

Strategic marketing innovation and sustainable competitive Advantage of SMES in Northwest Nigeria: mediating role of Risk taking

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Abstract

Firms struggle to sustain competitive advantage, and the evidence on how marketing innovation becomes advantage is fragmented, especially for resource-constrained SMEs. The main objective of this study is to examine the effect of strategic marketing innovation (SMI) and sustainable competitive advantage (SCA) of SMEs in Northwest Nigeria: The roles of risk taking. The study adopted a quantitative research design as data were collected at a single point in time. The population of the study consists of the entire 137,648 registered SMEs in Northwest Nigeria. A sample size of 399 SMEs was used to represent the entire population, through Yamane (1973) formula. The results suggest that only two measures of strategic marketing innovation (i.e. product innovation, price innovation) have a positive significant relationship with SMEs' sustainable competitive advantage in Northwestern Nigeria, while distribution innovation and artificial intelligent innovation shows insignificant effect on SMEs' sustainable competitive advantage. Risk taking is revealed to also have a positive significant effect on firms' sustainable competitive advantage. Meanwhile, the study shows that risk taking is the fundamental reason why strategic marketing innovation (i.e. product innovation) have influence on firms' sustainable competitive advantage in Northwestern Nigeria. Therefore, it is recommended that the owners/managers of SMEs need to focus on conducting regular risk assessment so as to continue identify potential vulnerabilities of innovative product and addressing customer needs and preferences while reviewing and implementing their innovative distribution channels.

Keywords: Sustainable competitive advantage of SMEs, strategic marketing innovation, supply chain resilience.

1. Introduction

Globally, small and medium-sized enterprises (SMEs) are confronted with increasingly dynamic and intense competition, primarily due to rapid advancements in technology, globalization, and evolving consumer preferences (Nwaizugbo et al., 2019). In this context, SMEs in Northwest Nigeria face unique challenges that hinder their potential for sustainable growth and competitive advantage. Factors such as

distribution risk, network shortages, inadequate infrastructure, and fluctuating market conditions significantly impede their operations (Dolgui & Ivanov, 2020). According to the Central Bank of Nigeria (CBN, 2023), SMEs contribute a mere 5 percent to Nigeria's GDP, highlighting their underperformance relative to their potential. Alarmingly, approximately 70 percent of these enterprises fail within their

first three years of operation (PwC, 2020; Abubakar & Yaro, 2024).

The persistent issues facing SMEs in Northwest Nigeria include limited access to technology, insufficiently skilled labor, and ineffective supply chain management practices. For instance, a study by the Nigerian Employers' Consultative Association (NECA, 2021) revealed that 70 percent of SMEs struggle to recruit competent staff, thereby exacerbating operational inefficiencies. These deficiencies often translate into an inability to invest in research and development (R&D) or innovate products that meet the increasing demands of consumers (Nimfa et al., 2021). The stagnation in product differentiation not only obstructs customer retention but also compels SMEs to compete on price rather than value, further eroding their competitive advantage (Olazo, 2022). In addition, distribution challenges remain a significant barrier for SMEs in navigating the market effectively. Often, these businesses lack robust distribution networks capable of ensuring timely and cost-effective delivery of products, hindered by unreliable transportation infrastructure and inefficient inventory management practices (Falola, 2021; Olazo, 2022). As a result, many SMEs find it difficult to maximize their market reach and expand their customer base, leading to missed opportunities and reduced growth potential. Furthermore, the COVID-19 pandemic has highlighted vulnerabilities in supply chains worldwide, and SMEs in Northwest Nigeria are no exception. A recent study found that 68 percent of SMEs experienced significant disruptions in their supply chains during the pandemic, negatively affecting their ability to meet customer demands and innovate their product offerings (Abdullahi et al., 2024). This disruption directly correlates with diminished competitive advantage, as businesses struggle to

provide timely and quality products to consumers.

The advent of Artificial Intelligence (AI) presents a significant opportunity for SMEs to overcome some of these challenges. Research shows that AI technologies can enhance various aspects of business operations, from dynamic pricing strategies that adjust in real-time based on market conditions (Usman & Ibrahim, 2025) to streamlining product development processes (Lawal & Adediran, 2024) and optimizing supply chain management (Danjuma & Suleiman, 2025). However, the technical expertise and financial resources required to adopt and effectively integrate AI technologies are often beyond the reach of many SMEs in Nigeria (Galli-Debicella, 2021). This technological gap limits their capacity to leverage AI for strategic advantages, resulting in a reliance on conventional marketing strategies that may no longer be suitable for long-term competitiveness (Edward & Olannye, 2016).

