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Product Differentiation and Competitive Advantage: Evidence from the Nigerian Telecommunication Sector

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Abstract: *Generally, the business activities of telecom firms in Nigeria are not without some inhibiting problems emanating from various environmental factors. In order to overcome the different challenges in the business environment, it is fundamental to understand the unique aspect of strategic differentiation. Hence, this study examines how product differentiation affects the competitive advantage of telecom firms in Nigeria. The study specifically evaluates the effect of distinctive product-quality on the market share of telecommunication firms in Nigeria and as well determines the effect of service differentiation on the Nigeria's telecommunication firms' overall corporate image. The study adopted survey design. Data was collected through structured self-studied questionnaire designed on Likert Scale. The main source of data was primary and the target population consisted of staff of four GSM telecomm firms in South west, Nigeria. A sample size of 383 was derived from the total population of 910 while Bowley's proportional allocation method was adopted to determine the allocation of questionnaire to each organization. A cronbach alpha was used to determine the reliability of questionnaire using. The result gave a reliability coefficient of 0.82. Two hypotheses were formulated and tested through Z-test statistics and Simple Linear Regression Coefficient at 0.05 level of significance. The findings revealed that distinctive product-quality impacted positively on the market share of telecommunication firms in Nigeria ($z = 19.84$, $df = 339$, $p < 0.05$). Service differentiation positively affected on the Nigeria's telecommunication firms' overall corporate image ($R^2 = .556$, $df = 339$ at $p < 0.05$). The study concluded that there is a significant positive effect of differentiation strategy on competitive advantage of telecom firms. The study recommends that firms that choose to employ service differentiation strategies should concentrate on a promising customer segment and within that segment attempt to achieve either a cost advantage or differentiation.*

Key words: *Product Distinctiveness, Market Share, Competitive Advantage; Corporate Image*

1.0 INTRODUCTION

Corporate strategy studies have been related to business environment changes along the last decades and created new challenges to companies, which have to adapt their strategies and increase their abilities to compete in a tumbling market. Competitiveness has been the major focus of corporate strategy studies. Generic competitive strategy is intensively discussed as a corporate competitive advantage and as the most competitive advantage (Porter, 2008). Several scholars dedicated a great part of previous works to describe different procedures and concepts about environmental dynamics and the challenges created for corporate and for business competitiveness, based on Porter's five force model (Wright 2010; Hitt, Ireland and Hoskisson 2012; Aaker, 2011; Hill and Jones 2008; Hinings and Greenwood 2009; Certo and Peters, 2013).

Most of the earlier approaches consider mainly the influence of external factors as determinants of organisation performance and the firm's ability to respond to challenges of competition and customer demand. Opposing this approach, Barney (2012) proposed the resource based view of the firm. According to these authors, the forms of competitiveness and their sustainability come from their ability to develop strategies that can generate value which is difficult to be imitated or that is costly. Chandler (2009) stated that competitiveness comes from the ability to create economy of scale and economy of scope. His study enhanced the relation between the structure, the position and the technology of multiple business companies, generating economy of scale and scope, impacting transaction costs and competitiveness of firms. He also analysed industries that grew and became strong in the domestic and in the international market using backward vertical integration, achieving economy of scale and using diversification strategies to distribute on amass scale.

There is widespread consensus in the strategy literature that a driving force behind firm growth is the firm's resources and capabilities that can be deployed to new market opportunities. In particular, scholars have long argued that firms should distinguish and differentiate their want-satisfying offers against the rivals (Wernerfelt and Montgomery, 2008).

Raduan, Jegak, Haslinda and Alimin (2009) affirm that a business that does something that is distinctive and difficult to replicate has a competitive advantage and is likely to be more profitable than its rivals. Factors such as strategic types, adoption of new technologies, quality products among others have also been considered to have an important influence on the superior performance of firms. Over the years, business strategies have been found to have a direct influence on firm's competitiveness and growth performance (Sandlberg, 2006). To this effect, a number of competitive strategy frameworks have been proposed and empirically tested (Hayes and Schmenner, 2008; Miles and Snow, 1978; White, 2004) among others. Porter's (1980) generic strategy framework is the most notable in terms of achieving superior performance and has significantly contributed to the development of the strategic management literature and serves as an excellent starting point for the framework proposed in this study.

