MICHEAL PORTER'S GENERIC STRATEGIES ON THE COMPETITIVE ADVANTAGE OF MSMEs IN THE FOOD INDUSTRY: A CUSTOMER PERSPECTIVE

Ezhil Maran. K. P[*1] and Dr. M. Jeevarathinam[2]

KEYWORDS	ABSTRACT:
Firm Strategies, Competitive Advantage, Sustainability, MSME and Food Industry	Research aims: The main objective of the study is to explore the customers' perception on Micheal Porter's generic strategies in gaining a competitive advantage for MSME food enterprises. Design/Methodology/Approach: This study involves both primary data and secondary data. Primary data were collected using structured questionnaire from 280 customers of MSMEs food industry. Convenient sampling method was adopted to choose the respondents. Factor analysis and SEM were employed to analyze the data. Research Findings: The result of model measurement and AVE shows (CMIN=2.366, GFI=0.926, RMSEA=0.7) and (CA=0.67, DS=0.52, CP=0.69, LCS=0.59) which indicates a positive and strong relationship between customer perspectives and competitive advantage to the firm. Theoretical Contribution/Originality: The Porter's generic strategies enhance the organizations competitive advantage through customers' perception in terms of reliability, standard, reputation, growth and over all service. Practitioner/Policy Implications: Thus, low cost and differentiation strategy has positive effect on customer perception and as well offer competitive advantage to the firm's Research Limitations: The study chosen MSME food enterprises located in Tambaram city only.

1. INTRODUCTION

In the existing competitive world, customer satisfaction plays a vital role in the success of all businesses, chiefly in the food sector. According to Henry (2016), The food business has an enormous scope and has been mounting tremendously over the years. Food entrepreneurs diversify their business by offering healthy food substances like organic stocks to attract consumers (Shah, P., Dhir, A., Joshi, R., & Tripathy, N. 2023). The study conducted by Demmler (2020) small and medium enterprises play a key role in food processing and also it has been expanding its commercial wings in the overall retail food chain. Micro Small and Medium Entreprises (MSME) is contributing its effect in the socio-economic issues and it addresses the specific sustainable food diets (Nguyen et al., 2023). These MSMEs are engaging its intended structure around 60% into the food enterprises (Sulistyono, Hidaya, & Syafari, 2022). Customers' pleasure has been encountered through consistency of taste and experience, and home-cooked dishes (Toha & Habibah, 2023). Competitive strategy acts as an intermediate variable between

---

[*] Corresponding Author. Ezhil Maran. K. P is a Ph. D Research Scholar at the Department of Commerce, Faculty of Science and Humanities, SRM Institute of Science and Technology, Kattankulathur, Tamil Nadu – 603203, India. e-mail: ezhilmarankp@gmail.com / ezhilmak@srmist.edu.in

Dr. M. Jeevarathinam is an Assistant Professor & Research Supervisor at the Department of Commerce, Faculty of Science and Humanities, SRM Institute of Science and Technology, Kattankulathur, Tamil Nadu – 603203, India. e-mail: Jeevaram@srmist.edu.in

(Pusung et al., 2023) innovation and performance of SME's food sector. Adoption of digitalization in food enterprises (Sakova et al., 2024), is the competitive strategy to increase customer satisfaction.

Many food enterprises are under significant pressure and struggling to implement a strategy that effectively meets customer needs. The study by Rajput & Gahfoor (2020) customer satisfaction provides competitive benefits and advantages to the enterprise and offers advantages at various levels to the business. The customers are valuable assets to the business, and their contributions provide multiple advantages. These advantages include additional benefits from customers, as well as their perceptions contributing to a competitive advantage. Furthermore, this research delves into the significant impact that Porter's strategies have on shaping customer perception, demonstrating how these strategies can effectively create a competitive advantage in the marketplace for MSME food enterprises.

2. Literature Review and Hypotheses

In the context of business excellence and sustainable success, businesses rely on effective strategies to stay ahead in their competitive business analysis. Among the various approaches, Porter's generic strategies are the most accepted typology which is popular among researchers and business concerns in evaluating business performances in terms of sustainability and competitive advantage. His strategies play a vital role in developing the business performance. Creating a strong customer relationship provides a competitive advantage to the enterprises, and it retains the customers by fulfilling their needs. Through this business consciousness, this idea has to be applied in the mode of higher priority and that should be acknowledged in the organization. The reviews are discussed under the following heads (i) MSME food enterprises (ii) low-cost strategy (iii) differentiation strategy (iv) perception of customer and (v) competitive advantage.

2.1 MSME food enterprises

Micro, small, and medium enterprises are fondly named as MSME. After inclusive of earlier pronouncements such as small-scale industries and small and medium enterprises (Das, 2008) emerged as a three-tier structure setup enacted by the Government of India are MSMED Act 2006 provides a clear definition to understand the manufacturing and service sector. The act redefines the industry concept into enterprise for the first time in the official frame. The investment in plant and machinery or equipment and annual turnover is the criteria as revised definition in 2020. In their study Kristantiya Andreastika et al., (2017) on MSME food enterprises the business management practices enhance the performance of the enterprises. According to Ellen et al., (2014) relationship between entrepreneurial mindset and management practices has improved business performance. Moreover, internal and external environmental factors positively influence the MSME food and beverage business performance (Rizal & Kholid, 2017). Thus, management practice is an important aspect for business performance. On the other hand Setyawati et al., (2014) the effect of strategic decisions, innovation, and adoption of information technology on the MSME food and beverage industry is irrelevant to enterprises' performances. The study by Putri & Saputri (2023) determined that E-trust and service quality have increased customer value and loyalty. Similarly Soehardi & Thamrin (2022) found better quality products and usage of digital marketing which is cost-effective and it helps customers to save money and also it enhances customer satisfaction. Product quality and CRM enhance customer satisfaction and deteriorate in product innovation amidst the competitive advantage of a product is not enhanced by its quality and innovation whereas considerable in CRM (Risna Nona, 2021). Therefore, the quality of products and services maximizes customer satisfaction and also through online. MSME food entrepreneurs can rapidly invent new products for the proposed market and satisfy customer needs (Candra et al., 2022). The business performance of SMEs and large enterprises differ in terms of input and output percentage and it access to finance without land is the major hindrance faced by SMEs (Ali, 2016). In the study Putera et al., (2021) market orientation and entrepreneurial orientation are strongly connected to competitive advantage. MSMEs are well aware of it and frequently implement survival strategies in their activities of the business

(B et al., 2023). Hence most of the studies discussed the MSME food enterprises on various dimensions, however, Porter generic strategies were studied insufficiently.

