



Product Differentiation Strategies and Customer Loyalty to the Brands of Selected Flour Milling Firms in Northwest, Nigeria.

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Abstract

This study investigates the influence of product differentiation strategies on customer loyalty among brands of selected flour milling firms in Northwest Nigeria. In response to rising competition and market demands, these firms employ various differentiation strategies to maintain a competitive edge and secure customer loyalty. The study adopted a survey research design, targeting 384 business-to-business (B2B) customers, such as bakers and confectioners, across Kano, Zamfara, Katsina, Sokoto, Jigawa, Kebbi, and Kaduna states. Key differentiation variables include product quality, pricing, packaging, distribution channels, reliability, and after-sales services. Data was collected using structured questionnaires, with reliability assessed through Cronbach's Alpha, indicating strong internal consistency (0.824 to 0.940). Multiple regression analysis revealed significant positive relationships between differentiation strategies and customer loyalty, notably with after-sales service, reliability, and distribution channels as the strongest predictors. Findings highlight that flour milling firms can enhance customer loyalty and retention by focusing on these strategies. This study fills a gap in the literature on product differentiation in Nigeria's manufacturing sector and offers practical recommendations for firms aiming to sustain loyalty in competitive markets.

Keywords: Product differentiation, customer loyalty, flour milling industry, business-to-business (B2B) customers, competitive advantage, Northwest Nigeria.

I. Introduction

The increasing dynamism and fierce competition in the global business landscape, driven by heightened creativity and innovation, have prompted firms to develop business models to maintain their competitive edge in their respective

markets (Khaled, 2012). Essentially, a firm's business model represents a strategic plan that outlines the available capabilities and competencies in terms of manpower, financial resources, and materials, which the firm intends to leverage to meet market demands and fulfil customer needs. Conversely, Shafiwu and Mohammed (2013) contend that the business strategy outlines the approach a firm aims to take to establish a competitive advantage, withstand intense market competition, and achieve customer loyalty for its products and services. It can be inferred that business strategies are designed to create a competitive advantage for the firm, foster satisfaction that will trigger customer loyalty, and guarantee the continuity of the firm in a highly competitive market (Kedera, Oloko, William & Oteki, 2013).

Differentiation in business is the practice of promoting a certain good or service in a manner that enables it to stand out from rivals (Chege, 2018). Differentiation strategy is the process by which an organization's goods and/ or services become distinctive. This implies that product differentiation involves re-creating and re-innovating the attributes of a product in order to satisfy the apparent demands of consumers which are lacking in the close substituted products currently offered by other competitors in the same market (Pearce & Robinson, 2013). Product differentiation is the management of the firm, improving the quality and quantity of the products and their physical appearance through robust packaging models like colour, graphics, pictures, and symbols, which are believed to attract and motivate customers to choose the products over those offered by competitors in the same market.

Loyalty is the unwavering commitment to consistently purchase or remain faithful to a preferred product or service over time, irrespective of external factors, scale, and marketing efforts that could potentially sway consumer behaviour



(Ezenta& Odeh, 2024). As a result, companies strive to cultivate client loyalty to maintain their competitive edge. Customer loyalty entails fostering a mindset in customers that encourages them to make repeat purchases, increase their spending, and advocate for the brand. This extends beyond simply meeting customer expectations and involves creating unique experiences and products that customers prefer and value (Pishgar, Dezhkam, Ghanbarpoor, Shabani & Ashoori, 2013).

The manufacturing industry in Nigeria has been reported by Dirisu, Oluwole and Ibidunni (2013) as one of the outstanding industries in the country and a major contributor to the Gross Domestic Product of the country and hence, a strong driver of economic growth and development in the country. The Northwest region of the country, Nigeria is known as a home of agricultural products and stands as a high producer of rice and similar grains like maize and wheat which are also used in the production of flour. No wonder Matemilola and Elegbede (2017) report that Nigeria has an arable, fertile, and large land mass that can be used to produce all types of food. It is noteworthy that flour milling firms produce a range of essential products which are widely utilized in the preparation of popular dishes in Nigeria. This culinary trend has led to an increased demand for these products, prompting firms to implement product differentiation techniques to secure the loyalty of their diverse customer base and drive sales and revenue growth, thus maintaining competitiveness in the market over the long term.