A differentiation strategy seeks to provide products or services that offer benefits that are different from those of competitors and that are widely valued by buyers.(Johnson, Scholes & Whittington, 2008) The aim of using differentiation strategy is to achieve competitive advantage. There are different differentiation strategies for the company to choose from, it can be, product differentiation, service differentiation, personnel differentiation, channel differentiation and image differentiation. (Kotler & Keller, 2014). Further on, the company can choose to have a unique marketing mix or retail mix. The retail mix consists of merchandise, price, advertising and promotion, customer services and store design. (Fairhust & Moore, 2013). A differentiation strategy must be based on two key factors: the strategic customers, the company has to identify their needs and what they will value, and also on their key competitors, to be different, the company has to identify its competitors (Hitt, Ireland & Hoskisson, 2012).

The Mobile telecommunication industry in Nigeria has been very competitive. There was a growing price war between mobile telecommunication network MTN, GLO, 9 MOBILE and AIRTEL. MTN intensified its marketing and introduced excellent servicesproducts to attract more customers. Rival firms like GLO and9 MOBILE replied by introducing new products and by cutting down further the prices of its products. More recently, the marketing war lead to the customer's brand choice in Nigeria, making the country telecom sector the fiercest in Africa with the four companies fighting to retain and even attract more customers hence growing their market share. Currently, the National Communications Commission has so far licensed four mobile operators

namely MTN, AIRTEL, GLO, and 9 MOBILE Nigeria who have all rolled out their networks. There are other smaller firms operating within specific niches. The continued growth in the sector is a clear indication of the operators' increasing focus to offer competitive and innovative products and services to attract customers.

Finally, the telecommunication sector is experiencing a major problem of stiff competition emanating from intense rivalry and fierce completive actions from rival firms. Government interventions such as removal of price controls, foreign exchange controls and the introduction of investment free market play aimed at improving the performance of these organisationshave yielded marketing warfare. To drastically manage this challenge and achieve superior growth performance telecommunications firms in Nigeria require strategic intervention so as to ensure continuous successful operations of the operating firms.

Furthermore, the security of lives and properties in the country has been vulnerable to terrorists (Boko Haram) attacks as there have been countless cases of bomb blasts and several other activities of insurgencies in Nigeria on the infrastructural facilities of the telecommunication organisations. This issue threatens the continuous survival and operation of telecommunications firms in Nigeria, most especially in the North East. While there might be several other phenomenon and practices that are affecting the business activities of the telecom operators, other observed problems which prompted the need to embark on this study is from the inherent risks and increasing competing rivals in the telecom sector. This has slowed down the sales growth since firms within the sector fight for shrinking market share in the already fragmented market. Hence, a need for product differentiation is important to have a competitive edge. Specifically, this study investigated the two following issues: (a) examine the effect of distinctive product-quality on the market share of telecommunication firms in Nigeria; and (b) determine the effect of service differentiation on the Nigeria's telecommunication firms' overall corporate image.

