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Abstract: The market success of organizations in the contemporary business environment depends on the innovative value that such organizations offer the target markets. This study examines the relationship between product innovation and competitive edge in the Nigerian fierce conglomerate industry. The specific objectives of the study was to evaluate the impact of new product-designs on the market share of FMCG firms in Nigeria; and as well assess the nature of relationship between product re-modification tactics and competitive advantage among FMCG firms in Nigeria. The study adopted the survey design. A sample of two hundred and eighty six was drawn from the total population of four hundred and ninety six staff of three selected Fast Moving Consumable Goods firms in Ibadan, Oyo state, Nigeria. Convenience sampling technique was used to select the respondents in the selected organizations. Data was collected through the use of closed-end structured questionnaires designed on five point likert scale. Based on the analyzed data, the findings revealed that new product-designs impacted positively on the market share of FMCG firms in Nigeria. It was found that there was a significant relationship between product re-modification tactics and competitive advantage among FMCG firms. The management of Fast Moving Consumer Goods (FMCG) firms’ must continue to re-modify and adjust their brand variants through style, feature and quality improvements in order to boost sales volume and remain competitively dominant in the sector. Further, it was also advised that the Nigerian FMCG firms should be more proactive and pay attention to changes happening in the suppliers, task, and micro and macro environment; and adjust their organization’s programs a ppropriately to stay ahead of the keen competition.

Keywords: New Product Design, Product Re-modification, Brand Extension, Task Environment

1.0 INTRODUCTION

Innovation as a term was used for the first time by Schumpeter (1986) at the beginning of the 20th century. His ideas and research have been developed by a number of other authors. Schumpeter (1986) defines innovations as product, process and organizational changes that do not necessarily originate from new scientific discoveries, but may arise from a combination of already existing technologies and their application in a new context (Zizlavsksy, 2011). It is therefore possible to summarize from these definitions that innovations do not cover only technical and technological changes and improvements, but in particular, practical application and particularly original researches. Innovation arises in anticipation of material gains following a cost-benefit analysis. The innovation makes possible either a reduction in costs or an increase in revenues or both. On the cost-reducing side, in particular, exogenous technological change provides room for cost reduction that induces innovation. For example, advances in information
technology have significantly lowered the cost. In a broader sense, innovation is seen as the emergence of new product or service, new organizational form or new processes for a more developed and complete markets that reduce costs and risks, or provide an improved service that meets particular needs of markets.

The significance of innovation is widely recognized by many leading scholars, including Anderloni and Bongini (2009) who have highlighted the importance of new products and services in the financial arena. Profit-oriented enterprises and individuals are constantly seeking new and improved products, processes and organizational structures that will reduce their cost of production, better satisfy customer demands and yield greater profits. Sometimes this search occurs through formal and in other cases, through more informal “tinkering” or trial-and-error efforts (Anderloni & Bongini, 2009). When successful, the result is an innovation (Soliman, 2011). The centrality of finance in an organization and its importance for business growth cannot be over-emphasized. Innovation plays crucial roles in the attainment of these performance actions for the corporate entities.

Generally, innovation has generated a wide interest as a research subject in social sciences with a particular focus on the relationship between innovation and competitive, the competitive advantage is accomplished when a firm can create a value in a product or in a process that goes beyond its production cost and that cannot be concomitantly implemented by the current or potential competitors (Porter, 1989; Barney, 1991). In addition, it is a competitive measure because it indicates the position of a firm over its competitors or over the industry. Besides, it is possible for a firm to produce and offer a high technology product which does not have a competitive advantage and other companies commercialize a low quality product, but for being the only one in the market, it enjoys the competitive advantages (Barros, 2001). In a highly turbulent environment, a successful innovation creating a unique competitive position can give the company a competitive advantage and lead to a superior performance (Leonidou et al., 2003).

Generally speaking, all profit seeking enterprises are constantly seeking new and improved products, processes and organizational structures that can meet their precise, individual needs. Technology boom in the past decades have helped banks to respond to this challenge.

