



EXPANSION STRATEGY AND COMPETITIVE ADVANTAGE OF MANUFACTURING FIRMS IN NIGERIA

Obialor Donatus Chukwemeka PhD, Peter Obukor PhD and Okah Vincent PhD

Department of Business Management, Faculty of Management Sciences, University of Uyo

Department of Management, Faculty of Management Sciences, Imo State University Owerri

Abstract: This study was designed to examine expansion Strategy and Competitive Advantage of Food and Beverage firms in Nigeria. However weak competitive advantage often manifests in declining market share, reduced customer loyalty, low product differentiation, inefficient supply chains, and inability to innovate effectively. Therefore, the objective was to examine the influence of financial resources and diversification on differentiation strategy of food and beverage forms in South-West Nigeria. A cross-sectional survey research design was adopted for the study. The population of the study was 3708 with a sample size of 361 which was determined using Taro Yamane formula for sample determination. Data were collected using questionnaire, interview and were analyzed using simple linear regression analysis. Findings demonstrated and financial resources, diversification and core competences have significant influence on differentiation strategy of food and beverage firms in South-West Nigeria. It was concluded that financial resources, and diversification significantly and positive influence differentiation strategy of food and beverage firms in South-West Nigeria. Therefore, it was recommended that Food and beverage firms should prioritize the strategic allocation of financial resources toward research and development, product innovation, and brand-building initiatives. By channeling investments into areas that directly support uniqueness and quality, firms can strengthen their differentiation strategy and maintain competitiveness in dynamic markets.

Key Words: Expansion strategy, Financial Resources, Diversification, competitive advantage, Differentiation strategy

1.1 Introduction

Competitive advantage remains a central concept in strategic management, defining how a firm achieves superior performance relative to rivals. Research shows that competitive advantage arises not merely from external market positioning, but critically from how a firm configures and leverages its internal resources and capabilities. The internal-resource perspective commonly articulated through the Resource-Based View (RBV) argues that a firm's unique mix of resources and capabilities (tangible and intangible Financial) that are valuable, rare, inimitable, and non-substitutable provides the basis for sustained competitive advantage. In the context of food and beverage firms, competitive advantage may thus stem from specialized production capabilities,

strong brand identity, efficient supply-chain management, or innovation capacity that competitors cannot easily replicate.

In dynamic and competitive industries such as food and beverage, firms often pursue expansion strategies to strengthen or reinforce their competitive advantage. Expansion strategy, whether through broadening product lines, entering new markets, or scaling operations can provide opportunities for economies of scale, wider market access, and enhanced market share, which in turn can translate to stronger competitive positioning. Empirical studies among food and beverage firms show that growth or expansion strategies significantly influence firm performance and competitive edge (Okegbemiro and Adim. ,2023).

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A key enabler of successful expansion is the firm's financial resources. Having sufficient financial resources in the form of capital, cash flow, or access to financing allows a firm to invest in new facilities, increase production capacity, fund marketing and distribution, and absorb the risks that come with expansion. Without adequate financial backing, expansion efforts may strain operations, compromise quality, or derail competitiveness. In the food and beverage sector, where margins can be tight and operational costs high, financial strength becomes even more vital to support expansion while maintaining product quality and consistency (Adenigba, 2025).

Another central factor is the firm's core competencies the unique mix of skills, knowledge, processes, and organizational capabilities that the firm possesses. According to RBV (and related theories such as the Knowledge-Based View), these core competencies are what set a firm apart and serve as derivations of competitive advantage over time (Akpan et al, 2025). For food and beverage firms, core competencies might include product innovation, quality control, supply-chain management, brand development, or customer relationships. These capabilities not only help ensure consistent performance but also allow the firm to adapt to changing market demands and competitive pressures. Indeed, studies show that innovation such as product innovation — significantly enhances the competitive advantage of food and beverage enterprises, improving sales growth and firm survival in volatile markets (Irefin *et al.*, 2021).

Diversification either in product lines or markets is another strategic lever food and beverage firms wield to enhance or sustain their competitive advantage. By diversifying product offerings, distribution channels, or target markets, firms can spread risk, tap into new customer segments, and avoid overdependence on a single product or market. Evidence from Nigerian F&B firms indicates that diversification strategy has a significant positive effect on profitability and performance. Moreover, product-line strategies (a form of diversification) have been empirically linked to competitive advantage: firms that strategically manage their product lines tend to outperform those that do not.

