
| RESEARCH ARTICLE

The Effect of Marketing Strategy on the Competitive Advantage of Selected Microfinance Institutions in Baungon

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| ABSTRACT

This study examines how marketing strategies influence the competitive advantage of selected microfinance institutions (MFIs) in Baungon, Bukidnon, particularly in Barangay Imbatug. It focuses on the effectiveness of the four elements of the marketing mix—product, price, place, and promotion—and how these contribute to cost efficiency, service quality, and overall competitiveness. Using a descriptive quantitative approach, data were gathered from ten MFI employees through a validated questionnaire. Results show that all four marketing mix components were rated highly effective, with product strategies receiving the highest mean score (3.0). This indicates that offering relevant, valuable, and responsive financial products plays a central role in strengthening customer trust and satisfaction. In assessing competitive advantage, differentiation (mean = 3.64) ranked slightly higher than cost leadership (mean = 3.50), suggesting that MFIs in the area prioritize providing unique value and quality service rather than competing solely through low pricing. The study is anchored on the Strategic Marketing Theory and the Value Discipline Model, which emphasize understanding customer needs and aligning marketing efforts to sustain long-term competitiveness. Insights from experts such as Kotler, Keller, Porter, Chikweche, and Fletcher further support the importance of strong customer relationships. Correlation analysis revealed a strong positive relationship ($r = 0.77268$) between marketing strategies and competitive advantage; however, this relationship was not statistically significant at the 0.05 level. This indicates that while marketing efforts appear to influence competitiveness, other factors may also play a key role. Additional analysis showed no significant differences in responses based on age or income, though gender had some influence on perceptions of differentiation. In conclusion, the study highlights that effective marketing strategies—especially strong product offerings—contribute meaningfully to enhancing the competitiveness of MFIs in Baungon. By focusing on differentiation and maintaining high-quality service, MFIs can build trust, respond better to client needs, and strengthen their position in the community.

| KEYWORDS

Marketing strategy, competitive advantage, 4Ps, microfinance institution, cost and differentiation.

| ARTICLE INFORMATION

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1. Introduction

Marketing strategy is a multifaceted endeavor that seeks to deeply understand client needs and dynamically adapt business operations to not only meet those needs but also foster long-term sustainability. As Kotler and Keller (2016) articulate, a robust marketing strategy encompasses new product development, strategic pricing, optimal

location of operations, and persuasive promotion, all working in concert to build a strong, client-centric institution. In essence, marketing is a comprehensive field that aims to fortify an organization by maintaining an unwavering focus on the client, thereby creating exchanges that satisfy both individual and organizational goals.

Microfinance institutions (MFIs) are essential for improving the financial well-being of low-income populations and contribute to the elimination of poverty. They offer financial services, including logbook loans information, loans for emergencies, wage advances, and student loans, among other things. The primary goal of granting access to financial services to the underprivileged, who have been disregarded by traditional banks.

In today's rapidly evolving business landscape, characterized by intense competition and ever-changing consumer preferences, a well-defined competitive advantage is paramount for organizational success. Porter (1985) defines competitive advantage as any advantage a company has over its rivals, which ideally should be perceptible to customers, answering the fundamental question: "Why should a customer choose this firm over others?" However, this is not always the case. According to the Central Bank report (2014), microfinance products attract high interest rates of between 30-72%. These goods have persisted to become well-liked by the lower classes despite the obvious risks they pose. It doesn't seem that the many takeovers and abuses by auctioneers are discouraging customers from choosing other MFI goods.

Consumers of today's generation ought to be conscious of various kinds of marketing approaches. Nowadays, a lot of companies and organizations are emerging, resulting in competition. To be able to fully understand your customers or clients, you should also possess analytical intelligence, since several institutions have closed as a result of a lack of analytical abilities.

The researchers are captivated by discovering how microfinance institutions employ marketing techniques in the present generation, when digitization is the most well-known trend, and practically everyone uses it in daily life. It serves as a platform for various companies to sell commodities, and it is also used by many institutions to make plans to compete with their rivals. Specifically, they are interested in understanding how MFIs leverage digital marketing strategies to reach their target audience, build brand awareness, and ultimately achieve their financial and social impact goals in an increasingly competitive environment.

Two research gaps have been identified in these studies. First, although numerous studies have been conducted, only a few have specifically focused on microfinance institutions. Second, there were no studies that have been carried out on microfinance institutions within the municipality of Baungon.

