EFFECT OF THREAT OF PRODUCT SUBSTITUTES AND DIFFERENTIATION STRATEGY ON MARKET SHARE IN THE NIGERIAN CONSUMER GOODS SECTOR

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Abstract

Competition in Nigerian manufacturing industries, especially in the consumer goods sector, has intensified due to emerging technologies, short product lifespans, and rapidly changing customer preferences. Managers in the industries face the challenge of promoting customer loyalty amidst competing products. Still, little research has been done on the most effective approaches in this sector. With a focus on Nestle Nigeria Plc, Unilever Nigeria Plc, PZ Cussons Plc, and Cadbury Nigeria Plc, this study examines how differentiation strategies (DIS) and the threat of product replacements (TPS) affect market share (MSH) in Nigerian consumer products business. Confirmatory factor analysis and expert evaluations were used to validate the data that was gathered using structured questionnaires (CFA) for the analysis. The effect between TPS, DIS, and MSH were examined using structural equation modeling (SEM). The findings at the coefficient estimate of. (coefficient = 0.043, p < .001), highlight the multifaceted factors influencing market shares, enabling organizations to tailor strategic initiatives to enhance competitiveness and maximize market share growth. The study recommends that Organizations should adopt holistic strategic approaches that consider the dynamic interplay between TPS and DIS.

Keywords: Threat of new entrants, Differentiation strategy, Market share, Consumer goods sector, Consumers.

Introduction

The competition within Nigerian consumer goods industries, particularly in the consumer goods sector, has intensified due to emerging technologies, short product lifespans, and rapidly changing customer preferences. Given the competitive environment, a greater comprehension of the factors affecting organizational performance is necessary. Two such factors are the danger posed by product substitutes (TPS) and the impact of differentiation strategies (DIS) on market share (MSH).

Porter's five forces framework, which considers customer and supplier bargaining power, the threat of substitutes, and the threat of new entrants,

provides an orderly way to analyze industry competitiveness. "Vertical" competition refers to the remaining two forces that affect suppliers' and buyers' negotiating strength. "Horizontal" competition encompasses the three factors of competitive rivalry: the threat of substitutes and replacement products. Porter, (2008).

In addition, companies in various sectors aim to dominate their respective markets, but it can be difficult to hold onto competitive positions in ever-changing settings. Porter's five forces analysis approach, which was developed in 1979, offers a systematic manner to assess the degree of competition and attractiveness within a field.

This model, grounded in industrial organization economics, evaluates industry profitability and attractiveness, with unattractive industries experiencing reduced profitability due to the identified forces. Porter's approach offers a rigorous framework for comprehending competitive dynamics and helping organizations achieve profitability, unlike SWOT analysis, which was considered ad hoc.

Moreover, Porter identified competition influences business unit performance within industries, with the concentration of forces shaping expected profitability. Therefore, analyzing Nigeria's business environment using Porter's model is crucial for understanding the consumer goods sector dynamics.

To attain a competitive advantage, organizations must develop and implement appropriate strategies that address the identified forces. Porter's "Generic strategy" emphasizes the pursuit of competitive advantage through cost leadership, differentiation, or focus. This involves achieving lower costs or differentiation valued by customers, either industry-wide or within selected market segments. In the end, firms in the fiercely competitive Nigerian consumer products market must deliberately select a competitive edge and scope to prevent resource waste and achieve sustainable growth.

21st-century businesses face a variety of difficulties, including as new technology, short product life cycles, and quickly changing consumer preferences. This is especially true for Nigerian consumer products companies (Wilburn & Wilburn, 2018). These challenges have intensified competition within the industry, making it increasingly difficult for managers to maintain competitive positions. Even with this awareness, there is still a dearth of thorough knowledge about the nature of the sector and how businesses can

successfully compete in it. Additionally, the threat of new entrants poses a significant concern for industry players, as profitable markets tend to attract new firms, further exacerbating competition (Porter, 2013). While strategies for achieving competitive advantage, such as cost leadership, have been proposed, their efficacy in mitigating the threat of new entrants and enhancing performance remains uncertain.

