

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the Study**

Branding has been at the forefront of consumerism for over a century and has become one of the key components to a successful business. The definition of corporate branding according to Balmer and Gray (2003) states that corporate brands are marks denoting ownership, image-building devices, symbols associated with key values, means by which to construct individual identities and a conduit by which pleasurable experiences may be consumed. Branding has become the cornerstone of corporate success. The idea of creating a brand and reputation that the consumer can relate to and want to be a part of is a necessity for every business or organization today.

In today's increasingly competitive marketplace, a brand's point of view must be distilled to the clearest message possible to gain the attention of its target market. Brands must stand out not only by being different but by being authentic. By individualizing yourself from the competition in a way that's relevant to your target customers, you can create advocates, establishing credibility and ultimately increasing your loyalty aspect and market status. To firms, brands represent enormously valuable pieces of legal property that can influence consumer behaviour. A brand can be defined as a set of tangible and intangible attributes designed to create awareness and identity and to build the reputation of a product, service, person, place, or organization. The objective of branding strategy is to create brands that are differentiated from the competition, thereby reducing the number of perceived

substitutes in the marketplace, increasing price elasticity, and improving profits. Branding strategies are built on the interdependent frameworks of competitive brand positioning, value chains development, and brand equity management. Brand promotion has advantages for branders as well as customers. A good brand reduces the marketer's selling time and effort and sometimes a firm's brand name is the only element in its marketing mix that a competitor cannot copy. Also good brands can improve the company's image speeding acceptance of new products marketed under the same name. Thus branding can be seen as a powerful means to secure a competitive advantage.

Brand differentiation is a process undertaken by companies who seek to ensure their brand stands out from their competitors'. By singling out unique qualities your product offers and promoting them in a way that best targets your consumers, you are likely to gain a competitive advantage over your rivals, which, in turn, should equate to increased market share. Brand differentiation does not relate to your logo, tagline or slogan. While these elements can distinguish your corporation appearance wise, they do not necessarily set you apart from your competitors. Brand differentiation, therefore, focuses on what you can offer your customers. To differentiate yourself from similar retailers, in essence, you need to be able to provide something your competition does not.

Beyond deciding which segments of the market it will target, the company must decide on a value proposition, that is, how it will create differentiated value for targeted segments and what positions it wants to occupy in those segments. Companies must pursue relevant

differentiation and positioning, each company and its product must represent a distinctive big idea in the mind of the target market. Given the many brands available in the market place, a company must carefully consider both the strengths and the weaknesses of competitors when developing marketing strategy; this is to aid the product positioning task.

The differentiation and positioning task consists of three steps:

1. Identifying a set of possible differentiations that create competitive advantage,
2. Choosing the right competitive advantages and
3. Selecting an overall positioning strategy.

In essence, product positioning extends market segmentation by defining the market target that management intends the firm to penetrate. It establishes the segments at which the firm intends to focus its marketing efforts; this is the segments where the firm is most likely to have a competitive advantage. Consumers are overloaded with information about products and services, to simplify the buying process, consumers organize products, services and companies into categories and “position” them in their minds. But marketers do not want to leave their product’s position to chance, therefore, they must plan positions that will give their products the greatest advantage in selected target markets and they must design marketing strategies to create these planned positions.

According to Michael Porter, the author of “Competitive Advantage,” “Competitive advantage grows fundamentally out of value a firm is able to create for its buyers that

exceeds the firm's cost of creating it.” There are two basic types of competitive advantage: cost leadership and differentiation.

Competitive advantages are associated with various factors, including quality, branding, cost structure, intellectual property, technological innovation, or customer service. They enable a company to provide customers with products or services of higher value than the competition, generating higher margins or more sales.

The key to superior performance is to gain and hold a competitive advantage. Firms can gain a competitive advantage through differentiation of their product offering which provides superior customer value or by managing for lowest delivered cost. These two means of competitive advantage when combined with the competitive scope of activities result in four generic strategies: differentiation cost leadership, differentiation and cost focus. Differentiation strategy involves the selection of one or more choice criteria that are used by many buyers in an industry. The firm then uniquely positions itself to meet these criteria. Differentiation gives customers a reason to prefer one product over another. In order to create a differentiated position, a firm need to understand the nature and location of the potential sources of competitive advantage. The nature of these sources are the superior skills distinctive capabilities of key personnel that set them apart from the personnel of competing firms and the superior resources of a firm- tangible requirements for advantages that enable a firm to exercise its skills, it includes the number of sales people in the market, expenditure on advertising and sales promotion, distribution coverage,

expenditure on research and development, financial resources, brand equity and knowledge. These skills and resources are translated into a differential advantage when the customer perceives that the firm is providing value above that of the competition.

The objective of positioning is to create and maintain a distinctive place in the market for a company and its products, but to compete successfully in a target market involves providing the customer with a differential advantage. This differential advantage can be created using the marketing mix;

**Product:** Brands were differentiated based on product performance in areas of speed, comfort and safety levels, capacity and ease of use or improving taste or smell. Product development was a cornerstone of corporate activity, and continual product improvement was an acknowledged objective for any brand marketer. However, while companies still invest heavily in research and development and still seek a product performance edge wherever it can be found, it is a marketing maxim that differences in performance now are often minimal at best.

**Distribution:** Lacking meaningful product performance differences, marketers have traditionally emphasized another marketing resources; wide distribution coverage and or careful selection of distributor location to provide convenient purchasing for customers. In other words, products that are conveniently available with all other things being equal be chosen most often.

**Promotion:** The most commonly pursued marketing solution lies in the area of brand communications, advertising and promotions. At a time when products perform in similar ways when availability differences are often minimal and when price differentiation may be only temporary, powerful advertising messages, creatively carving a sustainable and unique position in the minds of a receptive audience.

**Price:** Pricing has been another marketing tool often used to establish differentiation. The challenge, however, is how to “own” a real (or perceived) long-term price advantage. Short-term offers, deals, and price promotions can provide a brand an apparent price advantage and the appearance of differentiation.

However, as the acknowledged goal of brand marketing is to build customer loyalty a short term advantages or a temporary point of differentiation is simply not sufficient. Sustainable differentiation is required. If the sustainable differentiation is to be based on price, and is to be owned over time, the marketer must occupy the “low-cost provide” position. Thus, price as well as product performance is not what differentiates these brands. So, price is what keeps customers coming back or keeps them from leaving. The end result of differentiation and positioning is however, the successful creation of a market focused valued position.

## **1.2 Statement of the Problem**

The importance of brand differentiation in consumers' psyche has been debated in both academia and industry for over 20 years. Proponents of brand differentiation argue that

consumers value brands that are different to competitors and are willing to pay more for them (Keller, 2013; Hollis, 2015), while opponents argue that differentiation is inferior to other brand success drivers such as salience and that consumers make purchases regardless of differentiation (Romaniuk et al., 2007; Sharp, 2010). Despite the uncertainty about whether differentiation matters to consumers, many brands have adopted differentiation as a key business strategy. The alternate view questions the relevancy of differentiation in purchase and loyalty creation, as well as the ability to attain sustainable differentiation altogether (Bendixen, 2011; Romaniuk et al., 2007; Sharp, 2010). Opponents to differentiation favour salience and awareness as key branding objectives on the basis that constant technological disruption and overpopulated categories leave fewer opportunities for differentiation (Di Somma, 2015).

Another academic study of brands in both the United Kingdom and Australia (Romaniuk et al., 2007) found that most consumers do not perceive most brands to be differentiated, yet still consume them. The findings revealed that only 17% of current customers of the brands tested in a wide range of categories report the brands as either different or unique, even though most are well-performing brands. Products should be positioned in a particular market segment as products positioned in the wider market to appeal to all were not able to establish in the marketplace (Trout & Ries, 1972). Treacy & Wiersema (1993) supported this as they pointed out that industry leaders are focused in the narrow market segment. But Miles & Snow (1978; cited by Morgan & Strong, 1997) pointed out that 'Prospector' firms are opportunistic and show interest in new and broader markets.

Trout & Ries (1972) suggested that it is extremely difficult for a company serving in any product category to establish a position in a different product category as evidence from the industries confirmed that transfer of skills to other products or marketing situations was not successful. This view is not always acceptable as existing competitive advantages could be used to build sustainability (Ghemawat, 1986) and competences could be enhanced if they are applied and shared. (Hamel & Prahalad, 1990).

Many of the research studies on brand positioning have not specifically been concerned with the relationship and the interplay of specific factors and their association to competitive advantage success and failure. In order to determine factors to be considered by organizations in their brand positioning strategy, and the factors contributing to competitive advantage additional research is required.

In a competitive business world, companies should constantly examine and re-examine their products and services in order to serve their customers better. The strategies that worked and improved performance last year may not work well this year. Brand differentiation and positioning are key parts of a company's marketing strategy and are necessary to keep ahead of competition. They also require an innovative spirit coupled with careful analysis. Therefore, for companies striving to gain a foothold in competitive markets, creating a valuable brand is not a choice but a need (Nguyen et al. 2019). Although, some studies, such as Romaniuk et al. (2007), Winzar et al. (2018) and Ahmed and Latif (2019) investigated these issues but have not considered their effect on brand



competitiveness. Thus, according to current academic literature we believe that, economics competitiveness can determine brand value and foster the marketing and strategic orientation of the brand, to achieve higher competitiveness.

One major issue with many differentiation strategies today is inflexibility. These strategies often lack provision for the possibility of competitive response and, once in place, cannot easily adapt to a changing marketplace. And since customer needs change over time, companies must constantly scrutinize the market landscape, assess their core strengths in meeting changing needs (relative to competitors') and, if necessary, change their differentiation-positioning strategy to stay ahead of the competition.

In reality, the primary goal of firms pursuing a differentiation strategy is not only to differentiate their products or to offer consumers variety, but to produce a better product that the consumers would buy in preference to competitor's products. In effect differentiation enhances competitive advantage by making customers more loyal and less price sensitive to a given firm's product. Additionally, consumers are less likely to search for alternative products once they are satisfied with the firm's product(s). It can therefore be concluded that sustainable competitive advantage revolves around differentiating the firm's product from the competitors along attributes that are important to consumers (Barone and DeCarlo, 2003).

Companies developing positioning strategies should first determine attribute and images of competitor exactly and accurately. Then they must designate a positioning strategy for

the product to make it distinct and desirable. The goal is not only to produce products that are not in competition with others but are desired by consumers. In doing this, the company must provide answers to the following questions: What kinds of differences exist in the products and services offered to target market from the competitors? What is their strength and preference for consumers? Answers to the above questions will guide the formulation and implementation of strategic planning regarding the choice of differentiation and positioning strategy. In a nutshell, differentiation and positioning are important to the consumer perception of companies and by implication the financial success of firms. If a firm does not differentiate its offerings and position them distinctly in the minds of consumers, then the option available is price competition rather than non-price factors (such as product characteristics, distribution strategy, or promotional variable).

Differentiation strategies are based on providing buyers with something that is different or unique, and makes the company's product or service distinct from that of its rivals. The major assumption behind a differentiation strategy is that customers are willing to pay a premium price for a product that is distinct (or at least perceived as such) in some important way. Superior value is created because the product is of higher quality, is technically superior in some way, comes with superior service, or has a special appeal in any perceived way. Differentiation strategies offer highly profitable when the price premium exceeds the costs of distinguishing the product or service. Examples of companies that have successfully pursued differentiation strategies include Mercedes and BMW in automobiles, American express in travel services, J.P Morgan Chase in investment banking etc.

The cost structure of a firm pursuing a differentiation strategy must be carefully managed, although attaining low-unit costs is not the overriding priority. A firm pursuing differentiation strategy must therefore aim at achieving cost parity or, at the very least, cost proximity relative to competitors by keeping costs low in areas not related to differentiation and by not spending too much to achieve differentiation. Also, differentiation is not an end in itself; companies must continue to search for new ways to improve the distinctiveness or uniqueness of their products/services.

