

ANALYSIS OF THE FIVE FORCES MODEL AND MARKETING ADAPTATION STRATEGIES OF COFFEE SHOP ENTREPRENEURS IN NORTHEASTERN THAILAND: FACTORS FOR COMPETITIVE ADVANTAGE

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Abstract

This study aimed to examine the relationships among entrepreneurs' perceived competitive pressures based on the five forces model factors, marketing adaptation strategies, and competitive advantage of coffee shop entrepreneurs in Northeastern Thailand. It is important to note that this study focuses on entrepreneurs' perceptions of competitive forces rather than on objective industry-level conditions. A quantitative research approach was employed by collecting data from 288 coffee shop entrepreneurs and analyzing it using Structural Equation Modeling (SEM).

The findings revealed that coffee shop entrepreneurs had a high level of business environment awareness ($\bar{x} = 3.56$), applied marketing strategies at a high level ($\bar{x} = 4.03$), and possessed a high level of competitive advantage ($\bar{x} = 4.02$). Hypothesis testing revealed that the five forces model was positively related to marketing adaptation strategies ($r = .683$, $p < .001$), marketing adaptation strategies were positively related to competitive advantage ($r = .872$, $p < .001$), and marketing adaptation strategies functioned as a full mediator, with 88.9% of the total effect being indirect. The findings also suggest that merely analyzing the business environment is insufficient; it must be translated into concrete marketing strategies to achieve competitive advantage.

Keywords: Five Forces Model, Marketing Adaptation Strategies, Competitive Advantage, Coffee Shop Business, Northeastern Thailand

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Introduction

The coffee market in Thailand is valued at over 100 billion baht, with annual consumption reaching 90,000 tons, an increase from 30,000 tons over the past decade (Prachachat Business, 2025). This growth not only presents significant business opportunities but also intensifies competition due to the continuous entry of new market players. Consequently, entrepreneurs need to adapt by focusing on uniqueness, effective pricing strategies, and service development (Nipitchayanun, 2018).

The Five Forces Model is a widely used tool for analyzing the competitive environment, consisting of five factors, namely, the threat of new entrants, the bargaining power of buyers, the bargaining power of suppliers, the threat of substitute products, and industry rivalry (Porter, 1980). Applying the Five Forces Model in the coffee shop business helps to understand the structure and intensity of competition, enabling entrepreneurs to adjust marketing strategies appropriately to enhance their competitive advantage (Ketkaew, 2020).

Marketing Adaptation Strategies are a key factor for success, as entrepreneurs must adjust their strategies to align with consumer behavior and competitive conditions (Jindawong, 2015). Commonly employed strategies for coffee shops encompass marketing mix factors including product development, pricing, promotion, physical evidence, and service processes (Khaengklang et al., 2023), strategies for creating competitive advantage and differentiation (Duangthip &

Uthairat, 2022), as well as electronic marketing through online channels (Thongkamkaew et al., 2023).

The research on the application of the Five Forces Model in Thailand's coffee shop industry remains limited, particularly in the Northeastern region of Thailand, which possesses significant economic and tourism potential (Office of SMEs Promotion, 2024; Tourism Authority of Thailand, 2024). According to the Office of SMEs Promotion (2024), the Northeastern region accounts for approximately 18% of Thailand's total coffee shop businesses, with an annual growth rate of 12%. The Tourism Authority of Thailand (2024) reported that domestic tourism in the Northeastern region increased by 25% compared to the previous year, creating substantial opportunities for coffee shop entrepreneurs. Furthermore, while Porter's Five Forces Model is traditionally applied at the industry level, recent studies have demonstrated its applicability at the firm level through entrepreneurs' perceptions of competitive pressure (Dobbs, 2014; Grundy, 2006). However, the mechanism through which perceived competitive forces influence competitive advantage, particularly the mediating role of marketing adaptation strategies, remains theoretically underexplored in the SME and service business context (Oduro & Mensah-Williams, 2023; Katsikeas et al., 2016).

This study aims to examine the relationships among competitive environment analysis, marketing adaptation strategies, and

competitive advantage, with the objective of developing guidelines to promote sustainable business growth.

Objectives

1. To examine the relationship between the five forces model factors and marketing adaptation strategies.
2. To investigate the relationship between marketing adaptation strategies and competitive advantage.
3. To explore the indirect influence of the five forces model factors on competitive advantage through marketing adaptation strategies.