Nwanah, Adeleke, and Agbaeze's (2020) among others examined the effects of various factors on performance, but the literature is conspicuously lacking in its discussion of the interaction between Porter's Five Forces framework and generic strategy and its impact on the performance of Nigeria's consumer products business. Thus, the study examined the impact of differentiation tactics and the risk of product alternatives on market share in Nigeria's consumer products business.

Literature review

Threat of Product Substitutes

A substitute is a product or service that meets customer needs similar to those of another. Substitutes are typically available at prices comparable to the original product. Examples include Coca-Cola, Pepsi-Cola, De Cool Cola, Bigi Cola, and Big Cola in the beverage market; Pampers and Huggies in diapers; Bournvita, Milo, and Ovaltine in drink mixes; Omo, Sunlight, Ariel, Good Mama, Magic, and Waw in detergents; Mamador, Kings', Golden Penny, and Power in vegetable oils; Maggi Star Cube, Royco, Knorr Cube, Kings Maggi, and Tasty Cube in seasonings; and Malta Guinness, Amstel Malta, Maltina, and Maltex in malt drinks.

Although substitutes may have minimal differences, they still qualify as substitutes because they fulfill the same customer needs. To stay competitive, organizations must understand both customer needs and industry trends. According to Porter (2008), the availability of substitutes gives consumers alternative options and limits suppliers' ability to raise prices. The threat of substitutes significantly influences the competitive dynamics and profitability of a sector. If alternatives are accessible, consumers may choose these over an organization's offerings, creating competition and potentially reducing profitability across the sector. In contrast, a lack of substitutes increases the sector's profitability potential. The consumer goods industry frequently faces substitution threats due to its high consumer engagement.

Factors that increase the likelihood of substitutes include:

1. **Product Price:** Price is a crucial factor in a customer's decision to switch. Lower-priced substitutes can increase switching rates, making it challenging for organizations to raise prices. For example, if the Nigerian Bottling Company lowers its Coca-Cola prices, it might attract Pepsi customers, demonstrating how pricing can threaten a company's market share.
2. **Switching Costs:** Low or negligible switching costs make it easier for customers to switch to substitutes. Conversely, high switching costs may deter customers from choosing an alternative.
3. **Quality:** Quality plays a pivotal role in customer retention. If a company's quality declines, customers may turn to competitors with superior offerings.
4. **Availability:** Availability is another crucial factor; price and quality matter only when substitutes are accessible in the market. The fewer the available substitutes, the lower the threat to customer retention.
5. **Product Performance:** Superior performance in substitute products may drive customers to switch. For instance, if customers find Panadol Extra more effective than regular Panadol, they may prefer the former.

Therefore, organizations must be aware of factors that increase substitution risk. By reinforcing their strengths and reducing competitive threats, they can mitigate substitution risks and maintain market position.

Differentiation Strategy (DIS)

According to Porter (1980), a differentiation strategy is one of three approaches an organization can use to gain a competitive advantage. This strategy involves delivering a unique product or service that stands out in the marketplace. Differentiation can be achieved by developing products or services with distinct features like quality, design, brand image, or exceptional customer service. By emphasizing attributes that are valued by potential clients, an organization can create a strong differentiator, leading to a competitive edge.

Kotler (2013) defines differentiation as creating a set of meaningful distinctions that make a company's offerings stand out from competitors. Differentiation can occur through attributes such as shape, form, quality, reliability, reparability, durability, style, design, or other distinctive features. For example, Unilever differentiates its Lipton Yellow Label tea with its unique

square-shaped packaging, unlike competitors' round-shaped tea packages. Similarly, the Nigerian Bottling Company (NBC) distinguishes its Coca-Cola brand through its iconic bottle shape and trademark, setting it apart from competitors like 7Up Bottling Company, which produces Pepsi.

Products can also be differentiated through specific features, such as the interior luxury of a Mercedes-Benz, or through functional benefits, like toothpaste that strengthens or whitens teeth. Differentiation helps an organization gain a competitive advantage by offering a unique product or service that appeals to customers. However, the added features must provide genuine value to customers, justifying a premium price. To effectively implement a differentiation strategy, an organization must assess its strengths and weaknesses, understand customer needs, and determine the unique value it can offer. Porter (1980) notes that companies can either compete on price or differentiate themselves. Without a clear cost advantage, competing on price is unsustainable and increases exposure to commoditization and competition.

