83	<.001	Accepted H2c
PMI on SCA	0.487	0.237	25.8	1	83	<.001	Accepted H2d

A linear regression analysis was calculated to predict marketing innovation (MI) ratings based on marketing competence (MC) ratings. The results of the regression indicated that the predictor explained 56.9% of the variance ( $R^2=.568$ ,  $F(1,83)=109$ ,  $p<.001$ ). It was found that MC significantly predicted MI ratings ( $\beta=0.800$ ,  $p<.001$ ) therefore accepted H1. For every one-unit increase in MC ratings, there is a 0.800 unit increase in MI ratings. The result of the multiple regression analysis indicated that the predictors, marketing innovation (MI), product design innovation (PDI), price innovation (PRI), retail innovation (RI), and promotional innovation (PMI) explained 76.4% of the variance ( $R^2=.584$ ,  $F(5,79)=22.2$ ,  $p<.001$ ).

## 5. Test of Mediation

**Table 6**

*Path Relationship*

Constructs	Hypothesis	$\beta$	p-value	Mediating Effects	Result
$MC \rightarrow MI \rightarrow SCA$	<i>H3</i>	0.247	0.003	Complementary Partial Mediation	Supported
$MC \rightarrow PDI \rightarrow SCA$	<i>H3a</i>	0.217	0.003	Complementary Partial Mediation	Supported
$MC \rightarrow PRI \rightarrow SCA$	<i>H3b</i>	0.211	0.002	Complementary Partial Mediation	Supported
$MC \rightarrow RI \rightarrow SCA$	<i>H3c</i>	0.120	0.062	Direct only (No mediation)	-
$MC \rightarrow PMI \rightarrow SCA$	<i>H3d</i>	0.0603	0.219	Direct only (No mediation)	-

Note. \*  $p < .05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$

The result of the mediation regression analysis indicated that the predictor, MC, explained 55.4% of the variance ( $R^2=.550$ ,  $F(1,83)=101$ ,  $p<.001$ ). Furthermore, it was found that MC significantly predicted SCA ( $\beta=.696$ ,  $p<.001$ ). The study found that there is a significant relationship between MC as a predictor of SCA.

### Summary of the study and hypotheses testing

This research study aims to investigate fifteen hypotheses, showing the relationship between MC, MI, and SCA and the mediation effect of MI that influences the relationship between MC and SCA. Obtained on the result of the study, completely the hypotheses were verified and validated. Earlier investigations (Walobwa et al., 2013; Sudarmiati and Suharto, 2016; Woschke et al., 2017) have discovered that key MC is important in improving MI to support industry lead. Conclusions from this study show that marketing competence significantly correlated with marketing innovation (H1), PDI (H1a), PRI (H1b), RI (H1c), and PMI (H1d). The result of the study indicates that the firm is highly competent in identifying resources and capabilities and highly innovative in developing and improving product design/packaging, new pricing schemes, retail concepts, and promotional programs to achieve superior performance over time.

This investigation further discusses that utilizing marketing competence (resources and capabilities) provides an accumulative development and growth in the competitive advantage of a business. Also, prior investigations (Awan and Hashmi, 2014; Haq et al., 2008; Osei et al., 2016; Porter and Advantage, 1985; Chuwiruch et al., 2015) have discovered a meaningful relation

between MI and SCA, likewise, this study also found that marketing innovation (H2), PDI (H2a), PRI (H2b), RI (H2c), and PMI (H2d) significantly correlated and provide a sustainable market advantage for SMEs in Angeles City, Pampanga. Hence, the result means that utilizing key appropriate resources and capabilities is important to sustaining a firm's success and even development and advance on it (O'Cass and Ngo, 2011).

Moreover, this study also tested the mediation effect of MI that influences the relationship between MC and SCA. Most of the hypotheses posited were supported. Marketing innovation (H3), product design innovation (H3a), and price innovation (H3b) significantly mediates the relationship between marketing competence (MC) and sustainable competitive advantage (SCA). However, retail innovation (H3c) and promotion innovation (H3) in the model did not mediate the relationship between MC and SCA.

### **Conclusion**

The main purpose of this research investigation was to measure how marketing competence influences SCA and examine how SCA can be obtained through MI in SMEs following the Theory of Resource-Based View (RBV) as its theoretical framework. The key finding indicated that marketing competence significantly influences marketing innovation, as well as a sustainable competitive advantage, which can be achieved through marketing innovation. In this study, the researcher analyzed the relationship between MC and MI as an approach to achieve a sustainable and competitive market. The paper concludes that firms should be highly competent in terms of an adequate number of people in place, use of new technology like updated information software, sufficient financial funds, continuous development of marketing plans and programs, and ease in adapting to change. This primary capability is the foundation for sharpening a business's competitive advantage and it leads to brand standing, business growth and advancement, and marketing tactics.