Any potential source of increasing customer value represents an opportunity to pursue a differentiation strategy. Buyer value can be increased or made more distinctive through several approaches, including

- i. Lowering the buyer's cost of using the product,
- ii. Increasing buyer satisfaction with the product, and
- iii. Modifying the buyer's perception of value.

The concept of competitiveness has been studied by researchers from a variety of perspectives using different methodologies. Though there is a large volume of literature on the subject, there is a dearth of systematic reviews of the extant literature. This paper is an attempt in that direction. It presents a classificatory scheme using two dimensions level of analysis (industry and firm) and types of variables used to explain competitiveness. The implicit and explicit research questions addressed and issues related to definition,

measurement and sources of competitiveness at various levels are also discussed. It is suggested that given its complexity an eclectic approach combining different schools of thought and using multiple measurement schemes would be appropriate for doing research on competitive advantages.

### **1.3 Research Questions**

This study will be guided with the following question:

- I. . Does brand differentiation influence competitive advantage?
- II. What is the effect of positioning on competitive advantage?
- III. .
- IV.

### **1.4 Objectives of the Study**

The major objective of this study is to investigate the effect of brand management and the competitive advantage of manufacturing companies. Other specific objective is to:

1. To examine the effect of brand differentiation on competitive advantage.
2. To investigate the impact of brand positioning on competitive advantage.
3. .
- 4.

### **1.5 Research Hypotheses**

H0<sub>1</sub>: There is a positive relationship between brand differentiation and competitive advantage.

H0<sub>2</sub>: There is a positive relationship between positioning and competitive advantage.

## 1.6 Significance of the Study

A few significant changes have occurred over the past several years to identify the impact of brand differentiation and positioning in the marketplace. Brand differentiation and positioning today, has aided companies effectively enjoying maximum competitive advantage against its competitors in the marketplace.

The significance of this study is to benefit both the consumers and companies in identifying effective differentiation and positioning strategies.

## 1.7 Scope and Limitation of the Study

This research is focused on brand differentiation and positioning and competitive advantage in the marketplace. Therefore, this research will be limited to INDOMIE NOODLES.

## 1.8 Definition of Terms

**Brand:** Brand has also been conceptualized as a bundle of tangible and intangible features which increase the attractiveness of a product or service beyond its functional value (Farquhar, 1989; Park and Srinivasan, 1994). Levitt (1962). This is a name, term, sign,

symbol or design or a combination of these that identifies the goods or services of one seller or group of sellers and differentiates them from those of competitors.

**Differentiation:** This is defined as the act of designing a sort of meaningful differences to distinguish the company's product from products of competitors. It involves actually differentiating the product to create superior customer value.

**Positioning:** Myers (1996) definition "Positioning refers to the problem of differentiating one's own product/service from other competing entries in the market place". Likewise, Zikmund and D'Amico (1989) define "Positioning as a process to identify salient product characteristics that differentiate the brand from competitive brands".

A product's position is the way the product is defined by consumers on important attributes; the place the product occupies in consumer's mind relative to competing products.

**Competitive Advantage:** According to Porter (1980) Competitive advantage is at the heart of a firm's performance in competitive markets. Competitive advantage means having low costs, differentiation advantage, or a successful focus strategy. Competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceeds the firm's cost of creating it. This refers to a company's ability to perform in one or more ways that competitors cannot or will not match.

It can also be defined as an advantage over competitors gained by offering consumers greater value, either through lower prices or by providing more benefits that justify higher prices.

## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW**

#### **2.0.1 Differentiation Strategy**

According to Porter (1980) differentiation is one of the generic strategies that a firm can adopt to gain a competitive advantage in the marketplace. Differentiation involves offering something that is distinct from competitors, such as superior service, higher quality or an attractive design. Differentiation serves two purposes: it provides customers with a reason to choose the company's product over a competitor's and it allows a firm to charge a premium price , because consumers are willing to pay more for products they perceive as providing specific benefits that are lacking in competing products. There are many different

tools available to the company to achieve competitive advantages. The main variables which offer differentiation are product, service, personnel, channel and image. Product related attributes provide a good basis for differentiation strategy. However, product differentiation varies depending on the nature of the industry. For example, commodity products are difficult to differentiate on appearance where as automobiles present an opportunity with plenty of different options.

Service plays an important role in differentiation particularly, where differentiation is difficult based on physical features of the product. Differentiation in service can be achieved based on ordering procedures and timing, customer service intimacy, after sales customer service. One step forward in service differentiation is on the basis of the quality of personnel. By exhibiting a professional, reliable, quick and courteous response to customer enquiries, a company can achieve significant differentiation over competitors. The distribution channel also plays its part as a differentiation tool and can be a source of competitive advantage. For example, Dell computer through direct selling approach delivers computer system right at the door step of homeowners and offices. Another important differentiation tool is image. There are various ways to achieve image differentiation depending on industry and market segment. For example, prompt responses to customer enquiries, sponsoring of events and causes is another way of building up image among consumers.

### **Off-Core Differentiation**



Opportunities for differentiation are abundant in virtually every industry. Exploration of differentiation strategies has led to the development of ways in which a product, service or firm might create a unique offering that commands a price premium. Advances in technological innovation offer a natural route to pursue differentiation strategy. For example, Sony has recorded remarkable success in its PlayStation video game systems. However, Nintendo adopts similar technology to compete with Sony, because the technological innovation is a key factor and it is impossible to compete in the video game market without technological innovation.

A successful differentiation is not easily imitated by competitors and it results into significant unmistakable success with consumers. Core benefits are more than the essential product benefits and it revolves around everything that the consumers expect from the product (Herman, 2004), for instance Volvo succeeded because it emphasizes safety, but other automobile industry like Toyota follows the trend and emphasize safety as a value proposition to customers, Procter and Gamble equally position Crest soap as „Total“ which shares the same core benefit with Colgate Palmolive soap. Therefore, in order to create a differentiation that competitors cannot easily copy, companies must look beyond the core benefits that are already considered important in the target market. The company must seek differentiation that cannot be easily copied, this differentiation can only be achieved through core competence; doing what others cannot do or by doing better what others are doing.

Sometimes an off-core differentiation strategy may eventually become a core benefit. For example, most mobile telephone manufacturers pursue a similar strategy in term of technology and this has resulted into the use of sophisticated design as a core benefit. However, off-core differentiation is a potent strategy to become a market leader, because they cannot easily be imitated by competitors. It is also a strategy to give a group of consumers a good reason to be committed to the company.

### **Criteria for Establishing Differentiation Strategy**

A quest for differentiation or distinctiveness implies a proactive and imaginative approach aimed at constantly striving to manoeuvre competitors. Differentiation strategy makes company's brands desirable over other brands in its category. For example, Ferrari's legacy of motor racing provides the brand with an authenticity that are enviable by other supercar brands such as Maserati, Cooper, Alfa Romeo, and Aston Martin to mention a few.

While a company can create many differences, each different option has a cost as well as a consumer benefit. A difference is worth establishing when the benefit exceeds the cost. More generally, a difference is worth establishing if it satisfies the following criteria:

- Important: the difference delivers a highly valued benefit to a sufficient number of buyers.

- Distinctive: the difference either is not offered by others or is offered in a more distinctive way by the company.
- Superior: the difference is superior or better to the ways of obtaining the same benefit.
- Communicable: the difference is communicated and visible to the buyers.
- Pre-emptive: the difference cannot be easily imitated by competitors.
- Affordable: the buyer can afford to pay the higher price.

## **Positioning Strategy**

Several authors acknowledged that a positioning strategy is a key component of the strategic marketing planning process (Kotler and Andreasen, 1996; Hooley et al., 1998), and aligns with organizational goals/objectives, resource capabilities and external market opportunities (Lovelock and Weinberg, 1989; Lovelock et al., 1996). The positioning strategy consists of three major inter-related components: the choice of target audience(s), the choice of generic positioning strategy, and the choice of positioning dimensions that the organization adopts to distinguish itself and to support its generic positioning strategy (Hooley et al., 1998; Chew, 2005). The positioning strategy also provides the framework upon which to develop, coordinate and implement the marketing mix elements (Lovelock and Weinberg, 1989; Lovelock et al., 1996), and to communicate the desired position to the target market.

Positioning strategy also entails the expression of brand purpose in order to assert its function to consumers. For instance, Phillips expresses its intention as “let’s make things better”, BMW is the ultimate driving machine”, and Cathay Pacific Airways claims, to be the heart of Asia thereby leveraging Asia service perceptions.

## **Developing a Positioning Strategy**

A successful positioning strategy enables companies to make a superiority claim over competitors in many ways: we are more efficient, we are faster, we are more reliable, we are cheaper, we are more stable, we are more intimate, we offer the best value for money ... and the list continues. Companies often try to differentiate by offering products positioned as “complete”. Such products by implication contain most or all capabilities available in the category instead of a single position. Aqua fresh toothpaste, for example claims offer trio benefits: fights decays, whitens teeth, and provide a cleaner breathing (Kotler and Keller, 2006). Total Colgate uses the positioning “Total” in its toothpaste line to position itself as full feature toothpaste. (Ries and Trout, 2001), however, emphasized the requirement of selecting one of them, because, that single point will be able to stay in the recipient’s mind. According to (Crawford and Mathews, 2001) a company is likely to fall below the optimal value if it tries to be the best in more than two positioning options. There are seven different positioning strategies or themes. These are:

- i.      Attributes positioning: the message highlights one or two of the attributes of the product.

- ii. Benefit positioning: the message highlights one or two of the benefits to the consumer.
- iii. Use/application positioning: claims the product to be the best for some application.
- iv. User positioning: claims the product as best for a group of users.
- v. Competitor positioning: Claims that the product is better than that of a competitor.
- vi. Product category positioning: Claims as the best in a product category.
- vii. Quality/Price positioning: claims' best value for price.

### **Relationship between Differentiation and Positioning Strategy**

In order for a product or service to be successful in the marketplace and attract customers, it is important for the seller to ensure that the product or service stands out. Sellers should consider what makes their products or services different from others in the market and how this can be displayed through an identity or marketing campaign. Positioning can be described according to the specific features, benefits or the usage of the product or developed directly against the major competitors (Kotler and Keller, 2006). Positioning strategy is not an arbitrary concept; the product should be designed with a planned position in mind; which should be decided right from the product conceptualization stage.

Differentiation is the process of adding more meaning to the product by highlighting attributes beyond the central product or service theme. The task of differentiation is to

highlight the important benefits of a product/service in a distinctive manner which cannot be easily imitated by competitors and provide profitable benefits to the company. Differentiation should be considered as an offer of a bundle of benefits or value package involving product, price, service, delivery and the entire mix of a firm's supporting capabilities. Therefore, to be successful over the long term a firm's products and services must be well positioned in the market place.

The essence of the differentiation and positioning strategies is communicated through a positioning statement, often a short sentence or phrase that conveys meanings to differentiation and positioning strategies. This statement is used as a marketing tool by which to judge all marketing communications and to assess if they are in tune with the strategies. It is also used as a control mechanism to make sure all marketing campaigns convey the essence of how the product is differentiated and positioned against competition.

Positioning is the result of differentiation decisions (Rao and Monroe, 1989)." A firm start by differentiating its offering, and then positions the brand accordingly.

### **2.1.1 Concept of Brand Differentiation**

In the business world, differentiation is often viewed as a necessary condition, to gain competitive advantage over rival firms (Pehrsson, 2009). Implementing a differentiation strategy is perceived as providing the opportunity to obtain unique or at least superior access to resources and customers. MacMillan and McGrath (1997) have recognized that

“Most profitable strategies are built on differentiation: offering customers something they value that competitors don’t have”. Since customers are responsive to differentiated products/services, it is therefore important to design differentiated products/services appropriate from the customers’ perspective (Pehrsson, 2012).

