APPLICATION OF PORTER'S GENERIC STRATEGIES IN INVESTIGATING COMPETITIVE ADVANTAGE AMONG TABLE WATER FIRMS IN NASARAWA STATE

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Abstract
The study was concerned with assessing the effect of elements of Porter's generic strategies on competitive advantage among table water producing firms in Nasarawa state. The quantitative study involved the use of survey data collected from 389 managers and analysed using a path model via the Partial Least Squares Structural Equation Modelling (PLS-SEM) approach. It was found, from estimated path coefficients that cost leadership, differentiation, focus strategies all had positive and statistically significant effect on competitive advantage among firms in the study area. However, differentiation was confirmed as the most effective strategy of obtaining high levels of competitive advantage in the Nasarawa table water market, and should thus, be prioritised. The businesses should, thus, emphasis attributes that make their offerings different from those of rivals and valuable to customers through conscious investment in innovation, product features, quality enhancements and branding. Nevertheless, efficient cost control measures should also be put in place for the purpose of streamlining operations and eliminating wastes to reduce costs. This can be applied together with differentiation to attain better performance outcomes. Furthermore, attaining a competitive position in the market can also be aided by the identification and exploitation of niche opportunities, where table water companies can experiment with range of products tailored towards specific market segments. Catering to the tastes and demands of specific market segments, these businesses can build customer loyalty and achieve strong market position.
Keywords: *Competitive strategy, cost leadership, focus strategy, differentiation strategy, Porter, competitive advantage.*

INTRODUCTION

Successful implementation of competitive strategies allows businesses to stand out in the midst of market rivalry, and stay ahead of competition. This is especially crucial in homogenous markets such as the table water industry in Nasarawa state, with various firms competing for market patronage with identical market offerings. As highlighted by Emir and Santoso (2023), it is crucial for businesses in competitive environments to understand their position in the market, identify opportunities, and make informed decisions to enhance sales for the purpose of achieving superior performance.

Table water, also referred to as bottled water, is water available commercially, sourced from a natural spring and/or purified or filtered and packed in bottles (usually plastic) for drinking. The product is manufactured by a number of companies in Nasarawa state, such as Mien Table Water, Makamzy Table Waters, Ada Table Water, Samsave Table Water and Shukura Table, that operate within a homogenous market. The highly competitive market presents a situation where these businesses fiercely compete for customer patronage with highly similar products, which begs the question of how table water manufacturers can get customer attention while offering remarkably similar products and stay ahead of market rivalry. Naturally, this emphasises the role of cost efficiency (and its price implications), offering something unique, and catering to specific market needs. Accordingly, the study sought to assess how these companies strive towards achieving competitive edge using Porter's (1985) competitive strategy framework. Porter conceptualises competitive strategies in three main components – Cost Leadership, aimed at being a low-cost leader in the industry; Differentiation, concerned with providing market offerings with unique value; and Focus, concerned with catering to the needs of a specific segment of the market.

Purwatiningsih et al. (2023) argue in favour of sales and revenue generation being the primary means of boosting profits, so that it is crucial for businesses to identify avenues to enhance sales, such as offering high-quality products, diverse product options to cater to customer preferences, ensuring product availability and accessibility, and maintaining competitive pricing. Silalahi and Simanjuntak (2021) add that businesses need to possess a competitive edge to endure and prosper in a fierce market.

However, there is an acute dearth of pertinent literature in the context of the table water industry in Nasarawa state, that has limited proper understanding of how competitive strategies translate to achieving competitive advantage. Related studies such as Akeke et al. (2023), and Adedeji and Onu (2020) have failed to explore this context, thereby contributing to a gap; geographic and market, which the current research aimed to bridge. In achieving this, the following hypotheses were formulated for testing.

HO_1: Cost leadership strategy does not have significant effect on competitive advantage among table water firms in Nasarawa state.

HO_2: Differentiation strategy does not have significant effect on competitive advantage among table water firms in Nasarawa state.

HO_3: Focus strategy does not have significant effect on competitive advantage among table water firms in Nasarawa state.

LITERATURE REVIEW

Cost Leadership Strategy

Cost leadership aims at achieving the lowest production cost within a business' operating market. Sabir et al. (2021) argue that the strategy encompasses low cost in terms of businesses' activities and could manifest in terms of low input and low pricing; by achieving the lowest cost, a firm can offer products or services at competitive prices, potentially gaining a larger market share. In a homogenous market such as that of table water in Nasarawa state, producers can gain from offering similar products, to the same market space, as competitors but at lower price (Sorguli et al. 2021). Businesses aiming to achieve cost leadership, as explained by Vieira and Ferreira (2020), typically focus on economies of scale, patented technological production methods and access to raw materials at low prices. Ali and Anwar (2021) add that in order to achieve cost leadership, enterprises need to evaluate many areas such as mass production, mass distribution, technology, product design, input cost and capacity utilisation of resources.