Literature Review and Conceptual Framework

The Five Forces Model, proposed by Porter (1980), is a framework for analyzing the competitive environment within an industry. It consists of five forces, namely, 1) rivalry among existing competitors, 2) the bargaining power of buyers, 3) the bargaining power of suppliers, 4) the threat of substitute products, and 5) the threat of new entrants. The strength of these forces reflects an industry's potential profitability (Teepapal, 2003). In the context of the coffee shop business, this model helps assess competitive intensity, customer influence, relationships with suppliers, substitute products, and barriers to entry—factors that are crucial for formulating effective strategies. While Porter's (1980) Five Forces Model was originally conceptualized for industry-level analysis, recent theoretical

developments justify its application at the firm level through managerial cognition and perception-based frameworks (Dobbs, 2014; Grundy, 2006). Research in managerial cognition demonstrates that strategic decisions are fundamentally shaped by how entrepreneurs perceive and interpret competitive forces rather than by objective industry conditions alone (Kaplan, 2011). This perception-based approach is particularly relevant for service SMEs, where owner-managers' subjective assessments of competitive threats directly influence strategic choices and resource allocation decisions (Chen & Lin, 2021). Therefore, measuring entrepreneurs' perceptions of the Five Forces provides a theoretically grounded basis for understanding firm-level competitive dynamics.

Marketing adaptation strategy is the approach an organization uses to modify its operations to respond to changes in the environment, aiming to create a competitive advantage and meet customer needs (Kotler & Armstrong, 2018). For service businesses, the extended marketing mix of 7Ps is employed such as Product, Price, Place (Distribution), Promotion, People, Process, and Physical Evidence (Lovelock & Wirtz, 2016). In addition, the digital era has transformed marketing methods businesses must make use of technology for communication and for analyzing consumer behavior (Chaffey & Ellis-Chadwick, 2019). Research by Kim et al. (2007) found that new menu development, the use of local ingredients, and the creation

of unique experiences contribute to a competitive advantage.

Competitive advantage refers to the ability to create more value for customers than competitors, or to create equal value but at a lower cost (Porter, 1985). Its components include resources that are valuable, rare, inimitable (difficult to imitate), and non-substitutable (Barney, 1991). Porter (1980) proposed three generic strategies such as Cost Leadership, Differentiation, and Focus (market segmentation). For coffee shop businesses, differentiation is often employed through specialty coffee, customer experience, or technology (Dhisasmita & Kumar, 2019). Furthermore, Sigalas et al. (2013) asserted that measuring competitive advantage involves considering financial

The theoretical relationship linking competitive forces to marketing adaptation and subsequently to competitive advantage draws on the Resource-Based View (RBV) and dynamic capabilities perspective (Barney, 1991; Teece, 2007). When entrepreneurs

perceive heightened competitive pressure, they must deploy adaptive capabilities—reconfiguring marketing resources to maintain strategic fit with the environment (Katsikeas et al., 2016). Marketing adaptation thus functions as a dynamic capability that transforms environmental awareness into competitive advantage through strategic resource reconfiguration. This mediation mechanism suggests that environmental analysis alone is insufficient; the translation of insights into concrete marketing actions is what drives superior performance (Chen & Lin, 2021). This theoretical logic forms the basis for hypothesizing that marketing adaptation mediates the relationship between perceived competitive forces and competitive advantage.

Conceptual Framework

Based on the review of the literature and related research, the conceptual framework was developed as follows:

Five Forces Model (FF) → Marketing Adaptation Strategies (MK) → Competitive Advantage (CA)

Figure 1 Conceptual Framework

Research Hypotheses

H1: The five forces model factors have a positive relationship with the marketing adaptation strategy.

H2: The marketing adaptation strategy has a positive relationship with competitive advantage.

H3: The five forces model factors have an indirect influence on competitive advantage through the marketing adaptation strategy.

Methodology

This quantitative study focuses on coffee

shop entrepreneurs in the Northeast region of Thailand. The population consisted of 9,489 businesses operating in non-alcoholic beverage service shops, based on data reported by the Office of Small and Medium Enterprises Promotion [OSMEP] (2024). This classification, according to the Thailand Standard Industrial Classification (TSIC), includes coffee shops and specialty beverage establishments under the non-alcoholic beverage category. The target population specifically focuses on coffee shop entrepreneurs, which represents approximately 77.84% of the total non-alcoholic beverage operators in the region. The sampling criteria included: (1) registered coffee shop businesses operating for at least one year, (2) located in the Northeastern region of Thailand, and (3) having the owner or manager as the primary respondent. The sample size was determined using the formula of Krejcie and Morgan (1970) at a 95% confidence level, resulting in a sample size of 370 coffee shop entrepreneurs.

