



Research Paper

# The Impact of Marketing Mix on the Competitive Advantage in Small and Medium Scale Enterprises

Dr. Santhosh Samuel Putta

(Department of Management-Jaywantrao Sawant Institute of Management & Research - Savitribai Phule Pune University, Pune, India)

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## ABSTRACT:

**Purpose:** The aim of this study was to examine the impact of marketing mix on the competitive advantage in small and medium scale enterprises (SMEs) in Pune City, India.

**Research Approach:** The data was collected through a structured questionnaire, which was designed and administered personally by the researcher. The sample consisted of 320 randomly selected entrepreneurs of small and medium scale enterprises in Pune.

**Statistical Analysis:** Descriptive Statistics were used for Frequency Distribution, Mean, Standard Deviation, Cronbach Alpha for Reliability Test, Variance Inflation Factor (VIF), Correlation Coefficient, Two-Tailed -Test, F-Test, ANOVA and Multiple Linear Regression Analysis. The data analysis was done through IBM SPSS 23.

**Findings:** The result has shown that marketing mix consisting of product, price, place and promotion has a positive impact on the competitive advantage in small and medium scale enterprises in Pune. It has been found that most important factor influencing the competitive advantage is place followed by promotion, price and product.

**KEYWORDS:** Marketing Mix, Product, Price, Place, Promotion, Competitive Advantage, Small and Medium scale enterprises (SMEs)

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## I. INTRODUCTION

Marketing is described as the incorporation of marketing programs with the purpose to draw and maintain a long-term relationship with the customers (Warrink, 2018). The American Marketing Association (AMA), (2013) add to this description of Marketing “as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.” Although it appears to be straightforward to define Marketing, it is more complicated to practice. As a result, it is crucial for enterprises to establish and apply a well-organized marketing strategy. This includes the relevant elements of the marketing concept as well as a chosen target market to function in and the suitable marketing elements combination (Kotler & Connor, 1997). Makhitha (2019) mentioned that during the last few decades, the function of marketing in small-scale enterprises had been a constant focal point. On the one hand, some disclosed that marketing is not part of the centre of small-scale enterprise, while others are of opinion that not enough significance and resources are granted. Marketing mix are regarded as a key feature in the marketing process, for all enterprises, that has an important function in creating customer satisfaction.

Marketing mix is “the set of controllable, tactical marketing tools that the firm blends to produce the response it wants in the target market” (Tang & Mesfin, 2020). Warrink (2018) also defines marketing mix as “a set of controllable variables that the firm can use to influence the buyer’s response,” where the controllable variables indicate the place (distribution), price, product, and promotion (4P’s). Further The Chartered Institute of Marketing (CIM), (2009) defines marketing mix as a “term used to describe the combination of tactics used by a business to achieve its objectives by marketing its products or services effectively to a particular customer group.” The concept of a marketing mix theory is to coordinate all features of the marketing plan covering the habits, desires, and mind set of the target market. Thus, the main objective is to accommodate the desires and requirements of the target market and create customer satisfaction that will let to meeting the organization

objectives (Grönroos, 1994). Therefore, it can be said that the marketing mix act as an instrument that is utilized by enterprises to continue to exist in the competitive environment.

Small and Medium scale enterprises (SMEs) have a major role to play in a country's GDP and employment (Makhitha, 2019), although this will depend on certain factors like government support, financial and technological resources. It is essential for SMEs to receive assistance since these enterprises participate in job creation and therefore helping to eliminate poverty in a country (Jasra *et al.*, 2011). It is important for SMEs to create a marketing strategy that suits them to be successful as an enterprise as well as to give an advantage for a country. Although they have a restricted impact on the market, in the economic development of a country, SMEs have an important role to play (Jasra *et al.*, 2011). Carson (1990) stated that there is an insufficiency of marketing specialists and resources in SMEs and that brings about an insignificant impact on the market. SMEs has a key function in the expansion of the Indian economy. As per the census of the Government of India MSME Annual Report (2020-21), there are about 63.05 million micro industries, 0.33 million small-scale enterprises, and about 5,000 medium scale enterprises in India, which adds approximately 30.27% to India's GDP. The state of Maharashtra, in which Pune is situated, has an estimated 8% MSMEs of the total MSMEs in the country. The MSMEs contributes 45% in industrial output, 40% in exports, offers 110 million employments, and produces more than 8000 excellent quality products for the domestic and international markets.

On 1 July 2020 a new classification of MSME under the MSMED Act, 2006 came into effect. The earlier criterion of classification of MSMEs was based on investment in plant and machinery/equipment. It was different for manufacturing and services units and very low in terms of financial limits. The new classification for small and medium scale enterprises in India is as follows: A small enterprise, where the investment in plant and machinery or equipment does not exceed Ten Crore Rupees and turnover does not exceed Fifty Crore Rupees. Whereas a medium enterprise, where the investment in plant and machinery or equipment does not exceed Fifty Crore Rupees and turnover does not exceed two hundred and Fifty Crore Rupees (Government of India MSME Annual Report, 2020-2021).

