

A STUDY TO DETERMINE STRATEGIES FOR SMALL BUSINESSES IN THE SERVICE INDUSTRY AND INDUSTRIAL MARKETING TO GAIN COMPETITIVE ADVANTAGE IN CHINA.

Zhu Yuchong¹, Mrutyunjay Sisugoswami¹

¹ Lincoln University College, Petaling Jaya, Malaysia.

*Corresponding author: Zhu Yuchong, Lincoln University College, Petaling Jaya, Malaysia.

ABSTRACT

To gain a competitive advantage in China, this study explored the strategies utilized by small service companies. Its major purpose was to document the factors that led to the growth and profitability of these organizations. Data was gathered from a variety of small service companies located in major towns in China. The research paid particular attention to strategies regarding digital adoption, expenses management, creativity, and customer connection. The research showed that organizations using digital and technology-based tools wielded a greater impact on customers. Innovative products and services served to differentiate between themselves and the competition. Other than that, building a relationship with the customers served to maintain a presence in the market. Sustainable profitability and viability were also enhanced by cost-efficient and effective work. The analysis showed that developing lucrative strategies required knowledge of the local market and the local culture. Executives who tailor-made their strategies so that it matched the needs of the consumers locally excelled their counterparts using blanket strategies. Additionally, the research showed that small companies could improve their competitive edge by networking the companies together and using local networks. With the flexible strategies that these companies utilized, they showed a unique ability to cope with fluctuating market factors. Generally, the research showed that small service companies in China could create a competitive edge using creativity, embracing technology, focus on the customers, controlling cost, and understanding the local market. The research showed that it provided policymakers and entrepreneurs with useful recommendations that aimed to develop small companies. By highlighting applicable methods that may be implemented under the same cultural and financial conditions, the current work contributed to the body of competitive strategies in new markets.

Keywords: Small businesses; Service industry; Competitive advantage; Consumer behaviour; Competitive advantage in China.

INTRODUCTION

There is a lot of competition in the service industry. There are various obstacles for small businesses in this industry. They need to draw in clients while distinguishing themselves from

bigger competitors. Successful techniques are necessary for their success. A company's distinct advantage over competitors is known as its competitive advantage. It paves the way for businesses to provide better goods and services at cheaper prices or with a greater worth. Attracting clients, increasing shareholder value, and maintaining earnings are all helped by this advantage. Usually it is driven by excellence, creativity, and the goodwill of the brand. Prioritising excellent customer service is the first step. Confidence and returning customers are fostered by exceptional service. Personalisation allows small businesses to stand out from the competition and leave a lasting impression on clients. In many cases, this individual attention is what separates them from their bigger rivals (Olazo, 2023). The second important factor is creativity. Small companies have the choice of introducing new products or services or of refining the ones already stocked. Staying current in the industry's most recent developments makes it easier for companies to entice probable customers while securing their current base. Innovation also comes in the form of accepting new technology. Using such technology will boost efficiency while giving customers greater access. Good advertising strategies are also important. Small companies can utilize social media and all manner of online marketing because these are effective yet reasonable. A good brand image has its roots in regular marketing communications and interesting content. A good relationship between the business and the clients is also important. A company that cares for its customers will ask for their opinions and will take notice. This does wonders for building confidence and loyalty in the long run. It is also possible to maintain a competitive advantage by forming strategic partnerships. Partnering with other downtown companies improves visibility and access to resources. Partnerships may reveal new prospects while raising your profile (Nayak et al., 2023). Finally, it is important to manage your expenditure responsibly. Small companies need to stretch their money further without skimping on quality. With careful budgeting, a firm may maintain reasonable rates while making a profit.

