

Competitive Advantage Approach Model Strategy Against Entrepreneurial Marketing Performance

Competitive Advantage
for Entrepreneurial
Marketing

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ABSTRACT

High sales are characterized by well-done marketing. The rapid change of times must be anticipated by SMEs in maintaining the sustainability of ulos cloth so that it does not become extinct. The concept of local wisdom innovation in the creative industry, variants, and quality of ulos fabrics is able to increase competitiveness in marketing ulos fabrics now and in the future. This study aims to determine the influence of local wisdom innovation, promotion strategies, entrepreneurial thinking, and business strategies on marketing entrepreneurial performance with competitive advantage as a mediation variable and marketing orientation as a moderation variable. Analysis tools used SEM. The sampling technique used is the census technique; all populations are sampled, totaling 221 SMEs actors of ulos cloth fostered by the Department of Cooperatives and SMEs in North Sumatra Province. The results show that business strategy, entrepreneurial thinking, local wisdom innovation, and promotional strategies significantly enhance competitive advantage and marketing performance, with competitive advantage acting as a partial mediator in these relationships. The findings imply that fostering cultural heritage through innovation and policy support, alongside the adoption of digital marketing, can enhance the competitiveness and sustainability of traditional textile SMEs such as ulos cloth in North Sumatra.

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Keywords: Business Strategy, Competitive Advantage, Entrepreneurial Marketing Performance, Entrepreneurial Thinking, Local Wisdom Innovation, Promotional Strategy.

ABSTRAK

Penjualan tinggi ditandai dengan pemasaran yang dilakukan dengan baik. Percepatan perubahan zaman harus diantisipasi oleh UKM dalam menjaga keberlanjutan kain ulos agar tidak punah. Konsep inovasi kearifan lokal dalam industri kreatif, varian dan kualitas kain ulos mampu meningkatkan daya saing dalam memasarkan kain ulos sekarang dan di masa depan. Penelitian ini bertujuan untuk mengetahui pengaruh inovasi kearifan lokal, strategi promosi, pemikiran kewirausahaan, dan strategi bisnis terhadap kinerja kewirausahaan pemasaran dengan keunggulan kompetitif sebagai variabel mediasi dan orientasi pemasaran sebagai variabel moderasi. Alat analisis menggunakan SEM. Teknik pengambilan sampel yang digunakan adalah teknik sensus, seluruh populasi diambil sampelnya, berjumlah 221 pelaku UKM kain ulos binaan oleh Dinas Koperasi dan UKM di Provinsi Sumatera Utara. Hasil penelitian menunjukkan bahwa strategi bisnis, pemikiran kewirausahaan, inovasi kearifan lokal, dan strategi promosi secara signifikan meningkatkan keunggulan kompetitif dan kinerja pemasaran, dengan keunggulan kompetitif bertindak sebagai mediator parsial dalam hubungan ini. Temuan tersebut menyiratkan bahwa pembinaan warisan budaya melalui inovasi dan dukungan kebijakan, di samping adopsi pemasaran digital, dapat meningkatkan daya saing dan keberlanjutan UKM tekstil tradisional seperti kain ulos di Sumatera Utara.

Kata kunci: Strategi Bisnis, Keunggulan Kompetitif, Kinerja Pemasaran Kewirausahaan, Pemikiran Kewirausahaan, Inovasi Kearifan Lokal, Strategi Promosi

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INTRODUCTION

Batak traditional cloth of *Ulos* is a cloth that in Batak culture, symbolizing love, relationships, social status, and cultural identity. Functionally, the beginning is practical as the protective body has developed into a symbol rich in meaning in various aspects of life. With diverse types and functions, Symbolically, ulos not only symbolizes the connection between individuals, but it is also an integral part of the inheritance culture and tradition of the Batak society, with existing competition. Then, the craftsmen of MSMEs and cooperatives are faced with a SWOT analysis that must be carried out by the actor business. Decline this of UMKM actor happen because the UMKM actors are not capable compete with other (Puspaningrum, 2020). Then, the majority of perpetrators are weaving in condition carry on age and has many have died as well lack of interest generation young for continue it, the material standard like tough thread obtained by the actor ulos cloth so that the perpetrators UKM Ulos cloth must be order thread from outside area so that price Ulos cloth is very expensive compared to with competitors, with problem those MSMEs do not Can maintain existence perpetrator UKM ulos (Kuncoro & Suriani, 2018).