Wooliscroft, Tamilia, and Shapiro (2006), argued that brand differentiation is the main determinant of power that a firm has at the marketplace. Despite competition, a seller who offers a differentiated product that is, a product that is seen by buyers as distinctly different from others, does actually occupy a position of monopoly power in the market. Brand loyalty is a key variable in any company’s success because without it, a constant and steady inflow of cash for a firm is at risk, especially in situations where firms face stiff competition from their rivals. Brand loyalty is created when customers’ expectations as to the quality of the products being offered are satisfied by the purchases the customers make so that a re-purchase from same brand becomes a norm (Chamberlin, 1933).

Brand differentiation is examined from the perspectives or aspects of product quality, innovation, design, and cost. Brand loyalty arises from product repurchase, business referral, advocacy, willingness to pay premium price and from customers’ reluctance to switch from accustomed products.

### **2.1.2 Brand Differentiation Strategy**

In today's business environment, one of the most important marketing strategies deployed by businesses is the 'Differentiation strategy'. With the marketplace filled with different brands, large varieties of products and very loud advertising noise, it can be very difficult but ultimately very necessary to differentiate your brand from competition. In order to achieve this, different top brands and industry headliners use differentiation strategy for their products, and they are intentional about it. There are various ways to put the toga of distinction on your product through the use of a differentiation strategy

**Innovation / invention:**

The best way to implement differentiation strategy is to invent or innovate. By innovating or inventing, you become the market leader because your product is the pioneer in the market. Inventions are, of course, difficult and require regular Research and Development (R&D) expenditure. Even with that, many companies, especially technological brands, put premium on innovations because they are more practical and invaluable as a differentiation strategy. Apple, Google and Microsoft are some of the brands that speak for this.

**Product-level differentiation strategy:**

Differentiation strategy can be executed at product level too, and this is known as product differentiation. Using the tourism industry as an example; tour packages of all companies are different, each with its own differentiating factors. Some give international tours, whereas others may focus on national and regional tours only. Thus, by incorporating



product differentiation strategy at product level, the brands can use differentiation strategy to position themselves different from competitors, in the eyes of the customer.

**Price differentiation strategy:**

The most used form of differentiation strategy is price differentiation. In the above example of tour packages, some brands might give the luxury package whereas other brands might give a cheap and affordable pricing. Mobile phone companies like Samsung and Apple target the cream segment whereas brands like Itel, Tecno and Infinix target the price sensitive segment. Price segmentation can be the biggest differentiation weapon in the hands of marketers.

**Branding:**

The promotion mix, as well as marketing communications of a company plays a crucial role in the differentiation strategy of its product. Many brands rely heavily on their branding efforts to convert customers to their products. A brand's promotion mix helps it to target the correct segment and hence plays a crucial role in differentiation strategy.

**Packaging:**

If you go to any publications and ask them what are the critical factors in selling a book, the publication agency will say that, after the story of the book, the top cover of the book plays a critical role in the success of the book. In fact, many a times, customers might buy a book based on the top cover. Thus, packaging is important. The same can be seen when you enter a store and you see shelves stacked with different types of products. At such a time, the colour, the packaging, the taglines, the ease of handling can play an important role in converting the customer to the brand.

**Pre and post-sales service:**

Word of mouth marketing is another product differentiator and all brands targeting a niche audience know the importance of word of mouth marketing. And how does word of mouth marketing happen? This is done through very good pre and post-sales service. Ever heard a friend say that not only does the restaurant serve good food, but the service and the ambiance are awesome as well? If your service is beyond customers' expectations, then that can be a big boost to your differentiation strategy

**Point of customer interaction:**

There are different categories of customers. A brand has to ensure that it takes care of all kinds of customers, when they interact with the company. For this, point of interactions is important and any brand willing to be the preferred choice of customers, must ensure that they get good experience whenever they interact with the company. This should not be a

once-in-a-year customer-service week thing. A service company which does not have good interactions with its customer will always suffer in its profits and operations.

**User convenience:**

The banking industry shows us an example of how User convenience is a good differentiation strategy. The banks differentiate themselves with the different types of banking services and products that they offer, all aimed at making banking convenient and stress free (although a good number of them still fall short of what they advertise). But it is an excellent example of differentiation through user convenience.

**Offer variety of products:**

Another way to implement differentiation strategy is to attack the psychology of the customers. Many a customer will tell you that they picked a brand just because the brand had more variety in the number of products it offered. Customers like to have varieties to enrich their assessments and choices. Thus, the more variety of products offered, the more chances a brand has of getting a higher positioning in the mind of the customers and therefore, differentiating itself from competition. This is a high investment strategy, because you need to invest in a product line, but it is useful and profitable in the long run.

**Emotional Response:**

This relies on providing an emotional salience that is tied to a product or service. We have found that brands that develop an emotional connection with their customers are often

better positioned than those that provide a superior value. For example, Coke's advertising often appeals to emotion in order to establish a stronger connection with consumers. Their "Share a Coke Share a feeling" and "Hug me" campaigns illustrate just two of the ways that the company uses to evoke an emotional response.

**Brand Presentation:**

How a brand presents itself to the market can be a differentiator. In this case, brands that employ a consistent character or mascot can be easily remembered and stand out in the crowd. The use of mascots can be particularly powerful when humour is used to shape brand perceptions. A prime example is Geico's use of an animated lizard, which has nothing to do with insurance but has come to represent, and be strongly associated with, the brand over time.

**Unique Experience:**

This can be manifest in several ways such as a brand's physical retail presence, exceptional customer service, ease of use of their website, the novel environment that they create, or, simply, the experience of unboxing a product. Build-a-Bear offers children (and children at heart) the ability to custom design their own stuffed animals by selecting the colour, style, size and even the amount of stuffing their animals contain. The experience the company offers is unmatched when it comes to toys.

### **Create exclusivity:**

Another aspect to the product differentiation examples above is an air of exclusivity. When you highlight attributes like quality and craftsmanship, this evokes a sense of luxury and value. Take it a step further with limited editions of your best product designs. By offering a select group of products at higher price points and teaming this with an effective marketing strategy, you'll create consumer demand.

### **Connect to a special event:**

A final way to fire up your brand is to link it to a specific event or special occasion. For example, Cadbury's has positioned itself as being synonymous with Easter due to its ubiquitous crème eggs at that time of year. Similarly, jewellery companies associate themselves with anniversaries and Valentine's Day by creating the idea that diamonds equal romance.

Whether it is through emphasizing the quality of your products or forging an emotional connection with your audience, these are just a few ways to grab attention and differentiate your brand. The key is to create unique selling points that make you stand out from competition in a positive way, with a vision that buyers can relate to.

## **2.1.3 Concept of Competitive Advantages**

Korsakienė (2012) argues that the competitive advantages include positional and performance advantage relative to competitors due to the business held and distributed

resources and capabilities advantage. Therefore, the competitive advantage is defined as a significant advantage over its competitors due to the cost allocation and the results of the operation of which depends on the positioning strategy. The competitive advantage in preventing the acquisition of goods or service provider to relax, because competitive advantage can be copied. Competitive wars are going on constantly, so there's no guarantee that competitive advantage will be maintained for long (Sekliuckienė, Langvinienė (2011)). Duncan, Gintei, Swayn (1998) stated “assess the extent of the competitive advantage or disadvantage possessed by each of the identified strategic resources and capabilities. Alternative values are assigned according to the following definitions;

**Inadequate:** The resource or capability is below the minimum required to be in the business.

**Adequate:** The resource or capability is the minimum required to be in this business or to minimally compete.

**Attractive:** The resource or capability is better than the minimum required to compete but does not represent a particular advantage (or disadvantage in the case of a weakness). It will merely get the attention of appropriate individuals.

**Potential:** The resource or capability is sufficient to attract attention and represents an important strategic consideration.

**Competitive:** The resource or capability represents a clear competitive advantage/disadvantage relative to members of the strategic group.

**Distinctive:** The resource or capability cannot be duplicated by competitors.

**Table 1 Concept of Competitive Advantages**

Author	Concept of competitive advantage
Porter (1980)	Competitive advantage is at the heart of a firm's performance in competitive markets. Competitive advantage means having low costs, differentiation advantage, or a successful focus strategy. Competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceeds the firm's cost of creating it.
Saloner, Shepard, Podolny (2001)	Most forms of competitive advantage mean either that a firm can produce some service or product that its customers' value than those produced by competitors or that it can produce its service or product at a lower cost than its competitors.
Wang (2014)	Competitive advantage is obtained when an organization develops or acquires a set of attributes (or executes actions) that allow it to outperform its competitors. The development

	of theories that help explain competitive advantage has occupied the attention of the management community for the better part of half a century.
Ghemewat (1986)	The competitive advantage is more sustainable the greater the number of sources of cost or differentiation advantages.
Barney (1997)	The competitive advantage is considered sustainable if those resources are also non imitable (i.e., cannot be easily duplicated by competitors), non-substitutable (i.e., other resources cannot perform the same function), and non-transferable (i.e., cannot be acquired in the marketplace).
Hunt (2000)	Modern business strategy maintains that the strategic imperative of a firm should be sustained, superior financial performance and the belief that this goal can be achieved through a sustainable competitive advantage in the marketplace.
Kay (1993)	Competitive advantage is a deceptively simple idea of assessing a company's capabilities and market position by how they give it advantage relative to competitors'.



	Competitive advantages are ephemeral and only worth as much as the value that the market places on them.
Powell (2001)	Competitive advantage has generated a large volume of scholarly output, both theoretical and empirical; firms do, by all accounts, attempt to identify, create and leverage competitive advantages; and competitive advantage is universally accepted in strategic management courses and textbooks as an essential concept in strategy.
Urbancová (2013)	The innovative activity of organisations significantly influences competitiveness which is based on inimitable skills and abilities. Achieving a higher competitiveness by means of innovations means producing less costly products of better quality compared to those manufactured by competitors.

Hanningtone, Struwig, Smith (2013) stated that Competitive advantage is sustainable when rival firms give up plans to imitate the resources of the competitors or when barriers to imitation are high. When the imitative actions have come to an end without disrupting the firm's competitive advantage or when it is not easy or cheap to imitate, the firm's competitive strategy can be called "sustainable".

### 2.1.4 Creating Competitive Advantages

Every company that wants to be competitive must pay proper attention to its competitors, to investigate them, as well as understand the target customers. In order to gain an advantage over the competition, it is important to present such proposals that fulfil the needs of the target users to a greater extent than the competitor offers. When choosing a marketing strategy, the company needs to take into account competitors' strategies and target the needs of users, so it is of utmost importance to analyse the competition. Competitor analyses are the following:

- Companies setting their competitors: Competitors, companies offering the same services or products to the same customer groups by offering a similar price. Also, competitors may be considered to be companies that are not only produce similar or identical goods and services, but also meet the same needs.
- Competitor definition of the objectives: It is important to find out not only the competitor's profit targets, but also how important are competitor market share growth, service, technological leadership and other targets.
- Competitors setting strategies: Must know the characteristics of competing products, quality, range of prices and their policies, the subtleties of customer service, sales incentive programs and distribution chains. It is also necessary to study the competitors in product development and research, purchasing, finance and production strategies.

- Competitor assessing strengths and weaknesses: The Company has to find a few years' information about its competitors, identify their goals, strategies and operational efficiency. Intentions to obtain the necessary information are the primary customers, dealers and suppliers of marketing research. In search of flaws competitors, the company has to look for any assumptions about their competitors or business inefficiencies in the markets.
- Competitor retaliation rating: Some of the actions of competitors react slowly, thinking that they have loyal customers pay, quickly identify the behaviour of competitors or does not have a sufficient budget to respond to them. Others react to price reductions, but pay attention to the intensification of advertising competitors, other companies in all actions of the competitors react instantly and do not allow them to occupy the market, but there are also those whose action is unpredictable, even on the basis of economic, historic or other data.
- Competitor Selection: When a company wants to use the least possible time and resources, it uses weak competitors, but in order to reveal their potential and get a higher return, seeks to overcome stiff competition. Some competitors behave as expected, in compliance with industry rules to ensure market stability, are able to set prices according to costs, encourage other companies to reduce prices or increase differentiation. However, the other competitors in the market are not winning, but buying, strong risk, deliberate trying to destabilize the industry.

