

# **COMPETITIVE STRATEGIES AND PERFORMANCE OF FOOD, BEVERAGES AND TOBACCO MANUFACTURING FIRMS IN SOUTH EAST, NIGERIA**

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**Abstract:** *The study evaluated competitive strategies and performance of food, beverages and tobacco manufacturing firms in South East, Nigeria. The specific objectives were to: determine the effect of cost leadership strategy on profit and evaluate the effect of product differentiation strategy on return on assets of food, beverages and tobacco manufacturing firms in South East, Nigeria. Two research questions were formulated based on the objectives of the study while corresponding hypotheses were stated and tested in the study. The design of the study was descriptive survey design. The area of the study was food, beverages and tobacco manufacturing firms in South East, Nigeria. The population of the study was four thousand, nine hundred and eighteen (4,918) employees. The sample size of three hundred and sixty (360) respondents was drawn from the population using Freund and William's statistic formula at 5 percent error margin. Instrument used for data collection was the questionnaire in a five point rating scale made up of two sections containing 30 items. Three hundred and two (302) copies of questionnaire were returned. Z-test was used to test the null hypotheses with the aid of statistical package for social Sciences (SPSS). The findings indicated that cost leadership strategy had significant positive effect on profit ( $Z(95, n = 302) 7.337 < 8.833, P < 0.05$ ) and product differentiation strategy had significant positive effect on return on assets ( $Z(95, n=302) 6.761 < 8.085, P < 0.05$ ) of food, beverages and tobacco manufacturing firms in South East, Nigeria. The study concluded that cost leadership strategy and product differentiation strategy and had significant positive effect on profit and return on assets of food, beverages and tobacco manufacturing firms in South East, Nigeria. The study recommended among others that the management of food, beverages and tobacco manufacturing firms should improve on cost leadership strategy by lowering price of products, and brand items, cut costs during operations and increase distribution channels.*

**Keywords:** *Competitive, Strategies, Cost, Leadership Strategy and Performance*

## **INTRODUCTION**

### **1.1 Background of the Study**

There are two forces that dominate the operation of any free market economy. These are the price system through supply and demand and competition. In today's fast faced world, everybody is trying to get ahead by beating the competition and brands are not different. Every industry face fierce competition from the food, beverage and tobacco industry to the sports apparel industry.

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Competitiveness can be described as a measure of a firm's improved performance which can also be expressed through a seizure of greater profit from larger market share control over a long period resulting in company growth (Man & Chan, 2002; Griffin 2012).

In order to address the risks at the global competitiveness among companies, management, executives and policymakers are collectively, facing difficulties in developing strategies to outsmart their competitors (Kharub et al., 2017). Paying attention to strategic competitiveness has increased the importance of competency, strategic knowledge-based training and strategic management, and their value has been well understood by various disciplines which include economics, industries, finance, market, military and tactics (Teece, 2000). Strategic competitiveness helps organizations to accelerate their operations and market share (Hossain et al., 2017). Globalization has intensified business competitive (Gaster, 2016). This has improved the reduction of international trade barriers, which has resulted in the spread of technological advances, lower transportation and telecommunications costs and the development of digital marketing (Bang & Markeset, 2012). Strategic competitiveness embodies all that Nigeria paint companies will do to attract consumers, resist competitive pressure and improve their market position (Thompson & Strickland, 2007). Globalization has led to intense competition within and outside of many organizations. Given the intense competition and ever-changing market conditions, corporate performance has become an important issue among management practitioners and scholars. The main focus of the strategic competitiveness is a company's relative position in an industry. Indicating that its profits are above or below the industry average (Adimo, 2018). As a result, both management practitioners and scholars became interested in the enhancement of corporate performance of organizations. The vision, mission, environmental scanning and strategic planning of a business are part of the acknowledged factors in literature as predictors of corporate performance (Bart & Hupfer, 2004; Forbes & Seena, 2006). These factors are therefore regarded as factors of success in achieving competitive strategy (Bart & Hupfer, 2004; Kantabutra & Avery, 2010). Organizations are expected to have a mission statement and vision to provide business direction and to have a strategic plan that guides the implementation of strategic competitiveness process.

It is therefore, based on this background that the study evaluated competitive strategies and performance of food, beverages and tobacco manufacturing firms in South East, Nigeria.

### **1.2 Statement of the Problem**

A competitive strategy is crucial in finding and developing new ideas for products and services that the company can offer. Others include the exploration of new opportunities and the attainment of customer loyalty with better products and services. A well-crafted competitive strategy can enable companies make more informed decisions, outsmart the competition and increase market share and increase customer base.

Absence of competitive strategies can result to lack of innovation and less incentive to improve products and services, leading to stagnation. It will also result to customer exploitation because a lack of alternatives can lead to higher prices and poorer customer service as there is no pressure to improve prices and corporate profits rise while workers wages decrease for larger corporations and their shareholders gain wealth while consumers and workers' pay the cost. All these challenges necessitated the need for the study of the effect of competitive strategies on the performance of food, beverage and tobacco manufacturing firms in South East, Nigeria.

Therefore the specific problems of the study were on how to utilize cost leadership strategy, product differentiation strategy and new market focus strategy to enhance profit, return on assets and investment of food, beverages and tobacco manufacturing firms in South East, Nigeria.