BACKGROUND OF THE STUDY

The service industry in China is supported by small businesses. In addition to boosting creativity and the economy, they also provide employment opportunities. But huge local and international corporations provide strong competition. Additional stress is caused by the rapidity with which the economy and technology are undergoing transition. It is difficult for numerous small enterprises to remain successful and have an impact in the marketplace. They need to figure out ways to differentiate themselves and adjust to shifting market circumstances if they want to stay in industry. Throughout the last decade, the service industry in China has grown rapidly. Included in this category are industries like medical care, educational institutions, vacation planning, and economics (Wen et al., 2022). This expansion shows how the country's economy is changing from one based on industries to one based on services. Customers in China increasingly want effective, personalised service that is of excellent quality. Technological and easy choices are among their favourites. Small businesses have had to re-evaluate their strategies and come up with fresh ideas

to draw in and keep clients because of these developments. The capacity of a company to outperform its competitors is known as Competitive Advantage. Belief in one's own abilities, adaptability, and personal connections with clients are crucial for small service businesses. There is a significant difference between the responsiveness and personalisation of services offered by giant organisations and those offered by small businesses. They may fortify their credibility by creativity, devoted customers, and familiarity with local customs. There are fresh methods of competing successfully with larger enterprises thanks to digital technologies and web-based platforms. The level of market rivalry in China is quite high, and the behaviour of customers is always showing signs of change. When it comes to making decisions and determining value, customers are influenced by cultural influences (Wang et al., 2020). As a result, plans should not only concentrate on the everyday activities of the company, but they should also be in accordance with the standards of society and culture in Chinese small enterprises. To establish long-lasting connections with their customers, effective small businesses frequently utilise a combination of advertising, technological advances, and customer involvement.

PURPOSE OF THE RESEARCH

The research attempted to answer the question that the best way small businesses in the service industry can achieve a competitive advantage in China, by identifying and analysis potential solutions. Research objectives included identifying the most important aspects of marketplace differentiation, consumer behaviour, creative thinking, and effectiveness in operations as they relate to company success. It aimed to look at how small businesses in China dealt with constantly shifting markets and competitiveness from both bigger companies and smaller small businesses. Additionally, the research aimed at shining light on successful strategies for increasing competitiveness in general, quality of service, and brand loyalty. Also, it was an attempt to shed illumination on the possible strategies that small service-oriented companies may use to thrive in China's current financial situation. The study's overarching goal was to provide practical suggestions that would help small businesses succeed in the future and stay competitive in the marketplace in China.

LITERATURE REVIEW

In the scholarly debates covering managerial strategy and the day-to-day business operations, competitive advantage plays a crucial role. It is a great challenge for companies to accomplish their goals while keeping a competitive advantage amidst a fluctuating market and innovative competitors. Often the situation is compounded by a shortage of critical assets that could severely harm the sources of competitive advantage for small and medium-sized enterprises (SMEs). A previous systematic review called attention to the impact of dynamic capacity and competitive advantage upon SMEs (Fabrizio et al., 2022). The research findings served to highlight the

importance of detection, procurement, and redesigning as dynamic capacities for SMEs for environmental change adaptation and retention of competitive advantages. Hindrances such as scarce resources, novice managers, and the absence of teamwork hinder successful implementation. Experimental studies, especially in the Global South, could open the way for further studies of trends that are specific to the various environments and methods for improving the ever-evolving capacities of SMEs. With the country's economic growth taken into consideration, SMEs are crucial. A previous study examined the accessible opportunities and governmental assistance that may be explored by SMEs amidst the international financial environments (Zulkifli-Muhammad et al., 2021). The research further included the issues that SMEs must confront amidst a globalized economy amidst a time of economic unpredictability. The research revealed that assistance from the government, innovative capabilities, and a highly qualified body of workers are imperative to improve the resilience of SMEs. With the research findings, SMEs must conform to any disruption that may occur financially and expand globally if they want to remain productive. While it may not be empiric work, it nevertheless helped add to the body of knowledge for the processes that impact SMEs in the context of international business. Earlier research focused on the intermediary role of organisational development in the way green innovation impacts competitive advantage for firms using an information-based perspective (Tu & Wu, 2021). It showed that the relationship between innovative green technologies and competitive advantage for firms was moderated by organisational learning. Moreover, the mediating role of organisational learning itself was fostered positively by policy demands and shareholder constraints. Consequently, it is proposed that a competitive advantage needs to be developed through the joint encouragement of green innovation efforts at the level of the organisation and education efforts at the micro level. Organisations need to respond to stakeholder demands for environmental manufacturing but also enthusiastically embrace policy constraints and strive for environmental regulations or exceed them.