Given these challenges, it is crucial for SMEs to adopt innovative approaches that integrate pricing, product development, distribution, and AI capabilities as strategic avenues for achieving sustainable competitive advantage (SCA). Effective pricing strategies can significantly enhance profitability, while product innovation is key to capturing market share and addressing evolving consumer preferences (Nwabueze et al., 2025). Therefore, it is essential to explore the mediating role of supply chain management in linking pricing, product, and distribution to AI innovations and, ultimately, to the sustainable competitive advantage of SMEs.

Studies suggest that businesses that successfully leverage SMI are better equipped to improve their market performance and sustain competitive advantages (Anigbogu et al., 2020; Eze & Okoye, 2018). According to Davis (2021),

achieving sustainable competitive advantage (SCA) is complex due to the difficulty in replicating the unique attributes that afford higher profitability to successful firms. Olsen (2021) also emphasized that firms with a strong SCA are more adept at identifying and capitalizing on new opportunities.

From a theoretical standpoint, the integration of AI in customer service can provide SMEs with more cost-effective solutions for SCA (Frow et al., 2021). Drawing from the resource-based view (RBV), a firm's ability to maintain a CA hinges on access to valuable, rare, and inimitable resources (Barney, 1991). The effective acquisition or generation of these resources directly influences an organization's competitive effectiveness. As noted by Bag (2021), AI encompasses a set of resources that include skilled labor, organizational coordination, and ancillary resources crucial for achieving a competitive advantage (Kim, 2019; Selz, 2020). By mastering these organizational capabilities, firms can enhance performance (Chen & Lin, 2021).

Numerous scholars have proposed strategies to bolster the growth and competitiveness of SMEs. It is imperative for SME owners to thoroughly understand their market dynamics in order to adapt to the challenges posed by modern business environments (Bunchapattanasakda & Gyanwali, 2019). Fatoki (2019) highlighted that small businesses can leverage innovative marketing strategies to attract and retain customers despite their resource limitations.

Existing literature has examined the impact of SMI on SCA across diverse industries, including manufacturing (Al-Hakimi et al., 2021; Bag et al., 2021), renewable energy (Alshora et al., 2022), private healthcare (Al-Refai et al., 2021), telecommunications (Habboush, 2022), hospitality (Danish et al., 2020), banking and finance (Huynh et al., 2020),

automated retailing (Pillai et al., 2020). However, research assessing how SMEs can identify and implement effective strategies during disruptions, while also measuring the effectiveness of those strategies in light of the firm's capabilities, remains limited (Baltas et al., 2020; Brinckmann et al., 2015).

Contrasting findings have emerged regarding the relationship between strategic marketing innovation and sustainable competitive advantage. While some researchers, such as Egberi (2023) and Mohammed and Sherien (2022), report significant impacts, others, like Digidowiseiso et al. (2022), do not find significant effects. Research conducted in various geographical contexts, including Bandung (Allizia et al., 2022), South Korea (Amenuvor, 2021), and Jordan (Al-Refai et al., 2021), further highlights the potential for localized findings. Notably, limited research has focused on the North-Western region of Nigeria.

Despite the critical importance of this relationship, much of the existing literature overlooks the contextual complexities specific to Northwest Nigeria, where socio-economic conditions and infrastructural limitations present unique operational challenges. This study aims to address this gap by investigating how efficient supply chain management mediates the relationship between pricing strategies, product innovation, and distribution effectiveness in enhancing sustainable competitive advantage for SMEs in the region. By providing insights into best practices and strategic frameworks, this research seeks to contribute to the growth and sustainability of SMEs in Northwest Nigeria amidst a rapidly evolving business environment.

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globalization, and evolving consumer preferences (Nwaizugbo et al., 2019). In this context, SMEs in Northwest Nigeria face unique challenges that hinder their potential for sustainable growth and competitive advantage. Factors such as distribution risk, network shortages, inadequate infrastructure, and fluctuating market conditions significantly impede their operations (Dolgui & Ivanov, 2020). According to the Central Bank of Nigeria (CBN, 2023), SMEs contribute a mere 5 percent to Nigeria's GDP, highlighting their underperformance relative to their potential. Alarming, approximately 70 percent of these enterprises fail within their first three years of operation (PwC, 2020; Abubakar & Yaro, 2024).