The company that wants to create for itself an effective marketing strategy must get much information about its competitors. It is important to constantly analyze the differences between the major competitors and their products, pricing, sales support programs and distribution chains. In carrying out these actions the company determines its own potential strengths and weaknesses and becomes more effective in its marketing campaign against the competition.

According to Kotler (2012), in the competition it is important to develop competitive strategies that would stand out from its competitors, but firstly it is essential to know its market position, goals, capacities and resources. Kotler distinguishes four different positions:

**The Leader:** The Company that owns the largest market share in the industry. The Other Company adapts to its new products, price changes, product distribution and support.

**Contender:** for the leader its industry is in the second position only to the leaders trying to capture a larger market share, attacking the leader.

**Follower:** The company does not want to change the situation in the market and will maintain the current share of the market, fearing more to lose than gain profit

**The Niche Filler:** Services to small segments of the market, other companies go unnoticed or ignored.

This market position specifying the strategy take the company or it could be viewed as a dangerous competitor to the market leader, and it only serves the remaining segments, which are not relevant to large companies governing market conditions and constantly seeking to conquer the rest of the market, as the competitive struggle never ends. Competitive advantage is divided into 3 strategies:

**Pricing Strategy:** Important for companies that produce and sell standardized products. The idea is to reach a huge market and audience. In order to take this strategy requires significant investments that help increase productivity, and improved product manufacturing processes of the organization, interspersed products.

**Distribution Strategy:** Includes the company, which produces and sells strongly individualized goods. As products and services are unique, this strategy allows the firm strongly dominate and also promote the growing attention and an advantage over the competition.

**Recollection Strategy:** This strategy allows the company to focus on narrow market segments in which it will try to become superior to the competitors, optimizing the allocation price. These strategies take small and medium-sized firms, in order to avoid direct contact with stronger rivals.

In summary, it can be said that competition is the engine that encourages companies to quickly respond to arising situations and adapt to the environment, to follow competitors'

actions and mistakes, share and learn from others. This is a business basis, which drives companies to grow, innovate and of course to meet the changing needs of their customers. Various scientists do not agree on a precise definition of competitive advantage but they reveal a variety of factors, and analyze them in various aspects. It is argued that competitive advantage is influenced by the factors such as infrastructure, the complexity of the business, labour and goods market efficiency, financial market complexity, innovation, technology, institutions of higher education and training, and macroeconomics. It is also believed that equally is important for both external as internal factors. These factors determine whether a company is able to defeat its rivals and lead the market. Competition has its theoretical models and competitive advantage in the development of strategies as part of the targeted help companies gain a competitive advantage over the competition. It is important to regularly monitor and examine the target competitors' strategies to quickly respond to their actions in order to grasp how to overcome them and find themselves in the leadership position it, to survive and conquer the market.

Determination company's competitors	Competitor goals definition	Competitors' strategies definition	Competitors' strengths and weaknesses evaluation	Competitors' responses evaluation	Deciding which rivals attacking and dodging
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Figure 1. Competitor analysis phases (Kotler, Armstrong (2012))

### **2.1.5 Model Competitive Advantage**

Companies are constantly looking for the ways to make their operations more efficient try to make their products more competitive and at the forefront of the market, to attract more long-term customers. Manufacturing of its products is the fight for customers, discussed how best to adapt and meet their needs. Therefore, it is important to analyze and figure out a company's competitive advantage model for carrying out its activities. Mr Porter - one of the first scientists who analyzed in detail the competitive advantage of its resources and formed the five forces model. (Fig. 2) According to this model, the researchers investigated the possibilities of competitive advantage. Analysis to evaluate the factors that determine the competitiveness of the essence and growth.

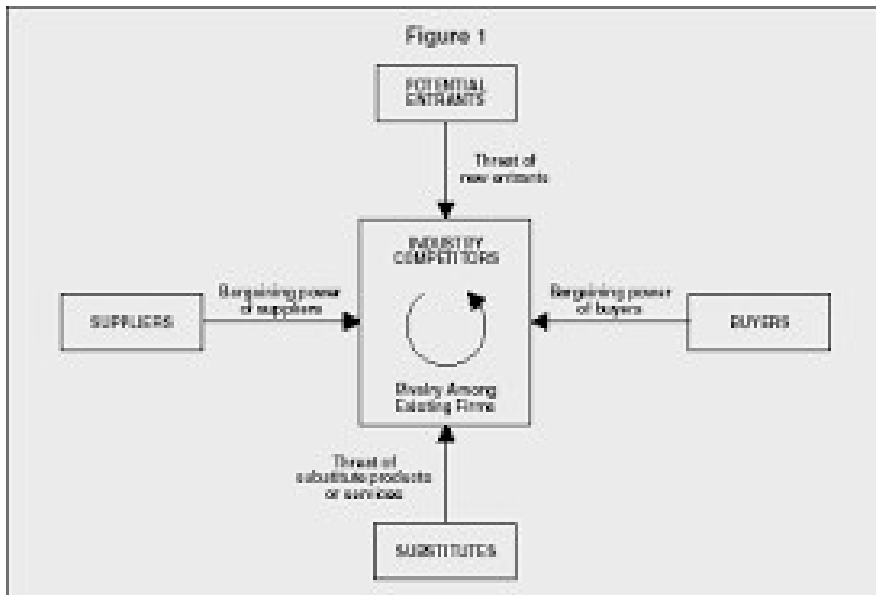
Each of these five forces (suppliers, new competitors, customers, substitutes, and existing competitors in the market) are considered structural factors: threat of new competitors, the bargaining power of buyers, bargaining power of suppliers, threat of substitutes. These factors affect the country, the company and the industry in competition. It is important to imagine what could create barriers to competitors that the company at the forefront and would not force out of the market; which must be buyers and suppliers that do not express their dissatisfaction and do not claim against the requirements; as customers to assess the company, its products and services, which may see advantages against competitors' products, the operation of competition with other companies. Following the analysis of all these factors and their parts it is easier to get a competitive advantage.

This model shows in which areas the company, industry or country is superior to competitors, and how it is best used.

### **Threat of New Entrants**

- Economies of scale
- Product differentiation
- Brand identity/loyalty
- Access to distribution channel
- Capital requirements
- Access to latest technology
- Access to necessary inputs
- Absolute cost advantages
- Experience and learning effects
- Government policies
- Switching costs
- Expected retaliation from existing players





## Bargaining Power of Suppliers

- Number of suppliers
- Size of suppliers
- Supplier concentration
- Availability of substitutes for the supplier's products
- Uniqueness of supplier's products or services (differentiation)
- Switching cost for supplier's products
- Supplier's threat of forward integration

- Industry threat of backward integration
- Supplier's contribution to quality or service of the industry products
- Importance of volume to supplier
- Total industry cost contributed by suppliers
- Importance of the industry to supplier's profit

### **Bargaining Power of Buyers**

- Buyer volume (number of customers)
- Size of each buyer's order
- Buyer concentration
- Buyer's ability to substitute
- Buyer's switching costs
- Buyer's information availability
- Buyer's threat of backward integration
- Industry threat of forward integration
- Price sensitivity

### **Threat of Substitute Products or Services**

- Number of substitute products available
- Buyer's propensity to substitute
- Relative price performance of substitutes
- Perceived level of product differentiation
- Switching costs
- Substitute producer's profitability & aggressiveness

### **Rivalry Among Existing Competitors**

- Number of competitors
- Diversity of competitors
- Industry concentration and balance
- Industry growth
- Industry life cycle
- Quality differences

- Product differentiation
- Brand identity/loyalty
- Switching costs
- Intermittent overcapacity
- Informational complexity
- Barriers to exit

Figure 2 Porter's five forces model (Porter (1990))

According Korsakienès (2011), the integrated competitive advantage model based on the following aspects: competitive advantage due to environmental factors, focusing on the actions of competitors and consumers; resource-based theory of competitive advantage that objects the company's resources and skills; forming strategic alliances based on assumptions. Competing firm's simulation assumptions constitute barriers competitive position in the market. Simulation barriers include: organizational culture, information asymmetries, management skills, etc.

This model shows that by combining resources and capabilities with the external environment they become directly involved in strategic alliances in the formation of the appearance thanks to predatory, increases productivity, creates new resources and skills, as well as new products, services, markets, and significantly reduces the risk of . It conveys

the link between the company's valuable resources and skills, simulation barriers and factors affecting the industry. This model provides an opportunity to examine the continuing competitive advantage in speed. By acquiring and maintaining a competitive advantage the company can focus on the coordination between the internal and external environmental factors, resources and cooperation.

## **2.2 Theoretical Review**

Theoretical foundation of this study was drawn from Resource Based View (theory). The resource based theory refers to how organizations could achieve competitive advantage through the possession of valuable and rare resources that other competitor cannot imitate (Takeuchi, Lapak, & Wang, 2007).

Barney (1991) asserted that a firm is said to have a sustained competitive advantage when it implementing a value creating strategy not concurrently being implemented by any competitors and when these other companies are not able to duplicate the benefits of such strategy. Therefore, it establishes the need for an organization to consistently create valuable set of resources and bundling them in an exceptional manner in order to achieve organizational success and competitive advantage.

### **2.2.1 Disaggregate Discrete Choice Theory**

The analyses in this theory are done using aggregate models that assume that all consumers have the same preferences. The outcome of the analyses gives a model of choice behaviour

of a representative or average consumer (Renken, 1997). In most cases, consumers' preferences on brands differ greatly in terms of the features they look for, packages they prefer, response to price changes, promotions, etc. These differences lead consumers to fall into small homogeneous groups (segments) which can lead the marketing manager to know the behaviour of each of the segments hence helping the manager decide on which segments to target and the marketing strategy that can appeal to the targeted segments. Disaggregate discrete choice model takes into consideration of various market segments that emerge because of the great differences that consumers portray in choosing the brands to buy. It provides a more accurate representation of consumers while at the same time allowing marketers to cluster consumers into segments with similar choice behavior. This paper will therefore be based on disaggregate discrete choice theory since it focuses more on how consumers make their choices given the variety of differentiated products that they are exposed to in the market and how companies target these consumers differently.

### **2.2.2 Brand Loyalty Theory**

Brand loyalty is a positive biasness that an individual show in responding to a branded, labelled or graded product as the consumer, the selector or the purchasing agent. The biasness can be as a result of affection, evaluation or reaction that the individual portrays towards a product (Sheth and Park, 1974). This definition tends to differ from several other definitions of brand loyalty which focus more on repeated buying behaviour. Sheth and Park (1974) summarized the differences as follows: The limitation of brand loyalty is not

only in situations whereby consumer's reactions in terms of product purchase is the only focus when measuring brand loyalty. This is because loyalty toward a product can occur in situations where consumers have never bought the brand or product. For instance, children may be loyal to a brand because of their consumption experiences as opposed to buying experiences. Hence, brand loyalty may arise by learning from information, imitative behaviour, and generalization and consumption behaviour and not from buying behaviour experiences.

Brand loyalty is anchored on repeat purchase buying behaviour even though the consumer or the buyer may have no evaluative (cognitive or attitudinal) structure underlying his brand loyalty. However, one can observe emotive tendencies (affect, fear, respect, compliance, and so forth) associated with this type of loyalty. The loyalty can occur at the non-behavioural level (emotive or evaluative level) for the products which are never bought by some consumers. It is possible for instance, for urban residents to be positively attracted emotionally towards high-end residential houses although they may not purchase them. On the other hand, some customers may have positively biased non-behavioural tendencies towards certain vehicles, mobile phones, electronics etc. even though they may never buy them.

There are three different dimensions contained in the definition of brand loyalty namely emotive tendency, evaluative tendency and behavioural tendency. Emotive tendency is the affective (like-dislike), fear, respect or compliance tendency which is systematically

exhibited more in favour of a brand than other competing brands. Evaluative tendency towards the brand is the positively biased evaluation of the brand on a set of criteria relevant to define the brand's utility to the consumer. This therefore means that the evaluation criteria focus on the features of the product that are relevant to the consumer. Behavioural tendency, is the biased positive reaction that a customer has towards the brand with regard to searching, buying and consuming it.