Types of Differentiation Strategies

Organizations can implement two types of differentiation strategies:

1. **Broad Differentiation Strategy**: This strategy involves creating a brand or business that stands out in meaningful ways while still appealing to a wide range of consumers. For example, Wamco’s Elephant Cement caters to a broad market.
2. **Focused Differentiation Strategy**: This approach involves segmenting the market and designing unique products with specific features for each niche. The organization must meet the needs of each segment. For instance, NBC Plc offers Returned Glass Bottled Coke for adults, canned and plastic-bottled Coke for younger consumers, and Diet and Zero Coke for those who are calorie-conscious.

Differentiation Strategy (DIS) is a key competitive approach in which firms aim to distinguish their products while maintaining quality standards. Through this strategy, businesses can gain market share and potentially boost profitability by offering high-quality products at competitive prices. Cost control, supply chain efficiency, economies of scale, and streamlined production processes support the achievement of differentiation goals across business functions.

Market Share (MSH)

Market share (MSH) refers to the percentage of total sales or revenue within a specific market or industry that is controlled by a particular company. It is a key performance metric that reflects a firm's competitiveness, market influence, and positioning relative to other players in the market. According to Kotler & Keller (2016), market share is an indicator of brand strength and customer preference, showing the company's ability to attract and retain customers. A high market share can provide various competitive advantages, including improved profitability, economies of scale, and stronger negotiation power with suppliers and distributors.

Companies with a larger market share generally benefit from economies of scale, which help lower per-unit costs due to increased production volume (Porter, 1985). A larger market share also often enhances brand recognition, which can further attract consumers and strengthen customer loyalty (Aaker, 1991). This cyclical effect of brand strength and customer retention can make it challenging for new competitors to enter the market.

Additionally, a strong market share position enables companies to exert greater influence over market trends and pricing structures, positioning them as leaders in setting industry standards (Farris, Bendle, Pfeifer, & Reibstein, 2010). Conversely, a declining market share can signal competitive weaknesses or a need for strategic adjustments to maintain relevance and profitability (Day & Wensley, 1988).

Therefore, market share not only indicates a company's current competitive position but also affects its future growth prospects, profitability, and operational efficiencies, making it a central focus in strategic planning and performance evaluation.

Competitive Dynamics in Nigerian Consumer Goods Industries

Nwanah, Adeleke, and Agbaeze's (2020) study investigates how the task environment affects Nigerian manufacturing companies' organizational performance. It clarifies the connection between supplier negotiating power, firm productivity, and rival negotiating strength. Although it doesn't specifically address Porter's Five Forces and general strategies, it offers insightful information about the dynamics of competition in the Nigerian market. In line with Porter's Five Forces paradigm, Nwanah et al. (2020) define competitive force variables such as threats of product and service substitutes, customer

and supplier bargaining power, threats of entrance, and competitive rivalry. The study also examines the effect of the task environment on organizational performance to understand how external influences, such as the threat of product alternatives and differentiation strategies, affect companies' market share and overall performance.

The competitive environment and organizational performance in Nigeria's manufacturing sector can be understood through the study of Nwanah, Adeleke, and Agbaeze (2020), and this understanding can be extended to the consumer products industry. It emphasizes the importance of considering external factors and strategic decisions in driving market share and growth, laying the groundwork for further research into the specific impact of TPS, DIS, and MSH on consumer goods companies in Nigeria.

Empirical Review

This study analyzes the effect of threat product substitutes and differentiation strategy on the market share in the Nigerian consumer goods sector. There are various early studies of this nature with different results. Christopher et al. (2014) use descriptive and inferential statistics including SPSS, regression, and correlation to shed light on how Porter's Five Forces and generic strategies affect business performance. Although not specific to the Nigerian consumer goods sector, their study offers general applicability of Porter's framework and generic strategies, which can inform research in other industries.

Manev, Manolova, Harkins, and Gyoshev's (2014) investigate suitable strategies for new ventures in transition economies, providing insights into competitive strategies and performance in emerging markets. While not directly related to the consumer goods sector, it offers valuable perspectives on strategy formulation that can be adapted to other contexts.