The markets have become more complex and unpredictable, demanding, from the management, mechanisms which can follow and recognize future trends in the industry in which the firm is inserted. Knowing the competitors movements have also become more frequent by the firm. It is no longer possible to expect that a competitor implements a new market strategy without having in mind how to react (Day & Reibstein, 1999). This dynamic establishes a new paradigm in which firms are constantly seeking to report and to follow the surging of innovations in the processes, products, organization of the production and ways of commercialization. The pace of responses, in which the firm will report to, depends on the internal capacities, the organizational competence and the productive qualification (Ferraz, Kupfer & Haguenauer, 1995).

It is necessary to emphasize the causal link of innovation, making the competitive advantages generation possible for the firm. It is common that managers seek the survival of the organization in the initial moments and, later, the expansion of their activities through strategies that unfold in differentiation or competition for costs, either having a broad or specific focus. In this process, it
is also natural to imagine that the challenges appear and that firms seek adaptation to the context, preferably in a unique way over their competitors. Giving these assurances, in order to achieve sustainable competitive advantages, there is the need of implementing new procedures and attributes, internal or external, which so far has not been used by the market or by the organization. It is in this context that the function of innovation is inserted as a competitive advantage generation factor.

In today’s business world, the Fast Moving Consumer Goods (FMCG) sector in Nigeria is experiencing a major problem of stiff competition emanating from intense rivalry and fierce competitive 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 organisations have resulted in marketing warfare among the key competing firms. To drastically manage this challenge and achieve competitive edge FMCG firms in Nigeria require innovative strategy. Unfortunately most of these firms have only responded in the areas of new product/service offer with limited creativity on other radical innovative areas.

It is against these foregoing observed problems that there is a need to assess the aftermath of product innovation on the competitive edge of firms in Nigerian FMCG sector. Therefore, this study (i) evaluates the impact of new product-designs on the market share of FMCG firms in Nigeria; and (ii) assesses the nature of relationship between product re-modification and competitive advantage among FMCG firms in Nigeria.

2.0 REVIEW OF LITERATURE

2.1 Conceptual Review

2.1.1 Conceptualizing Innovation

As stated earlier, the term innovation as such was used for the first time by Schumpeter at the beginning of the 20th century. His ideas and research have been developed by a number of other authors. Schumpeter defined innovations as product, process and organizational changes that do not necessarily originate from new scientific discoveries (Žižlavsky, 2011), but may arise from a combination of already existing technologies and their application in a new context (Žižlavsky, 2011). Innovation also originates from public research (Autant-Bernard, 2001). Human capital and creative research work are according to Zemplinerová (2010) and Autant-Bernard (2001) considered the most important determinants of innovation. Adair (2004) states that any innovative organization should have a bucketful of ideas.

According to Košturiak & Chaľ (2008), Skarzynski & Gibson (2008), Tidd, Bessant & Pavitt (2007) an innovative process can be divided into two essential parts. One part is inventive – associated with the generation of the original idea, thought or concept – and the second innovative, during which the invention is implemented and marketed. Pitra (2006) states that innovation is the result of employees’ creativity in an organization and must be always targeted at customers and bring added value. It is therefore necessary to realize that the inventive part is
based on people’s knowledge, skills and experience (Molina-Morales, Garcia-Villaverde & Parra-Requena, 2011).

According to Kotler (2006) and Aliu (2010), an innovation is any good service or idea that is perceived by someone as new. The Oxford Learner Dictionary defined it as the introduction of new things, ideas, or ways of doing things/something, which is yet to be carried out by anyone or that is unique. Henrik (2007) defined innovation as the successful implementation of a creation and this innovation seems to foster growth, profits and success. Many companies today because of the competitive nature of the market are innovative bringing about new ideas and modifying existing ones into their offerings (Aliu, 2010).

Aliu (2010) states that there exist features that is peculiar to innovation, though some products catch on immediately, whereas others take a longer time to gain acceptance. He listed these features as relative advantage which is the degree to which innovation appears superior to existing product, compatibility which is the degree to which the innovation can go with existing product of the organization, complexity which defines the degree to which the innovation is relatively difficult to understand, divisibility which defines the degree to which the innovation can be tried on a limited basis, and communicability which is the degree to which the beneficial results of usage are observable or describable to others. All products and services in the market must have gone through new product development process or program as a result of the fact that organization need to grow their revenue, market share and build their sales level by developing new products and expanding into new markets.

