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Impact of marketing capabilities on competitive advantage: A case of Thai SME durian exporters

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Abstract: Purposes of this study were to highlight the role of durian exporters' marketing capabilities in achieving competitive advantage among Thai SMEs, and to describe the significance of a competitive advantage in achieving marketing goals by examining marketing capabilities. One hundred SME exporters were randomly selected from the list of firms listed on the Association of the Durian Exporters. Ninety-six questionnaires were included in this study. The PLS-SEM Program was used to analyze the collected data which was collected by using a mail questionnaire distributed to SME exporters. Results from data analysis were: 1) it indicated that all marketing capabilities, including product, price, distribution, and promotional capabilities, impacted competitive advantage; and 2) five competitive advantage forces were found to have statistically significant impacts. Moreover, the analysis confirmed that marketing capabilities and competitive advantages were related. Implications from this study were: 1) exporters find their endeavors to develop marketing strategies to achieve competitiveness in the global market; and 2) exporters could focus on distribution capabilities to survive and to expand their product to gain a competitive advantage in the marketplace. The limitation of this study was that this study did not involve quality assurance and variety of the durian, which would affect price capacity.

Keywords: *Competitive advantage, Five competitive advantage forces, Marketing capabilities, SMEs.*

1. Introduction

Each country develops its own economic plan, including consideration of the promotion of Small and Medium Enterprises (SMEs) based on prevailing circumstances and conditions, such as business, manufacturing, trading, services, support, and investment environment. The SME sector in Thailand is becoming increasingly involved in communication and participation in the international markets. To meet international standards and to be competitive in the international marketplace as well as to continue long-term growth, the Royal Thai Government, and the private sector, especially the SMEs, cooperatively seek to create competitive advantage by attempting to attract new customers through marketing processes.These processes emphasize the maintenance of the quality of products and services and low-cost strategies that will affect the price of those products and services [1].

Durian fruit (*Durio zibethinus* L.) is known as the "King of Fruits," a well-known fruit in Southeast Asia. There is an extremely high demand for durians in international markets and exports from Thailand to the Chinese market. High domestic and international demand consumption increases durian prices in domestic and international markets. The Food and Agriculture Organization of the United Nations (FAO) recently reports that global durian exports have expanded more than ten-fold over the last decade, increasing from

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approximately 80,000 tons in 2003 to approximately 870,000 tons in 2022 [2]. Strongly rising import demand from China has been the main driver of this trade expansion. On average, more than 90 percent of global durian exports are supplied by Thailand and 3 percent are supplied by Vietnam and Malaysia. As the main importer of durian, China procures approximately 95 percent of global exports, and in the first eight months of 2023, Chinese imports of durian increased by approximately 60%, as reported by FAO. China has imported a high volume of Thai durians because Thailand is the only country in which China imports durian transportation through air and land. However, durian fruit, a natural and seasonal product, has limited shelf life; therefore, its timing affects its quality. The maintenance of product quality standards is emphasized by importers; hence, exporters must seriously maintain the quality of their durian to achieve a sustainable competitive advantage.

2. Literature Review

In delivering products from farmers or producers to consumers, marketing is the process of communicating the value of products or services to customers, including fulfilling their needs and desires to achieve customer satisfaction [3-5]. Boso, et al. [6] stated that customer satisfaction represents a core function in the marketing mix that can create superior value for offerings to export market customers. Sudarman and Lailla [7] added brand image as a mediating factor between marketing mix and strategy, which affects the value of a product. The literature suggests that specialized marketing capabilities are focused around a classical "marketing mix" of activities concerning product, pricing, communication, and distribution [8]. However, marketing research clearly indicates that capability fits within the conceptualization of specialized marketing capabilities. Thus, adapting the four central export marketing mix strategies (4Ps) is an internal capability that can enhance export operations. Easmon, et al. [9] suggest that effective exploitation of marketing mix strategies in exporting activities yields superior performance for SMEs. Therefore, this study focuses on the elements of the marketing mix to determine the impact of marketing capabilities on export competitive advantage. The competitive advantage theory indicates that it is driven by marketing factors that enable an organization to differentiate the quality of its products or services [10]. According to Porter and Magretta [10], countries with competitive advantages have an industrial advantage. The Competitive Advantage Model of a country consists of four aspects: cost leadership, differentiation, cost focus, differential focus, depending on the character of the country, and adaptation to local environmental factors that can potentially promote or hinder economic development [10, 11].