According to Shankar & Chin (2011), marketing mix are described as a business instrument that is utilized by enterprises to accomplish competitive advantage. Aremu & Bamiduro (2011) agrees that studies indicate that entrepreneurs that implement marketing mix have a competitive advantage over their competitors. Enterprises make use of marketing mix in their marketing process to attain their goals as well as to appease customer's desires and requirements. Warrink (2018) is of opinion that the marketing mix is actually marketing or in other words, marketing mix is the extensive strategy put in place by the management of the company or enterprise. Unfortunately, most marketing literature concentrates on large-scale enterprises concerning their marketing strategies to obtain a competitive advantage and very less focus on SMEs (Tadesse & Pettersson, 2019). As stated by Gautam & Singh (2011) inferior marketing is a significant cause for the collapse in small-scale enterprises. The booming competition forced enterprises to determine the suitable marketing mix strategy that is profitable, functional, and competitive in their target market. SMEs require preparing marketing strategies that are diverse from their competitors to be able to generate competitive advantage (Tadesse & Pettersson, 2019; Makhitha, 2019). Mohammad (2015) makes it clear that marketing mix is just a conceptual framework and not a scientific theory. The framework distinguishes the primary decision-making process of managers and functions by arranging the enterprise products or services for customers' satisfaction. Warrink (2018) agrees with this.

**The research sub-questions are as follows:**

Research Question 1: What is the impact of the product on competitive advantage regarding SMEs in Pune?

Research Question 2: What is the Impact of price on competitive advantage regarding SMEs in Pune?

Research Question 3: What is the impact of place on competitive advantage regarding SMEs in Pune?

Research Question 4: What is the impact of promotion on competitive advantage regarding SMEs in Pune?

The significance of this study is based on the key function of the marketing mix (product, price, place, and promotion) in achieving a competitive advantage for the SME sector in Pune, India. Pune is the epicentre of industrial clusters like Talegaon, Pimpri, Chinchwad, Bhosari, Ranjangaon, and Chakan. Small and medium-scale enterprises offer diverse products and services according to the need of the target market. The need for competitive advantage is the key challenge in all small and medium scale enterprises all over the city, for them to survive, to attract new customers, and to develop new markets. There is a research gap in terms of the effect of marketing mix and competitive advantage in the SMEs in Pune, India. Although, this study aims to fill this gap and to identify the role of the marketing mix elements when it comes to creating a competitive advantage in the SME sector in Pune.

## II. LITERATURE REVIEW

### 2.1 Marketing Mix

In 1948, an Associate Professor James Culliton, who worked on mixing marketing processes and policies to help businesses gain profits in a market developed the concept of “mix of ingredients.” An executive is “a mixer of ingredients, who sometimes follows a recipe as he goes along, sometimes adapts a recipe to the ingredients immediately available, and sometimes experiments with or invents ingredients no one else has tried” (Culliton, 1948). Borden (1964) in Tadesse & Pettersson (2019) afterward rephrased this mix of ingredients to “Marketing Mix” as known today. His initial marketing mix had twelve (12) elements namely: product planning; pricing; branding; channels of distribution; personal selling; advertising; promotions; packaging; display; servicing; physical handling; and fact-finding and analysis. McCarthy (1964) in Mohammad (2015) improved on Borden’s concept and outlines that the marketing mix is a blend of the different features used by the marketing managers to assure target market satisfaction. He reorganizes Borden’s 12 elements to just four (4), namely Product, Place, Price, and Promotion, also known as the 4P’s. This marketing mix is perceived as a functional guide to key marketing categories or activities as well as offering a classifying framework for “almost all marketing textbooks and courses” (Shapiro *et al.*, 1985:7). The traditional conceptual framework in connection with the utilization of the marketing- management procedure actions is established in the marketing mix concept (Tang & Mesfin, 2020).

This marketing mix- theory still applies today in the decision-making process that leads to the implementation of a marketing plan. This theory merges the different components with the purpose of reinforcing and set a product brand as well as assisting in the selling of a product or service. The components are products, price, place, and promotion that form the 4P’s. The 4P’s are the structure that the marketing manager can manage depending on the internal and external constrictions of the marketing environment (Grönroos, 1994) and capable to manage and attain the requisite objectives (Shankar & Chin, 2011). The marketing manager settles on the number of marketing expenses to accomplish the marketing objectives of the company or enterprise and afterward the specific amounts for the different tools in the marketing mix. Tadesse & Pettersson (2019) explain that the small enterprises' marketing budgets are usually less than the bigger enterprises and consequently they need to prioritize the marketing mix tools. The composition of a marketing mix based on both the character of the activities of the enterprise as well as the character of the target market and then contrived in such a manner to allow the enterprise to accommodate the customer’s desires and requirements. The 4P’s are regarded as the most crucial point in determining a marketing structure within the enterprise through supplying a good-quality product at an affordable price, in the right place (Al Badi, 2018). According to (Tang & Mesfin, 2020) the 4P’s is most effective when meeting the clients’ needs as well as building a long-term relationship with them. From a customers’ viewpoint, the correct product at a reasonable price goes along with improved distribution and proper communion techniques (Rad, *et al.*, 2014).