2.1.2 Product Innovation
The work by White, Braczyk, Ghobadian, and Niebuhr (1988) pointed to a link between international competition and economic growth. This implies that product innovation is usually a key outcome of intensive competition. According to White et al. (1988), “Product innovation is the development of new products, changes in design of established products, or use of new materials or components in the manufacture of established products”. This link suggests that innovation is indeed related to products and processes. However, Daneels and Kleinsmith (2001) defined product innovativeness as “product that possesses newness or a degree of newness” (p. 357). Accordingly, the innovation-based view of a firm must take into account the firm’s ability to develop a new or improved product and processes and equipment for the creation and production of the product newness. Therefore, the dimension of product innovativeness is critical to sustain the firm’s competitive advantages. Product innovation could be divided into two categories of innovation: development of new products and improvement of existing products. Furthermore, the process of product innovation and product development that brought a new product or service to market might also be a process of launching or improving products to meet customers’ needs.

Furthermore, the impact of product innovation on the market had been studied Coyne (2006), who argued that product innovativeness did not have a major impact on the rate of success in the marketplace. Coyne (2006) also concluded that the relationship between product innovativeness and commercial success was still unknown. This could imply that both high and low product innovativeness are likely to be more successful than those in-between. The finding of Coyne
(2006) shows that moderate innovation is less likely to succeed. This means that small improvement or incremental improvements of the existing products could not necessarily always lead to a substantial return on investment. Since product innovation could potentially add significant value to a firm’s competitive position, especially the global position of the firm, it must be considered as a key component of the firm’s global strategy. Therefore, the impact of product innovativeness on a firm’s competitive advantages should be examined from the perspective of a firm’s global strategy. In other words, it is possible to hypothesize that a firm’s global strategy is related to product innovativeness factors which in turn are dependent on the favorableness of product innovativeness factors.

2.1.3. Concept of Competitive Advantage

Competitive advantage is an organizational capability to perform in one or many ways that competitors find difficult to imitate now and in the future (Kotler, 2006). Competitive advantage can be described as a management concept that has been so popular in the contemporary literature of management nowadays. The reasons behind such popularity include the rapid change that firms face today, the complexity of the business environment, the impacts of globalization and unstructured markets, the ever changing consumer needs, competition, the revolution of information technology and communications, and the liberation of global trade (Al-Rousan & Qawasmeh, 2009).

The markets have become more complex and unpredictable, demanding, from the management, mechanisms which can follow and recognize future trends in the industry in which the firm is inserted. Knowing the competitors’ movements have also become more frequent by the firm. It is no longer possible to expect that a competitor implements a new market strategy without having in mind how to react (Day & Reibstein, 1999).

This dynamic establishes a new paradigm in which firms are constantly seeking to report and to follow the surging of innovations in the processes, products, organization of the production and ways of commercialization. The pace of responses, in which the firm will report to, depends on the internal capacities, the organizational competence and the productive qualification (Ferraz et al., 1995). In this way, the competitive advantage is accomplished when a firm can create a value in a product or in a process that goes beyond its production cost and that cannot be concomitantly implemented by the current or potential competitors (Porter, 1989; Barney, 1991).

In addition, it is a competitive measure because it indicates the position of a firm over its competitors or over the industry. Besides, it is possible for a firm to produce and offer a high technology product which does not have a competitive advantage and other companies commercialize a low quality product, but for being the only one in the market, it enjoys the competitive advantages (Barros, 2001).

In another work, Porter (1989) questions the reason why some nations develop more than others.

Delimitating the discussion in order to aid the answer, when analyzing an industry, it is noticed that some firms have more market power while others are followers of the first ones and they constantly have difficulties in following the sector’s move. In other words, the firms can take advantage of their capacities and competences having the goal of promoting activity growth and
achieving competitive advantage. This way, some countries are more developed and, consequently, more competitive than others, because they use the capacities and internal productive capacities that are able to be transformed into competitive advantages, something which firms, from other countries, are not able to. Besides such competitive advantages, firms can enjoy the comparative advantages that, according to Ricardo (1982), refer to the natural conditions of a place. For instance, the climate and the soil from specific region can be more propitious for grape production over another region. Also, competitive advantages can be added to the comparative advantages, turning a region or a firm highly competitive.