Umoh, Umana, and Udoh (2023) investigated Porter’s Five Forces and competitive advantage in Nigeria’s telecommunications sector, analyzing responses from 181 participants across Airtel and MTN. The study, with a 61.38% response rate, used multiple regression analysis, revealing an adjusted R^2 of 0.723—indicating that 72.3% of competitive advantage variations can be explained by the Five Forces variables. Key forces significantly influencing competitive advantage included Buyer Bargaining Power (Beta = 2.981), Current Rivalry (Beta = 1.003), Threat of Substitutes (Beta = 1.064), and Threat of New Entrants (Beta = 3.138), while Supplier Bargaining Power showed no significant impact. The study recommends prioritizing customer satisfaction,

aggressive marketing, competitor monitoring, and loyalty programs to strengthen competitive positioning.

Oladipo, Usman, and Oyedokun (2023) studied the effects of competitive rivalry and cost leadership strategy on market growth in Nigeria's consumer goods sector. From 25 companies listed on the Nigerian Exchange Group (NGX), four were selected through purposive sampling, and 442 questionnaires were distributed. Using Confirmatory Factor Analysis and AMOS software, results indicated that competitive rivalry significantly negatively impacts market growth (coefficient = 0.043, $p < .001$), meaning higher rivalry reduces growth. The study concluded that cost leadership alone is insufficient for market growth and recommended strategic differentiation to counter the negative effects of intense rivalry in the consumer goods sector.

Nolega, Oloko,William and Oteki (2015) analyzed the impact of product differentiation on firm performance, using Kenya Seed Company (KSC) as a case study. Its primary objective was to assess how product differentiation contributes to KSC's strategic management. Simple random sampling was employed to select customers and KSC staff, while purposive sampling was used for selecting agents. Out of 140 distributed questionnaires, 125 were completed accurately. Data analysis was conducted using SPSS, Excel, and correlation analysis of the independent variables. Over the past 15 years, customer growth has increased significantly, paralleled by a rise in the number of agents. Agricultural Society of Kenya (ASK) shows were identified as KSC's most effective marketing strategy. The study recommends that KSC further enhance market penetration by increasing its agents and conducting more field days, particularly in remote ASAL (Arid and Semi-Arid Lands) and highland areas, where traditional maize seeds are still widely planted.

Onyeaghala and Odiba's (2018) investigated generic business strategies as drivers of competitiveness in Nigerian mobile telecommunications companies. This study examined how strategic decision-making, specifically through generic strategies cost leadership, product differentiation, and focus—can enhance organizational performance. Using a survey research design, data were collected via a five-point Likert-scale questionnaire and analyzed with frequency tables and the Karl Pearson Product Moment Correlation. Findings revealed strong positive correlations between competitiveness and cost leadership (0.718), product differentiation (0.922), and focus strategy (0.807). The study recommended that telecom providers adopt these strategies to strengthen their competitive advantage in the industry.

Each of these studies contributes valuable insights into competitive strategies, industry forces, and organizational performance that can inform research on the impact of TPS, DIS, and MSH in the Nigerian consumer goods sector.

Theoretical Review

The Resource-Based View (RBV)

Understanding the effects of cost leadership tactics and entry threats on the market share of Nigerian home goods companies requires an awareness of several relevant ideas. Michael Porter's Five Forces framework provides an in-depth analysis of industry competition by considering factors such as the threat of new rivals, the bargaining power of suppliers and buyers, the potential for substitute products, and rivalry amongst competitors. The threat of product substitutions (TPS), or the possibility of new competitors entering the market and upending established businesses, is a topic of particular emphasis in this study. The Resource-Based View (RBV) emphasizes the value of internal resources and talent in creating a long-lasting competitive advantage. Companies can get a competitive advantage by employing unique, priceless, and difficult-to-replicate assets and skills. This study uses an RBV lens to analyze differentiation strategy, concentrating on how businesses create and use skills and resources to attain cost leadership and increase market share. Incorporating these theories, the study seeks to clarify how market share (MSH), differentiation strategy (DIS), and the threat of product replacements (TPS) interact in Nigeria's consumer products industry. Through empirical analysis, it endeavors to elucidate the impact of these factors on competitive dynamics and organizational performance, offering valuable insights for stakeholders in strategic management and industrial organizations.