Marketing mix is one of the most crucial and well-known elements that make up any marketing strategy, although Simpson *et al.*, (2006) is of opinion that “there is no clear theory of marketing in SMEs.” Furthermore Hogarth-Scott *et al.*, (1996) stated that marketing programs in SMEs vary since it is determined by the enterprise size and consumer market and therefore there cannot be a standardized marketing structure in SMEs. He is further of opinion that SMEs cannot measure up to larger-scale enterprises in marketing, for the reason that they do not need the same complicated marketing strategy. Small enterprise owners/ managers work in smaller environments with few employees and their basic structure does not apply to formal marketing processes. Many different authors affirm that small enterprise owner/ manager encounter different kinds of issues like marketing, difficulty in finding financial resources, lack of business skills and knowledge (Tadesse & Pettersson, 2019; Makhitha, 2019; Zontanos & Anderson, 2004). Furthermore, they have insufficient capacity for formal marketing research and studies that restricts their marketing and selling. Carson (1990) explains that the difference between small and large enterprises is more than just their size, but actually their marketing and management styles. For SMEs their market is usually locally and regional while, large enterprises have national and even international markets. Additionally, the management style of the SMEs is more personal with the owner/ manager directly partake in the management, while in the larger enterprises the manager acts independently.

SMEs marketing research, (Hogarth-Scott *et al.*, 1996) illustrated that to a certain degree there are marketing strategies in small enterprises. Determined by the enterprise owner’s knowledge and understanding of marketing, their marketing strategy can differ from no existing marketing strategy to high-developed strategies. Literature confirms that small enterprise-marketing strategies differ from larger enterprises (Tadesse & Pettersson, 2019) and mostly research concentrate on large enterprises and marketing, though there are numeral studies these days that focus on the significance of marketing and SMEs (Makhitha, 2019; Zontanos &

Anderson, 2004). Small enterprise marketing strategy is more flexible than the larger enterprises since they have a familiar relationship with their customers (Tadesse & Pettersson, 2019) and branded as informal marketing plans (Makhitha, 2019). These plans are short-term, casual, and mostly dependent on the small enterprise owner or manager. Makhitha (2019) further explain that certain SMEs may put emphasis on marketing and others not. Those who do will have a long-term strategy while the other will turn to medium-term strategy and low budget marketing. For small enterprise to develop and continue to exist they need to put marketing strategies and activities into practice (Zontanos & Anderson, 2004).

### **2.1.1 Product or Service**

Product or service is the first element in the marketing mix and has an influence on the rest of the elements. (Mathieu, 2001; Kotler & Armstrong, 2012). Al Badi (2018) describes the product of the marketing mix as “a physical product or service to the consumer for which he is willing to pay. It includes half of the material goods, such as furniture, clothing, and grocery items, and intangible products, such as services, which users buy.” Kotler & Armstrong (2012) on the other hand define product and service separately. A product is “anything offered to a market for attention, acquisition, use, or consumption that might satisfy a need or want,” while a service is “any activity or benefit that one party can offer to another that is essentially intangible and does not result in ownership of anything.” The rest of the research product will include service unless the literature mention otherwise.

According to Gautam & Singh (2011) and Meijboom & Vos, (1997) the product contributes the dominant worth to the customer further the reason that customers are drawn to the enterprise. Substandard quality and obsolescent products do not have a place in enterprises success and it is important for the small-scale sector to be aware and recognize the gaps in the market to be able to develop new products. Gautam & Singh (2011) agree that enterprises need to trade their outdated products with new products in their design, packing, quality and if branding. In the manufacturing strategy, a great amount of deliberation is mandatory to the manner that product quality, process adaptability, reliable delivery, and production rate affect the enterprise profitability (Meijboom & Vos, 1997). The comprehensiveness of the components and quality of the product or service form the foundation for customer satisfaction and loyalty in the SMEs milieu (Mathieu, 2001). Furthermore, for the SMEs to achieve customer satisfaction and competitive advantage it is important that all of the following are intact/ present, namely, an establish long-lasting beneficial relationship with their customers and supplying of high standard products or high execution services that are congenial with the desires and requirement of their customers (Tang & Mesfin, 2020). Lifestyle changes as a result of modifications in the social, political, technological and economic environment impacted the SME segment in Pune. This causes the SMEs to focus on either convenience or shopping products.

### **2.1.2 Place or Distribution**

Kotler & Armstrong (2012) define that place or also called distribution is “a set of interdependent organizations involved in the process of making a product available for use or consumption by consumers.” Mohammad (2015) and Al Badi (2018) describe the place as the instrument through which goods and services are moved from the provider or manufacturer to the consumer. This includes then the following, namely distribution channels, warehousing facilities, mode of transportation, outlet location, assortment, convergence, logistics, and inventory control management. Kotler & Armstrong, (2012) explain that distribution channels incorporate all the actions that cooperate to the distribution of the product or service to the customer. All these channels assist the enterprise to advance, sell, and deliver its merchandise to the closing buyers.

The application of a successful marketing strategy does not determine alone on attaining production objects, price, or advertising, but furthermore it is connected with effectual distribution process, which permits the enterprise to fulfil the objective of offering the product in the correct quantity, place, and time (Tang & Mesfin, 2020). Successful distribution of products only can be done through an effective place strategy. The Pune SMEs uses the distribution channels as a way to interconnect with their customers through the distribution point to make sure to reach them at right place and in appointed time.