2.0 REVIEW OF RELATED LITERATURE

Overview of Competitive Strategy

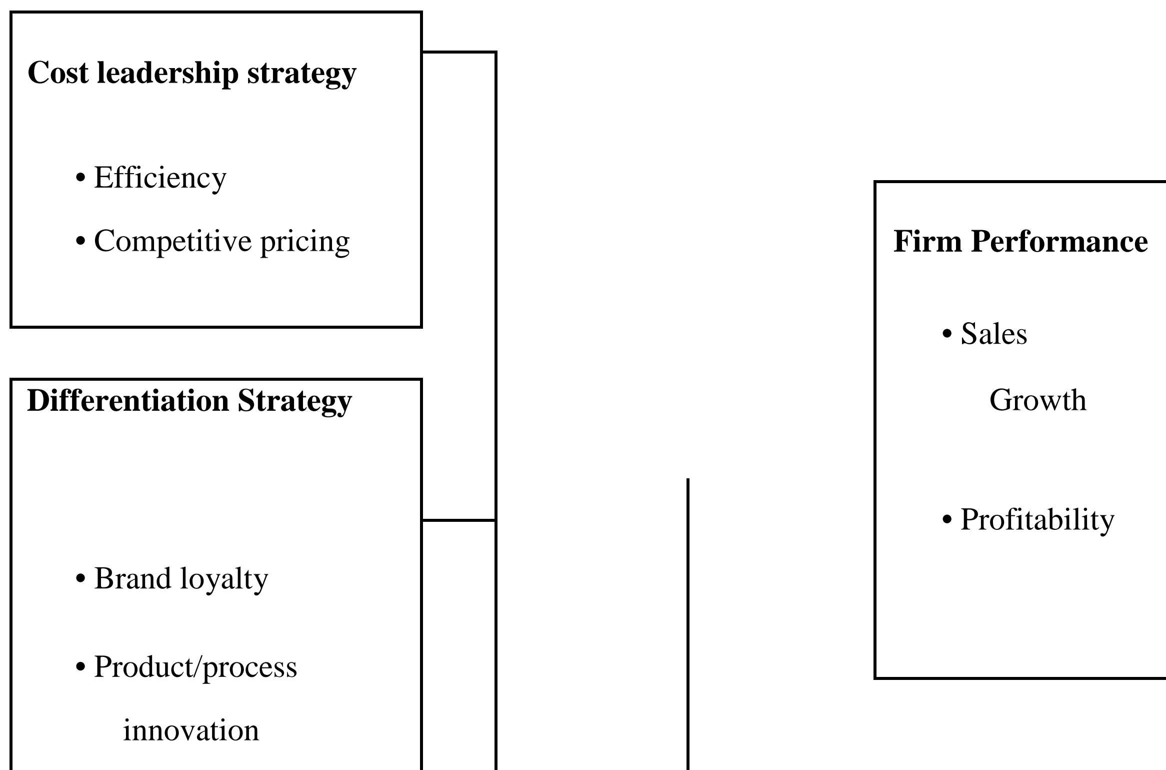
In an attempt to provide a definition for strategy, Porter (2008) states: "Strategy is the creation of a unique and valuable position, involving a different set of activities."The essence of strategic positioning is to choose activities that yield superior profitability because they are different from rivals' and thus create a sustainable competitive advantage. Note that a competitive advantage is not necessarily enduring, which is why strategy must be distinguished from operational effectiveness (OE). Both elements can generate competitive advantage, which improves performance, but OE is relatively easy to imitate and, consequently, the competitive advantage risks eroding. In fact, Saloner, Shepard &Podolny (2001) mean that the major threat to the sustainability of a competitive advantage is that rivals can diagnose and duplicate or make obsolete the competitive advantage.

Strategy types have been identified in a number of several industries, Galbraith & Schendel (1983) in consumer products and industrial products, in chemical process, Fiegenbaum and Thomas (1990) in U.S. insurance industry. However, Miles & Snow's (1978) and Porter's (1980), generic strategic typology classification schemes have come forth as the most popular and widely used. Their appeal springs from the fact that generic strategies, by definition, are not limited to any particular industry or context.

Competitive strategy typologies exist in the strategic management literature. Among the most common and widely used typologies for studying various aspects of organisationalbehaviour

are Ansoff (1965), Miles and Snow (1978) and Porter (1980) typology. Ansoff (1965) developed four different strategies that address product-market growth namely; market penetration, market development, product development and diversification. Porter (1980) identified three generic competitive strategy typologies namely; low-cost leadership, differentiation and focus. From the differentiation and low-cost perspective, Porter (1980) contends that firms can view their product-market decisions in terms of how the organisation creates or add value to customers. From the focus perspective, this may depend on how firms define their scope of operations that is, the scope of market coverage. He, however, contends that a firm that pursues one of these strategies of either low-cost or differentiation should achieve above-average returns but, firms that pursue low cost and differentiation simultaneously will be stuck-in-the-middle and end up with poor performance.

In particular, Porter's (1980) model of generic strategies has outperformed all other contributions in terms of the impact on businessstrategy formulation. Porter is considered by many as the most influential strategist in the field of businessstrategy. Eng (1994) for example estimates that "the arguments underlying the generic strategies advocated in Porter's, Competitive Strategy (1980) have influenced much of the current thinking in strategy formulation."In effect, Porter's model has been widely tested (Dess & Davis, 1984: Calingo, 1989) but despite criticism and efforts to modify, expand or combine the strategy typology with others' (Miles & Snow's (1987) typology, the original model has remained the most commented, analyzed and tested contribution. It is has been praised for being easy to understand, appropriately broad without being vague, and building upon previous findings. The relationships between the three competitive strategies are shown in the diagram below:



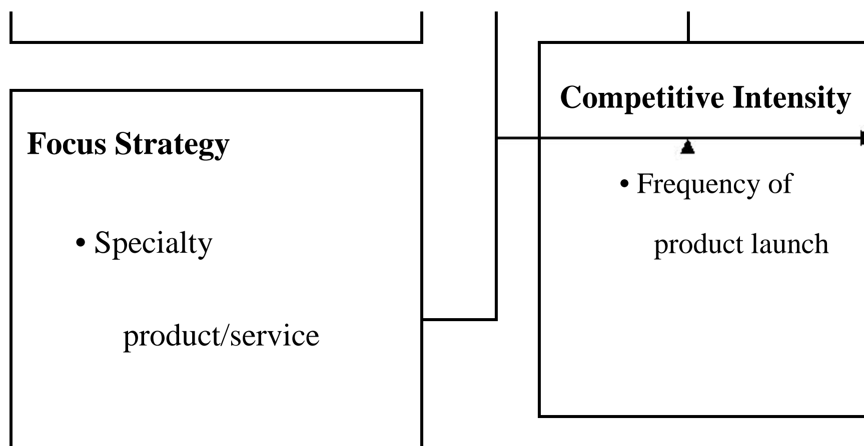


Figure 1: Competitive Strategies

Source: (Adopted from Porter model, 1980, 2008; Jaworski & Kohli, 2000)

Cost Leadership Strategy

Cost leadership strategy refers to gaining competitive advantage through charging sustainably lower prices than other competitors (Porter, 2008). This is achieved by reducing costs incurred in production and distribution in order to lower the overall price of commodities. In markets where there is price control, this is still possible through automation, flexibility and improved production thereby eliminating a large percentage of inefficiencies in the production process. When a company keeps lowering prices without a reduction in operating costs, it runs the risk of depletion of resources and consequently becoming insolvent especially in a fiercely competitive market (Woodruff, 2007).

This strategy faces many challenges in different sectors and is only applicable in certain environments such as in the manufacturing where the level of output is higher as compared to the market size thereby being able to achieve economies of scale. Zahra (2000) posits that outsourcing is a popular method of reducing salary costs while maintaining workforce size and productivity.

Focus Strategy

According to Porter (2008), focus strategy implies pursuing specific market segments through overall cost leadership and or differentiation as opposed to engaging in the whole market. It involves, first, market segmentation and then specialisation in the chosen segment which is useful in gaining competitive advantage. The firm can choose to focus on a selected customer group, product range, geographical area or service line (Darrow, 2001). The focus is based on growing market share through operation in a niche market, in markets not attractive to or overlooked by larger competitors.

Differentiation Strategy

Differentiation is one of the key business strategies (Allens & Helms, 2006). According to Koskela, (2000), a firm differentiates itself from competitors if it can be unique at something that is valuable to customers. Murphy (2011) posits that differentiation occurs when a firm tries to

make the product/service more appealing to the customer than the competition thereby potentially commanding a higher price.

Differentiation consists in differentiating the product or service offered by the firm, in other words, creating something that is perceived industry-wide as being unique. Differentiation may be achieved in various ways, for example through design, brand image, technology, features, customer service, and dealer network. Bases of differentiation may be sorted into three categories (Allens & Helms, 2006). Firstly, to implement differentiation, a firm may focus directly on product (or service) attributes, i.e. product features, product complexity, the timing of product introduction, or location. Secondly, a firm may focus on the relationship between itself and its customers, for example through product customization, consumer marketing and product reputation. Finally, differentiation may be implemented by focusing on the linkage within or between firms, which includes linkage within functions of a firm, linkage with other firms, product mix, distribution channels and service support. Ideally, the firm should differentiate itself along several dimensions (Murphy, 2011).

Thus differentiation is concerned with creating something that is perceived as unique by buyers Porter (2008) opined that differentiation strategy may be explained based on differentiation through technology, brand, positioning, design or innovation. Differentiation strategy involves the development of strengths that can give a firm a differential performance advantage above other competitors. An example of this is a firm that competes by having the most inclusive branch network open at customers' convenient time and is able to cut down waiting time and speed up service delivery or one that is able to cut down lending time without securities.