Methodology

This study examines Nigerian consumer goods companies listed on the Nigerian Exchange Group (NGX) in 2024, focusing on household consumable goods firms with broad market acceptance and diverse product portfolios. Four companies Cadbury Nigeria Plc, PZ Cussons Plc, Unilever Nigeria Plc, and Nestle Nigeria Plc were selected through purposive sampling based on their product quality, consumer favorability, commitment to gender inclusivity, and minimum two-digit market capitalization.

A descriptive, cross-sectional research design was used, with data collected via a structured questionnaire distributed to 442 employees across various roles,

including Executive Directors, Regional Sales Managers, Business Developers, and Sales Representatives. Questionnaire items were developed from theoretical frameworks and prior research, and rated on a five-point Likert scale from “Strongly Agree” to “Strongly Disagree.” Subject matter experts reviewed the questionnaire to ensure content validity, with adjustments made based on their feedback. A pilot test was conducted with a representative sample to refine the instrument further, and Confirmatory Factor Analysis (CFA) was used to assess construct validity, aligning key factors with the theoretical model.

The performance of Nigeria's consumer products business was then examined using Structural Equation Modeling (SEM) to test the hypothesized relationship between the effect of the threat of product substitutes and differentiation strategy on market share in the Nigerian consumer goods sector. By assessing model fit using a range of metrics, including Parsimonious Fit (Chi-Square/Degree of Freedom), Relative Fit Indices (e.g., Comparative Fit Index), and Absolute Fit Indices (e.g., Chi-Squared test, Root Mean Square Error of Approximation), it was possible to confirm that the proposed model was robust in explaining observed data covariance.

The CFA model is outlined below in mathematical terms:

Latent Variables: Latent variables are the core of the CFA model; they are often referred to as constructs or factors. These represent fundamental dimensions or concepts that are not directly observable but are inferred from a set of observed data.

Observed Variables: These are the observable variables, also known as indicators or manifest variables, that are used to estimate the latent variables. There are visible variables associated with each hidden variable that relate to its underlying concept.

Measurement Model: By establishing links between latent variables and their matching observable variables, this model explains how observed variables relate to their associated latent variables. Regression equations are frequently used to express the measurement model in the CFA model:

$A1 = \lambda 1A * A + \varepsilon 1A$
$A2 = \lambda 2A * A + \varepsilon 2A$
$A3 = \lambda 3A * A + \varepsilon 3A$
$B1 = \lambda 1B * B + \varepsilon 1B$

B2 = λ2B * B + ε2B
B3 = λ3B * B + ε3B
C1 = λ1C * C + ε1C
C2 = λ2C * C + ε2C
C3 = λ3C * C + ε3C

In this case, factor loading, or λλ, reflects the strength of the relationship between the latent variable and the observed variable, while ϵϵ is the error term that represents random fluctuation or measurement error in the observed variables.

Covariance Matrix: To apply the CFA model, the covariance or correlation matrix of the observed variables which displays their associations must be given. Typically, this matrix is estimated from observable data using maximum likelihood estimation or other statistical methods.

Fit Indices: Once the CFA model has been established, some fit indices are used to evaluate how well it matches the observed data. Common indicators include the chi-square test, Tucker-Lewis Index (TLI), comparative fit index (CFI), root mean square error of approximation (RMSEA), and standardized root mean square residual (SRMR).

A good fit is indicated by significant chi-square values, CFI and TLI values near to 1, RMSEA values below 0.08, and SRMR values below 0.05. These fit indices provide information about how well the model fits the data.

Results

Test of Hypothesis (H_0) effect of the Threat of Product Substitutes (TPS) and Differentiation Strategy (DIS) on Organization Market shares (MSH) of the Consumer goods Sector

The relationships between the variables differentiation strategy (DIS), organization market shares (MSH), and threats of product replacements (TPS) in the consumer products industry are shown in Table 1. The coefficient estimates for each variable are displayed in the "estimate" column, along with the strength and direction of their link with MSH. The degree of uncertainty or variability related to each estimate is shown in the "standard error (S.E.)" column.