Correspondingly, marketing resources and capabilities impact MI, assisting with the view that selling and buying is an initiator of the modification movement in the company (Hutt et al., 1988). MC is vital for distinguishing goods from those of opponents and for attaching firms with clients. These competencies establish business opportunities for searching macro and micro information, changing to green alterations, improving the level of variation, and acknowledging consumer requirements. MMC is imperative in building and developing effective connections between industry and customers through strengthening addition completion (Egbetokun, 2015; Hauser et al., 2006; Ren et al., 2015; Vorhies et al., 2009). The conclusions show that MC has a perceived-direct and matched impact on SCA. Also, the conclusions show a direct positive impact of marketing resources on firm performance, the study further shows that MC and performance supervision support a firm's ability to understand more business possibilities for the unique goods improvement. Also, MC could let the business influence the capabilities and resources of companies for worth creation or to increase the worth of goods, services, or even business by further letting businesses hasten and calculate customer-specific and hidden charges. These capabilities are deliberated to enable the capability of the businesses to introduce either essential innovative products or suggestively better-quality existing products for meeting the needs of their customers. Marketing competencies vigorously influence and strengthen the outcome of globalization on business innovation performance. Additionally, MI practices such as unique and

improved product ideas and boxes, different brand positioning, tactics, and cost systems are drivers to achieving sustainable competitive advantage. Innovative product promotion spurs unique offerings (Gunday et al., 2011; Kanagal, 2015) by making information among current and possible consumers (da Costa et al., 2018; Hills et al., 2010; Slater et al., 2014; Wang and Rafiq, 2014). Moreover, variation is expected to go with an overview of innovative products; subsequently, they are likely to necessitate new marketing methods as well (Gunday et al., 2011).

Attaining and sustaining a competing edge for greater performance continues powerful for advanced businesses in the modern era (Chen and Huang, 2009). Therefore, the increasing knowledge-based building of rivalry, instructions, and guidelines of the businesses to attain and improve the capabilities that will give them an excellent advantage over their competitors in the marketplace (Murray and Chao, 2005). For new start-up businesses, they can explore product improvement to attain a competitive advantage and keep this advantage (Estrada et al., 2016).

### **Recommendation and practical implication**

The paper suggests a support instrument to offer vital data on different categories of innovation to the foodservice sector SMEs in Angeles City so that they can embrace and implement new innovative methods in their practices. SMEs in Angeles City, particularly the food service sector, need to evaluate their concentrations and vulnerabilities to build their competing edge and straighten with the way customers perform buying choices. Small-scale and medium-scale businesses are delaying online selling selection and are not compelling in promoting and achieving online marketing plans. The paper recommends that SMEs in Angeles City foodservice businesses should prioritize their promotion innovations to SCA. Additionally, innovative promotional tactics such as green advocacy and promotion, goods re-branding, and digital platforms are vital to maintaining market excellence. SMEs in Angeles City should organize more and more seminars and related online programs to make people understand how marketing can be more cost-effective and can help them to develop the business with more effectiveness and also provide a free demonstration of online marketing courses to create awareness among them. SMEs in Angeles City require to strategically plan on a short-term objective and long-term plan of the firm. This strategic move requires collaboration with online/virtual marketing specialists or government agencies that can encourage SMEs on the best approaches, tactics, vehicles, channels, and a way to achieve. Collaboration with appropriate government agencies like the Department of Trade and Industry (DTI) and the Department of Science and Technology to assist them in the possible improvement of their enterprise and to identify potential market opportunities for them to explore and maximize their digitalization. These government agencies are willing to assist SMEs who are not yet fully online and embrace business innovations through the use of technology. SMEs need to guarantee that they have the appropriate tracking tools and devices in place to measure digital marketing performance. These are the possible tracking mechanisms: Search engine referral, Page views this metric measure several pages each visitor to your site looks at.

Future researchers may also explore other core competencies such as quality, customer service, and value to customers towards sustainable competitive advantage. It would be fascinating to explore why SMEs regarded organization culture as under control determinants for technological innovation by adding or only thinking non-technological innovation. SMEs should hire experienced staff. Innovative designs can be introduced within the company. Organizational

structures should be tailored to boost creativity and innovation amongst SMEs. Future studies may also opt to explore and investigate large scales such as micro and large enterprises in Angeles City, Pampanga, and other industries like manufacturing, agriculture, and fishing, real estate, retailing and wholesaling, and others.

### **Limitation of the Research Findings**

There were certain limitations of this research study. First, the lack of panel data limits the investigation of causality that is instrumental in substantiating the findings. Second, the proposed conceptual framework offers a deeper understanding of innovation performance, examining how integrating activities of the R&D department, human resource department, and marketing department affect innovation commercialization is likely to provide more meaningful insights. And finally, future studies may go beyond the scope of our study to examine (1) food and meat processing, (2) agriculture, hunting and forestry, (3) hotel and restaurants, (4) mining and quarrying, (5) wholesale and retail trade, (6) transport, storage communication.

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