### **1.3 Objectives of the Study**

The main objective of the study was to evaluate the effect of competitive strategies on performance of food beverages, and tobacco manufacturing firms in South East Nigeria. The specific objectives of the study were to:

- i. Determine the effect of cost leadership strategy on profit of food, beverages and tobacco manufacturing firms in South East, Nigeria.
- ii. Evaluate the effect of product differentiation strategy on return on assets of food, beverage and tobacco manufacturing firms in South East, Nigeria.

### **1.4 Research Questions**

The following research questions guided the study;

- i. What is the effect of cost leadership strategy on profit of food, beverages and tobacco manufacturing firms in South East, Nigeria?
- ii. How does product differentiation strategy affect return on assets of food, beverages and tobacco manufacturing firms in South East, Nigeria?

### **1.5 Statement of Hypotheses**

The following null hypotheses guided the study:

- i. Cost leadership strategy has no significant positive effect on profit of food, beverages and tobacco manufacturing firms in South East, Nigeria.
- ii. Product differentiation strategy has no significant positive effect on return on assets of food, beverages and tobacco manufacturing firms in South East, Nigeria.

### **1.6 Significant of the Study**

This study holds significant importance for various stakeholders, including:

1. **Industry players:** Food, beverages, and tobacco manufacturing firms can gain insights into effective competitive strategies, enabling them to adapt to changing market conditions and improve their performance.

2. **Policymakers:** Policymakers will benefit from a better understanding of the challenges and opportunities within these industries, allowing them to develop policies that support sustainable growth and competitiveness.

3. **Investors:** Investors can make informed decisions about supporting and investing in these industries based on a comprehensive analysis of their competitive landscape.

4. **Academic Community:** Researchers and scholars in the fields of business, economics, and public policy can use this study as a valuable resource for further analysis and exploration.

### 1.7 Scope of the Study

The study focused on competitive strategies and performance of food, beverages and tobacco manufacturing firms in South East, Nigeria. The study covered the following independent variables: Cost leadership strategy and product differentiation strategy as proxies for competitive strategies while the dependent variables of performance indicators include: profit and return on assets and return. Geographical scope of this study is food, beverages and tobacco manufacturing firms in South East, Nigeria.

### 1.8 Limitations of the Study

The following limitations were encountered in the course of this study;

**Time Constraints:** There was not enough time for this study due to the fact that the researcher had to combine lectures with other academic activities with the study. But the researcher was still able to successfully complete this study by allotting more time to the research work.

**Uncooperative Attitude of Respondents:** The respondents refused cooperating by releasing the necessary information that would have aided and facilitated the successful completion of this study but the researcher persisted in order to complete the study.

**Difficulty in gathering the appropriate material for the literature review:** The researcher had difficulty in sourcing for the information pertaining to the literature review. This was due to the fact that information on competitive strategy were difficult to get but the research surmounted this difficulty by being persistent and making all other reasonable efforts to ensure that there was a valid scientific conclusions.

## REVIEW OF RELATED LITERATURE

### 2.1 Conceptual Review

#### 2.1.1 Competitive

Competitive means to be determined or trying very hard to be more successful than other people or business (Longman Dictionary of Contemporary English, 2007). It means also to try to gain something and stop someone else from having it or having as much of it. However, competitiveness in business according to Morgan (2023) refers to a company's ability to balance the price and the quality of its products and services in order to provide customers with the optimal experience. A competitive

analysis is an evaluation performed to help understand the current and potential competitiveness of a given business (Michael, 2022).

### **2.1.2 Strategies**

Appleby (1981) and Gilbert Jr. (1996) define strategies as broad programmes of activity to achieve organizational objectives. Strategy is a major course of action through which an organization relates itself to its environment particularly the external factors to facilitate all actions involved in meeting the objectives of the organization (Hossain et al. (2023). If you are interested in finding ways to make your company operate more efficiently, you need to understand how to implement an organizational strategy (Morgan et al., 2022). Dirisu et al. (2019) opines that companies use these strategies to help them meet their goals and develop strategic plans.

### **2.1.3 Competitive Strategies**

Various authorities such as Akpooviroro et al. (2018); Beared and Dess (1981); and Parthasarthy (2007) disclose that competitive strategy is a viable plan of action drafted and interpreted by management of businesses in achieving their goals and also positioning them for higher and more superior performance amidst other competitor firms within the industry.

Porter (1980) propounded the generic strategic: (overall cost leadership and differentiation) which are re-known for competitiveness. These competitive strategies are profound in checking the profitability and stability of firms over time which enhances the attraction of investors to the firm for growth, expansion and new opportunities (Gumel, 2019; Ogbari et al., 2018).

### **2.1.4 Components of Competitive Strategies**

Porter (1980) and (1985) summarized the components of competitive strategy to include cost leadership strategy, differential strategy, cost focus strategy and differential focus strategy.

Oghojafor et al. (2014) based on Porter (1980) and (1985) postulations added the following as part of the components of competitive strategy. They are value discipline strategy, product leadership strategy, customer intimacy strategy and operational excellence strategy. Others are product development strategy, product innovation strategy and expanding market size strategy.

### **2.1.5 Components of Competitive Strategies that Formed Part of the Objectives of the Study**

The following components that formed part of the objectives of the study were reviewed hereunder.

#### **2.1.5.1 Cost Leadership Strategy**

Here, the company's goal is to be the lowest cost producer in the industry and it is achieved by producing at a large scale that enables a company to achieve economies of scale (Davidson, 2008). Hossain et al (2017), noted that an organization can produce high quality goods with unique features that they can sell at higher prices. An organization is considered a low-cost producer if it sells its products at a competitive price in the industry but earns a higher profit than its competitors, or it sell at a lower price to increase its market share (Porter, 2008).