RESEARCH QUESTIONS

What is the influence of consumer behaviour in gaining competitive advantage in China?

RESEARCH METHODOLOGY

Research Design: Researchers used SPSS version 25 to evaluate the quantitative data. The statistical association's strength and direction have been evaluated using the odds ratio and 95% confidence interval. A result with a p-value less than 0.05 was found to be statistically significant by the researchers. By using descriptive analysis, researchers were able to extract crucial elements from the data. Data that has been processed by computers to be used for statistical analysis is often examined using quantitative approaches. This data comes from polls, questionnaires, and surveys.

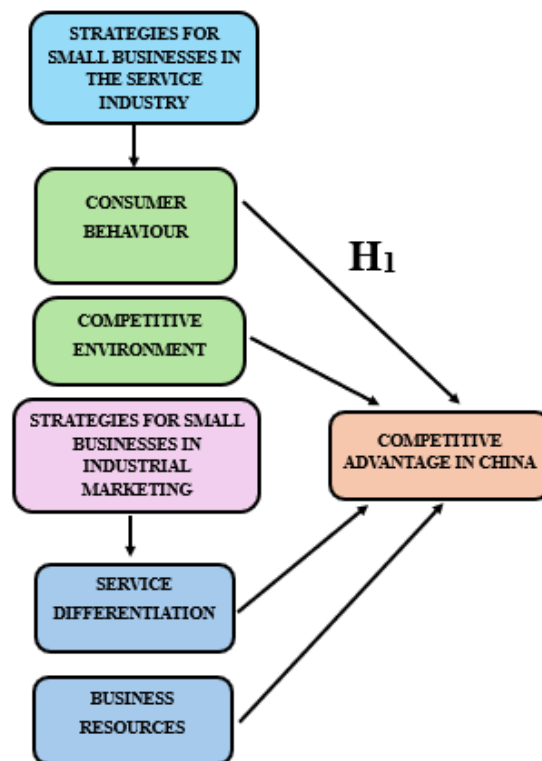
Sampling: To determine how to perform the study, the researchers employed a simple random sampling procedure. For the chance to contribute to the study, the participants filled out questionnaires. Researchers used the Rao-soft software to collect data from 830 participants and administered 950 surveys. After removing 48 replies due to incompleteness, the researchers had 898 valid answers, making the total sample size 850.

Data and Measurement: The research relied on a questionnaire survey as its primary method of data collecting. The survey was divided into two parts: (A) Basic personal details; and (B) A 5-point Likert scale for answers on the features of both online and offline channels. Many sources, most notably online databases, contribute to the collection of secondary data.

Statistical Software: With the help of SPSS version 25 and Microsoft Excel, researchers performed the statistical analysis.

Statistical Tools: The data's underlying structure has been defined via a thorough analysis. The data's key components have been defined after a comprehensive analysis. Validity was shown using Factor Analysis and ANOVA.

CONCEPTUAL FRAMEWORK



RESULT

Factor Analysis: The purpose of Factor Analysis (FA) is to uncover latent variables within visible data. Assessments often make use of regression coefficients in cases when there are insufficient distinct visual indicators or diagnostic variables. What modelling is all about are vulnerabilities, violations, and relationships that may be evident. To compare several datasets that have been derived via multiple regression studies, the Kaiser-Meyer-Olkin (KMO) Test is used. Results demonstrate that both the theoretical model and its sample parameters provide accurate predictions. It is possible that the data will reveal any signs of duplication. Reducing the size improves the readability of the data. A number between 0 and 1 is provided by KMO to the researcher. If the KMO value is between 0.8 and 1, then the sample size is deemed adequate.

These are the acceptable limits, according to Kaiser: Kaiser has set the following standards for approval:

A pitiful 0.050 to 0.059, below average 0.60 to 0.69. Middle grades often fall within the range of 0.70-0.79.