### **2.1.3 Price**

From the viewpoint of the customer, financial expenditure is a key aspect that has an effect on worth of the product (Zeithaml, 1988) and influence the retailing/ buying strength (Al Badi, 2018) and marketers use price to interconnect with customers. Avlonitis & Indounas (2005) indicate that foremost pricing objectives are



to fulfil the customer's requirements and thereby retaining valuable customers as well as to draw new customers in. Kotler & Lee (2007) define price as "a cost of producing, delivering, and promoting the product charged by the organization." Al Badi (2018) simplifies the definition bit more as just to "the amount the consumer must exchange to receive an offering. Kotler (2005) in Tang & Mesfin, (2020) further defined price as "the rated value of a valuable product which is up for exchange; some outline it as the amount of cash paid for the product." There are certain aspects that influence the pricing strategy of an enterprise, namely the customer presumed worth of the product as well as material expenditure, product segregation, competition degree and market distribution. Avlonitis & Indounas (2005), recapitulate pricing methods into three main categories, namely: 1) Cost-based methods which contain the cost-plus method, target return pricing, break-even analysis, contribution analysis, and marginal pricing; 2) Competition-based methods which involve pricing similar to that of the organization's competitors or according to market average prices, pricing above competitors, pricing below competitors, and pricing according to the dominant price in the market; and 3) Demand-based methods which consist of perceived value pricing (based on the customer's perception of value), value pricing, and pricing according to the customers' needs. Thus, it is crucial for the enterprise to select the correct pricing strategy for its products and services determined by micro and macro conditions in which they function. According to Tang & Mesfin (2020), studies indicate that there is a definitive connection between price and performance and that the cost for the delivery service has a key purpose in their marketability. Furthermore, price is the exclusive marketing element whereupon profits and all the other marketing elements are connecting to the expenditure.

The pricing strategy implemented by the enterprise affects the marketing success since customers experience an intense connection between the price and quality of the product. For example, when a product is too pricey the customer will choose not to buy it, while prices are more reasonable, it has a better probability to be sold. Thus, price is an essential portion of the marketing that produces profits, there, as place, promotion, and product are link to expenses (Gautam & Singh, 2011). It is crucial for the enterprise to make the correct price strategy so that products could be present at an extremely reasonable price according to the related market assessment. In India, apart from fixed and variable cost, corruption significantly affecting the cost of products. So, clear-cut policies relating to discount and allowances are required to meet the pricing challenges. Many aspects affect the product's price in the SME sector in Pune for instance: the total cost, the profit margin, the product lifecycle, regulations, and economic policies.

#### **2.1.4 Promotion**

Promotion is described as the greatest influential element in the marketing mix (Sidhanta & Chakrabarty, 2010). Kotler & Lee (2007) define promotions as "the specific blend of advertising, personal selling, sales promotion, public relations and direct marketing tools" that are utilized by the organizations to follow its "advertising and marketing objective." Furthermore, promotion according to Kotler & Armstrong (2012) is "a planned stimulus technique that conveys positive information about products, services, companies, ideas, etc. to the attention-grabbing audience."

According to Sidhanta & Chakrabarty (2010), promotion is the way to communicate and convince the target market to buy the enterprise product. Promotion consists of the marketing actions that engaged in advertisement, to inform and convince the target market regarding an enterprise, its products, or services so that the customer will not forget it. The promotion process includes a few different aspects like advertising, sale promotion, and public relations. All these aspects merge concurrently to generate the promotion mix to obtain the marketing objectives of the enterprise. Brand formation and the brand name derived from the promotion process (Khan, *et al.*, 2012). Advertising is the most generally applied marketing tool and Rahnama & Beiki (2013) is of the opinion that advertising any type of information, while Kotler & Armstrong (2012) described it as "human activities based on a communication process that can be directed via personal selling points or indirectly via advertising messages through the media." The SME sector in Pune focuses on the promotion process to identify the products and services of the individual firm and to persuade their customers to buy their products or services repeatedly. However, the promotion process is affected by the decisions of SME marketing managers with regard to the level of marketing expenditure or promotion.

## **2.2 Competitive Advantage and Marketing Mix**

The first model of competitive advantage was developed by Porter (1985) and this turn into the outline for operational analysis regarding ways to advance over the competitors in the target market. Traditionally, competitive advantage has been described in connections with quality and resources of the enterprise that

empower the enterprise to surpass their competition in the target market (Tang & Mesfin, 2020; Porter, 1985). This also includes access to natural resources such as exceptional minerals or inexpensive power sources, skilled labour, geographic locality, high entry obstacles, and availability of new technology (Porter, 1985).

According to the Organization for Economic Co-Operation and Development (OECD), competition in the regional economy level in respect to the liberalism environment and the augment in the income of its residents on a lasting basis. Although excellent quality and top execution products may generate a competitive advantage for the enterprise even if, they are more costly than their contenders (Al Badi, 2018). A competitive advantage allows the enterprise to distinguish in the quality of product with minimal cost in order to produce higher value for the customers as well as to deliver it superior than of the competitors. Bearing that in mind, the dispensation process is important for the enterprise in terms of enhancing the accessibility of the products along with putting emphasis on the crucial aspects using the promotion process.