Given the complex environment in which food and beverage firms operate, characterized by changing consumer tastes, regulatory pressures, rising input costs, and intense competition, it becomes critical to understand how expansion, supported by robust financial resources, strong core competencies, and effective diversification, influence competitive advantage. This study seeks to examine how expansion strategies, underpinned by financial capacity and core competencies, and mediated through diversification, contribute to competitive advantage in food and beverage firms. By doing so, it will shed light on the dynamics that allow some firms to remain competitive and thrive, while others struggle.

1.2 Statement of the Problem

The food and beverage industry has become increasingly competitive, with many firms struggling to sustain a strong competitive advantage in the face of rapid market changes. Weak competitive advantage often manifests in declining market share, reduced customer loyalty, low product differentiation, inefficient supply chains, and inability to innovate effectively. These challenges are worsened by rising operational costs, fluctuating consumer preferences, and heightened regulatory requirements. As a result, many firms find themselves unable to respond adequately to competitive pressures, making it difficult to maintain consistent performance or long-term profitability.

The causes of these weaknesses are frequently rooted in ineffective or poorly aligned expansion strategies. Some firms expand without adequate financial resources, overstretching their operations and jeopardizing product quality or service delivery. Others lack well-developed core competencies needed to support expansion into new markets or product segments. Additionally, diversification efforts are often fragmented or reactive rather than strategic, leading to operational inefficiencies and diluted brand identity. These shortcomings limit firms' ability to leverage expansion as a strategic tool for strengthening competitive advantage, thereby impeding their capacity to achieve sustainable growth.

Despite the recognized importance of expansion strategy, financial capacity, core competencies, and diversification in improving competitive advantage, there remains a



significant gap in understanding how these elements interact specifically within the food and beverage sector. Existing studies tend to examine them in isolation, failing to offer a holistic explanation of how a coordinated expansion strategy can enhance competitive strength. This gap has created a departure between theoretical expectations and actual managerial practice, leaving many firms uncertain about which strategic pathways yield the most effective competitive outcomes. Therefore, there is a need for empirical investigation that integrates these strategic dimensions to better understand their combined influence on competitive advantage in food and beverage firms.

The main objective of the study was to examine the expansion strategy and competitive advantage of food and beverage firms in South-West Nigeria. The specific objectives were to: i. Examine the influence of financial resources on differentiation strategy on advantage of food and beverage firms in South-West Nigeria. Examine the influence of diversification on differentiation strategy on advantage of food and beverage firms in South-West Nigeria. The following questions were asked to guide the study: i. How does financial resources influence differentiation strategy on advantage of food and beverage firms in South-West Nigeria? What is the influence of diversification on differentiation strategy on advantage of food and beverage firms in South-West Nigeria? The following hypotheses of the study were formulated to guide the study: **H₀₁**. There is no significant influence of financial resources on differentiation strategy on advantage of food and beverage firms in South-West Nigeria. **H₀₂**. There is no significant influence of diversification on differentiation strategy on advantage of food and beverage firms in South-West Nigeria

Review of Related Literature

2.1 Conceptual Review

The conceptual issues of this study were reviewed in this section.

2.1.1 Expansion Strategy

An expansion strategy refers to a deliberate plan by which a firm seeks to grow beyond its current size or scope for

example by increasing market share, entering new markets, launching new products, scaling operations, or extending its reach into new geographic or demographic segments. In essence, expansion strategy is about leveraging existing strengths (or building new ones) to increase the firm's footprint, customer base, revenues, and long-term viability. Through expansion, firms aim to reach greater economies of scale and scope, spread business risk, and secure more stable streams of revenue (Obialor and Ebitto, 2024).

The strategic value of expansion lies in its potential to transform a firm's competitive position. When a firm expands judiciously, for instance into new markets or by developing complementary products it can strengthen its market presence, increase bargaining power with suppliers or distributors, and exploit synergies from scale or scope. However, expansion also brings risks: over-extension, insufficient capacity, resource misallocation, or failure to adapt to new market conditions. For firms in sectors like food and beverage where consumer tastes, supply-chain constraints, distribution networks, and regulatory demands matter choosing the right expansion strategy and sequencing is critical for sustainable growth (Obialor and Obialor, 2021).

