“How marketing capability and product advantage drive performance: The mediating role of perceptual product congruity in culinary SMEs”

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HOW MARKETING CAPABILITY AND PRODUCT ADVANTAGE DRIVE PERFORMANCE: THE MEDIATING ROLE OF PERCEPTUAL PRODUCT CONGRUITY IN CULINARY SMES

Abstract

This paper examines how marketing capability and product advantage influence market performance in creative culinary SMEs operating in North Sumatra, Indonesia. Recognizing that internal strategic resources must align with consumer perceptions to drive success, the study positions perceptual product congruity as a psychological mediator linking organizational capabilities to market outcomes. Using Partial Least Squares-Structural Equation Modeling (PLS-SEM) with data from 334 culinary businesses, the analysis reveals three key direct effects: marketing capability on perceptual product congruity ($\beta = 0.413$; $f^2 = 0.218$), product advantage on perceptual product congruity ($\beta = 0.369$; $f^2 = 0.146$), and perceptual product congruity on market performance ($\beta = 0.456$; $f^2 = 0.239$). Importantly, perceptual product congruity also mediates the relationships between marketing capability and performance ($\beta = 0.144$, $p = 0.001$) and between product advantage and performance ($\beta = 0.162$, $p < 0.001$). These findings demonstrate that psychological alignment between products and consumer identity drives performance, particularly for culturally meaningful offerings like traditional culinary products. The research extends self-image congruity theory to resource-constrained SMEs in emerging markets while offering practical guidance for perception-based marketing strategies that leverage cultural narratives and identity alignment.

Keywords marketing capability, product advantage, perceptual product congruity, market performance, culinary SMEs

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INTRODUCTION

The increasingly dynamic and competitive market landscape demands that Small and Medium Enterprises (SMEs) move beyond traditional reliance on intuition toward strategic adaptability in managing marketing resources (Oduro & Mensah-Williams, 2023). Marketing capability has emerged as a central driver, encompassing promotional execution and adaptation to market volatility. Adaptive product development, communication efficiency, distribution flexibility, and strategic agility prove particularly indispensable for resource-constrained SMEs (Kim et al., 2016). However, internal capabilities alone do not guarantee success, as outcomes depend equally on consumer perceptions of value and meaning.

Product advantage extends beyond functional superiority to include innovation and attributes that shape consumer evaluations (Healy et al., 2018). For SMEs rooted in local traditions, value often resides in narrative elements such as origin stories and heritage, rendering

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consumer perception highly contextual (McNally et al., 2010). In the culinary sector, food functions not merely as nourishment but as personal and communal expression. Product advantage effectiveness therefore hinges on subjective consumer interpretation and identification.

This subjective alignment manifests through perceptual product congruity, defined as the degree to which a product aligns with consumers' self-image, both actual and aspirational (Sirgy et al., 1997). When consumers perceive that a product reflects their identity, the relationship becomes meaningful and enduring, fostering satisfaction, loyalty, and advocacy (Vigolo & Ugolini, 2016). Performance in creative SMEs should thus be understood as the outcome of alignment between internal strategies and consumer self-perception (Quaye & Mensah, 2019; Sok et al., 2016), extending beyond transactions to encompass attachment and sustained engagement (Siregar et al., 2024).

Despite the theoretical significance of self-congruity, empirical attention has concentrated primarily on established brands and high-involvement sectors such as fashion (Vigolo & Ugolini, 2016; Fens et al., 2022), leaving tradition-based SMEs underexplored. Furthermore, existing research typically positions perceptual congruity as an independent or moderating variable rather than a mediating mechanism (Litvin & Kar, 2004), overlooking how strategic resources translate into perceived identity alignment before influencing outcomes. In creative sectors like food enterprises, an integrated framework becomes essential (Najafi-Tavani et al., 2016; Quaye & Mensah, 2019).

This study investigates how marketing capability and product advantage influence performance through the mediating role of perceptual product congruity in culinary SMEs in North Sumatra, Indonesia. The research extends self-image congruity theory to informal and locally rooted enterprises while illuminating the psychological pathways through which internal strategic resources convert into outcomes. The findings offer practical insights into perception-based marketing strategies, providing practitioners with evidence-based approaches to leverage narrative and identity alignment in competitive markets.

