



# Linking Product Line Strategies to Competitive Advantage: An Empirical Study of Nigerian Food and Beverages Industry

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## Abstract

**Purpose-** This study examines the relationships between product line strategies and competitive advantage in Nigerian foods and beverages industry.

**Design/Methodology-** Data were obtained from a sample of 278 employees choosing from 8 companies in the foods and beverages industry located in north-eastern Nigeria using a self-administered questionnaire. Pearson's correlation and Multiple regression were conducted in the data analysis.

**Findings-** Findings of the research revealed that all four hypotheses were supported signifying that product line strategies have significant effects on the competitive advantage of foods and beverages companies in Nigeria.

**Practical Implications-** The study combined the dimensions of product line strategies to determine optimal product line in the food and beverages industry. It provides the decision makers of food and beverages firms in Nigeria with a guide for determining the blend of product line strategies to adopt in order to gain competitive advantage. It also served as a guide to potential investors in the food and beverages industry to make an informed decision that can strategically improve the efficiency and effectiveness through its advocacy on reforming product line strategies.

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## Introduction

Firms in the foods and beverages industry face competition from an increased number of domestic and international participants (Okere, 2012). To cope with these challenges, these firms need to be strategically equipped to respond to market requirements and be prepared to make constant improvements in the efficiency and performance of their offerings, if they want to achieve competitive advantage and significantly enhance their long-term sustainability. In the recent past, there has been a tremendous increase in the significance of competitive advantage and distinctive competencies as determinants of a firm's success. This is based on the credence that advancement of technology, production methods, and customer power are among characteristics of today's business environment, all of which are associated with the dynamics and complexity of the markets (Hakkak and Ghodsi, 2015). Papulova and Papulova, (2006) asserted that achieving the company's strategic success involves a clear understanding of the needs of the market, as well as beating competitors in terms of customer's satisfaction and profitability. However, product decisions are arguably the most crucial decisions a firm takes because products are the very epitome of marketing planning. (Dirisu, Iyiola, and Ibidunni, 2013) opined that organizations tend to seek competitive advantage by producing products with more valued features, such as product quality, product flexibility or reliable. Some of these decisions include but not limited to vertical and horizontal line extension, line modernization and line pruning (Allman, 2013; Bayus and Agarwal, 2007; Muir and Reynolds, 2011).

Nigerian food and beverages sector remains a vital component of the economy, as it is one of the largest contributors to the country's economic growth as measured by its contribution to the gross domestic product (GDP) which stood at 4.1tn as contained in (National Bureau of Statistics, 2016) GDP report. Prominent stakeholders and players in the subsector include Nestle Food Nigeria Plc, Cadbury Nigeria Plc, Nigeria Bottling Company Plc, and Dangote flour mill Plc to mention but a few. The lamentation of manufacturers especially those of the food and beverage sub-sector is that the operating environment in the country is poor and the cost of business operation is expensive. This has impacted negatively on the performance of many firms in the sub-sector of the economy. The performance of firms in this industry is inextricably linked to several factors such as the aggregate spending power in the economy, and of course the marketing strategy adopted by the firm. Stiff competition between local and foreign firms is easily noticed by industry observers. These firms compete to outperform each other in terms of competitive advantages dimensions such as market share, more returns and increase in the level of customer's satisfaction through appropriate strategies concerning their product line.

Unlike in the past where the market environment tends to be stable and that product designs did not change so rapidly, the trends in the product life cycle is perceived to be faster than ever now. As such, firms should be able to recognize the importance of product line strategies. This is so because effective product line strategy becomes a crucial point in which customers gains benefits from new product features such as quality, design, or function (Khin, Ahmad, and Ramayah, 2010). It is now clear that the era of offering similar products or competing only on the basis of price and quality is over. However, it is observed that many firms take wrong decisions of either imposing a standardized product where it is inappropriate or attempt to sell the product in the wrong place. In either case, product decisions should, therefore, be in conformity with customers' expectations and taking into cognizance their cultural view. Ideally, a firm should carefully evaluate, select and adopt optimal product line that specifies the right types of product and its appropriate variant to be offered to the target market. Although a number of studies on the effect of product line strategies on firm's success were conducted in the past, these studies appeared to have considered only individual dimensions of product line strategies. For example, Heath, Delvecchio, and McCarthy, (2011) conducted a study on the asymmetric effects of extending brands to lower and higher quality, Allman, (2013), investigated the effects of vertical and horizontal line extensions on brand performance and Muir, and Reynolds, (2011) conducted an exploratory study to investigate the influence of product line deletion strategy on the firm's overall performance. However,