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mediates the relationship between pricing strategies, product innovation, and distribution effectiveness in enhancing sustainable competitive advantage for SMEs in the region. By providing insights into best practices and strategic frameworks, this research seeks to contribute to the growth and sustainability of SMEs in Northwest Nigeria amidst a rapidly evolving business environment.

1.2 Objectives of the Study

The main objective of this study is to examine the Impacts of Strategic Marketing Innovation on Sustainable Competitive Advantage of SMEs in Northwest Nigeria: The role of Supply Chain

Resilience and Entrepreneurial Orientation. The specific objectives are to;

- Evaluate the effects SMI (Product, price, Distribution and AI innovation) on Sustainable Competitive Advantage of SMEs in Northwest Nigeria.
- Evaluate the mediating effects of risk taking on SMI (Product, price, Distribution and AI innovation) and Sustainable Competitive Advantage of SMEs in Northwest Nigeria.

2.Literature Review

2.1 Sustainable Competitive Advantage

The term "sustainable competitive advantage" SCA first appeared in 1984 when Day and Wensley (1988) proposed various sorts of approaches that may aid in "sustaining the competition." When Porter defined the fundamental forms of competitive strategies a corporation might have (low-cost or distinctiveness) in order to achieve a long-run SCA, the actual word "SCA" first appeared in 1985 (De-Guimarães et al., 2023). It's interesting to note that Porter's speech had no formal conceptual creation. Day and Wensley (1988) acknowledge that there is "no common meaning for 'CA' in practice or in the marketing strategy literature". The closest formal definition is provided by

Barney (1991), who writes: "A firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not concurrently being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy".

Competitive advantage (CA) refers to an attribute that helps businesses to outperform their rivals (Darmasetiawan et al., 2019). CA refers to a combination between final goal and instrument (policy) where a firm affords to get there (Hadiwidjojo et al., 2014). Some indicators used to measure CA are product uniqueness, product quality, and competitive price. The first indicator refers to product uniqueness of a company which combines arts and customer desire. Product quality refers to standard design from company quality. While competitive price, the last indicator, is an ability of company to adjust its product price to general price in the market (Dirisu et al., 2013).

2.2 Strategic Marketing Innovation

The word "innovative marketing" refers to the ideologies, procedures, and creative recommendations for the marketing system in all of its manifestations (Habboush, 2022). Modern technology advancements are put to use in creative marketing, which produces fresh marketing scenarios in the areas of inventive items, pricing, promotions, distribution (network), and other things that help the company attain a high marketable worth. One of the actions connected to creating rivalry between businesses, maintaining their advantages, and boosting market share is strategic marketing innovation (SMI) as marketing decisions. The marketing innovation plan, according to eminent scholars, is a road map for how the firm may deploy its resources, connect them to their environment, and fulfill its aim of generating economic value while maintaining its competitive advantage

(Nair et al., 2010). As a result, marketing tactics have a big impact on the effectiveness and cost structure of a firm. According to Foroughi and Moghaddam (2012) researchers have used a number of variables in international marketing research to describe the MI approach including; pricing, producing, promoting, place and artificial intelligence.

2.3 Risk Taking and Mitigation

Identifying and assessing potential risks in the supply chain is vital for building resilience. By understanding the vulnerabilities and potential disruptions, supply chains can implement risk mitigation strategies such as contingency plans, supplier diversification, and insurance (Manuj & Mentzer, 2008).

2.4 Strategic Marketing Innovation, Supply Chain Resilience and Sustainable Competitive Advantage

Supply chain resilience no longer just refers to risk management skills. More importantly, this capability enables a business to react with upheavals more effectively than rivals and even benefit from them (Hannibal et al., 2021). According to Dubey et al. (2017), the