1. LITERATURE REVIEW AND HYPOTHESES

Marketing capability represents an organization's ability to develop, coordinate, and execute marketing activities that create customer value and competitive advantage (Vorhies & Morgan, 2005). For SMEs operating under resource constraints, it functions as a strategic asset enabling differentiation in competitive markets (Oduro & Mensah-Williams, 2023). This capability encompasses marketing planning, product development, distribution, and promotional execution (Morgan et al., 2009), alongside communication, market responsiveness, and customer information integration (Kim et al., 2016). These components work together to position products through segmentation, branding, and digital adaptation while influencing superiority perceptions more powerfully than technological capabilities (Eisend et al., 2016). When combined with market orientation, marketing capabilities enhance product relevance in consumers' minds (Najafi-Tavani et al., 2016) and create associations that foster both rational and emotional connections (O'Cass & Ngo, 2012). Communication and innovation serve as key drivers of brand positioning globally (Zou et al., 2003). Given these strategic roles, scholars commonly position marketing capability as a mediating variable between strategic orientation and performance (Shin & Aiken, 2012).

Product advantage reflects perceived superiority in quality, innovation, features, and symbolic value relative to competitors (Healy et al., 2018; McNally et al., 2010). The construct comprises three core dimensions: superiority, innovativeness, and meaningfulness (Healy et al., 2018; Heimonen & Kohtamäki, 2018). For SMEs, superiority extends beyond technical performance to include meaningful narratives that resonate with consumers, particularly during new product launches where relevance and superiority influence adoption, loyalty, and commercial outcomes (Kaleka & Morgan, 2017). In markets where technical differences are subtle, such as diagnostic devices, effective communication becomes essential for establishing perceived differentiation (Friar, 1995).

Beyond technical specifications, product advantage transcends functional attributes to reflect how consumers see themselves and wish to be perceived. Superior quality, distinct aesthetics, or meaningful differentiation position products as self-extensions while constructing social schemas that transform products into symbols of status, community, or aspiration (Aggarwal & McGill, 2007). This symbolic dimension personalizes brand-consumer relationships, rendering products relevant and self-expressive. When innovations resonate with personal values, they strengthen these perceptions. Even subtle sensory elements like color and texture influence symbolic meaning (Gonçalves, 2008), while lifestyle compatibility enhances how consumers relate to products (North et al., 2016). However, while product superiority can mediate the innovation-performance relationship, this effect only materializes when consumers clearly perceive the advantage (McNally et al., 2010), underscoring the importance of aligning product strategy with market expectations and timing (Hsieh et al., 2008).

Perceptual product congruity describes the extent to which consumers perceive a product as aligned with their self-image, both actual and ideal (Sirgy et al., 1997). Grounded in self-image congruity theory, this concept treats consumption as identity expression, where product choices reflect who consumers are or aspire to become (Sirgy et al., 1997). The construct encompasses actual, ideal, social, and ideal social self-congruity (Johar & Sirgy, 1991). When this match occurs, it enhances consumer confidence, emotional comfort, and loyalty (Vigolo & Ugolini, 2016; Fens et al., 2022).

Empirical evidence across diverse contexts supports congruity's influence on consumer behavior. Cross-cultural research confirms its impact on product evaluation across varying involvement levels (Quester et al., 2000). Cultural values such as individualism and collectivism moderate congruity's effect on destination preference in tourism (Litvin & Kar, 2004), while in e-commerce, alignment between website design and self-perception shapes purchase intent (Cho & Youn-Kyung, 2012). Recent evidence suggests that multidimensional self-congruity, accounting for roles, aspirations, and self-confidence, predicts loyalty more effectively than personality traits alone (Fens et al., 2022). In fashion contexts, congruity significantly affects repurchase behavior for products tied to self-expression (Vigolo & Ugolini, 2016).

These findings suggest that perceptual product congruity operates beyond simple compatibility by creating psychological bonds that transcend functional benefits. High congruity drives stable preferences, repeat purchases, and brand loyalty, collectively strengthening market performance (North et al., 2016). Early research established correlations between self-product image congruity and loyalty or purchase intent (Sirgy et al., 1997), with subsequent studies demonstrating enhanced brand marketplace performance (Cowart et al., 2008). In co-branding scenarios, congruity enhances consumer evaluations and targeted market responses (Walchli, 2007), while facilitating cognitive fluency that simplifies information processing and increases purchase confidence.