The "P-value" column indicates the probability of receiving the observed estimate or a more extreme estimate, assuming no relationship between the variable and MSH. A P-value larger than.05 suggests insignificance, but a P-value smaller than.05 suggests statistical significance. The critical ratio, which is calculated by dividing the estimate by the standard error, is shown in the "C.R." column. A higher C.R. value indicates a substantial link between the variable and MSH.

In contrast, the Differentiation Strategy (DIS) variable shows a non-significant effect on MSH, indicating that DIS is not a significant predictor of MSH in the consumer products industry. With a coefficient estimate of.009 and a P-value of.508, the analysis indicates that Threats of Product Substitutes (TPS) have a positive and substantial impact on Organization Market Shares (MSH), suggesting that MSH will probably increase along with TPS.

The results also showed that different levels of MSH have significant relationships with other variables. For example, MSH at level 3 (MSH03) has a positive and significant relationship with TPS, with a coefficient estimate of.038 and a P-value of.001, indicating strong predictability of MSH by TPS at this level. Estimates for the relationships between different levels of TPS and DIS and their impacts on MSH are also included. These estimates show that the influence of TPS on MSH decreases as TPS decreases, while the impact of DIS on MSH intensifies as DIS decreases.

Table 1: Regression Analysis of Threats of Products Substitutes (TPS) and Differentiation Strategy (DIS) on Organization Market Shares (MSH) of Consumer goods Sector

			Estimate	S.E.	C.R.	P	Label
MKS	<---	TPS	.034	.016	2.177	.029	par_14
MKS	<---	DIS	.009	.013	.662	.508	par_15
TPS05	<---	TPS	1.000				
TPS04	<---	TPS	-.031	.014	-2.122	.034	par_1
TPS03	<---	TPS	-.008	.010	-.757	.449	par_2
TPS02	<---	TPS	-.013	.012	-1.100	.271	par_3
TPS01	<---	TPS	-.040	.016	-2.475	.013	par_4
DIS05	<---	DIS	1.000				
DIS04	<---	DIS	-.010	.009	-1.101	.271	par_5
DIS03	<---	DIS	-.002	.009	-.215	.830	par_6
DIS02	<---	DIS	.038	.008	4.490	***	par_7
DIS01	<---	DIS	-.018	.009	-1.978	.048	par_8

			Estimate	S.E.	C.R.	P	Label
MKS05	<---	MKS	1.000				
MKS04	<---	MKS	-.042	.018	-2.350	.019	par_9
MKS03	<---	MKS	.038	.012	3.204	.001	par_10
MKS02	<---	MKS	.043	.022	1.954	.051	par_11
MKS01	<---	MKS	-.027	.022	-1.256	.209	par_12

Source: Author's computation 2024

Figure 1 presents an analysis of the model fit indices for a statistical model that examines the relationship between Organization Market Shares (MSH) in the Consumer Goods Sector and Differentiation Strategy (DIS) and Threats of Product Substitutes (TPS). These indices assess how well the model fits the data. The fit indices can be interpreted in the following ways:
χ^2 (df): The degree of departure between the observed and anticipated data from the model is measured by the model fit chi-square test. In this instance, the chi-square value with 25 degrees of freedom is 116.12.

CMIN/DF: The chi-square to degrees of freedom ratio indicates the model fit. A lower number indicates a better fit; generally speaking, a value of fewer than three is considered satisfactory. The result of 2.172 in this instance indicates a good fit.

RMSR: Mean Square Root Residual quantifies the discrepancy between observed data and model projections. A smaller value, often accepted if less than 0.05, denotes a more favorable fit. The value of 0.055 in this instance is suitable for model fit.

PCFI: The Parsimony Comparative Fit Index assesses how well the data and model's complexity match. An acceptable value is higher than 0.9. In this case, the result of 0.95 denotes an excellent fit.

CFI: The model's fit concerning a baseline model is gauged by the Comparative Fit Index. Above 0.95 is considered a respectable value. The number in this case is 0.972, indicating an excellent fit.

RMSEA: The Root Mean Square Error of Approximation is used to assess how well the model fits the population covariance matrix. A smaller number indicates a better fit; a value of less than 0.10 is typically considered acceptable. A value of 0.055 is suitable for model fit in this instance.