Research Instrument

The instrument employed for this study is a questionnaire, which was constructed based on relevant concepts, theories, and research, as well as the conceptual framework of the current study. The questionnaire is divided into four parts:

Measurement items were adapted from established scales with demonstrated reliability and validity. Five Forces items were adapted from Dobbs (2014) and Porter (1980), modified for the service SME context.

Marketing adaptation items drew from Katsikeas et al. (2016) and Lovelock and Wirtz (2016), covering the 7Ps framework. Competitive advantage measures were based on Sigalas et al. (2013) and Barney (1991), encompassing both financial and non-financial performance indicators. All items were translated into Thai and back-translated to ensure semantic equivalence, then validated through expert review by three marketing professors and pilot testing with 30 coffee shop entrepreneurs. This adaptation process enhances content validity and reduces measurement concerns.

1. General information of the coffee shop entrepreneurs: This section uses a checklist format and includes: gender, age, highest educational level, experience in the coffee shop business, size of the shop (service area), number of employees (including the owner), and monthly income of the shop.

2. Questions on the level of opinion regarding the business environment based on the Five Forces Model: This part covers five dimensions: rivalry among existing competitors, bargaining power of buyers, bargaining power of suppliers of production factors, threat of substitute products, and threat of new entrants.

The use of perception-based measures is theoretically appropriate for this study's context. In small service businesses, strategic decisions and performance assessments are largely driven by owner-managers' subjective evaluations rather than objective data analysis (Chen & Lin, 2021). Entrepreneurs typically

lack access to comprehensive industry data and instead rely on their perceptions of competitive threats when making strategic adjustments. Research demonstrates that perceived environmental conditions better predict strategic responses in SMEs than objective measures (Dobbs, 2014). Furthermore, perceptual measures of competitive advantage have shown strong correlations with objective performance indicators in service industries (Sigalas et al., 2013). Therefore, entrepreneur perceptions provide valid and contextually appropriate measures for examining strategic decision-making processes in coffee shop businesses.

3. Questions on the level of opinion regarding the Marketing Adaptation Strategy: This part covers seven dimensions: product strategy, price strategy, place (distribution channel) strategy, promotion strategy, people strategy, process strategy, and physical evidence strategy.

4. Questions on the level of opinion regarding Competitive Advantage: This part includes: product and service differentiation, customer satisfaction, market share, financial performance, and business sustainability.

Questions in Parts 2 through 4 are closed-ended and utilize a rating scale format. Respondents are asked to select their opinion based on a five-level scale: Strongly Agree, Agree, Moderately Agree, Disagree, and Strongly Disagree.

Development of Research Instrument

The steps in creating the research instrument were as follows:

1. Study relevant documents and research similar to the current study's topic, including theories, principles, and related works on the variables under investigation, to serve as a guideline for developing the questionnaire.

2. Develop the questionnaire and submit it to three experts to check the Index of Item-Objective Congruence (IOC). This was done to verify the content coverage and linguistic accuracy. The IOC values were then calculated. All questions achieved an IOC value greater than 0.60, which meets the established criterion of $IOC > 0.60$ (Wanichbuncha, 2014).

3. Conduct a pilot test (Try-out) using 30 samples to verify whether respondents understood the questions in the questionnaire. Simultaneously, the reliability of the questionnaire was analyzed using Cronbach's alpha coefficient. The criterion for selecting questions was an alpha coefficient of 0.70 or higher, which indicates high reliability (Zikmund et al., 2010). The reliability analysis utilizing Cronbach's alpha coefficient yielded the following results for the tested questionnaire: Perception of the business environment (Five Forces Model) scored 0.866, Marketing Adaptation Strategy scored 0.789, and Competitive Advantage scored 0.940. Since all calculated alpha values were high and exceeded the established criterion of $Cronbach's\ alpha > 0.60$, the questionnaire was deemed reliable and trustworthy (Nunnally, 1978). Consequently, the final version of the instrument was printed and prepared for the subsequent phase of collecting empirical data.

To enhance construct delineation and measurement transparency, representative items for the key constructs are provided below. Marketing Adaptation Strategies were measured using items reflecting the 7Ps framework: Product (e.g., “Our shop regularly develops new menu items based on customer feedback”), Price (e.g., “We adjust pricing strategies in response to competitor pricing changes”), Place (e.g., “We expand distribution channels through online ordering platforms”), Promotion (e.g., “We utilize social media marketing to reach target customers”), People (e.g., “We invest in staff training to improve service quality”), Process (e.g., “We continuously improve service procedures to reduce customer waiting time”), and Physical Evidence (e.g., “We design store atmosphere to create a distinctive customer experience”).