despite these attempts, researchers have ignored the area of measuring the effects of all the product line strategies put together on competitive advantage of a firm, hence the need to bridge this gap by combining the three dimensions of product line strategies - line extension, line modernization, and line pruning strategies and how they influence competitive advantage in Nigerian food and beverages industry.

This study aims to contribute to the growth of existing literature through its findings on the linkage between product line strategies and competitive advantage of firms. The study would also help in providing decision makers with a guide for determining the right combinations of product line strategies to adopt that can improve their competitiveness in the market.

## Objectives

The study is aimed at exploring the relationship between product line decisions and competitive advantage. The specific objectives are to:

- Find whether there is a relationship between product line strategies and competitive advantage of firms in the food and beverages industry
- Identify the relationship between product line extension strategy and competitive advantage in the food and beverages industry
- Examine the extent to which product line modernization strategy affects competitive advantage in food and beverages industry
- Determine whether product line pruning strategy improves competitive advantage in food and beverages industry

## Literature Review

Today's globally competitive environment is characterized by globalization, rapid technology changes, and high customer expectations. This according to Su, Shi, and Lai, (2008) means firms writhed hard to win the competition which is a function of the firm's own capability. Again, many companies find it difficult to justify the cost of quality within their product line and could not identify the cost associated with varying quality levels of their products. In order to create a quality product, which is one of the determinants of firm's success, the company must address all aspects of product assortment decisions including product line optimization (Franca, Jones, Richards and Carlson, 2010). In recent years, the concept of competitive advantage has been a burning issue in the field of strategic management. However, providing a precise definition of competitive advantage remain a challenging task. On one hand, some scholars viewed competitive advantage in terms of too many returns, and others linked it to the performance of capital markets and expectations. Competitive advantage entails a variety of company characteristic such as customer focus, brand equity, product quality, and research and Development focus (Kariuki and Kilika, 2017). However, in the context of value creation, the most common definition of competitive advantage in the field of competitive strategy can be seen in terms of revenues increase over expenses (Rumelt, 2003). Peteraf (1993) on his part sees the competitive advantage as the retention of earnings higher than normal. Competitive advantage is also viewed by (Besanko, Drawnove and Shamley, 2000), as gaining a higher economic profit than the average rate of profit in the industry.

Bayus and Agarwal, (2007) viewed the product line as a group of related products which uses the same brand of marketing element to reach the consumer. Decisions on product line always identify profitable and unprofitable products and assists in the allocation of a firm's scarce resources based on the requirements. Product line understanding helps the marketer to take optimal line decisions for the company. Shrestha, (2016) identified a major product line decisions which are decisions concerning product line length that is the number of items in the product line, these decisions are vertical and horizontal line extension decisions and product line



pruning. In product line extension a company lengthens its product line either by extending upwards or downwards or both ways (Bayus and Agarwal, 2007). Frequently, a product line includes different products that are offered to the public at varying price points. This way, a firm can ensure that all products within a line will be purchased by all kinds of people.

Based on the above literature, the dimensions of product line strategies are identified. These dimensions are therefore used in formulating the research hypotheses.