2.2 Low-cost strategy

Low cost is imperative for optimizing efficiency, and profitability, and gaining a competitive advantage over rivals. Allen & Helms (2006) says that among the multiple variables, the serious note of reducing the distribution cost leads to achieve the low-cost strategy. According to Samarrokhi et al., (2014) low-cost strategy tends to achieve higher financial performance, return on investments, and assets likely. Putra et al., (2021) cost leadership strategy execution to maintain the cost of sales effectively. Thus, pursuing the cost leadership strategy allows business concerns to become the low-cost manufacturers in the industry. Similarly cost leadership strategy able to improve the performance of the business (Belmiro et al., 2021) and (Firoz Suleman et al., 2019). As a result, low-cost strategy helps to induce price-consciousness among the customers to attract and facilitate the businesses to increase their market share. Through this reformation in operations, there is a way to attain economies of scale and reduce expenses, and further the companies can market their products or services at lower prices than the competitors. Low cost strategy is the recommended strategy during pandemic (Khairani et al., 2021). The cost leadership is the most feasible strategy to minimize various problems in the enterprises (Wicker et al., 2015). Therefore, low cost is the effective strategy to overcome various complexities in business and executing the cost leadership in the enterprise to gain better performance and competitive advantage.

2.3 Differentiation Strategy

Allen & Helms (2006) by adopting a differentiation strategy, the firms retain old customers and draw new customers through unique approaches, innovation, and inventiveness in their marketing activities. Consequently, by creating unique and distinctive products or services emerges exceptional from the competitors. The study by Samarrokhi et al., (2014) sustainable competitive advantage achieved through an innovation differentiation strategy. Putra et al., (2021) differentiation strategy execution increases the firm's revenue. By involving unique value compositions, business can develop customer loyalty, charging premium prices, and eliminate the price-based contest. Tansey et al., (2014) a mixture of Porter's generic strategy is the effective way to work in unstable economic conditions. In their study Khairani et al., (2021) recommend that the companies must adapt to renovate the differentiation strategy in the post-recession stage. Thus, pursuing this approach in business provides innovation, high prominence, notable customer service, and top branding. From the literature, it is found that lack of studies discussed from the point of customers how they offer competitive advantage to the enterprises. In the present study porters' low-cost strategy linking from the point of view of customers was addressed.

2.4 Customer Perception

According to Mandlik (2023) customer loyalties are ensured through loyalty programs, customer expectations, and attractive amenities. In the study by Mukeshbhai & Ayre (2022) food trucks attracted customers by offering different food items through affordable prices, quality, and taste. Furthermore Toha & Habibah (2023) investigated taste, unique qualities and fulfilling customer needs are the positive aspects determining customer satisfaction. According to Rajput & Gahfoor (2020) quality foods, restaurant service, and decor atmosphere are the significant signs for prospective customers. Therefore the customer perception was enhanced through gratifying the expectations, charging reasonable prices, offering quality foods and restaurant amenities. Additionally the study by Banerjee & Singhania (2018) the customers are satisfied with four factors such as food quality, service quality, atmosphere, and price that leads to revisit intention and attracting fresh ones. Suchánek & Králová, (2019) customer satisfaction is ensured on product knowledge and customers are satisfied though high price of the product guarantees the quality. From the above studies the perception of customers are discussed on different dimensions. In the context of competitive advantage, the customers play a crucial role in determining the success of the enterprises. However, the previous studies are not connected the link between perception of the customers and competitive advantage to the enterprises. The current study addresses the gap in the above literature

to offer an unnoticed area where enterprises have to focus on ingraining the process of customer relationships.

2.5 Competitive advantage

Strategic management drives the firms to maintain and gain competitive advantage. It is defined as "something that the company involved comparatively better than the rivals". The study by Fiol (1991) argues the company achieve competitive advantage by producing goods and rendering services to his customers greater than the rival firms. It enhances the company to acquire larger market share for its investors. Allen & Helms (2006) pointed out the mixture of porters three generic strategies in the company takes them to achieve competitive advantage. Additionally Farida & Setiawan (2022) improved strategies in the business will enhance the SME's competitive advantage. Small and Medium Enterprises enhance their business performance and innovation capabilities to build their competitive advantages. According to Oladimeji et al., (2019) competitive intelligence is the significant strategy which enhances the organizations to achieve competitive advantage. Boakye Elijah & Millicent (2018) company's focus on internal resources and competitive market situations may help them to achieve long-term competitive edge to improve firm's performance. Ouma & Oloko (2015) Porter's generic strategies are the key strategies to obtain edge among the competitors and to achieve in the competitive advantage. The study by Vinayan et al., (2012) argues employing organization resources is vigilantly protecting the organization's growth and welfare, and also a serious note on the outside environment which holds the other competitors and their distinctiveness in the market. The previous studies have examined various industrial classifications of MSMEs, revealing that food enterprises high in number in the service in the sector. However, it is to highlight that research specifically focused on MSME food enterprises remains scarce, that needs to be addressed for a better understanding of this vital segment (Rajput & Gahfoor, 2020). Furthermore, there is a lack of knowledge from the customer perspectives to identify the competitive advantage to the food enterprises. Also, Porter's generic strategies talk much about the effectiveness of business enterprises in the context of competitive advantage, and related studies are insufficient in number. The efficiency of internal operations may not be the factor for the success of any organization (Almohtaseb et al., 2024). Therefore, the present study has proposed to discuss the enterprises success and how competitive advantage is achieved on external operations mainly through customers. The main purpose of the study is to explore the perception of customers on Porter's generic strategies in gaining a competitive advantage for MSME food enterprises. On the basis of objective and literature review the conceptual model were developed in Figure 1.

