
SERVICE DIFFERENTIATION AND MARKETING PERFORMANCE OF DOMESTIC AIRLINES IN NIGERIA

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ABSTRACT

This study investigated service differentiation and marketing performance of domestic airlines in Nigeria. The study adopted a descriptive research design. Primary data collection for the study was obtained from respondents using structured questionnaire. The study population comprised 7 major domestic airlines in Nigeria, with operating offices in Port Harcourt. The study took a census. 7 copies of structured questionnaire were administered to top management staff of each of the 7 domestic airlines, making it a total of 49 respondents. After data cleaning, only 47 copies of questionnaire were used for final analysis. Pearson Product Moment Correlation was used to test the hypotheses formulated for the study, relying on the Statistical Package for Social Sciences (SPSS) version 23.0. The study found the existence of strong positive and statistically significant relationship between service differentiation and marketing performance of domestic airlines in Nigeria. The study therefore concludes that service differentiation significantly relates to marketing performance of domestic airlines in Nigeria; and recommends that managers of domestic airlines in Nigeria should adopt service differentiation strategy, if they intend to improve their marketing performance.

Keywords: Domestic airlines, market share, sales growth, service differentiation

INTRODUCTION

Aviation is a major sub-sector of economies that have direct impact and multiplier effect on transportation, tourism, construction, manufacturing and other sectors. Airline transportation represents the movement of people and cargo by aircraft and helicopters (Abraham et al., 2015). Adiele and Etuk (2017) posits that air transport has become the safest mode of traveling in Nigeria considering the security situation in the country. Although it involves high costs, air transport is regarded as worthwhile even for relatively short distances given its speed.

Historically, the development of aviation in Nigeria dates back to 1925 when the British Royal Air force (RAF) landed safely in Kano, this marked the beginning of the need for air travels in Nigeria. The federal Government of Nigeria initiated a policy to erect airports in every state

capital in 1970s which led to flight operations on scheduled interval to various state capitals including Port Harcourt (Hassan & Dina, 2015). Hassan and Dinna (2015) note that airline operation was regulated until the deregulation policy of the late 1980s. The deregulation policy which became effective from 1991 led to competition among airlines in the aviation industry.

Building strong business with high expectation on marketing performance now depends on how firms develop strategies in line with their purpose. This confirms Onuoha and Olori's (2017) description of strategy as the panacea for organizational failure. According to Porter (2008), strategy allows a firm to channel programs and activities that conform to its goals, especially when pursuing higher amount of return on investment.

Service differentiation is a strategy designed create favorable competitive position in a market for firms (Porter, 2008). Muasa (2014) advanced that the objective of service differentiation is to develop a sustainable and profitable position against rivals and other forces that determine competition in a market or industry. Muasa (2014) further stressed that service differentiation if well implemented, enhances firms' performance. Thus, service differentiation is a major predictor of marketing performance in the aviation industry.

Although, previous studies have empirically and theoretically highlighted the relationship between service differentiation and marketing performance, most of these studies were carried out in industries different from aviation. For instance, Ibidunni (2009) focused on food and beverage manufacturing companies; Ahmad (2012) focused on Jordanian firms; Sebastian (2014) studied differentiation in Kenyan supermarket; Hardy (2014) focused on conventional hotels in San Francisco; Asieh (2016) focused on Ghanaian automobile industry; Baraza (2017) mirrored manufacturing firms in Kenya. To the best of our knowledge, little or no empirical studies depicting the relationship between the constructs of the study particularly among domestic airlines. To this end, this paper sought to contribute to knowledge by examining the relationship between service differentiation and marketing performance of domestic airlines in Nigeria.

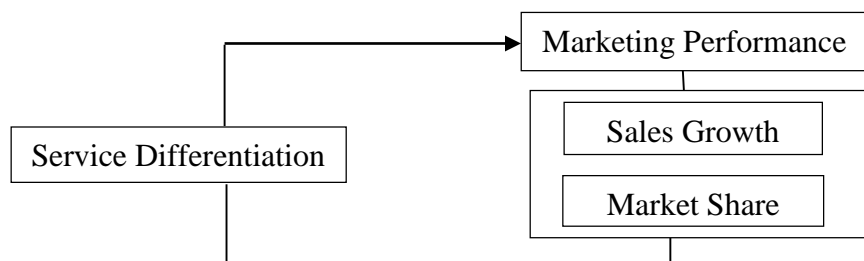


Fig. 1: Conceptual framework of service differentiation and marketing performance of domestic airlines.