### **2.1.5.2 Differentiation Strategy**

A company's differentiation strategy focuses on its efforts to provide a unique product or service to its existing customers and potential clients (Bauer & Colgan, 2001). Differentiation a strategy in which companies try to gain competitive strategy by enhancing the perceived value of their products or services in relation to the perceived value of other companies product or services (Adimo, 2018). The differentiation strategy involves the production of products or services that are different from that of competitors' products by making it more attractive than that of competitors (Fathali, 2016). Dirisu et al. (2013), argued that there are many ways to differentiate a product, identifying meaningful product driven differentiators that can be used to in gain and sustain a competitive edge.

### **2.1.6 Performance**

Performance is the actual outcome or result that reflects that entirety of the activities that organization have undertaken over a period (Kyrgidou & Spyropoulou, 2013). It is the basis for comparison between the resources and the outcome. It indicates the true position of the organization and provides the basis for assessing the entirety of the organizations directed towards identifying the areas of strength and weakness that demand greater attention (Olukade & Isichei, 2021). Performance is the firm's capability in achieving its objectives by utilizing resources in an effective as well as trustworthy means (Ahmad et al., 2019). Better performance is the goal of any firm since a firm can progress and grow only through performance (Gavrea et al., 2011). Performance entails monetary and non-monetary; monetary include market share, profitability, and market share, return on equity, assets, investment, and liquidity. Non-monetary measures include decision quality, client satisfaction and efficiency (Kariithi & Kihara, 2017).

### **2.1.7 Measures of Organizational Performance**

The components of organizational performance include; motivation, coordination and control, innovation, profit, leadership team, employee involvement, quality product standards, decreased production cost, customer satisfaction, direction, external orientation, sales growth, return on asset, return on investment, profit, work environment and values, capabilities and accountability (Moore, 2014; Maran et al., 2021; Miles, 2022; Swarthout, 2021)

### **2.1.8 Measures of Organizational Performance that Formed Part of the Objectives of the Study**

The following measures of organizational performance that formed part of the objectives of the study were reviewed hereunder:

#### **2.1.8.1 Profit**

Profit is a gain obtained from any business activities (Byju's, 2023). The primary goal of any business is to earn money, therefore a business performance is based on profitability, in its various forms. (Kenton et al., 2022). The three major types of profit includes; gross profit, operating profit, and net profit, all of which can be found on the income statement. Each profit type gives analyses more

information about a company’s performance, especially when it’s compared to other competitors and time periods (Kenton et al., 2022, Kenton et al., 2022).

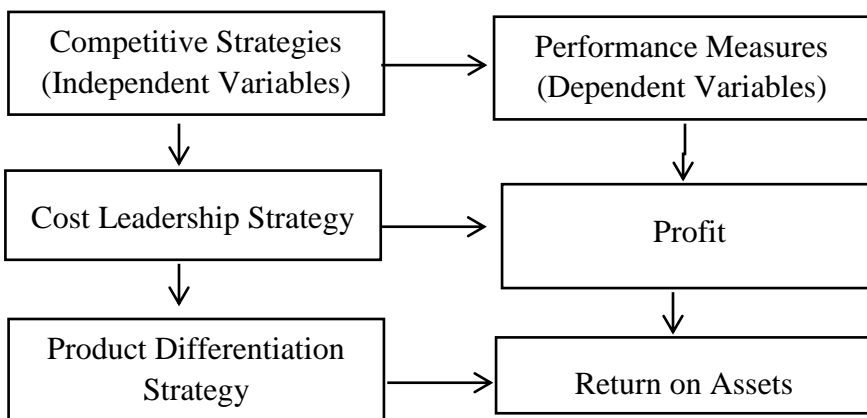
### 2.1.8.2 Return on Assets

Return on assets simplifies that task of fundamental analysis lets investors identify good opportunities and minimizes the risk of unpleasant surprises (Ben, 2018). Measuring its success against its expected business objectives or market rivals is also very critical for management (Wilkinson, 2013).

### 2.1.9 Conceptual Model of the Study

Conceptual model defines the relevant objectives for the research process and maps out how they come together to draw coherent conclusions (Bas & Tegan, 2022). The conceptual model of the study is shown in figure 2.1.

**Fig. 2.1: Conceptual Model of the Study**



**Source: Adapted from Porter (1985)**

Cost leadership strategy, product differentiation strategy and new market focus strategy are the independent variables of competitive strategies while performance measures have profit, return on assets and investment as dependent variables.

## 2.2 Theoretical Framework

### 2.2.1 Competitive Strategies Theories by Michael Porter (1980)

Michael Porter is a renowned economist and professor at Harvard Business School who has made significant contributions to the field of competitive strategy. His work has had a profound impact on how businesses and organizations think about competition and formulate their strategies. Porter’s competitive strategies theories are primarily outlined in his book “Competitive Strategy: Techniques for Analyzing Industries and Competitors” first publishes in 1980 Michael Porter described a category scheme consisting of three general types of strategies commonly used by businesses to achieve and

maintain a competitive advantage. These three strategies are defined along two dimensions: strategic scope and strategic strength.