1.2 Statement of the Problem

It is a constant challenge for businesses to stay competitive in an environment of escalating strong rivalry between comparable businesses to prevent customers from switching to rivals. The management of these companies has been forced to tactically establish means and methods of acquiring a competitive edge and fostering customer loyalty due to the ever-increasing competition and desire for market share among manufacturers of identical goods. Furthermore, businesses are under pressure from customers' demands for added value to continually work to distinguish their products in order to capture and hold the attention of consumers. Given the foregoing, it stands to reason that the advantages of applying product differentiation techniques to the marketing of a company's products will determine profit via customer loyalty.

Globally, many studies discussed product differentiation and its relationship with many factors

like product innovation (Purchase & Volery, 2020), creative advertising (Demir, 2017), unique product features (Gakuya& Njue, 2018), customer value-based pricing (Petrovska et al., 2017) and labelling (Gulzira& Han, 2019). From the literature, it may be confirmed that not much effort, in terms of research, has been seen to be conducted in Nigeria to take advantage of the benefits associated with product differentiation despite the identified necessity as this will enable these firms to create a competitive advantage.

However, in the context of Nigeria, a review of literature reveals a limited investigation regarding product differentiation strategies and customer loyalty within the manufacturing industry. Onwuchekwa, Ifeanyi and Ekweli (2020) examined product differentiation and customer loyalty in selected soap/detergent firms in Anambra State. Ogunberu, Binuyo and Akinlabi (2022), investigated on business strategies and customer loyalty of selected service firms in Nigeria. Additionally, Amadi (2022) conducted a study on the effects of brand packaging strategy on customers' repeat purchase intentions towards food and beverage products: evidence from Nigeria.

It can be argued that none of these studies have been done in the flour milling industry specifically on the effectiveness of product differentiation strategies on customer loyalty. Consequently, there is a need to fill the knowledge gap in existing literature. It is therefore against this backdrop that the researchers seek to investigate the association between product differentiation strategies (product quality, price, product packaging, channels of distribution, reliability, and after-sales service) and customer loyalty to the brand of selected flour milling firms in Northwest, Nigeria.

1.3 Objectives of the Study

The main objective of this study is to examine the relationship between product differentiation strategies and customer loyalty to the brands of selected flour milling firms in Northwest, Nigeria. Specifically, the study strives to:

1. Ascertain the extent of the relationship between product quality differentiation strategy and customer loyalty to brands of selected flour milling firms in Northwest, Nigeria.
2. Evaluate the extent of the relationship between price differentiation strategy and customer loyalty to brands of selected flour milling firms in Northwest, Nigeria.
3. Examine the extent of the relationship between product packaging differentiation strategy



and customer loyalty to brands of selected flour milling firms in Northwest, Nigeria.

4. Determine the extent of the relationship between channels of distribution differentiation strategy and customer loyalty to brands of selected flour milling firms in Northwest, Nigeria.

5. Ascertain the extent of the relationship between reliability differentiation strategy and customer loyalty to brands of selected flour milling firms in Northwest, Nigeria.

6. Assess the extent of the relationship between after-sales service differentiation strategy and customer loyalty to brands of selected flour milling firms in Northwest, Nigeria.

1.4 Research Hypotheses

The following null hypotheses were tested at a 0.05 level of significance:

Ho₁: There is no significant relationship between product quality differentiation strategy and customer loyalty to the brands of selected flour milling firms in Northwest, Nigeria.

Ho₂: There is no significant relationship between price differentiation strategy and customer loyalty to the brands of selected flour milling firms in Northwest, Nigeria.

Ho₃: There is no significant relationship between product packaging differentiation strategy and customer loyalty to the brands of selected flour milling firms in Northwest, Nigeria.

Ho₄: There is no significant relationship between channel of distribution differentiation strategy and customer loyalty to the brands of selected flour milling firms in Northwest, Nigeria.

Ho₅: There is no significant relationship between reliability differentiation strategy and customer loyalty to the brands of selected flour milling firms in Northwest, Nigeria.

Ho₆: There is no significant relationship between after-sales service differentiation strategy and customer loyalty to the brands of selected flour milling firms in Northwest, Nigeria.

