

## **ABSTRACT**

*The increasing demand in the industrial market driven by global trends, technology, and economic as well as geopolitical conditions compels businesses in Indonesia to adapt in order to remain competitive. The Food and Beverage (F&B) industry, particularly Micro and Small Enterprises (MSEs) in culinary sector, has been significantly affected by these changes. This study examines company strategies in creating a competitive advantage through customer orientation, using the Resource Advantage Theory (R-A Theory) of Competition to understand the influence of customer orientation on product innovation and online presence as mediating variables that affect firm performance.*

*This study is an update of previous research conducted in Vietnam, focusing on MSEs culinary owners in Depok City, Indonesia. Data were collected quantitatively through online questionnaires using Google Forms. A non-probability purposive sampling method was applied with a total of 156 respondents. Data analysis was carried out using Structural Equation Modeling (SEM) with AMOS 24, which allows for both direct and indirect mediation testing through bootstrapping to obtain more accurate results.*

*The results of the study indicate that customer orientation has the strongest direct influence on product innovation compared to other variable relationships. In addition, product innovation shows a positive and significant effect on both online presence and firm performance. This demonstrates the existence of a mediating relationship between customer orientation and firm performance through product innovation. Furthermore, online presence also has a positive and significant effect on firm performance, proving that product innovation plays a mediating role in enhancing firm performance through online presence, and it is proven that an increase in product innovation contributes to an improvement in firm performance via online presence.*

**Keywords:** *MSEs, F&B Industry, Customer Orientation, Product Innovation, Online Presence, Firm Performance.*