## **2.3 Empirical Review**

### **2.3.1 Cost Leadership Strategy and Profit**

Nyauncho and Nyamweya (2015) conducted a study on assessment of the effect of cost leadership strategy on the performance of liquefied petroleum gas companies in Eldoret town, UasinGishu County, Kenya. The objective of the study was to investigate the effects of cost leadership strategy on performance of LPGC in Eldoret town. In doing this, the study adopted Porter's Generic Competitive Strategies which states that, cost leadership is a firm sets out to become the low cost producer in its industry. The study used a survey design and targets a population of 175 which comprise of 10 station managers, 40 departmental heads, 20 supervisor and 105 employees. A sample size of 64 was selected using stratified sampling. The study used questionnaires and interview schedule as data collection instruments. Data analysis was carried out using descriptive statistics such as Spearman rank correlation, means. Pearson's product moment correlation coefficients were used to assess the degree of linear relationship among competitive strategies and between competitive strategies and performance of the liquefied petroleum gas companies.

Islami et al. (2015), conducted a research about the effects of Porter's generic strategies (low cost strategy, differentiation strategy, and focus strategy) on organization's performance. The questionnaire was used to obtain answers from participants, and an economic model was developed to measure these relationships. The findings were based on data from 116 firms operating in the Republic of Kosovo. T-test, Pearson regression analysis, and multivariate regression analysis were used to test the hypotheses. Econometric results suggest that the pursuit of differentiation strategy offers higher performance compared to Porter's other two generic strategies (low cost strategy and focus strategy) which also indicates a positive impact.

### **2.3.2 Product Differentiation Strategy and Return on Assets**

Ahmad, Kadzrina and Yen (2017) conducted a study on the effect of strategic leadership, organization innovativeness, information technology capability on effective strategy implementation: A study of tertiary institutions in Nigeria. A survey study of cross-sectional nature was conducted in thirteen (13) tertiary institutions located in Kaduna State. The study showed there are major elements in Nigeria's educational sector, the sector that is currently experiencing serious and major reforms targeted toward enhancing its service delivery and quality.

Wilfred, Evans and Erastus (2017) conducted a study on analysis of cost leadership strategy influence on organization's competitiveness of sugar firms in Kenya. The purpose of the study was to analyze influence of cost leadership strategy on organizations' competitiveness of sugar firms. The study therefore concluded that there was a statistically significant influence of cost leadership strategy on organization competitiveness therefore this study conclude that sugar firms management in Kenya should make more efforts in employing cost leadership strategies in an efforts to improve on organization's competitiveness.

## **2.5 Gap in Empirical Literature**

Considering the empirical review, it is observed that many studies were carried out on the related topic but none of the studies reviewed on competitive strategies and performance of food, beverage, and tobacco manufacturing firms in South East, Nigeria.

Most of the studies reviewed analyzed their data through Ex-post facto, correlational, Ordinary Least Square regression analysis, and Regression Analysis respectively while the present study made use descriptive design and chi-square analysis to test the hypotheses. Therefore, the study aimed at filling this research gap by evaluating the effect of organizational competitive advantage and strategy on the performance of food, beverage and tobacco manufacturing firms in South East, Nigeria.

## **METHODOLOGY**

### **3.1 Research Design**

A research design is a blueprint for conducting the study that maximizes control over factors that could interfere with the validity of the findings (Andrew, 2018). In this study we employed descriptive survey research design since it involves the examination of phenomenon without any attempt to manipulate the study variables and is characterized by the selection of random samples from population to obtain empirical knowledge of contemporary nature.

### **3.2 Area of the Study**

The area of study includes a political or geographical area including its history, geography, language, and general culture. The area of the present study was selected manufacturing firms in South Eastern, Nigeria; South East of Nigeria is one of the six geopolitical zones in the country. The region consists of the following states; Abia, Anambra, Ebonyi, Enugu, and Imo which houses the selected manufacturing firms in study.

### **3.3 Sources of Data**

The sources of data includes the primary and secondary data.

#### **3.3.1 Primary Sources of Data**

The source of primary data for the study was questionnaire.

The main instrument for data collection was a structured questionnaire.

#### **3.3.2 Secondary Sources of Data**

Secondary data are the already existing data collected by the investigator agencies and organizations. Secondary data include government publications, websites, books, journal articles, internal records etc from the internet. The researcher used the following sources of secondary data: Government publications libraries and private business firms notably food, beverages and tobacco manufacturing firms.

### **3.4 Population of the Study**

A research population is a well-defined collection of individuals or objects known to have similar characteristics. The population for the study was 52 member companies of Food, Beverages and Tobacco Group Manufacturers Association of Nigeria South East geopolitical zone. The zone has fifty two (52) Food, Beverages and Tobacco manufacturing firms. The list is shown at appendix 1 page.

### **3.5 Sample Size Determination**

Since it was not possible to study all the firms, we sampled from this population. Given that:

$N = \text{Total population size which is the Food, Beverages and Tobacco}$

manufacturing firms in South East, Nigeria.

n = Total sample size

nh = Sample size for the firms

e = Error which is set at 1:1

k = 3 (i.e. number of subpopulation)

$Z^{\frac{\alpha}{2}}$  = Standard normal variant obtained from statistical table as 1.96 where  $\alpha$  is equal to 0.5

$S^2_{pooled}$  = Sum of the estimate population variance for the population or firms

$S^2_h$  = The variance of h firms

$N_h$  = Firm h population size

ENH = Summation over all the firms (i.e ENH = N = 52)

Thus, the total population sample size n was found using this formula (Stoodley, 1965)

$$n = \frac{Nz^2 \frac{\alpha}{2} \times S^2_{pooled}}{Ne^2 + Z^2 \frac{\alpha}{2} S^2_{pooled}}$$

Where

$$S^2_{pooled} = \frac{\sum_{h=1}^{52} (n_h - 1) S^2_{n_h}}{En - k}$$

The pooled variance taken over the firms strata was calculated with the above formula and used as the estimate of the population variance.