Hence author developed hypotheses as follows:

H1: There is a positive relationship between low-cost strategy and competitive advantage through customers' perspectives.

H2: There is a positive relation between differentiation strategy and competitive advantage through customers' perspectives.

H3: There is a positive relationship between customers' perspectives and competitive advantage.

Figure – 1
Research Model
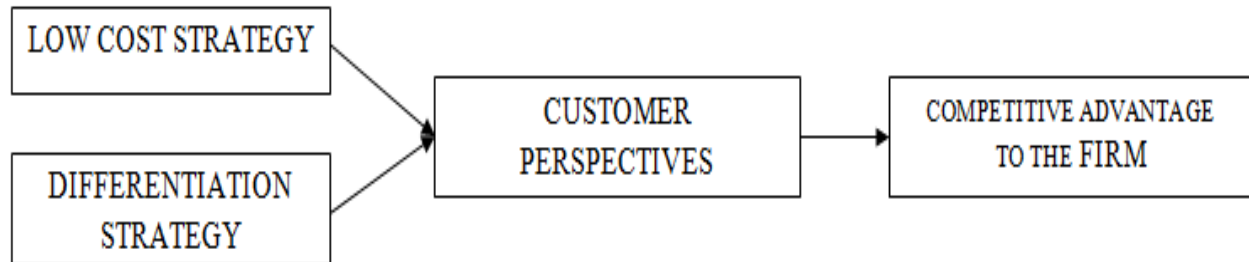
3. Research Methods

Data used in the present study emphasized on first-hand and secondary sources of data. The first-hand data is obtained from a structured questionnaire from the customers of MSME food enterprises registered in the Udyam Portal. The second-hand data sources are drawn from previous studies, books, and the MSME.gov.in website. Tambaram city of Tamil Nadu, India is purposively chosen and convenient sampling method is applied and where the population size is unknown. Data collected were tested to determine whether the developed hypotheses supported the empirical evidence. A questionnaire survey is the most popular method for collecting primary data for market research due to its cost effectiveness. A total of ten famous MSME food enterprises were chosen randomly in the study. The structure of the questionnaire consists of five sections. The first section deals with the demographic profile of the respondents, followed by statements related to Porter's low-cost and differentiation strategy. Next section concerned with statements associated with customers' perspectives and competitive advantage. Questionnaires were distributed to 30 repeat customers in each food enterprise. Moreover 340 questionnaires were circulated to customers and received 300 filled questionnaires. Out of which 20 questionnaires were rejected due to incomplete in filling out the data. Finally, 280 filled questionnaires were collected from select food enterprises were analyzed in the study. Low cost and differentiation strategies were used as exogenous variables, where customers' perspectives examined as mediating and competitive advantages as endogenous variable developed in the conceptual model. Descriptive statistics and factor analysis were used to bring out the results. Structural equation model was developed to analyze relationships between independent and dependent variable identified in the study.

Table - I
3.1 Construction of Variables

Variables	Source/ Operational References	Operational Variables
Low-cost strategy	Micheal E. Porter, 1985	LCS 1 to 5
Differentiation strategy	Micheal E. Porter, 1985	DS 1 to 5
Customers' perspectives	Saad Andaleeb & Conway 2006, Salsabila et al., 2021 and Rajput & Gahfoor, 2020	CP 1 to 5
Competitive advantage	Kibebe M'mbwanga & Anyieni, 2022	CA 1 to 5

Low cost and differentiation strategy variables were constructed from Micheal E. Porter, 1985. The low-cost strategy contains five items such as offering high-class services at low cost, unique dining experiences at minimum rates, affordable prices charges on food recipes, reasonable rate charges on takeaway, and fair prices on special menus. Differentiation strategy includes five items such as offers superior taste and quality than the competitors, unique recipes than the competitors, attractive restaurant design and models, digital innovation and conducts games and activities. Customers' perspectives variables are adopted from (Saad Andaleeb & Conway, 2006), (Salsabila et al., 2021) and (Rajput &

Gahfoor, 2020). Customers' perspective variables include five items such as memorable experiences, responsiveness, cleanliness, and neat, satisfactory food quality, and price. Competitive advantage is adopted from (Kibebe M'mbwanga & Anyieni, 2022). It contains five items such as enterprises involved in the restaurant business are more reliable and of a high standard, I have a good reputation and pursue recommendations to my network, food enterprises have excellent food recipes, I will be loyal and wish for repeat purchasing and overall service of the food enterprises are elegant. Each item is measured on points Likert scale, where Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4), and Strongly Agree (5). Pre-tests are conducted for research instruments like questionnaires, and interview schedules to carry out firsthand data collection that plays a significant part in research design. A pilot study may not provide assured success but it helps to improve the efficiency rate in primary data collection (Pholen & Londe, 1998).

Data analyses were employed by using SPSS and AMOS. The present study used a structural equation model (SEM) for data analysis. It is a statistical technique that identifies the complex relationship between dependent and independent variables. The structural equation model provides two models: the model measurement and the structural model. The model measurement deals with reliability and validity analysis whereas the structural model examines the relationships and interconnections among the variables constructed in the study. Hence, the paper tests the three techniques to validate the measurement model for further process. The reliability and validity analyses were conducted to assess the quality of the research. Reliability test shows the consistency of a measure whereas validity tests were conducted to know the accuracy of a measure.