Lower production cost and differentiation of products and services are two important sources of competitive advantages, according to Porter (2000). The lowest production cost is reached when the firm produces a product, offers it and commercializes it comparatively more effectively than its competitors, adopting similar or lower prices. The differentiation of products refers to the capacity of offering buyers an exceptional and superior value as far as product quality, special features or assistance services. Both are eagerly inserted into the competitive process and are directly involved in the creation of the competitive advantages and in their support (Porter, 2000).

2.2. Theoretical Anchor
This work anchored on Market Orientation Theory. The works of Kohli, and Jaworski (1990) and Narver and Slater (1990) lay the foundation of market orientation. Based upon the marketing concept that emphasizes the importance of marketing and the need to connect the marketing concept with related concepts in the literature, Kohli, and Jaworski (1990) define market orientation as the organization-wide generation of market intelligence pertaining to current and future customer needs, the dissemination of the intelligence across departments, and the organization-wide responsiveness to it. They provide a model that explains the antecedents and the consequences of market orientation. In this model, market orientation is affected by organizational factors and it affects customers, employees, and business performance.

Narver and Slater (1990) focus on the behavioral components of market orientation: customer orientation, competitor orientation and inter-functional coordination. Their definition of customer orientation and competitor orientation include all of the activities involved in acquiring information about buyers and competitors in the target market and disseminating it throughout the business (es). Customer and competitor orientations provide specific sources for information acquisition mentioned by Kohli and Jaworski (1990). Interfunctional coordination is the use of acquired information and the collective activity among departments to create superior value for buyers. From this perspective, inter-functional coordination is the way to create the “shared response” as introduced by Kohli and Jaworski (1990). Narver and Slater (1990) demonstrated the importance of market orientation by finding a positive effect of market orientation on profitability.

3.0 METHODS
The study adopts survey design. The area of this study consists of Ibadan, Oyo State Nigeria. The population of this work consists of the staff of the three selected FMCG firms in Ibadan which are P&G Nigeria Ltd, Oriental Foods Nigeria Ltd and Sumal (Yale) Foods Nigeria. The
population for all the staff is four hundred and ninety six (496). Having defined the population, the researcher determined the size of the sample. Total final sample sizes of 286 were derived from the study population with the aid of Taro Yamane’s formula and the non-probability convenience sampling technique was adopted in selecting the respondents.

Data for the study were collected mainly from primary source. Data were gathered from the primary source through questionnaire that was self-administered to the sample representatives. The secondary source of information such as materials from journals, textbooks and internet were also extensively utilized in the literature review part of the research work. The only instrument used in collecting the necessary primary data for this study was questionnaire. The questionnaire was designed in a simple way to elicit information from the staff of the selected firms and was structured in a five point Likert-scale.

4.0. ANALYSIS AND RESULTS

As stated in the methodology, the total sample size was 285. Therefore, a total of 285 questionnaires were distributed to the sampled population. The result is shown in Table 1.

<table>
<thead>
<tr>
<th>Respondents (Banks Staff)</th>
<th>Number of questionnaire Administered</th>
<th>Number not returned</th>
<th>Number returned</th>
<th>Number used</th>
</tr>
</thead>
<tbody>
<tr>
<td>P&amp;G Nigeria</td>
<td>129(45%)</td>
<td>1(0.01%)</td>
<td>128(99.9%)</td>
<td>128(99.9%)</td>
</tr>
<tr>
<td>Oriental Foods</td>
<td>89(31%)</td>
<td>0(0%)</td>
<td>89(100%)</td>
<td>89(100%)</td>
</tr>
<tr>
<td>Sumal Foods</td>
<td>68(24%)</td>
<td>0(0%)</td>
<td>68(100%)</td>
<td>68(100%)</td>
</tr>
<tr>
<td>Total</td>
<td>286 (100%)</td>
<td>1 (0.01%)</td>
<td>285 (99.9%)</td>
<td>285 (99.9%)</td>
</tr>
</tbody>
</table>


A total of 286 questionnaire representing 100% of the respondents were administered to the staff of the three selected firms in Ibadan, the capital of Oyo state, Nigeria. P&G has 129(45%), Oriental Food has 89(31%), and Sumal food has 68(24%).

