

Effect of market differentiation on the business performance of cafe businesses

Tenorio, Shiloh Mae D. ✉

Divine Word College of San Jose, Philippines (shilohtenorio85@gmail.com)

Balmes, Jhullia Vylen E.

Cuisia, John Kurt P.

Cruz, Misty Sophia R.

Francisco, Jowee Ann A.

Curammeng, Samuel B.

Monterey, Joshua Cedrick D.

Galay-Limos, Jenny A.



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Abstract

This study examined the effect of market differentiation on the business performance of café businesses in San Jose, Occidental Mindoro. The independent variable, market differentiation, was analyzed through four sub-variables: product uniqueness, pricing strategy, customer service, and location. The dependent variable, business performance, was measured using three sub-variables: business sales, market influence, and customer satisfaction. The study employed a descriptive-correlational research design. Data were collected from 305 customers and 10 staff/owners of three selected cafés—He Brews Café, Thirty’s Café, and Coffee Break Café—using researcher-made questionnaires. Weighted mean was used to determine the extent of market differentiation and the level of business performance, while the Pearson product-moment correlation coefficient assessed the relationship between the variables. Findings indicated that the cafés exhibit a high level of market differentiation, with product uniqueness and customer service as the most influential factors. Business performance was generally high, with customer satisfaction and market influence showing the strongest positive effects, while business sales were moderately impacted. Correlation analysis revealed a significant relationship between market differentiation and overall business performance, demonstrating that cafés with more distinctive products, effective pricing strategies, quality service, and strategic locations tend to achieve better performance outcomes. This study highlights the critical role of market differentiation in enhancing café business performance. The results provide practical insights for café owners, employees, and future entrepreneurs, emphasizing that offering unique products, competitive pricing, exceptional service, and strategically located

establishments can improve sales, increase market influence, and foster customer loyalty. These findings serve as a valuable reference for businesses aiming to strengthen their competitive position in the local market.

Keywords: market differentiation, business performance, café business, product uniqueness, business sales

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1. Introduction

Cafés have evolved over the years; coffee is no longer just a simple mix of coffee and sugar. For the new generation, good coffee is now associated with being served in a quality café. Many entrepreneurs started opening businesses with a wide range of coffee and snack options. People who visit coffee shops want more than just coffee; they want to buy a unique product from that café that differentiates it from competitors. In San Jose, Occidental Mindoro, Cafes were places where a lot of different faces hung out, taking meetings or going on dates. For a long time, coffee has been viewed mainly as a commodity. Recently, however, emerging trends in both consumption and production have created new opportunities to move beyond this commodity status, according to a recent study by Pristiyono et al. (2022).

According to the research, product, price, and service differentiation have a significant effect on marketing innovation. The importance of market differentiation to a business's performance is evident. Some people buy only for what is unique about a business or shop; that is why this research will focus on how market differentiation among three cafés affects business performance. All businesses face different problems in maintaining their brand uniqueness (Giantri & Jatir, 2019). According to Adeleke (2019), failure is a major issue for small businesses globally; some small business owners have limited knowledge of business administration and marketing strategies necessary to help ensure the business's success. The study suggests that business owners should know how to give customers their own branding, especially on products that will make many customers eager to have them. A recent study by Christiyantyo (2023) investigates the performance of the coffee shop business and identifies the factors that influence it. It states that the upgrades made by coffee shop business owners significantly affected the performance of their coffee shops at that time.