## Product Line Strategies

Studies over the years have shown that for any business to achieve a sustainable competitive advantage, the right kind of product must be offered to the target market. A firm can have the best location and offer the best price yet not making a significant profit as a result of not offering the right products to the target market (Cant, Kallier, and Wild, 2016). Therefore, the optimal decision on the firm's product line can be a good strategy that can enable it to achieve competitiveness in the market. Past studies indicate a significant relationship between product line decisions and firm's competitive advantage measures such as brand performance (Shrestha, 2016), consumer purchasing decisions (Akpoyomare, Adeosun, and Ajao, 2012), market share (Allman, 2013) and profit (Wan, Evers and Dresner, 2012).

As a result, the researcher predicted that a relationship exists between product line strategies and competitive advantage. Specifically, a study conducted by (Shrestha, 2016) to analyze the product line decisions and their effect on brand identity in Dabur Nepal, Pvt. Ltd. identified product differentiation strategy as a determinant of firm's success. Similarly, findings of the study carried out by (Akpoyomare, et al, 2012) on the influence of product attributes on consumer purchase decision revealed a significant positive correlation between the two variables implying that product line modernization strategy leads to better market outcomes. Again, an impact assessment study on product variety decision and operations performance of firms was conducted by (Wan, Evers and Dresner, 2012). Results of the study show a significant positive relationship between product variety on overall operational performance. Product line extension decision was also found to be a major determinant of firm's market outcomes as indicated by findings from (Allman, 2013) which clearly indicates an interactive effect among brand assortment size and line extension both vertical and horizontal with regards to value and volume of sales.

**H1:** There is a significant correlation between product line strategies and competitive advantage.

## Product Line Extension

A look at past studies that frequently explored the individual extension products would help in understanding how product line extension affects a firm's performance. Health et al, (2011) identified the directions the extensions take as horizontal and vertical line extensions and how these movements affect consumers' brand evaluation. It was found that both horizontal and vertical line extensions have positive as well as a negative effect on competitive advantage. For instance, empirical research suggests that line extension strategy is associated with lower price (cost-based advantage) and greater market share (Draganska and Dipak, 2005) more profit (Health et al, 2011), and also with an increase in cost and fall in market share (Putsis and Bayus, 2001). Several past studies started to look at the horizontal versus vertical extension directions individually in order to discover the underlying forces behind these effects. Studies like (Draganska and Dipak, 2006) indicates that vertical rather than horizontal features are preferred by consumers. On the other hand, findings from (Heath et al. 2011) are pointing to horizontal extensions involving new flavors and new packaging as more rewarding in terms of firm's competitive advantage than vertical line extensions involving changes in product quality. As such:



**H2:** Firms that adopt the product line extension strategy will have significant improvement in their competitive advantage.

### Product Line Modernization

The common belief is that a wide range of products will have a positive effect on a company's sales volumes, profit and market share which are measures of competitive advantage. A wide product offering is seen to allow reaching many customer segments and a larger market share. Product variety has emerged as a source of product differentiation advantage responding to the requests for increasingly customized products and services when the variety is even desired (Hayes Pisano, Upton, and Wheelwright, 2005). Consequently, firms could drive the benefit of product-based advantage from considering several product ranges rather than separately optimizing each product (Salvador, Forza, and Rungtusanathan, 2002). Again (Muir, and Reynolds, 2011) opined that understanding of what influence the changes in a brand's performance over time is another subject of interest to management because it has a potential of improving firm's product-based advantage. Considering the fact that the markets for consumer goods evolve so rapidly, some interesting dynamics in the performance of the key brands are observed. These dynamics could also be due to (a) the changing attributes in a brand's product line; and or (b) modifications in the attributes and prices of them in the product line. Finally, (Bayus and Agarwal 2010) found a relative influence of product line modernization and intrinsic brand preferences on the performance of brands in a certain product category.