The conclusion is that only 128(99.9%), 89(100%), 68(100%) from the staff of the three selected FMCG firms were useful. In summary therefore, out of 285 (99.9%) questionnaire returned, only 1 (0.01%) were invalid. It follows therefore, that 285 respondents’ form the basis of the analysis.

4.1. Hypotheses, Results and Finding

Two hypotheses were formulated and tested as follows using Z-test and regression analysis.

\( H_{01} \): New product-designs would have a negative impact on the market share of FMCG firms in Nigeria
HA1: New product-designs would have a positive impact on the market share of FMCG firms in Nigeria.

HO2: there would be a significant negative relationship between product re-modification and competitive advantage among FMCG firms in Nigeria

HA2: there would be a significant positive relationship between product re-modification and competitive advantage among FMCG firms in Nigeria

Table 2: Hypotheses Result

<table>
<thead>
<tr>
<th>HYPOTHESES</th>
<th>TOOLS</th>
<th>Results</th>
<th>N</th>
<th>Std. Error of the Estimate</th>
<th>df</th>
<th>P-value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H0 , New product-designs would have a negative impact on the market share of telecommunication firms in Nigeria.</td>
<td>Z-Test</td>
<td>9.16</td>
<td>285</td>
<td>3.96821</td>
<td>284</td>
<td>.022</td>
<td>H0 rejected H1 accepted</td>
</tr>
<tr>
<td>H0 , New product-designs would have a negative impact on the market share of telecommunication firms in Nigeria.</td>
<td>Correlation Analysis</td>
<td>0.74(74%)</td>
<td>285</td>
<td>--</td>
<td>284</td>
<td>.046</td>
<td>H0 rejected H1 accepted</td>
</tr>
</tbody>
</table>

SOURCE: SPSS OUTPUT, 2018

Having analyzed the data from the questionnaire using one-sample z-test to examines if New product-designs would have a positive impact on the market share of telecommunication firms in Nigeria, the table 2 revealed that the z-test result shows the existence of significant result on the variables (z = 9.16 > 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 new product-designs have a positive impact on the market share of FMCG firms in Nigeria.

Data for the test of this hypothesis two were obtained from responses from the questionnaire. Correlation analysis was used to test the nature of relationship between product re-modification and competitive advantage among FMCG firms in Nigeria. Table 2 revealed that while the r calculated result shows the existence of significant result on the variables (r = 0.74 at p< 0.05). The significant level is 0.046, and due to this we reject the null hypothesis and accept the alternate one which states that there would be a significant positive relationship between product re-modification and competitive advantage among FMCG firms in Nigeria.
5.0. CONCLUSION

Innovative strategy is an effective tactics for earning above average returns in a specific business because the resulting brand loyalty lowers customers' sensitivity to price. This study concluded that product and service innovation is sin-qua-non to competitive edge in the Nigeria fierce telecommunication sector. Furthermore, it is also concluded that there is a significant effect of innovation on the reduction of telecom operating cost, improved sales volume and profit growth potential. The results for the individual influence of the aspects of innovation on competitive advantage revealed that most Nigeria telecom firms utilized innovation to its maximum advantages.

Firm needs to exploit the new product-designs strategy so as to reap the increasing market share benefits that it promises. FMCG firms in Nigeria must be devoid of imitation but must rather develop product offers that are creative and that are seen as the first mover in the industry so as to continue to gain more market share.

Fast Moving Consumer Goods (FMCG) firms’ must continue to re-modify and adjust their brand variants through style, features and quality improvement in order to boost sales volume and remain competitively dominant in the sector. To gain from this practice, the companies should pay attention to the market segments which is sustainable so as to avoid the dangers encountered in doing innovative brand extension strategies to unprofitable segment. Similarly, firms should scan the environment fully to identify the best segment to target and adopt product innovation to satisfy customer wants and needs in market segments that are sustainable.

Finally, resource competency must be strengthening to uphold the reducing advantage of operating cost in Nigeria. This could be attributed to paying attention to changes happening in the environment when choosing the suppliers and source factors. It is therefore, recommends that the Nigerian FMCG firms should be more proactive and pays attention to changes happening in the suppliers, task, and micro and macro environment and adjusts the organization’s programs appropriately to stay ahead of competition

References


