

CORE COMPETENCE AND MARKET PERFORMANCE OF FOOD AND BEVERAGES FIRMS IN PORT HARCOURT

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Abstract

The focus of the study was to investigate the nexus between Core competence and market performance of food and beverages firms in Port Harcourt. Core competence was relied upon as a single unit variable to explain variations in market performance proxied by brand awareness, customer patronage and market penetration. The study whose population consists 19 food and beverages firms as recorded by Nigeria Catalog (BussinessList, 2024), adopted a survey research design. The entire population was surveyed. 4 copies of the research instrument was sent to each of the 19 food and beverages, with marketing, procurement, operations and human resource managers serving as respondents. The simple regression analysis was used to test the hypotheses. The results show that core competence has very strong and significant relationship with brand awareness, customer patronage and market penetration. The study concludes that core competence relates to market performance; or that market performance of food and beverage firms in Port Harcourt depends on core competences. The study therefore recommends that management of food and beverage firms should devote more effort to building core competence if they seek to improve their market performance

Keywords: Brand awareness, core competence, customer patronage, market penetration, market performance

Introduction

Food and beverages firms in Nigeria range from multinational corporations producing Fast Moving Consumer Goods (FMCG) to smaller businesses with the flexibility to serve lower middle class and impoverished populations. The sector is highly dynamic, driven by diversity, quality, value and price. Nigeria's food industry is the largest in Africa, with significant investment in both local industry and high level of imports (Committee for Economic Development, [CED], 2017). Nigeria's food and beverage industry is growing primarily due to the growing middle class and overall population growth.

In 2019, the retail sector alone accounted for about 75% of sales of foodproducts. Sales growth in the food industry averaged 9.2% annually between 2015 and 2019 (Intergest, 2021). However, food and beverage companies in Nigeria experience low sales, high production costs, low capital utilization, lack of foreign exchange to procure necessary inputs, and lack of power supply. These issues have led to underperformance of food and beverage firms in country.

Several studies have been conducted to unravel the concept of core competence and determine its relevance to different facets of performance. Kaly-Esah Moga (2021) conducted a study on core competence and performance of service sector firms. The results show that reveal that core competences have positive and significant effect on performance. Similarly, Namusonge and

Sakwa (2016) studied effects of core competence on service sector firms, and showed that a positive link exists between core competence and performance of service sector firms.

Also, Agha et al. (2012) studied the effect of core competence on competitive advantage and organizational performance. Finding indicates that while core competence has strong positive impact on competitive advantage and organizational performance. This confirms importance of core competence to competitive advantage and organizational performance. In a like manner, Jauhari (2006) examined the link between industry competency requirements and the current provisions for hospitality management education in India.

However, there appears to be a gap in knowledge as none of these studies examined core competence and market performance of the food and beverage firms in Port Harcourt. It is on this note that this study joined the discourse on core competence. The study was designed to examine the relationship between core competence and market performance of food and beverage firms in Port Harcourt, Nigeria. The study used brand awareness, customer patronage and market penetration to represent market performance, while core competence was used as a single dimension variable. Hence, the following null hypotheses and conceptual framework are developed to guide the study:

H₀₁: There is no significant relationship between Core competence and brand awareness of food and beverages firms in Port Harcourt.

H₀₂: There is no significant relationship between Core competence and customer satisfaction of food and beverages firms in Port Harcourt.

H₀₃: There is no significant relationship between Core competence and brand awareness of food and beverages firms in Port Harcourt.

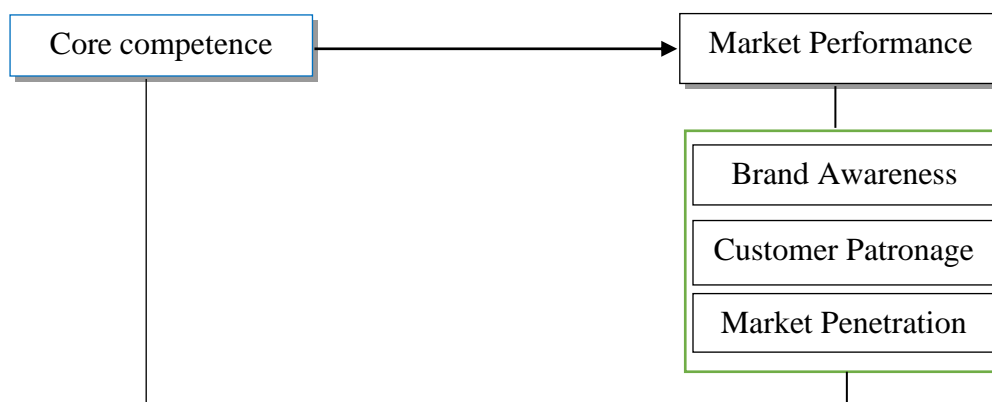


Fig. 1: Conceptual framework of core competence and market performance of food and beverages firms in Port Harcourt.