**H3:** Firms' competitive advantage will be affected significantly by product line modernization strategy.

### Product Line Pruning

A high product variety is thought to encourage sales by segmenting customers and attracting variety-seeking shoppers. However, there is another side of the coin that is often ignored in by both practitioners and researches. In fact, studies by (Sanchantha, 2007; Wan, Evers and Dresner, 2012) show that internal product variety and complexity usually reduce sales per product type. The product variety is often justified by fulfilling customers' requirements. Several studies on the product line (Worthing, 1975) suggested that firms should conduct a strategic and regular review of the product line. Avlonitis, (1986) recommends a product line pruning strategy for firms seeking to achieve competitive advantage. Similarly, Studies by (Muir and Reynolds, 2011) show that firms engage in product line pruning in order to eliminate unnecessary cost thereby achieving a cost-based advantage. However, line pruning strategy can also be used to increase the firm's profitability as (Avlonitis, 1986) recommends that firms should delete peripherals product that inhibits their profitability, especially during economic challenges. Another factor that makes firms takes line pruning decision is when a product became absolute. Findings from the study by (Sanchantha, 2007) show many business organization pruning their product line for this reason.

**H4:** Product line pruning strategy will have significant effects on firms' competitive advantage.

## Theoretical Background and Conceptual Framework

This study hinges on the resource-based view of competitive advantage. The theory which was developed by Ansoff, (1965) explained that the firm's internal resources and capabilities are the sources of their competitive advantage. This approach put emphasis on the firm's strategic resources which are made up of physical, human and financial resources. Ansoff, (1965) stress that organizational resources go beyond that and it includes other resources such as knowledge, capabilities, information, and reputation. Studies conducted by Wernerfelt, (1985) and Barney, (1991) are the two most influential write-ups in strategic management that dwell so much on the resource-based view of a firm. A study conducted by Murray, (2000) considered knowledge as notable, a most valuable and important resource that helps in product innovation. Again, Evans, (2003) and Tiwana, (2002) shared a common view about knowledge as an important resource of a firm that is capable of improving product line decisions. On the capability-based view of firms, Grant, (1991) conclude that capabilities are the source of



competitive advantage. Amit and Shoemaker, (1993) shared the same view and went further to suggest that capability allows a firm to improve its product offering thereby achieving product based advantage. Hass and Hansen, (2005) as well as Long and Koch, (1995) elucidate the role of capabilities and suggest that a firm can achieve a reduction in the unit cost of production which will stimulate changes in product line strategies.

The product line strategy literature reviewed suggests that product line strategies effects on brand performance are varied, and most of the studies assume that consumers' preferences for a brand do not change when the assortment of the brand in a category changes. Therefore, a conceptual framework for the present research was developed based on the studies conducted previously. The product line extension concept was from (Allman, 2013), product line modernization (Heath et al, 2011), product line pruning (Muir and Raynolds, 2011) and competitive advantage concept were based on (Bratic, 2011) studies.