Competitive advantage is a key factor that must be possessed by Ulos fabric MSMEs in order to survive and develop in the midst of tight market competition. Through product differentiation that highlights cultural values, material quality, and unique motifs that other textile products do not have, Ulos fabric has a great opportunity to become a product with special appeal in the local and global markets (Halim et al., 2021). This competitive advantage is not only determined by the uniqueness of the product, but also by the ability of MSME actors to manage the production process, implement the right marketing strategy, and maintain quality consistency to build consumer trust. Without a competitive advantage, Ulos MSMEs will find it difficult to survive in the face of the onslaught of cheaper modern textile products and increasingly popular imported products. Therefore, creating and strengthening competitive advantage is the main strategy to improve entrepreneurial marketing performance while expanding market reach (Khairani et al., 2023).

Marketing orientation plays an important role in supporting the success of MSMEs because it allows business actors to better understand consumer needs, preferences, and trends (Cheng et al., 2025). With a strong marketing orientation, MSMEs can adjust product innovation, promotion strategies, and entrepreneurial mindsets to be more relevant to changing market demands (Nazara, 2025; Audretsch et al., 2025). Marketing orientation also helps MSMEs build closer relationships with customers, increase satisfaction, and create consumer loyalty, which is an important asset in the long run. In the context of this study, marketing orientation acts as a moderating variable that strengthens the relationship between local wisdom innovation, promotion strategy, entrepreneurial thinking, and business strategy with entrepreneurial marketing performance. This means that without a good marketing orientation, these efforts will not necessarily be able to produce optimal performance improvements, so marketing orientation is a crucial element in strengthening the competitiveness of Ulos fabric MSMEs.

Previous research has discussed many factors that affect the performance of MSMEs, such as access to capital and financial inclusion that have a positive effect on financial performance (Dewi, 2025), the importance of creativity, innovation, and effective business management in entrepreneurship (Makalalag & Soegoto, 2025), as well as the significant influence of entrepreneurial orientation and marketing capabilities on competitive advantage and business performance (Fadilasari, 2025). However, most of the research still focuses on capital aspects, market access, and general capabilities of MSMEs, and has not studied the role of local wisdom innovation, such as the cultural value of Ulos fabric as a source of competitive advantage. In addition, the variables of entrepreneurial thinking and business strategy are still rarely studied simultaneously in relation to marketing entrepreneurial performance in culture-based MSMEs. The role of competitive advantage as a mediating variable and marketing orientation as a moderation

variable have also not been widely explored, especially in the context of traditional MSMEs such as Ulos fabrics, thus creating a research gap that needs to be studied further. This study aims to determine the influence of local wisdom innovation, promotional strategy, entrepreneurial thinking, and business strategy on marketing entrepreneurial performance with competitive advantage as a mediation variable and marketing orientation as a moderation variable. With increasing global competition, culture-based MSMEs like Ulos need the right strategy to develop. The results of this research are expected to make a practical contribution to MSMEs in developing innovation strategies, promotions, and strengthening competitiveness. Academically, this research can enrich the literature on the role of local wisdom, competitive advantage, and market orientation in improving the performance of traditional MSMEs.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

The Determinants of Competitive Advantage

Cultural values and local wisdom embody generations of knowledge, traditions, and practices that shape community identity and provide sustainable benefits (Pino et al., 2016). Far from being static, local wisdom adapts to contemporary challenges, offering practical solutions while preserving heritage. It also fosters innovation, as cultural uniqueness can inspire new products and services that meet market demands. For businesses, transforming traditional values into innovation not only preserves culture but also creates a competitive advantage, consistent with findings by Beaver and Prince (2002). Promotion is a key business activity that introduces and positions local products effectively in the market (Herrera, 2015). As a core element of marketing, it communicates product value to target audiences, enhances brand awareness, drives sales, and builds customer relationships. Effective promotion is continuous, requiring evaluation and adjustment to optimize resources and refine strategies (Abdullah et al., 2017). This adaptability is especially important for small businesses and entrepreneurs, who must achieve maximum impact with limited resources.