Hence

$$\frac{52(1.96)^2 \times 2^2}{52(1.1)^2 + 2(1.96)^2} = \frac{52(38.416) \times 4}{52(1.21) + 2(3.8416)^2} = \frac{799.0528}{62.92+15.3664} = 10.2068$$

Therefore, the true population of the study was ten (10) Food, Beverages and Tobacco manufacturing firms.

The list of ten (10) selected Food, Beverages and Tobacco manufacturing firms is attached as appendix page.

The selected food, beverages and tobacco manufacturing firms have four thousand, nine hundred and eighteen employees.

To determine the adequate sample size, the researcher opts for the Freund and William’s statistical formula. In calculating the sample size, the researcher used the statistic formula for selecting a finite population as formulated by Freund and Williams as quoted by (Uzoagulu, 2011) thus:

$$n = \frac{Z^2 N(pq)}{N(e)^e + Z^2(pq)}$$

Where  $n$  = Sample Size

$N$  = The population

$p$  = Probability of success/proportion

$q$  = Probability of failure/proportion

$Z$  = Standard error of the mean

$e$  = Limit of tolerable error (or level of significance)

$$N = 4,918$$

$$p = .5$$

$$q = (1 - .5) = .5$$

$$Z = 95\text{percent} = 1.96$$

$$e = 0.5\text{percent}$$

$$\frac{(1.96)^2 \times 4,918 \times 15 \times 15}{4,918(0.05)^2 + (1.96)^2 \times .5 \times .5}$$
$$\frac{3.8416 \times 4,918 \times .25}{12.295 + .9604}$$
$$\frac{4,723.247}{13.255}$$
$$= 360$$

The study sample size was three hundred and fifty six (360) respondents. This sample size is justified because the population is huge and such a sample would be sufficient to address the research problem.

The researcher utilized Som (1973) proportionate allocation formula to allocate and determine the sample for each of the firms and group of respondents under study. Thus

$$nh = \frac{Nh \times n}{N}$$

Where

$nh$  = Sample size for each food, beverages and Tobacco manufacturing firm

$Nh$  = Population size of each food, beverages and tobacco manufacturing firm

$n$  = Total sample size

$h$  = 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 of the Food, Beverages, and Tobacco manufacturing firms.

$N$  = Total population size

The calculation was done and shown in appendix II page.

### **3.6 Sampling Techniques**

The study utilized simple random sampling and systematic sampling in selecting the members that would participate in the study. We assigned a number to every Food, Beverages and Tobacco manufacturing firms in South East, Nigeria from 1 to 52 and utilized a random number generator to select 10 Food, Beverages and Tobacco manufacturing firms in the South East, Nigeria.

We also utilized systematic sampling technique to select 360 respondents out of 4,918 employees.

### **3.7 Method of Data Collection**

Data for the study was collected by means of questionnaire and interviews. The researcher travelled to

the selected Food, Beverages and Tobacco manufacturing firms and administered and collected the copies of the questionnaire.

### 3.8 Validity of the Instrument

The face, and content validity of the instrument was used by giving out copies of the questionnaires to the supervisor and some experts in research in the Department of Business Administration, and they reviewed the content items in the questionnaire for clarity of words, content coverage, relevance and effectiveness in measuring the variables under study. At the end, some of the items were modified, discarded and newly introduced. Thus, an instrument with better items emerged which the researcher used to collect the much-needed data for the study.

### 3.9 Reliability of the Instrument

A test is reliable to the extent that whatever it measures, it measures it consistently. To ascertain that the instrument is reliable, test method will be adopted in which 20 copies of the questionnaire was distributed to the ten firms understudy; two copies to each firm. These were collected afterwards and re- distributed after two weeks. The reliability of the two responses was determined using spearman rank order correlation coefficient.

### 3.10 Method of Data Presentation and Analysis

In the analysis of data, we stated the frequency of answers by providing a frequency table for each of the relevant questions in the appropriate research questions in the questionnaire. The results obtained were used to compare the relative importance of various answers. Questions in the questionnaire that relate to each hypothesis were identified and parametric technique of z-test was used to test the null hypotheses. The three hypotheses were tested using z-score statistics at 0.05 level of significance with the aid of SPSS (Statistical Package for Social Sciences), version 20.

The rule used in testing the null hypotheses was accept the null hypothesis if the value of the calculated z-score was less than 1.960 at 0.05 level of significance but reject  $H_0$ , if the value of z-score calculated was greater 1.960 at 0.05 level of significance.

## DATA PRESENTATION AND ANALYSIS

### 4.1 Distribution and Return of Questionnaire

**Table 4.1: Distribution and Return Rate of Questionnaire**

Firms	No Distributed	No Returned	%	No. not Returned	%
Karisto Industrial Systems Ltd	19	13	4	6	0
Shritats & Margarine Ltd	15	8	2	7	1
Bounatine Venture Ltd	18	11	3	7	1
Life Breweries Co. Ltd	24	22	6	2	5
Crystal Chemical Ltd	50	44	12	6	1
Rice Mills Abakaliki	62	59	16	3	8
Nigerian Breweries Plc	28	23	6	5	1
Aqua Raph Investment Nigeria Ltd	81	74	20	7	1
Watec Industries Ltd	29	10	5	9	2
Consolidation Breweries Plc	34	28	7	6	1
Total					

**Source: Field survey, 2024**

Table 4.1 indicates that three hundred and sixty (360) copies of the questionnaire were distributed to the respondents while three hundred and two (302) copies were returned representing eighty one percent (81%) while fifty-eight copies representing twenty one percent (21%) were not returned.