The theory holds that it is not every circumstance where there is brand loyalty that all the three dimensions may necessarily be found. Brand loyalty dimensionality can be a simple one made up of any of the three scopes, one or a complicated one including the three scopes but this is dependent on the product class and the consumer.

### **2.2.3 Resource Based View Theory**

Strategic management is heavily influenced by the resource-based theory (RBT). It has been widely used as a managerial framework to identify essential resources for a company to attain a continuous competitive advantage. The theory offers a crucial framework for explaining and forecasting the basics of a company's performance and competitive advantage. When Penrose (2009) provided a model for the efficient management of organizations' resources, diversification strategy, and productive prospects, he introduced Resource-Based Theory (RBT) for the first time. The idea that a corporation should be viewed as a coordinated collection of resources that can be used to address and tackle how it may achieve its objectives and strategic behaviour was originally put forth in Penrose's



publication. In the 1980s, RBT first took shape. The Theory of the Growth of the Firm was RBT's predecessor. Later, in the 1990s, Jay Barney's work became a key component in the development of RBT and the prevailing paradigm in strategic management and strategic planning. RBT offers a framework for highlighting and forecasting the core elements of organizational performance and competitive advantage (Alamanos, 2022).

In contrast to past managerial interest in the industry structure, which was viewed from a more macro viewpoint, RBT focused on the firm's performance from a meso perspective. Starting with the premise that organizational traits are not merely updated, RBT theory assumptions make this assumption. To prosper and gain a sustained competitive advantage, the organization must change its orientation. According to Porter's (1989) theory, which is the prevalent paradigm for estimating a company's potential for profit, a firm's internal characteristics, such as its resources and capabilities, influence its profit. By directing the transformation perspective of the resource-based view into a developed theory as RBT, Barney's foundational work on strategic resources from 1991 constituted the core contribution to RBT. Traditional RBT, however, does not go into detail as to why and how some businesses are able to maintain a competitive edge in the face of unforeseen and quick change (Alamanos, 2022).

The emergence of a more comprehensive RBT perspective implies that businesses can gain a competitive edge not only by utilizing critical assets, but also by developing new potential capabilities through learning, skill development, and the gradual accumulation of tangible

and intangible assets over time. According to the rationale based on resources, if only a few companies have access to valuable resources (i.e., resources that are expensive and difficult to replicate), those companies that are able to manage those resources may be able to sustain a competitive advantage. Consequently, businesses can gain an advantage by continuously fusing or reconfiguring various types of resources and by developing new applications to satisfy market demand. According to the resource-based theory, which is relevant to this study, good brand positioning and competitive advantage can be achieved through wise use of corporate resources (Alamanos, 2022).

### **2.3 Empirical Review**

Dirisu, Iyiola and Ibidunni (2013) studied the association concerning brand differentiation and ideal organizational performance of Unilever Nigeria PLC. Their objective was to establish whether brand differentiation strategy can lead to achievement of competitive advantage while influencing organizational performance within the manufacturing industry. A significant positive relationship was found to be existing between product differentiation and organizational performance. However, it is worth noting that brands are built by customers and not companies hence it is important to consider what would make consumers to continue using a company's product or referring other people into use it. On the other hand, Valipour, Birjandi and Honarbakhsh (2012) examined the relationship between cost leadership strategy, product differentiation and firms' performance accepted at Tehran Stock Exchange. Its purpose was to investigate the business strategies effects on

the financial leverage and company's performance relationship. Analysis of the findings led the researchers to conclude that a positive relationship exists between product differentiation and firm's performance. Whereas the study considers product differentiation as a critical component of the firm's performance, it fails to bring the customer into perspective, hence leaving a gap as to how the firm's performance is achieved.

Nolega, Oloko, Sakataka, and Oteki (2015) investigated brand differentiation strategies' effects on firm product performance. This was a case study of Kenya Seed Company (KSC) in Kitale. The study findings indicated that a positive relationship exists between brand differentiation and a firm's performance and its sales growth. This study was focused more brand differentiation and firm's performance relationship. The findings are not clear on whether the firm's positive performance is as a result of the loyalty that agents and staff have on the various brands of seeds that the Kenya Seed company distributes to farmers. This therefore gives a gap as to whether differentiated products can lead to brand loyalty by consumers. Shafiwu and Mohammed (2013) studied on brand differentiation effects on profitability in Ghana's petroleum industry. The findings indicated that brand differentiation and profitability in Ghana's petroleum industry have a positive relationship. Therefore, it implies that firms that differentiate their products are likely to better their profits.

Arasa and Gathinji (2014) sought to examine the relationship between competitive strategies and firm performance. Rahma (2011) studied on service differentiation to achieve competitive advantage. The focus of the study was on how airlines differentiated their services to fulfil the physically challenged persons' needs. The study aimed at enriching understanding of how airlines can distinguish their services and achieve competitive advantage by satisfying the needs of physically challenged individuals and to develop the model of the same. According to the findings of the study, differentiation of the airline services to suit the physically challenged persons' needs was found to be a source of competitive advantage to these firms since this niche market is growing. Kimando, Njogu and Sakwa (2012) studied the analysis of the competitive strategies employed by private universities in Kenya. Their objectives were to determine how technology has been employed as a competitive strategy by private universities and also to determine how these universities attain competitive advantage by use of a differentiation strategy. The findings of the study indicate that use of a differentiation strategy has enables these universities to gain a competitive advantage which has made them to stand out from the public universities.

### **2.3.1 Relationship between Brand Differentiation and Brand Positioning**

The majority of marketing plans employ both of the concepts of positioning and product differentiation, which are crucial components of a marketing plan. The goals of product positioning and differentiation are identical, despite the fact that they differ in a few

significant aspects and occur at slightly different points in the product life cycle. Both are especially significant in markets where a product has a number of rivals. Common differentiation tactics aim to highlight a product's value, quality, or originality to consumers.

As an illustration, a value differentiation approach based on value could highlight how the product offers a strong financial value when compared to rivals. The differentiation method may be more theoretical than practical in fields like insurance or among network providers. After establishing these distinctions, marketing works to come up with strategies for positively positioning the product in comparison to its rivals in the eyes of potential customers. The marketing and promotion strategy manipulates symbols, such as those seen in displays and packaging, and delivers personalized messages intended for the demographic most likely to value the product being advertised. In order to get the attention of potential buyers, the differentiated product is positioned in the market in certain ways and locations. To influence how consumers view the product, this positioning is used. Product positioning is more focused on the marketer's intended audience than product differentiation, which is typically product-specific. A brand might, for instance, align itself with well-known TikTok stars or celebrities if it wants to appeal to a younger Millennial or Gen Z audience and seem more current. The product will fail if it is targeted at younger audiences that don't wash their own laundry, even if the laundry detergent brand is the best on the market. Differentiation is a marketing tactic used to distinguish a product from similar ones on the market through the addition of one or more significant, distinctive, and

appealing differences in terms of design or actual usage. Positioning is a marketing tactic used by businesses to establish a particular position for a product in the minds of customers, both current and potential. The goal of differentiation is to draw clients and persuade them to choose your product above rivals' offerings on the basis of extra or distinctive attributes, whereas the goal of positioning is to occupy a certain space in customers' minds. It strives to define how consumers view your products, and it accomplishes this by making consumers aware of the supplied product's numerous, distinctive features in terms of appearance, functionality, and design.

Differentiation is more audience-specific than positioning, which is more audience-specific in that it focuses on the audience rather than the product or service being marketed. Positioning aims to change how buyers perceive a particular product or service. Customers that the marketers are trying to reach will find it more relevant. Differentiation may be based on a product's performance, qualities, quality, benefits supplied, or uniqueness, whereas positioning is based on the product's promotional elements and is carried out by placing items as being superior to other comparable products on the market.

Positioning and differentiation are two linked concepts that come after each other and are of utmost importance in a company's marketing plan. Since each product or service is positioned according to its own traits or qualities, they are both related to one another and have the same goal despite their variances. Only when it successfully establishes a place for the product being sold inside the target market is differentiation said to have been

successful. All industries can benefit from the differentiation and positioning principle, but a market with lots of competition is where it is most crucial. Making customers aware of what we can offer that others can't, as well as the ways and reasons why our product's distinctive capabilities benefit them, is the goal. Keep track of sales figures and customer engagement with your product to determine whether it is unique and strategically positioned. Last but not least, if the results are unsatisfactory, further investigation and modifying or adding one or more additional elements might be effective.

### **2.3.2 Brand Strategies for Competitive Advantage among companies in Nigeria**

The strategic methods for acquiring and maintaining competitive advantage vary between businesses, industries, and countries, and it appears to be elusive. This has caused options to become more polarized and opinions to diverge, as well as different recommendations. It is difficult for businesses engaged in a variety of business operations to choose the optimal course of action for preventing strategic drift or flux due to the disparity in approach and recommendations. Additionally, concepts relating to the creation and application of a collection of traits that enable competitors to succeed, industrial superiority above industry average, and excellence differ from the definition of competitive advantage and terminology used to describe it. The ambiguity in meaning and usage equates competitive advantage with competitive success. Operations must be reengineered in order to increase an organization's ability to fight for a restricted number of consumers and

market share with goods that both meet and surpass customers' expectations due to changes in the business environment, hyper-competition.

Egwakhe, Falana, Asikhia, and Mgaji conducted a study in 2020 that focused on a few flour mill enterprises in Lagos State, Nigeria, to assess the impact of business strategies on competitive advantage. The findings demonstrated how company strategies, such as product differentiation, market expansion, business diversification, and regrouping, significantly impacted competitive advantage. In terms of statistical significance, direction, and relative effect, the individual effects vary. To the exclusion of cost leadership and backward integration, which had negative effects on competitive advantage, product differentiation, market expansion, business diversification, and regrouping all demonstrated positive and significant benefits on competitive advantage. Accordingly, the study came to the conclusion that firms should prioritize implementing product distinctiveness, geographic market expansion, portfolio diversification, and regrouping. The adoption and exploitation of the findings may call for some degree of care even though they cannot be generalized and their applicability in other industries where competition is just as fierce.

Abubakar and Mohammed conducted a study in 2019 to look at the connections between competitive advantage and product line strategies in the Nigerian food and beverage industry. According to research findings, all four hypotheses were found to be valid, indicating that product line strategies have a considerable impact on the competitive



advantage of food and beverage enterprises in Nigeria. To find the ideal product line in the food and beverage industry, the study incorporated the characteristics of product line strategies. It offers a manual for choosing the combination of product line strategies to employ in order to obtain competitive advantage to the decision-makers of Nigerian food and beverage companies. Through its advocacy for changing product line strategies, it also acted as a guide for potential investors in the food and beverage sector to make an informed choice that can strategically increase efficiency and effectiveness.

Otubanjo conducted research in 2018 to determine the essential elements for the growth of a strong entrepreneurial brand. Additionally, it shows how these aspects relate to one another and emphasizes the competitive advantage that may be gained by putting these factors into practice. In this investigation, two conclusions are drawn. The first presents a combination of 14 marketing- and business-focused problems that lead to the crucial success criteria required for the creation of a strong entrepreneurial brand. The second discovery proposes “a powerful entrepreneurial brand development model,” which provides a step-by-step explanation of how a strong entrepreneurial brand might be established. This model can be used as a blueprint for business owners and senior managers who have an entrepreneurial mind set to create strong business brands.

Barinua and Harry conducted research in 2022 to look at how bottled water manufacturing businesses in Rivers State, Nigeria, might increase their efficiency while maintaining their competitive edge. According to the study, efficiency growth has positive and notable

implications on competitive advantage. Therefore, it is advised that management engage in strategic plans that will encourage efficiency improvement and efficiently manage and employ organizational resources in such a way that allows for service quality, inventiveness, and market focus in organization for economy growth. Additionally, organizational management should foster an environment where managerial skills (such as technical skills, conceptual skills, human skills, and informational skills) can be improved in order to achieve a competitive edge.