Differentiation Strategy

In the context of Porter's framework, differentiation involves a firm offering unique products or services that are perceived as being distinct from those of competitors. The goal is to create something that customers find valuable and are willing to pay a premium for, rather than competing on price alone. As observed by Akoi et al. (2021), differentiation can be achieved through special features, brand name/image, technology, supplier or distributors, marketing message or advertising.

Focus Strategy

In focus strategy, the business is only concerned with a specific part of the market. This form of strategy, as highlighted by Porter (1985), is often suitable for small businesses that do not have the resources necessary to target the entire industry, so that they tailor their products or to meet the unique demands of a specific customer segment, giving them an edge by aligning this approach with their broader corporate strategies (Ştefan et al., 2023). The concentration on a particular market niche, provides a distinct competitive advantage, allowing the businesses to channel their efforts towards satisfying the needs of a well-defined group (Vieira & Ferreira, 2020). Njuguna (2015) adds that with a focus strategy, firms seek to achieve either a cost advantage or differentiation within a narrow segment. Effective focus strategy often provides firms with a high degree of entrenched customer loyalty that discourages other firms from competing directly (Njuguna, 2015).

Competitive Advantage

Competitive advantage refers to a firm's ability to outperform its rivals by offering superior value to customers, achieving higher profitability, or sustaining a stronger market position. As defined by Porter (1998), competitive advantage occurs when a firm possesses attributes which its rivals do not, if it does something better than its competitors, or is able to do something that cannot be done by other industries in the same market. Wanjogo and Muathe (2022) explain that to achieve competitive advantage, the firm has to occupy a percentage market share that is higher than that of its rivals. To gain an edge in any market, a small or medium business must offer the same customer benefits at a lower cost than its competitors or deliver a unique set of benefits that market rivals cannot replicate (Awware, 2022).

Cost Leadership and Competitive Advantage

Analysis of survey data obtained from 30 managers by Obande et al. (2017) in their study covering insurance firms in Naivasha Sub-County, Kenya, indicated that cost leadership positively and significantly affected business performance.

Indarwanto et al. (2019) applied Partial Least Squares Structural Equation Modelling (PLS-SEM) to survey data obtained from 260 heads of construction companies in Jakarta. Findings from the study showed that cost leadership was positive and significant in determining competitive advantage. In a similar study, Ali and Anwar (2021) also found cost leadership to exert positive and significant effect on competitive advantage among banks in Erbil, Iraq.

Differentiation and Competitive Advantage

Gecheo (2020) used survey data, gathered from a census of 66 respondents across businesses in the Industrial Area, Nairobi City County in Kenya, in the estimation of a multiple regression model. The study found differentiation strategy to be a positive predictor of competitive advantage.

In the study undertaken by Irungu (2020) among 45 senior staff of the Postal Corporation of Kenya, the effect of differentiation on competitive advantage was found to be positive and statistically significant.

Focus Strategy and Competitive Advantage

Kavili (2024) conducted a study on the influence of competitive strategies on competitive advantage among beverage industries in Nairobi Country, Kenya. The regression analysis carried out showed focus strategy as a positive and significant determinant of competitive advantage. In a similar study, Onyango (2017) applied regression analysis in an empirical study carried out on Boc Kenya Limited and found positive and significant effect of focus strategy on competitive advantage. Focus strategy was also found to positively and significantly predict competitive advantage by Wanjogo and Muathe (2022), in their study covering medical training colleges in Nyeri County, Kenya.

Market-Based View (MBV) Theory

The Market-Based View (MBV) of competitive strategy emphasises the importance of external market positioning in achieving competitive advantage. Rooted in Porter's (1980) generic strategies - cost leadership, differentiation, and focus, the MBV suggests that firms gain superiority by strategically aligning their offerings with market demands, cost efficiencies, and differentiation opportunities. In the context of table water firms in Nasarawa State, this perspective implies that competitive advantage hinges on how effectively these firms position themselves within the local market, leveraging economies of scale, cost efficiencies, or unique product attributes to outperform rivals.