Durian exporters in Thailand's SME sector strive to survive in the market and become competitive by maintaining product quality and differentiating between products and services in terms of cost, price, and marketing channels. For the Chinese market (place), exporters and legally licensed business organizations purchase fresh durian from farmers and export it to agents and wholesalers. Lee, et al. [11] suggests this pattern of marketing across cultural businesses. SME durian exporters try hard to achieve these goals, especially in international markets where the demand for durian is high. Rahman, et al. [12] studied the market performance of SME, in which innovative practices can help improve firm performance.

The need for competitive advantage is the main challenge for SME durian exporters. They can survive, compete, attract new customers, and develop new markets because of the relationship between their marketing capabilities and their competitive advantage [13]. This study uses empirical data from Thai SME durian exporters. The results can help increase the understanding of other ASEAN member states, especially neighboring countries such as Malaysia, Vietnam, and Indonesia, where the competitiveness of export-related performance has been widely investigated and where there are challenges in terms of taste, quality, and quantity.

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2.1. Competitive Advantage

Porter and Magretta [10] designed the first model of competitive advantage, which has become a framework for strategic thinking on how to be better than competitors in the market. Porter and Magretta [10], and Arora and Rahman [14], showed that competitive advantage is the value a firm has created for its customers in such a way as to outperform its competitors by providing equal benefits or more advanced products or services. According to Porter and Magretta [10], to be successful, an industry must have a competitive strategy and be well-structured with good business positioning and performance, as confirmed by Teeratansirikool, et al. [15] and Saqib [16]. Anwar, et al. [17] summarizes how net workings in an organization are important to firm's competitive advantage. The five-force model involves five important forces: (1) the threat of new entrants, (2) the threat of substitutes, (3) the supplier's bargaining power, (4) the customer's bargaining power, and (5) rivalry among existing competitors [10]. These five forces determine what should be done to create a strategy to help the industry succeed in the long-term. Porter's Diamond Model is a model that analyzes the reasons for a country's competitive advantage or potential relative to another country [10]. Vlados [18] explores Porter's diamond of national competitiveness by critically examining the analytical virtues, extensions, and criticisms it has received over time. An entrepreneur is more than any other entrepreneur in an industry because it describes the main components and factors that affect the relative ability and competitive advantage of a particular industry. Tsai, et al. [19] employed the Diamond Model to identify critical development indicators to enhance the competitiveness of Taiwan's solar photovoltaic industry, while Jarungkitkul and Sukcharoensin [20] employed the Diamond Model to evaluate the competitiveness of stock markets in five ASEAN member states.

The Diamond Model is divided into five areas: (1) Operational factors such as entrepreneurial management, cooperation, human resource management, location of the establishment, type of establishment, age of establishment, and experience of entrepreneurs in foreign markets; (2) Demand factors, such as market coverage, internationalization, first mover, product quality, and standards; (3) Relevant industry and supporting factors, such as business networks and raw material advantages; (4) Organizational structure and competitive strategies such as product mix, cost advantage, differentiation, and customer responsiveness; and (5) Governmental aspects such as sources of funding, laws, regulations, and rules [10]. These five areas of the Diamond Model have been explored in studies in different nations [18-22].

2.2. Marketing Capabilities

As an extension of the resource-based view, Dynamic Capabilities Theory (DC Theory) aims to address the significant role of capabilities in exploiting resources to achieve sustainable competitive advantages [13, 23, 24]. Specifically, DC Theory argues that capabilities are dynamic, deeply embedded in organizations, and have a higher degree of inimitability and no substitutability. Moreover, the ability to exploit and reconfigure resources to match dynamic market conditions is linked to a firm's sustainable competitive advantage [25, 26]. Teece [27] identified that dynamic capabilities coupled with a good strategy are necessary to sustain superior enterprise performance, especially in fast-moving global environments. Hence, there are studies that mention marketing capabilities as an important determinant of competitive advantage [28-30]. Marketing capabilities have been operationalized as marketing's functional processes and value-creating mechanisms around the classical marketing mix encompassing the product, price, promotional activities, and distribution networks. Khalid [31] did a study on role of marketing mix (product, price, place, and promotion) on achieving the competitive advantage in the SME sector in Oman and found that marketing mix has significant impact on competitive advantage. Mu [32], Aljanabi [33], and Helm, et al. [34] indicate that operationalized marketing capabilities as informational are relationship-building and product-development capabilities.