II. Review of Related Literature

2.2 Concepts of Product Differentiation Strategy

The business environment is extremely competitive and erratic. Therefore, a marketing approach that helps a company's product stand out above competitors in terms of quality and in all other value traits and characteristics is called a product differentiation strategy. The offering of different and higher quality product(s) by company(s) that increase utility and reinforce customer loyalty can be referred to as a product differentiation strategy. Product differentiation

strategies entail taking actions to set a product apart from rival products. According to Chege (2018) and Pearce & Robinson (2005), differentiation in business refers to the skill of promoting a specific good or service in a way that sets it apart from rivals.

Companies that want to offer products that meet the needs of specific customers may implement a product differentiation strategy as a means of gaining an edge over competitors (Dirisu et al., 2013). Because of this, manufacturing firms that successfully employ product diversification methods have an easier time penetrating markets with novel products and services than firms that don't employ enough of them (Fornell, 2010). According to Onwuchekwa, Ifeanyi, and Ekweli (2020), a distinctive product or service attracts and holds the attention of customers. Customers will remain loyal to a business and be willing to pay a high price for its goods or services if they believe that the product or service is unique (Ma, 2000).

A firm may provide differentiation in a number of ways; pricing and brand positioning can be utilized to paint a picture for customers (Anakwe, Onodugo&Akaegbobi, 2021). A business can distinguish itself by helping through product service or training. In addition, some companies differentiate their products based on performance with a foundation in strength and professional credibility, while others differentiate their products to avoid potential rivalry (Adinan&Abukari, 2013; Onodugo, Nwonye, Anowor& Ofoegbu, 2019 and Anowor, Ifediora, Onodugo& Aliyu, 2019). Companies must carefully examine customer demands and behaviour in order to understand what consumers value, deem important, and are ready to pay for in order to successfully implement a differentiation strategy (Anowor, Uwakwe, & Chikwendu, 2019).

2.2.1 Product Differentiation Strategies

i. Product Quality Differentiation

One of the main ways that individual businesses are able to compete effectively in the global marketplace is by using quality as a strategy for gaining a competitive edge. In most consumer markets, choosing a product is not primarily influenced by price; instead, a product's quality may be a deciding factor (Matsa, 2009). This includes not just giving them actual goods but also intangible ones like packaging, brand recognition, and performance quality. A strategic emphasis on quality has long been seen as a crucial component of manufacturing strategy in several companies. This will probably lead to an increase in product demand,



which will make it easier to establish and maintain a competitive position (Daniel & Reitsperger, 2002).

Product quality includes all of a product or service's attributes that have an impact on its capacity to meet explicit or implicit needs. In other terms, according to Russell & Taylor (2006), "fitness for use or conformance to requirement" defines a product's quality. When a product exceeds the expectations of the customer, the customer will be extremely satisfied and believe the product to be of greater quality and desirable.

ii. Price Differentiation Strategy

Firms differentiate their prices in order to get more customers by improving the quality of their products. Chen et al. (2014) claim that price differential raises the product's quality using added value. In comparison to the competition, added value guarantees that the product offers a variety of characteristics that fulfil the user's needs. According to Chen et al. (2014), price differential can sometimes result in higher product prices due to quality improvements. Leslie (2019) asserts that businesses can achieve pricing differences through a variety of channels. One, by adding more features, they may raise the calibre of the final product. Secondly, to increase product options and establish a one-stop shop for customer demands. Further client expectations might be met as a result.

iii. Product Packaging Differentiation

According to Grundey (2010), packaging includes the creation of packs used for product identification, promotion, storage, and protection. Products are protected from adverse weather conditions by packaging (Hong & Suhua, 2011); physical protection of goods from dents or damage by packaging (Alervall & Saied, 2013); marketing of products for identification and consumers' purchasing decisions by packaging (Chandon, 2013); messages about product use, reusing, and discarding information by packaging (Ambrose & Harris, 2011); and efficient control and suitable transportation. (Twede, 2012); decline in theft (Twede, 2012); and protection against proliferation (Suhua and Hong, 2011). These features are important to support firms align product value with target customers' values to enhance customer loyalty (Hasslinger, Hodzic & Obazo, 2013).