Furthermore, while existing literature has explored various aspects of microfinance, such as its impact on poverty alleviation, entrepreneurship, and financial inclusion, there remains a lack of comprehensive analysis on the marketing strategies and competitive advantages that drive the sustainability and growth of these institutions. Addressing this gap will contribute valuable insights into how microfinance institutions can strengthen their market position and better serve the needs of underserved communities, particularly within the municipality of Baungon.

1.1 Research Questions:

This study seeks to answer the following core question: *How do marketing strategies affect the competitive advantage of selected microfinance institutions in Baungon?* Supporting questions measuring the level of marketing strategy in terms of product, price, place, and promotion, how do respondents assess competitive advantage in terms of cost and differentiation, a significant relationship between marketing strategy and competitive advantage and a significant difference in the effect of marketing strategy on the competitive advantage on selected microfinance when grouped according to their profile.

1.2 Purpose of the Study:

The overarching purpose of this study is to comprehensively examine the effects of marketing strategies on the competitive advantage of selected microfinance institutions (MFIs) operating within the municipality of Baungon,

Bukidnon. This investigation is driven by the understanding that MFIs play a crucial role in fostering financial inclusion and economic empowerment among low-income populations, and that their success is increasingly dependent on the effective implementation of strategic marketing initiatives.

1.3 Significance:

The significance of this study lies in its potential to provide microfinance institutions (MFIs) with actionable insights into how marketing strategies can be leveraged to enhance their competitive advantage, particularly in the context of Baungon, Bukidnon; the findings can inform business owners' strategic planning, guide students in understanding marketing dynamics in a socially conscious industry, and serve as a valuable resource for future researchers exploring the intricacies of microfinance and marketing.

2. Methods

2.1 Research Design

The study used a Descriptive Quantitative Research design, which prioritizes generating results that are both reliable and convincing. According to Gupta (2020), the research design used a strategy that guides a descriptive quantitative research design in a methodical way to achieve objectives.

2.2 Participants and Sampling Method

The respondents for this study were the employees of a selected microfinance institution in Imbatug. The employees served as the primary source of data for assessing the influence of marketing strategy on the institution's competitive advantage. The researchers applied a total enumeration sampling technique where they examined the entire population that had a particular set of respondents.

Inclusion criteria included:

- (1) Informed Consent
- (2) Current employees in selected MFIs

2.3 Research Instrument

Data were gathered using a **structured questionnaire** with two main sections:

- **Part I:** contained items pertaining to the demographic profile of the respondents as to age, sex, and average monthly salary.
- **Part II:** covered questions relating to the assessment of the effect of marketing strategy on the competitive advantage on selected microfinance institutions in Baungon.

2.4 Data Gathering Procedure

The researchers sought the approval of the business managers of the selected microfinance institutions to formally inform them as respondents. With the intention to conduct a survey, a letter supported by key informant interviews were conducted to gather diverse insights and perspectives to gain a deeper understanding of how marketing strategies impact the competitive edge of chosen microfinance institutions.

2.5 Ethical Considerations

The study ensured ethical compliance by:

- Securing informed consent from participants,
- Guaranteeing **anonymity** and **confidentiality** of responses,
- Allowing voluntary participation with the option to withdraw at any time.

2.6 Data Analysis

Collected data were encoded and analyzed using **SPSS software**. The following statistical tools were used:

- **Descriptive statistics:** Frequency, percentage, mean, and standard deviation to describe the demographic profile and assess responses.
- **Pearson r:** To examine the relationship between the marketing strategy on the competitive advantage.
- **T-test and ANOVA:** To determine significant differences based on demographic profiles.
- **Regression analysis:** To test the effect of marketing strategy on the competitive advantage on selected microfinance institutions.
- **Mediation analysis:** To the significant mediation effect of competitive advantage on marketing on selected microfinance institutions.
- Responses were quantified using a **four-point Likert scale**, interpreted as follows

Scale	Range	Description	Interpretation
4	3.26–4.00	Strongly Agree	Very High
3	2.51–3.25	Agree	High
2	1.76–2.50	Disagree	Poor
1	1.00–1.75	Strongly Disagree	Very Poor

3. Results

Table 1. Demographic Profile of Respondents

Profile	Frequency (F)	Percentage %
Age		
20 – 29 years old	7	70
30 – 39 years old	3	30
40 – 49 years old	0	0
50 – 59 years old	0	0
60 years old above	0	0
Sex		
Male	1	10
Female	9	90
Average Monthly Salary		
Php10,000–Php20, 000	10	100
Php30,000–Php60,000	0	0
Php60,001-Php 90,000	0	0
Php90,001-Php 120,000	0	0
Php120,000 and up	0	0