2.5 Research Conceptual Framework

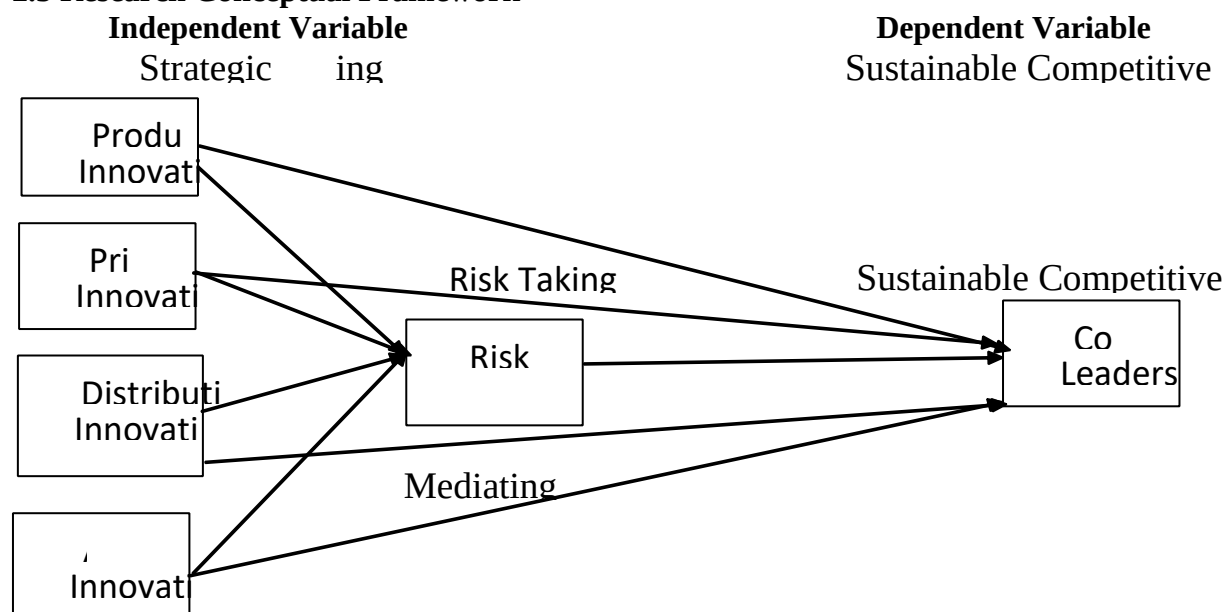


Fig: 2.1

Source: Researcher, 2026

improvement of resilience stimulates the optimization of the supply chain's players, relationships, activities, and functions, which is made up of interconnected and dependent companies. In order to develop this skill, a number of integrations, resource reconfiguration, renewal, and recreation strategies are suggested (Ishizaka et al., 2020). These include the use of multiple suppliers, safe inventory storage, responsive and innovative price strategies, innovative product strategies, and postponement strategies. The Resource-Based View (RBV), which is focused on the idea that resources and capabilities are the origin of competitive advantage, also places an emphasis on capability and strategy.

According to the explanation above, supply chain resilience and long-term competitive advantage are significantly correlated. Additionally, a useful mediating factor in the link between strategic marketing innovation and long-term competitive advantage might be supply chain resilience. As a result, the study will fill the research void.

2.6 Review of Empirical Studies

There appear to be conflicting results from prior studies, which create the possibility of the identification of research gaps. Recent research by Fadi et al. (2024) explore the interactions among green product innovation, artificial intelligence (AI) adoption, and intellectual capital, focusing on their effects on firm competitiveness in Oman. The researchers emphasize the significance of government intervention and investments in research and development (R&D) in facilitating these dynamics. Utilizing responses from 214 senior managers in Oman, the study employs structural equation modeling to examine the complex interrelationships among these variables. The findings reveal a substantial positive relationship between green innovation, AI adoption, and the utilization of intellectual capital, highlighting the supportive role of government involvement and R&D investment as critical moderators in this context. This research contributes a fresh perspective on the interplay of technology, innovation, and intellectual capital within developing economies.

Mohammed and Sherien (2022) investigate how innovative marketing affects competitive advantage in Jordan's renewable energy industry. They employ heuristic, analytic, and descriptive research techniques. The whole population of Jordan's 212 renewable energy enterprises, which employs 957 people. Additionally, they employ multiple linear regression using random sampling. According to their research, innovative marketing (production, pricing, distribution, and promotion) has a statistically significant influence ($p < 0.05$) on the competitive advantage of the renewable energy enterprises. The unit of analysis is not be justifiable because some employees of organization may not be informed in terms of the strategies of the organizations, hence the manager and or owner should be the

only unit of analysis. The gap here is that this study will look at SCA.

Habboush (2022) determines the effect of the marketing innovation strategy in achieving CA in Saudi telecom companies (Mobily, Zain Saudi Arabia, STC). The Author employs a questionnaire tool in addition to a descriptive and analytical technique. The Author uses a simple random method to get information from all three businesses' mobile phone users. 741 legitimate questionnaires were used for examination. The (SBS) was further employed to examine the data. The results showed that the marketing innovation approach had a statistically positive significant on the Saudi telecom businesses' ability to achieve a competitive advantage through their financial and operational performance. This study will look at the industry gap and use different types of analysis to look for the subject. This makes the instrument that will be utilized for the study more current and reliable.