Sources of competitive advantages are resources and abilities of the enterprises as well as external features. According to Syapsan (2019), sources are divided into tangible - and intangible resources. Where tangible resources are financial capital as well as the recognized physical assets estimated in the financial statements, while intangible resource is the previous mention that is not visible in the tangible/ financial statements. Four components that are essential to generate a competitive advantage exist of innovation, supervisor efficiency, great quality, and superior customer responsiveness (Makhitha, 2019). According to Mohammad (2015), the competitive approach involves the particulars of the administration plan of action to compete effectively and thereby attaining competitive advantage over competitors. Although there are many ways to achieve a competitive advantage, all entail providing the customers with the highest value product.

Controlling the competitiveness in the subject of SMEs expansion/ development require strengthening the capability and accomplishments of SMEs to comply with customers' requirements and desires prevailing over their competitors. SMEs can achieve this 1) by selling or providing goods and services satisfactorily; 2) by meeting the quality standards of the competitive target market and 3) by supplying sufficient profits on the resources used in production process (Tang & Mesfin, 2020). Small enterprises marketing actions are generally explained as reasonable, realistic, and circumstantial particular design for the individual enterprise needs (Tadesse & Pettersson, 2019). Some SMEs could reckon that marketing is a choice of advertising or trading of fundamental marketing ideas that is related to both small and large enterprises, in particular targeting, positing, segmentation, and pursuing competitive advantage (Makhitha, 2019). Although marketing continues to be a concern for most SMEs they are relying not only on the existence of products and markets but also on the proficient marketing strategy for those products in the market. According to Tadesse & Pettersson (2019), previous studies indicated that promotion as marketing variable is a rank higher than price, place, and product in small enterprise.

### III. RESEARCH METHODOLOGY

This is a quantitative research study to examine the impact of marketing mix on the competitive advantage in small and medium scale enterprises in Pune. Multiple Regression Analysis was used to test the Hypotheses through SPSS version 23.

#### 3.1 Conceptual Framework and Hypothesis

Based on the literature review, the following conceptual framework with hypotheses was developed for the present study.

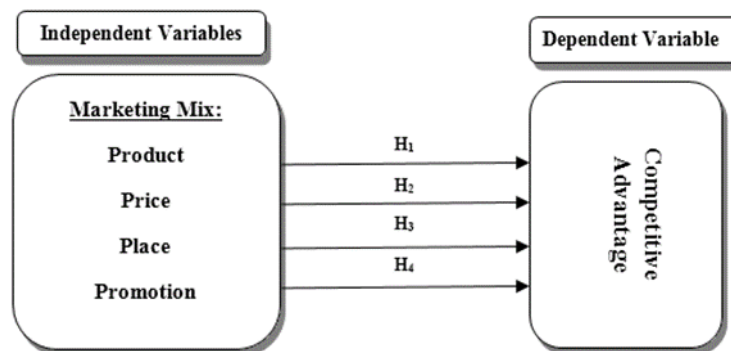


Figure 1: Conceptual Framework  
Source: Researcher, 2023

**Hypotheses:**

- H<sub>1</sub>: Product has a significant impact on achieving competitive advantage for SMEs in Pune.
- H<sub>2</sub>: Price has a significant impact on achieving competitive advantage for SMEs in Pune.
- H<sub>3</sub>: Place has a significant impact on achieving competitive advantage for SMEs in Pune.
- H<sub>4</sub>: Promotion has a significant impact on achieving competitive advantage for SMEs in Pune.

**Model specification:**

Multiple Linear Regression analysis is used in this study to identify the impact that the independent variables have on the dependent variable. Based on the hypotheses, the model specification is presented as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

- Y = Competitive Advantage (CA) as dependent variable
- X = Product, Price, Place And Promotion as independent variables.
- $\beta_0$  = the intercept
- $\beta$  = Slope of regression line/ Regression coefficient
- $\epsilon$  = Error term

Therefore, the Multiple Linear Regression model for this study is:

$$CA = \beta_0 + \beta_1 \text{Product} + \beta_2 \text{Price} + \beta_3 \text{Place} + \beta_4 \text{Promotion} + \epsilon$$

### **3.2 Data Collection and Questionnaire**

#### **3.2.1 Data Collection**

The data collection was done through a questionnaire, which was randomly distributed to SMEs in the Pune city with the focus on Bhosari, Chinchwad, Pimpri, and Talegaon areas. The target population size of SMEs in these areas was 1900 SMEs. In order to determine the sample size for the study the following formula was used:  $n = N / 1 + N(e)^2$ . Where  $n$  = sample size;  $N$  = predetermined population size and  $e$  = maximum acceptable error margin which is 5%. Therefore  $n = 320$ .