Market performance captures how effectively marketing activities translate into outcomes such as sales growth, customer loyalty, and profitability (Katsikeas et al., 2016; Morgan et al., 2009). For SMEs, it reflects perceived value, adaptability, and long-term customer relationships (Oduro & Mensah-Williams, 2023; Vorhies & Morgan, 2005). Beyond numerical indicators, the construct represents strategic success in aligning offerings with market expectations. Performance metrics typically include sales volume, turnover growth, satisfaction, loyalty, and competitive positioning (Frösén et al., 2013; Mařík et al., 2024), indicating that firms not only meet consumer needs but deliver recognized and appreciated value. The synergy between branding, innovation, and market orientation further shapes performance (Merrilees et al., 2011; Sok et al., 2013), while integrating performance metrics with market orientation enhances sustainability by balancing customer, financial, and competitor perspectives (Mařík et al., 2024). In service contexts, performance improves significantly when strategies derive from deep local consumer insights (Royo-Vela et al., 2022).

Having established the conceptual foundations of marketing capability, product advantage, perceptual product congruity, and market performance, the relationships among these constructs warrant examination. Marketing capability drives value creation through product positioning and market adapta-

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tion. However, its performance impact often operates indirectly, gaining significance when translated into meaningful consumer perceptions, particularly perceptual product congruity. When marketing strategies resonate with consumer values and identity, they foster loyalty and repurchase intent. Strategically, this involves synchronizing narratives, visuals, and value propositions with consumer lifestyles (Mu, 2015). Marketing capabilities that adapt communication and product development increase congruity, subsequently boosting performance (Kim et al., 2016). Notably, marketing capability's direct performance impact weakens or disappears when mediators like innovation or congruity are considered (Asikhia et al., 2020), suggesting possible full mediation. Branding research supports this finding, showing that congruity amplifies marketing's effect on outcomes (Walchli, 2007) and bridges internal strategy with market response.

Similarly, perceptual product congruity serves as a critical bridge between product advantage and consumer response, whether rooted in quality, innovation, or function. Technically superior products may fail without psychological relevance. Product advantage must feel personally fitting to drive emotional connection and market success. Loyalty, advocacy, and repurchase behaviors emerge when consumers view products as "right" for them beyond mere performance superiority. While product superiority influences performance, congruity strengthens this impact as an emotional mediator (Hsieh et al., 2008). Differentiation through design or features succeeds only when consumers interpret it as meaningful excellence (Hua & Wemmerlöv, 2006). For SMEs, perceived superiority only translates to performance when it matches contextual consumer expectations (Healy et al., 2018). Product advantage alone fails to enhance outcomes if perceived value remains unclear (Carmona-Lavado et al., 2020). Stronger performance emerges when firms manage advantage in ways that resonate with their target market's self-concept (Kaleka & Morgan, 2017).

2. AIM AND HYPOTHESES

This paper aims to examine how marketing capability and product advantage influence market performance in creative culinary SMEs operating in North Sumatra, Indonesia.

Based on the theoretical foundations and empirical evidence reviewed, the following hypotheses are proposed:

H1: Marketing capability has a positive effect on perceptual product congruity.

H2: Product advantage has a positive effect on perceptual product congruity.

H3: Perceptual product congruity has a positive effect on market performance.

H4: Perceptual product congruity mediates the effect of marketing capability on market performance.

H5: Perceptual product congruity mediates the effect of product advantage on market performance.

3. METHODOLOGY

3.1. Research design

This research employs an explanatory quantitative approach with a causal design to test cause-and-effect relationships among key variables. The design enables empirical testing of theoretical constructs within a structural model and supports hypothesis validation through examination of direct and mediating effects among latent variables. Data were collected using structured surveys developed based on prior theoretical indicators. This method was selected for its efficiency in reaching geographically dispersed SMEs (Hair et al., 2021).

3.2. Population and sample

The population consists of creative culinary SMEs operating in the eastern coastal region of North Sumatra. Eligible businesses included food and beverage enterprises rooted in local creativity and operating for at least two years. Respondents were selected using purposive sampling, targeting owners or managers responsible for marketing and product development (Etikan et al., 2016). Sample size determination followed the SEM-PLS rule of thumb, requiring at least 10 times the number of indicators in the most complex path (Hair

et al., 2021). With over 30 indicators, a minimum of 300 respondents was required. The study targeted 500 potential participants and obtained 334 valid responses, meeting criteria for robust model estimation.