iv. Channel of Distribution Differentiation

Channel differentiation has been variously described as different methods organizations offer their products, sell and deliver to their customers

across various geographical locations (Bardhan, Sharma & Saxena, 2012). A well-planned channel differentiation fills communication, time and geographic gaps between producers and product end-users (Kamau, 2013; Xaba & Masuku, 2012). Distribution channel differentiation helps companies guarantee that products are readily accessible to a certain customer demography, promote brands in the market, and foster customer loyalty to the brand (Soe, et al., 2015; Kotler & Keller, 2014; Friedman & Furley, 2009). Although the focus of channel differentiation centre is more on distinctive product logistic management, it also provides opportunities for manufacturing firms to gain a broad base of customer patronage (Kotler & Keller, 2014).

v. Reliability Differentiation

Reliability is as fundamental as an excellent first impression since every customer is concerned with the providers' trustworthiness and whether they will fulfil their agreement with contentment. When the service providers are trustworthy to provide relevant responses which can fulfil the customer's needs consistently, the specific customer will return to the same provider (Eshetie et al., 2016). The term "reliability differentiation" alludes to how consistently and precisely the firm delivers the promised service within the parameters that have been established between the firm and the consumer (Bharwana, Bashir & Moshin, 2013). As a result, firms should focus on people for long-term superior performance in a market where technologies, systems and products are easily copied by competitors. The ability of the firm to provide and deliver correct services, even during periods of high product demand, contributes to customer satisfaction, which in turn boosts customer loyalty.

vi. After-Sales Service Differentiation

In its most basic form, after-sales service differentiation entails developing a distinct method of serving customers (Tintara & Respati, 2020). Since product characteristics are more palpable than those of services, it is simpler to distinguish between them. However, when the goods are hard to differentiate, enhancing the products' quality or offering valuable services may be the only way to succeed in the competitive market (Adio et al., 2018). According to Purwati et al. (2020) and Ani, Hanifah, Christina, & Sewaka, (2021) after-sales service is a service that is provided in addition to the actual product to cater to the needs of the customer. It includes maintenance services, technical services, and customer information to handle customer concerns and requests, and foster customer



satisfaction and loyalty. Services provided after the sale are an essential component of product marketing efforts. The buyer also requests information about the product's post-purchase support (Ani et al., 2021).

2.3 Customer Loyalty

Genuine loyalty can only exist when there is a strong commitment to a brand (Jacoby & Chestnut, 1978). This is understood to manifest as a persistently positive set of stated ideas about the product brand. Oliver (1999) defines loyalty as a deeply held commitment to rebuy and re-patronize a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behaviours. Loyalty is the commitment customers have to a certain supplier, brand or store which is reflected based on their positive behavior throughout their repeat purchases.

Customer loyalty is characterized by the degree to which individuals appreciate the brand, feel devoted to it, promote it to others and have favourable beliefs and feelings about the product (Donio, Massari, & Passiante, 2006). Additionally, it has been discovered that loyal consumers have a far lower susceptibility to hearing bad things about the brand and are less likely to switch to competitors solely because of price (Reichheld, 2006; Donio, Massari, & Passiante, 2006). Customer loyalty is therefore defined as a strong commitment to repurchase a company's goods or services despite potential deterrent from rivals (Mittal, Kumar & Tsiros, 2014; Alama & Imaneh, 2010).

Product Differentiation Strategies and Customer Loyalty

The primary goal of a firm is to build consumer brand loyalty, which is part of the firm's strategic planning to achieve long-term competitive advantage (Jin, Line & Goh, 2013). Similarly, brand loyalty reduces marketing costs and strengthens relationships between consumers and vendors, and lessens competitor's threats (Kim, Park, & Jeon, 2021). Malefane and Odhiambo (2018) argue that increasing customer loyalty through product differentiation will enhance firm's market share. According to Abdullah and Tantri (2019), there is a strong correlation between product quality, customer satisfaction and business profitability. High-quality products are positively connected with customer satisfaction, which fosters customer loyalty (Arianty, 2015). Priwnsa (2017), opined that by meeting customer expectations, quality can

persuade customers to form long-lasting connections with businesses.