**4.2 Data Relating to Research Question**

**4.2.1 Cost Leadership Strategy and Profit of Food, Beverages and Tobacco Manufacturing Firms in South East, Nigeria.**

Table 4.1.1 shows the responses on the effect of cost leadership strategy on profit of food, beverages and tobacco manufacturing firms in South East, Nigeria.

**Table 4.2.1: Effect of Cost Leadership Strategy on Profit of Food, Beverages and Tobacco Manufacturing Firms in South East, Nigeria.**

S/NO	RESPONSE	SA	A	U	D	SD	TOTAL	MEAN	STD
1	Food, beverage, and tobacco manufacturing firms in South East Nigeria that adopt a cost leadership strategy makes profit by offering products at lower price.	100	103	12	30	57	302	3.7464	1.15539
2	Cost leadership strategies make products more affordable, which is particularly attractive in price-sensitive markets and profit.	129	95	14	13	52	302	3.7464	1.15539
3	Pursuing cost leadership often involves optimizing production processes and achieving economies of scale and profit.	113	116	8	29	36	302	3.7464	1.15539
4	Lower prices and cost-efficient operations can help these firms' outperformance competitors and make profit.	135	86	7	43	31	302	3.7464	1.15539
5	Cost leadership strategies may enable firms to invest in expanding and strengthening their distribution channels and profit.	122	101	15	25	39	302	3.7464	1.15539

**Source: Field Survey, 2024**

Table 4.2.1 shows the mean distribution of opinion of the respondents on effects of cost leadership strategy on profit of food, beverage, and tobacco manufacturing firms in South East, Nigeria, with regards to (1,2,3,4,5) the mean score of 3.7464 respectively and standard deviation of 1.5539 indicates that the respondents were of the view that cost leadership strategy affects profit of food, beverage, and

tobacco manufacturing firms in South East, Nigeria.

**4.2.2: Effect of product differentiation strategy on return of assets of food, beverages and tobacco manufacturing firms in South East, Nigeria.**

Table 4.2.2 depicts the responses on the effect of product differentiation strategy on return of assets of food, beverages and tobacco manufacturing firms in South East, Nigeria.

**Table 4.2.2: Effect of product differentiation on return of assets of food, beverages and tobacco manufacturing firms in South East, Nigeria.**

S/NO	RESPONSE	SA	A	U	D	SD	TOTAL	MEAN	STD
6	By offering unique and differentiated products, food, beverages and tobacco manufacturing firms can command premium price.	129	90	16	22	45	302	3.7536	1.11860
7	Product differentiation often fosters brand loyalty, with consumers willing to pay more for products they perceive as distinctive and of higher quality.	137	77	10	35	43	302	3.7536	1.11860
8	Differentiated products are less sensitive to price changes.	98	112	31	5	56	302	3.7536	1.11860
9	To maintain differentiation, these firms are likely to invest in research and development, which can lead to the introduction of new, high-margin products.	120	112	14	40	16	302	3.7536	1.11860
10	Product differentiation often allows firms to target specific customer segments effectively.	98	112	21	35	36	302	3.7536	1.11860

**Source: Field Survey, 2024**

Table 4.2.2 depicts the mean distribution of opinion of the respondents on effect of product differentiation strategy on the return on assets of food, beverage, and tobacco manufacturing firms in South East, Nigeria, with regards to item 6,7,8,9,10 with the mean score of 3.7536 respectively and standard deviation of 1.11860 which shows that the respondents were score in their conviction that product differentiation strategy affects the return on asset of food, beverage, and tobacco manufacturing firms in South East, Nigeria.

**4.3 Test of Hypotheses**

**4.3.1 Test of Hypothesis One**

**H<sub>01</sub>:** Cost leadership strategy has no significant positive effect on profit of Food, Beverages and Tobacco manufacturing firms in South East, Nigeria.

Contingency table for the test

Table 4.3.1 is the contingency table for testing this hypothesis

Z-test on hypothesis one

Table 4.3.1 shows z-test on cost leadership strategy has no significant positive effect on profit of food, beverages and tobacco manufacturing firms in South East, Nigeria

**Table 4.3.1: Z-test on cost leadership strategy has no significant positive effect on the profit of costs of food, beverages and tobacco manufacturing firms in South East, Nigeria**

**One-Sample Kolmogorov-Smirnov Test**

	Item 1	Item 2	Item 3	Item 4	Item 5	
N	302	302	302	302	302	
Uniform Parameters <sup>a,b</sup>	Minimum 1	1	1	1	1	
	Maximum 5	5	5	5	5	
Most Extreme Differences	Absolute	.422	.488	.508	.482	.488
	Positive	.189	.172	.119	.103	.129
	Negative	-.422	-.488	-.508	-.482	-.488
Kolmogorov-Smirnov Z	7.337	8.488	8.833	8.373	8.488	
Asymp. Sig. (2-tailed)	.000	.000	.000	.000	.000	

a. Test distribution is Uniform.

b. Calculated from data.