3.3. Data collection

The research instrument consisted of a closed-ended questionnaire employing a 5-point Likert scale. Response options ranged from 1 (strongly disagree) to 5 (strongly agree), a format effective for capturing perceptions in consumer behavior research. The questionnaire was distributed through both offline and online channels, including Google Forms and WhatsApp Business, to address regional access constraints. Prior to main data collection, a pilot test was conducted with 30 respondents sharing target population characteristics. This stage assessed content validity, initial reliability, and statement clarity. To reduce Common Method Variance (CMV), several techniques were implemented (MacKenzie & Podsakoff, 2012). Procedurally, item order was randomized and respondents were assured of anonymity. Statements were designed in neutral-affirmative format to minimize response bias. Statistically, Harman's single-factor test was conducted. The results showed that a single factor accounted for 41.6% of total variance, below the 50% threshold. This indicates no dominant common factor, suggesting that inter-variable relationships were unlikely to be systematically biased.

3.4. Sample characteristics

The final sample of 334 respondents comprised predominantly female participants (62.3%), reflecting the significant role of women in Indonesia's food-based enterprises (UNDP Indonesia, 2024). Most respondents fell within productive age ranges, with the majority between 25 and 44 years old. This concentration aligns with entrepreneurship patterns in developing nations. Educational attainment varied across the sample. High school or vocational graduates represented the largest group, followed by Bachelor's degree holders. This composition suggests adequate formal education to support digitalization and strategic initiatives. Most respondents (83.5%) served as both owner and manager, reflecting the typical ownership model in Southeast Asian SMEs where direct control is preferred. Business age distribution indicated that most firms operated between 2 and 10 years, suggesting they were in growth or consolidation stages. Workforce size showed that over half employed five or fewer people, characterizing them as micro enterprises with informal structures. Product focus centered primarily on traditional or locally processed foods, followed by packaged beverages and creative snacks. This distribution highlights the sector's roots in cultural preservation and regional identity.

3.5. Measurement of variables

Variables were measured using constructs and indicators validated in previous research and adapted to the culinary SME context. Marketing capability was assessed through promotion effectiveness, product development capability, market segmentation proficiency, and distribution channel management (Kim et al., 2016; Vorhies & Morgan, 2005). Product advantage captured perceptions of feature superiority, innovation level, and market relevance (Healy et al., 2018; McNally et al., 2010). Perceptual product congruity was operationalized using the self-image congruity framework, measuring actual self-congruity, ideal self-congruity, and symbolic value perception (Sirgy et al., 1997; Vigolo & Ugolini, 2016). Market performance indicators included customer satisfaction, loyalty, sales growth, and profitability (Frösén et al., 2013; Sok et al., 2016).

3.6. Data analysis

Data were analyzed using Partial Least Squares-Structural Equation Modeling (PLS-SEM) with SmartPLS version 4. This method accommodates complex models and medium-to-large samples without assuming normal data distribution (Hair et al., 2021). PLS-SEM is particularly suitable for predictive and exploratory research in emerging business contexts. Model evaluation proceeded in two stages. First, the outer model was assessed for measurement quality. Convergent validity was examined through Average Variance Extracted (AVE $\geq$ 0.5) and factor loadings ($\geq$ 0.7). Discriminant validity was tested using Fornell-Larcker and HTMT criteria. Construct reliability was evaluated using Cronbach's Alpha and Composite

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Reliability, both with minimum thresholds of 0.7 (Hair et al., 2021). Second, after confirming measurement validity and reliability, the inner model was tested. Path coefficients (β), t-statistics, and R^2 values were examined to assess structural relationships. Bootstrapping procedure with 5,000 samples was employed for mediation analysis. Mediation effects were evaluated through the significance of indirect effects, while model strength was assessed via effect size (f^2) and predictive relevance (Q^2). Overall model fit was determined using the Standardized Root Mean Square Residual (SRMR), with values below 0.08 indicating acceptable fit (Henseler et al., 2016).

4. RESULTS AND DISCUSSION

The measurement model was evaluated to assess internal reliability and convergent validity. Reliability was examined through Cronbach's Alpha (CA) and Composite Reliability (CR), while convergent validity was assessed using Average Variance Extracted (AVE) and indicator loadings. Table 1 presents the evaluation results for each construct.