A firm adopting differentiation strategy tries to differentiate its products or services from competitors by using unique attributes which are widely valued by buyers. Uniqueness can be achieved through service/product innovations, superior service, creative advertising, better supplier relationships leading to better services, or in an almost unlimited number of ways. With unique attributes, a firm can charge premium prices for the products and services.

Differentiation has been adopted in increasing numbers of industries, specifically in industries that need quality for success Bacanu (2010). A differentiation strategy is also based upon persuading customers that a product is superior in some way to that offered by competitors. In differentiation strategies, the emphasis is on creating value through uniqueness, as opposed to lowest cost.

A differentiation strategy occurs when a firm gains an unprecedented position within the sector of operation by differentiating its products or services. Barney and Hesterley (2006) assert that the rarity of a differentiation strategy depends on the ability of individual firms to be creative in finding new ways to differentiate their products. As rivals try to imitate these firms' last differentiation move, the creative firm will already be working on new moves and therefore, remain one step ahead of their competitors.

Baum, Locke and Smith (2001) also suggest that firms implementing differentiation strategies like innovative and high quality products achieve the highest growth. Some problematic areas of differentiation include the difficulty on the part of the firm to estimate if the extra costs entailed in differentiation can actually be recovered from the customer through premium pricing. Moreover, successful differentiation strategy of a firm may attract competitors to enter the company's market segment and copy the differentiated product Lynch (2003). Mosey (2009) posits that manufacturing firms which repeatedly introduce innovative new products end

up openings up new market niches, which is essential to their survival. Slater and Olson (2001) lament that the effectiveness of differentiation strategy depends on how well the firm can balance product benefits and product costs for the customer relative to the competitive offering. Moreover, Acquaah and Ardekani (2006) avert that differentiating firms are able to achieve competitive advantage over their rivals because of the perceived uniqueness of their products and service.

Key Areas of Competitive Advantage in the Industry

Market Share and Market Share Index

Market share attraction models, which specify that a firm's market share is equal to the ratio of its "attraction" to the total attraction for all firms; have received increasing attention in recent years. However, there has been little research investigating the practical implications of such models. This study presumes that a game-theoretic analysis of the model which deduces the strategic implications of a Nash equilibrium solution to the model. Nash equilibrium captures the idea that players ought to do as well as they can give the strategies chosen by the other players. It is shown that these implications are consistent with previous empirical research in marketing and business policy.

Best (2009) defines market share as "the percentage of current market demand obtained by a business" and market share index as "a hierarchy of market share factors (such as awareness, availability, interest, intention to buy and purchase) that results in an estimate of the market share". According to Best (2009), gaining market share is reflected in a firm's marketing mix namely: (1) promotion strategies (2) product positioning strategies (3) price strategies (4) place strategies and (5) service strategies. A firm's market share is therefore reflected in a firm's strategic consideration of (1) creating awareness of its products and benefits (2) promoting its attractiveness, preferences and product benefits to customers (3) offering attractive service charges and benefits (4) aiming to provide services at every place and (5) providing satisfied services to its customers.

Best (2009) further contends that the product of these marketing mix expressed in quantifiable metrics reflects the market share index of the firm. In this study, the market shares of the various banks were obtained through secondary data, i.e. from consultancy report prepared by the Price Waterhouse Coopers (2008).

Corporate Image Building

Today's consumers have more choices for their financial needs than ever before. Technology globalisation has increased competition, and increased consumermobility has dramaticallychanged the waypeople bank (Harwood, 2002). Many financial institutions are looking at branding techniques to differentiate themselves. Harwood (2002) argues that branding, as a tool to build an image, is critical in the banking industry where all firms offer almost the same kinds of products. Hence, it is critical that banks have a comprehensive knowledge of customers' values, attitudes, needs and perceptions of various services the bank offers and the image which customers have about the bank itself (Kaynak, 1986). Accordingly, bankers must be able to build and manage their bank's image in order to clearly define the differences between their bank and its competitors. Bharadwaj (1993) also argue that services are highly intangible and are, therefore, high in experience and credence qualities. As a

consequence, brand reputation is important as a potential competitive advantage. Alvarez (2001) therefore proposes that logic is no longer enough to sell the benefits of an intangible product or service, especially with commodity products and skeptical consumers. This situation calls for emotion or image to change the perception of the audience in any real or profound way Furthermore, both Marthur (1988) also propose image as an alternative to product differentiation.