Djumarno and Djamaluddin (2018); Jonah and Jones (2019) state that product quality has a positive effect on customers' loyalty. Cakici, Akgunduz and Yildirim (2019) confirmed that product quality can make customers loyal to a product. Customer loyalty can be gained by after-sales service (Nasir, Mushtaq & Rizwan, 2014). By offering superior post-sale services such as prompt resolution of customer complaints, replacement of faulty goods, or complete refund in the event that the client is dissatisfied with the goods or service, Nasir et al., (2014) opined that a business can build, maintain and increase customer loyalty. Services provided after the sale are an essential components of product marketing efforts (Ani et al., 2021). Therefore, the firm requires client loyalty in its marketing plans if it is to stabilize and possibly grow sales during the period when sales are declining (Lesmana, Sutarman & Sunardi, 2021).

The extent to which products can attain the needs and desires of customers automatically leads to the satisfaction of the customer thereby positively influencing repurchase intentions and higher sales (Flynn, Schroeder & Sakakibara, 2011; Lynch, 2012; Nadia, 2013). Product design, labelling, cataloguing and tagging can draw the attention of consumers. In the study of Borishade, Olaleke-Oluseye, Favor & Maxwell (2015) revealed that packaging plays a positive role in the consumer purchase decision. Consumers are attracted to buy the product because of the shape, color and design of the product. Ma and Ding (2010) assert that customers' desires can be satisfied by customer value delivery while Sugiarti, Thoyib, Hadiwidjojo and Setiawan (2013) revealed that compared to what the rivals will bring to the market, better customer value will make customers feel highly satisfied thereby leading to customer loyalty.

A company's ability to survive depends heavily on having loyal customers (Reichheld & Schefter, 2013). To enhance market share and profitability by maximizing client retention, several businesses employed product differentiation strategies (Tsoukatos & Rand, 2016). An often overlooked means of differentiation is through company personnel. The employees are the link between the product and the customer, if the linkage breaks down the chances of the business to survive will be slim (Abdul & Varsha, 2019). Prolonged waiting time at the payment counters, order



processing and delivery can result in negative perception and customer dissatisfaction. The ability of the firm to deliver the service without any alterations or faults enhances customer satisfaction, which in turn would lead to customers being loyal to the brand.

2.4 Review of Related Theories

Several theoretical approaches have been used to discuss and explain the variables (product differentiation strategy and customer loyalty). This section presents a theoretical approach on which this study is anchored on.

2.4.1 Dynamic Capability Theory

The Dynamic Capability Theory was developed by David J. Teece, a renowned economist and professor. He introduced the concept in a paper titled "Towards an Economic Theory of the Multiproduct Firm" published in 1982. The Dynamic Capability Theory focuses on a firm's ability to adapt, integrate, and reconfigure its internal and external resources to respond effectively to changes in the business environment. It aims to explain how firms can develop and maintain a competitive advantage in a constantly changing business environment through their ability to adapt and innovate.

The relevance of dynamic capabilities theory to the study lies in its basic premise that business organizations such as flour milling firms exist in a dynamic business environment which is constantly changing. One-way flour milling firms can leverage dynamic capabilities theory is through their ability to adapt and innovate. It could be implied from the theory that a successful flour milling firm is one that is constantly in the process of adapting and innovating its strategies to help them create unique products or services that are perceived as valuable by customers.

2.5 Review of Empirical Studies

Ikechukwu and Mohammed (2020) examined the effect of product differentiation strategy on the sales performance of selected small-scale manufacturing firms in Nigeria, with specific objectives on the effect of product, package and channel differentiation on sales performance, product acceptability and product availability. The findings showed that product differentiation has a positive relationship and significant effect on sales performance; product package differentiation has a positive relationship and significant effect on customer acceptability while channel differentiation

had a positive relationship and a significant effect on product availability. The study recommended that management of small manufacturing should make efforts to enhance the quality of their products to global standard; should enhance the present quality, durability, design, and features of the product packages to influence consumers' acceptability; and strengthen the product supplies to target markets through the differentiated channel.

Anekwe, Onudugu, Ndubuisi, and Akaegbobi (2021) explore the relationship between the differentiation strategy and organizational growth of manufacturing firms in Ebonyi state but specifically seek to examine the effect of personnel differentiation and competitive advantage. The result revealed that personnel differentiation had a significant positive effect on competitive advantage. It was recommended that organizations should deploy work practices that encourage the development of employee skills and foster social connections across employees to raise productivity and enhance organizational growth.