Source: Onuoha, C. S., & Olori, W. O. (2017). Business strategies and sustainable competitive advantage of banks in Port Harcourt. *International Journal of Advanced Academic Research / Social and Management Sciences*, 3(11).

LITERATURE REVIEW

Theoretical Foundation: Resource Based-view of the Firm

This study is premised on the resource-based view (RBV) of the Firm. RBV assumes that the firm is a bundle of resources that an organization must secure from its environment to survive and improve its marketing performance (Ouma, 2016). According to Barney (1991) in Baraza (2017), the resource-based view is based on the concept of productive resources. The resource-

based theory deals with the identification and exploitation of already existing resources more effectively and efficiently in the organization. Given the RBV theory of the firm, differentiation is taken as a strategic decision which can be used to fill gaps and improve marketing performance among domestic airline operators.

Concept of Service Differentiation

The presence of numerous brands selling similar products in today's markets has posed a lot of fears among firms and has given customers the advantage of multiple choice making. The success and profitability of any product or firm is now dependent on how it markets itself in a way distinct from the competition. According to Jeff (2014), service differentiation is a strategy used by firms to provide buyers with unique products. Service differentiation is pervasive in industries or markets and firms that seek to differentiate themselves must always consider features that vary with competitors (Harely, 2014).

According to Adinan and Abukari (2013), a firm's service offering may differ on the basis of features not provided in the market. In the aviation industry, firms differentiate their services on the basis of innovation, reliability, pricing, perceived safety, availability, timing, service quality professionalism etc. Dirisu et al. (2013) hint that differentiation may be based on the product itself, the marketing approach, delivery timeliness and other factors.

Differentiation aim more on firms reputation as a result of quality of service rendered, the delivery time and unique packaging (Abu-Aliqah, 2012). Service differentiation requires that a firm choose features or attributes that distinguish its products from competitors' products. Shamot (2011) argues that a firm must be truly unique and proficient at something or be perceived by customers as being unique to achieve premium price and high marketing performance.

Nature of Marketing Performance

The success and survival of any firm depends largely on its value creation capacity. Customers define and patronize what they perceive as value and this patronage translates to benefits of many kinds which can be viewed as the firm's marketing performance (Dirisu et al., 2013). Marketing performance is viewed as the effectiveness of firms in achieving their purpose. Dirisu et al. (2013) describes marketing performance as a business verbiage or construct that is applied to ascertain the wellness status of an organization.

Nadube (2015) posits that marketing performance is an aspect or part of business parameter that seeks to ascertain the relationship between marketing activities and marketing outcome. Since marketing deals with business functions aimed at facilitating, ascertaining and stimulating sales, effective marketing must result in identifying customer needs and wants, winning and retaining customer preferences geared towards improvement of overall performance (Baraza, 2017). This study adopts sales growth and market share as measures of marketing performance.

Sales growth is an indication of firm success and market acceptance (Coal & Rao, 2006). In specific terms, sales growth is an indicator of firm's sales performance. Nwokah (2018) posits that sales growth is a parameter for evaluating business organizations competitiveness. Nwokah (2018) further states that inventions or innovations positively affect profit via sales growth. To have growth in sales means that a firm records annual addition to sales figures of previous years thus, an amount of sales recorded by a firm in relation to a previous, corresponding period of

time in which the later sales exceed the former. Because the increment in sales may vary from year to year, sales growth highlights a significant measure of change in sales over time.

Market share on the other hand is a crucial marketing performance measure a firm can achieve. A report by financial Technologies Group (2004) states that market share is one of the most important measures of business performance as it draws from micro environmental variables. A firm's market share is crucial for both the firm's success and its investors. It gives investors better knowledge of the firm's competitiveness (Njuguna & Waithaka, 2020).

In fact, market share is so important that it is used to judge firms marketing campaign effectiveness. According to Ouma (2016), market share is the percentage of sales a firm acquires within a specific period of time and in a specific market. Market share refers to the percentage or proportion of the entire available market or market segment that a firm serves. It measures consumers' preference for a firm's product over other similar products from competitors (Ouma, 2016).

Service Differentiation and Marketing Performance

Studies have reported positive connection between differentiation strategy and marketing performance. Adinan and Abukari (2013) probed the effects of product differentiation on profitability of firms in the petroleum industry in Ghana; and reported a differentiation strategy significantly impacted profitability in the petroleum industry. Similarly, Dirisu et al. (2013) studied the impact of product differentiation on competitive advantages and performance of manufacturers in Nigeria. The study found that a strong positive relationship between product differentiation and organizational performance.