Adesoga et al. (2021) examine the relationship between strategic marketing (SM), innovation culture (IC), and competitive advantage (CA) within selected petroleum products marketing companies in Lagos State, Nigeria, while also considering the moderating role of resource capabilities (RC). The researchers employed a cross-sectional survey research design, targeting a population of 1,568 managerial staff across these companies. To determine an appropriate sample size, they utilized Cochran's formula and implemented stratified random sampling along with proportionate sampling techniques to ensure adequate representation across various managerial categories, including directors, senior managers, marketing managers, and supervisors. Out of the distributed questionnaires, 497 responses were retrieved and subsequently analyzed using multiple regression analysis. The results

indicated that strategic marketing has a significant positive impact on both innovation culture and competitive advantage. This study contributes to the understanding of how strategic marketing can enhance innovation efforts and overall competitiveness in the petroleum industry, highlighting the importance of resource capabilities in this relationship.

Using firm growth and personal wealth metrics, Isaga and Kiyabo (2020) examine EO, CA, and SMEs performance. In order to gather information, 300 owners-managers of welding sector SMEs in Tanzania's urban centers of Dar es Salaam, Mbeya, and Morogoro were surveyed using a crosssectional design. They use the structural equation modeling approach to examine the data with the assistance of the AMOS software. The results of this study show that, for both firm growth and personal wealth performance metrics, CA mediates the association between EO and SMEs' performance.

Asah, et al. (2019) look at how distribution and process innovation affects long-term competitive advantage. They gathered information from factories in the Cameroonian republic. Their findings demonstrate the impact of management process innovation, distribution innovation techniques, and environmentally friendly product and service manufacturing methods on long-term competitive advantage.

Using evidence from woven fabric ukm in Kupang/NTT, Lakot et al. (2019) investigate how innovation and market orientation influence the effect of entrepreneurial orientation on competitive advantage. In Kupang, they collect 50 UKM of woven fabric samples from respondents. They employ partial least squares (PLS) for quantitative analysis. The findings demonstrate that EO have a favorable and substantial impact on competitive advantage. Similarly, competitive advantage is positively and

significantly impacted by innovation and market orientation. In this study, the connection between OE and competitive advantage was partially mediated by innovation and market orientation. Utami and Wilopo (2018) look at the relationship between SMEs' performance in Paguyuban Amangtiwi, Malang, and entrepreneurial approach toward competitive advantage. They utilize the Path Analysis approach as a statistical tool in SME. The findings demonstrate that EO contributes to CA.

In the above empirical studies reviewed, there are many gaps to be filled by this study. Such are context, industry, methodological. Most of the above studies done in SMEs are either focused on manufacturing, welding, telecommunications, women owned businesses, private businesses and so on. Furthermore, some studies in countries like India, Saudi Arabia, Sumatera and so on. None of these studies looks at the indirect relationship of the subject, supply chain resilience and EO as mediating and moderating variables respectively.

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2.7 Theoretical Review

2.7.1 Resource-Based View and Dynamic Capabilities Theories

The Resource-Based View (RBV) posits that Small and Medium-Sized Enterprises (SMEs) can achieve and sustain a competitive advantage through strategic marketing innovation, leveraging valuable, rare, and inimitable resources (Chinwe et al., 2021; Brown, 1995). The theory asserts that a firm's strategic marketing innovations harness its unique resources to foster ongoing competitive advantage, emphasizing entrepreneurial strategies in marketing to drive economic development (Barney, 1991; Alqahtani & Can, 2018). The RBV focuses on how SMEs can enhance performance relative to competitors by effectively utilizing their specific resources and capabilities (Caldeira & Ward, 2003). For instance, SMEs may differentiate themselves in the market by employing unique strengths—such as advanced technology or strong customer relationships—to drive marketing innovations.

However, the RBV faces criticisms, including a lack of empirical support and challenges in identifying which resources are genuinely valuable and rare. It may overly concentrate on internal assets, neglecting external factors like market dynamics and consumer preferences. The RBV primarily applies to established firms rather than startups or those in fast-evolving industries (Hitt et al., 2001).