2.6 Proposed Conceptual Framework

Based on the literature review, the proposed conceptual framework for the study is shown in Figure 2.1.

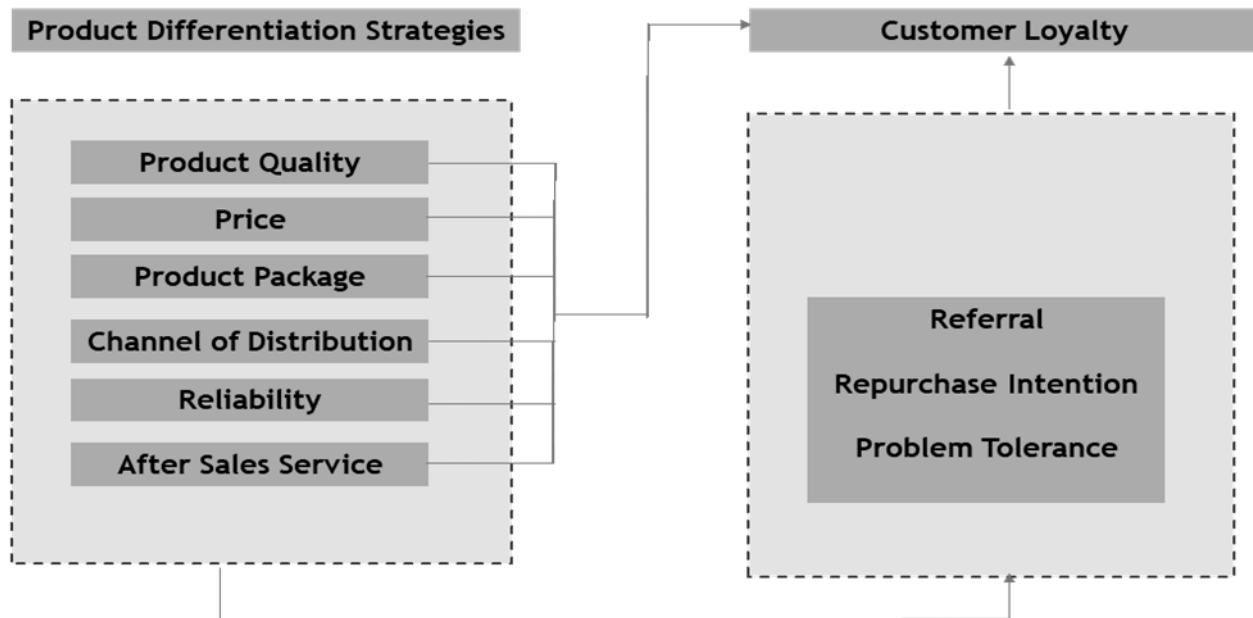
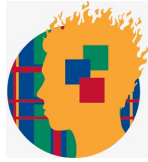


Figure 2.1: Proposed Conceptual Framework for the Study.

Source: Adapted from Nemati, Khan, & Iftikhar, (2010); Yakubu, Shehu, & Olubunmi, 2019); Product Packaging (Ahmet, 2021), Channel of Distribution (Maina, 2016), Reliability (Ejika, Ukpata, Atiga, & Fumba, 2022), After Sales Service (Nafiseh, 2018), and Customer Loyalty (Chen, & Yen, 2004, and Osagie, &Ugwuonah, 2020). Desk Research, 2024

This proposed conceptual framework highlights the independent variable (product differentiation strategy) and the dependent variable (customer loyalty). Product differentiation strategy is measured by product quality, price, product packaging, channel of distribution, reliability, and after-sales services, which make up the product differentiation strategies and it is being proposed that these variables affect customer loyalty to flour brands.