Relatedly, Rukia (2015) explored differentiation strategy and performance of manufacturing firms in Kenya, using Porter's competitive strategy typology. Findings of the study showed that differentiation significantly relates to performance of manufacturing firms. More so, Violinda et al. (2016) examined the connection between differentiation strategy and organizational performance, and found that differentiation strategy significantly relates to organizational performance. In the study of Ju et al. (2017) which focused on determinants and consequences of differentiation strategy of Chinese indigenous exporters; it was found that differentiation strategy significantly relates to export performance positively.

In addition, Adegbite et al. (2019) sought to find out whether service differentiation relates to competitive advantage. Their results of the study showed that service differentiation had significant impact on competitive advantage of firms. Ghahroudi and Sagheb (2018) explored effects of differentiation on performance of women's fashion clothing industry. The results of the study showed that differentiation had significant effect on performance of firms in the women's clothing industry. Based on the foregoing discussions, we hypothesize that:

H₀₁: Service differentiation does not significantly relate to sales growth of domestic airlines in Nigeria.

H₀₂: Service differentiation does not significantly relate to market share of domestic airlines in Nigeria.

METHODOLOGY

This study adopted a descriptive research design. Population of the study comprised 7 major domestic airlines operating in Nigeria, with operating offices in Port Harcourt, as listed in the Nigerian Civil Aviation Authority (2022). The study used a census. However, 7 copies of structured questionnaire were administered to top management staff from each of the seven domestic airlines, making it a total of 49 respondents. After data cleaning only 47 copies of questionnaire were used for the data analysis. Pearson Product Moment Correlation was used to test the hypotheses formulated for the study, relying on the Statistical Packages for Social Sciences (SPSS) version 23.0. Table 1 depicts the instrument reliability values.

Table 1: Results of Instrument Reliability Test

S/NO	Dimension/Measures	Number of Item	Cronbach's Alpha
1	Service Differentiation	5	0.793
2	Sales growth	5	0.817
3	Market share	5	0.770

Source: Research data output, 2023.

The instrument reliability results as shown in Table 1 depicts that the three constructs used for the study had high reliability values of 0.793, 0.817 and 0.770 respectively. This entails that the research instruments used for the study had satisfactory construct reliability.

DATA ANALYSIS AND TEST OF HYPOTHESES

Table 2: Descriptive Statistics of Service Differentiation Strategy

	N	Sum	Mean	Std. Dev.	Variance
Our firm's services are unique and different from other firm's offerings.	47	77	3.64	.735	.540
We differentiate our product/service offerings through timely delivery, unique packaging and designs.	47	156	3.32	1.024	1.048
Our product packaging is different from others.	47	166	3.53	1.158	1.341
We deliver products timely to make our customers happy.	47	181	3.85	.691	.477
We deliver innovative products to our customers.	47	153	3.26	1.188	1.412
Valid N (listwise)	47				

Source: Field Survey, 2023.

Table 2 depicts high mean scores (over 3.00) for all the questionnaire items. This means that a greater number of respondents expressed very high and high extents of acceptance to the research question with respect to service differentiation. However, it can be seen that question 4 which sought to determine the extent to which domestic airlines deliver products timely to make their customers happy, had the highest mean score of 3.85.

Table 3: Descriptive Statistics of Sales Growth

	N	Sum	Mean	Std. Dev.	Variance
Our firm records increase in sales annually.	47	201	4.28	.682	.465
Our new products are accepted by our target customers.	47	160	3.40	1.262	1.594
We acquire new customers every year.	47	154	3.28	1.036	1.074
Our customers happily make repeat patronage of our services.	47	201	4.28	.682	.465
Our customers enjoy our innovative product features.	47	160	3.40	1.262	1.594
Valid N (listwise)	47				

Source: Field Survey, 2023.

Table 3 depicts high mean scores of the questionnaire items ranging over 3.00, this means that greater number of the respondents expressed very high and high extents of acceptance to the research question with respect to sales growth. However, it can be seen that questions 1 and 4 which sought to determine the extent to which domestic airline operators in Port Harcourt record increase in sales annually and have customers that happily make repeat patronage of the services, had the highest mean scores of 4.28.