Entrepreneurial thinking is a mindset that embraces risk, uncertainty, and opportunity, emphasizing creativity, innovation, and proactive decision-making (Rahman & Ramli, 2014). It enables entrepreneurs to stay flexible, solution-oriented, and forward-looking in dynamic environments. This approach fosters innovation, adaptability, and responsiveness, strengthening competitive advantage and positioning businesses for sustainable success. Business strategy is the process of analyzing strengths, weaknesses, opportunities, and threats, then designing, implementing, and evaluating plans to achieve long-term goals (Zameer et al., 2021). It helps businesses build competitive advantage, manage resources, and respond to market dynamics effectively. A well-structured strategy strengthens market positioning, drives sustainable growth, and ensures resilience by enabling firms to outperform competitors and create lasting value (Abdullah et al., 2017).

H1: Local wisdom innovation has a significant effect on competitive advantage.

H2: Promotional strategy has a significant effect on competitive advantage.

H3: Entrepreneurial thinking has significant effect on competitive advantage

H4: Business strategy has significant effect on competitive advantage.

The Determinants of Marketing Entrepreneurial Performance

Marketing performance reflects the results of marketing activities in terms of quality, collaboration, and business success. It emphasizes that marketing must not only be carried out but also systematically evaluated to ensure effectiveness (Nemkova, 2017). Continuous monitoring helps businesses identify effective strategies, optimize resources, and make informed decisions. Performance measurement thus provides essential feedback that drives improvement, innovation, and alignment with broader business goals. Entrepreneurship and marketing, though originating from different academic disciplines, converge in practice through the concept of entrepreneurial marketing. This integration is understood as an orientation and strategic framework that directly

influences marketing functions and outcomes (Cacciolatti & Lee, 2016). In particular, entrepreneurial marketing is highly relevant for new ventures, startups, and small businesses that often face limitations in terms of financial and human resources but possess a strong drive to grow and expand rapidly. For these firms, conventional marketing approaches may not always be feasible; instead, entrepreneurial marketing offers a more suitable pathway by emphasizing the use of innovation, creativity, and resourcefulness.

This approach highlights flexibility and adaptability as central elements of marketing strategy, enabling firms to respond effectively to uncertain and competitive market conditions. By focusing on innovative solutions, creative promotional efforts, and dynamic strategies, entrepreneurial marketing allows companies to maximize the potential of their limited resources while still achieving significant impact in the marketplace. In this sense, entrepreneurial marketing not only supports survival but also helps small firms carve out unique competitive positions. The ability to innovate and adapt quickly gives these businesses a distinctive edge, making them more resilient and capable of sustaining performance in fast-changing environments (Rahman & Ramli, 2014). Local wisdom-based innovation, when integrated with entrepreneurial marketing performance, produces unique, culturally relevant products with strong market appeal. This synergy boosts competitiveness, enhances customer engagement, and balances cultural preservation with business growth (Weerawardena & Coote, 2001). Promotional strategies aligned with entrepreneurial marketing further maximize impact by ensuring campaigns are innovative, relevant, and effective (Martinez-Conesa et al., 2017).

Entrepreneurial thinking, meanwhile, enables firms to recognize opportunities, respond swiftly to market shifts, and deliver offerings that connect with customers (Bambang et al., 2021). Combined with entrepreneurial marketing performance, it drives creative, adaptable, and customer-centered strategies that reinforce competitive advantage (Weerawardena & Coote, 2001). Alongside this, business strategy sets direction while entrepreneurial marketing transforms it into actionable initiatives. Together, they build adaptability, sustain competitiveness, and ensure long-term success (Efrat et al., 2018).

H5: Local wisdom innovation has a significant effect on marketing entrepreneurial performance.

H6: Promotional strategy has a significant effect on marketing entrepreneurial performance.

H7: Entrepreneurial thinking has a significant impact on marketing entrepreneurial performance.

H8: Business strategy has a significant effect on marketing entrepreneurial performance.

H9: Influence of competitive advantages has a significant effect on entrepreneurial marketing performance.

Competitive Advantage as Mediator Variable

Competitive Advantage is the ability of a business to create a superior position compared to its competitors, which is highly dependent on the suitability between internal and external capabilities of the organization (Liu, 2017). Competitive Advantage elements are important in a business strategy that allows company to expand the market. By achieving and maintaining a superior competitive position through efficiency, innovation, differentiation, and focus on specific market segments, the company can overcome competition, attract and retain customers, and achieve long-term success. Measure, monitor, and adapt with market changes are key to maintain superiority competitive in a sustainable manner (Yasa et al., 2020).