All indicator loadings exceed 0.70, demonstrating strong reflective measurement. Cronbach's Alpha values range from 0.881 to 0.902, and Composite

Table 1. Measurement model evaluation

Construct	Item	Loading	CA	CR	AVE
Marketing Capability	MC1	0.775	0.902	0.922	0.595
	MC2	0.801			
	MC3	0.782			
	MC4	0.799			
	MC5	0.810			
	MC6	0.778			
	MC7	0.790			
	MC8	0.767			
	MC9	0.781			
	MC10	0.796			
Product Advantage	PA1	0.807	0.887	0.912	0.602
	PA2	0.811			
	PA3	0.798			
	PA4	0.788			
	PA5	0.805			
	PA6	0.782			
	PA7	0.789			
Perceptual Product Congruity	PPC1	0.804	0.881	0.910	0.594
	PPC2	0.795			
	PPC3	0.812			
	PPC4	0.820			
	PPC5	0.807			
	PPC6	0.799			
Market Performance	MP1	0.815	0.899	0.921	0.589
	MP2	0.827			
	MP3	0.789			
	MP4	0.773			
	MP5	0.782			
	MP6	0.808			
	MP7	0.794			
	MP8	0.779			

Note: Loadings > 0.70, CA > 0.70, CR > 0.70, and AVE > 0.50 indicate acceptable measurement quality (Hair et al., 2021).

Reliability values range from 0.910 to 0.922, both surpassing the 0.70 threshold and confirming excellent internal consistency (Hair et al., 2021). Average Variance Extracted values fall between 0.589 and 0.602, exceeding the 0.50 minimum and satisfying convergent validity requirements. These results confirm that all constructs demonstrate adequate reliability and validity for structural model evaluation.

Discriminant validity was assessed using the Fornell-Larcker criterion and Heterotrait-Monotrait Ratio (HTMT), both widely accepted in PLS-SEM contexts (Henseler et al., 2016). Table 2 presents the results.

Table 2. Discriminant validity analysis

Construct	MC	PPC	MP	PA
Fornell-Larcker criterion				
MC	0.772			
PPC	0.641	0.771		
MP	0.662	0.651	0.767	
PA	0.648	0.655	0.673	0.776
HTMT Ratio				
MC	–			
PPC	0.745	–		
MP	0.761	0.738	–	
PA	0.738	0.749	0.762	–

Notes: Bold diagonal values show the square root of AVE (should exceed inter-construct correlations). Lower triangle values (Fornell-Larcker) are construct correlations. HTMT values should be below 0.90 (strict: 0.85).

In the Fornell-Larcker analysis, diagonal values represent the square root of AVE for each construct, while off-diagonal values represent inter-construct correlations. Discriminant validity is established when a construct's √AVE exceeds its correlations with other constructs (Hair et al., 2021). The results show that all diagonal values surpass their corresponding off-diagonal values. For example, Marketing Capability's √AVE (0.772) exceeds its correlations with other constructs (0.641-0.662), and similar patterns hold for remaining constructs.

The HTMT ratio provides a more rigorous assessment, with values below 0.90 indicating adequate discriminant validity (Henseler et al., 2016). All HTMT values fall below this threshold, with the highest being 0.762 between Product Advantage and Market Performance. These findings confirm that all constructs meet both criteria, establishing satisfactory discriminant validity.

The structural model was evaluated to test hypothesized causal relationships among constructs. The results from the bootstrapping procedure (5,000 resamples) are presented in Table 3.

The first hypothesis proposed that marketing capability positively influences perceptual product congruity. The results confirm this relationship with a path coefficient of $\beta = 0.413$ ($t = 6.241$, $p < 0.001$) and a medium effect size ($f^2 = 0.218$). This finding indicates that marketing capability plays a more substantial role than product advantage in shaping consumer perceptions of congruity.

This result demonstrates that marketing transcends technical execution to function as a strategically emotional driver. In the context of culturally grounded culinary SMEs, marketing capabilities that incorporate narrative branding, cultural sensitivity, and adaptive communication foster emotional alignment with consumers (Kim et al., 2016; Morgan et al., 2009). When SMEs effectively position their products through storytelling that resonates with local heritage and personal values, consumers perceive stronger identity alignment.