Table 2. Summary of the Average Distribution of Respondents Assessments on Marketing Strategy in Terms of Product, Price, Place and Promotion

Marketing Strategy	Mean	STD	Description	Interpretation
Product	3.8	0.48	Strongly Agree	Very High Marketing Strategy
Price	3.7	0.44	Strongly Agree	Very High Marketing Strategy
Place	3.7	0.47	Strongly Agree	Very High Marketing Strategy
Promotion	3.6	0.54	Strongly Agree	Very High Marketing Strategy
Average	3.7	0.48	Strongly Agree	Very High Marketing Strategy

Table 3. Summary of the Average Distribution of Respondents Assessment on Competitive Advantage in Terms of Cost and Differentiation

Competitive Advantage	Mean	STD	Description	Interpretation
Cost	3.5	0.61	Strongly Agree	Very High Marketing Strategy
Differentiation	3.64	0.48	Strongly Agree	Very High Marketing Strategy
Average	3.57	0.55	Strongly Agree	Very High Marketing Strategy

Table 4. A Significant Relationship Between Marketing Strategy and Competitive Advantage

Variable	Competitive Advantage	
Marketing Strategies Strength Interpretation	R	p
	\0.77268	> 0.05
	Strong	
	Not Significant	
	<i>Legend STRENGTH:</i>	
	0.00-0.19 Very Weak	
	0.20-0.39 Weak	
	0.40-0.59 Moderate	
	0.60-0.79 Strong	
	0.80-1.00 Very Strong	
	<i>INTERPRETATION</i>	
	$p \leq 0.05 \rightarrow$ Significant	
	$p \leq 0.01 \rightarrow$ Highly Significant	
	$p \leq 0.001 \rightarrow$ Very Highly Significant	

Table 5. A Significant Difference on the Effect of Marketing Strategy on the Competitive Advantage in Selected Microfinance Institution when the Respondents are Group According to their Profile

Profile	Competitive Advantage			
	Cost	Differentiation		
	p-value	Decision on H0	p-value	Decision on H0
Age	> 0.05	Accept	> 0.05	Accept
Sex	> 0.05	Accept	> 0.05	Reject
Average Monthly Salary	Not Applicable: No variation in responses			

Significant if P-value < 0.05

Legend: Ho is rejected if Significant

Ho is accepted if Not Significant

4. Discussion

The survey data reveal that the MFIs in Baungon employ highly effective marketing strategies, particularly in product development, pricing, and distribution. This is evidenced by the consistently high ratings across these areas, indicating a strong alignment with customer expectations and needs. While promotional efforts also received positive feedback, there is room for improvement, especially in distribution channel satisfaction. Despite a strong positive correlation between marketing strategies and competitive advantage, the relationship was not statistically significant, suggesting that other factors beyond marketing may influence the competitive landscape of these MFIs.

4.1 Interpretation of Results

The demographic profile of the respondents, primarily young females earning between ₱10,000 and ₱20,000 monthly, aligns with typical staffing patterns in microfinance institutions. The youthfulness of the workforce suggests a dynamic and adaptable team, while the predominance of female employees underscores the importance of gender diversity in fostering client relationships. The consistent income level indicates a relatively standardized compensation structure across the MFIs, reflecting a focus on providing stable employment opportunities within the community.

The high ratings for product-related strategies suggest a robust product design and delivery system, effectively meeting the financial needs of the target market. The emphasis on new product development highlights a commitment to innovation and responsiveness to evolving customer demands. The efficient distribution channels ensure accessibility and convenience, contributing to overall customer satisfaction. However, the slightly lower score for the production process implies minor inefficiencies that could be addressed to further enhance operational effectiveness.

Pricing strategies are generally viewed as effective and fair, reflecting a balanced approach to affordability and value. The competitiveness of pricing, however, lags slightly, signaling a potential need for benchmarking and adjustments to remain attractive in the market. This suggests that while customers appreciate the current pricing structure, there may be opportunities to enhance perceived value and competitiveness through tailored pricing models or promotional offers.

Excellent communication channels are a strength, facilitating effective outreach and engagement with the target market. The strong supplier relationships contribute to a reliable and efficient supply chain, ensuring consistent product availability. However, monitoring market dynamics presents a weak point, indicating a need for enhanced market research and analysis to stay ahead of emerging trends and competitive pressures.