With a quality point score ranging from 0.80 to 0.89. They marvel at the range of 0.90 to 1.00.

Table 1: KMO and Bartlett's Test

Testing for KMO and Bartlett's Sampling Adequacy Measured by Kaiser-Meyer-Olkin: 0.873

The results of Bartlett's test of Sphericity are as follows:

Approx. chi-square= 4850.145

df =190; sig =.000.

Table 1: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.873
Bartlett's Test of Sphericity	Approx. Chi-Square	4850.145
	df	190
	Sig.	0.000

Collected assertions for the selected sample are usually simpler to manage with the provided number. For ascertaining if the indicators of a substantial correlation were statistically significant, the researchers used "Bartlett's Test of Sphericity." An appropriate sample is one where the calculated Kaiser-Meyer-Olkin value is less than or equal to 0.873. A p-value of around 0.00 was achieved, showing statistical significance, because of Bartlett's Sphericity test. With a favourable result from Bartlett's Sphericity test, the correlation matrix blends in with the crowd.

INDEPENDENT VARIABLE

Strategies for small businesses in the service industry: Small businesses operating in the service industry have the potential to achieve a competitive advantage by implementing approaches that are customer-centric and driven by creativity. A robust client connection may be built via customised assistance, which also increases customer loyalty. Keeping a constant level of service quality improves credibility and brings in customers who come back again. An increase in both productivity and exposure may be achieved via the use of digital technologies including booking through the internet, advertising on social media, and feedback from consumers services (Farida & Setiawan, 2022). One way in which the company differentiates itself from its rivals is by providing distinctive value propositions, including as specialised knowledge in a certain field or expedited service execution. To guarantee a great encounter with service, it is important to educate personnel to be competent and focused on consumers. Using the tactical administration of resources and collaboration with local organisations, it is possible for organisations to attain cost-effectiveness. Further, confidence and awareness are strengthened via the development of a strong brand personality and by staying involved with the local population (Lestari et al., 2020). Small businesses that provide services may maintain long-term development and continue to be competitive in marketplaces that are always evolving if they combine technological advances, human interaction, and continual enhancement.

FACTOR

Consumer behaviour: The examination of how people choose to buy, utilise, and discard products and offerings is known as consumer behaviour. Understanding people's minds, communities, and cultures shape their purchasing decisions is the subject of this investigation. A consumer's choices are greatly influenced by their own tastes, financial situation, and way of life (Lim et al., 2023). A person's social circle, including their relatives, close companions, and classmates, has a significant impact on their purchasing habits and brand perception. Consumer behaviour is also influenced by advertising strategies, commercials, and the quality of the product. When people feel trusting, satisfied, and loyal to a company, they are more likely to buy from that business again. Consumers' views on fashion and technology are shaped by their upbringing and the media they receive (Santos et al., 2022). Organisations may enhance the creation of products, customer

happiness, and advertising campaigns by deeper comprehending consumer behaviour. Businesses may foresee customer demands and cultivate loyal customer bases by studying customer decision-making processes.

DEPENDENT VARIABLE

Competitive advantage in China: Creative thinking, cost-cutting, and governmental support all contribute to China's competitive advantage. Chinese companies reap the rewards of an expansive home market, superior production skills, and an obsession with technical advancement. Rapid reaction to competitive developments and cheap manufacturing costs provides numerous companies an advantage in China (Tu & Wu, 2021). The involvement of the Chinese government is crucial, since it invests in research and development, technological advancement, and infrastructures. Online retail, green power, and artificial intelligence are just a few examples of creativity-driven industries that have risen to the top of their respective fields worldwide. To successfully address the demands of their customers, regional enterprises also make use of cultural awareness and area connections. China is now more competitive on the international level because to its efforts to enhance quality and build its brands (Qiu et al., 2020). Research and creativity never stop when businesses, schools, and technological centres work together. The constantly evolving combination of innovation, size, and deliberate governmental backing that promotes persistent financial and corporate success in China is what gives the country its competitive advantage.