III. Research Methodology

The study adopted the survey research design. Survey was conducted in the Northwest region of Nigeria, comprising Kano, Zamfara, Katsina, Sokoto, Jigawa, Kebbi, and Kaduna States. The population of the study was limited to business-to-business (B2B) customers, comprising bakers and confectioners who use brands from selected flour milling firms like Crown Flour Mills LTD, Flour Mills of Nigeria PLC, Honeywell Flour Mills, and BUA Foods. These flour mills were purposely selected from each state in the Northwest, Nigeria. The population is unknown. Godden's formula was used to determine the sample size of 384 B2B

customers. Primary data were collected using structured questionnaire on a five-point Likert scale. Cronbach's Alpha was used for reliability test. The results showed internal consistency, ranging from 0.824 to 0.940. Descriptive statistics was used to present the data, while multiple regression analysis was employed to test the study's hypotheses at the significance level of 5%.

IV. Data Presentation, Analysis And Findings

4.1 Data Presentation

A total of three hundred and eighty-four (384) copies of the questionnaire were distributed, with 370 correctly filled and retrieved, representing a 96.35 percent response rate.

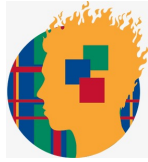


Table 4.1: Questionnaire Distribution of Respondents

State	Quantity Distributed	Quantity Returned
Kano	70	60
Zamfara	50	50
Katsina	50	50
Sokoto	50	50
Kebbi	50	50
Kaduna	64	60
Jigawa	50	50
	384	370

Source: Field Survey, 2024

4.2 Test of Hypotheses

Table 4.2: Regression of Customer Loyalty on Product Differentiation Strategies: Model Summary

	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	p-value
Model summary	.698	.487	.478	.50675	56.490	.000

Based on the model summary in Table 4.2, the regression model has an R-value of 0.698, indicating a positive correlation between the predictors and the dependent variable. The R-squared value of 0.487 suggests that 48.7% of the variance in the dependent variable can be explained by the predictors in the model. The F-value is 56.490. This value was used to test the null hypothesis that all the regression coefficients are equal to zero, meaning that there is no significant relationship between the variables. The P-value is 0.000 which is less than the typical level of 0.05, showing the existence of a significant relationship. Based on this, the null hypotheses were rejected. Therefore, there is a significant multiple relationship between the predictors (product quality, product price, product packaging, channel of distribution, reliability, and after-sales services) and the dependent variable, customer loyalty.

Table 4.3: Regression of Customer Loyalty on Product Differentiation Strategies: Predictions

		Unstandardized Coefficients		Standardized Coefficients	t	p-value
		B	Std. Error			
Model Predictors						
-	Product quality	.062	.053	.061	1.176	.241
-	Product price	.079	.057	.073	1.372	.171
-	Product packaging	-.018	.056	-.016	-.322	.748
-	Channel of distribution	.185	.054	.171	3.396	.001
-	Reliability	.229	.048	.233	4.733	.000
-	After sales service	.353	.046	.358	7.644	.000
-	Constant	.482	.186		2.586	.010



The t-values which were obtained from the analysis show how the dependent variable relates to the independent variables on an individual basis. From Table 4.3, significant t-values were obtained for after-sales service ($t = 7.644$), reliability ($t = 4.733$), and channels of distribution ($t = 3.396$) at ($P < 0.05$). With the increase in the utilization of these three strategies, customer loyalty also increased, and conversely, it decreased. Notably, after-sales service emerged as the most influential predictor of customer loyalty (Standardized Beta = 0.358), followed by reliability (Standardized Beta = 0.233) and channel of distribution (Standardized Beta = 0.171) respectively.

4.3: Discussion of Findings and Implications

Product Quality and Customer Loyalty

The findings revealed a significant relationship between product quality differentiation strategy and customer loyalty. This result aligns with the study of Sabino, Estanislau and Alvaro (2020), and Ejike, Ukpata, Atiga and Fumba (2022) who state that product quality positively and significantly influences customer loyalty. This implies that the better the quality of the product given by the firm to the customer, the higher the customer's loyalty to the brand. That way, the customer will not be able to move to another product, will buy repeatedly and will recommend it to others.

Product Price and Customer Loyalty

The findings revealed a significant relationship between product price differentiation strategy and customer loyalty. This result agrees with the findings of Tariq, Nimra, and Tariq (2015), and Yakubu, Shehu and Olubunmi (2019) that price has a positive influence on customer loyalty. This is an indication that a lower price results in lower customer loyalty to the brand of the firm. In setting prices, firms should understand the wants and needs of the customer and compare the price of products with that of competitors.