#### **3.2.2 Questionnaire**

The questionnaire was divided into three sections, namely: Section A consist of questions related to the demographic characteristic of respondent; Section B questions related to marketing mix and Section C, related to competitive advantage in the SME sector in Pune, India. Questions were constructed on a 5-point Likert scale to assess respondents' ratings. Items addressing expectations and perceptions were rated from 1 = "strongly disagree" to 5 = "strongly agree." The questionnaire was developed in English and also translated into Marathi, the local language. The purpose of this study was clearly specified in the questionnaire and participation was voluntary and confidential.

#### **3.2.3 Questionnaire Response Rate**

320 questionnaires were distributed to random SMEs in Pune. 300 questionnaires were collected, out of which 20 resulted as unusable. The questionnaire response rate shows that 92.5% (280) of the respondents correctly filled the questionnaire in. thus usable, while 7.5% (20) were unusable. The response rate is deemed high. Furthermore, it is recommended an approximately 30 participants per predictor. In the current study there are four predictors, therefore the number of 280 complete questionnaires is considered acceptable on the above recommendation. Table 1. Shows the number of questionnaires distributed and response and their response percentage.

**Table 1: Questionnaire Distribution and Response Rate**

Total Questionnaire Administered	320		
Total Numbers of Questionnaires Returned	300		
Unusable Responses*	20	Percentage of questionnaire not used	7.5%
Usable Responses	280	Percentage of questionnaire used	92.5%

\*Unusable Responses were because of missing data and alternations

#### IV. DATA PRESENTATION AND ANALYSIS

##### 4.1 Reliability Analysis

The first step in the measurement process is reliability test. In this study, Cronbach's Alpha was used to measure the internal consistency (reliability) for 16 items of the four (4) Independent constructs which are Product, Price, Place, Promotion and four (4) items of one (1) Dependent construct which is competitive advantage. Alpha values above 0.7 is widely accepted as an adequate measure of reliability for a construct. The calculated Alpha values for the Independent Construct were: 0.910 for Product, 0.872 for Price, 0.847 for Place, and 0.894 for Promotion, while the Dependent Construct Competitive Advantage is 0.714. All the constructs strongly support internal consistency and reliability. The reliability scores are shown in Table 2.

**Table 2: Reliability Analysis of the Research Variables**

Constructs	Number of Items	Cronbach's Alpha	Result
<b>Product</b>	4	0.910	Reliability Supported
<b>Price</b>	4	0.872	Reliability Supported
<b>Place</b>	4	0.847	Reliability Supported
<b>Promotion</b>	4	0.894	Reliability Supported
<b>Competitive Advantage</b>	4	0.714	Reliability Supported

##### 4.2 Demographic Analysis

The respondent's information regarding gender, age, educational background and the number of years of experience in enterprise were collected (Table 3). The descriptive analysis revealed that the majority of the respondents (80%) were male, whereas 20% were female. In terms of the age distribution, most of the respondents was between 31 - 40 years (40 %) and 41- 50 years (30%), while the least respondents were between 21 – 30 years (10%) and above 50 years (20%). Concerning the education status of the respondent, the least respondents have either a PhD (1%) or a Master's Degree (9%) while the rest of respondents have either Higher Secondary (30%) or Graduation (60%). As regards to the number of years of experience in enterprise, most respondents (60%) have between 4 to 6 years of experience, while 20% have between 2 to 4 years' experience, while both the respondents of less than 2 year and more than 6 years are 10% each.



**Table 3: Demographic Characteristics of Respondents**

VARIABLES		FREQUENCY	PERCENTAGE
Gender of Entrepreneur	Male	234	80
	Female	46	20
	<b>TOTAL</b>	<b>280</b>	<b>100%</b>
Ages of Entrepreneur (years)	21 – 30 years	28	10
	31 – 40 years	112	40
	41 – 50 years	84	30
	Above 50 years	56	20
	<b>TOTAL</b>	<b>280</b>	<b>100%</b>
Highest Education status of Entrepreneur	Higher Secondary	84	30
	Graduation	168	60
	Master degree	25	9
	PhD	3	1
	<b>TOTAL</b>	<b>280</b>	<b>100%</b>
Experience in the Enterprise	Less than 2 years	28	10
	2 – 4 years	56	20
	4 – 6 years	168	60
	More than 6 years	28	10
	<b>TOTAL</b>	<b>280</b>	<b>100%</b>

Source: Primary Data, 2023

#### 4.3 Descriptive Statistical Analysis

Descriptive statistics is used to review and describe raw data about basic configurations in the sample by permitting its understanding and interpretation. The objective of the descriptive statistics is to describe the distribution of certain variables within a specific dataset. Table 4 gives the descriptive statistics of the computed variables. The mean value indicates the location of the centre of the data and the standard deviation is the spread of the data. Furthermore, the standard deviation indicates the variability of values in the data set; it is a measure of dispersion, showing how spread out the data points are around the mean. Together with mean, it also indicates percentiles for a normally disturbed population. According to the respondents in this study, the mean and standard deviations for the variables are Product (M= 2.99; SD = 0.96); Price (M= 3.05; SD= 0.83); Place (M=3.13; SD= 0.81); Promotion (M= 3.31; SD= 0.92) and Competitive Advantage (M = 3.25; SD = 0.72). In table 4, the standard deviation is lower than 1, which indicated that the data clustered closely around the mean therefore more reliable.