Product differentiation

It is a marketing concept which was first proposed by Edward Chamberlin in 1933, in the Theory of Monopolistic Competition. The product differentiation is the process by which a product is distinguished from others (competitors‟ products, or the firm's own products), by making it more attractive to a particular target market (Anderson, De Palma &Thisse, 1992).

The differentiation is due to buyers perceiving a difference, therefore, the differences do not have to be very big, and differentiation can just be made by a different packaging, advertising campaign, sales promotion or distribution chain. The difference can also be made by the product itself; the main sources of differentiation for products are:

i. Differences in the product's functional aspects
ii. Differences in quality
iii. Differences in price

The company can also play with the availability of its product. It can choose to produce just a few number of the product, to produce it just a few times a year, or to sell it just in few special stores in order to make it to rarer. Differentiation also can be based on price. Goods are considered as packages of characteristics which make them easier to be compared. Observed prices and observes characteristics are, most of the time, related. The difference among prices depends on the characteristics that are embodied in the product. (Rosen, 1974) If a company wants to differentiate its product by its price, it has to have different characteristics.

The purpose of differentiation is to show that the product is unique and therefore, valued by customers. Instead of selling a product whose comparisons with substitutes will be made only on price, the company can also differentiate its product with substitutes on non-price factors. This will bring the company competitive advantage, and, to benefit from this advantage, the company can make advertisement targeted on the uniqueness of its product, it is called unique selling proposition (Moine & Lloyd, 2002).

When the customer has understood that the product was different from those the competitors offer, this will develop a preference or brand loyalty. This is the long-term purpose of product differentiation, to make the customer loyal to the brand in order to change the demand curve(a graph showing the relationship between the price of a particular product, and the number of this product the consumers are able and willing to buy for this given price) of the product.

This will give the company the power to change the prices of its products (Dwivedi, 2006). There are two main types of product differentiation:

i. *Horizontal:* based on characteristics, but the quality is not the same. It is when different products are sold at the same price but when consumers don't evaluate them at the same level of quality.

ii. *Vertical:* based on characteristics and the quality is clear. It is the opposite of horizontal differentiation. In the case of vertical differentiation, consumers evaluate products which are sold at the same price, as being the same level of quality.

If a company produces goods which are different from its competitors‟, those products will be imperfect substitutes for each other. This will give the company the opportunity to act as a monopolist concerning its own products. Due to the fact that it reduces the sensitivity to competitive moves, differentiation will bring the company potential for monopoly profits and hence provides it with the incentive to differentiate its products (Beath & Katsoulacos, 1991).

Service differentiation
It is easier to differentiate products because their variables are tangible than services. But when the product cannot be differentiated, adding valued services, or improving their quality can be the key to competitive success. Services are processes which have six characteristics:

i. Services are intangible
ii. They are perishable
iii. Not transportable
iv. They are produced and consumed simultaneously
v. They can differ from one customer to the other
vi. They are co-produced by the customer

According to those characteristics, services have to be really well prepared they cannot be taken back or modified. In services marketing, 7 P have to be combined in order to create the best service possible, according to Nargundkar (2006) they are:

i. Product, which regards the design of the service
ii. Price, which is about the influences on pricing
iii. Place, for the distribution channel and supply chain management
iv. Promotion, which concerns the different types of medias which can be used
v. Process, which can determine the customer's satisfaction
vi. People, who deliver the service
vii. Physical evidence which means that services are intangible.

Theoretical Framework: Michael Porter's Competitive Business Strategy Typology and Model
Porter's competitive business strategy typology was founded by Michael Porter in 1980. Porter states that strategy target either cost leadership, differentiation or focus and that a firm must only choose one of the three strategies or risk the waste of precious resources.

Lu, Shem and Yam (2008) explain that Porter's theory is useful in understanding the competitiveness of organisation suggesting that competitive advantage stems from the competitive strategies adopted to deal with strength, weaknesses, opportunities and threats facing an organisation. Anupkuma (2005) states that Porter's (1980) strategic theory postulates that to succeed in business a firm needs to adopt generic competitive strategies comprising of cost leadership, differentiation and focus.