Table – II
Reliability Analysis

Name of the Variables	Items	Cronbach's Alpha Value
Low-Cost Strategy	5	.856
Differentiation Strategy	5	.849
Customers' Perspectives	5	.878
Competitive Advantage to the firm	5	.847
Overall	20	.918

Source: Primary Data

Table No. II comprises two independents, mediating, and a dependent variable. According to the reliability statistics, the researcher found the Cronbach values of all four variables are above 0.7 which indicates the data are more reliable according to Hair et al., (2017) and further analysis were carried out. Pilot study was also conducted among 60 respondents belongs to MSME food enterprises customers. Cronbach value results of all four variables show above .8 which is acceptable. An overall result shows .918 which is satisfactory for further analysis.

Table – III
Validity analysis

Variables	Min.	Max.	Mean	S.D	Kurtosis	Skewness
Low-Cost Strategy	8	24	17.72	3.03	.220	.589
Differentiation Strategy	6	24	18.15	2.94	.042	.887
Customers' Perspectives	6	24	17.41	3.26	.040	.724
Competitive Advantage to the firm	8	24	17.66	2.70	.242	.645

Source: Primary Data

Table III shows the validity analysis of the data. It is found that the high-level relativity shows in the variables low-cost strategy (M=17.72, SD=3.03), differentiation strategy (M=18.15, SD=2.94), Competitive advantage (M=17.77, SD=2.70). In the customers' perspectives (M=17.41, SD=3.26) show a relatively lower mean among the variables. It is also found that all the mean values are above 17. The

kurtosis and skewness value are between -1 to +1 indicating that the data are normally distributed (Hari et al., 2022).

KMO test results show 0.885 which is acceptable and appropriate in the data. Bartlett's test result shows the value is highly significant ($p<0.001$) to conduct principal component analysis.

Table – IV
KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.885
Bartlett's Test of Sphericity	Approx. Chi-Square	3518.152
	Df	190
	Sig.	.000

Source: Primary Data

The author used rotated eigenvalues and scree plot figures to identify the number of factors more significant. The factor loadings show that four factors are fairly desirable. To determine the issue of insignificant loading items we retest the analysis not including that item else we can select a less significant cut-off to not include that item for the study. High relativity values were shown in the above communalities table. However, one item is below 0.6 (0.587 communality value shown) is removed for further analysis because of less relativity value provides for enterprise business sustainability. Among the variables outgoing for further analysis the relativity value is between .607 and .868 which indicates 60.7% and 86.8% variance were explained.

Table – V
Statements of variables in Rotated Component Matrix

Statements	Variables	Number of Components			
		1.	2.	3.	4.
Offers high class services at low cost	Low Cost				.606
Affordable price charges on food recipes					.753
Reasonable rate charges on take away					.803
Fair price charges on special menus					.749
Offers unique recipes than the competitors	Differentiation			.725	
Attractive restaurant design and models				.746	
Digital Innovation to distinguish other enterprises				.773	
Conducts feature games, activities and virtual enhance modes				.761	
Offered unique, exceptional and memorable experiences	Customers' Perspectives		.784		
Services are very attentive, responsiveness and promptness			.829		
Décor appealing and adequate parking facilities			.792		
Satisfactory food quality and price			.693		
Restaurant business are more reliable and higher standard	Competitive Advantage	.794			
I have good reputation and recommendations to my network		.870			
I will be loyal to the enterprise and I wish for repeat visiting		.902			
Overall service and performance of the enterprises are elegant		.862			

Source: Primary Data

In the principal component analysis, the Rotation component matrix is the key output to estimate the correlation between variables and components. In the table, four components were derived first component determined the competitive advantage of the firm which has a range of products grown over the years highly correlated. In the second component determined customer satisfaction was highly correlated were shown in the services are very attentive, responsive, and prompt. The Third component is the differentiation strategy where high loading was shown on attractive restaurant designs and models. The fourth component is most highly correlated with reasonable rate charges on takeaway.

Reliability and normality of the KMO-Bartlet's test and principal component analysis is performed to examine the convergent validity to analyze the interconnection among the variables. Convergent validity analyses the data's internal consistency and the threshold value should be more than 0.50 (Rajput & Gahfoor, 2020). AVE determines the indication of reliable measurement for the model. Low factor loading indicates poor correlation and high factor loading indicates strong and positive correlation between the variables and it indicates the reliability of the data.

Table – VI
Standard Regression Weights and Convergent Validity Analysis

Variables	Constructs	Standardized loadings	Square of Standardized loadings	AVE	THRESHOLD >.50 (DECISION)
CA4	Competitive advantage	0.985	0.970225	0.67315275	ACCEPTED
CA2		0.76	0.5776		
CA5		0.835	0.697225		
CA1		0.669	0.447561		
DS5	Differentiation Strategy	0.572	0.327184	0.52524325	ACCEPTED
DS3		0.7	0.49		
DS2		0.883	0.779689		
DS4		0.71	0.5041		
CP2	Customer Perspectives	0.867	0.751689	0.699913667	ACCEPTED
CP4		0.716	0.512656		
CP1		0.914	0.835396		
LCS4	Low-Cost Strategy	0.845	0.714025	0.594953667	ACCEPTED
LCS5		0.81	0.6561		
LCS3		0.644	0.414736		

Source: Authors Computation

Table VI shows the convergent validity of the constructs developed for the study. Convergent validity describes the standardized loadings, square of standardized loadings and average variance and results. It indicates theoretically and conceptually highly related to each other constructs. Competitive advantage average variance shows 0.67315275, Differentiation strategy shows .52524325, Customer satisfaction shows .699913667 and Low-cost strategy explains .594953667. Result shows from the above table more than .5 indicates high similarities and positively correlates with the variables (Rajput & Gahfoor, 2020).

Discriminant validity is the test to identify how the variables are truly diverse from other variables and it is ensured through degree loaded for the constructs. It indicates the individual loadings are shown to be higher than the cross-loadings respectively.