To address these gaps, the study is further supported by the Dynamic Capabilities Theory (DCT), which emphasizes a firm's ability to adapt and develop new capabilities in response to changing market conditions. DCT extends RBV by highlighting the importance of recognizing and responding to environmental changes and posits that strong supply chains enhance SMEs' dynamic capabilities, enabling them to seize new opportunities and sustain competitive advantages

(Akhtar et al., 2020). This theory underscores the need for organizations to integrate and reconfigure their internal and external competencies effectively to thrive in dynamic environments.

Despite its strengths, DCT is also limited by a lack of empirical frameworks for measuring dynamic capabilities across different firms and a tendency to focus too heavily on internal capabilities. This could render it less applicable in rapidly changing and uncertain environments.

In conclusion, while RBV and DCT offer valuable insights into how SMEs can attain sustainable competitive advantages through resource leveraging and capability development, both theories face significant empirical and contextual limitations that warrant further exploration.

3. Methodology

This study adopted cross-sectional survey research design as data were collected at a single point in time. The population of the study consists of the entire registered SMEs in Northwest Nigeria. As at July 2026, the total number of registered SMEs is 137,648. A sample size of 368 SMEs was used to represent the entire population, through Yamane (1973) formula. A mixed-method sampling technique was adopted, this involves a stratified random sampling technique, this technique was adopted because the population of the study is heterogeneous, stratified sampling technique was used to obtain a representative sample (stratum), then simple random sampling was applied for each stratum to get an equal sample size from each stratum which is 399.

The researchers used primary sources of data, where data was collected by using an administered questionnaire. The dependent variable is SMEs sustainable competitive advantage the independent variable is strategic innovative marketing measured by product innovation, price innovation, artificial intelligence innovation and

distribution innovation and the mediating variable is by risk taking. The data generated in the course of this research, multiple regression techniques of data

analysis were used in SmartPLS3 statistical tools of analysis.

4. Results and Discussion

Table 4.16: Direct Effect

Paths	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values	Decision
Artificial Intelligent Innovation -> Sustainable Competitive Advantage Distribution Innovation	0.046	0.054	0.073	0.635	0.526	Accept
Artificial Intelligent Innovation -> Sustainable Competitive Advantage Price Innovation	0.025	0.028	0.054	0.462	0.644	Accept
Artificial Intelligent Innovation -> Sustainable Competitive Advantage Pro-activeness	0.145	0.139	0.045	3.225	0.001	Reject
Artificial Intelligent Innovation -> Sustainable Competitive Advantage Product Innovation	0.209	0.197	0.081	2.588	0.010	Reject
Artificial Intelligent Innovation -> Sustainable Competitive Advantage Risk Taking	0.183	0.182	0.048	3.776	0.000	Reject
Artificial Intelligent Innovation -> Sustainable Competitive Advantage	0.350	0.358	0.091	3.837	0.000	Reject

Source: Field Survey, 2026

Table 4.16 shows the result of the direct relationship of the measures of independent variable, mediating variable, moderating variable and dependent variable, the result indicate a significant positive relationship between two measures of strategic marketing innovation (i.e. price innovation and product innovation) and sustainable competitive advantage ($\beta = .145$, $p < .05$; $\beta = .183$, $p < .05$), while the remaining two measures of strategic marketing innovation (i.e.

distribution innovation and artificial intelligent innovation) have insignificant relationship with sustainable competitive advantage ($\beta = .025$, $p > .05$; $\beta = .046$, $p > .05$). Meanwhile, the result shows that risk taking has positive significant effect on sustainable competitive advantage ($\beta = .35$, $p < .05$), also the result shows that pro-activeness has positive significant effect on sustainable competitive advantage ($\beta = .209$, $p < .05$). As such, the null H_{01} , H_{02} ,

H₀₅ and H₀₆ were rejected, while null H₀₃ and H₀₄ were accepted.

Table 4.17: Indirect Effect

Paths	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values	Decision
Artificial Intelligent Innovation -> Risk Taking Distribution	0.321	0.326	0.08	4.034	0.000	Reject
Innovation -> Risk Taking	0.244	0.245	0.063	3.860	0.000	Reject
Price Innovation -> Risk Taking	0.102	0.102	0.056	1.840	0.066	Accept
Product Innovation -> Risk Taking	0.293	0.288	0.063	4.616	0.000	Reject

Source: Field Survey, 2026

Table 4.17 shows the result of the indirect relationship of the effect of measures of independent variable on mediating variable, the result showed a significant positive relationship between three measures of strategic marketing innovation (i.e. product innovation, distribution innovation and artificial intelligent

innovation) and risk taking ($\beta = .293$, $p < .05$; $\beta = .244$, $p < .05$; $\beta = .321$, $p < .01$), while the remaining one measure of strategic marketing innovation (i.e. price innovation) have insignificant relationship with risk taking ($\beta = .102$, $p > .05$). As such, the null H₀₇, H₀₉, and H₁₀ were rejected, while null H₀₈ was accepted.