In 2020, Adefulu, Asikhia, Makinde, and Alao carried out research to determine the impact of strategic marketing (SM) on the innovation culture (IC) and competitive advantage (CA) of a few petroleum product marketing firms in Lagos State, Nigeria. The study concluded that there was a significant impact of strategic marketing dimensions (marketing orientation, marketing analysis, marketing planning, and marketing decision) on the innovation culture and competitive advantage of the chosen petroleum products marketing companies in Lagos State, Nigeria based on the findings produced by data analysis. In order to grasp the changing demands and expectations of its customers, petroleum marketing organizations should develop new understanding techniques. Therefore, it is advised that they be proactive in developing a cutting edge through innovation as market new needs emerge and converting them into values for consumption in advance of rivals in the market. Managers need to develop strategic thinking and market understanding skills in order to increase Nigeria's degree of competitiveness in the downstream oil and gas industry. The

greatest way to harness and utilize resources in order to improve capabilities and get a competitive edge will emerge from this.

## **2.4 Gap in Literature**

The positioning concept and suggested guidelines are important for the academics and students for study and would provide scope for further research. Practitioners should be able to get some directions for appropriate positioning of their products. This study suffers from several limitations which should also be considered. One limitation of this study is the context of the study. This literature review is based on prior studies where majority of the studies were based on the Western context and hence the findings of this study on positioning which are highlighted here might be more effective in the context of the Western context and might not be directly generalised to some part of developing countries. Some of the suggested ways to position a product might not be applicable to all industrial sectors and to all product categories.

This study is based on the limited number of articles/books/research studies that I managed to collect or download. There may have some other important studies which were overlooked and hence not reviewed. Hence further review based on more in-depth analysis might develop the findings of this study.

This paper aimed at bringing to light the relationship that exists between brand differentiation, positioning and competitive advantage for various brands. It is believed

that companies that differentiate their products add value to these products making them attractive to the existing customers as well as potential customers. These sentiments are supported by Alderson (1957) and Chamberlin (1933) in their views as to what product differentiation is.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Preamble**

This method deals with the methodology adopted for the purpose of the study which includes: The research design, population of the study, sample size determination, sampling frame, sampling technique and procedures, data collection procedures, research instrument, validity and reliability of research instrument, method of data analysis as well as the ethical considerations.

#### **3.1 Research Design**

A research design defines a framework required for the collection and analysis of the data (Bryman & Bell, 2015). It is a framework that specifies the type of information needed to be collected, the source of data, and the collection measures (Kinnear & Taylor, 1991).

From the marketing's viewpoint, a research design can be defined as a road map or a blueprint to perform market research. It describes the procedures as necessary to obtain the information as needed to restructure or dissolve marketing research problems (Malhotra & Birks, 2003).

The design process of a research study involves many associated parameters. One of the designs of the research is a case study design. This research is mainly based on a case study

research method because it is appropriate for studying the problem of an individual organization.

### **3.2 Population of the Study**

The population relates to the total number of items or units in any field of enquiry (Kothari, 2004). According to Otokiti (2010) population referred to all sets of cases from which a sample is taken.

The population of the study covers one hundred (100) staffs of Dufil Prima Foods Limited, Surulere, Lagos makers of Indomie Instant Noodles as at the time of the study.

### **3.3 Sample Size Determination**

The sample size will be determined using Taro Yamane formula. The decision was involved by the preciseness and it is proven scientifically over decades. Although there are recent sample size determination methods. This study relied on Taro Yamane (1973) at 95% confidence level (5% error).

In selecting the sample size, the Taro Yamane formula was used:

$$N / (1 + N(e)^2)$$

Where N is the size of the population, e is the alpha (the level of significance) which is 0.05

$$: 96/1+ (0.05)^2 96$$

$$=96/1+ (0.0025) 12,500$$

$$= 96/1+ (0.0025) 96$$

$$= 96/13.5$$

$$=370$$

### **3.4 Sampling Frame**

Sampling frame is the source material or device from which the sample is drawn. The sample frame for this research comprises all staffs of Dufil Prima Foods Limited, Surulere, Lagos makers of Indomie Instant Noodles as at the time of this study, without any restriction.

### **3.5 Sampling Technique And Procedure**

A simple random sampling technique will be adopted for the purpose of this study and it entailed a probability sampling technique in which researchers rely on their own judgement based on predetermined criteria, when choosing members of the population to participate in the study. This would be used in the selected of the three hundred and seventy (370) staffs of Dufil Prima Foods Limited, Surulere, Lagos makers of Indomie Instant Noodles to who the questionnaires will be distributed and administered to.

### **3.6 Data Collection Procedure**

Data collection is considered as a core point for any research and can be categorized as primary and secondary data (Bryman & Bell, 2015). In this research, primary data are extracted. Primary data is to be gathered to serve the purpose to formulate the answer to the research question through the use of well-structured questionnaires to three hundred and seventy staffs of Dufil Prima Foods Limited, Surulere, Lagos makers of Indomie Instant Noodles relating to brand differentiation, positioning and competitive advantage.

### **3.7 Research Instrument**

The research instrument to be used for this study will be well structured questionnaires designed on a 5 point Likert scale. The scale rating includes Strongly Agree (5), Agree (4), Undecided (3), Disagree (2), and Strongly Disagree (1).

The questionnaire will be in form of closed- ended (or structured) questions in which respondents will be asked to make one or more choices from a list of possible responses, while the demographic questions will be in form of multiple choices.

### **3.8 ValidityOf Research Instrument**

The most vital criterion of the qualitative research is the validity and it deals with the integrity of the conclusions generated from the research work (Bryman & Bell, 2015).



For the viability of the research instrument, the questions were well structured and self-complete questionnaires. Also, a sample of the questionnaire was given to a professional lecturer for assessment of the validity and reliability of the questions, as well as for recommendation on any form of amendment to the questionnaire. This lecturer lectures in the department of Business Administration and Entrepreneurship at Kwara State University, Malete.

### **3.9 Reliability of Research Instrument**

Reliability refers to the question whether the results produced by a study are repeatable, or in other words, whether or not the results yielded by the measurement process are consistent for the same situation or event (Bryman & Bell, 2015). The interview questions devised for this research were prepared after careful consideration and without any vagueness. Moreover, follow-up questions are to be asked to reach the high reliability in this research. Yin (2009) states, the purpose of reliability is to minimize the inaccuracies and biases in the study. Therefore, interviews in this research are to be conducted from multiple respondents within the same company to examine the consistency in responses. The interviews are to be conducted strictly following the interview guidelines. The data gathered from the interviews are then incorporated into writing case studies. Other researchers conducting research within this domain can obtain parallel results, if it is the same location and industry. Hence, the reliability of this research is high.

### **3.10 Method of Data Analysis**

There are no set of guidelines for analysing the case study data (Yin, 2009). It is the process where researcher can manipulate the data and make it logical (Ghauri and Grønhaug, 2005). According to Yin (2009), there are different methods of analysis that have been suggested when conducting a quantitative multiple case studies. In this research, the researcher has adopted the descriptive statistics (mean, minimum, maximum and standard deviation) will be used in analysing the distribution of the data to be collected.

Also, the hypothesis formulated in this study will be tested with Peterson Chi-square to determine whether a significant relationship exists between the variables under study. The acceptance or rejection of each of the hypothesis will be subjected to a threshold of 5% (0.05) level of significance. To facilitate the timely analysis of this data, it will be entered into the Statistical Package for Social Science (SPSS) version 20, as it is more users friendly and convenient, after which result will be output and presented in tables and figures.

Hence, the author of this research has found this method of analysis to be profoundly appropriate to satisfy the objectives of this research.

### **3.11 Ethical Consideration**

Ethical considerations in research are set of principles that guide the research designs and practices (Pritha, 2021). The data collected from this study from the respective respondents is assured to be kept confidential. Also, physical, social, psychological and other types of

harm are to be kept to the barest minimum. Likewise, the research instrument utilized in this study is free from manipulation from the researcher and therefore valid and reliable to a significant extent to carry out the objective of this study.

## **CHAPTER FOUR**

### **DATA PRESENTATION AND ANALYSIS**

#### **4.0 Introduction**

In chapter three, the research methods, process and sample size was discussed in detail. It is on the basis of the methods described in chapter three that this chapter presents the data generated in the study and analysis and interpretation of the data obtained. This chapter also presents the empirical testing of the hypothesis raised in the study with the interpretation of each of them. Questions relating to personal data of the respondents were dealt with before questions that relate to the theme of the study were discussed.

#### **4.1 Rate of Response to Questionnaire**

**Table 4.1 Present the details of the number of questionnaires returned or not returned.**

<b>Questionnaires</b>	<b>Number</b>	<b>Percentage</b>
Administered	100	100%
Returned	96	96%
Not- returned	4	4%

Source: Field survey 2023

The table above shows that one hundred questionnaires were distributed and ninety-six (96) were filled and returned, making a percentage of 96%; making valid for analysis.

#### **4.2 Data Analysis**

##### **4.2.1 Social-Demographic Characteristics of Respondents**

**Table 4.2 AGE**

	Frequency	Percent	Valid Percent
20 to 29	31	32.3	32.3
30 to 39	40	41.7	41.7
40 and above	25	26.0	26.0
Total	96	100.0	100.0

Source: Field survey 2023

The table above shows the respondent's age distribution; respondents that are between the age of 20 and 29 makes up 32.3% of the population, respondents that are between the age of 30 and 39 makes up 41.7% of the population, respondents that are between the age of 40 and above makes up 25.0% of the total population; this implies that majority of the respondents are between the age of 20-39 making 74.0% of the population.

**Table 4.3 Educational Qualification**

	Frequency	Percent	Valid Percent
SSCE	29	30.2	30.2
OND/NCE	51	53.1	53.1
HND/BSC	15	15.6	15.6

MSC and above	1	1.1	1.1
Total	96	100.0	100.0

Source: Field survey 2023

The table above shows the respondent's educational qualification; 30.2% of the respondents have SSCE, 53.1% of the respondents have OND/NCE, 15.6% of the respondents have HND/BSC and only 1.1% of the respondents have MSC and above; this implies that majority of the respondents (98.9%) have SSCE, OND/NCE or HND/BSC with only 1.1% having MSc and above.

**Table 4.4 Years Of Experience**

	Frequency	Percent	Valid Percent
1 to 3	19	19.8	19.8
4 to 6	61	63.5	63.5
7 and above	16	16.7	16.7
Total	96	100.0	100.0

Source: Field survey 2023

The table above shows the respondent's years of experience; 19.8% of the respondents have one to three years of experience, 63.5% of the respondents have four to six years of experience and 16.7% of the respondents have seven years of experience and above; this implies that majority of the respondents (63.5%) have four to six years of experience.

### 4.2.2 Test of Questionnaire Questions

Table 4.5 Diversification of products by Indomie Noodles gives the organization an edge over their competitors.

	Frequency	Percent	Valid Percent
Valid strongly agree	61	63.5	63.5
Agree	32	33.3	33.3
Undecided	3	3.2	3.2
strongly disagree	-	-	-
Disagree	-	-	-
Total	96	100.0	100.0

Source: Field survey 2023

The table above shows that diversification of products by Indomie Noodles gives the organization an edge over their competitors, 63.5% strongly agree, 33.3% agrees and 3.2% are undecided; this implies that majority of the respondents (96.8%) believe they that diversification of products by Indomie Noodles gives the organization an edge over their competitors.

**Table 4.6 Indomie Noodles would have made more sales and profit if they had remained with a single product**

	Frequency	Percent	Valid Percent
Valid strongly agree	-	-	-

Agree	-	-	-
Undecided	5	5.2	5.2
strongly disagree	64	66.7	66.7
Disagree	27	28.1	28.1
Total	96	100.0	100.0

Source: Field survey 2023

The table above shows respondents' opinion on the possibility of Indomie Noodles making more sales if they had remained with a single product, 5.2% were undecided, 66.7% strongly disagreed and 28.1% disagreed; this implies that majority of the respondents (94.8%) believe that Indomie Noodles would not have made more sales and profit if they had remained with a single product.