Create unique, relevant and valuable products and services for customers. With utilise wisdom local and implement approach marketing innovative, company can differentiate yourself in the market, building image strong brand, and meets need customer with authentic and sustainable way. Synergy between the second element allows company to create a market advantage and overcome the hard ones imitated by competitors, creating

a sustainable competitive advantage. (Pino et al., 2016). To utilise the strength of culture and tradition, while approaching entrepreneurship in marketing, ensure that the strategy is executed effectively and adaptively to market changes (Ong et al., 2010). Effective promotional strategies help a company to maximize performance marketing, creating a unique mark, and strengthening its competitive superiority. With integrate promotion creative and adaptive, company can reach results more marketing good and maintain position them in a competitive market (Kiyabo & Isaga, 2019). Apply pattern 3745now, an entrepreneurship company can increase its effectiveness in marketing, creating products or different services, and maintain its competitive superiority in the market. Approach This helps company create unique mark, improve customer involvement, and adapt to market changes to reach optimal results (Nguyen et al., 2016). Effective promotional strategies help a business to maximize performance marketing, creating a unique mark, and strengthening its competitive superiority. With integrate promotion creative and adaptive, company can reach results more marketing good and maintain position they are in a competitive market (Herrera, 2015). Utilising superior competitive advantages, the perpetrator business can design and implement more effective marketing strategies, which in turn increases performance marketing and the results obtained. Advantages: competitive support, achievement of more results , Good in marketing and entrepreneurship, create unique and strengthening values , position companies in the market (Cacciolatti & Lee, 2016).

H10: Locawisdom innovation has a significant effect on marketing entrepreneurial performance through competitive advantage.

H11: Promotional strategy has a significant effect on marketing entrepreneurial performance through competitive advantage

H12: Entrepreneurial thinking has a significant effect on marketing entrepreneurial performance through competitive advantage

H13: Business strategies have significant effect on marketing entrepreneurial performance through competitive advantage

Market Orientation as a Moderator Variable

Business actors seek market opportunities by first establishing and maintaining strong relationships with consumers (Cacciolatti & Lee, 2016). This process is not limited to transactional interactions but extends to building trust, delivering value, and ensuring that customers perceive long-term benefits from their relationship with the company. Effective marketing management, therefore, becomes essential for achieving these objectives, as it provides the framework for creating meaningful connections and fostering customer loyalty.

Market orientation, as a strategic approach, emphasizes the importance of deeply understanding customer needs and preferences to guide business and marketing decisions. By prioritizing customer insights, companies can design products and services that align with market expectations, respond proactively to changing trends, and deliver experiences that are both relevant and satisfying. This orientation strengthens customer relationships, creates a foundation for competitive advantage, and ultimately contributes to long-term organizational success (Martinez-Conesa et al., 2017).

For entrepreneurial businesses, particularly those with limited resources, market orientation becomes even more critical as it enhances the effectiveness of entrepreneurial marketing strategies. By continuously gathering and interpreting market information, business actors can respond quickly to environmental changes, identify new opportunities, and reduce the risks associated with uncertainty. A strong market orientation also supports the efficient allocation of resources, ensuring that investments are directed toward activities with the greatest potential to deliver customer value and competitive differentiation.

Moreover, the integration of market orientation into entrepreneurial practices not only promotes sustainable growth but also drives improvements in overall marketing

performance. Companies that remain closely attuned to customer needs can achieve higher profitability, maintain resilience in competitive markets, and secure their long-term relevance (Nguyen et al., 2016). Thus, market orientation stands as a cornerstone for achieving both marketing and entrepreneurial success, enabling firms to balance short-term responsiveness with long-term strategic goals.

H14: Market orientation significantly moderates competitive advantage on marketing entrepreneurial performance.