2.1.2 Financial Resources

By "financial resources," we refer to a firm's available financial capital including internal funds (retained earnings), cash flow, access to debt or equity financing, and liquidity that can be mobilized to support growth, investment, and strategic initiatives. Strong financial resources enable firms to invest in expansion, whether by scaling production, building distribution networks, investing in marketing, or funding diversification and innovation. (Irefin, 2021).

Financial resources matter because expansion and other strategic moves almost always require substantial capital for infrastructure, production capacity, staffing, marketing, and sometimes starting new operations. Without adequate financial backing, even sound strategies (expansion, diversification, innovation) may falter, as the firm may lack the wherewithal to absorb risk, sustain operations during growth phases, or maintain quality and consistency.



In strategic management frameworks particularly, those based on resource-based theory, financial resources count among the internal assets that firms can deploy to build competitive advantage (Obialor and Anietie, 2024).

Furthermore, recent scholarship notes that not just the presence of financial resources, but the effective management and deployment of those resources integrating them with organizational capabilities, core competencies, and dynamic strategies is what drives superior performance. (A firm with abundant capital but poor strategic planning or weak capabilities may fail, whereas a firm with moderate resources but strong capabilities may leverage them more efficiently to generate competitive advantage).

2.1.3 Diversification

In strategic management, diversification refers to a corporate or growth strategy where a firm expands its operations beyond its existing products, markets, or business lines either by adding new products (product diversification), entering new markets (market diversification), or even expanding into unrelated business areas. (Diversification is a way firms spread risk, reduce dependence on a single product or market, and tap into new revenue streams. In contexts like food and beverage firms, diversification might involve launching new product lines (e.g., snacks, drinks), targeting new segments (e.g., premium vs. affordable), or entering new geographic markets (Obialor *et al.*, 2022).

Empirical research shows mixed but often positive associations between diversification and organizational competitiveness or performance. A fairly recent study among manufacturing firms concluded that both product and market diversification had a significant positive effect on organizational competitiveness. Another study noted that diversification can help firms overcome financial constraints and improve performance, especially in contexts where firms struggle with limited resources.

However, and importantly diversification must be carefully managed: diversification that is unrelated to a firm's core competencies may dilute focus, strain resources, and lead to inefficiencies. Recent reviews of corporate-diversification literature call for more research

into moderators and mediators (e.g., how leadership, resource configuration, or external environment shape the outcomes of diversification).

2.1.5 Competitive Advantage

Competitive advantage denotes the edge that allows a firm to outperform its competitors by offering greater value to customers (differentiation), operating at lower cost (cost leadership), or combining both in a way that competitors find difficult to replicate consistently. In contemporary strategic management, competitive advantage is often conceived as arising primarily from a firm's internal resources and capabilities rather than external market positioning alone. This internal lens is largely informed by the RBV (Akinyemi, and Akinmoladun, 2020).

Scholars argue that sustainable competitive advantage depends on a firm possessing resources and capabilities that satisfy the VRIN/VRIO criteria making them valuable, rare, and difficult to imitate or substitute and on the firm managing them effectively over time. In practice, competitive advantage in a volatile or dynamic environment also requires adaptability the capacity to reconfigure resources and competencies in response to changing market demands or competitive pressures (That is, dynamic capabilities) (Adenigba, 2025).

For food and beverage firms, competitive advantage might manifest through strong brand reputation, production quality, supply-chain efficiency, product innovation, customer loyalty, distribution reach, or cost efficiency. When these are underpinned by robust internal resources, core competencies, and strategic actions (including expansion and diversification), firms are better positioned to sustain superior performance over time.

2.2 Theoretical Review

The Resource-Based View (RBV) was popularized by Jay Barney in his landmark 1991 work *Firm Resources and Sustained Competitive Advantage*, though the roots go back to Penrose 1959 and Birger Wernerfelt (1984) who first proposed that firms are heterogeneous in the resources they control. According to RBV, a firm's resources defined broadly to include tangible assets (e.g., physical infrastructure, financial capital), intangible assets (e.g.,



brand reputation, intellectual property, organizational culture), and capabilities (skills, processes, routines) are central to its capacity to conceive and implement strategies that improve its effectiveness and competitiveness. For a resource to generate sustainable competitive advantage, it must generally meet criteria often summarized as VRIN or VRIO: it must be Valuable, Rare, Inimitable (or hard to copy), and non-substitutable; and the firm must be Organized to exploit it effectively.