Table 4.18: Specific Indirect Effect

Paths	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values	Decision
Artificial Intelligent Innovation -> Risk Taking Sustainable Competitive Advantage Distribution Innovation -> Risk Taking Sustainable Competitive Advantage Price Innovation -> Risk Taking Sustainable Competitive Advantage Product Innovation -> Risk Taking ->	0.112	0.118	0.045	2.484	0.013	Reject
Innovation -> Risk Taking Sustainable Competitive Advantage	0.086	0.086	0.028	3.079	0.002	Reject
Price Innovation -> Risk Taking Sustainable Competitive Advantage	0.036	0.038	0.025	1.413	0.158	Accept
Product Innovation -> Risk Taking ->	0.102	0.102	0.033	3.085	0.002	Reject

Sustainable Competitive Advantage

Source: Field Survey, 2026

Discussion of Finding

4.1 Effects of Innovation Dimensions on Sustainable Competitive Advantage

The first objective examined the effect of product innovation on the sustainable competitive advantage (SCA) of SMEs in Northwest Nigeria. The result reveals a positive and statistically significant effect ($\beta = 0.183$), indicating that a unit increase in product innovation, holding other variables constant, is associated with an 18.3% increase in SCA. This finding aligns with Al-yed et al. (2022) and Guo et al. (2023), and lends support to the Resource-Based View (RBV), which identifies product innovation as a critical firm-level resource for sustaining competitiveness and performance. It diverges, however, from Cummins et al. (2021). Substantively, the result suggests that SMEs which continually enhance existing products, or introduce features not readily available elsewhere, achieve a stronger overall competitive position — reinforcing product differentiation as a route to accessing new markets and sustaining advantage in the region.

The second objective assessed the effect of price innovation on SCA. The result shows a positive and significant effect ($\beta = 0.145$), such that a unit increase in price innovation raises SCA by 14.5%, consistent with Al-yed et al. (2022) and Elgamal and Al-Aassy (2023), though again inconsistent with Cummins et al. (2021). This indicates that SMEs adopting novel pricing strategies — geared toward attracting and retaining price-sensitive customers and easing entry into new markets — achieve measurably stronger competitive outcomes, underscoring pricing strategy as an underappreciated but consequential innovation lever.

The third objective examined the effect of distribution innovation on SCA. Although the relationship was positive, it was statistically insignificant ($\beta = 0.025$), meaning distribution innovation does not reliably predict changes in SCA within this sample. This result is consistent with Al-yed et al. (2022) and Sui and Yao (2023), but again departs from Cummins et al. (2021), suggesting that the strategic value of distribution innovation for SME competitiveness in this context remains inconclusive.

The fourth objective assessed the effect of artificial intelligence (AI) innovation on SCA. The relationship was similarly positive but statistically insignificant ($\beta = 0.046$), aligning with Al-yed et al. (2022) and Sui and Yao (2023), and again diverging from Cummins et al. (2021). This suggests that, at present, AI-driven innovation has not yet translated into a measurable competitive advantage for SMEs in Northwest Nigeria — plausibly reflecting the sector's still-emerging adoption of AI tools.

The fifth objective examined the effect of risk taking on SCA and produced the strongest direct effect in the model: a positive and significant coefficient of 0.350, indicating that a unit increase in risk taking raises SCA by 35%. This result is consistent with Chen et al. (2021), Alabi et al. (2022), Karnsomdee (2021), and Mosoti et al. (2020), and reinforces the RBV proposition that a firm's capacity for calculated risk-taking — for instance, conducting regular risk assessments to identify supply chain vulnerabilities and maintaining contingency plans to mitigate disruption — is a critical determinant of competitiveness, performance, and long-term sustainability.

4.2 Effects of Innovation Dimensions on Risk Taking

The study further examined how each innovation dimension shapes firms' risk-taking capacity. Product innovation exerted a positive and significant effect on risk taking ($\beta = 0.293$), suggesting that firms actively anticipating and adapting to environmental change are better positioned to take calculated risks. Distribution innovation likewise had a positive and significant effect ($\beta = 0.224$), indicating that firms that innovate in meeting customer delivery expectations correspondingly strengthen their capacity for calculated risk-taking. AI innovation showed the strongest effect on risk taking among the three significant predictors ($\beta = 0.321$), implying that firms leveraging AI to reduce human error in marketing operations develop a greater capacity for calculated risk-taking. Price innovation, by contrast, had a positive but statistically **insignificant** effect on risk taking ($\beta = 0.102$), suggesting that pricing strategy alone does not meaningfully build firms' risk-taking capacity.