Product Package and Customer Loyalty.

The findings revealed a significant relationship between product packaging differentiation strategy and customer loyalty. This finding is corroborated by the study of Ikechukwu and Mohammed (2020) which revealed that product differentiation has a positive and significant effect on sales performance; package differentiation has a positive and significant effect on customer acceptability, while channel differentiation has a positive and significant effect on product

availability. This implies that an excellent product package can meet consumer expectations and create loyalty from these customers and vice versa. Therefore, improvement in size, colour, shape, features, durability, and design of the firm's products create and sustain attention.

Channel of Distribution and Customer Loyalty.

The findings revealed a significant relationship between channel of distribution differentiation strategy and customer loyalty. This finding is in alignment with the study of Appohwood (2019) which examined the determinant of customer satisfaction through an effective wholesale distribution system using distributors and retail outlets and found a positive relationship. This indicates that excellent distribution channels guarantee that products are easily accessible, promote brands in the market, and foster customer loyalty to the brand while poorly differentiated channels might be detrimental.

Reliability and Customer Loyalty.

The findings revealed a significant relationship between reliability differentiation strategy and customer loyalty. This finding agrees with the outcome of Aniekwe, Onudugu, Ndubuisi, and Akaegbobi (2021) which revealed that there is a statistically significant relationship between personnel differentiation and competitive advantage. Firms that fulfill their commitments to the customer, deal with customers' objections honestly and instantly will to a great extent sustain the customer's attention.

After-Sales Service and Customer Loyalty.

The findings revealed a significant relationship between after-sales service and customer loyalty. This finding aligns with the outcome of Muhammad (2019) which showed that after-sales service had a positive significant influence on customer loyalty. This implies that by offering superior after-sales services, a business can build, maintain, and increase customer loyalty.

V. CONCLUSION AND RECOMMENDATIONS

The research specifically found that channels of distribution, reliability, and after-sales service are crucial in fostering customer loyalty to the brands of selected flour milling firms in Northwest Nigeria. Importantly, this study addressed a gap in the existing literature by demonstrating that a distinctive product or service contributes to increased customer loyalty toward a



company's offerings. Customers tend to show loyalty and are willing to invest more in products they believe to be high in quality, easily accessible, backed by excellent service, or featuring unique design.

Based on the conclusion of the study, the following are recommended:

- 1) Customers will remain loyal to a business if they believe that the product or service is unique. Managers in manufacturing firms, especially flour milling firms, should focus on creating and promoting distinctive products to enhance customer loyalty.
- 2) Customers are willing to spend more on products that stand out. Hence, a company's product should offer value to customers in some way, such as superior service, higher quality, or a unique design, thus justifying premium price.
- 3) Top-notch product packaging can meet customer expectations. Therefore, consistent improvements of the size, shape, color, features, and design of the product package by the company will attract and sustain customer's attention.
- 4) To ensure that products are easily accessible to a specific customer segment, promote brand in the market, and foster customer loyalty, the firm should adopt distribution channels that best suit their customers. This will help to improve provision for the customers.
- 5) Employees serve as a vital link between the product and the customer. Management should hire self-motivated, enthusiastic employees who are committed to delivering service as promised without any shortcomings, thus paving the way for increased patronage.
- 6) To ensure customer patronage, boost product recall, and foster brand loyalty, management should provide specialized courses or training for service providers to enhance their customer interaction skills.

5.4 Contribution to Knowledge

When it comes to products like flour, the effectiveness of differentiation can greatly impact customer loyalty. This study addresses the gap in product differentiation and customer loyalty literature by offering a comprehensive understanding of the relationship between product differentiation strategies and customer loyalty in the flour market. It presents a detailed framework that integrates product quality, pricing, packaging, distribution channels, reliability, and after-sales service. Brands that successfully implement these strategies can cultivate a loyal customer base that consistently values and chooses their products over

those of competitors. This research should spark a competitive drive among companies to differentiate their products to foster satisfaction, retention, and loyalty. The insights from this research have implications for both academic scholarship and practical applications in the business world, making it a valuable addition to the existing body of knowledge.

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