### Independent variables

### Dependent variable

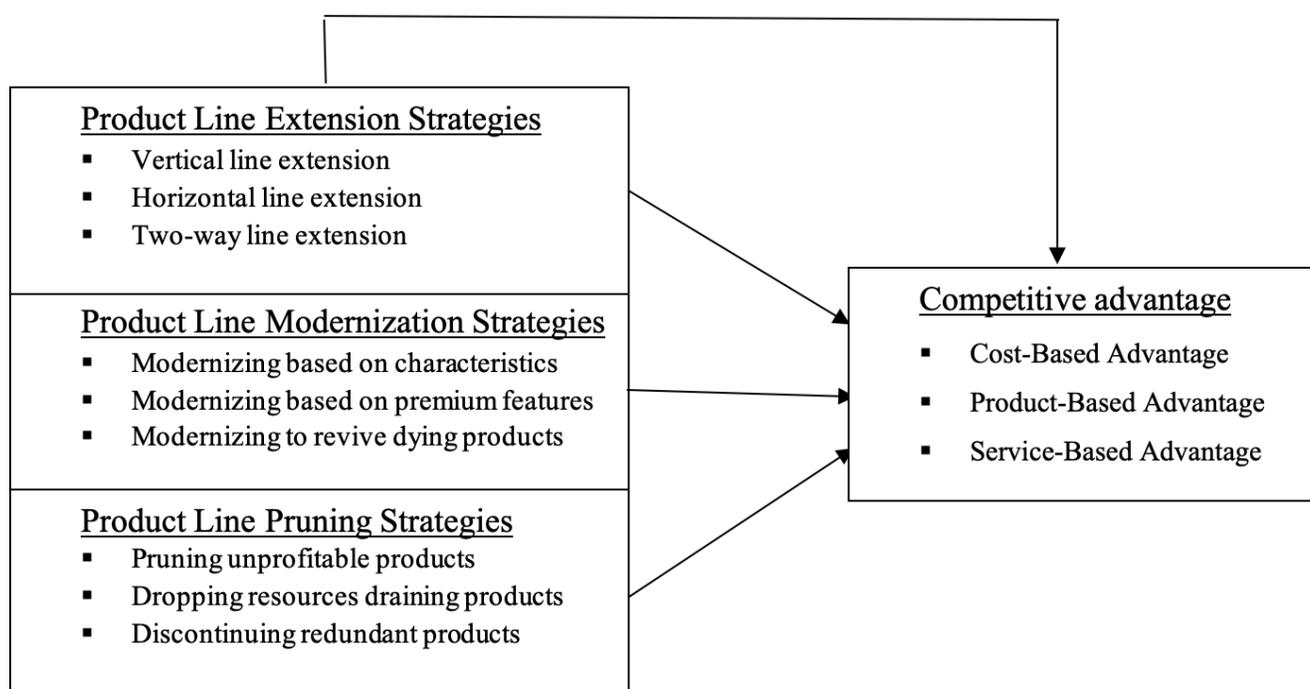


Figure 1 - Conceptual Framework

## Methodology

This study is basically quantitative survey research and therefore required the use of a survey method of investigation. The research framework is based on the conceptual model and includes two main dimensions: product line strategies (Line extension, line modernization, and Line Pruning) and competitive advantage (Cost-based advantage, Product-based advantage, and Service-based advantage). The study uses a questionnaire adapted from (Bratic, 2011), to measure competitive advantage, while product line strategy dimensions is from (Muir and Raynolds, 2011; Heath, et al, 2011 & Allman, 2013) Respondents of the study comprise of 314 functional managers and facility supervisors of the selected food and beverages firms in the three Nigerian north-eastern states of Adamawa, Gombe and Taraba.

## Results

Cronbach's alpha analysis conducted to ascertain the internal validity and reliability of the research instrument while multiple regression was performed to test the research hypotheses.

### Reliability Statistics

The result showing the coefficient Alpha for each of the constructs is presented in table 1:

*Table 1 - Reliability Statistics for the Constructs*

Constructs	Cronbach's Alpha	Cronbach's Alpha Based on Standardized items	No. of Items
Product line Extension Strategy	0.713	0.752	9
Products line Modernization Strategy	0.744	0.723	10
Product line Pruning Strategy	0.769	0.472	7
Competitive Advantage	0.807	0.799	15

As can be seen in table 1, the Cronbach's Alpha Coefficient for product line construct is 0.713 while for product line modernization is 0.744. for product line pruning, the value is 0.769 and competitive advantage has 0.807 as the Coefficient of Cronbach's Alpha. All the Coefficient are greater than 0.70 and therefore are within the acceptable region (Griethuijsen, Eijck, Haste, Brok, Skinner, and Mansour, 2014). The research instrument is therefore considered to have met the acceptable standards for content, internal reliability, and construct validity.

### Hypotheses Testing

In order to test the research hypotheses, Pearson's correlation and multiple regression analysis were carried out. This leads to examining the relationship between product line strategies and competitive advantage. The regression model is as follows:

$$\text{Competitive Advantage} = \alpha_i + \beta_1(\text{PLE})_i + \beta_2(\text{PLM})_i + \beta_3(\text{PLP})_i + \epsilon$$

Where:

CA = Competitive Advantage

$\alpha$  = Constant term

$\beta_1$ -3 = Coefficient of independent variables

PLE = Line Extension Strategy

PLM = Line Modernization Strategy

PLP = Line Pruning Strategy

$i$  = 1,2,3,...n.