In this case, the study discusses the importance of introducing innovations to a business to enhance its performance. Despite extensive research on the relationship between market differentiation and the business performance of café businesses, much of the existing literature focuses on different timeframes, particularly during the pandemic. However, there is a specific gap in understanding how this study provided answers for the residents of San Jose, Occidental Mindoro. Market differentiation in San Jose, Occidental Mindoro, plays a vital role in demonstrating distinct brand qualities in each shop. Some of the factors that affect customers' perspectives when choosing a cafe include each shop's market differentiation, such as product uniqueness, pricing strategy, customer service, and location. It just means that these market differentiations had a great impact on the business performance of each coffee shop, especially on sales, market influence, and customer satisfaction. The research served as a guide for business owners to transform their businesses in a more meaningful way to make a difference here in San Jose, Occidental Mindoro. Among other significant studies, Widuri & Sutanto (2019) examine the relationships among differentiation strategy, market competition, and earnings management. The study's results were intended to provide evidence that a differentiation strategy significantly impacts management decisions regarding real earnings management. This research highlights the important role that market differentiation plays in shaping business performance and strategic decision-making. This study aimed to examine the factors that influence the impact of market differentiation on the business performance of coffee shops in a rural setting, with a particular focus on the relationships among these elements. It also seeks to serve as a foundational resource in areas where understanding of business practices remains limited. Specifically, the research provided a localized perspective on businesses in San Jose, Occidental Mindoro. The findings not only contribute to a deeper understanding of market differentiation but also demonstrate how it can enhance a coffee shop's ability to attract and retain customers. Ultimately, the study aims to address common concerns and questions about business growth and performance. The research focused on how market differentiation affects overall business outcomes.

Statement of the Problem - This study aimed to determine the effect of market differentiation on the business

performance of cafes in San Jose, Occidental Mindoro. Specifically, the study aimed to answer the following questions: (1) What is the extent of market differentiation of cafe businesses in San Jose, Occidental Mindoro, in terms of product uniqueness, pricing strategy, customer service, and location? (2) What is the level of business performance of cafe businesses in San Jose, Occidental, in terms of business sales, market influence, and customer satisfaction? (3) Is there a significant relationship between market differentiation and the business performance of cafe businesses in San Jose, Occidental Mindoro?

Significance of the Study - This study explores the differentiation of cafes in San Jose and the strategies they use to attract customers. The study will benefit café owners by identifying which aspects of their businesses they need to improve or upgrade. It will also guide in identifying effective strategies to attract more customers, enhance their Cafe business, and increase their income. This study contributes additional knowledge about the service quality employees provide. Every employee's performance is a big help to their business to have a unique feature. Their attitude, creativity, and skills can influence customer satisfaction. Customers will learn the differences between the cafes they visit by identifying the unique features of each cafe. They will know which cafe offers better service. The owners will learn the wants and preferences of their target market. This study will serve as a guide for future business owners examining the cafe business, helping them develop their own businesses. Also, to know what good strategies they need to use for a successful cafe business in San Jose. The study is a great help to the Local government in providing support to businesses within the municipality. Through the study, they can develop a program to assist cafe owners. It will also help academic institutions or schools serve as a reference for students and teachers interested in studying business, providing more knowledge about the differentiation of each business. This study will help future researchers gain additional knowledge about the differences and similarities of businesses. It will also serve as their guide in developing their research. They will learn the strategies business owners use to earn a profit.

Scope and Delimitation of the Study - This research examined the relationship between market differentiation and business performance of cafe businesses in San Jose, Occidental Mindoro. The study will gather data on He Brews, Thirdys, and Coffees Break Cafes in San Jose, Occidental Mindoro. The study was conducted from July 2025 to March 2026. Market differentiation was specifically focused on product uniqueness, pricing strategy, customer service, and location. The business performance focused on business sales, market influence, and customer satisfaction. Also, each participant received the same questionnaire for data collection. It is important to note that the findings of this study apply only to the participants involved and cannot be generalized to individuals outside the specific population. The primary data source for this research was the questionnaire made by the researchers.

2. Methodology

Research Design - This study utilized a descriptive correlational design, in which both descriptive and correlational methods were used to gather the data. This design focuses on determining existing conditions and the relationships among two or more variables without manipulating them, allowing researchers to identify patterns and measure the degree of association between them, as discussed in Creswell's quantitative research framework (Creswell, 2014). Descriptive design was used to determine the extent of market differentiation and the status of business performance. Moreover, a correlational design was used to determine the significant relationship between market differentiation and cafe businesses' performance.

Respondents of the Study - The respondents of the study comprised customers, staff, and owners of the cafe business in San Jose, Occidental Mindoro. This study used a stratified random sampling method to select respondents who answered the study's market differentiation questionnaire. The number of participants depended on the total population across the three cafés; therefore, a sample size was chosen to minimize bias. Also, the study used a complete enumeration method to choose the respondents for the business performance questionnaire. A letter of request was sent to the three cafe businesses to use the information they share for the study. The sample size was computed using the Raosoft Calculator with a 5% margin of error or 95% confidence level; thus, out of

1460 customers, the sample size was 305. In addition, all ten (10) staff and owners of the cafe business were included.