Competitive Advantage was measured through five dimensions: Product and Service Differentiation (e.g., “Our coffee products offer distinctive taste and quality compared to competitors”), Customer Satisfaction (e.g., “Our customers demonstrate high satisfaction with overall service experience”), Market Share (e.g., “Our shop maintains a strong customer base relative to competitors in the area”), Financial Performance (e.g., “Our shop achieves satisfactory profit margins compared to industry standards”), and Business Sustainability (e.g., “Our shop demonstrates stable growth and long-term viability”). While these constructs share a common theoretical domain of strategic marketing and performance outcomes, the

measurement items were designed to capture distinct operational aspects: marketing adaptation focuses on specific strategic actions and adjustments, whereas competitive advantage emphasizes performance outcomes and market position.

Data Collection

To address potential common method bias, several procedural remedies were implemented during data collection (Podsakoff et al., 2003). First, psychological separation was created by presenting construct measures in different sections of the questionnaire with distinct instructions. Second, respondents were assured of anonymity and confidentiality to reduce evaluation apprehension. Third, item complexity was varied to prevent response patterns. Fourth, Harman’s single-factor test was conducted post-hoc, revealing that the first factor explained only 32.4% of variance (below the 50% threshold), suggesting common method bias is not a critical concern. While these procedures do not eliminate all method variance, they substantially mitigate its potential impact on findings.

The process for collecting data involved several steps, beginning with locating the business addresses of the entrepreneurs via the Department of Business Development’s website, where the operators’ websites were checked for physical address information. Next, the research instrument, a questionnaire, was created and included a QR Code to facilitate convenient electronic submission for respondents who were unable to return the physical mail. An official letter of request was

obtained from Nakhon Phanom University to formally seek the entrepreneurs' cooperation in completing the survey. To ensure ease of return, pre-stamped and pre-addressed return envelopes, marked to the researcher, were prepared and included with each packet. The determined number of 370 questionnaires was then dispatched via postal mail between May and August 2025. After a three-month collection period, 288 questionnaires were returned complete. This represented a high return rate of 77.83%, which is considered an acceptable postal response rate for quantitative research (Williams, 2007).

Data Analysis

1. Descriptive statistics were employed to analyze the data (Wanichbuncha, 2018), including frequency, percentage, mean, and Standard Deviation (SD). These statistics were used to summarize four main aspects: (1) general information of coffee shop entrepreneurs, (2) perceptions of the business environment based on the Five Forces Model, (3) perceptions of marketing adaptation strategies, and (4) perceptions of competitive advantage. The mean scores were interpreted using the five-level criteria established by Best (1981), where scores ranging from 4.50-5.00 indicate Strongly Agree, scores ranging from 3.50-4.49 indicate Agree, scores ranging from 2.50-4.49 indicate Moderately Agree, scores ranging from 1.50-2.49 Disagree, and scores ranging from 1.00-1.49 indicate Strongly Disagree (Sisa-ard, 2013). Furthermore, prior to inferential analysis, normality testing was conducted, requiring the

statistical values for Skewness to fall within the range of -1 to +1 and Kurtosis to fall within the range of -2 to +2 to confirm that the data distribution is approximately normal (George & Mallery, 2010).

2. Data analysis using inferential statistics was conducted through Structural Equation Modeling (SEM), which consists of two stages as outlined by Hair et al. (2010) and Kline (2010). The first stage is the analysis of the measurement model, a technique used to examine the relationships between observed variables and latent variables through Confirmatory Factor Analysis (CFA). This step determines whether the observed variables appropriately represent the latent constructs and groups variables with similar characteristics into the same latent factor. The second stage is the analysis of the structural model, which tests hypotheses involving multiple latent variables simultaneously. To evaluate the goodness-of-fit between the proposed model and the empirical data, several criteria were applied: a chi-square to degrees of freedom ratio (X^2/df) or CMIN/DF of less than 3, NFI greater than .90, IFI greater than .95, TLI and CFI greater than .90, GFI and AGFI greater than .80, and RMSEA less than .08. Meeting these thresholds indicates that the model demonstrates a good fit to the empirical data, as supported by the criteria proposed by Hair et al. (2010), Diamantopoulos and Siguaw (2000), Hooper et al. (2008), and Joreskog and Sorbom (1993).

Results

Respondent Characteristics

General information the respondents were female (81.90%), aged 25-34 years (49.70%), held a bachelor's degree (49.31%), had 4-6 years of work experience (43.10%), operated shops sized 101-150 square meters (34.70%), employed 4-6 staff members (41.00%), and had a monthly income of 30,000-59,999 baht (39.60%).