Over recent years, RBV has continued to be refined. For example, scholars emphasize not only the possession of resources, but the importance of developing and managing them dynamically over time, integrating them with capabilities and organisational routines to respond to changing environments. In that sense, RBV remains a leading theoretical framework for understanding why firms within the same industry including those in food and beverage may differ significantly in performance: their internal resource endowment and the ability to deploy those resources effectively distinguishes winners from laggards.

Applying RBV to expansion strategy and competitive advantage of food and beverage firms in Nigeria (or similar contexts) is particularly useful. For a food-or-beverage firm, internal resources might include physical production facilities, reliable financial capital, human capital (skilled chefs, food technologists, managers), supply-chain/inventory systems, proprietary recipes or formulations, brand equity, distribution networks, and organizational processes adapted to local tastes. If these resources meet VRIN criteria, the firm can leverage them to expand whether by scaling production, launching new products, entering new geographic markets, or broadening distribution in ways that competitors cannot easily replicate. This internal leverage aligns with RBV's central assertion that firm heterogeneity matters: even in a highly competitive, crowded market such as Nigeria's food and beverage industry, firms with distinctive and well-managed internal assets are more likely to succeed. (Akinyemi and Akinmoladun, 2020)

Moreover, expansion when informed by RBV need not be reckless growth, but strategic and resource-conscious. A firm that understands its unique resource base can choose

expansion paths that align with its strengths: for instance, a firm with strong supply-chain management, quality control, and distribution in Lagos might expand into other Nigerian cities. A firm with strong brand reputation and proprietary recipes might diversify product lines or introduce premium products. In doing so, the firm can translate resource-based advantages into broader market reach and higher competitive advantage sustaining above-average performance over time. RBV thus provides a robust theoretical foundation for studying how expansion strategy translates into competitive advantage in food and beverage firms operating in Nigeria's dynamic business environment.

2.3 Empirical Review

Okegbemiro and Adim. (2023) assessed diversification Strategy and Profitability of Selected Food and Beverage Firms in Lagos State, Nigeria. The objective was to examine the effect of diversification strategy on the profitability of selected food and beverage firms. Research Design adopted was survey research design, cross-sectional. Population: 12,495 regular employees of six selected F&B firms in Lagos State; Sample size: 491 respondents selected using research advisor sampling table. Data were collected using primary: Structured questionnaire with validated scales (Cronbach $\alpha > 0.7$). Data were analyzed using multiple regression analysis using SPSS Version 24. Finding showed that diversification strategy has a significant positive effect on profitability ($\beta = 0.947$, $p = 0.001$). It was concluded that diversification enhances profitability and performance of F and B firms. It was recommended that Firms should explore new distribution channels, invest in marketing, and improve operational efficiency to sustain profitability.

Anisulowo *et al.* (2023) examined Financial Strategy and Corporate Performance Growth of Selected Food and Beverages Manufacturing Companies in Nigeria. The objective was to determine the effect of financial strategy (asset investment, capital acquisition, profit redistribution) on corporate performance growth (profitability, innovation, corporate culture). The research Design adopted was descriptive survey design. The Population and sample selected food and beverage manufacturing firms;



specific population frame not clearly stated in summary but managers and staff were surveyed. Data were collected using Field survey questionnaires Data were analyzed using descriptive and inferential statistics (ANOVA/regression). Finding showed that there was positive significant effect between financial strategy and corporate performance growth. It was concluded that sound financial strategies contribute to profitability and growth. It was recommended that Firms should prioritize strategic investment, capital acquisition, and effective profit redistribution to enhance growth outcomes.

Ogaga-Oghene *et al.* (2025). Investigated organisational capabilities and product innovation Performance among Nigerian Food and Beverage Companies Objective of the study was to investigate how organisational capabilities (knowledge management, entrepreneurial orientation) affect product innovation performance. Research Design adopted was cross-sectional survey design. The population of the study was 672 Lagos-based food and beverage companies; Sample: 353 managers from selected companies via proportional simple random sampling. Data Collected using structured questionnaire. Data were analyzed using Partial Least Square Structural Equation Modelling (PLS-SEM). Finding showed that knowledge management capability positively influences entrepreneurial orientation, which in turn enhances product innovation performance. It was concluded that core competencies such as knowledge management and entrepreneurial orientation are critical to innovation outcomes in the F and B sector. It was recommended that Firms should cultivate knowledge sharing and entrepreneurial cultures to improve innovation and competitive performance