Relationship between consumer behaviour and competitive advantage in China: The In China, there is a robust and ever-changing correlation between customer behaviour and competitive advantage. People in China are very interested in new technologies and products. Businesses are motivated to swiftly change and enhance goods based on what consumers want. Gaining a grasp of local preferences and customs gives businesses a leg up. A lot of companies look at consumer trends and demand forecasts via data analytics (Li et al., 2021). Their ability to customise offerings and foster consumer loyalty is enhanced by this. Consumer decisions are heavily influenced by factors such as quality, accessibility, and online participation. Organisations that consistently deliver on these promises earn customers' confidence and loyalty. By appealing to customers' emotions and providing reasonable quality, local companies see rapid growth. To remain successful, foreign enterprises often adopt local practices (Yue et al., 2020). Marketplace adaptability is strengthened by the connection between changing consumer behaviour and corporate strategy. One of the primary marketing goals and sources of prospective competitive advantage in China involves comprehending client wants and needs.

As mentioned in the discussion, the hypothesis was developed with the intention of examining the strong correlation between consumer behaviour and competitive advantage in China:

“H01: There is no significant relationship between consumer behaviour and competitive advantage in China.”

“H1: There is a significant relationship between consumer behaviour and competitive advantage in China.”

Table 2: H₁ ANOVA Test

ANOVA					
Sum					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	83,746.439	332	8439.743	1131.636	0.000
Within Groups	837.894	517	7.458		
Total	84,584.333	849			

This research acquired important results. The F-value is 1131.636 and the p-value was around 0.000, indicating statistical significance at the .05 alpha level. This indicated that the null hypothesis has been rejected, and the alternative hypothesis, “H1: There is a significant relationship between consumer behaviour and competitive advantage in China” has been accepted.

DISCUSSION

With the goal to achieve a competitive advantage, small businesses in China's service industry were the focus of this research. Cost management and product uniqueness were the primary strategies used by small businesses to attract clients, according to the findings. In highly competitive marketplaces, businesses who offered distinctive services or customised experiences became victorious. New variables that developed as crucial include innovation and the administration of resources. Productivity and customer happiness were both boosted when businesses spent money on employee education and the deployment of new technologies. The expansion was facilitated by communications and the establishment of stable tie-ups between customers and suppliers. It is crucial to understand the ways customers behave in a particular area says the study. Performance by companies improved when their service deliveries were aligned to the needs and wants of the community. Most effective were promotional efforts that included Internet exposure and social media. Availability of finances and stiff competition inhibited efforts towards the implementation of the plan. Innovation and containment of costs proved a test for a few companies. Despite all these issues, several companies were able to maintain their growth by making advance preparations and adaptive strategizing. The findings of the research pointed to the necessity for keeping oneself abreast of the marketplace and learning by the competitors' moves.

Smaller service-oriented companies that were able to successfully integrate innovation, careful attention by the customer base, and good business administration were able to have the edge. According to the research's findings, the talent for adapting to the times and playing to a person's strength were a few of the dynamic qualities that are crucial for guaranteeing future success. Industry-based strategies and Chinese policy impacts towards the competitive advantage of small companies could be the subject of additional studies.

CONCLUSION

The research established that concerted efforts could help service-focused small business organizations acquire a competitive advantage. Marketplace positioning was achieved by companies that cherished innovative efforts, service quality, and customer satisfaction. Advertising and utilization of digital technology increased productivity and extended audience base. Adaptation of the firm also increased through communication and networking by the firm with community organizations. From the research findings, comprehension of customers' behaviour in the Chinese marketplace was a necessity. Through their agility and flexibility, small business organizations managed to suitably respond to shifting marketplace dynamics. Sustainability construction also benefited through careful planning and resource management. From the study, strategic choices and marketplace perceptions are rated higher than the firm's size or resources in the attainment of a competitive advantage. For small service-focused business companies to thrive in China's evolving business climate, they must adopt customer-focused methodologies, stay open to new ideas, and utilize specialized strategies. For business leaders interested in advancing their stand in the marketplace, the research provided useful direction.

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