Descriptive Statistics

Entrepreneurs demonstrated a moderately high level of perception regarding the business environment ($\bar{x} = 3.56$). The aspect with the highest mean score was the bargaining power of suppliers ($\bar{x} = 3.82$), followed by the threat of new entrants ($\bar{x} = 3.69$), industry rivalry among existing competitors ($\bar{x} = 3.57$), and the threat of substitute products ($\bar{x} = 3.41$), all of which were rated at a high level. The aspect with the lowest mean score was

the bargaining power of buyers ($\bar{x} = 3.34$), which was rated at a moderate level.

Marketing Adaptation Strategies were implemented at a high level ($\bar{x} = 4.03$, $SD = 0.59$). The aspects with the highest mean scores were service process strategy ($\bar{x} = 4.29$) and physical evidence strategy ($\bar{x} = 4.25$), both at the highest level. Other aspects were at a high level, including people strategy ($\bar{x} = 4.07$), product strategy ($\bar{x} = 3.97$), marketing promotion strategy ($\bar{x} = 3.93$), pricing strategy ($\bar{x} = 3.88$), and distribution channel strategy ($\bar{x} = 3.84$).

Entrepreneurs exhibited high competitive dvantage ($\bar{x} = 4.02$). The aspects with the highest mean scores were financial performance ($\bar{x} = 4.08$) and product and service differentiation ($\bar{x} = 4.07$), followed by customer satisfaction ($\bar{x} = 4.02$), market share ($\bar{x} = 3.98$), and business sustainability ($\bar{x} = 3.96$).

Table 1 Analysis of Relationships, Discriminant Validity, and Model Fit

Goodness-of-Fit Index (GFI)	FF	MK	CA	Statistics	Criteria	Results
Correlation coefficient (r)						
FF	1.000					
MK	.494***	1.000				
CA	.485***	.872***	1.000			
AVE	.744	.766	.824		> .50	Pass

Table 1 Analysis of Relationships, Discriminant Validity, and Model Fit (Cont.)

Goodness-of-Fit Index (GFI)	FF	MK	CA	Statistics	Criteria	Results
Goodness-of-Fit Index (GFI)						
Chi-square/df				102/82	< 3.0	Pass
<i>p</i> -value				0.067	> 0.05	Pass
RMSEA				0.029	< 0.05	Excellent
SRMR				0.042	< 0.08	Excellent
CFI				0.994	> 0.95	Excellent
TLI				0.990	> 0.95	Excellent
NFI				0.971	> 0.90	Excellent
PNFI				0.586	> 0.50	Pass

Note: *** $p < .001$; FF = Five Forces Model, MK = Marketing Adaptation Strategies, CA = Competitive Advantage

The results of the analysis from Table 1 showed the psychometric properties and the model fit of the research as follows:

1. Relationships among variables: All three variables were positively and statistically significantly correlated. The relationship between the Five Forces Model and Marketing Adaptation Strategies ($r = .494$), and between the Five Forces Model and Competitive Advantage ($r = .485$) were at a moderate level. In contrast, the relationship between Marketing Adaptation Strategies and Competitive Advantage was very high ($r = .872$), indicating a close association between the implementation of marketing strategies and competitive outcomes.

2. Discriminant validity: The AVE values

for all variables were higher than .50 (FF = .744, MK = .766, CA = .824), indicating good convergent validity for each variable according to Fornell and Larcker (1981). Although the variables were highly correlated, they remained distinct and could be clearly differentiated from one another.

3. Model fit: The model demonstrated excellent fit with the empirical data. The chi-square value was not statistically significant ($p = .067$). Absolute fit indices (RMSEA = .029, SRMR = .042) and comparative fit indices (CFI = .994, TLI = .990) all met excellent criteria. The parsimony index (PNFI = .586) was at an acceptable level. These results confirm that the developed model is suitable for testing the research hypotheses.

Table 2 Result of Hypothesis 1 The Relationship between the Five Forces Model and Marketing Adaptation Strategies

Variables	Mean	SD	1	2
1. Five Forces Model	2.972	0.530	1	
2. Marketing Adaptation Strategies	3.868	0.523	.683***	1
Hypothesis Testing Statistics				
Pearson Correlation (r)			0.683***	
t-statistic			15.788	
R ²			0.467	
95% Confidence Interval			[0.616, 0.740]	
Results			Supported H1	

According to Table 2, the results of Hypothesis 1 testing show that the Five Forces Model was positively and statistically significantly related to Marketing Adaptation Strategies ($r = .683$, $p < .001$), at a relatively high level. It accounted for 46.7% of the shared variance ($R^2 = .467$). This finding supported

Hypothesis 1 and aligned with Porter's (1980) concept that analyzing the competitive environment leads to the formulation of appropriate strategies. In other words, entrepreneurs who effectively analyze business environment factors can implement the 7Ps marketing strategies more efficiently.