**Table 4: Frequency Distribution with Mean and Standard Deviation**

Variable	Observation	Mean	Std. deviation	Interpretation*
Product	280	2.9929	0.96625	High level
Price	280	3.0571	0.83620	High level
Place	280	3.1357	0.81064	High level
Promotion	280	3.3143	0.92621	Very high level
Competitive	280	3.2571	0.72212	Very high level

\*Mean range interpretation on the level of marketing mix and competitive advantage:

3.26 - 4.00 Very high level

2.51 - 3.25 High level

1.76 - 2.50 Low level

1.00 – 1.75 Very low level

#### 4.4 Variance Inflation Factor (VIF)

The researcher has conducted tests on the collected data to find out the homoscedasticity and multicollinearity. Variance Inflation Factor (VIF) test was used to measure the multicollinearity for 16 items of four variables, which are Product, Price, Place and Promotion. Variance Inflation Factor values < 5 are widely accepted as an adequate strength to indicate there is no multicollinearity among the variables. The VIF test results in this study are less than the critical value 5, where 4.311 < 5 for construct product; 3.887 < 5 for construct price; 3.155 < 5 for construct place and 2.450 < 5 for construct promotion. The Tolerance values were found to be above 0.250 for three constructs and 0.232 for one construct, together they meet the require criteria (Table 5).

**Table 5: Variance Inflation Factor (VIF)**

Variable	Tolerance	VIF	Critical Value
Product	0.232	4.311	5
Price	0.257	3.887	5
Place	0.317	3.155	5
Promotion	0.478	2.450	5

#### 4.5 Correlation between Variables

Correlation analysis is a method of measurement to find if there is any significant relationship exist between the different variables. The correlation coefficient is represented by the letter *r*, and could take value between -1 to +1. The objective of this study is to measure the impact of the marketing mix constructs on competitive advantage and if there is any significantly correlation among the variables.

Karel Pearson correlation results indicate that a strong positive correlation exist when the *r* -values are above 0.6. In this study, a strong positive correlation exists between competitive advantage and all the marketing mix constructs. That is, competitive advantage is correlated with Product ( $r= 0.773$ ), Price ( $r= 0.777$ ), Place ( $r= 0.742$ ), and Promotion ( $r= 0.661$ ). Furthermore, *p*-value < 0.05 indicate that there is significant correlations exist between the given constructs. The correlations are significant at the 0.01 level (2-tailed) for all the given constructs (Table 6).

**Table 6: Correlation Matrix**

Construct	Competitive Advantage	Product	Price	Place	Promotion
<b>Competitive Advantage</b>	1				
Sig.(2-tailed)	0.000				
<b>Product</b>	0.773**	1			
Sig.(2-tailed)	0.000	0.000			
<b>Price</b>	0.777**	0.772**	1		
Sig.(2-tailed)	0.000	0.000	0.000		
<b>Place</b>	0.742**	0.811**	0.655**	1	
Sig.(2-tailed)	0.000	0.000	0.000	0.000	
<b>Promotion</b>	0.661**	0.587**	0.750**	0.396**	1
Sig.(2-tailed)	0.000	0.000	0.000	0.000	0.000

\*\* Correlations is significant at the 0.01 level (2-tailed)

#### 4.6 Regression Analysis

##### 4.6.1 Model Summary

The model summary for the regression analysis in Table 7, indicate that the coefficient of multiple correlation  $R = 0.858$ , which is a strong correlation. The coefficient of multiple determination  $R^2 = 0.736$ , while the adjusted  $R^2$  which slightly adjusts the  $R^2$  downward taking care of error is 0.732, which means that 73.2 % of variations in competitive advantage is accounted for by the four independent variables and that 26.8% is unexplained (error term). This ascertains that marketing mix has a strong impact on competitive advantage of SMEs.

**Table 7: Model Summary<sup>b</sup>**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Standard Error Estimate
1	0.858 <sup>a</sup>	0.736	0.732	0.37367

a. Predictors (Constant): Product, Price, Place, Promotion

b. Dependent Variable: Competitive Advantage

**4.6.2 Analysis of Variance (ANOVA)**

Analysis of variance (ANOVA) indicates the variance between the variables. The *p*-value (Sig. meaning significance) is link to the null hypothesis and the coefficient of all the independent variables are 0.000, where *p*-value is < 0.05, which indicate significance. Table 8, a low *p*-value, which indicates a significant relationship exists between the dependent and independent variables. This implies that the independent variables are significant in assessing the competitive advantage in Pune SMEs.

**Table 8: Analysis of Variance (ANOVA)<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	107.088	4	26.772	191.735	0.000 <sup>b</sup>
Residual	38.398	275	0.140		
Total	145.486	279			

a. Dependent Variable: Competitive Advantage

b. Predictors (Constant): Product, Price, Place, Promotion.