Theoretical Foundation

This study is anchored on Resource-Based View (RBV). RBV was propounded by Barney (1991) to explain how firms gain and sustain competitive advantage. The core idea of RBV is that organizations should look inwards and focus on existing resources and competences to achieve superior performance. In RBV, resources relied upon to help companies achieve higher performance.

A resource as “anything which could be thought of as a strength,” including technological skills, efficient procedures, brand names, or machinery (Wernerfelt, 1984). Resources are also attributes, knowledge, capabilities and information that enable firms formulate and apply strategies to improve their effectiveness and efficiency (Daft, 1983, in Barney, 1991).

According to RBV, an organization can be considered as a collection of physical resources, human resources and organizational resources (Barney, 1991; Amit and Shoemaker, 1993). of Valuable, rare, inimitable and non-substitutable (VRIN) resources are the main sources of superior performance competitive advantage (Barney, 1991). A resource must fulfill the VRIN criteria in order to provide competitive advantage and sustainable performance. RBV can be applied to market performance by evaluating how firms leverage internal resources and capabilities to achieve market success.

Concept of Core competence

Core competence, often referred to as distinctive capabilities, organizational competencies or dynamic capabilities represent principal competencies that bring about organizational success (Maniscalco et al., 2020). The resources, which an organization has or can access, form its core competencies (Murgor, 2014). These competencies enable firm weather bad and good economic conditions, hence are regarded as valuable organizational (Hou, 2014).

Core competencies are conceptualized differently depending on the production, age of the firm and products it handles, Edgar and Lockwood (2011) generalized core competencies based on marketing, research and development, human resources and financial and other competencies. Wang et al. (2004) indicate three broad types of core competencies: marketing competencies, technological competencies, and integrative competencies. This model attempts to integrate different types of competencies and explore their relationships with firm performance.

Market Performance

Market performance as the performance of a firm measured in terms of sale revenue, market share, profitability, competing advantage, customer satisfaction and loyalty (Jaye et al., 2021). According to Purwanto (2019), market performance is a consequence of all organizational efforts designed to meet set objectives. Asbari (2020) aver that market performance can be likened to efficiency in achieving result. That is, the process of minimizing resources and increasing performance. Supriyadi (2020) argue that effectiveness is key to achieving organizational goals.

Arokodare and Asikhia (2020) sees market performance as the outcome of a firm’s activities, including relationship between selling price and costs, volume produced, production efficiency, revenue growth, market dominance, innovation in processes and goods. The metric of market performance helps to gauge the extent to which marketing expenditures contribute to profits when marketers come under increasing pressure to demonstrate a return on investment on their activities.

This market-based metric take into account, shareholders’ objective of generating wealth in terms of cumulative abnormal returns, market to-book ratio, excess value, and a focus on or inclusion of risk considerations (Conțu, 2020). Market performance aligns ith non-financial measures of

performance as conceived in the balanced scorecard and widely used by researcher in the field management (King'oo et al., 2020; Muthoni & Kinyua 2020; Mwarenge & Kinyua, 2022).

Jayapal and Omar (2017) identify customer satisfaction and customer loyalty as measures of market performance; while Ambler et al. Riley (2001) suggests that indices of market performance include brand equity, market share, brand awareness customer patronage, market penetration. In this study we adopted brand awareness, customer patronage and market penetration as measures of market performance.

Brand awareness

Brand awareness refers to the degree of a brand's ability to establish strong appeal and presence in a customer's mind (Foroudi et al., 2018; Setiadi et al., 2018). Brand awareness play important roles in today's marketing environment, as it changes the way brands are understood and related to. Indeed, brand and branding has become marketing priorities for most companies (Latif et al., 2014).