Table 3 Results of Hypothesis 2 The Relationship between Marketing Adaptation Strategies and Competitive Advantage

Variables	Mean	SD	1	2
1. Marketing Adaptation Strategies	4.03	0.599	1	
2. Competitive Advantage	4.02	0.610	.872***	1
Hypothesis Testing Statistics				
Pearson Correlation (r)			0.872***	
t-statistic			30.04	
R ²			0.760	
95% Confidence Interval			[0.842, 0.896]	
Results			Supported H2	

Note: $n = 287$, *** $p < .001$

According to Table 3, the results of Hypothesis 2 testing showed that Marketing Adaptation Strategies were positively and statistically significantly related to the Competitive Advantage of coffee shop entrepreneurs in the Northeastern region at a very high level ($r = .872, p < .001$), accounting for 76.0% of the shared variance. This indicates a very strong relationship according to Cohen's (1988) criteria. These findings are consistent with the concept of Kotler and Armstrong (2018), which states that the appropriate implementation of marketing

strategies leads to competitive advantage. In the context of the coffee shop business, fully applying the 7Ps marketing mix—including product, price, place, promotion, people, service process, and physical evidence—directly affects product differentiation, customer satisfaction, market share, financial performance, and business sustainability. This aligns with the research of Han et al. (2018) and Dhisasmita and Kumar (2019), which found that effective marketing strategies are a key factor in creating competitive advantage in coffee shop businesses.

Table 4 Results of Hypothesis 3 The Indirect Effect of the Five Forces Model on Competitive Advantage Through Marketing Adaptation Strategies

Effect Path	Coefficient	SE	t/z-value	p-value
Direct Effects				
FF → MK (a)	.494***	.051	9.68	< .001
MK → CA (b)	.872***	.028	31.14	< .001
FF → CA (c)	.485***	.052	9.33	< .001
FF → CA (c')	.054	.039	1.38	.168
Indirect Effect				
FF → MK → CA	.431***	.045	9.58	< .001
Total Effect	.485***	.052	9.33	< .001
Effect Decomposition				
Direct Effect	.054 (11.1%)			
Indirect Effect	.431 (88.9%)			
Bootstrap 95% CI for Indirect Effect	[.352, .510]			
Results	Supported H3			

Note: $n = 287$, *** $p < .001$; FF = Five Forces Model, MK = Marketing Adaptation Strategy, CA = Competitive Advantage

According to Table 4, the results of Hypothesis testing showed that the Five Forces Model has a statistically significant indirect effect on competitive advantage through Marketing Adaptation Strategies (Indirect Effect = .431, $p < .001$). Marketing

Adaptation Strategies serve as a full mediating variable, as the direct effect of the Five Forces Model on competitive advantage becomes non-significant when controlling for marketing strategies ($c' = .054$, $p = .168$).

Table 5 Summary of Direct, Indirect, and Total Effects of the Relationship Model

Effect Path	Direct Effect	Indirect Effect	Total Effect
FF → MK	.494***	-	.494***
FF → CA	.054 (ns)	.431***	.485***
MK → CA	.872***	-	.872***
Variance Explained (R²)			
- Marketing Adaptation Strategies (MK)	.244		
- Competitive Advantage (CA)	.761		

Note: *** $p < .001$, ns = Not statistically significant, FF = Five Forces Model, MK = Marketing Adaptation Strategies, CA = Competitive Advantage

According to Table 5, the analysis indicates that Marketing Adaptation Strategies act as a full mediator in the relationship between the Five Forces Model and Competitive Advantage. The indirect effect is large and statistically significant ($\beta = .431$, $p < .001$), whereas the direct effect is not statistically significant ($\beta = .054$, $p > .05$).

