



Product Innovation and Sales Growth; A Study of Monas Table Water Company Gombe

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DOI: 10.5281/zenodo.10090739

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Abstract

This paper assessed the effect of product innovation on sales growth of Monas table water company Gombe. The study utilized different related literatures sourced from current journal articles, text books, and previous researches of scholars that are related to the study. The finding revealed the positive effect. The study draw it conclusion based on the comprehensive overview of the phenomenon and consider the implications of logistics of reviewed related literatures, The study recommend that Companies should always innovate their products in order to attract more customers which will bring about increase in sales. Relaying on olden means of advertisement may also decrease the rate of sales in the company, because some customers are digital in nature.

Keywords: Differentiation, Growth, Monas, Strategy, Sales.

1.1 INTRODUCTION

Organizations must implement effective sales growth at all corporate, business and functional levels in order to remain competitive against their industry rivals in today's modern business environment. The best way to become competitive is to provide superior customer value through competitive goods and services that not only outperform the competition but also help the business establish a distinctive identity in the market (Chen & Liu, 2019). Existing products and innovation have no value to society until they are taken out of the factories. Only when people who can use or consume the product are aware of it do they have any value. Promotion strategy is the direct way an organization tries to reach its publics. Promotion strategy has remained the only way firms gain competitive edge in the market (Onyejiaku, Ghasi & Okwor, 2018). Marketers of table water industries need to identify as many characteristics of potential buyers as possible which include what they like, what they buy and why they buy etc. Even with the greatest product produced, packaged, and distributed for consumer appeal, a company's marketing efforts go unnoticed because no one understands their importance. Getting the products in front of potential buyers is a crucial factor that matters. Unless a business has a well-established reputation within the industry, it is unlikely that it has ever considered simply letting people discover the business on its own. However, the only way for a startup to gain recognition is through promotion and advertising. Even though your company may be investing in promotional programs, it's crucial that retail receives information about your products and business (Onyejiaku, Ghasi & Okwor, 2018). To attain greater growth in terms of volume and revenue, every business and business owner strives to consistently raise their sales volume. Usually, this is not accomplished because of the intense competition present in a particular company or sector. In order to better serve their customers, Table Water Industries has grown its product sales both inside and outside of Gombe metropolis over the years. From the beginning, they have established a broad and effective distribution network. The volume of products sold by Nigerian businesses has been declining recently.

Developing strengths that can offer a company a competitive performance advantage over rivals is a prerequisite for growing sales. Through raising the perceived value of their goods or services in comparison to those of other companies, an increase in sales rate gives an organization a competitive advantage. An organization must put certain strategies into practice in order to achieve such sales growth. These strategies include design, innovation, and customer service (Pondeville, Swaen & de Rongé, 2015). The first step in developing a sales strategy is determining what sets a company

apart from its rivals. Marketing segmentation, service/product quality, firm size, image, graphical reach, involvement in client organizations, product, delivery system, and marketing approach have all been proposed as ways for a company to stand out from the competition. Businesses use strategies to obtain a competitive advantage. Offering products or services with unique features that make them stand out from competitors' offerings and are in high demand by customers is known as differentiation strategy. A company can choose from a range of differentiation strategies, such as product differentiation, personnel differentiation, channel differentiation, image differentiation, and so on, according to Kotler and Keller (2015). Spencer Today's markets are highly competitive, customers are assertive, and technology is advancing quickly as a result of globalization. These factors have increased the pressure on businesses to find new ways to gain and maintain a competitive advantage in their sector. Business can perform better than rivals if they consider one of these strategies; cost leadership, differentiation and focus strategy. However, combining the two strategies may likely be a difficult and confused businesses in deciding whether to offer low-cost strategy, high cost product or service differentiation or focus on a market segment (Pehrsson, 2016). To achieve this, businesses must be market-oriented, meaning they must be able to comprehend how the market is changing and act swiftly to provide customers with value for their money. Companies with unique offerings that are challenging to imitate enjoy a competitive edge and are more likely to see growth in sales than their competitors. Various factors, including strategic types, adoption of new technologies, and quality products, have been found to significantly impact a firm's performance in terms of its products or services. Differentiation tactics have been proven to directly affect a company's ability to compete and grow its sales over time (Pehrsson, 2016). Thus, in order to increase sales of a business, strategies for easy sales aim to create a competitive advantage through a product or service by differentiating it from other competitive products on the market based on features, performance, or other factors (Rahman et al., 2015). Organizations must have a clear understanding of the state of the market in order to successfully apply differentiation strategies and convince customers of the benefits of their sustainable goods and services.