METHODOLOGY

The study followed an explanatory approach in its achievement of research objectives. This involved assessing the causal relationships between components of Porter's competitive strategies and competitive advantage among table water firms. The study's population, which comprised of managers of the businesses, was unknown due to the unavailability, to the best of the researcher's knowledge of a database of such individuals in Nasarawa state. A representative sample was, thus, computed using the Cochran (1977) formula for sample size determination for an infinite population, viz -

$$SS = \frac{Z^2(P)\times(1-P)}{C^2}$$

Using the Z score of 1.96, Population Proportion (P) of 0.5 and a Margin of Error (C) of 0.05, the Sample Size (SS) was computed as

$$= \frac{1.96^2(0.5)\times(1-0.5)}{0.05^2}$$

$$= \frac{3.8416(0.5)\times(0.5)}{0.0025}$$

$$= \frac{1.9208(0.5)}{0.0025}$$

$$= \frac{0.9604}{0.0025}$$

$$SS = 384.16$$

$$SS \approx 385$$

This number was, however, inflated by 10% to 424 to accommodate non-responses. Purposive sampling was applied in the selection of respondents across all 13 Local Government Areas (LGAs) in the state. Firms operating in areas with high levels of economic activities were specifically targeted; it was important to focus on businesses that were operating in competitive environments. The research instrument was closed-ended and constructs were measured based on the 5-point Likert scale format. Administration of the instrument was done in a cross-sectional survey in the study area with the help of three research assistants.

To ensure accuracy of the instrument, measures were adopted to establish validity and reliability. This involved a pre-test with a sample of 35 respondents, as well as carrying out face and content validity involving pilot respondents and research experts to determine suitability, clarity and relevance for the purpose of the study. Furthermore, reliability test in terms of internal consistency, using Cronbach's Alpha, was also applied to construct scales. Feedback from the pilot study was used to refine the instrument. Internal consistency was confirmed at values of above 0.7.

In line with the causal design of the study, construct relationships were evaluated using Partial Least Squares Structural Equation Modelling (PLS-SEM) through the application of the SmartPLS Statistical software (version 3).

RESULTS AND DISCUSSION

The field survey conducted achieved a retrieval of 401 copies of the administered instrument. Out of this number, however, 389 were retained following data screening. This was sufficient for the study as it satisfied the necessary sample size requirement earlier stated.

A summary of responses from respondents were provided in table 1. Low to moderate levels were generally reported for all constructs. The businesses, however, seem to have stronger differentiation compared to cost leadership (CLS) and focus (FF). This suggests a need to rebalance its strategic priorities to ensure a more holistic approach to competition. Additionally, the weak scores in R&D, customer service, and premium features indicate underinvestment in areas critical for differentiation and enhancing market position.

Table 1

Descriptive Statistics

		Missing	Mean	Std. Dev
CAD1	Our profitability exceeds industry averages.	0	3.220	1.428
CAD2	We consistently outperform competitors in market share.	0	3.216	1.448
CAD3	Our brand is more trusted than competitors'.	0	3.261	1.422
CAD4	We innovate faster than competitors.	0	3.199	1.373
CAD5	We retain customers longer than competitors.	0	3.268	1.367
CAD6	Our resources/capabilities are difficult to imitate.	0	2.633	1.319
CLS1	Our company prioritises economies of scale in production.	0	2.633	1.317
CLS2	We invest heavily in cost-reducing technologies.	0	2.090	1.253
CLS3	Our processes are optimised for efficiency.	0	1.905	1.104

CLS4	We maintain tight control over production and overhead costs.	0	1.841	0.944
CLS5	We consistently benchmark costs against industry competitors.	0	1.692	0.82
CLS6	Our pricing strategy is designed to undercut competitors.	0	2.910	1.123
DFS1	We deeply understand the needs of our niche market.	0	2.564	1.363
DFS2	Our products/services are customised for our target segment.	0	2.493	1.172
DFS3	We use specialised marketing strategies for our niche.	0	2.329	1.105
DFS4	Our R&D focuses on exclusivity for the target segment.	0	2.230	0.955
DFS5	We emphasise premium features valued by our niche.	0	2.135	0.99
DFS6	We avoid broad competition to maintain differentiation.	0	2.730	1.35
FF1	Our organisation targets a very specific niche market rather than a broad customer base.	0	2.126	1.292
FF2	We tailor our products/services to meet the unique needs of a narrowly defined customer segment.	0	1.936	1.088
FF3	Our competitive advantage comes from deep specialisation in a particular market segment.	0	1.791	0.978
FF4	We prioritise customer intimacy in our niche over mass-market appeal.	0	1.652	0.851
FF5	Our marketing and operational efforts are highly concentrated on a select group of customers.	0	2.773	1.198
FF6	We avoid direct competition with broad-market leaders by focusing on specialised demand.	0	2.545	1.167

Source: SmartPLS Output, 2025.