$\epsilon$  = Error term.

#### *Test of Hypothesis 1*

Result in Table 2 indicates a significant positive correlation between competitive advantage and each of the independent variables. Specifically, there is a significant positive correlation between product line extension strategy and the firm's competitive advantage as indicated by  $r = 0.690$ ,  $p \leq 0.000$ . Also, the result indicates a significant positive correlation between product line modernization strategy and competitive advantage as



shown by  $r = 0.452$ ,  $p \leq 0.000$ . Finally, the result shows that product line pruning strategy and competitive advantage has a significant positive correlation with  $r = 0.154$ ,  $p \leq 0.010$ . Hence hypothesis is accepted that there is a significant correlation between product line strategies and competitive advantage.

Table 2 - Descriptive Statistics and Correlations Matrix

	Mean	SD	1	2	3	4	Sig.
Competitive Advantage	60.15	5.17	1				
Product line Extension Strategy	12.13	1.87	0.690	1			.000
Product line Modernisation Strategy	24.38	2.14	0.452	0.604	1		.000
Product line Pruning Strategy	10.82	1.08	0.154	0.493	0.180	1	.010

### Test of Hypothesis 2

To test the hypothesis, multiple regression analysis techniques were used. Results of this analysis are shown in table 3. The multiple regressions of the three factors of product line extension strategies with the three factors of the firm's competitive advantage registered a highly significant F-ratios. The R square value of 0.788, indicating how competitive advantage was explained and accounted for by product line strategies. The Durbin-Watson values are within the acceptable range of 1.5 to 2.5 (Durbin & Watson, 1950), indicating that there is no significant autocorrelation in the residuals. The analysis reveals that vertical line extension and two-way line extension strategies have a significant positive influence on a firm's competitive advantage with beta values of 0.529 and 0.443 respectively. However, the horizontal line extension shows a significant negative relationship with the competitive advantage of firms with a beta value of -0.184. Therefore, Hypothesis two is accepted that Firms that adopt the product line extension strategy will have significant improvement in their competitive advantage.

Table 3 - Multiple regression Results: Product Line Extension Strategy to Competitive Advantage

	Competitive Advantage		
	Beta	t-value	p-value
Vertical Extension strategy	0.529	10.077	0.000
Horizontal line extension strategy	-0.184	-6.205	0.000
Two-way line extension strategy	0.443	8.501	0.000
R <sup>2</sup>			0.788
Adjusted R <sup>2</sup>			0.786
F- Ratio			339.544
Durbin Watson			1.340

Note:  $p < 0.05$

### Test of Hypothesis 3

Multiple regression analysis techniques were used to test this hypothesis. Table 4 illustrates the results of this analysis. The multiple regressions of the three factors of product line modernization strategies with the three factors of competitive advantage indicate a highly significant F-value of 73.282 and a statistical significance of (0.000). The R square value of 0.445 shows 44.5% of competitive advantage was explained and accounted for by product line modernization strategies. The Durbin-Watson value is 1.787 means it is within the acceptable range of 1.5 to 2.5 (Durbin & Watson, 1950), which means that there is no significant autocorrelation in the residuals.

The analysis demonstrates that modernizing products based on product features has significant positive effects on firm's competitive advantage with a beta value of 0.701 and p-value of 0.000 whereas modernizing to revive



dying products have a significant but negative influence on competitive advantage with a beta value of -0.313 and a p-value of 0.000. However, modernizing products based on premium features has a beta value of -0.169 and a p-value of 0.012 indicating an insignificant negative relationship with a competitive advantage. Therefore, Hypothesis Two is accepted that Firms' competitive advantage will be affected significantly by product line modernization strategy.