Sales growth reflects the firm's ability over time. The higher the level of sales growth of a firm, the firm is successful in executing its strategy. So that sales growth is a positive thing that can increase firm value. From an investor's point of view, sales growth shows a positive signal where a firm is able to increase profits through its sales and has a positive impact on firm value. Indicating that businesses with rapid sales growth typically use their profits for expansion rather than paying out dividends. According to Brigham and Houston (2018), businesses with comparatively stable sales are able to obtain more loans than those with unstable sales because businesses with high sales will require even more funds. Therefore, if appropriate product differentiation strategies are implemented and the firm's size is taken into consideration, the sales growth of Table water companies will improve. The study seeks to answer this question; in what way does product innovation influence sales growth of Monas table Water Company in Gombe state?

2.1 Literature Development

2.2 Sales Growth

One way to conceptualize business growth is as the process of enhancing an organization's performance. When a product has made it through its launch and is starting to gain traction in the market, it enters the growth phase (Onyejiaku et al., 2018). Sales growth, according to Chen and Gayle (2019), is an increase in sales volume over a predetermined period of time. The company's product or service is in greater demand, which boosts sales considerably and accounts for the growth. Sales growth is an increase in a company's revenue over a specified time period, which is a sign that the actions taken to implement policies are appropriate and having a positive effect. It is a metric that measures the ability of products or services in market to gain patronage which in turn increases revenue of a business. Without revenue growth, businesses are at risk of being overtaken by competitors or stagnation. Sales growth is a strategic indicator that is used in decision making by executives to achieve formulation and execution of business strategy (Bhasin, 2018).

2.3 Product Innovation and Sales Growth

According to Adeniyi (2020), a process innovation is the application of a new or significantly improved method of production or delivery, whereas a product innovation is the introduction of a good or service that is new or has significantly improved characteristics or intended uses. Furthermore, Product innovation is the process of developing a new product or service or improving an existing one, and then introducing it to the market. Innovation is the multi-step process through which businesses turn concepts into better goods, services, or procedures in order to grow, compete, and set themselves apart in their industry. According to Nataya and Sutanto (2019), product innovation is the introduction and development of novel products or services that address the limitations of earlier research while placing a greater emphasis on quality. Product innovation, according to Porter, is the process of developing and launching a new or improved version of an existing product or service. This is one of the primary sources of differentiation, which in turn is one of the primary sources of competitive advantage. If a company produces an innovative product, it may have an advantage over its rivals. Nataya and Sutanto (2019) identified the routine innovation and radical innovation in product development. Routine innovation means the introduction of something to organization that is similar to previous ones, while radical innovation means introducing something that is unprecedented to organization. Product innovation is important because it can help you create new spaces in a seemingly crowded market. By identifying the gaps and

imposing yourself into a new space, you can find an audience and satisfy consumer needs in a way that is new and refreshing.

2.4 Empirical Review

2.4.1 Product Innovation and Sales Growth

Product differentiation as a tool for competitive advantage and optimal organizational performance has been studied by Dirisu et al. (2013) with a focus on Unilever Nigeria. All of Unilever Nigeria Plc's customers and consumers made up a sizable portion of the respondent population. The results of the analysis demonstrated that there is a significant positive relationship between product differentiation and an organization's growth in sales. According to the study, executive management should put more of an emphasis on and money into product differentiation since it can ensure the organization's long-term survival and be a powerful tool for gaining an advantage over competitors in the market. However, Dirisu study was conducted on Unilever Nigeria plc and this study is on table water companies in Gombe. Subsequently the proxies use by Dirisu study was inconsistent to determine the relationship between the variables under investigation.

Adimo (2018) looks into the relationship between Sameer Africa Kenya Limited's organizational performance and its strategies for product differentiation. Using a combination of simple random sampling and stratified random sampling methods, 134 respondents made up the sample. Strategic Balance Theory also served as a guide for the research. Product differentiation was found to positively correlate with organizational performance. The study came to the conclusion that better performance would arise from integrating product differentiation strategies through particular product attributes relevant to competitors and variety of products to match the need of various customers.

Nolega *et al.* (2015) have analyzed how product differentiation affects a firm's performance using the Kenya Seed Company as a case study. The research design used in the study was descriptive. While 140 agents were chosen through purposive sampling, customers and Kenya Seed Company employees were chosen through simple random sampling. The results showed how descriptive analysis can show how product differentiation affects market dominance. The study suggested that the Kenya Seed Company broaden its selection of seeds based on the needs of the soil and climate.