Furthermore, the low scores in cost leadership and process optimisation suggest inefficiencies that could be eroding profitability. Addressing these gaps could improve cost control and operational performance. Also, the generally low focus on niche market strategies among the businesses provides a foundation, but efforts need to be strengthened.

The PLS-SEM analysis carried out comprised both measurement model and structural model assessment as highlighted by Hair et al. (2022). In evaluating measurement model accuracy, both reliability and validity measures were applied. Measurement model reliability was confirmed with satisfactory indicator and internal consistency statistics, as contained in tables 2 and 3.

Table 2

Loading Values for Indicator Reliability

	Loading	**Loading^2**	**STDEV**	**t**	**P Value**
CAD1 <- Competitive Advantage	0.846	0.716	0.009	91.273	0.000
CAD2 <- Competitive Advantage	0.845	0.714	0.014	62.495	0.000
CAD3 <- Competitive Advantage	0.794	0.630	0.025	31.530	0.000
CAD4 <- Competitive Advantage	0.749	0.561	0.030	24.670	0.000
CLS2 <- Cost Leadership	0.922	0.850	0.004	261.822	0.000
CLS3 <- Cost Leadership	0.888	0.789	0.009	98.421	0.000
CLS4 <- Cost Leadership	0.900	0.810	0.009	105.367	0.000
CLS5 <- Cost Leadership	0.885	0.783	0.010	89.328	0.000
DFS2 <- Differentiation	0.829	0.687	0.012	71.035	0.000
DFS3 <- Differentiation	0.925	0.856	0.006	155.001	0.000
DFS4 <- Differentiation	0.861	0.741	0.018	49.103	0.000
DFS5 <- Differentiation	0.766	0.587	0.030	25.306	0.000

FF2 <- Focus	0.858	0.736	0.011	74.663	0.000
FF3 <- Focus	0.863	0.745	0.011	75.679	0.000
FF4 <- Focus	0.939	0.882	0.004	238.414	0.000
FF5 <- Focus	0.770	0.593	0.025	31.082	0.000
FF6 <- Focus	0.780	0.608	0.023	34.257	0.000

Source: SmartPLS Output, 2025.

To ensure indicators were reliable, only those with loading values of at least 0.708, squared loading values of 0.5 or greater and statistically significant at 5% error rate were retained. All those not meeting these criteria (CAD5, CLS1, DFS1 and FF1) were deleted. Model constructs were also determined to be internally consistent as confirmed by satisfactory Cronbach's Alpha and Composite Reliability values (> 0.7) as table 3 shows.

In terms of validity, convergent validity was determined with the use of Average Variance Extracted (AVE). AVE values of more than 0.5 obtained for all constructs upheld convergent validity for all cases (see table 3).

Table 3

Internal Consistency Statistics and Convergent Validity

	Cronbach's Alpha	**rho_A**	**Composite Reliability**	**AVE**
Competitive Advantage	0.828	0.863	0.884	0.655
Cost Leadership	0.816	0.842	0.890	0.731
Differentiation	0.899	0.917	0.925	0.713
Focus	0.870	0.896	0.910	0.718

Source: SmartPLS Output, 2025.

In addition to convergent validity, discriminant validity was employed in determining the uniqueness of constructs. In determining discriminant validity, the Heterotrait Monotrait ratio (HTMT) was employed, with computed values contained in table 4. As can be seen, HTMT values in all cases were determined to be less than 0.9, confirming the presence of discriminant validity in all cases.

Table 4

Heterotrait Monotrait ratio (HTMT)