Discussion

This study reveals significant relationships among business environment analysis based on the Five Forces Model, Marketing Adaptation Strategies, and the Competitive Advantage of coffee shop entrepreneurs in Northeastern Thailand. The results can be discussed as follows:

1. Perception of the business environment based on the Five Forces Model: The findings indicate that coffee shop entrepreneurs have a high level of awareness of the business environment ($\bar{x} = 3.56$), placing the greatest importance on the bargaining power of suppliers ($\bar{x} = 3.82$). This reflects entrepreneurs' recognition of the importance of managing the supply chain, particularly in a context where coffee bean prices fluctuate and the quality of raw materials directly affects product quality. This finding aligns with the current coffee market situation, where instant coffee prices have increased by up to 7.1%. Entrepreneurs also highly regard the threat of new entrants ($\bar{x} = 3.69$), which corresponds with the intense competition in

the coffee shop industry, where new businesses continuously enter the market. However, the bargaining power of buyers is at a moderate level ($\bar{x} = 3.34$), possibly because customers have many alternatives but still show loyalty to their preferred brands.

2. Marketing Adaptation Strategies: The findings indicate that entrepreneurs employed marketing strategies at a high level ($\bar{x} = 4.03$), placing the greatest emphasis on service process strategy ($\bar{x} = 4.29$) and physical evidence ($\bar{x} = 4.25$). This reflects entrepreneurs' understanding that customer experience is a critical factor in the service business. Focusing on fast and efficient service processes, as well as creating a distinctive shop atmosphere, are key strategies for differentiating from competitors. Interestingly, while service process and physical evidence received the highest emphasis, product strategy and pricing strategy ranked relatively lower. This finding can be explained by the unique characteristics of the Northeastern Thailand coffee shop context, where consumers increasingly value experiential aspects over price sensitivity. In the Northeastern region, where community-based consumption patterns prevail, the coffee shop serves not merely as a place to purchase beverages but as a social gathering space. Entrepreneurs have recognized that in this cultural context, creating a welcoming atmosphere and efficient service delivery provides greater competitive differentiation than competing primarily on price or product variety. Furthermore, the moderate bargaining power of buyers (3.34) suggests that while

customers have alternatives, they demonstrate brand loyalty when service quality and ambiance meet their expectations. This finding implies that entrepreneurs should continue investing in service excellence and physical environment enhancement, as these factors more effectively build customer loyalty than price-based competition strategies in the Northeastern Thailand market. The emphasis on people strategy ($\bar{x} = 4.07$) demonstrates that entrepreneurs recognize the role of employees in delivering a positive customer experience, which aligns with Lovelock and Wirtz's (2016) concept that personnel are a crucial element of the marketing mix in service businesses.

3. Competitive Advantage: Coffee shop entrepreneurs have a high level of competitive advantage ($\bar{x} = 4.02$), with strengths in financial performance ($\bar{x} = 4.08$) and product differentiation ($\bar{x} = 4.07$). This indicates that creating differentiation through unique products and services can lead to superior entrepreneurial performance, consistent with Porter's (1985) differentiation strategy.

4. Relationships among Variables:

4.1 Relationship between the Five Forces Model and Marketing Adaptation Strategies: The findings show a moderately high positive relationship ($r = .683, p < .001$), supporting Hypothesis 1. This indicates that when entrepreneurs more thoroughly analyze and understand the business environment, they are better able to implement diverse and appropriate marketing strategies. This finding supports Porter's (1980) concept, which

emphasizes the importance of industry analysis in formulating suitable strategies.

4.2 Relationship between Marketing Adaptation Strategies and Competitive Advantage: The study found a very high positive relationship ($r = .872, p < .001$) between Marketing Adaptation Strategies and Competitive Advantage, supporting Hypothesis 2 and explaining up to 76% of the shared variance. This result confirms that effective marketing strategies are a key factor in creating competitive advantage, consistent with the studies of Han et al. (2018) and Dhisasmita and Kumar (2020).

4.3 The structural equation modeling analysis indicates that Marketing Adaptation Strategies function as a full mediator, with 88.9% of the total effect being indirect. This finding holds both theoretical and practical significance. Theoretically, it confirms that merely analyzing the business environment is insufficient; such analysis must be translated into actionable strategies to achieve success. From a practical perspective, entrepreneurs should develop the ability to transform insights from the Five Forces analysis into concrete marketing strategies.