**4.6.3 Hypotheses Test Results**

Multiple Regression Analysis is used to test the Marketing Mix elements, namely Product, Price, Place, and Promotion, in terms of achieving Competitive Advantage on the part of SMEs in Pune. Therefore, the Regression Model for this study is:  $CA = \beta_0 + \beta_1 \text{Product} + \beta_2 \text{Price} + \beta_3 \text{Place} + \beta_4 \text{Promotion} + \epsilon$

**Hypothesis 1: Product has a significant impact on achieving competitive advantage for SMEs in Pune.**

As shown in Table 9 the outcome of the regression coefficients indicates, a positive relationship exists between Product and Competitive Advantage. The result is in line with a priori expectation that  $\beta_1 > 0$ . This means that a unit increase in Product will result in a corresponding increase in SME Competitive Advantage by 0.138 units. The *t* - value is 2.139 (larger than the tabular value 1.96). The *p*-value is less than  $\alpha = 0.05$  (*p* = 0.033). All these statistical results support the H<sub>1</sub> about the significant role of product in achieving a competitive advantage on the part of Pune SMEs.

**Hypothesis 2: Price has a significant impact on achieving competitive advantage for SMEs in Pune.**

As shown in Table 9 the outcome of the regression analysis indicate that a positive relationship exists between Price and Competitive Advantage. The result is in line with a priori expectation that  $\beta_2 > 0$ . This means that a unit increase in Price will result in a corresponding increase in SME Competitive Advantage by 0.229 units. The *t*- value is 3.755 (larger than the tabular value 1.96). The *p*-value is less than  $\alpha = 0.05$  (*p* = 0.000) All these statistical results support the H<sub>2</sub> about the significant role of price in achieving a competitive advantage on the part of Pune SMEs.

**Hypothesis 3: Place has a significant impact on achieving competitive advantage for SMEs in Pune.**

As shown in Table 9 the outcome of the regression analysis indicate that a positive relationship exists between Place and Competitive Advantage. The result is in line with a priori expectation that  $\beta_3 > 0$ . This means that a unit increase in Place will result in a corresponding increase in SME Competitive Advantage by 0.378 units. The *t* - value is 6.869 (larger than the tabular value 1.96). The *p*-value is less than  $\alpha = 0.05$  (*p* = 0.000). All these statistical results support the H<sub>3</sub> about the significant role of place in achieving a competitive advantage on the part of Pune SMEs.

**Hypothesis 4: Promotion has a significant impact on achieving competitive advantage for SMEs in Pune.**

As shown in Table 9 the outcome of the regression analysis indicate that a positive relationship exists between Promotion and Competitive Advantage. The result is in line with a priori expectation that  $\beta_4 > 0$ . This means that a unit increase in Promotion will result in a corresponding increase in SME Competitive Advantage by 0.259 units. The *t* - value is 5.33 (larger than the tabular value 1.96). The *p*-value is less than  $\alpha = 0.05$  (*p* = 0.000). All these statistical results support the H<sub>4</sub> about the significant role of promotion in achieving a competitive advantage on the part of Pune SMEs.

**Table 9: Multiple Regression Analysis (MRA)**

Hypothesizes Statement	$\beta$	t-value	p-value	Decision
H <sub>1</sub> : Product impact on competitive advantage	0.138	2.139	0.033	Supported
H <sub>2</sub> : Price impact on competitive advantage	0.229	3.755	0.000	Supported
H <sub>3</sub> : Place impact on competitive advantage	0.378	6.869	0.000	Supported
H <sub>4</sub> : Promotion impact on competitive advantage	0.259	5.333	0.000	Supported

$\beta$  = Standardized Coefficients Beta value

## V. CONCLUSIONS

The marketing mix strategy was welcomed by the need to enhance the competitive advantage of small and medium scale enterprises located in Pune. The above findings relating to the impact of marketing mix (product, price place & promotion) on the competitive advantage of SMEs, determines that marketing mix elements plays a significant role on attaining competitive advantages in Pune SMEs. The impact of marketing mix: Product ( $r= 0.604$ ,  $\alpha = .01$ ,  $p = 0.033$ ), Price ( $r= 0.699$ ,  $\alpha = .01$ ,  $p = 0.000$ ), Place ( $r= 0.732$ ,  $\alpha = .01$ ,  $p = 0.000$ ), Promotion ( $r= 0.736$ ,  $\alpha = .01$ ,  $p = 0.000$ ), on the competitive advantage in small and medium scale enterprises is positive and significant. Each of the marketing mix elements have a different impact on the competitive advantage. The most influential element to achieve the competitive advantage is place with 37.8% similarly promotion by 25.9%, price by 22.9% and product by 13.8%.

The R<sup>2</sup> value is 0.732% which means the 73.2% of the impact on the dependent variable competitive advantage is accounted jointly by the four independent variables. Similarly the independent variables jointly explained 26.8% of variation in the competitive advantage in SMEs The most influential element to least influential element in the marketing mix on the competitive advantage is ranked as place, promotion, price and product. According to this results, the product element is the least impacting independent variable on competitive advantage. The element product is associated with various feature like quality, size, shape, taste, color, fragrance and packing, therefore it is advised to keep a close monitor on these features to improve these qualities to enhance the competitive advantage.

Since this study focused on the Pune city, it can be recommended for the future study other cities in state of Maharashtra can be included to give more comprehensive view about the marketing mix on competitive advantage in SMEs.

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