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Boso, et al. [6] point out that the framework also includes distribution, product development, pricing, and communication as core export marketing capabilities.

From the study of theory related to marketing capabilities, this study adopts the elements of the marketing mix to determine the impact of marketing capabilities on an enterprise's export performance. Studies done by Cruceru and Moise [35], Arora and Rahman [14], Hoque, et al. [36], and Cataltepe, et al. [37] find a relationship between marketing capacity and firm performance. The concept of the marketing mix is divided into four areas as follows: (1) Product Capability: product capabilities are conceptualized as the delivery of new or modified products of higher uniqueness that, in the long term, allow for better performance [38]; (2) Pricing Capability: pricing capabilities as a source of competitive advantage are identified by Boso, et al. [6] as an enterprise's quick response to competitors' pricing tactics as a measure of its pricing capability. Pricing capabilities are a subset of marketing capabilities and firm performance [38]; (3) Promotional Capability: promotional capabilities are operationalized as the ability of firms to adapt to foreign markets and to target the right customers with effective integrated marketing communications [38]; and (4) Distribution Capability: distribution capabilities are considered to be the exporting firms' ability to provide superior support to export distributors and to develop a close relationship with them as confirmed by Boso, et al. [6], and Lv and Spigarelli [39].

Mainardes, et al. [40] find that marketing capabilities influence market orientation and sustained competitive advantage from the viewpoint of SMEs and that marketing capabilities tend to play a significant role in the market orientation and perceived sustained competitive advantage of SMEs.

The role of marketing capability does not have an impact on a firm's operations and performance, but instead mediates it, as confirmed by da Costa, et al. [41]. Kaleka and Morgan [42] identify distinctive marketing capabilities as key drivers of financial and export marketing performance, whereas Tan and Sousa [43], and Cacciolatti and Lee [44] indicate the significance of marketing capacity in terms of competitive advantage and export performance. Regarding international marketing Keskin, et al. [45], Kaleka and Morgan [42], and Morgan, et al. [46] indicate the impact of marketing capacities and competitive strategies on export firms' competitive advantage, which can improve their export performance. Tarsakoo and Charoensukmongkol [47] indicate a link between social media marketing capacity, business performance, and the impact of marketing capacities. However, firms are in a better position to create and maintain a competitive advantage and reap greater economic benefits by developing and deploying mixed marketing strategies [48]. Chumaidiyah [5], Boso, et al. [6], Keskin, et al. [45], and Algarni, et al. [49] find that marketing capabilities have a positive impact on competitive advantage when focusing on marketing capabilities as a key determinant of competitive advantage. Thus, this study examines the relationship between marketing capabilities and competitive advantage of durian SME exporters. Hence, the main research hypothesis questions of this study are:

1. *H1: How is the impact of marketing capabilities on competitive advantage?*
2. *H2: How does firm size have an impact on competitive advantage?*
3. *H3: How does firm age have an impact on competitive advantage?*

This study offers theoretical and empirical insights into how and why marketing capabilities are important determinants of competitive advantage for SME durian exporters. Marketing capabilities are used to develop and launch new products, manage pricing tactics, support distributors, develop closer relationships, and deliver effective marketing messages [6].

The theoretical framework of this study is formulated to analyze the impact of marketing capabilities on the competitive advantage of SME durian exporters in Thailand, based on independent variables (marketing capabilities) and dependent variables (competitive advantage). This study also aimed to control extraneous influences that could independently affect the results. The control variables used are firm size and firm age and are therefore not used in hypothesis testing. The theoretical framework of this study is illustrated in Figure 1.