Aaker (1991) aver that brands serve to identify and differentiate brands, as well as draw strong attention to product. Brands bring value to consumers and companies. Companies try to satisfy consumers by providing value. Value means benefit. When consumers are satisfied by a firm's value, they provide value to companies in return, and show dependence on their brands. A customer with higher brand awareness is more inclined to remember or distinguish the brand and associate it with its attributes (Anand, 2018; Wijaya et al., 2020).

Customer patronage

The sole purpose of every business is to "create clients" (Ogwo and Igwe, 2012). Ogwo and Igwe (2012) opined that the only economic and social justification for the existence of any business is to create customer satisfaction. The importance of customers and customer patronage is germane. It includes financial and non-financial dimensions. Studies show that customer patronage is influenced by company capabilities, product attributes, economic situation, political forces, social and psychological factors, situational, competition, marketing mix programs (Ogwo & Igwe, 2012; Kotler & Keller 2006).

Ding et al. (2015) define consumer patronage as choice behaviour whereby a consumer prefer to patronize an organization over others in the same industry. Herein, consumer patronage represent preference for a company's products. Garga and Bambale (2016) define consumer patronage as the extent to which consumers patronize a particular company's products based on their personal experience.

Garga and Bambale (2016) also posits that patronage is the desire of every organization because it sustains the organization. An organization that enjoys patronage from consumers stands a chance of achieving business success. Panda (2013) states that achieving increased patronage is a priority for managers due to its contribution to profit margin.

Market penetration

Competition is fierce. To survive, firms must devise ways of getting the large market share. Scholars claim that growth requires expanding what a firm is doing. Market penetration is a

measure of the percentage of the total market that a firm is able to capture. A market penetration strategy involve increasing sales to existing customers. Market penetration is one of Ansoff growth strategic decisions aimed at creating more shares for the existing market (Uko & Ayatse, 2014).

Market penetration focuses on gaining a strong market presence by commanding a larger share of the market (Hutzschenreuter, et al., 2014). To further penetrate a market, firms try to increase sales to current customers as well as look for potential customer in order to increase sales volume, without changing its prime market and product strategy. Organizations achieve growth when their strategic focus is on market penetration (Washington, 2014). However, market penetration is boosted by offering sales, increasing sales force, increasing distribution and promotion of products, and increasing marketing spend (Koks & Kilika, 2016).

Methodology

The study adopted a survey research design. The population of the study consisted 19 food and beverage firms recorded by Nigeria Catalog (BussinessList, 2024). The study adopted the entire population as its sample size. Effective coverage however, 4 copies of the research instrument was sent to each of the 19 firms. The respondents include marketing manager, procurement manager, operational manager and human resource manager. Hence the total respondents for the survey is 76. The simple regression analysis was used to test the hypotheses.

Results and Discussion

Table 1: Model Summary on relationship between core competence and brand awareness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.925 ^a	.856	.854	.717	.856	440.458	1	74	.000

a. Predictors: (Constant), Core Competence

Table 2: ANOVA on the relationship between core competence and brand awareness

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	226.691	1	226.691	440.458	.000 ^b
	Residual	38.086	74	.515		
	Total	264.776	75			

a. Dependent Variable: Brand Awareness

b. Predictors: (Constant), Core Competence

Table 3: Coefficients on the relationship between core competence and brands awareness

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.765	.409		11.653	.000
	Core Competence	.649	.031	.925	20.987	.000

a. Dependent Variable: Brand Awareness

Table 1-3 shows that results of analyses on relationship between core competences and market performance. A simple linear regression was done to determine the extent of the relationship between core competence and brand awareness. The results show that core competence is significantly related to brand awareness. The adjusted R^2 value of 854, suggesting that 85.4% of variance in brand awareness was explained by core competence while the other 7% were explained by other factors. The beta weight .925 is an indication that about 92.5% of the influence on brand awareness is caused by core competence, the F ratio in the model is 440.45, which is significant, $p < .001$. this implies that there is significant evidence to show that core competence is related to brand awareness in the food and beverage firms. The null hypothesis is therefore rejected. This means that there is a significant and very high relationship between core competence and brand awareness in the food and beverage firms in Port Harcourt.