Table– VII
Discriminant Validity

Constructs	Competitive Advantage	Differentiation Strategy	Customers' Perspectives	Low-Cost Strategy
Competitive Advantage	0.820458866	-	-	-
Differentiation Strategy	0.298	0.724736504	-	-
Customers' Perspectives	0.423	0.588	0.83660863	-
Low-Cost Strategy	0.196	0.651	0.574	0.77133261

Source: Authors Computation

4. Results

The entire study has been analyzed under three sections. The demographic analyses of the respondents were examined by using frequency distribution. In the next section hypotheses developed were tested by using structural equation model. It involves gathering information to understand the behavior of the respondents analyzed in the study. The factors may include such as sex, age group, educational qualification, employment and monthly income were examined.

Table – VIII
Frequency Distribution

Items		Frequency	
		n	Percent
Gender	Male	196	70.0
	Female	84	30.0
Age	Below 20	61	21.8
	21 to 30	138	49.3
	31 to 40	66	23.6
	Above 41	15	5.4
Education	School level	15	5.4
	UG	111	39.6
	PG	107	38.2
	Professional	37	13.2
	Others	10	3.6
Occupation	Student	130	46.4
	Private Sector	122	43.6
	Government Sector	23	8.2
	Businessman	5	1.8
Monthly Income	Upto Rs 30,000	89	31.8
	Rs. 30,001 to Rs. 60,000	134	47.9
	Rs. 60,001 to Rs. 90,000	29	10.4
	Above Rs. 90,001	28	10.0

Source: Primary Data

Table III, portrays the demographic profile of the sample respondents depicts that 30% of them are females and 70% are males. There are 21.8% respondents of age group are below 20 years, 49.3% of the age group are between 21 to 30, 23.6% of the age range between 31 to 40 and 5.4 percent of the age category is more than 41 years. The level of education of the informants indicates that most of the respondents were undergraduates and post graduates and followed by professionals, up to school and other categories. Occupation of informants reflects that 46.4% belong to the student category and 43.6% work in private organizations followed by the government sector 8.2% and businessman1.8%. Monthly Income describes 47.9% of respondents' income ranges between Rs. 31,000 to 60,000 and 31.8% of respondents' income below 30,000 and 10.4% have monthly income of Rs. 61,000 to 90,000 and 10% belong above Rs. 91,000.

The study used SPPS software and AMOS for data analysis to test the measurement model. The table numbers (2 to 7) show the summary of the loadings of each analysis. All the Cronbach's values are above 0.7 for the constructs low cost, differentiation strategy, customers' perceptive and competitive advantage. AVE values also above 0.5 indicate convergent validity. Both the internal consistency reliability and convergent validity appears satisfactory the discriminant validity was performed. Hence, the study validates all the constructs were met out in the study.

Figure – II
Path Analysis- Measurement
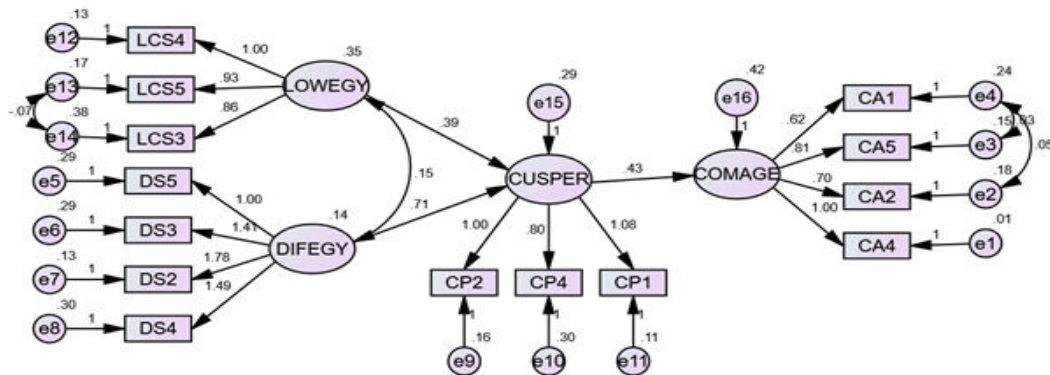
   Model
Note: LCS = Low cost strategy; DS = Differentiation strategy; CUSPER = Customers' Perspectives; COMAGE= Competitive Advantage.

Table - IX
Path Analysis – Model Fit Summary

Measurement Model	X²	DF	X²/df	RMSEA	AGFI	GFI	CFI
Four factor measurement model	160.878	68	2.366	.070	.885	.926	.079
Model fit (Threshold)	-	-	Between 1 & 3	<0.06	>0.90	>0.95	<0.08
Interpretation	-	-	Excellent	Acceptable	Acceptable	Excellent	Acceptable

Source: Author's computation

The model measurement was performed using AMOS software to test the relationships and interconnections among the constructs used in the study. The table IX shows the values of model measurement. The key indications in the model measurement were $X^{2/}/df$ (CMIN), RMSEA, AFGI, GFI, CFI values are fit and within the threshold range. The derived CMIN value of 2.366 is within the threshold range (between 1 & 3) hence it is excellent fit. Like other key indications like RMSEA, AGFI, GFI, CFI values are <0.06, >0.90, >0.95 and <0.08 respectively. All these indications are within the threshold range hence the model fit. It is to note that the adoption of low cost and differentiation strategy through customers' perception that leads to competitive advantage. Finally, the hypotheses developed were tabulated in the below table.