Conclusions

This study aims to examine the relationship between factors based on the Five Forces model, market adaptation strategies, and competitive advantage of coffee shop operators in Northeast Thailand. Using a quantitative research approach, data were collected from 288 entrepreneurs and

analyzed with the Structural Equation Model (SEM), the results of the research can be summarized as follows: first Coffee shop operators have a high perception of the business environment according to the Five Forces model ($\bar{x} = 3.56$), with the most emphasis on the bargaining power of raw material suppliers ($\bar{x} = 3.82$). This reflects that entrepreneurs are aware of the importance of supply chain management, especially in the context where the price of coffee beans fluctuates and the quality of raw materials directly affects product quality. Secondly, Entrepreneurs adopt marketing strategies at a high level ($\bar{x} = 4.03$). The most emphasis is placed on the service process strategy ($\bar{x} = 4.29$) and the physical characteristics strategy ($\bar{x} = 4.25$). It shows that entrepreneurs understand that customer experience is an important factor in the hospitality business. Third, Entrepreneurs have a high level of competitive advantage ($\bar{x} = 4.02$). The strength of financial performance ($\bar{x} = 4.08$) and differentiation of products and services ($\bar{x} = 4.07$) Fourth, hypothesis testing found that the Five Forces model was positively correlated with marketing adaptation strategies ($r = .683, p < .001$) and that marketing adaptation strategies were positively correlated with very high levels of competitive advantage. ($r = .872, p < .001$), which explains a co-variance of up to 76%. Fifth, and most importantly, the structural equation modeling analysis found that the market adaptation strategy acted as a full mediator, with 88.9% of the total impact being indirect. This finding has both theoretical and practical implications. That is, it is not

enough to analyze the business environment alone, but it is necessary to convert it into concrete marketing strategies. Therefore, it will have a real impact on competitive advantage.

This study examined the relationships among entrepreneurs' perceived competitive forces, marketing adaptation strategies, and competitive advantage in Northeastern Thailand's coffee shop sector. The findings provide both theoretical insights and practical guidance for service SME management.

Theoretical Contributions

This research contributes to existing knowledge in several ways. The study extends Porter's Five Forces framework beyond traditional industry-level analysis to firm-level application through perceptual measures. The findings demonstrate that entrepreneurs' interpretations of competitive forces significantly influence strategic behavior in small business contexts. Additionally, the study provides empirical support for marketing adaptation as a mediating mechanism linking environmental awareness to performance outcomes. This aligns with the dynamic capabilities perspective, which posits that adaptation serves as an intervening process between environmental assessment and competitive outcomes. Furthermore, the research clarifies the boundaries of marketing adaptation by distinguishing deliberate strategic responses from routine marketing activities. These insights help explain how business owners translate their understanding of competitive conditions into tangible performance results.

Practical Implications

For coffee shop entrepreneurs, the findings emphasize that analyzing competitive forces is necessary but insufficient—competitive advantage emerges only when environmental insights inform concrete marketing adjustments. Entrepreneurs should develop capabilities in translating Five Forces analysis into specific adaptations across the 7Ps. Priority areas include service process innovation, physical evidence differentiation, and personnel development. For policymakers and support organizations, the results suggest that training programs should emphasize adaptive capability building rather than solely environmental analysis skills.

Research Limitations

Several limitations should be acknowledged when interpreting these findings. The cross-sectional research design does not allow for establishing causal relationships, since the temporal sequence of variables cannot be determined. The reliance on self-reported data from a single source may have inflated the observed relationships, despite the procedural controls implemented. The sample was drawn from one geographic region and one type of service business, which restricts how broadly the results can be applied. The particularly strong association between marketing adaptation and competitive advantage might partly stem from conceptual overlap between these constructs or from factors unique to the research context. Finally, because the sample consisted solely of Thai coffee shop operators, the findings may not

apply to other service industries or cultural settings.

Directions for Future Research

Subsequent research could address these limitations through various approaches. Longitudinal studies would strengthen causal claims by tracking how marketing adaptations develop over time and how they subsequently affect competitive outcomes. Collecting data from multiple sources, such as customer satisfaction surveys and actual financial records, would help reduce concerns about self-report bias and provide stronger evidence for the relationships observed. Research comparing coffee shops across different regions of Thailand or other countries would reveal whether these findings hold in diverse contexts. In-depth interviews with entrepreneurs could uncover the thought processes underlying their competitive assessments and strategic decisions. Investigating potential moderating variables, including the owner's years of experience, the intensity of local competition, and available resources, would yield more refined insights into the conditions under

which marketing adaptation most effectively builds competitive advantage.

Practical Recommendations

1. Entrepreneurs should develop the ability to transform insights from the Five Forces analysis into concrete marketing strategies.
2. Emphasize creating customer experiences through service processes and store design.
3. Build strong relationships with suppliers to manage risks related to price and raw material quality.
4. Continuously develop personnel to deliver high-quality service.

Recommendations for Future Research

1. Conduct comparative studies across different regions to identify contextual differences.
2. Employ a qualitative research approach to understand the strategic thinking processes of successful entrepreneurs.
3. Examine other factors that may influence competitive advantage, such as innovation and digital marketing.

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