**Table 4.7 Bringing new products and repacking existing ones influences new and old customers negatively.**

	Frequency	Percent	Valid Percent
--	-----------	---------	---------------



	strongly agree	-	-	-
	Agree	-	-	-
Valid	Undecided	15	15.6	15.6
	strongly disagree	40	41.7	41.7
	Disagree	41	42.7	42.7
Total		96	100.0	100

Source: Field survey 2023

The table above shows respondents' opinion on whether bringing new products and repacking existing ones influences new and old customers negatively; 15.6% of the respondents were undecided, 41.7% strongly disagreed and 42.7 disagreed. None of the respondents agreed or strongly agreed; this implies that majority of the respondents (84.4%) believe that bringing new products and repacking existing ones does not influence new and old customers negatively.

**Table 4.8 There is no effect of brand differentiation on competitive advantage.**

	Frequency	Percent	Valid Percent
--	-----------	---------	---------------

	strongly agree	2	2.1	2.1
	Agree	5	5.2	5.2
Valid	Undecided	4	4.2	4.2
	strongly disagree	48	50	50
	Disagree	37	38.5	38.5
Total		96	100.0	100

Source: Field survey 2023

The table above shows respondents' opinion on whether there is no effect of brand differentiation on comparative advantage; 2.1% of the respondents strongly agreed that there is no effect of brand differentiation on competitive advantage, 5.2% agreed, 4.2% of the respondents were undecided, 50% of the respondents strongly disagreed and 38.5% of the respondents disagreed; this implies that majority of the respondents (88.5%) are of the opinion that brand differentiation has an effect on competitive advantage.

**Table 4.9 Brand differentiation appeals to consumer's taste and emotion and keeps them coming for more.**

	Frequency	Percent	Valid Percent
strongly agree	47	49.0	49.0
Agree	45	46.9	46.9
Valid Undecided	3	3.1	3.1
strongly disagree	1	1.0	1.0
Disagree	-	-	-
Total	96	100.0	100

Source: Field survey 2023

The table above shows respondents' opinion on whether brand differentiation appeals to consumers' taste and keeps them coming for more or not; 49.0% of the respondents strongly agreed that brand differentiation appeals to customers' taste and keeps them coming for more, 46.9% agreed, 3.1% of the respondents were undecided and 1.0% of the respondents disagreed; this implies that majority of the respondents (95.9%) are of the opinion that brand differentiation appeals to consumers' taste and emotion and keeps them coming for more.

**Table 4.10 Customers are drawn to innovations, packing and new products.**

	Frequency	Percent	Valid Percent
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Valid	strongly agree	55	57.3	57.3
	Agree	41	42.7	42.7
	Undecided	-	-	-
	strongly disagree	-	-	-
	Disagree	-	-	-
Total		96	100.0	100

Source: Field survey 2023

The table above shows that customers are drawn to innovations, packing and new products; 57.3% of the respondents strongly agreed that customers are drawn to innovations, packing and products and 42.7% agreed. None of the respondents disagreed; this implies that all of the respondents (100.0%) are of the opinion that customers are drawn to innovations, packing and new products.

**Table 4.11 We have comparative advantage over our competitors as a result of our ability to anticipate consumers' future needs and expectations and meet them.**

	Frequency	Percent	Valid Percent
--	-----------	---------	---------------

	strongly agree	23	23.9	23.9
	Agree	21	21.9	21.9
Valid	Undecided	47	49.0	49.0
	strongly disagree	2	2.1	2.1
	Disagree	3	3.1	3.1
Total		96	100.0	100

Source: Field survey 2023

The table above shows respondents' opinion on whether Indomie Noodles has comparative advantage over their competitors as a result of their ability to anticipate consumers' future needs and expectations and meet them; 23.9% of the respondents strongly agreed, 21.9% agreed, 49.0% were undecided, 2.1% strongly disagreed and 3.1% disagreed; this implies that majority of the respondents (49.0%) are undecided.

**Table 4.12 The products we have developed over the last five years were unique on the market at the time they were introduced.**

	Frequency	Percent	Valid Percent
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Valid	strongly agree	44	45.8	45.8
	Agree	46	47.9	47.9
	Undecided	6	6.3	6.3
	strongly disagree	-	-	-
	Disagree	-	-	-
Total		96	100.0	100

Source: Field survey 2023

The table above shows respondents' opinion on whether the products developed by Indomie Noodles over the last five years were unique on the market at the time they were introduced; 45.8% of the respondents strongly agreed, 47.9% agreed and 6.3% were undecided; this implies that majority of the respondents (93.7%) are of the opinion that the products developed by Indomie Noodles over the past five years were unique on the market at the time they were introduced.

**Table 4.13 Our brand only meet needs of children and does not cover the needs of all age brackets.**

		Frequency	Percent	Valid Percent
Valid	strongly agree	-	-	-
	Agree	-	-	-
	Undecided	5	5.2	5.2
	strongly disagree	64	66.7	66.7

	Disagree	27	28.1	28.1
Total		96	100.0	100

Source: Field survey 2023

The table above shows respondents' opinion on whether their brand only meet the needs of children and does not cover the needs of all age bracket; 5.2% of the respondents were undecided, 66.7% strongly disagreed and 28.1% disagreed; this implies that majority of the respondents (94.8%) are of the opinion that the brand meets the needs of not just children but that of all ages.

**Table 4.14 I consume our products mainly because I am a staff and not because of its taste and satisfaction made available by efficient brand differentiation.**

	Frequency	Percent	Valid Percent
Valid strongly agree	-	-	-
Agree	-	-	-
Undecided	-	-	-
strongly disagree	85	88.5	88.5

Disagree	11	11.5	11.5
Total	96	100.0	100

Source: Field survey 2023

The table above shows respondents' opinion on whether they consume Indomie Noodles because they are staff and not because of the taste and satisfaction made available by efficient brand differentiation; 88.5% of the respondents strongly disagreed and 11.5% disagreed; this implies that all of the respondents (100.0%) are of the opinion that they consume their products not because they are staff but because of the taste and satisfaction made available efficient brand differentiation.

**Table 4.15 Market orientation does not have a significant direct impact on competitive advantage.**

	Frequency	Percent	Valid Percent
strongly agree	-	-	-
Agree	6	6.2	6.2
Valid Undecided	-	-	-
strongly disagree	67	69.8	69.8
Disagree	23	24.0	24.0



Total	96	100.0	100
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Source: Field survey 2023

The table above shows respondents' opinion on whether market orientation has any significant direct impact on competitive advantage; 2.4% agreed that market orientation does not have a direct impact on competitive advantage, while 69.8% strongly disagreed and 24.0% disagreed; this implies that majority of the respondents (93.8%) are of the opinion that market orientation does have a significant direct impact on competitive advantage.

**Table 4.16 Our organization often collects feedback from customers on their satisfaction level after consumption of your new products/brands.**

	Frequency	Percent	Valid Percent
Valid strongly agree	17	17.7	17.7
Agree	21	21.9	21.9
Undecided	4	4.2	4.2
strongly disagree	25	26.0	26.0
Disagree	29	30.2	30.2
Total	96	100.0	100

Source: Field survey 2023

The table above shows respondents' opinion on whether their organization often collects feedback from customers on their satisfaction level after consumption of new

products/brands; 17.7% of the respondents strongly agreed, 21.9% also agreed, 4.2% were undecided while 26.0% strongly disagreed and 30.2% disagreed; this implies that majority of the respondents (56.2%) are of the opinion that their organization rarely collects feedback from customers on their satisfaction level after consumption of new products/brands.

**Table 4.17 Communicating products and its value to consumers does not affect their taste for such products.**

	Frequency	Percent	Valid Percent
strongly agree	3	3.1	3.1
Agree	5	5.2	5.2
Valid Undecided	7	7.3	7.3
strongly disagree	47	49.0	49.0
Disagree	34	35.4	35.4
Total	96	100.0	100

Source: Field survey 2023

The table above shows respondents' opinion on whether communicating products and its value to consumers affects their taste for such products or not; 3.1% of the respondents strongly agreed that communicating products and its value to consumers does not affect their taste for such products, 5.2% also agreed, 7.3% were undecided while 49.0% strongly

disagreed and 35.4% disagreed; this implies that majority of the respondents (84.4%) are of the opinion that communicating products and its value to consumers affects their taste for such products.

**Table 4.18 Positioning is only required by growing companies and not ours.**

	Frequency	Percent	Valid Percent
strongly agree	5	5.2	5.2
Agree	8	8.3	8.3
Valid Undecided	9	9.4	9.4
strongly disagree	40	41.7	41.7
96	34	35.4	35.4
Total	96	100.0	100

Source: Field survey 2023

The table above shows respondents' opinion on whether positioning is only required by growing companies and not theirs; 5.2% of the respondents strongly agreed, 8.3% also agreed, 9.4% were undecided while 41.7% strongly disagreed and 35.4% disagreed; this implies that majority of the respondents (77.1%) are of the opinion that positioning is required by both growing companies and grown companies (Indomie Noodles).

**Table 4.18 Positioning is only required by growing companies and not ours.**

	Frequency	Percent	Valid Percent
strongly agree	9	9.4	9.4
Agree	7	7.3	7.3
Valid Undecided	11	11.5	11.5
strongly disagree	30	31.3	31.3
Disagree	39	40.5	40.5
Total	96	100.0	100

Source: Field survey 2023

The table above shows respondents' opinion on whether positioning is only required by growing companies and not theirs; 9.4% of the respondents strongly agreed, 7.3% also agreed, 11.5% were undecided while 31.3% strongly disagreed and 40.5% disagreed; this implies that majority of the respondents (71.8%) are of the opinion that positioning is required by both growing companies and Indomie Noodles.

**Table 4.19 There is high demand for our products from customers who have not bought it before. This high demand can be attributed to our strategic advertisement and marketing.**

		Frequency	Percent	Valid Percent
Valid	strongly agree	44	45.8	45.8
	Agree	43	44.9	44.9
	Undecided	5	5.2	5.2
	strongly disagree	3	3.1	3.1
	Disagree	1	1.0	1.0
Total		96	100.0	100

Source: Field survey 2023

The table above shows respondents' opinion on whether there is high demand for their products from customers who have not bought it before and if such demand is attributed to their strategic advertisement and marketing; 45.8% of the respondents strongly agreed, 44.9% also agreed, 5.2% were undecided while 3.1% strongly disagreed and 1.0% disagreed; this implies that majority of the respondents (90.7%) are of the opinion that there is high demand for their products from customers who have not bought it before and such demand can be attributed to their strategic advertisement and marketing.

**Table 4.20 There has been a decline in the demand of our products due to inappropriate positioning of our market forces.**

	Frequency	Percent	Valid Percent
Valid strongly agree	6	6.3	6.3
Agree	5	5.2	5.2
Undecided	9	9.4	9.4
strongly disagree	41	42.7	42.7
Disagree	35	36.4	36.4
Total	96	100.0	100

Source: Field survey 2023

The table above shows respondents' opinion on whether there has been a decline in the demand of their products due to inappropriate positioning of their market forces; 6.3% of the respondents strongly agreed, 5.2% also agreed, 9.4% were undecided while 42.7% strongly disagreed and 36.4% disagreed; this implies that majority of the respondents (79.1%) are of the opinion that there has not been a decline in the demand of their products due to inappropriate positioning of their market forces.