Table 3. Structural path analysis and effect size results

Path	β	t-statistic	p-value	f^2	Decision
Direct effects					
H1: MC → PPC	0.413	6.241	0.000	0.218	Supported
H2: PA → PPC	0.369	5.789	0.000	0.146	Supported
H3: PPC → MP	0.456	7.015	0.000	0.239	Supported
Indirect effects					
H4: MC → PPC → MP	0.144	3.287	0.001	–	Supported
H5: PA → PPC → MP	0.162	3.654	0.000	–	Supported

Note: β = standardized path coefficient; f^2 = effect size (0.02 = small, 0.15 = medium, 0.35 = large; Cohen, 1988). MC = Marketing Capability; PA = Product Advantage; PPC = Perceptual Product Congruity; MP = Market Performance.

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This mechanism becomes particularly salient in North Sumatra's culinary sector, where food carries cultural, nostalgic, and communal significance beyond mere consumption.

The second hypothesis posited that product advantage positively influences perceptual product congruity. This relationship is supported with $\beta = 0.369$ ($t = 5.789$, $p < 0.001$) and an effect size of $f^2 = 0.146$, which falls at the lower bound of medium strength. While product advantage significantly contributes to congruity, its influence is notably weaker than that of marketing capability.

This finding suggests that product attributes such as quality and innovation must be psychologically resonant to optimize their impact. Technical excellence alone proves insufficient for building congruity unless embedded with symbolic meaning that consumers can relate to their personal identities. This aligns with research showing that consumers embrace products as identity extensions when they perceive deeper symbolic value (Vigolo & Ugolini, 2016). For culinary SMEs, this implies that superior taste or innovative recipes gain full effectiveness only when accompanied by narratives that connect these attributes to consumer self-concepts and aspirations.

The third hypothesis proposed that perceptual product congruity positively influences market performance. The results strongly support this relationship with $\beta = 0.456$ ($t = 7.015$, $p < 0.001$) and effect size of $f^2 = 0.239$, representing the strongest direct effect in the model. This finding reinforces self-image congruity theory, which argues that consumer-brand relationships deepen when products reflect personal identity (Fens et al., 2022).

When consumers perceive that a product aligns with their self-image, both actual and aspirational, the relationship transcends functional benefits to generate affective loyalty, repeat purchases, and satisfaction. In the specific context of North Sumatra's culinary SMEs, where products often embody regional identity and cultural heritage, perceptual product congruity emerges as a powerful intangible asset. It not only enhances customer loyalty but also creates competitive differentiation that is difficult for competitors to imitate. Unlike tangible advantages that can be copied, the psychological bond formed through identity alignment represents a sustainable competitive advantage rooted in consumer perception rather than operational capabilities.

The fourth and fifth hypotheses examined whether perceptual product congruity mediates the relationships between marketing capability and market performance (*H4*), and between product advantage and market performance (*H5*). Both indirect effects are statistically significant: $\beta = 0.144$ ($t = 3.287$, $p = 0.001$) for marketing capability, and $\beta = 0.162$ ($t = 3.654$, $p < 0.001$) for product advantage.

These findings contribute meaningfully to theoretical advancement by demonstrating that the effectiveness of internal strategies depends substantially on how consumers perceive them. Marketing capability and product advantage do not directly translate into performance outcomes; rather, they must first be filtered through consumer psychological processes that assess identity alignment. This mechanism supports theoretical concepts of self-referencing, symbolic meaning, and emotional alignment (Sirgy et al., 1997; Walchli, 2007).

The mediation results reveal an important nuance: while both marketing capability and product advantage influence performance through congruity, neither operates solely through this pathway. This suggests partial mediation, indicating that these strategic resources also contribute to performance through other mechanisms not captured in this model. However, the significant indirect effects underscore that perceptual product congruity serves as a critical psychological bridge connecting internal organizational capabilities with external market outcomes.

Collectively, these findings emphasize that in the context of culturally rooted culinary SMEs, market success requires more than innovation or operational strength. Technical excellence and marketing execution must converge to build psychological bonds through perceptual product congruity. This emotional bridge transforms products from mere consumption items into meaningful, memorable symbols that resonate with consumer identity.