Research Instrument - This study used researcher-made questionnaires to explore the relationship between market differentiation and café business performance in San Jose, Occidental Mindoro. Two separate questionnaires were distributed: one for customers, who assessed market differentiation among café businesses, and another for staff and owners, who evaluated business performance. The market differentiation questionnaire consisted of four sections covering the following sub-variables: product uniqueness, pricing strategy, customer service, and location. Meanwhile, the business performance questionnaire will focus on three sub-variables: business sales, market influence, and customer satisfaction. To determine the validity and reliability of the researcher-made instrument, the researchers seek assistance from experts in the field to ensure the survey is both reliable and credible. The three experts came from the senior high school faculty. The validation and reliability process focused on ensuring that the items were clear, relevant, and aligned with the study's objectives and sub-variables. The experts' comments and suggestions were incorporated into the final copy of the survey questionnaire.

Data Gathering Procedure - A formal letter of request, signed by the expert, was prepared and addressed to the cafe owners. The letter stated the purpose of the research, the objectives of data collection, the importance of the study, and requested permission to conduct the survey. Respondents were asked to read and sign the informed consent form before answering the survey. Only those who voluntarily agreed and signed the consent form were included in the study. The researchers in this study personally distributed the survey questionnaires to cafe owners. The data-gathering process was scheduled to take place over a period of seven (7) days.

Statistical Treatment of the Data - The data for the study were analyzed using descriptive statistics. Weighted Mean was used to determine the extent of market differentiation in terms of product uniqueness, pricing strategy, customer service, and location, and to assess business performance in terms of sales, market performance, and customer satisfaction. Furthermore, Pearson's R Moment Correlation Coefficient was utilized to determine the relationship between the independent and dependent variables.

Ethical Considerations - All selected respondents had their privacy protected, and their survey responses remained confidential. Before answering the survey, the researchers informed them and explained the details of the questions. If a respondent did not participate, the researchers respected their decision and moved on to the next respondent. All participants had the right to answer the survey. Furthermore, the respondents' backgrounds were respected; for example, if their religion prohibited certain practices, those were taken into consideration. The APA 7th edition style was used as the format for this study.

3. Results and Discussions

Table 1

Mean Extent of Market Differentiation in terms of Product Uniqueness and Pricing Strategy

Indicators (Product Uniqueness)	Weighted Mean	Verbal Description
1. The café offers products that are different from those of other cafes.	3.93	High Extent
2. The cafe's products have higher quality compared to others.	3.87	High Extent
3. The café regularly introduces new menu items.	3.77	High Extent
4. The cafe's product design is different from others.	4.03	High Extent
5. Customers know the café because of its unique products.	3.95	High Extent
Composite Mean	3.91	High Extent
Indicators (Pricing Strategy)		
1. The café's prices are competitive with those of other cafés.	4.06	High Extent
2. The café offers products at different price levels.	4.00	High Extent
3. Customers find the café's prices reasonable.	4.08	High Extent
4. The café gives discounts or promos to attract customers.	3.69	High Extent
5. Customers find the café's prices reasonable.	4.11	High Extent
Composite Mean	3.99	High Extent
OVERALL MEAN	3.95	High Extent

Legend: 4.20-5.00 Very High Extent; 3.40 -4.19 High Extent; 2.60-3.39 Moderate Extent; 1.80-2.59 Low Extent; 1.00-1.79 Very Low Extent