Table 4: Descriptive Statistics of Market Share

	N	Sum	Mean	Std. Dev.	Variance
Our firm serves a reasonable percentage or proportion of the entire aviation domestic market.	47	158	3.36	1.072	1.149
We observe increase in our market share.	47	162	3.45	1.176	1.383
We develop new air routes in addition to existing general routes.	47	171	3.64	1.390	1.932
We enjoy high customer patronage of our services.	47	156	3.32	1.105	1.222
We always introduce new products to our customers.	47	206	4.38	.534	.285
Valid N (listwise)	47				

Source: Field Survey, 2023.

Table 4 depicts high mean scores of the questionnaire items ranging over 3.00, this means that greater number of the respondents expressed very high and high extents of acceptance to the research question with respect to market share. However, it can be seen that question 5 which sought to determine the extent to which domestic airline operators in Port Harcourt always introduce new products to boost market share, had the highest mean score of 4.38.

Table 5: Relationship between Service Differentiation and Sales Growth

		Service	
		Differentiation	Sales Growth
Service Differentiation	Pearson Correlation	1	.910**
	Sig. (2-tailed)		.000
	N	47	47
Sales Growth	Pearson Correlation	.910**	1
	Sig. (2-tailed)	.000	
	N	47	47

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

Source: Field Survey, 2023.

From the result on Table 5, it is observed that there is a correlation coefficient of 0.910** which depicts a very strong relationship between service differentiation and sales growth. More so, the probability value (0.000) is less than the critical value (0.05). This therefore suggests the correlation between the study variables. This further implies that service differentiation affects sales growth of domestic airlines. Based on this, we reject the null hypothesis that there is no significant relationship between service differentiation and sales growth of domestic airlines.

Table 6: Relationship between Service Differentiation Strategy and Market Share

		Service	
		Differentiation	Market Share
Service Differentiation	Pearson Correlation	1	.776**
	Sig. (2-tailed)		.000
	N	47	47
Market Share	Pearson Correlation	.776**	1
	Sig. (2-tailed)	.000	
	N	47	47

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

Source: Field Survey, 2022.

The result in Table 6 depicts a correlation coefficient of 0.776**. This entails that a strong relationship exists between service differentiation and market share. More so, the probability value (0.000) is less than the critical value (0.05). This therefore suggests that the correlation between the study variables is statistically significant. It further implies that service differentiation can be used to improve market share of domestic airlines in Nigeria. Based on this, we reject the null hypothesis that there is no significant relationship between service differentiation strategy and market share of domestic airlines in Nigeria.

DISCUSSION OF FINDINGS

From the analysis of data gathered for this study as evidenced in Table 5 and 6 respectively, it was revealed that there is a strong positive and statistically significant relationship between service differentiation and sales growth, implying that service differentiation can be relied upon to enhance sales growth of domestic airlines in Nigeria. Also, the study revealed that a strong positive and statistically significant relationship exists between service differentiation and market share, suggesting that service differentiation improves market share of domestic airlines in Nigeria. These findings compliment the views of Adinan and Abukari (2013) that product differentiation positively affects profitability of firms in the petroleum industry in Ghana.

Also, the results of the present study supports the position Dirisu et al. (2013) that a strong positive relationship exists between differentiation strategy and marketing performance; as well as the report of Asieh (2016) that a strong positive relationship exists between differentiation and corporate innovation. Implicit in these reports is that firms adopting differentiation strategy will have more sales growth and market share.

Our findings also corroborate the findings of Rukia (2015) that differentiation significantly relates to performance of manufacturing firms; and that of Violinda et al. (2016) that product differentiation significantly relates to export performance positively. In addition, our findings aligns with the report that service differentiation had significant impact on competitive advantage of firms particularly in a standardized business environments (Adegbite et al. (2019); and that differentiation strategy had significant effect on performance of firms in women's clothing industry (Ghahroudi & Sagheb, 2018).

CONCLUSION AND RECOMMENDATIONS

This study revealed that service differentiation had significant relationship with marketing performance of domestic airlines in Nigeria. Thus, the important role of service differentiation in improving firms' marketing performance is recognized in both theoretical and empirical literature. Based on the empirical findings and in line with previous findings, this study concludes that service differentiation significantly relates to marketing performance of domestic airlines in Nigeria. The study therefore recommends that managers of domestic airlines in Nigeria should adopt service differentiation, if their desire is to achieve improved marketing performance in terms of sales growth and market share.

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