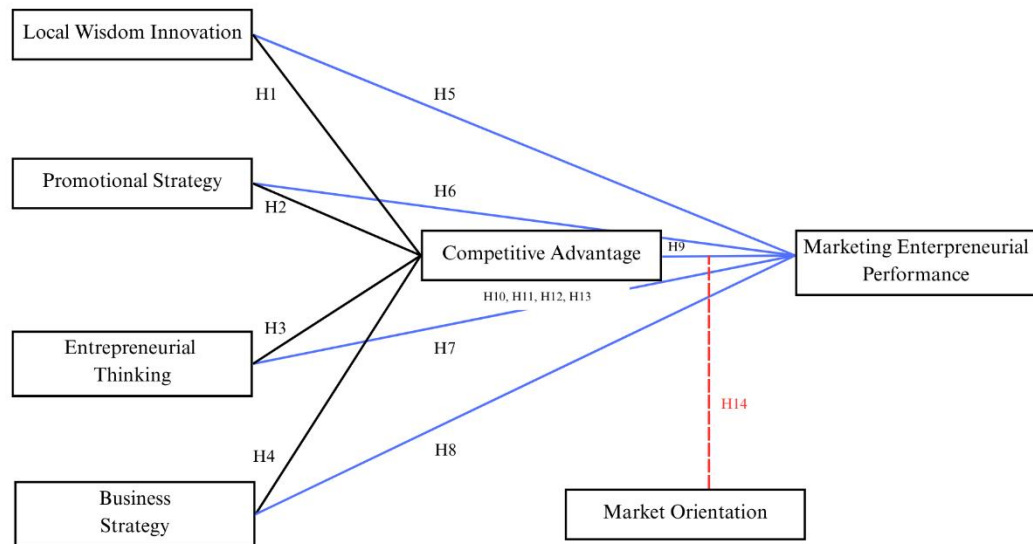


Figure 1. Conceptual Framework

Figure 1 shows the research framework in this study, which illustrates how local wisdom innovation, promotional strategy, entrepreneurial thinking, and business strategy influence both competitive advantage and marketing entrepreneurial performance. Each of these factors contributes directly to building competitive advantage, which in turn enhances marketing performance. At the same time, these variables are also expected to directly affect entrepreneurial marketing outcomes, with competitive advantage serving as a mediating factor that strengthens the link between strategic inputs and performance. Furthermore, market orientation is positioned as a moderating variable that amplifies the role of competitive advantage in improving marketing entrepreneurial performance, ensuring that business actors remain adaptive to customer needs and market dynamics. Overall, the framework emphasizes that the integration of cultural uniqueness, strategic management, entrepreneurial mindset, and effective promotion, supported by strong market orientation, is essential for MSME Ulos to achieve sustainable competitive strength and superior marketing performance.

RESEARCH METHODS

This study is associative explanatory in nature, aiming to analyze the relationships between several variables within a complex model framework. The research was conducted on Ulos cloth craftsmen fostered by the MSME and Cooperatives Service in North Sumatra Province. The population consisted of 221 business actors, all of whom were included as respondents using a census sampling technique, so the total sample was the same as the population. Data collection was carried out using an online questionnaire, designed to measure the independent variables (local wisdom innovation, promotional strategy, entrepreneurial thinking, and business strategy), the mediating variable (competitive advantage), the moderating variable (marketing orientation), and the

dependent variable (marketing entrepreneurial performance). Before distribution, the questionnaire underwent validity and reliability testing to ensure that all items accurately represented the constructs being studied.

For data processing, this study used Structural Equation Modeling with Partial Least Squares (SEM-PLS), implemented through SmartPLS software (Nemkova, 2017). SEM-PLS was chosen because it is a powerful approach to handle complex relationships, works efficiently with relatively small to medium sample sizes, and can simultaneously test measurement models (outer model) and structural models (inner model). The analysis stages began with descriptive statistics to provide an overview of respondents and variable characteristics. Next, the outer model was tested through convergent validity, discriminant validity, and reliability testing (composite reliability and Cronbach’s alpha). After ensuring that the measurement model was valid and reliable, the inner model was assessed through R-square values, path coefficients, and significance testing using bootstrapping procedures. Hypothesis testing was then carried out to examine the direct, indirect (mediation), and moderation effects among variables. By combining comprehensive data collection and robust statistical techniques, this study ensures that the findings are both accurate and meaningful for understanding the factors that drive entrepreneurial marketing performance of Ulos MSMEs.