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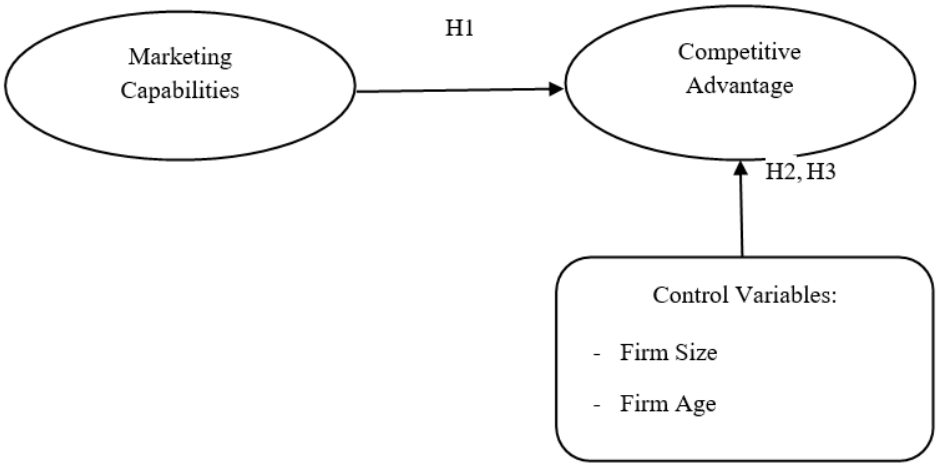

Figure 1.
Theoretical framework

3. Methods

3.1. Sample and Data Collection

The target population of this study was SME durian exporters. A sample of durian exporters was selected from the target population to answer the research question of the study. To make the sample as representative as possible, the following three criteria were employed: (1) registered capital of less than 200 million baht (6.5 million USD) per year, which conforms to the Royal Thai government definition and scope of the SMEs; (2) firms engaged in durian exports from the eastern region of Thailand; and (3) the sample should be composed of a cross-section of durian exporters to help ensure generalizability of the results of the analyses. A list of 261 SME durian exporters to China and Hong Kong, prepared in 2019 by the Ministry of Commerce, was used as the sampling frame. From this list, 100 SME durian exporters are identified. A draft questionnaire, constructed based on literature review, was sent to 30 SMEs that agreed to participate in this trial research survey. *Convenient sampling* was used to identify 100 owners/managers in charge of durian exports by their respective companies who were then invited to participate in the survey. Of the 100 dispatched questionnaires, 96 usable responses were received with an effective response rate of 96.0 per cent.

The questionnaire consisted of two sections: the first part concerned respondents' personal and demographic information, while the second consisted of questions used to identify the impact of marketing capabilities on competitive advantage among SME durian exporters. In this study, a 5-point Likert-type scale was used for the standardized response categories. The scale ranges were as follows: strongly agree = 5; agree = 4; not sure = 3; disagree = 2; and strongly disagree = 1.

3.2. Measurement Variables

The key variables in the research model were operationalized using previously verified measurement indicators from the existing literature. The indicators used consisted of three to five equally weighted items that were commonly used in related literature. A brief description of the individual measures is provided below:

1. Competitive advantage is the dependent variable. This study employed five subjective indicators to measure a firm's competitive advantage based on Porter's Diamond Model: (1)

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factors in operation; (2) demand factors; (3) relevant industry support; (4) organizational structure and competitive strategies; and (5) government aspects, including sources of funding, laws, regulations, and rules.

2. The independent variable was marketing capabilities using marketing mix strategies measured on a four-item composite scale [50]. This study employs four subjective indicators to measure marketing capabilities based on existing literature: (1) product capability; (2) pricing capability; (3) promotional capability; and (4) distribution capability.
3. The control variables are firm size and age, both of which are widely regarded as potential determinants of SME export performance [43]. Most previous studies suggest that firm size affects export performance, and that firm performance enhances competitive advantage. Firm size is defined as the number of employees and firm age is defined as the number of years the firm has been established; both are measured on an ordinal scale. However, it is necessary to control for firm size and age.

3.3. Reliability and Validity of Scale

To check the validity and reliability of our constructs, exploratory factor analysis was conducted using Cronbach's alpha as a measure of reliability. Reliability tests were conducted to ensure that the scales used were free from random errors and guarantee internal consistency [51]. According to Hair, et al. [52] the reliability of each construct was assessed using Cronbach's alpha (CA) and the Composite Reliability (CR) of the items measuring the constructs. Construct validity was established by investigating the relationship between each construct and other constructs, that is, related (convergent) and unrelated (discriminant) validity. Convergent validity was measured using confirmatory factor analysis (CFA) and discriminant validity was checked by comparing the Average Variance Extracted (AVE) value with the squared correlation between variables.