*Table 4 - Multiple regression Results: Product Line Modernization Strategy to Competitive Advantage*

	Competitive Advantage		
	Beta	t-value	p-value
Modernizing based on product features	0.701	10.679	0.000
Modernizing based on premium features	0.169	-2.527	0.012
Modernizing to revive dying products	-0.313	-6.778	0.000
R <sup>2</sup>			0.445
Adjusted R <sup>2</sup>			0.439
F- Ratio			73.282
Durbin Watson			1.787

Note: p<0.05

#### ***Test of Hypothesis 4***

Table 5 shows the results of the multiple regression analysis. The multiple regressions of the three elements of product line pruning strategies with the factors of competitive advantage registered highly significant F-value of 40.031 and statistical significance of 0.000. The R square value of 0.305 revealed that 30.5% of competitive advantage was explained and accounted for by product line pruning strategies. The Durbin-Watson value of 2.295 fell within the acceptable range of 1.5 to 2.5, indicating that there is no significant autocorrelation in the residuals (Durbin & Watson, 1950).

The analysis demonstrates that pruning unprofitable product strategy with a beta value of -0.529 and a p-value of 0.439 don't have a significant effect on a firm's competitive advantage. However, deleting resources draining product and discontinuing redundant product strategies, has beta values of 0.327 and 0.514 and p-values of 0.000 respectively. This indicates a significant positive effect on competitive advantage, Therefore, Hypothesis Three is accepted that Product line pruning strategy will have significant effects on firms' competitive advantage.

*Table 5 - Multiple Regression Results: Product Pruning Strategy to Competitive Advantage*

	Competitive Advantage		
	Beta	t-value	p-value
Pruning unprofitable product strategy	-0.529	-0.776	0.439
Deleting resources draining product strategy	0.327	6.232	0.000
Discontinuing redundant product strategy	0.514	9.786	0.000
R <sup>2</sup>			0.305
Adjusted R <sup>2</sup>			0.297
F- Ratio			40.031
Durbin Watson			2.297

Note: p<0.05



## Discussions

For any organizing to gain a competitive advantage over its rivals, it has to adopt different effective marketing strategies especially in the area of its product offerings. The finding of this study revealed that firms in the foods and beverage industry employs different types of product line strategies as a source of competitive advantage. This is in agreement with the view of (Akpyomare, 2012 & Shrestha, 2016). Depending on the market situation and firm market segment a product line extension strategy, product line modernization strategy or product line pruning strategy can be adopted by a firm to achieve marketing success. Findings also indicate a significant positive correlation between competitive advantage and each of the independent variables which are in agreement with the findings of (Allman, 2013; Ogbojafo et al, 2012 & Shrestha, 2016). Specifically, all the product line extension strategies have a significant positive effect on a firm's competitive advantage except product line modernization strategy which the result shows a significant negative influence on the competitive advantage of firms. Firms in the foods and beverages industry extend their product line vertically by adding higher-quality higher-priced product category to their product line. This will enable the firm to improve its profit as observed by (Bratic, 2011). Most of the firm that adopts this practice is the market leader. Another way of extending the product line is horizontally where a firm engages in adding a product category with a low-quality low price. Majority of the firms engaging in product line extension strategy belong to this category. This is because every firm can afford to produce the lower-quality lower-priced product. Finally, many firms in this study use both ways of product line extension. These firms add medium-quality medium-priced products to their product line to increase their sales volume. This generally concurs with the postulations made by (Ogbojafor, 2012).

Again, findings of the study revealed that product line modernization strategy strongly influence a firm's competitive advantage. This agrees well with the findings of (Akpyomare et al, 2012). In particular, modernizing based on product features such as quality, size color among others and based on premium features has a significant positive effect on competitive advantage. However, modernizing to revive a dying product affect competitive advantage in a negative manner. In general, firms engaged in altering the sizes of some product category to boost their sales volume. They also change the color, taste of some products in line with customers changing demand (Shrestha, 2016). Finding also showed that premium features are added to the existing product category by firms in the foods and beverages firms. This strategy is employed by some of the selected firms as a source of competitive advantage as observed by (Heath et al, 2011 & Wan et al, 2012).