Yusuf *et al.* (2019) investigate the impact of product quality, price, and distribution on satisfaction and loyalty. Because of the characteristics of the respondents, survey research was chosen for the study. A sample of 179 respondents who had been using Samsung smartphones for more than five years was chosen. The results of the analysis demonstrated that there is a strong positive correlation between customer satisfaction and loyalty and product quality. However, the Yusuf study was based on a Samsung brand smart phone case, and it was only able to evaluate the differentiation strategy on sales growth of table water companies in Gombe state, Nigeria. Additionally, the researcher's period of coverage was out of date, and the components used were insufficient.

Festus (2016) conducted research on the impact of sales promotion on organizational performance of Guinness Ghana Breweries Limited. The research design used in the study was descriptive. An estimated 865 people (key distributors, employees, and management) made up the study's population; 160 of them were selected for the primary data sample. Primary data was gathered through a questionnaire, and secondary data was obtained from GGBL's 1985–2014 financial statements. The study discovered a strong and favorable correlation between profitability and sales promotion.

2.5 Strategic Balance Theory (Underpinning Theory)

The study adopted the Strategic Balance Theory as the underpinning theory propounded by David Deep house (1999). Deep house recognized a trade-off between differentiation and conformity: strategic differentiation reduces competition which increases sales growth; however, strategic conformity increases legitimacy which increases performance as well. Being different lowers competition and increases competitive advantage, but being too different creates legitimacy issues, which have a negative impact. The theory suggests that intermediate levels of differentiation where organizations balance the benefits of reduced competition against the costs of reduced legitimacy will improve organization's sales growth. According to the theory, an organization's level of competition is directly correlated with the availability and distribution of its sources. The competition will get more-fierce when resources are limited, especially for the rarer ones. Increased competition typically results in slower sales growth since it requires organizations to invest more money to compete fiercely. The following can be used as a general summary to sum up the widely held beliefs that are supported by this differentiation strategy: To gain market share, a brand needs to be seen as unique (i.e., consumers need to be motivated to start purchasing the brand); to hold onto market share, a brand needs to be seen as unique. This implies that in the face of competition from other brands and newcomers, consumers must have a reason to favor the brand; some brands are significantly more distinctive than others, which implies that their clientele is more devoted and less susceptible to the actions of rivals. According to Chen and Gayle (2019), a company's ability to generate buyer value can serve as a foundation for potential innovation. After identifying a reliable source of buyer value, it must enhance that

value by adding features to its goods and services at a reasonable price. These characteristics could improve the performance of the product or service or make it more cost-effective to use. Opportunities for innovation can arise from actions taken at any point along the activity cost chain.

Using a variety of differentiation techniques, the company seeks to set itself apart within a single or limited number of target market segments. It is believed that innovation offers a competitive advantage. A production order may need to be changed as a result of niche market research in order to improve differentiation, but the modifications by themselves do not constitute differentiation. The process of outlining the distinctions between goods or services, or the ensuing list of distinctions, is known as marketing or product differentiation. This is done to highlight the distinctive features of a company's product and establish its worth. Therefore, based on the review of the related theories, the study intended to adopt strategic balance theory. According to the study question that seek answer, businesses' sales growth will be improved by intermediate levels of product innovation, where they weigh the advantages of less rivalry against the drawbacks of less legitimacy. Deep house understood that there is a trade-off between product innovation and conformity: although strategic product innovation lowers competition, which boosts sales growth, strategic conformity boosts legitimacy, which boosts performance as well.

3.1 Methodology

Product innovation and sales growth: a study of Monas table water company, Gombe was the subject of a review of related literature and other sources, including academic studies and textbooks. The results of the literature reviews formed the basis of the study's conclusion.

3.2 Discussions of Findings

The product innovation demonstrated that the performance of Monas Table Water Company is considerable and favorable. This is consistent with Nolega *et al.* (2015) ideas, which maintain that the sales growth of companies are mostly influenced by product innovation.

3.3 Conclusion

The results of the related literature review indicated that Monas Table Water Company's sales growth in Gombe state is significantly and favorably impacted by product innovation. In conclusion, product innovation has an impact on how well Monas Table Water Company performs in terms of sales growth.

3.4 Recommendation

The findings of this study cannot be applied to all the public sector. It would be beneficial to repeat the research using our modified methodology. The study recommended the following;

- I. Companies should always innovate their products in order to attract more customers which will bring about increase in sales.
- II. Relying on olden means of advertisement may also decrease the rate of sales in the company, because some customers are digital in nature.

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CITATION

Ibrahim A. G., Babangida M. M., & Abubakar S. U. (2023). Product Innovation and Sales Growth; A Study of Monas Table Water Company Gombe. *Global Journal of Research in Business Management*, 3(6), 14–18.
<https://doi.org/10.5281/zenodo.10090739>