**Decision Rule**

If the calculated Z-value is greater than the critical Z-value (i.e  $Z_{cal} > Z_{critical}$ ), reject the null hypothesis and accept the alternative hypothesis accordingly.

**Result**

With Kolmogorov-Smirnon Z – value ranges from  $7.337 < 8.833$  and on Asymp. Significance of 0.000, the responses from the respondents as display in the table is normally distributed. This affirms the assertion of the most of the respondents that cost leadership strategy had significant positive effect on the profit of food, beverages and tobacco manufacturing firms in South East, Nigeria

**Decision**

Furthermore, comparing the calculated Z- value ranges from  $7.337 < 8.833$  against the critical Z- value of .000 (2-tailed test at 97 percent level of confidence) the null hypothesis were rejected. Thus the alternative hypothesis was accepted which states that cost leadership strategy had significant positive effect on the profit of food, beverages and tobacco manufacturing firms in South East, Nigeria Decision.

**4.3.2: Test of Hypothesis Two**

**H0<sub>2</sub>:** Product differentiation strategy has no significant positive effect on return of assets of food, beverages and tobacco manufacturing firms in South East, Nigeria.

Contingency table for the test:

Table 4.3.2 is the contingency table for testing this hypothesis.

Z-test on hypothesis two:

Table 4.3.2 depicts z-test on product differentiation strategy has no significant positive effect on return on assets of food, beverages and tobacco manufacturing firms in South East, Nigeria.

**Table 4.3.2: Z-test on product differentiation strategy has no significant positive effect on return of assets of food, beverages and tobacco manufacturing firms in South East, Nigeria**

**One-Sample Kolmogorov-Smirnov Test**

	Item 6	Item 7	Item 8	Item 9	Item 10	
N	302	302	302	302	302	
Uniform Parameters <sup>a,b</sup>	Minimum 1	1	1	1	1	
	Maximum 5	5	5	5	5	
Most Extreme Differences	Absolute Positive	.465	.389	.465	.485	.465
	Negative	.136	.219	.132	.103	.159
		-.465	-.389	-.465	-.485	-.465
Kolmogorov-Smirnov Z	8.085	6.761	8.085	8.430	8.085	
Asymp. Sig. (2-tailed)	.000	.000	.000	.000	.000	

a. Test distribution is Uniform.

b. Calculated from data.

**Decision Rule**

If the calculated Z-value is greater than the critical Z-value (i.e  $Z_{cal} > Z_{critical}$ ), reject the null hypothesis and accept the alternative hypothesis accordingly.

**Result**

With Kolmogorov-Smirnon Z – value ranges from  $6.761 < 8.085$  and on Asymp. Significance of 0.000, the responses from the respondents as display in the table is normally distributed. This affirms the assertion of the most of the respondents that product differentiation strategy had significant positive effect on return on assets of food, beverages and tobacco manufacturing firms in South East, Nigeria

**Decision**

Furthermore, comparing the calculated Z- value ranges from  $6.761 < 8.085$  against the critical Z-value of .000 (2-tailed test at 97 percent level of confidence) the null hypothesis were rejected. Thus the alternative hypothesis was accepted which states that product differentiation strategy had

significant positive effect on return on assets of food, beverages and tobacco manufacturing firms in South East, Nigeria.

#### **4.4 Discussion of Findings**

##### **4.4.1: Cost leadership strategy had significant positive effect on profit of food, beverages and tobacco manufacturing firms in South East, Nigeria.**

This finding implies that cost leadership strategy would meaningfully affect the profit of food, beverages and tobacco manufacturing firms in South East, Nigeria. Veetil (2009) and Isiavwe et al. (2015) corroborated this finding when they accentuated that those cost leaders uphold the great level of effectiveness on their processes leading to increase in profits margins. It also assists to create barricades for possible competitors in the same industry. Relatively the low-cost position of the overall cost leader gives it an edge over other competitors when faced with threats arising from other substitute range of products.

##### **4.4.2: Product differentiation strategy had significant positive effect on return on assets of food, beverages and tobacco manufacturing firms in South East, Nigeria.**

This implies that product differentiation strategy affects positively the return on assets of the firms. This finding is validated by the findings of Porter (1980 and 2008); Veetil (2009); and Borden (2011) who stated that differentiation strategy aid organizations to minimize the pressures associated with the industry's five competitive forces signifying the uniqueness of customer branding loyalty results in insensitivity to the hype in product pricing hence protecting differentiators from undue competitive rivalries. Hence the differentiator has a sales turnover advantage which eventually improves organizational performance.

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Summary of Findings**

Based on the results, the following findings were made:

1. Cost leadership strategy had significant positive effect on the profit of food, beverages and tobacco manufacturing firms in South East, Nigeria  $Z(95, n = 302) 7.337 < 8.833, p < 0.05$ .
2. Product differentiation strategy had significant positive effect on return on assets of food, beverages and tobacco manufacturing firms in South East, Nigeria  $Z(95, n=302) 6.761 < 8.085, p < 0.05$ .

#### **5.2 Conclusions**

The study concluded that cost leadership strategy, product differentiation strategy and new market focus strategy had significant positive effect on profit, return on assets and investment of food, beverages and tobacco manufacturing firms in South East, Nigeria. Competitive strategy is a core element in every business. Decisions generate action that produce results. Organizational results are the consequences of the decisions made by its leaders. The framework that guides and focuses these decisions as strategy and the model that guides competitive positioning decisions is called competitive strategy.