3.4. Data Analysis

The PLS-PM method was used to analyze the data in this study based on the following considerations: (1) PLS-PM is a suitable method for testing quadratic effects, where a feature is available to complete nonlinear modeling with various options [53, 54]; (2) PLS-PM has progressed rapidly and can test theories using goodness-of-fit indices [53, 55]; and (3) PLS-PM can potentially be used as a predictive tool for theory building [56, 57]. Hence, PLS-SEM is a better alternative to covariance-based SEM, as confirmed by Sarstedt, et al. [58] and Mohamed, et al. [56]. This study uses a small sample size to examine empirically how marketing capabilities affect the competitive advantage of SME exporters. Appropriate measurement models and structural model testing were conducted using SmartPLS 3.2 [59].

4. Results

4.1. Demographic Data

The sample comprised an SME segment of durian exporters in eastern Thailand. The descriptive statistics for the 96 respondents are shown in Table 1. Most were male (n=55, 57.3%), and the largest age group was between 31-40 (n=50, 52.1%). Most exporters were Thai (n=81, 84.4%). Almost half (n=46, 47.9%) of the respondents had capital funds of less than 5 million baht, and employed workers were between 31-50 persons (n=47, 49%). The largest group had been in business for 6-10 years (n=28, 29.2%).

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Table 1.
Demographics of respondent (n=96).

Entrepreneur characteristics		n	%	Entrepreneur characteristics		n	%
Gender				Capital funds (Million baht)			
	Male	55	57.3		5 or below	46	47.9
	Female	41	42.7		6 – 10	27	28.1
Age					11 – 20	16	16.7
	30 or below	3	3.1		21 – 50	5	5.2
	31 – 40	50	52.1		51 or above	2	2.1
	41 – 50	36	37.5	Employees/Firm size (Persons)			
	51 – 60	7	7.3		30 or below	16	16.7
	61 or above	-	-		31 – 50	47	49.0
Nationality					51 – 100	26	27.1
	Thai	81	84.4		101 – 200	7	7.3
	Chinese	15	15.6		201 or above	-	-
	Cambodian	-	-	Age of business (years)			
					3 or below	26	27.1
					4 – 5	23	24.0
					6 – 10	28	29.2
					11 – 20	13	13.5
					21 or above	6	6.3

4.2. Measurement Model

The measurement scales adopted from a literature review for the current study were validated via CFA based on Partial Least Squares (PLS) [59]. A structural model might not be meaningful if it is not established that the measurement model is sufficient to fit the study [57]. Some Specific theories may have to be modified to evaluate whether indicators are chosen for construct measures [60]. The CFA presented in Table 2 was used to specify a valid measurement model before evaluating the structural model [52]. According to Hair, et al. [52], the CA and CR should be greater than 0.7. However, construct validity includes convergent and discriminant validity [61]. Convergent validity was investigated using Average Variance Extracted (AVE), which should be greater than 0.5 for each identified construct [52]. Discriminant validity was checked using the Fornell-Larcker index. Thus, the AVE of each construct should be greater than the highest square of the correlation coefficients between the constructs and other constructs [52]. Table 2 presents the evaluation results for the proposed measurement model.

Table 2.
Construct indicators and measurement model of variables: Competitive advantage.

Construct and measures	Code	Loadings	CA	CR	AVE
Competitive advantage					
Demand factors: Demand			0.705	0.836	0.631
	Compert_p1: The Chinese market is the major target market to increasing export potential	0.758			
	Compert_p2: The durian is well-known among Chinese customers, especially for good taste and top quality	0.856			

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Construct and measures	Code	Loadings	CA	CR	AVE
	Compert_p3: There are good opportunities for Thai fruits other than durian to be exported to China	0.764			
Operational factors: Factor			0.708	0.810	0.588
	Compert_p4: The government promotes a distribution channel matched to the potential demand causing the selling price to increase	0.777			
	Compert_p5: Food processing is developed to increase the shelf life and preserve the product during international transportation	0.799			
	Compert_p6: The transport route minimizes product damage	0.722			
Organizational structure and competitive strategies: Strategy			0.811	0.876	0.639
	Compert_p7: There is a Free Trade Agreement (FTA) signed with the other countries which increases both the quantity and value of exports	0.771			
	Compert_p8: There are constant, strong supports, and government policies for agricultural products	0.829			
	compert_p9: Due to the prohibitive cost of production and transportation, e.g., from Malaysian and Indonesian markets, highly competitive advantage increased	0.785			
	Compert_p10: Chinese customs procedures are strict on residue and pesticides	0.813			
Relevant industry and support: Supporter			0.706	0.840	0.723
	Compert_p11: The development of land transportation to China, increases transportation convenience and faster	0.851			
	Compert_p12: There are still Thai durian trade limitations in linkage industries, particularly at the downstream level	0.851			
Government aspects: Government			0.853	0.895	0.629
	Compert_p13: There is international trade support from the Thai government	0.799			
	Compert_p14: The ease of Thai official custom	0.796			
	Compert_p15: There is national level cooperation among trade partners in export and import markets in Thailand	0.792			
	Compert_p16: There are clearly specified Thai export standard measures which are dependable and acceptable in the international market	0.788			
	Compert_p17: There are limitations on sharing/ connecting information and on cooperation between exporters and importers	0.791			