Table 4: Model Summary on relationship between core competence and customer patronage

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.975 ^a	.951	.951	.636	.951	1430.363	1	73	.000

a. Predictors: (Constant), Core Competence

Table 5: ANOVA on core competence and customer patronage

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	577.893	1	577.893	1430.363	.000 ^b
	Residual	29.493	73	.404		
	Total	607.387	74			

a. Dependent Variable: Customer Patronage

c. Predictors: (Constant), Core Competence

Table 6: Coefficients on relationship between core competence and customer patronage

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.220	.404		-5.493	.000
	Core Competence	1.148	.030	.975	37.820	.000

a. Dependent Variable: Customer Patronage

Tables 4-6 shows the simple linear regression calculated to determine the extent of relationship between core competence and customer patronage. Core competence was found to be significantly related to customer patronage. The adjusted R^2 value of 951, suggesting that 95.1% of variance in customer patronage was explained by core competence while the other 4.9% were explained by other factors. The beta weight .957 is an indication that about 95.7% of the influence on customer patronage was caused by core competence, the F ratio in the model is 1430.65, which is significant, $p < .001$. this implies that there is significant evidence to show that core competence is related to customer patronage in the food and beverage firms. The null hypothesis is therefore, rejected and the alternate hypothesis accepted, implying that there is a

significant and very high relationship between core competence and customer patronages in the food and beverage firms in Port Harcourt.

Table 7: Model Summary on relationship between core competence and market penetration

Mode		R	Adjusted R	Std. Error	Change Statistics				
l	R	Square	Square	of the	R Square	F Change	df1	df2	Sig. F
				Estimate	Change				Change
1	.976 ^a	.953	.952	.572	.953	1495.482	1	74	.000

a. Predictors: (Constant), Core Competence

Table 8: ANOVA on relationship between Core Competence and Market Penetration

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	489.214	1	489.214	1495.482	.000 ^b
	Residual	24.207	74	.327		
	Total	513.421	75			

a. Dependent Variable: Market Penetration

b. Predictors: (Constant), Core Competence

Table 9: Coefficients on relationship between core competence and market penetration

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.467	.326		1.432	.156
	Core Competence	.953	.025	.976	38.671	.000

a. Dependent Variable: Market Penetration

A simple linear regression was calculated to determine the extent of the relationship between core competence and market penetration. As demonstrated from Table 7-9, core competence was found to be significantly related to market performance. The adjusted R^2 value of .952, suggesting that 95.2% of variance in market penetration was explained by core competence while the other 4.8% were explained by other factors. The beta weight .976 is an indication that about 97.6% of the influence on market penetration was caused by core competence, the F ratio in the model is 1495.482, which is significant, $p < .001$. This implies that there is significant evidence to show that core competence is related to market penetration in the food and beverage firms. The null hypothesis is therefore, rejected and the alternate hypothesis accepted, implying that there is a significant and very high relationship between core competence and market penetration in the food and beverage firms in Port Harcourt.

Discussion of Findings

The result from our analysis revealed that core competence has a significant and very strong relationship with brand awareness with a beta value of .925. This position is in line with the report Maniscalco et al. (2020) who reported that core competence brings success in organizations. That the brand is very well known is a success factor for the organization. We find

more support for our position in the report of Ng et al. (2019) who reported that core competence leads to efficient pricing strategies, distribution channels and efficient sales promotion.

The second analysis result shows that core competence has a very strong relationship with customer patronage with a beta value of .975. This position aligns with that of Kaly-Esah Moga (2021) who reported that core competence has a significant and positive relationship with marketing performance. We find more support for our position in the work of Namunsing et al. (2016) who reported that core competence has a strong and positive link to firm performance. Zaim et al. (2013) who reported that core marketing competence leads to the offering of superior quality to customers as well as, efficient management relating to acquisition and retention of customers.

The result from our third analysis analysis revealed that core competence has a very strong and significant relationship with market penetration with a beta value of .976. This position is consistent with the report of Ng, Kee and Ramayah (2019) who reported that core competence leads to efficient pricing strategies, distribution channels and efficient sales promotion. Murgor (2014) lend more credence to our position when he reported that core competence ensures the smooth operations by the various parties involved in the production and distribution chain

Conclusion and Recommendations

Based on the findings of this study and the consistency with results of similar studies, we conclude that core competence is has a positively and significantly relationship with market performance. The study recommends as follows:

- 1) Food and beverages firms should devote more effort to core competence in order to penetrate new market.
- 2) Food and beverages firms should ensure that they product does not fail in terms of its core competence so that they can continue to enjoy repeat customer patronage.

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