4.3 Mediating Effect of Risk Taking

Using the Baron and Kenny (1986) criterion, risk taking was tested as a mediator between each innovation dimension and SCA. The results show that risk taking significantly mediates the relationship between product innovation and SCA ($\beta = 0.102$), indicating that firms' capacity for calculated risk-taking is a key mechanism through which product innovation translates into sustainable competitive advantage. However, risk taking did not significantly mediate the relationships between price innovation ($\beta = 0.036$), distribution innovation ($\beta = 0.086$), or AI innovation ($\beta = 0.112$) and SCA — indicating that, for these three dimensions, their influence on SCA operates largely independently of firms' risk-taking capacity. Collectively, these findings position risk taking as the most

consequential driver of sustainable competitive advantage among the variables examined — both directly, as the single strongest predictor in the model, and indirectly, as the mechanism through which product innovation exerts its effect on SCA. Product and price innovation emerge as significant direct contributors to SCA in their own right, whereas distribution and AI innovation, despite showing significant effects on firms' risk-taking capacity, do not yet translate into statistically significant direct or risk-taking-mediated gains in sustainable competitive advantage for SMEs in Northwest Nigeria. This pattern suggests that innovation alone is an insufficient strategic lever; it is the firm's underlying willingness and capacity to take calculated risks — cultivated in part through product and, to a lesser extent, distribution and AI innovation — that most decisively converts innovative effort into sustained competitiveness.

5. Conclusion and Recommendation

Among the four innovation dimensions, product innovation and price innovation significantly and directly enhance SMEs' sustainable competitive advantage in Northwest Nigeria, while distribution innovation and AI innovation show positive but statistically insignificant direct effects. Risk taking emerges as the single strongest direct predictor of SCA and is itself significantly driven by product, distribution, and AI innovation (though not by price innovation). However, risk taking's role as a mediator is more limited: it meaningfully explains only the product innovation SCA relationship, while its mediating role in the price, distribution, and AI innovation pathways to SCA is not statistically supported. This suggests risk taking's contribution to sustainable competitive advantage operates most powerfully as a direct driver rather than as

a broad mediating mechanism across all innovation types.

On the basis of the findings and conclusions above, the following recommendations are offered: Managers should;

- i. Prioritise continuous improvement of existing products, ensuring that innovative offerings remain easy to use and understand for customers.
- ii. Anchor price-setting decisions in cost structure relative to competing strategies, and ensure pricing innovations are flexible enough to respond to shifting market conditions and customer needs.
- iii. Redesign distribution-channel policies and strategies, and pursue their fuller implementation, to align with current global trends and remain competitive.
- iv. Redesign AI-related policies and strategies and pursue more deliberate implementation, positioning firms to benefit as AI adoption matures within the sector.
- v. Institutionalise regular risk assessment procedures to identify potential vulnerabilities across the supply chain.
- vi. Since risk taking significantly mediates the relationship between product innovation and SCA, they should sustain regular risk assessment specifically around product innovation, to continually identify and manage the vulnerabilities that accompany new product development.
- vii. Review and strengthen risk-assessment practices specifically applied to pricing

innovation, as the current approach is not translating pricing risk-awareness into competitive gains.

Limitations and Suggestions for Future Research

While this study offers useful insight into the mechanisms through which strategic marketing innovation shapes SMEs' sustainable competitive advantage in Northwest Nigeria — and the extent to which risk taking mediates that relationship several limitations point to avenues for future research.

First, the study's cross-sectional design precludes causal inference regarding the effect of strategic marketing innovation on SCA; future research should consider longitudinal or experimental designs to strengthen causal claims. Second, the sample was drawn from firms within Northwest Nigeria only, limiting the generalizability of the findings; future studies should extend data collection to other geopolitical zones for broader applicability. Third, given that risk taking was found to significantly mediate only the product innovation SCA relationship, future research should explore alternative measures of strategic marketing innovation, or examine other candidate mediating or moderating variables such as organisational culture to build a fuller understanding of the mechanisms linking innovation to sustainable competitive advantage.

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