Note: CA, Cronbach's alpha; CR, Composite reliability; AVE, Average variance estimate.

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Table 3.
Construct indicators and measurement model of variables: Marketing capabilities.

Construct and measures	Code	Loadings	CA	CR	AVE
Marketing capabilities					
Product capabilities: Prodcap			0.707	0.843	0.729
	mmix_p1: The durian products of your company meet the Chinese market's needs	0.857			
	mmix_p2: Your brand and trademark show the brand identity and the country of origin	0.857			
Pricing capabilities: Pricap			0.713	0.803	0.576
	mmix_p3: Even though the durian price of your company is higher than others, the customers still chose yours	0.768			
	mmix_p4: Your company has a specific pricing strategy to set the durian price	0.740			
	mmix_p5: Your company has joined the entrepreneurial community in the same market to control the export price	0.770			
Distribution capabilities: Discap			0.835	0.884	0.604
	mmix_p6: Your company has sufficient channels and perform effectively	0.803			
	mmix_p7: Your company allows customers to place orders, to assist, and offers a variety of payment channels	0.790			
	mmix_p8: Your company employs the administrative plan efficiently	0.712			
	mmix_p9: Your company ships the durian products on time to arrive by the due date.	0.781			
	mmix_p10: The packaging is appropriate and safe for shipping	0.796			
Promotional capabilities: Promcap			0.775	0.869	0.689
	mmix_p11: You are advertising, and public relations encourage customer awareness and acceptance	0.830			
	mmix_p12: Promotional strategies are launched regularly	0.822			
	mmix_p13: After-sale service is offered to ensure customers satisfied and to encourage them to purchase again	0.840			

Note: CA, Cronbach's alpha; CR, composite reliability; AVE, average variance estimate

The measurement model had 30 items consisting of competitive advantage measurements 17 items (Table 2) and marketing capability measurements 13 items (Table 3). All loadings for each of the remaining items were above the minimum threshold value of 0.70 [52] thus providing support for

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convergent validity. In addition, the AVE values, ranging from 0.576 to 0.729, were above the minimum recommended level of 0.50, supporting the convergent validity of all the constructs. The measurement model shown in Table 2 and Table 3 can be considered an accurate measurement of SMEs' marketing capabilities and competitive advantage in the context of the current study.

The discriminant validity of the measurement model was checked to ensure that the square root of AVE was greater than the correlations between that construct and other constructs. As shown in Table 4, all items exhibited higher loadings than the other factors, and the square root of AVE for each construct (0.806-0.827) exceeded the correlation between that construct and the other constructs, thus confirming discriminant validity.

Table 4.
Comparison of square root average variance extracted (AVE) values with correlation between constructs.

	Competitive advantage	**Marketing capabilities**	**Firm size**	**Firm age**	**Adjusted R^2**
Constructs					
Competitive advantage	0.806				0.518
Marketing capabilities	0.723	0.827			
Controls					
Firm size	0.159	0.202	1.000		
Firm age	-0.004	0.108	0.474	1.000	

Finally, the variance inflation factor (VIF) of each variable was assessed to check for multicollinearity. All the statistics for each variable were lower than 10, indicating the absence of multicollinearity. Furthermore, we evaluated our structural model by examining the coefficient of determination (R^2 or adjusted R^2), as the coefficient of determination measures the predictive power of our model and represents the amount of variance in the endogenous variable that could be explained by all exogenous variables. The R^2 value was 0.518, which, according to Henseler, et al. [53], can be regarded as moderate. Hence, the percentage of the explained variance for competitive advantage was approximately 52%.