RESULTS

In the outer model evaluation, also known as the measurement model, validity and reliability testing were conducted. Convergent validity forms an essential part of this process, where in SEM-PLS it is commonly referred to as the outer model, while in covariance-based SEM it is known as confirmatory factor analysis (CFA).

Table 1. AVE, Composite Reliability, and Cronbach's Alpha Result

Variables	Average Variance Extracted (AVE)	Composite Reliability	Cronbach's Alpha
Local Wisdom Innovation (X1)	0.567	0.948	0.941
Promotional Strategy (X2)	0.573	0.946	0.938
Entrepreneurial Thinking (X3)	0.596	0.930	0.915
Business Strategy (X4)	0.571	0.930	0.917
Market Orientation (M)	0.572	0.923	0.907
Competitive Advantage (Z)	0.618	0.907	0.876
Market Orientation * Competitive Advantage	1.000	1.000	1.000
Entrepreneurial Marketing Performance (Y)	0.626	0.870	0.800

Based on Table 1, the Average Variance Extracted (AVE) value was greater than 0.5, indicating that the validity requirements based on AVE were met. Reliability testing then showed that the Composite Reliability (CR) value exceeded 0.7, as did Cronbach’s Alpha (CA), confirming that the measurement model fulfilled the criteria for reliability. Furthermore, discriminant validity was assessed using the Fornell-Larcker approach to ensure that each construct was distinct from the others.

Table 2. Discriminant Validity Testing

Variables	X4	Z	X3	X1	M	Y	X2
Business Strategy (X4)	0.756						
Competitive Advantage (Z)	0.438	0.786					
Entrepreneurial Thinking (X3)	0.307	0.512	0.772				
Local Wisdom Innovation (X1)	0.379	0.535	0.351	0.753			
Market Orientation (M)	0.182	0.161	0.104	0.213	0.756		
Marketing Entrepreneurial Performance (Y)	0.472	0.632	0.473	0.507	0.248	0.791	
Promotional Strategy (X2)	0.295	0.457	0.327	0.333	0.129	0.551	0.757

Based on Table 2, the square root value of AVE for each latent variable, so it is concluded that it has met the discriminant validity requirements. The correlation results

show that all constructs meet convergent validity with loadings above 0.7. The strongest relationship appears between competitive advantage and marketing entrepreneurial performance (0.632), followed by local wisdom innovation (0.507), entrepreneurial thinking (0.473), and business strategy (0.472). Market orientation shows weaker correlations but still meets discriminant validity, indicating that competitive advantage plays a key role in linking strategies, innovation, and entrepreneurial thinking to marketing performance.

Table 3. Significance Test Influence

Variables	Sample (O)	Mean (M)	STDEV	T-Statistics	P-Values
Local Wisdom Innovation (X1) -> Competitive Advantage (Z)	0.298	0.293	0.100	2,978	0.003
Local Wisdom Innovation (X1) -> Marketing Entrepreneurial Performance (Y)	0.154	0.166	0.090	1,717	0.037
Promotional Strategy (X2) -> Competitive Advantage (Z)	0.214	0.208	0.077	2,774	0.006
Promotional Strategy (X2) -> Marketing Entrepreneurial Performance (Y)	0.279	0.269	0.106	2.618	0.009
Entrepreneurial Thinking (X3) -> Competitive Advantage (Z)	0.284	0.278	0.085	3.324	0.001
Entrepreneurial Thinking (X3) -> Marketing Entrepreneurial Performance (Y)	0.133	0.132	0.074	1,787	0.045
Business Strategy (X4) -> Competitive Advantage (Z)	0.175	0.173	0.072	2,442	0.015
Business Strategy (X4) -> Marketing Entrepreneurial Performance (Y)	0.167	0.170	0.070	2.383	0.018
Competitive Advantage (Z) -> Marketing Entrepreneurial Performance (Y)	0.281	0.268	0.120	2,341	0.020