Finally, finding of the present study revealed that product line pruning strategy proved to be an effective strategy for achieving competitive advantage in the foods and beverages industry as all the strategies here has a significant effect on the competitive advantage of firms positively except pruning unprofitable product strategy which has an insignificant effect. Firms delete redundant products from their product category and continue to offer the profitable once. Products that drain resources of the firms are also eliminated to enable channeling the limited resources to other products. Although, unprofitable Products are expected to be deleted by the selected firms, finding revealed that this is not the case as the majority of the respondent believed that their firms don't engage in this practice. All these are in agreement with the view of (Muir & Reynolds, 2011).

## Conclusions

Several conclusions have been drawn from this study based on the findings obtained. Firms can increase their competitive advantage by adopting product line extension strategy as more sales volume is expected from offering many product varieties a vertical line extension strategy provide to be strongly related to competitive advantage and can enable a firm offer the right kind of product to the target market while considering the prevailing economic conditions. A firm can use a vertical line extension strategy during an economic boom and horizontal line extension strategy when the economy is in crisis. A two-way extension strategy may be more



appropriate to the firm when the economy is in a steady state. These strategies can enhance a company's differentiation advantages.

A product line modernization strategy also has a significant positive relationship with a competitive advantage. Modernization base product characteristics such as color, size, taste, package. Modernization is also done on the bases of premium features that can make a product flagship in the company. Another major reason for adopting product line modernization strategy is saving a product from dying. The product line is modernized in order to revive a dying product by changing some of its features like Sharpe and color that can make it look entirely new.

Finally, it is proven that firms achieve a great level of improvement on their competitive advantage through product line proving strategy. Result of the present study proves that unprofitable products fare being deleted from the company's product line. Also, products that drain the company's resources to other profitable ventures. Competitive advantage is also achieved through discontinuing production of redundant products that reduce the company's sales volume.

## **Recommendations**

The following recommendations are offered by the researchers:

- Management of firms in foods and beverages industry should make product line decision a priority and give it the desired attention.
- Companies should look into ways of improving the quality of decisions regarding their product line due to the pivotal role it played in enhancing competitive advantage.
- The nature of the target market, as well as the prevailing economic conditions, should be put into consideration before deciding on the types of product line strategy to use.
- Product line pruning strategy should be applied with caution as some unprofitable products contributes to the overall profitability of the firm.
- Companies in the foods and beverages industry should adopt the identified product line strategies because it is concluded that they can enhance competitive advantage.

## **Managerial Implications**

The study combined the dimensions of product line strategies to determine optimal product line in the food and beverages industry. It provides the decision makers of food and beverages firms in Nigeria with a guide for determining the blend of product line strategies to adopt in order to gain competitive advantage. It also served as a guide to potential investors in the food and beverages industry to make an informed decision that can strategically improve the efficiency and effectiveness through its advocacy on reforming product line strategies.

## **Contributions to Knowledge**

The aim of this study is to explore the relationship between product line strategies and competitive advantage in the foods and beverages industry. Most of the research on product line strategies focused on their effects on consumer purchasing decision and how it will improve brand performance. The fact that the conceptual model for the research was deduced from the literature means the study has contributed to the frontiers of knowledge in the field of strategic management by focusing on the linkage between product line strategies and competitive advantage.



## Suggestions for Further Research

One limitation of this study is the potential common bias. The authors used the only questionnaire in collecting the data for the study. Opinion on product line strategy and even competitive advantage is a complex concept. It is possible that some important aspects of these concepts are being missed. It is, therefore, possible that different answers could have been gotten if a different method is used. A combination of multiple methods such as combining questionnaire with observation, interview and (or) focus group discussion could have yielded a different and better result. Finally, the research considered only two dimensions. The result could have been different if a mediating or moderating variable is added. It is therefore suggested that in future, interested researcher(s) should add variables like environmental factors, organizational culture and organizational performance to measure their moderating or mediating effect on the relationship between product line strategies and competitive advantage.

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