A firm's relative position within its industry determines whether a firm's profitability is

above or below the industry average. The fundamental basis of above average profitability, in the long run, is a sustainable competitive advantage. There are two basic types of competitive advantage a firm can possess: low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them leads to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation, and focus.

The focus strategy has two variants, cost focus and differentiation focus Porter (1980, 1985). As extended by Porter (1980), in cost leadership, a firm sets out to become the low-cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. A low-cost producer must find and exploit all sources of cost advantage. If a firm can achieve and sustain overall cost leadership, then it will be an above average performer in its industry, provided it can command prices at or near the industry average. In a differentiation strategy, a firm seeks to be unique in its industry along with some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important and uniquely positions itself to meet those needs.

Similarly, Porter (2008) avers that the generic strategy of focus rests on the choice of a narrow competitive scope within an industry. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others. This strategy has two variants, namely; cost focus and differentiation focus. In cost focus, a firm seeks a cost advantage in its target segment, while in differentiation focus a firm seeks differentiation in its target segment. Both variants of the focus strategy rest on differences between a focuser's target segment and other segments in the industry. The target segments must either have buyers with unusual needs or else the production and delivery system that best serves the target segment must differ from that of other industry segments. Cost focus exploits differences in cost behaviour in some segments, while differentiation focus exploits the special needs of buyers in certain segments.

Porter's generic strategies have been widely accepted by researchers. However, his typology also has critics in the literature, especially the assertion that the generic strategies are mutually exclusive.

3.0 METHODOLOGY

This study adopted survey method. The area of this study was South west, Nigeria. The population for this study comprised of the top and middle-level management staff of the telecom operators and the staff of NCC across the south-west states in Nigeria. The populations of the students were 910. A total sample size of 383 was drawn. Data for this study were collected mainly from primary source through questionnaire that was self-administered. The answer options for the questionnaire were developed using 5 point Likert scale with: SA – Strongly Agree, A – Agree, U – Uncertain, D – Disagree, SD – Strongly Disagree.

4.0 DATA ANALYSIS AND PRESENTATION

The researcher distributed a total of 383 three hundred and eighty three questionnaires which covered the entire sample size being the staff. 340 (88.8%) of the administered questionnaire were properly completed and returned. This makes (89%) response rate upon which the analysis of this study is based.

Table 4.1: Biographical data of the respondents

Biography Info	Options	Freq	Percent
Sex	Male	177	52.1%
	Female	163	47.9%
	Total	**340**	**100%**
Age	Less than 18	75	22.1%
	18-35	187	55.0%
	35-50	46	13.5%
	50 and above	32	9.4%
	Total	**340**	**100%**
Marital Status	Married	133	39.1%
	Single	207	60.9%
	Total	**340**	**100%**
Managerial Position	Top Level	24	7.1%
	Middle Level	49	14.4%
	Lower Level	267	78.5%
	Total	**340**	**100%**
Years in Service	0-2years	85	25.0%
	3-4years	146	42.9%
	5years and above	109	32.1%
	Total	**340**	**100%**

Source: Researcher Field Survey, 2018

Table 4.1 above is a distribution of the gender, age and degree programme respectively.

Table 4.1 above shows the frequency distribution of respondents' demographic data. The distribution of gender reveals that male respondents were 177 (52.1%) and female respondents were 163 (47.9%). Despite the difference between the two genders, data obtained represents a rich and balanced opinion of both genders. This validates the even distribution of respondents based on gender.

The age distribution revealed that 75 (22.1%) were respondents less than 18 years, 187 (55.0%) were respondents between ages 18 to 35 years, 46 (13.5%) were respondents between ages 35 to 50 years, 32 (9.4%) were respondents between ages 50 years and above.. The result indicates that most of the respondents were between the ages 18-35 years (187) representing 55.0% of the total number of respondents. However, respondents within the age bracket above 50 years were the minority.

The distribution of marital status reveals that Married respondents were 133(39.1%) and single respondents were 207 (60.9%). 0 (0%) number of the respondents were separated while non were divorcee. The implication of this is that most of the respondents were still unmarried while the least were those that have divorced their spouses.

Information provided by respondents in table 4.1 on level of management of respondents shows that 24 (7.1%) were top management, 49 (14.4%) were middle management, 267 (78.5%) were lower level management. The levels programme results revealed that more of the respondents were low level management (267).