Table 1 presents the mean level of market differentiation in terms of product uniqueness, with a composite mean of 3.91, indicating a high level of differentiation. Gathering extensive observations is significant for market differentiation strategies. The study suggests that customers perceive the café as highly differentiated due to the uniqueness of its products. Among the indicators, the product design and presentation, which differed from others, had the highest weighted mean (4.03). A composite mean score of 3.91, indicating a high degree of discrepancy in mean rankings, shows that cafes offer distinctive quality as a differentiation strategy in the marketplace and can deliver products that add value to consumers and strengthen their competitive position. A distinctive product offers cafes the opportunity to reduce competition and draw consumer attention to their brand. This is supported by Widuri and Sutanto (2019), who find that firms using differentiation strategies tend to perform better and have a more sustainable long-term future than those that focus on manipulating earnings or creating financially motivated earnings, as they generate unique value for consumers. The highest weighted mean (4.03) was observed for the indicator “The café’s product design or presentation is different from others.” This illustrates that customers place great importance on visual appeal and the distinctiveness of presentation, as this uniqueness contributes significantly to the perceived value of a café's offering. This is supported by previous research by Chege (2019), which states that visually distinguishable attributes, branding, and superior product visual attributes can have a significant impact on creating a sustainable competitive advantage and improving business performance. On the other hand, the lowest weighted mean (3.77) was recorded for “The café regularly introduces new menu items”. While this item still represents High Level, there is less emphasis on continuous innovation than on other attributes related to uniqueness. On the contrary, Giantari and Jatra (2019) argued that firms must consistently transform market knowledge into innovative and differentiated products to sustain performance. This difference suggests that while cafés prioritize presentation and quality, increasing product innovation could further enhance their differentiation strategy.

In addition, the mean extent of market differentiation of café businesses in San Jose, Occidental Mindoro, with respect to pricing strategy, was assessed by customers using several pricing-related indicators. The table shows a composite mean of 3.99, which falls within the High extent category according to the provided legend (3.40–4.19). This indicates that the cafés in the area generally use effective pricing strategies, as customers consider their prices to be reasonable, competitive, and suitable for different markets. This suggests that pricing is an important differentiation that allows cafés to attract their customers while remaining competitive in the local market. This finding is supported by Isah et al. (2024), who found that the use of appropriate pricing strategies, such as value-based, cost-plus, and competitive pricing, significantly influence customers’ purchasing decisions and help businesses to remain competitive. Among the indicators, the highest weighted mean was recorded for the statement “Customers find the café’s prices reasonable” (Weighted Mean = 4.11), indicating that customers strongly agree that café prices provide good value for money. This may be attributed to cafés offering prices that match product quality and customer expectations, which enhances satisfaction and trust. This result is consistent with the findings of Cui et al. (2016), who noted that well-managed pricing and promotional strategies positively influence customer perceptions and sales performance.

On the other hand, the lowest weighted mean was observed in the indicator “The café gives discounts or promos to attract customers” (Weighted Mean = 3.69). However, it falls under the High Level category. This suggests that while cafés offer promotions, they rely more on fair and competitive pricing than on frequent discounts. This aligns with Flores et al. (2025), who argued that excessive reliance on discounts may not support long-term business growth and that balanced pricing strategies are more effective for sustainability.

Table 2 shows the mean extent of market differentiation in customer service, which is relatively high at 4.11 and is measurable through various indicators. The study indicates how cafe services influence every customer who visits the cafe. The all-composite mean is verbally interpreted as indicating a high extent: that the cafe serves every customer high-quality service and products, and they are satisfied with how the service is delivered, with a warm welcome to every customer. Many businesses are using different strategies that focus on creating unique services and value to engage more customers. Similarly, Jerab and Mabrouk (2023) argue that quality service makes the cafe different from its competitors, creating unique value for customers, which is an advantage. Strongly built

companies make the business grow and profitable. Among the indicators, “the cafe staff treat customers in a friendly and respectful way” obtained the highest extent (4.13). Customer service has a big impact on the customer, meaning that when the cafe gives quality service, there is a high chance the customer will stay and continue to support the business. This study also highlights that effective customer service creates a positive environment for both customers and staff. Providing quality service is a tool for building loyal customers (Emmanuel, 2021). “Customers feel welcome when they visit the cafe” has the lowest level (4.09) and is influenced by factors like the café’s ambiance, which played a significant role in building customer satisfaction. Patino (2018) states that good customer service has a significant effect on business reputation.