Hypotheses	Decision
1. There is a positive relationship between low-cost strategy and competitive advantage through customers' perception	Accepted
2. There is a positive relationship between differentiation strategy and competitive advantage through customers' perception	Accepted
3. There is a positive relationship between customers' perception and competitive advantage	Accepted

5. DISCUSSION

It is quite interesting to note that low cost and differentiation strategy leads to customer satisfaction and further it directs to competitive advantage to the firm. Positive and significant relationships exist in the low-cost and differentiation strategy. In the low-cost strategy, affordable prices charges on food recipes, takeaway charge and prices for special menus are most significant items leads to customer satisfaction. Differentiation strategy variables like unique recipe offers, attractive design models, Innovative digital setups up, and conducting entertainment events are the most significant items. Furthermore, customers are mostly satisfied with responsiveness, Decor appeal, and facilities offered and acknowledged memorable experiences. Lastly, competitive advantage to the firm results shows that reliability, standard, reputation, growth, overall service, and performance are the key indicators found in the study. The results of CMIN/DF show the relative index fit to the model data found 2.366 is an excellent fit according to (Cucos, 2022). The findings supported by Cucos, (2022) Root Mean Square Residual in the study shows 0.023 falls in the acceptable fit. Furthermore the findings in line with (Cucos, 2022) a goodness of fit index of 0.926 also proves an excellent fit. According to (Cucos, 2022) the adjusted goodness of fit index shows 0.885 an acceptable fit. A PGFI show 0.600 indicates model fit is acceptable range. The comparative fit index of 0.79 falls within the range of 0 to 1. Likewise, many authors highlighted the Root means square approximation shows 0.7 an acceptable range. The first hypothesis developed to examine the relationship between low cost strategy and customers' perspectives. The empirical result value shows the significance of low cost strategy that builds customers' perspectives and it further leads to competitive advantage to the firm. The above findings are supported by (Islami et al., 2020) who revealed competitive advantage achieved by low cost strategy. The second hypothesis framed to assess the relationship between differentiation strategy and customers' perspectives. It is observed for the hypothesis identified that the differentiation strategy construct customer perspectives and it directs competitive advantage to the firm. These findings are supported by Jerab & Mabrouk (2023) who explored differentiation strategy offers a pathway for the organizations to achieve competitive advantage. The third hypothesis developed to explore the relationship between customer perspectives and competitive advantage to the firm. The empirical finding of the study shows the positive and significant relationship between customer perspectives and it offers competitive advantage to the firm. These findings are in line with the Parasuraman, A.(1997) who revealed gaining competitive advantage through customer insights.

6. MANAGERIAL IMPLICATIONS

The main contribution of the study is to portray the customers' perspectives of MSME food enterprises incorporating porter generic strategy to ensure customer satisfaction and perception. In the modern era customers are very intense on achieving greater experiences on food enterprises comparatively. Among the service enterprises food businesses occupy a top position as increases in the number of food enterprises. Similarly, competition also increases on the other side which requires special attention to serve the customers. The food enterprises have to involve in retaining the existing customers and to attract the fresh customers through the uniqueness, responsiveness and neat appearances. The result showed the independent variables low cost and differentiation has significant and positive effect on customers' perspectives. Moreover, customers' perspectives also strongly influence the competitive advantage. From the study it is clear to note that low cost and differentiation strategy plays a vital role in improving customer satisfaction and turns in gaining competitive edge among the rival firms. This study recommends that Porter's low cost and differentiation strategy is strongly associated with customer satisfaction and ensures increases in competitive advantage to the firm's success and sustainability.

7. CONCLUSION

The present study is to explore the customers' perception on Porter's generic strategies in gaining a competitive advantage for MSME food enterprises. Customers are considered as valuable assets that to be taken care of or retained to build a strong relationship that can spawn a competitive edge. In the business enterprises, they should develop a proper system and process that connects in building strong customer relationships. Top officials in the business organizations must embed the significance of constructing a relationship with customers. The results of the study proved the porters low-cost and differentiation strategies that are commonly accepted typologies in the world for achieving competitive advantage. The study differs from the existing literature which discusses Porter's generic strategies internally within the organization the present study fills the gap in the literature that from the point of view of customers Porter's strategies were analyzed through customers' perception. Competitive advantages gained by the MSME food enterprises are the trustworthiness of the food enterprises, quality of the food items, reputation of the enterprise, development for the enterprises, and overall service rendered by the enterprises.

The study recommends that food enterprises identify a niche market and food items, innovative food recipes, collaborations with other enterprises globally, provide high-class services at fair prices, unique recipes, conducting activities, and décor appealing will attract more customers. Though MSME has a separate ministry in India, the government also should offer some schemes and programs, especially for food enterprises by conducting entrepreneurship development programs, trainings, and support for finance, infrastructure, and marketing may rendered to the food enterprises.

However, the study confines to certain limitations connected with sampling composition. The study also limits to MSME registered food enterprises only. In further study other sectors and other areas may be chosen. The customers' perception may vary and differ from time to time.

SCOPE FOR FURTHER RESEARCH

The present study focused only on MSME food enterprises under the service sector category and the results may not be generalized to all other service enterprises. In the further study the researchers include other category enterprises or entire service enterprises in their study. The combination of both customers and food entrepreneurs may also be studied.

AUTHOR CONTRIBUTION

Ezhil Maran. K.P, Dr. M. Jeevarathinam: Conceptualization
Dr. M. Jeevarathinam: Formal Analysis
Ezhil Maran. K.P: Investigation
Ezhil Maran. K.P, Dr. M. Jeevarathinam: Methodology
Dr. M. Jeevarathinam: Supervision
Ezhil Maran. K.P: Writing – Original draft

Ezhil Maran. K.P, Dr. M. Jeevarathinam: Writing – Review & Editing

REFERENCES

Ali, J. (2016). Performance of small and medium-sized food and agribusiness enterprises: Evidence from indian firms. *International Food and Agribusiness Management Review*, *19*(4), 53–64. https://doi.org/10.22434/IFAMR2016.0024

Allen, R. S., & Helms, M. M. (2006). Linking strategic practices and organizational performance to Porter's generic strategies. *Business Process Management Journal*, *12*(4), 433–454. https://doi.org/10.1108/14637150610678069

Almohtaseb, A., Aldehayyat, J., Khattab, A. Al, & Alabaddi, Z. (2024). The role of supply chain management in improving performance of Jordanian small and medium enterprises. *Problems and Perspectives in Management*, *22*(1), 218–230. https://doi.org/10.21511/ppm.22(1).2024.19

Andreastika, K., Santoso, I., & Deoranto, P. (2017). COMPETITIVENESS OF FOOD AGRO-INDUSTRIAL MSMEs: ROLE OF BUSINESS MANAGEMENT AND GOVERNMENT POLICY. *Jurnal Aplikasi Manajemen*, *15*(3), 501–512. https://doi.org/10.21776/ub.jam.2017.015.03.15