4.3. Structural Model Test

Following Hair, et al. [52], an evaluation of the model's predictive capabilities and inter-construct relationships was conducted using the bootstrapping technique (2,000 re-samples) to assess the significance of the path coefficients, along with the value of the *t*-statistics via the PLS-SEM algorithm [53]. The path coefficients were assessed based on the signs and magnitudes of their values. For statistical significance, a path coefficient *t*-value greater than or equal to 1.96 and a *p*-value of 0.01 or less were considered acceptable.

The results of the SEM tests of the hypotheses paths are presented in Table 5. The significant level of the coefficients supports the model. The parameter estimates (for both *p*-values and *t*-values) were statistically significant and within the expected range, thus supporting the predictive validity of the model. From the structural model results (Table 5), the path coefficient (direct effect) was found to be statistically significant (*t*-value = 10.889, $p < .01$). The results indicate that marketing capabilities affect competitive advantage ($\hat{I}^2 = 0.722$). The results in Table 5 show statistical significance, thus supporting *H1*.

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Table 5.
Results of hypothesis testing.

Path specification	Standardized coefficient (β)	*t*-value bootstrap	Assessment
Controls			
H2: Firm size -> Competitive advantage	0.066	0.961	NS
H3: Firm age -> Competitive advantage	-0.113	1.431	NS
Model relationships			
H1: Marketing capabilities -> Competitive advantage	0.722	10.889**	S

Note: ** *p*-value < 0.01; S, statistically significant; NS, not statistically significant

Figure 2 shows the standardized path coefficients and factor loading values for each item of the observed variables; in which, the values for marketing capabilities based on product capabilities (Prodcap), pricing capabilities (Pricap), distribution capabilities (Discap), and promotional capabilities (Promcap) were 0.781, 0.837, 0.863, and 0.824, respectively. The factor-loading values of competitive advantage based on operational factors (Op. Fact.), demand factors (Dem. Fact.), organizational structure and competitive strategies (Com. Str.), relevant industry and support (supporter factors) (Sup. Fact.), and government aspects (Gov. Asp.) were 0.829, 0.786, 0.872, 0.818, and 0.717, respectively. The results indicate that marketing capabilities and competitive advantage were significantly positively related (standardized coefficient, β, 0.722), thus supporting Research Question 1 (*H1*).

Firm characteristics (size and age) were controlled in the structural model assessment. The effects on the structural relationships were not statistically significant. Thus, research questions 2 (*H2*) and 3 *(H3)* are not supported by the current data analysis.

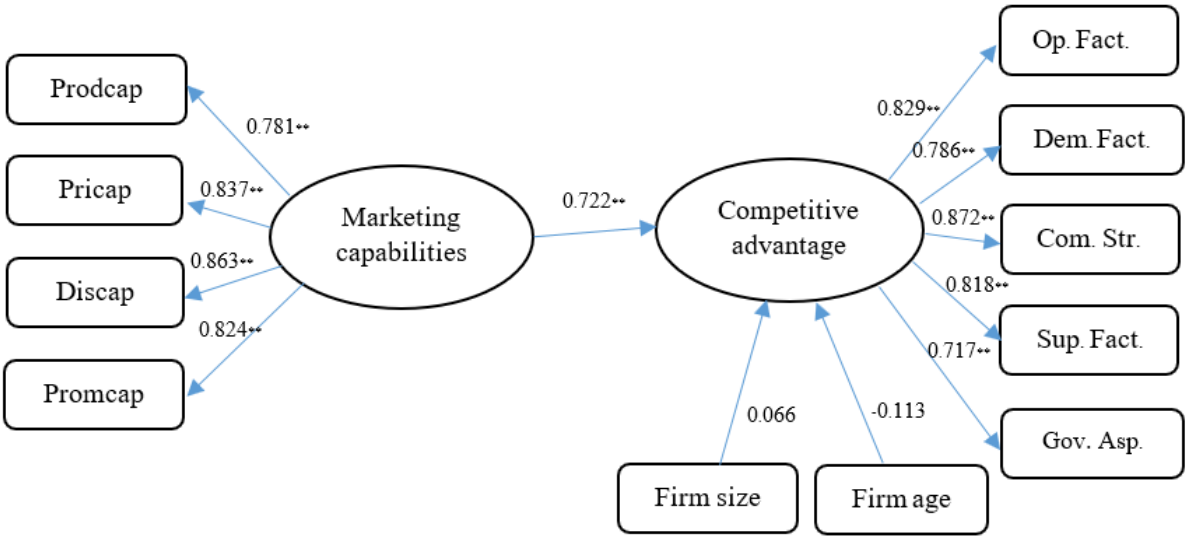

Figure 2.
Results of Structural Equation Modelling (SEM) for durian exporters.
Note: Prodcap, Product capabilities; Pricap, Pricing capabilities; Discap, Distribution capabilities; Promcap, Promotional capabilities; Op. Fact., Operational factors; Dem. Fact., Demand factors; Com. Str., Organizational structure and Competitive strategies; Sup. Fact., Supporter factors; Gov. Asp, Government aspects