Table 2*Mean Extent of Spending Habits in terms of Customer Service and Location*

Indicators (Customer Service)	Weighted Mean	Verbal Description
1. Many customers return to the café because of the service.	4.12	High Extent
2. Customers feel welcome when they visit the café.	4.09	High Extent
3. The café serves customers quickly.	4.13	High Extent
4. The café handles customer complaints properly.	4.1	High Extent
5. The café staff treat customers in a friendly and respectful way.	4.13	High Extent
Composite Mean	4.11	High Extent
Indicators (Location)		
1. The café is easy to see or notice from the street or public areas.	4.27	Very High Extent
2. The café’s location attracts walk-in customers.	4.27	Very High Extent
3. The café is easy to reach by public or private transport.	4.33	Very High Extent
4. The café is located in a convenient place for customers.	4.19	Very High Extent
5. The café’s surrounding area gives customers a good impression.	4.29	Very High Extent
Composite Mean	4.27	Very High Extent
OVERALL MEAN	4.19	Very High Extent

Legend: 4.20-5.00 Very High Extent; 3.40 -4.19 High Extent; 2.60-3.39 Moderate Extent; 1.80-2.59 Low Extent; 1.00-1.79 Very Low Extent

Moreover, the mean level of market differentiation by location is interpreted as very high, with an overall composite mean of 4.27 across 5 indicators. The results show that the location of café businesses significantly influences customer attraction and visits. The very high composite mean indicates that cafes are situated in strategic locations that are easy to access and notice and efficient for customers. With a good location, cafes attract walk-in customers and leave a good impression, which strengthens their market differentiation. This finding is supported by Fauzi et al. (2021), who noted that selecting a strategic business location improves accessibility, visibility, and customer flow. Among the indicators, "The cafe is easy to reach by public or private transport" recorded the highest mean score of 4.33, showing that accessibility is the most important factor in location-based differentiation. This suggests that customers prefer cafes that are easy to reach; effortless transportation leads to frequent visits and customer retention. Accessibility also allows cafes to cater to a wider customer base, including both residents and visitors. This outcome is consistent with the findings of Marquez et al. (2025), who reported that easily accessible business locations improve customer reach and market influence. However, "The cafe is located in a convenient place for customers" received the lowest mean score of 4.19, though it remains very high. This may be due to aspects such as nearby competition, parking limitations, or varying customer preferences.

Table 3*Mean level of Business Performance in terms of Business Sales, Market Influence, and Customer Satisfaction*

Indicators (Business Sales)	Weighted Mean	Verbal Description
1. Promotions or special offers increase the café’s sales.	4.27	Very High Level
2. The café attracts enough customers to meet sales targets.	3.91	High Level
3. The café experienced an increase in sales in recent months.	4.00	High Level
4. The café’s daily or weekly sales are consistent.	4.27	Very High Level
5. The café’s product pricing helps boost sales.	4.18	High Level
Composite Mean	4.13	High Level
Indicators (Market Influence)		
1. The café is well-known within the community of San Jose.	4.27	Very High Level
2. Customers recommend the café to others.	4.09	High Level
3. The café has a good reputation compared to competitors.	4.18	High Level
4. The café can compete well with other cafés in the area.	4.09	High Level
5. Many customers choose this café over other cafés.	4.18	High Level
Composite Mean	4.16	High Level

Indicators (Customer Satisfaction)		
1. Customers give positive feedback about the café.	4.18	High Level
2. Customers are satisfied with the café's prices.	4.00	High Level
3. Customers usually return to the café after their first visit.	4.45	Very High Level
4. Customers are satisfied with the café's service.	4.18	High Level
5. Customers are generally satisfied with the café's products.	3.82	High Level
Composite Mean	4.13	High Level
OVERALL MEAN	4.19	Very High Extent

Legend: 4.20-5.00 Very High Level; 3.40 -4.19 High Level; 2.60-3.39 Moderate Level; 1.80-2.59 Low Level; 1.00-1.79 Very Low Level