B, H. H., Khasanah, R. A., & Yasmin, A. (2023). Proceedings of the Tegal International Conference on Applied Social Science & Humanities (TICASSH 2022). In *Proceedings of the Tegal International Conference on Applied Social Science & Humanities (TICASSH 2022)*. Atlantis Press SARL. https://doi.org/10.2991/978-2-494069-09-1

Banerjee, S., & Singhania, S. (2018). Determinants of Customer Satisfaction, Revisit Intentions and Word Of Mouth in the Restaurant Industry-Study Conducted In Selective Outlets of South Kolkata. *International Journal of Business and Management Invention (IJBMI) ISSN*, *7*(6), 63–72. www.ijbmi.org

Belmiro, D., Bintang, G., & Bakti, S. (2021). The applicability of Porter's generic strategies in E-commerce Companies: Study Case in Indonesia. *Proceedings of the International Conference on Industrial Engineering and Operations Management*, *January 2020*, 853–861.

Boakye Elijah, A., & Millicent, A.-D. (2018). the Impact of a Sustainable Competitive Advantage on a Firm'S Performance: Empirical Evidence From Coca-Cola Ghana Limited. *Global Journal of Human Resource Management*, *6*(5), 30–46. www.eajournals.org

Candra, S., Wiratama, I. N. A. D., Rahmadi, M. A., & Cahyadi, V. (2022). Innovation process of micro, small and medium enterprises (MSMEs) in greater Jakarta area (perspective from foodpreneurs). *Journal of Science and Technology Policy Management*, *13*(3), 542–560. https://doi.org/10.1108/JSTPM-10-2020-0153

Cucos, L. (2022). How To Interpret Model Fit Results In AMOS. *Uedufy*, 1–17. https://uedufy.com/how-to-interpret-model-fit-results-in-amos/

Das, K. (2008). Micro, Small and Medium Enterprises in India: Unfair Fare. *GIDR Working Paper*, *181*, 1–29.

Demmler, K. M. (2020). *THE ROLE OF SMALL AND MEDIUM- SIZED ENTERPRISES IN NUTRITIOUS FOOD SUPPLY CHAINS IN AFRICA GAIN Working Paper Series n ° 2*.

Ellen, C., Anantadjaya, S. P., & Saroso, T. (2014). *Determinants of Entrepreneurial Success on Indonesian Food Service MSMEs*. *February*, 1–18. http://papers.ssrn.com/abstract=2400227

Farida, I., & Setiawan, D. (2022). Business Strategies and Competitive Advantage: The Role of Performance and Innovation. *Journal of Open Innovation: Technology, Market, and Complexity*, *8*(3), 163. https://doi.org/10.3390/joitmc8030163

Fiol, C. M. (1991). Managing Culture as a Competitive Resource: An Identity-Based View of Sustainable Competitive Advantage. *Journal of Management*, *17*(1), 191–211.

https://doi.org/10.1177/014920639101700112

Firoz Suleman, M., Rashidirad, M., & Firoz Suleman, S. (2019). The applicability of Porter's generic strategies in pure online firms: A case study approach. *Strategic Change*, *28*(3), 167–176. https://doi.org/10.1002/jsc.2258

Hair, J. F., Hult, G. T., Ringle, C., & Sarstedt, M. (2017). A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM) - Joseph F. Hair, Jr., G. Tomas M. Hult, Christian Ringle, Marko Sarstedt. In *Sage*.

Islami, X., Mustafa, N., & Topuzovska Latkovikj, M. (2020). Linking Porter's generic strategies to firm performance. *Future Business Journal*, *6*(1), 1–15. https://doi.org/10.1186/s43093-020-0009-1

Jerab, D. A., & Mabrouk, T. (2023). Strategic Excellence: Achieving Competitive Advantage through Differentiation Strategies. *SSRN Electronic Journal*, *September*. https://doi.org/10.2139/ssrn.4575042

Khairani, A., Asrie, P. D., & Lailatul, F. R. (2021). Implementation of Porter's Generic Strategies in Indonesian Airlines Industry During Covid-19 Pandemic (Case Study: Garuda Indonesia and AirAsia). *Proceedings of the International Conference on Industrial Engineering and Operations Management*, 842–852. https://doi.org/10.46254/eu04.20210409

Kibebe M'mbwanga, S., & Anyieni, A. (2022). Strategies Adopted to Achieve Competitive Advantage of Commercial Banks in Nakuru County, Kenya. *International Journal of Scientific Research and Management*, *10*(04), 3278–3293. https://doi.org/10.18535/ijsrm/v10i4.em6

Mandlik, S. (2023). A research study on customer satisfaction and loyalty in hospitality industry, Rajkot. *Journal of Management Research and Analysis*, *10*(3), 173–178. https://doi.org/10.18231/j.jmra.2023.030

Mukeshbhai, B. D., & Ayre, V. (2022). *International Journal of Research Publication and Reviews " A STUDY ON CUSTOMER SATISFACTION TOWARDS E- BANKING ." 3*(5), 69–73.

Nguyen, T., Thai, H., Pham, H., Galema, S., Mekonnen, D., Pham, T., Dao, A., Nguyen, M., Berkhout, E. D., Nguyen, T., & Thai, H. (2023). *Micro, small, and medium enterprises (MSMEs) in fruit and vegetable value chains in Vietnam. November*.

Oladimeji, M. S., Eze, B. U., & Akanni, K. A. (2019). Effect of Competitive Intelligence on Competitive Advantage of Micro Small and Medium Enterprises in Nigeria. *Lapai International Journal of Management and Social Sciences*, *9*(2), 179–193. https://www.researchgate.net/publication/335972315

Ouma, G., & Oloko, M. (2015). The Relationship between Porter's Generic Strategies and Competitive Advantage. *International Journal of Economics, Commerce and Management*, *3*(6), 1058–1092.