Based on Table 3, the research findings indicate that business strategy plays an important role in enhancing both competitive advantage and marketing entrepreneurial performance. Specifically, business strategy was found to have a significant positive effect on competitive advantage with a p-value of 0.015 (<0.05), and similarly, it positively influenced marketing entrepreneurial performance with a p-value of 0.018 (<0.05). Competitive advantage itself also contributed positively to marketing entrepreneurial performance, confirmed by a p-value of 0.020 (<0.05). Entrepreneurial thinking showed a strong influence, significantly improving competitive advantage with a p-value of 0.001 (<0.05), and also positively affecting marketing entrepreneurial performance, supported by a path coefficient of 0.133 and a p-value of 0.045 (<0.05). Local wisdom innovation, representing cultural values, also demonstrated significant contributions, positively impacting competitive advantage ($p = 0.003 < 0.05$) as well as marketing entrepreneurial performance ($p = 0.037 < 0.05$). Furthermore, promotional strategy was shown to have a positive and significant effect on competitive advantage ($p = 0.006 < 0.05$) and marketing entrepreneurial performance ($p = 0.009 < 0.05$). These results emphasize that strategic business management, entrepreneurial thinking, local cultural innovation, and promotional efforts are critical factors that together strengthen competitive advantage and drive the marketing entrepreneurial performance of Ulos MSMEs.

Table 4. Coefficients Determination (R-Square)

Variables	R-Square
Competitive Advantage (Z)	0.479
Marketing Entrepreneurial Performance (Y)	0.551

Based on results in Table 5, the R-Square value of competitive advantage is 0.479, which means that local wisdom innovation, promotional strategy, entrepreneurial thinking, and business strategy are able to explain competitive advantage by 47.9%. The R-Square value of marketing entrepreneurial performance is 0.551, which means that local wisdom, innovation, promotional strategy, entrepreneurial thinking, business

strategy, and competitive advantage are able to explain marketing entrepreneurial performance by 55.1%.

Table 5. Testing Mediation

Variables	Sample (O)	Mean (M)	STDEV	T-Statistics	P-Values
Local Wisdom Innovation (X1) -> Competitive Advantage (Z) -> Marketing Entrepreneurial Performance (Y)	0.189	0.181	0.062	3.026	0.003
Promotional Strategy (X2) -> Competitive Advantage (Z) -> Marketing Entrepreneurial Performance (Y)	0.136	0.137	0.056	2.422	0.016
Entrepreneurial Thinking (X3) -> Competitive Advantage (Z) -> Marketing Entrepreneurial Performance (Y)	0.179	0.182	0.062	2.906	0.004
Business Strategy (X4) -> Competitive Advantage (Z) -> Marketing Entrepreneurial Performance (Y)	0.111	0.111	0.053	2,095	0.037

Table 5 shows the mediation test results, which demonstrate that competitive advantage plays a significant role as a mediating variable in strengthening the relationship between several key factors and marketing entrepreneurial performance. Specifically, competitive advantage was found to significantly mediate the link between business strategy and marketing entrepreneurial performance ($p = 0.037 < 0.05$), as well as between entrepreneurial thinking and marketing entrepreneurial performance ($p = 0.004 < 0.05$). Similarly, local wisdom innovation also showed a significant indirect effect on marketing entrepreneurial performance through competitive advantage ($p = 0.003 < 0.05$). In addition, promotional strategy was positively mediated by competitive advantage in influencing marketing entrepreneurial performance ($p = 0.016 < 0.05$). These findings highlight that competitive advantage not only acts as a direct driver of performance but also serves as a crucial channel through which business strategy, entrepreneurial thinking, cultural innovation, and promotional efforts contribute to the success of Ulos MSMEs.

Table 6. Moderation Effect Result

Variables	Sample (O)	Mean (M)	STDEV	T-Statistics	P-Values
Market Orientation * Competitive Advantage -> Marketing Entrepreneurial Performance (Y)	-0.092	-0.088	0.056	1,630	0.104

Based on Table 6, the moderation test results show that market orientation does not significantly moderate the relationship between competitive advantage and marketing entrepreneurial performance, as indicated by a p-value of $0.104 > 0.05$. This finding suggests that, although competitive advantage has a strong direct impact on performance, the role of market orientation does not strengthen or alter this influence in a meaningful way. In other words, aligning business strategies with market orientation does not significantly change how competitive advantage contributes to the marketing entrepreneurial performance of Ulos MSMEs (Muñoz & Kimmitt, 2019).