Table 3 presents the mean level of business performance in terms of sales, with a composite mean of 4.13, indicating a strong result. The implications of this high level of observation are significant for determining a café's business performance. The findings suggest that business sales play an essential role in determining the café's success and sustainability. The highest weighted mean was observed for the indicators "Promotions or special offers increase the café's sales" and "The café's daily or weekly sales are consistent." This illustrates that promotional activities and sales stability are the most influential factors contributing to the café's sales performance. Effective promotions encourage customer purchase decisions and restore demand, while consistent daily or weekly sales indicate steady customer patronage and a reliable income stream. This finding supports Birón (2025), who highlighted that cafés employing promotional strategies and product-related incentives experience improved sales outcomes due to increased customer engagement and repeat purchases. On the other hand, the lowest weighted mean was recorded for the indicator "The café attracts enough customers to meet sales targets." Although this indicator still falls under a High Level, the corresponding lower mean suggests potential challenges in expanding market reach or consistently achieving the desired customer volume. This may be influenced by external factors such as market competition, changing consumer behavior, or economic conditions. In support of this finding, Fairlie and Fossen (2021) noted that external disruptions, such as economic uncertainty and business environment restraints, can negatively affect customer turnout and sales performance, especially for small businesses.

Additionally, the mean level of business performance in terms of market influence reveals how people perceive the impact of café businesses in San Jose, Occidental Mindoro, on the local market. It looks at factors such as brand awareness, customer referrals, reputation relative to competitors, competitive capability, and customer preferences. With an overall mean score of 4.16, indicating a high level, it is clear that these cafés have a robust market presence. This idea is backed by Widuri and Sutanto (2019), who underline that distinctive and strategic business practices significantly help gain a competitive edge and boost business performance. Looking at individual indicators, the café's strong brand recognition and visibility in the local San Jose community stand out, with the highest mean score (4.27). This underscores the importance of maintaining a consistent presence and familiarity within the community to achieve significant market influence. Patino (2018) supports this view, stating that high visibility and customer-focused service are crucial in enhancing business reputation and fostering customer trust. However, the indicators "Customers recommend the café to others" and "The café can compete well with other cafés in the area," both scoring a mean of 4.09, signal room for improvement. Enhancing service quality and customer engagement could bolster customer advocacy and competitive positioning. This insight aligns with Ayub (2024), who highlights that enhancing customer service and the overall experience is vital to meeting customer expectations and maintaining competitiveness.

Moreover, the mean level of business performance in terms of customer satisfaction was 4.13, indicating a strong result. This indicates that customer satisfaction plays a crucial role in the performance of the cafe. The findings suggest that customers generally perceive the café positively regarding prices, service, products, and overall experience. This is supported by a study by Zakari and Ibrahim (2021), who concluded that customer satisfaction has a significant positive impact on the performance of small businesses, particularly in achieving financial results. The highest weighted mean (4.45) was observed for the customer retention indicator. This implies that the café does a good job of providing customers with a positive experience on their first visit, which incentivizes them to return.

On the other hand, the lowest weighted mean (3.82) was observed in the customer satisfaction with the current products indicator. Even though this still represents a level of satisfaction higher than average, it indicates a relatively lower degree of satisfaction compared to other indicators. This is supported by the study by Priono et al. (2024), where they indicated that innovation and adaptation of the products sold in a business are critical in helping to increase the performance of the business, suggesting that creating more innovative products would be an excellent way for the café to improve both customer satisfaction and overall performance.

Table 4 presents the correlation coefficients and significance levels between market differentiation and café businesses' performance in San Jose, Occidental Mindoro. The data analysis reveals that market differentiation has a significant relationship with business performance, particularly in terms of sales, market influence, and customer satisfaction, indicating that how cafes differentiate their marketing plays a crucial role in their business performance. In the relationship between the sub-variables of market differentiation and the sub-variable of business performance, which is the business sales, the product uniqueness had the strongest relationship with business sales ($r = 0.485$, $p < 0.001$), indicating that cafes offering new, unique, and innovative products are most likely to have higher business sales. On the other hand, location had the weakest relationship with business sales; this indicates that even if a café has a strong strategic location, that alone may not drive business sales to increase. The findings relate to the theory of the Unique Selling Proposition (USP) by Rosser Reeves, which emphasizes that businesses that have distinctive features that offer a variety of goods or services gain a competitive advantage in the business world. Overall findings for this lead to the rejection of the null hypothesis; however, the pricing strategy and location variables lead to the acceptance of the null hypothesis.