The relatively modest effect size of product advantage on congruity ($f^2 = 0.146$) compared to mar-

Table 4. Model quality assessment

Indicator	Value	Threshold	Interpretation
Explanatory power (R^2)			
Perceptual Product Congruity	0.432	≥ 0.26	Substantial
Market Performance	0.518	≥ 0.26	Substantial
Predictive relevance (Q^2)			
Perceptual Product Congruity	0.276	> 0	Good
Market Performance	0.341	> 0	Good
Model fit indices			
SRMR	0.062	< 0.08	Acceptable
NFI	0.89	≥ 0.90	Adequate

keting capability ($f^2 = 0.218$) further suggests that how advantages are communicated may matter more than the advantages themselves. Superior product features require strategic framing within narratives that connect to personal values and cultural identity to achieve their full potential in shaping consumer perceptions.

For SMEs operating in culturally embedded sectors, this insight proves particularly valuable. Resources invested in product development yield optimal returns when complemented by marketing strategies that help consumers see themselves reflected in the product. This integration of technical and emotional dimensions creates a holistic value proposition that addresses both functional needs and identity expression, ultimately driving sustainable competitive advantage in increasingly globalized markets.

To evaluate structural model quality, three key indicators were examined: R^2 (coefficient of determination), Q^2 (predictive relevance), and fit indices. The R^2 value represents the proportion of variance in endogenous constructs explained by exogenous constructs. The Q^2 value, obtained through blindfolding techniques, measures predictive capability on unobserved data. Overall model fit was assessed using SRMR and NFI indices. Table 4 presents the complete model assessment results.

Marketing Capability and Product Advantage together explain 43.2% of the variance in Perceptual Product Congruity, while the latter accounts for 51.8% of the variance in Market Performance. Based on interpretation guidelines, both R^2 values exceed the 0.26 threshold, indicating substantial explanatory capacity (Hair et al., 2021). All Q^2 values are positive, confirming good predictive relevance. The model can accurately predict outcomes beyond the estimation sample, supporting its practical utility for forecasting.

The SRMR value of 0.062 falls below the 0.08 threshold, indicating acceptable structural fit (Henseler et al., 2016). The NFI value of 0.89 approaches the ideal threshold of 0.90, suggesting adequate fit compared to the null model. Collectively, these indicators support that the model is suitable for interpretation and analysis.

CONCLUSION

This study examined how marketing capability and product advantage influence market performance in creative culinary SMEs, with perceptual product congruity serving as a mediating mechanism. Analyzing data from 334 SMEs in North Sumatra using PLS-SEM, results supported all hypothesized relationships. The model demonstrated substantial explanatory power ($R^2 = 0.518$ for market performance) and strong predictive relevance ($Q^2 > 0$), confirming that perceptual product congruity functions as a critical psychological bridge linking organizational capabilities with market outcomes.

This research contributes to theory and practice in several ways. Theoretically, it extends self-image congruity theory beyond its conventional application in premium or lifestyle markets, demonstrating its relevance in informal, culturally embedded SME contexts. The study also integrates resource-based view with consumer perception theory, showing that internal capabilities require psychological align-

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ment to translate into performance outcomes. Additionally, it positions perceptual product congruity as both a mediating mechanism and a competitive asset, particularly valuable in heritage-based sectors where symbolic meaning differentiates offerings.

Practically, the findings suggest that SMEs should complement technical quality with culturally resonant narratives and identity-aligned branding to enhance market performance. For policymakers and support institutions, the results highlight the value of incorporating symbolic branding strategies into capacity-building programs, particularly in regions where products carry strong cultural significance. These insights offer actionable guidance for leveraging perception-based marketing under resource-constrained conditions.

Several limitations warrant consideration. First, reliance on self-reported data may introduce perception bias, suggesting that future studies should incorporate objective performance metrics such as sales records or digital analytics. Second, the model does not capture all potential antecedents of performance, with variables such as market orientation, organizational learning, and innovation readiness meriting investigation. Third, while PLS-SEM offers predictive advantages, complementary approaches like covariance-based SEM could enhance robustness. Finally, the cross-sectional design limits causal inference, suggesting that longitudinal studies would better capture dynamic relationships over time.

Future research should adopt mixed-methods designs combining quantitative surveys with qualitative insights to deepen contextual understanding. Comparative studies across regions or cultural contexts would test generalizability, while examining boundary conditions such as product category, consumer characteristics, or competitive intensity would refine theoretical understanding of when and how perceptual product congruity most strongly influences outcomes. Investigation of digital marketing's role in building congruity through social media storytelling represents another promising avenue given the increasing digitalization of SME marketing practices.

AUTHOR CONTRIBUTIONS

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