DISCUSSION

The findings of this study highlight the central role of competitive advantage as a bridge between entrepreneurial, strategic, and cultural factors and marketing performance. One of the strongest contributors is local wisdom innovation, which underscores the value of embedding cultural uniqueness into business practices. Consistent with Pratiwi et al. (2024) and Sugito et al. (2025), the study shows that cultural-based differentiation not

only creates distinctive offerings, especially in sectors like tourism, but also strengthens adaptability and product development. Although rooted in local traditions, such innovations carry universal values that appeal to wider audiences, thereby reinforcing competitive positioning and boosting entrepreneurial marketing performance.

Promotional strategies also emerge as a critical pathway to competitive advantage. By ensuring that cultural products such as traditional crafts remain visible, memorable, and tied to positive brand associations, promotion enhances consumer perception and builds reputation. This finding supports Yasa et al. (2020) and Librianty et al. (2025), who emphasize that strategic promotion translates differentiation into tangible marketing outcomes, enabling firms to sustain stronger market presence.

Equally important is entrepreneurial thinking, characterized by proactive opportunity recognition, adaptability, and willingness to take calculated risks. This mindset not only sustains competitive advantage but also directly elevates marketing performance by fostering innovation and resilience in uncertain environments. Aligning with Alsafadi and Aljuhmani (2023), the study confirms that entrepreneurial thinking strengthens firms' ability to maintain competitiveness while simultaneously enhancing their entrepreneurial marketing capabilities.

In addition, business strategy emerged as a determinant of competitive advantage and marketing performance. Long-term planning and strategic innovation are essential for achieving sustainable competitiveness. Ali and Anwar (2021) argue that innovative strategies are crucial for building and sustaining advantage, a point reinforced by the current findings. Furthermore, the study aligns with Fatikha et al. (2021), who showed that competitive advantage mediates the link between business strategy and marketing performance. This suggests that strategy alone may not directly enhance performance unless it translates into superior differentiation or cost leadership. For SMEs, this emphasizes the importance of designing strategies that are contextually relevant and responsive to global competition.

The mediation analysis further underscores the centrality of competitive advantage. The results reveal that competitive advantage partially mediates the impact of local wisdom innovation, promotional strategies, entrepreneurial thinking, and business strategies on marketing performance. While each factor exerts direct influence, their effectiveness is maximized when they enhance competitive positioning. For example, promotional strategies may have limited effects on customer satisfaction unless reinforced by differentiation, while entrepreneurial thinking drives performance primarily through the unique advantages it creates (Zhang et al., 2025).

Muñoz and Kimmitt (2019) found that market orientation does not moderate the link between competitive advantage and marketing performance, suggesting that SMEs rely more on internal resources such as innovation, entrepreneurship, and promotion for differentiation. Meanwhile, competitive advantage shows a strong positive effect on marketing performance, reinforcing its role in firm survival and growth (Fatikha et al., 2021). Beyond business success, improved SME performance also supports job creation, income generation, and broader socio-economic development (Chakma et al., 2025). Overall, the study confirms that local wisdom innovation, promotion, entrepreneurial thinking, and business strategies are key drivers of competitive advantage, which remains the cornerstone of entrepreneurial success.

CONCLUSION

Based on the results, it can be concluded that competitive advantage plays a central role in enhancing marketing performance, acting both as a direct driver and a partial mediator between local wisdom innovation, promotional strategies, entrepreneurial thinking, and business strategies on performance outcomes. Local wisdom fosters unique differentiation, entrepreneurial thinking strengthens innovation and adaptability, promotion enhances visibility and reputation, and business strategies provide sustainable direction, all of which converge to build superior competitiveness. While market orientation does not significantly moderate the relationship between competitive

advantage and marketing performance, the overall findings affirm that SMEs' ability to translate cultural values, entrepreneurial mindset, and strategic actions into competitive superiority is the key determinant of improved marketing performance and long-term sustainability.

Good cooperation between UMKM ulos cloth entrepreneurs and the government is crucial to face market challenges. Entrepreneurs must innovate with modern designs, while the government can support through policies such as ASN ulos uniforms. UMKM actors also need to strengthen digital marketing to keep ulos relevant. This study is limited to a regional context, reducing generalizability. The findings imply that cultural heritage, innovation, and digitalization are key to competitiveness. Future research should use longitudinal data, compare other traditional industries, and examine global market orientation to broaden insights.

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