Table 4
Correlation Coefficients and p-values for Hypothesis Testing (H_0)

Variables	Correlation Coefficient	Effect Size (r^2)	Critical value	t-value	P-value	Interpretation
Market Differentiation → Business Performance (Business Sales)						
Market Differentiation (Product Uniqueness) → Business Performance (Business Sales)	0.485	0.235	1.968	9.647	<0.001	Highly Significant
Market Differentiation (Pricing Strategy) → Business Performance (Business Sales)	-0.057	0.003	1.968	-0.994	0.321	Not Significant
Market Differentiation (Customer Service) → Business Performance (Business Sales)	-0.455	0.207	1.968	-8.887	<0.001	Highly Significant
Market Differentiation (Location) → Business Performance (Business Sales)	-0.054	0.003	1.968	-0.943	0.347	Not Significant
Market Differentiation → Business Performance (Sales Performance)	-0.16439	0.027	1.968	-2.901	0.004	Significant
Market Differentiation → Business Performance (Market Influence)						
Market Differentiation (Product Uniqueness) → Business Performance (Market Influence)	-0.027	0.001	1.968	-0.472	0.637	Not Significant
Market Differentiation (Pricing Strategy) → Business Performance (Market Influence)	0.273	0.075	1.968	4.949	<0.001	Highly Significant
Market Differentiation (Customer Service) → Business Performance (Market Influence)	0.025	0.001	1.968	0.443	0.658	Not Significant
Market Differentiation (Location) → Business Performance (Market Influence)	0.183	0.033	1.968	3.232	<0.001	Highly Significant
Market Differentiation → Business Performance (Market Influence)	0.265	0.070	1.968	4.787	<0.001	Highly Significant

4. Conclusions

Based on the findings collected, the researchers have arrived at the following conclusions. Product uniqueness increases a café's sales by offering distinctive products that attract customers and set it apart from competitors. Pricing strategy plays a vital role in the market, as customer perception and brand recognition are enhanced when a café business offers fair, affordable prices. Customer service strongly affects customer satisfaction, indicating that friendly staff and high-quality service are important for generating positive feedback. Location contributes to business performance by improving accessibility and market visibility, although it alone may not be sufficient to drive higher sales. Business sales are influenced by marketing differentiation, specifically by offering unique products to encourage repeat customers and build customer loyalty. Market influence reflects the café's ability to gain recognition and a presence in the community, which is largely shaped by effective pricing. Customer satisfaction plays a crucial role in overall business performance. Customers are more likely to return and recommend the café when they are satisfied with the café's service. There is a highly significant relationship between market differentiation and business performance among café businesses in San Jose, Occidental Mindoro, indicating that market differentiation can effectively influence café business performance.

Recommendations - After collecting data and analyzing the relationship between market differentiation and business performance of cafe businesses in San Jose, Occidental Mindoro, the following recommendations are made: The cafes can continue to develop originality by providing unique and original drinks and food that are distinguishable from other cafés and restaurants through unique drinks, local flavors, seasonal food and/or beverages, or limited-time promotions. By creating original menu concepts, cafés can attract new customers and encourage them to return. The café can remain competitive by adopting a pricing strategy best suited to the current state of the business and the market. The staff and owner may continue to provide customers with good service that is essential to enhancing the overall customer experience, building customer loyalty, and encouraging repeat customers. Cafés continue to provide friendly service, quick response, and a personal touch in café customer service. The owner may consider a high-traffic location to ensure access and visibility for the café and maximize customer reach. The cafe may improve marketing campaigns, social media engagement, and combo deals that promote unique products, which can also lead to customer retention and repeat purchases. The cafe may improve its market influence by participating in community activities, integrating with local events, and using social media to increase exposure, build brand recognition, and develop a strong market presence. The cafe may improve its market influence by participating in community activities, integrating into local events, and using social media to increase exposure, build its brand, and develop a strong market presence. Cafes may strive to align their strategies for market differentiation with those for business performance to generate more sales, greater customer satisfaction, and increased profitability. Improving the uniqueness of product offerings is directly connected to increasing business sales and increasing customer satisfaction in cafes. Future researchers may consider examining additional variables that may impact café business performance, such as brand loyalty, marketing strategies, and online presence or operations. Future extensions of this study to include additional towns or regions in Occidental Mindoro will expand understanding of the market differentiation process and its relation to café business success.

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