Pholen, T., & Londe, B. (1998). Reproduced with permission of the copyright owner . Further reproduction prohibited without. *Journal of Allergy and Clinical Immunology*, *130*(2), 556. http://dx.doi.org/10.1016/j.jaci.2012.05.050

Pusung, C. S., Narsa, N. P. D. R. H., & Wardhaningrum, O. A. (2023). Innovation, Competitive Strategy and Msme Performance: a Survey Study on Culinary Smes in Indonesia During the Covid-19 Pandemic. *Business: Theory and Practice*, *24*(1), 160–172. https://doi.org/10.3846/btp.2023.16676

Putera, W., Rakib, M., & Sahabuddin, R. (2021). Competitive Advantages Influence on Marketing Performance: Study on Food and Beverage MSMEs. *THE American Journal of Humanities and Social Sciences Research (THE AJHSSR)*, *04*(01), 75–83. www.theajhssr.com

Putra, F. R., Abdillah, R., & Putri, K. T. (2021). Understanding Strategic Initiatives Contributing to The Implementation of Cost Leadership and Differentiation Strategy to Achieve Competitiveness: A Case Study of Indonesia's Cement Industry. *Proceedings of the International Conference on Industrial Engineering and Operations Management*, *2015*, 870–881.

Putri, A. C., & Saputri, M. E. (2023). The Effect Of E-Service Quality And E-Trust On Customer Satisfaction Through THE EFFECT OF E-SERVICE QUALITY AND E-TRUST ON CUSTOMER SATISFACTION THROUGH SHOPEE FOOD FEATURES AT MSMEs IN BANDUNG under a Creative Commons Attribution-NonCommercial 4.0 Inter. *Jurnal Ekonomi*, *12*(03), 2023. http://ejournal.seaninstitute.or.id/index.php/Ekonomi

Rajput, A., & Gahfoor, R. Z. (2020). Satisfaction and revisit intentions at fast food restaurants. *Future Business Journal*, *6*(1), 1–12. https://doi.org/10.1186/s43093-020-00021-0

Rizal, O. S., & Kholid, M. M. (2017). Factors on Business Performance : a Study on Micro Small and Medium. *Russian Journal of Agricultural and Socio-Economic Sciences*, *6*(66), 47–56.

Saad Andaleeb, S., & Conway, C. (2006). Customer satisfaction in the restaurant industry: An examination of the transaction-specific model. *Journal of Services Marketing*, *20*(1), 3–11. https://doi.org/10.1108/08876040610646536

Sakova, M., Rahayu, A., & Wibowo, L. A. (2024). *Competitive Strategy Through Collaborative Value Creation and Digital Innovation Food of MSMEs*. Atlantis Press International BV. https://doi.org/10.2991/978-94-6463-234-7_173

Salsabila, H., Sari, M. P., Mardhiyah, W. F., & Dinita, R. (2021). Comparison of Porter's Generic Strategies in Indonesia's FMCG Companies: A Case Study. *Proceedings of the International Conference on Industrial Engineering and Operations Management*, *August*, 902–911.

Samarrokhi, A., Jenab, K., Arumugam, V. C., & Weinsier, P. D. (2014). A new model for achieving sustainable competitive advantage through operations strategies in manufacturing companies. *International Journal of Logistics Systems and Management*, *19*(1), 115–130. https://doi.org/10.1504/IJLSM.2014.064027

Setyawati, A., Kumadji, S. K., Zulkhirom, M., & Nimran, U. (2014). Effect of strategic decision, innovation, and information technology adoption on competitive advantages and msme performance studies at msme food and beverage industry sector in Bandung Raya. *European Journal of Business and Management*, *6*(35), 52–58.

Shah, P., Dhir, A., Joshi, R., & Tripathy, N. (2023). Opportunities and challenges in food entrepreneurship: In-depth qualitative investigation of millet entrepreneurs. *Journal of Business Research*, *155*(PB), 113372. https://doi.org/10.1016/j.jbusres.2022.113372

Soehardi, & Thamrin, D. (2022). Model of Increasing Income and Customer Satisfaction Through Product Quality and Digital Marketing in the MSME of Baduy Community. *International Journal of Multicultural and Multireligious Understanding (IJMMU)*, *9*(3), 673–682.

Suchánek, P., & Králová, M. (2019). Customer satisfaction, loyalty, knowledge and competitiveness in the food industry. *Economic Research-Ekonomska Istrazivanja*, *32*(1), 1237–1255. https://doi.org/10.1080/1331677X.2019.1627893

Sulistyono, M., Hidayat, Y., & Syafari, M. R. (2022). International Journal of Political, Law, and Social Science STRATEGY FOR EMPOWERMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) FOOD SECTOR BY THE OFFICE OF COOPERATIVES, SMALL/MICRO BUSINESSES AND INDUSTRY OF BALANGAN REGENCY. *International Journal of Political, Law, and Social Science*, *3*(1), 2501–7322. https://www.republika.co.id/berita/

Tansey, P., Spillane, J. P., & Meng, X. (2014). Linking response strategies adopted by construction firms during the 2007 economic recession to Porter's generic strategies. *Construction Management and Economics*, *32*(7–8), 705–724. https://doi.org/10.1080/01446193.2014.933856

Toha, M., & Habibah, N. J. (2023). *MSME EMPOWERMENT AND DEVELOPMENT*. *1*(1), 26–39.

Vinayan, G., Jayashree, S., & Marthandan, G. (2012). Critical Success Factors of Sustainable Competitive Advantage: A Study in Malaysian Manufacturing Industries. *International Journal of Business and Management*, *7*(22), 29–45. https://doi.org/10.5539/ijbm.v7n22p29

Wicker, P., Soebbing, B. P., Feiler, S., & Breuer, C. (2015). The effect of Porter's generic strategies on organisational problems of non-profit sports clubs. *European Journal for Sport and Society*, *12*(3), 281–307. https://doi.org/10.1080/16138171.2015.11687967