Imeokpari and Egboh (2025) examined balanced scorecard strategy and financial performance of Selected Food and Beverage Industry in Nigeria. Objective was to examine the impact of balanced scorecard strategy (learning and growth, customer perspectives) on financial performance of F&B firms. The research design used was Survey design. Population and Sample were five selected F and B firms in Lagos State; 1,057 respondents via structured questionnaires. Data Collected were structured questionnaires. Data were analyzed using descriptive and

inferential statistics using SPSS. Findings revealed that balanced scorecard dimensions significantly affect financial performance (higher profitability, improved outcomes). It was concluded that strategic planning and performance measurement tools enhance firm financial outcomes. It was recommended firms should adopt balanced scorecard frameworks to align financial resources and strategic goals for better outcomes.

Adenigba (2025). evaluated effects of differentiation and cost leadership strategies on Organizational Performance: Evidence from Spirits and Wine Manufacturers in Ogun State, Nigeria. The objective was to evaluate how differentiation and cost leadership strategies affect organizational performance (proxy for competitive advantage). The research design adopted was cross-sectional survey design. Population and Sample used was senior managers/CEOs of spirits and wine firms; 60 targeted 54 valid responses. Data were collected using structured questionnaire. Data were analyzed using statistical analysis (regression/ANOVA). Finding indicated that differentiation strategy (linked to firm competencies) has a stronger positive effect on performance than cost leadership. It was concluded that Firms that differentiate products/competencies outperform those with cost focus alone. It was recommended that Firms should emphasize unique value creation to strengthen competitive advantage and financial outcomes (Akinyemi and Akinmoladun, 2020).

2.4 Gap in Literature

Despite the growing body of empirical studies on expansion strategies and firm performance in Nigeria's food and beverage sector, notable gaps remain in the literature regarding the specific link between expansion strategy and sustainable competitive advantage. Most existing studies have concentrated on diversification, financial performance, or general growth outcomes, often measuring success through profitability, market share, or return on assets. While these indicators are important, they do not fully capture the multidimensional nature of competitive advantage, such as brand equity, customer loyalty, innovation capability, and long-term strategic positioning. Furthermore, many studies examine



expansion strategy as a broad construct without disaggregating it into forms such as geographic expansion, product line extension, backward or forward integration, and strategic alliances, thereby limiting understanding of which expansion pathways most strongly influence competitive advantage within the Nigerian food and beverage context.

In addition, the literature reveals methodological and contextual gaps. A significant proportion of studies adopt cross-sectional survey designs, which restrict the ability to assess the long-term and dynamic effects of expansion strategies on competitive advantage in a highly volatile business environment like Nigeria. There is also limited sector-specific focus on food and beverage firms, as many studies pool manufacturing firms together, overlooking industry-specific factors such as perishability, regulatory pressures, supply chain intensity, and consumer taste variability. Moreover, few studies integrate firm-level internal capabilities such as core competencies, innovation capacity, and managerial expertise as moderating or mediating variables in the expansion-competitive advantage relationship. These gaps highlight the need for more nuanced, longitudinal, and sector-focused research to better explain how expansion strategies translate into sustainable competitive advantage for food and beverage firms in Nigeria.

3.1 Methodology

A cross-sectional research design was adopted for the study which enabled the research to collect first-hand information using questionnaire and personal interview. The population of the study was The accessible population included 2,502 employees of Nestle Nigeria Plc, 1,206 employees of Cadbury Nigeria Plc. As a result, the 3708 accessible people in total aided as the study's population and helped as its foundation, with a sample size of 361 which was determined using Taro Yamane formula for sample size determination. To guarantee accuracy of the results, the units of study also included senior and junior employees of the two chosen food and beverage companies of South-West Nigeria (RocketRead, 2022). Therefore, since population was not collected using a particular Firm,

the proportional allocation equation was used to allocate the sample size to each organization and was presented as:

$$:P = \frac{sx^n}{N}$$

Where:

P = Proportional Allocation

S = Staff strength

n = sample size

N = Population of the study

$$\text{Nestle, PLc} = \frac{2502 \times 361}{3708}$$

$$P = 244$$

$$\text{Cadbury, PLc} = \frac{1206 \times 361}{3708}$$

$$P = 117$$

The face and construct validated were adopted for the study while the reliability was calculated using Crombach Alpha statistical and result yielded coefficients of 0.7 and above suggesting that the instruments were fit for evaluation of the expansion strategy and competitive advantage of food and beverage firms. Data were collected using questionnaire and personal interview and were analyzed through the use of simple linear regression analysis. The simple linear regression model was given as:

$$DS = f(\text{FR}) \quad \text{Model 3.1}$$

$$DS = a_0 + a_1 \text{FR} + e \quad \text{Equation 3.1}$$

$$DS = f(D) \quad \text{Model 3.2}$$

$$DS = a_0 + a_2 D + e \quad \text{Equation 3.2}$$

Where;

a = Interception of the equation

FR=Financial Resource

D= Diversification

DS = Differentiation Strategy

a₁ a₂ = Coefficients of the Independent variables

e = Error term

4.1 Data presentation

The data collected from the respondents were presented in tables and frequencies to establish the influence of financial resources, diversification and core competencies



on differentiation strategy of food and beverage firms in South-South Nigeria

Table 4.1: Distribution of Questionnaire

University	No of Questionnaires Distributed	No. of questionnaire Filled and Returned
Nestle Nigeria Plc	244	240
Cadbury Nigeria Plc	117	115
Total	361	355

Source: Researcher’s Computation (2026)

Table 4.1 shows that 361copies of the questionnaire were distributed to the Nestle Nigeria Plc and Cadbury Nigeria Plc used for the study but 355 copies of the questionnaire were filled and returned which yielded 98.3% response rate and form the base for the analysis.

4.2 Data Analysis

Test of Hypothesis

Hypothesis 1

H₀₁. There is no significant influence of financial resources on differentiation strategy on advantage of food and beverage firms in South-West Nigeria

Table 4.2 The Simple Linear Regression Analysis on the Significant Influence of core Diversification on Differentiation strategy on advantage of food and beverage firms in South-West Nigeria

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.966 ^a	.933	.933	.25514

Model Fit

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	320.695	1	320.695	4926.589	.000 ^b
	Residual	22.978	353	.065		
	Total	343.673	354			

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		



1	(Constant)	.083	.040		2.057	.040
	Financial Resources	.958	.014	.966	70.190	.000

Source: Researcher’s Computation (2026)

Table 4.2 indicates the interaction between financial resources and differentiation strategy of food and beverage firms in South-West Nigeria. The result yields an R²-value of .933 which implies that financial resources can account for 93.3% change in differentiation strategy of food and beverage Firms in south-West Niger differentiation. This result was supported by Beta coefficients of .958 which means that 1 unit increase of financial resources would lead to .958 increases in differentiation strategy of food and beverage firms in South-South West Nigeria. However, to measure the goodness of fit of the model, the F-statistics is computed and result yields an F-value of 4926.589 which implies that the model is fit to evaluate the association between financial resources and differentiation strategy of food and beverage firms in south-West Nigeria.

Therefore, since the F-value of 4926.589 and P-value of .000 lies below the Alpha value of 0.05 level of significant in social sciences, it can be concluded that hypothesis which states that financial resources have no significant influence on differentiation strategy is rejected and alternative hypothesis accepted meaning that financial resources have significant influence on differentiation strategy in food and beverage firms in South-West Nigeria (P<0.05).

Hypothesis 2

Ho₂. There is no significant influence of diversification on differentiation strategy on advantage of food and beverage firms in South-West Nigeria

Table 4.3 The Simple Linear Regression Analysis on the Significant Influence of core Diversification on Differentiation strategy on advantage of food and beverage firms in South-West Nigeria

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.987 ^a	.974	.974	.15810

Model Fit

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	334.850	1	334.850	13397.208	.000 ^b
	Residual	8.823	353	.025		
	Total	343.673	354			

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.010	.025		.392	.696
	Diversification	.989	.009	.987	115.746	.000

Sources: Researcher’s Computation (2026)



Table 4.2 shows the interaction between diversification and differentiation strategy of food and beverage firms in South-West Nigeria. The result yields an R^2 -value of 97.4% which implies that diversification can account for 97.4% change in differentiation strategy of food and beverage Firms in south-West Niger differentiation. This result was supported by Beta coefficients of .989 which mean that 1 unit increase of diversification would lead to .989 increases in differentiation strategy of food and beverage firms in South-South West Nigeria. However, to measure the goodness of fit of the model, the F-statistics is computed and result yields an F-value of 13397.208 which implies that the model is fit to evaluate the association between diversification and differentiation strategy of food and beverage firms in south-West Nigeria. Therefore, since the F-value of 13397.208 and P-value of .000 lies below the Alpha value of 0.05 level of significant in social sciences, it can be concluded that hypothesis which states that diversification has no significant influence on differentiation strategy is rejected and alternative hypothesis accepted meaning that diversification has significant influence on differentiation strategy in food and beverage firms in South-West Nigeria ($P < 0.05$).