**Table 4.21 Superior service coverage, product quality, customer care, and value added services are linked to competitive advantage. These are part of what has made us frontiers in the food market.**

	Frequency	Percent	Valid Percent
Valid strongly agree	45	46.9	46.9
Agree	47	48.9	48.9
Undecided	4	4.2	4.2
strongly disagree	-	-	-
Disagree	-	-	-
Total	96	100.0	100

Source: Field survey 2023

The table above shows respondents' opinion on whether superior service coverage, product quality, customer care and value added services are linked to competitive advantage, and if these are part of what has made Indomie Noodles frontiers in the food market; 46.9% of the respondents strongly agreed, 48.9% also agreed and 4.2% were undecided. None of the respondents strongly disagreed or disagreed; this implies that majority of the respondents (95.8%) are of the opinion that superior service coverage, product quality, customer care and value added services are linked to competitive advantage, and these are part of what has made Indomie Noodles frontiers in the food market.

**Table 4.22 Our pricing system has positioned us at an advantage over our competitors.**

	Frequency	Percent	Valid Percent
Valid strongly agree	45	46.9	46.9
Agree	46	47.9	47.9
Undecided	3	3.1	3.1
strongly disagree	-	-	-
Disagree	2	2.1	2.1
Total	96	100.0	100

Source: Field survey 2023

The table above shows respondents' opinion on whether their pricing system has positioned them at an advantage over their competitors; 46.9% of the respondents strongly agreed, 47.9% also agreed, 3.1% were undecided while 2.1% disagreed; this implies that majority of the respondents (94.8%) are of the opinion that superior service coverage, product quality, customer care and value added services are linked to competitive advantage, and these are part of what has made Indomie Noodles frontiers in the food market.



**Table 4.23 We rarely research on new ways to improve our products and services.**

		Frequency	Percent	Valid Percent
Valid	strongly agree	-	-	-
	Agree	7	7.3	7.3
	Undecided	9	9.4	9.4
	strongly disagree	65	67.7	67.7
	Disagree	15	15.6	15.6
Total		96	100.0	100

Source: Field survey 2023

The table above shows respondents' opinion on whether Indomie Noodles rarely research on new ways to improve their products and services; 7.3% of the respondents agreed, 9.4% were undecided while 67.7% strongly disagreed and 15.6% disagreed; this implies that majority of the respondents (83.3%) are of the opinion that Indomie Noodles always research on new ways to improve their products and services.

**Table 4.24 We barely invest on market survey, research and advertisement.**

	Frequency	Percent	Valid Percent
strongly agree	-	-	-
Agree	-	-	-
Valid Undecided	2	2.1	2.1
strongly disagree	86	89.6	89.6
Disagree	8	8.3	8.3
Total	96	100.0	100

Source: Field survey 2023

The table above shows respondents' opinion on whether Indomie Noodles barely invest on market survey, research and advertisement; none of the respondents strongly agreed or agreed, 2.1% of the respondents were undecided while 89.6% strongly disagreed and 8.3% disagreed; this implies that majority of the respondents (97.9%) are of the opinion that Indomie Noodles always invest on market survey, research and advertisement.

### **4.3 Hypothesis Testing**

This section attempts to answer the issue raised in the hypothesis formulated in this study. The analysis of the data gathered has been carried out previously. One set of hypothesis was used for the purpose of this research; the hypothesis is both null and alternate hypothesis. In testing and analysis of the hypothesis, the statistical test adopted is regression analysis.

## Hypothesis One

H<sub>01</sub>: There is no significant positive relationship between brand differentiation and competitive advantage

H<sub>a1</sub>:• There is a positive relationship between brand differentiation and competitive advantage.

**Table 4.25**Correlations

	Brand differentiation appeals to consumer's taste and emotion and keeps them coming for more	Diversification of products by Indomie Noodles gives the organization an edge over their competitors
My efficacy is greatly influenced by the people I have relationships with. N	Pearson Correlation 1 Sig. (2-tailed) .000 N 96	.585** N 96
My organizational culture encourages human relation practices and interactions N	Pearson Correlation .585** Sig. (2-tailed) .000 N 96	1 N 96

\*\*. Correlation is significant at the 0.01 level (2-tailed).

*Source: Researcher's field summary results (2023)*

### Coefficient of Determination (C.O.D)

The coefficient of determination is obtained by using the formula  $C.O.D = r^2 \times 100\%$

Where  $r$  = Pearson Correlation

Thus;

$$C.O.D = (0.585)^2 \times 100\%$$

$$= 0.3422 \times 100\%$$

$$= 34.2\%$$

The Pearson correlation on  $r = 0.585$  therefore implies 34.2% shared variance between brand differentiation and competitive advantage.

The significance level below 0.01 implies a statistical confidence of above 99%. The relationship between the variables (brand differentiation and competitive advantage) was investigated using Pearson correlation coefficient. The result from the table above shows that there is a significant positive correlation of (.585) between both variables at 0.05 level of significance. Thus, as obtained from the table ( $r = .585$ ,  $p < 0.01$ ,  $n = 96$ ). The result above shows that there is a significant positive coefficient.

## Decision Rule

This implies that there is a significant relationship between brand differentiation and competitive advantage. Therefore, the decision would be to reject the null hypothesis ( $H_0$ ), and to accept the alternative hypothesis ( $H_a$ ).

## Hypothesis Two

$H_{02}$ : There is no significant relationship between positioning and competitive advantage

$H_{a2}$ : There is a positive relationship between positioning and competitive advantage

**Table 4.26**Correlations

	There is high demand for our products from customers who have not bought it before. This high demand can be attributed to our strategic advertisement and marketing	Our pricing system has positioned us at an advantage over our competitors.
My efficacy is greatly influenced by the people I have relationships with.	Pearson Correlation Sig. (2-tailed) N	1 .886** .000 96
My organizational culture encourages human relation practices and interactions	Pearson Correlation Sig. (2-tailed) N	.886** 1 .000 96

\*\* . Correlation is significant at the 0.01 level (2-tailed).

*Source: Researcher's field summary results (2023)*

Coefficient of Determination (C.O.D)

The coefficient of determination is obtained by using the formula C.O. D=  $r^2 \times 100\%$

Where  $r$ = Pearson Correlation

Thus;

$$\text{C.O.D} = (0.886)^2 \times 100\%$$

$$=0.7849 \times 100\%$$

$$=78.4\%$$

The Pearson correlation on  $r = 0.886$  therefore implies 78.4% shared variance between positioning and competitive advantage. The significance level below 0.01 implies a statistical confidence of above 99%. The relationship between the variables (positioning and competitive advantage) was investigated using Pearson correlation coefficient. The result from the table above shows that there is a significant positive correlation of (.886) between both variables at 0.05 level of significance. Thus, as obtained from the table ( $r = .886, p < 0.01, n = 96$ ). The result above shows that there is a significant positive coefficient.

## **Decision Rule**

This implies that there is a significant relationship between positioning and competitive advantage. Therefore, the decision would be to reject the null hypothesis ( $H_0$ ), and to accept the alternative hypothesis ( $H_a$ ).

## **CHAPTER FIVE**

### **SUMMARY, RECOMMENDATION AND CONCLUSION**

#### **5.1 Summary of Work**

Based on the findings of this study, it is concluded that brand differentiation influences competitive advantage as supported by the study findings and responses to questionnaire on the clear role played by brand differentiation and positioning on competitive advantage.

This study was aimed at brand differentiation and positioning and competitive advantage in the market place; it specifically examined the effect of brand differentiation on competitive advantage, as well as the impact of brand positioning on competitive advantage. The study started with an introduction, which occupied the first chapter. It explored the background of the study, statement of the problem, objectives, hypothesis, significance, scope and limitations of the study and finally definition of terms.

Chapter two was divided into four crucial parts; Literature review where differentiation strategy, positioning strategy, brand differentiation and comparative advantage were discussed in detail; theoretical framework, where two theories were discussed; Disaggregate Discrete Choice theory and Brand Loyalty theory; empirical framework that touched past research that is related to the topic; and the chapter was concluded by the gap in literature.

Chapter three focused on survey information on Indomie Noodles, the research design was analyzed, the whole population was considered, validity and reliability of research instrument were also conducted in chapter three.

Data presentation and analysis was presented in chapter four using statistical tables to show the percentage and number of responses from the study population, in this chapter the hypothesis (one hypothesis) from chapter one was analyzed; the null hypothesis was rejected.

While chapter five dealt with summary, conclusion, recommendation and suggestions for further research.

## **5.2 Summary of Findings**

The findings made on this research are grouped into two sections; theoretical findings and empirical findings. The theoretical finding is gotten from literature review in chapter 2 and the empirical finding is gotten from data generated from the actual field survey.

### **5.2.1 Theoretical Findings**

For the purpose of this study, the researcher used two theories: Disaggregate Discrete Choice and Brand Loyalty theories.

Disaggregate discrete choice model takes into consideration of various market segments that emerge because of the great differences that consumers portray in choosing the brands



to buy. It provides a more accurate representation of consumers while at the same time allowing marketers to cluster consumers into segments with similar choice behavior. The analyses in this theory are done using aggregate models that assume that all consumers have the same preferences.

Brand loyalty is a positive biasness that an individual show in responding to a branded, labelled or graded product as the consumer, the selector or the purchasing agent. The biasness can be as a result of affection, evaluation or reaction that the individual portrays towards a product. Brand loyalty is anchored on repeat purchase buying behavior even though the consumer or the buyer may have no evaluative (cognitive or attitudinal) structure underlying his brand loyalty. However, one can observe emotive tendencies (affect, fear, respect, compliance, and so forth) associated with this type of loyalty.

### **5.2.2 Empirical Findings**

This is the summary of the findings from the field work; this research generated many findings as regards to brand differentiation and positioning and competitive advantage (a case study of indomie noodles).

#### **Hypothesis One**

The study found that there is a significant relationship between brand differentiation and competitive advantage.

The anova table shows the assessment of the statistical significance of the result. The table tests the null hypothesis. We accept the null hypothesis if the P value is  $\leq 0.05$ . The Pearson correlation on  $r = 0.585$  therefore implies 34.2% shared variance between brand differentiation and competitive advantage.

The significance level below 0.01 implies a statistical confidence of above 99%. The relationship between the variables (brand differentiation and competitive advantage) was investigated using Pearson correlation coefficient. The result from the table above shows that there is a significant positive correlation of (.585) between both variables at 0.05 level of significance. Thus, as obtained from the table ( $r = 0.585$ ,  $p < 0.01$ ,  $n = 450$ ). The result above shows that there is a significant positive coefficient. Therefore, the null hypothesis ( $H_0$ ) was rejected, and the alternative hypothesis ( $H_a$ ) accepted.

### **5.3 Recommendation**

1. The study recommends regular customers' feedback collection exercise to be able to ascertain and anticipate customers' future needs.
2. The study also recommends that market survey should be regularly carried out to be able to determine a shift or change in consumers' taste or likes.
3. More investments on advertisement and reach-out programs should be done by the organization to be able to reach out to a wider range of consumers.

4. The study further recommends creation of effective and efficient research and advertisement department to be charged with the responsibility of regular and detailed research and advertisement.

5. There should be non-biased recruitment procedure to ensure the recruitment of qualified personnel that would position the organization on a higher and steady competitive advantageous front.

## **5.4 Conclusion**

From this study it could be observed that the importance of brand differentiation in creating the desired competitive advantage cannot be over-emphasized. Brand differentiation ensures diversification, packing and repackaging, which appeals to the taste and interest of consumers thus making any organization to have a competitive advantage over their competitors. They ensure that accounting and the management controls are implemented. More so, bringing new products and modifying existing ones to suit the taste of both young and old is a necessary requirement if any organization wishes to be a frontier in the food industry.

Furthermore, market orientation has a significant direct impact on competitive advantage. As seen from this work, research, advertisement and strategic positioning directly affects the competitive advantage of an organization. Constantly collecting feedback from

customers on their satisfaction level after consumption of your new products/brands makes them feel important and in charge and keeps them coming for more.

### **5.5 Suggestion for Further Research**

The following suggestions are made for further studies:

- A similar study with a wider scope is advocated.
- A study to identify organizational factors militating against competitive advantage is advised.
- Future studies should focus on other factors that affect competitive advantage.

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