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5. Discussion

This study investigates the impact of marketing capabilities on the competitive advantage of durian exporters' SME sector in Thailand. The results indicate that marketing capabilities have significantly impact on competitive advantage thus supporting research question 1 (*H1*). These findings suggest that a durian exporter with a marketing strategy in the SME sector in Thailand can focus on product pricing, promotion, and distribution capabilities, leading to an increase in competitive advantage. As Zamberi Ahmad [62] indicated, a firm is better positioned to create and maintain a competitive advantage and reap greater economic benefits by developing and deploying mixed marketing strategies to improve its business performance. Boso, et al. [6] also confirm that marketing capability is an internal factor in an exporter's marketing strategy that drives competitive advantage. Additionally, marketing capabilities influence competitive advantage and improve export performance [45, 49].

Moreover, the DC theory identifies marketing capabilities as an important determinant of a firm's competitive advantage and enhances firm performance [63]. Teece [64] highlighted the dynamic capabilities framework as a useful model for understanding the role of entrepreneurial managers in the context of ongoing dynamic competition. According to the theory of competitive advantage, Porter and Magretta [10] finds that competitive advantage is the value that a firm has created for its customers in such a way as to outperform its competitors and is the key to sales success and high profitability. For instance, in a perfectly competitive market, no firm has a competitive advantage over its rivals. However, a firm can enjoy an average level of profitability if it has marketing capabilities [10, 11]. Therefore, exporters must encourage firms to continue internationalizing at an increasing rate, as competition in global markets intensifies. The need to possess capabilities necessary to meet foreign customer requirements more effectively than competitors has become increasingly important for firms.

Finally, our study found that firm size and age, as control variables, were unrelated to competitive advantage. Our study suggests that it is possible for firms to be of varied sizes and ages, but still have a competitive advantage over their competitors in the global marketplace, supporting research questions 2 and 3 (*H2*, *H3*).

This study confirms that marketing capabilities and competitive advantage are significantly and positively related. SME durian exporters in Thailand should consider their marketing capabilities to improve their competitive advantage in the global market. According to the competitive force model and resource-based view, a firm can derive competitive advantage based on its marketing capabilities and resources, both tangible and intangible, and marketing capabilities have an impact on competitive advantage [65-67]. This study develops a theoretical model in which the marketing mix can be a mechanism to increase competitive advantage. Empirically, this study contributes to the literature on the relationship between marketing capabilities and competitive advantage of SMEs durian exporters.

This study has managerial implications: (1) the study shows that marketing capabilities are a driver of competitive advantage. Thus, exporters must develop marketing strategies to achieve competitiveness in the global market; and (2) this study identifies the importance of distribution capabilities for marketing capabilities, which plays a prominent role in determining marketing capabilities and driving firms' competitive advantage. SME exporters must focus on distribution capabilities to survive and expand their products and services to gain a competitive advantage in the marketplace. Firms with endeavors provide superior support for export distributors and develop close relationships with them. Thus, Thai SME durian exporters should focus on marketing strategies for products, prices, promotions, and distribution to gain a competitive advantage, as suggested by Sudarman and Lailla [7] and Khalid [31].

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6. Conclusion

In summary, Thai SME durian exporters should focus on marketing strategies for products, prices, promotions, and distribution to gain a competitive advantage. Results from the study indicate that marketing capability should give more weight to distribution capabilities, including reviewing the critical roles of distribution and transportation systems. Maintaining a high market share and major exporters and maintaining the quality of durian is important in the proper timing of harvesting and transporting.

The limitations of this study are as follows: first, it was conducted on firms in only one region-eastern and country; second, it does not concern quality assurance, which would affect price capacity; and third, the transportation channel does not consider. To expand the generalizability of our findings, further studies should be conducted in other areas of marketing capability, to confirm their impact on competitive advantage.

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