The distribution of experience reveals that less than 2 years respondents were 85 (25.0%) and 3-4years respondents were 146 (42.9%) while 5years and above were 109 (32.1%). The implication of this is that most of the respondents were still between 3-4years of experience.

Testing of Hypotheses

Two hypotheses were formulated and are tested below using z-test and regression.

Hypothesis One:

HO_1: Distinctive product-quality would negatively affect the market share of telecommunication firms in Nigeria

HA_1: Distinctive product-quality would positively affect the market share of telecommunication firms in Nigeria

Table 4.2.1a: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Decisions on Product quality & market share	340	39.6000	19.84103	3.96821

Table 4.2.1b: One-Sample Test

	Test Value = 0					
					95% Confidence Interval of the Difference	
	Z	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Decisions on Product quality & market share	19.84	339	.002	39.60000	31.4100	47.7900

Source: SPSS analysis of field data 2018

Having analyzed the data from the questionnaire using one-sample z-test to examines if distinctive product-quality would affect the market share of telecommunication firms in Nigeria, the **tables 4.2.1a&b** revealed that the z-test result shows the existence of significant result on the variables ($z = 19.84 >$ at $p< 0.05$). The significant level was found to be 0.02, and due to this we reject the null hypothesis and accept the alternate one which *distinctive product-quality would positively affect the market share of telecommunication firms in Nigeria*

Hypothesis Two:

HO_2: Service differentiation would negatively affect the overall corporate image of the Nigeria's telecommunication firms'

HA_2: Service differentiation would positively affect the overall corporate image of the Nigeria's telecommunication firms'

Regression model: Y= = X+ μ…. (For all observations i, = 1, 2 …n)

Where Y = corporate image

X = Service differentiation

μ = error term of random variable

= a constant amount

= effect of X hypothesized to be positive

Hence, the regression (predict) equation will be $Y = 14.112+0.667X$

Table 4.3.1a: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate

1	.639[a]	.556	.552	57.91131

a. Predictors: (Constant), Service differentiation

Table 4.3.1b:ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	16221.117	1	19110.019	6.103	.004[a]
	Residual	7711.221	339	3131.060		
	Total	23932.338	340			

a. Predictors: (Constant), Service differentiation

b. Dependent Variable: corporate image

Table 4.3.1c:Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14.112	42.533		1.117	.028
	Service Differentaition	.667	.312	.819	3.710	.019

a. Dependent Variable: corporate image

Having analyzed the data from the questionnaire using regression analysis to if service differentiation would positively affect the overall corporate image of the Nigeria's telecommunication firms, the **Tables 4.3.1 a, b & c** revealed that the regression result shows the existence of significant result on the variables (R^2 calc = .556, F = 6.103 > at $p< 0.05$). The significant level was found to be 0.04, and due to this we reject the null hypothesis and accept the alternate one which states *service differentiation would positively affect the overall corporate image of the Nigeria's telecommunication firms'*.

5.0. CONCLUSION AND RECOMMENDATIONS

Differentiation is a viable strategy for earning above average returns in a specific business because the resulting brand loyalty lowers customers' sensitivity to price. Research does suggest that a differentiation strategy is more likely to generate higher profits than is a low cost strategy because differentiation creates a better entry barrier.

Overall, there is a significant relationship between differentiation strategy and competitive advantage of telecom firms. The results for the individual influence of the aspects of differentiation strategies on growth indicated mixed outcomes. The influence of differentiation strategies was evaluated based on the dimensions (product quality and service differentiation). The following recommendations are made based on the findings:

i. The study recommends that firms that chose to adopt differentiation strategy should focus on gaining competitive advantage by having the lowest cost in the industry. In regard to this the telecommunication firm sells its products either at average industry prices to earn a profit higher than that of rivals, or below the average industry prices to gain market share.
ii. The study also recommends that firms that choose to employ service differentiation strategies should concentrate on a promising customer segment and within that segment attempt to achieve either a cost advantage or differentiation. A firm using a service differentiation strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly. Firms that choose to employ distinctive product quality strategies should consider collaborating with other institutions in other industries like to enhance key strategic decisions, boost their productive capacities, lessen uncertainties in their internal structures and external environments, gain competitive advantages that enable them to increase profits, and access potential business opportunities that will permit them to command higher market values for their outputs.

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