Overall, the results highlight the strengths of the MFIs' sales and personnel strategies, while also identifying areas for improvement to enhance overall marketing effectiveness. By leveraging their existing strengths and addressing the identified weaknesses, the MFIs can further optimize their marketing strategies and achieve sustainable competitive advantage in the dynamic microfinance landscape. This requires a continuous commitment to innovation, customer-centricity, and proactive market monitoring.

4.2 Comparison with Existing Literature

The demographic pattern aligns with existing literature, indicating that younger workers dominate microfinance institutions due to lower wage requirements, and women are often preferred for their relational skills (Bezdrob, 2024; Nyarko et al., 2024). This suggests that MFIs may be intentionally recruiting individuals who are more adaptable and customer-oriented, leveraging the strengths of a diverse workforce to enhance client engagement and service delivery. The emphasis on younger workers also reflects the evolving nature of the microfinance industry, with a growing need for digital literacy and technological proficiency.

The emphasis on high-quality products supports Kotler et al. (2021)'s view on customer-driven product development, highlighting the importance of aligning product offerings with customer needs and expectations. This underscores the significance of conducting thorough market research and actively soliciting customer feedback to ensure that products remain relevant and effective. By prioritizing customer-centric, MFIs can build stronger relationships and foster greater loyalty, leading to sustainable growth and competitive advantage.

The need for enhanced pricing strategies resonates with Nagle and Miller (2020), who stress the impact of perceived value on customer loyalty. This suggests that MFIs should focus on communicating the value proposition of their products and services, emphasizing the long-term benefits of financial inclusion and empowerment. By enhancing the perception of value, MFIs can justify their pricing and attract price-sensitive customers who may be more focused on the overall value they receive rather than the initial cost.

The weak point in monitoring market dynamics echoes Smith and Taylor (2020), who highlight the role of proactive market engagement. This underscores the importance of conducting continuous environmental scanning and adapting to market trends to remain competitive. By staying informed about emerging trends, competitive pressures, and changing customer preferences, MFIs can proactively adjust their strategies and maintain a competitive edge in the dynamic microfinance landscape.

These findings suggest that MFIs should continue to leverage promotions as a key driver of sales, address variability in distribution channels, and invest in employee training to enhance service delivery (Chaffrey and Chadwick, 2022). By focusing on these key areas, MFIs can optimize their marketing strategies and achieve sustainable competitive advantage in the challenging microfinance environment. This requires a holistic approach that integrates marketing with other key functions such as innovation, operations, and customer engagement.

5. Conclusion and Implications of the Findings

The findings of this study have several important implications for microfinance institutions (MFIs) in Baungon and similar organizations. First, while a strong positive correlation was observed between marketing strategies and competitive advantage, the lack of statistical significance suggests that marketing alone cannot ensure a sustainable competitive edge. This highlights the need for MFIs to adopt a holistic approach—integrating marketing with innovation, quality service, customer care, and operational efficiency to strengthen competitiveness.

Second, since product strategies emerged as the most effective component of the marketing mix, MFIs should continue focusing on developing valuable and responsive financial products tailored to client needs. This approach enhances customer trust and satisfaction, which are essential for long-term stability and loyalty.

Third, the results indicate that differentiation strategies—rather than cost leadership—contribute more significantly to competitive advantage. MFIs should therefore prioritize unique service delivery, digital engagement, and personalized client experiences to distinguish themselves in the market.

Fourth, the absence of significant differences in perceptions based on age and income, but noticeable variation by gender, implies that marketing initiatives may benefit from gender-sensitive strategies. Recognizing and leveraging diverse perspectives can improve inclusivity and better target different customer segments.

Finally, the findings suggest that organizations must regularly monitor and evaluate marketing performance not only in terms of short-term outcomes such as sales but also through long-term indicators like customer retention, profitability, and brand reputation. Collaborative planning among marketing, finance, and operations departments is vital to ensure strategic alignment and consistent value delivery.

In summary, the study underscores that while marketing is a critical factor in building competitive advantage, it must function as part of a broader strategic system that values innovation, teamwork, and customer-centricity to achieve sustained success.

5.1 Limitations

This study's scope was limited to the direct impact of specific marketing elements on competitive advantage, without exploring other aspects such as branding or customer relationship management. Additionally, the duplication of Rural Bank and Binhi as separate MFIs initially posed a challenge, potentially skewing the sampling and data collection. Correcting this error was crucial to ensuring the accuracy and validity of the findings.

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