4.3 Discussion of Findings

The findings of hypothesis 1 indicated that financial resources have significant influence on differentiation strategy in food and beverage firms in south west Nigeria. This implied that the result has the explanatory power to establish a link between financial resources and differentiation strategy of food and beverage firms. The results demonstrated that financial resources matter because expansion and other strategic moves almost always require substantial capital for infrastructure, production capacity, staffing, marketing, and sometimes starting new operations. The result was supported by the work of Anisulowo *et al.* (2023) who stated that without adequate financial backing, even sound strategies (expansion, diversification, innovation) may falter, as the firm may lack the wherewithal to absorb risk, sustain operations during growth phases, or maintain quality and consistency. In strategic management frameworks particularly, those based on resource-based theory

financial resources count among the internal assets those firms can deploy to build competitive advantage. It was indicated that financial resource positively correlated with differentiation strategy of food and beverage firms in South-West Nigeria

Consequently, the findings of hypothesis 2 demonstrated that diversification has significant influence on differentiation strategy of food and beverage firms in South-West Nigeria. This implied that interaction between diversification and differentiation strategy is not only correlated but has explanatory power to establish a positive link with differentiation strategy and improve organization growth and performance. The finding is supported by the work of Okegbemiro, and Adim (2023) who indicated that empirical research shows mixed but often positive associations between diversification and organizational competitiveness or performance. The author stated that a fairly recent study among manufacturing firms concluded that both product and market diversification had a significant positive effect on organizational competitiveness. Another study noted that diversification can help firms overcome financial constraints and improve performance, especially in contexts where firms struggle with limited resources. The findings also demonstrated that diversification has significant influence on competitive advantage among manufacturing firms in Nigeria.

5.1 Summary of Findings

The findings demonstrated that the three dimensions of strategy expansion have the explanatory power to explain the interaction between strategy expansion and competitive advantage of food and beverage firms in South-West Nigeria. It also shows that core competencies have greater influence with over 97% variation indicating that emphasis focused mainly on organizational capabilities. The findings were further revealed as:

- i. There is significant influence of financial resources on differentiation strategy on advantage of food and beverage firms in South-West Nigeria
- ii. There is significant influence of diversification on differentiation strategy on advantage of food and beverage firms in South-West Nigeria



5.2 Conclusion

The analysis demonstrated that financial resources, diversification, and core competencies exert a significant influence on the differentiation strategies of food and beverage firms. Adequate financial resources enable firms to invest in product innovation, branding, quality improvement, and advanced production technologies, all of which are critical for creating distinctive offerings in highly competitive markets. Diversification supports differentiation by allowing firms to leverage varied product lines, markets, and capabilities, reducing risk while fostering innovation and responsiveness to changing consumer preferences. Core competencies, such as superior supply chain management, product development expertise, brand equity, and marketing capabilities, form the foundation upon which sustainable differentiation strategies are built. Collectively, these factors enhance a firm's ability to deliver unique value propositions, strengthen competitive advantage, and achieve long-term performance and market leadership in the food and beverage industry. It was further concluded that financial resources and diversification statistically have significant influence on differentiation strategy of food and beverage firms in South-West Nigeria.

5.3 Recommendations

In line with the findings of this study, the following recommendations were made that:

- i. Food and beverage firms should prioritize the strategic allocation of financial resources toward research and development, product innovation, and brand-building initiatives. By channeling investments into areas that directly support uniqueness and quality, firms can strengthen their differentiation strategy and maintain competitiveness in dynamic markets.
- ii. Firms should pursue diversification strategies that are closely aligned with their differentiation objectives. Expanding into related products, health-focused offerings, or new markets can enhance brand value and innovation potential, while avoiding over-diversification that may dilute core strengths and strategic focus.

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