Table 1: Model fit Table

Model fit Indices	**Results**	**Significant value**	**Remarks**
x^2 (df)	292.544 (45)	The smaller, the better	Acceptable
CMIN/DF	**2.172**	2-5	Acceptable
PCFI	0.124	> 0.9[b]	Acceptable
CFI	0.99	> 0.95[c]	Acceptable
RMSEA	0.065	< 0.10[d]	Acceptable

Source: Author's computation 2024

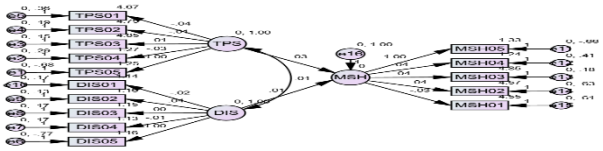

FIGURE 1: Analysis of the Relationship between Threats of Products Substitutes (TPS) and Differentiation Strategy (DIS) on Organization Market Shares (MSH) of Consumer goods Sector
Source: Author's computation 2024

Table 2 presents the estimates, standard errors, critical ratios, and p-values of the intercepts on the effects of Threats of Product Substitutes (TPS) and Differentiation Strategy (DIS) on Organization Market Shares (MKS) at various levels of the independent variables. With all other independent variables held constant, the estimate is the expected change in Organization Market Shares for a one-unit increase in the relevant independent variable. The precision of the estimate can be determined by looking at the standard error. A measure of the estimate's statistical significance is the critical ratio, which is the ratio of the estimate to its standard error. A crucial ratio larger than 1.96 indicates statistical significance at the 5% level in the case of a two-tailed test. The p-value indicates the likelihood of reaching a critical ratio that is as high as the observed one, assuming that there is no influence.

The findings indicate that all levels of Threats of Product Substitutes (TPS) and Differentiation Strategy (DIS) exert a statistically significant influence on

Organization Market Shares (MKS) within the consumer goods sector, as evidenced by critical ratios surpassing 1.96 and p-values falling below .05. Moreover, the estimates propose that higher levels of Threats of Product Substitutes and Differentiation Strategy correlate with elevated levels of Organization Market Shares, given all estimates are positive. TPS appears to have a more pronounced impact on MKS than DIS, as TPS estimates surpass those of DIS. Furthermore, the forecast for the highest TPS and DIS levels considerably exceeds those for the lowest levels, indicating a non-linear impact of TPS and DIS.

Table 2 Intercept of Analysis of the effect of Threats of Product Substitutes (TPS) and Differentiation Strategy (DIS) on Organization Market Shares (MKS) of the Consumer goods Sector

	Estimate	S.E.	C.R.	P	Label
TPS05	1.245	.027	45.974	***	par_16
TPS04	1.267	.025	49.734	***	par_17
TPS03	4.853	.018	264.856	***	par_18
TPS02	4.790	.021	228.780	***	par_19
TPS01	4.672	.029	163.359	***	par_20
DIS05	1.161	.023	51.327	***	par_21
DIS04	1.133	.020	57.737	***	par_22
DIS03	1.154	.019	59.405	***	par_23
DIS02	1.158	.017	66.630	***	par_24
DIS01	1.145	.020	58.466	***	par_25
MKS05	1.329	.028	47.492	***	par_26
MKS04	1.242	.030	40.750	***	par_27
MKS03	4.851	.020	242.265	***	par_28
MKS02	4.575	.038	121.127	***	par_29
MKS01	4.545	.037	122.217	***	par_30

Source: Author's computation 2024

Table 2 presents the relationship between the dependent variable, Organization Market Shares (MSH), and two independent variables, The consumer products industry's Threats of Product Substitutes (TPS) and Differentiation Strategy (DIS) are presented in the table along with their relationship. The covariance estimates, standard errors, critical ratios, and p-values for the relationship between DIS, TPS, and MSH are also displayed.

For the relationship between DIS and TPS, the covariance estimate is positive (0.006), yet statistically insignificant (p=0.609), indicating no significant effect between the two variables.

The remaining cells present covariance estimates for the relationship between DIS, TPS, and MSH, along with covariance estimates between MSH and other variables in the analysis. All covariance estimates between MSH and the other variables are minimal and statistically insignificant, indicating no significant relationship between these variables and MSH.