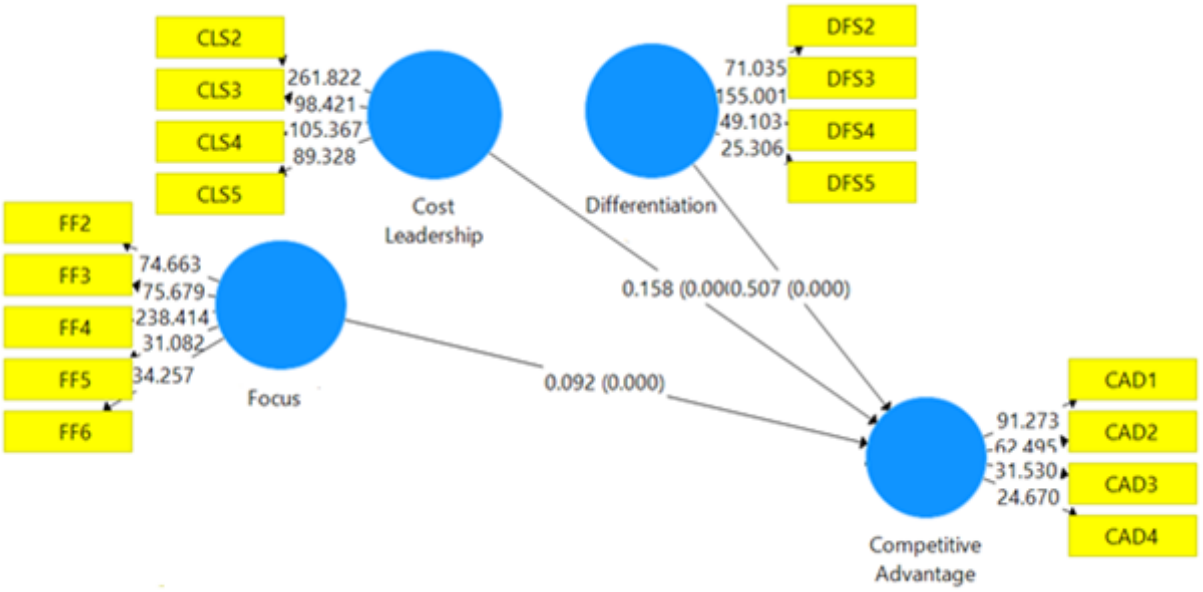
	Competitive Advantage	**Cost Leadership**	**Differentiation**
Cost Leadership	0.638		
Differentiation	0.533	0.421	
Focus	0.855	0.612	0.525

Source: SmartPLS Output, 2025.

Figure 1 contains the estimated path model for the study showing direct relationships between exogenous constructs and the endogenous construct of Competitive Advantage. The estimation conducted was achieved via a bootstrapping process involving 10,000 subsamples.

Figure 1

Estimated Path Model



Source: SmartPLS Output, 2025.

To ensure that multicollinearity was not a problem in the study, VIF values were evaluated for the inner model, as presented in table 5. All values were determined to be less than 3, indicating that multicollinearity was not an issue.

Table 5

Variance Inflation Factor (VIF) (Inner Model)

	Competitive Advantage
Cost Leadership	1.639
Differentiation	1.349
Focus	1.850

Source: SmartPLS Output, 2025.

The explanatory power of the model was examined via the Coefficient of Multiple Determination (R^2). The computed R^2 value is shown in table 6. As it can be seen, about 69% of variations in the endogenous construct (Competitive Advantage) was estimated to be attributable to changes in exogenous constructs. This indicated a strong in-sample prediction capacity of the estimated model.

Table 6

In-Sample Predictive Power

	R Square	R Square Adjusted
Competitive Advantage	0.689	0.686

Source: SmartPLS Output, 2025.

All estimated path coefficients were found to be positive and statistically significant, in agreement with a priori expectation. Obtained values and associated test of significance parameters (t and p values) are shown in table 7.

Table 7

Estimated Path Coefficients

	β	Mean	STDEV	t	p	HO Decision
Cost Leadership -> Competitive Advantage	0.158	0.158	0.027	5.791	0.000	Not Accepted
Differentiation -> Competitive Advantage	0.507	0.507	0.035	14.399	0.000	Not Accepted
Focus -> Competitive Advantage	0.274	0.275	0.027	10.113	0.000	Not Accepted

Source: SmartPLS Output, 2025.

CONCLUSION AND RECOMMENDATIONS

The study was concerned with examining the competitive advantage implications of the application of generic strategies in table water companies operating in Nasarawa state. From estimated results, it was confirmed that these strategies were crucial for achieving competitive advantage in the table water market. However, differentiation was determined to have the strongest effect, implying that focusing on offering unique value propositions to customers will result in greater competitive advantage than relying on cost leadership or niche market strategies. The businesses should, thus, emphasis attributes that make their offerings different from those of rivals and valuable to customers through conscious investment in innovation, product features, quality enhancements and branding.

Nevertheless, efficient cost control measures should also be put in place for the purpose of streamlining operations and eliminating wastes to reduce costs. This can be applied together with differentiation to attain better performance outcomes.

Furthermore, attaining a competitive position in the market can also be aided by the identification and exploitation of niche opportunities, where table water companies can experiment with range of products tailored towards specific market segments. Catering to the tastes and demands of specific market segments, these businesses can build customer loyalty and achieve strong market position.

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