#### **5.3 Recommendations**

1. The management of food, beverages and tobacco manufacturing firms should improve on cost leadership strategy by lowering price of products and brand items, cut costs during operations and increase distribution channels.

2. Food, beverages and tobacco manufacturing firms should develop unique identity and selling points with change in premium price in order to maximize the effect of differentiation strategy.

### 5.4 Contribution to Knowledge

The study made some contributions to knowledge. This included:

**Area of the Study:** Based on the researcher’s knowledge, many studies on this topic have not been conducted in the developing world but this study is conducted in south East, Nigeria.

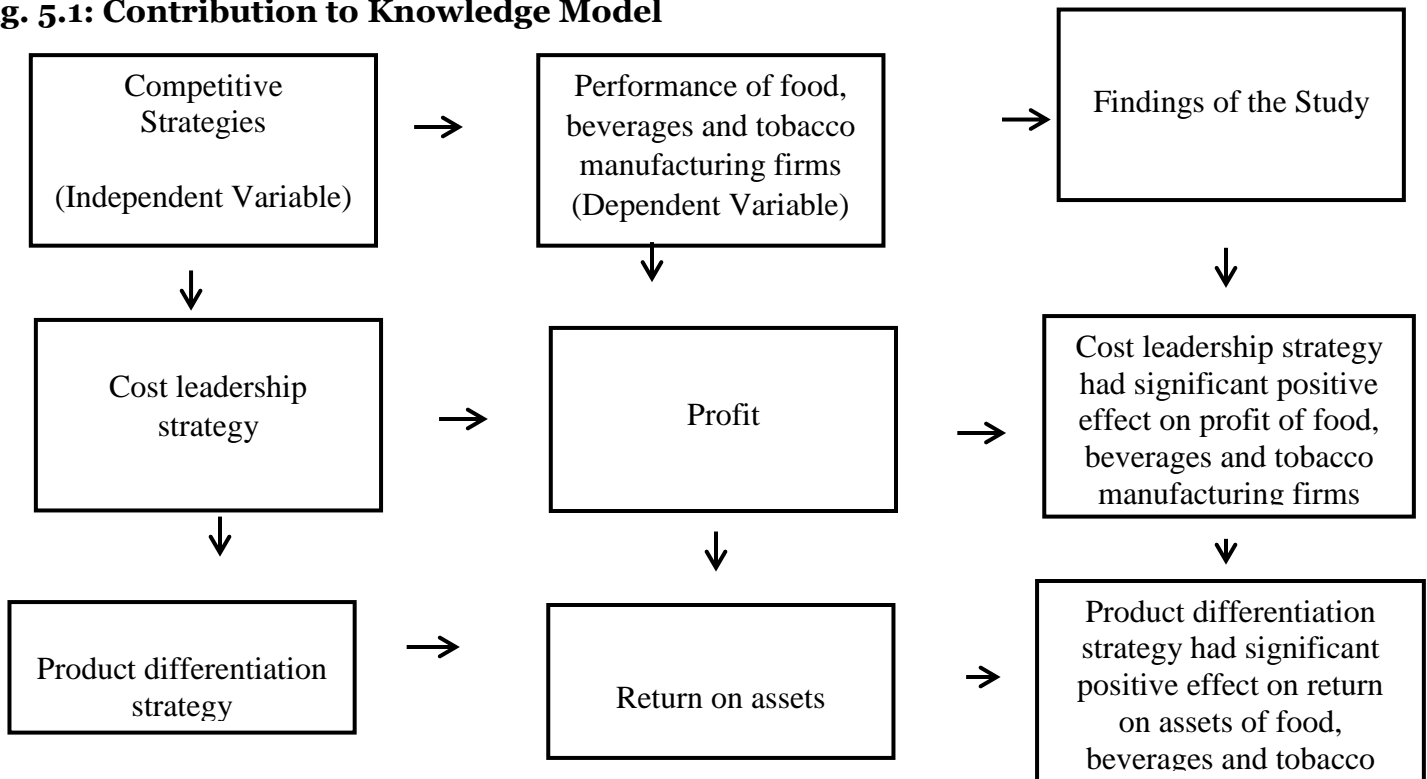
**Design of the Study:** The researcher adopted descriptive research design approach on the subject matter which is competitive strategies and performance of food, beverages and tobacco manufacturing firms. This is unlike other researchers that utilized analytical, historical and experimental research designs.

**Variables of the Study:** The following variables were study: cost leadership strategy, product differentiation, strategy, new market focus strategy, profit and return on assets and investment.

**Analytical tool:** The researcher adopted the z-test statistical tool in the analysis with the help of Statistical Package for Special Sciences (SPSS). Other researchers’ studies used chi-square, t-test and Pearson Product Moment Correlation.

**Contribution to knowledge model** (The model is shown in figure 5.1 below):

**Fig. 5.1: Contribution to Knowledge Model**



This model therefore, indicates that there was positive significant relationship between cost leadership strategy and profit, product differential strategy and return on assets as well as new market focus strategy and return on investment of food, beverages and tobacco manufacturing firms in South East, Nigeria.

### **5.5 Suggestions for Further Studies**

The following areas are suggested for further studies:

1. Product innovation strategy and organizational performance of food and beverages manufacturing firms in Enugu and Ebonyi States, Nigeria.
2. Expanding market size strategy and performance of food, beverages and tobacco manufacturing firms in South East, Nigeria.

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