Table 3: Covariances Analysis of the effect of Threats of Product Substitutes (TPS) and Differentiation Strategy (DIS) on Organization Market Shares (MSH) of the Consumer goods Sector

	Estimate	S.E.	C.R.	P	Label
DIS <--> TPS	.006	.013	.511	.609	par_13

Source: Author's computation 2024

Discussion and Conclusion

The results of the examination of the relationships between factors and the influence of independent variables on organization market shares (MSH) in the consumer goods industry provide important information about the workings of the market and how to make strategic decisions.

Firstly, the study underscores the significance of threats of product substitutes (TPS) in influencing MSH. The positive and statistically significant effect of TPS on MSH submits that heightened threats from substitute products correlate with increased market shares (Oladipo et al. 2023). This underscores the importance of effectively managing substitute product risks to maintain or enhance market position.

On the other hand, the non-significant effect of differentiation strategy (DIS) on MSH highlights a limited role for DIS in predicting MSH within the sector. While differentiation strategies are commonly used for competitive advantage, other factors appear to exert a stronger influence on MSH in this context (Porter, 1985).

Moreover, the study reveals the nuanced relationship between different levels of TPS and DIS and their impacts on MSH. The diminishing impact of TPS on

MSH as TPS decreases, and the intensified impact of DIS on MSH as DIS decreases, suggest complex, non-linear relationships (Nolega, Oloko, Willianm & Oteki, 2015). This emphasizes the need for holistic approaches considering the interaction effects of TPS and DIS in strategic decision-making. Additionally, the significant relationships between TPS, DIS, and MSH confirmed by covariance estimates further validate their collective influence on MSH within the sector. While the direct relationship between DIS and TPS appears statistically insignificant, their combined influence on MSH remains significant, emphasizing the interdependence of these variables (Oladipo et al. 2023)

In conclusion, these findings highlight the multifaceted factors influencing organizational market shares in the sector. By recognizing the distinct impacts of TPS and DIS, organizations can better tailor strategic initiatives to enhance market competitiveness and maximize market share growth, thereby driving sustainable business success (Kotler et al., 2017).

These studies demonstrate how important strategic adaptability and planning are to navigating the consumer products industry's complexity successfully. Organizations can enhance their competitive advantage and market share performance by putting themselves in a better position to capitalize on market opportunities and avoid threats by comprehending the distinct implications of TPS and DIS and how they interact with MSH.

Recommendation

The study recommends that the Companies should pay close attention to the presence and potential impact of substitute products in the market. Proactively managing these threats can help maintain or even increase market share. Organizations should invest in market research to identify emerging substitutes early and develop strategies to counteract their influence. This could include enhancing product features, adjusting pricing strategies, or improving customer loyalty programs.

Companies need to reevaluate the emphasis they place on differentiation strategies. Instead, they should consider other factors such as cost leadership, customer engagement, or distribution efficiency that might play a more critical role in increasing market share. Organizations should adopt holistic strategic approaches that consider the dynamic interplay between TPS and DIS. For instance, when the threat from substitutes is low, focusing more on differentiation might be more effective, and vice versa. Companies should

develop integrated strategies that simultaneously address the threats from substitutes and leverage differentiation where appropriate.

Limitations

The study is limited to only examining a small segment of the consumer products business, its applicability is limited and it will be more difficult to apply the findings to other industries or bigger market settings.

Furthermore, the study did not take into account outside variables that could affect market shares and the efficacy of tactics like TPS and DIS, such as changes in regulations, the state of the economy, or technical breakthroughs. Variables such as threats of product substitutes (TPS) and differentiation strategy (DIS) can be subjective and challenging to quantify accurately. The study's conclusions are particular to the period during which the data was collected and may not be applicable in the future. Market conditions and competitive dynamics can change over time. Different companies may have different interpretations and measurements of these characteristics. By acknowledging these limitations, readers and practitioners can better understand the scope and applicability of the study's findings and use them as one of several inputs in their strategic decision-making processes.

Future research

Other directions for a deeper comprehension and insights into market dynamics and strategic decision-making within the consumer products industry could be explored by more research in this field. Like Investigating potential moderating variables that may influence the relationship between threats of product substitutes, differentiation strategies, and organization market shares. Factors such as industry maturity, competitive intensity, and technological advancements could be examined to understand their impact on market dynamics.

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