

DEVELOPING SERVICE DIFFERENTIATION THROUGH MARKET-SENSING CAPABILITY IN THE AIRLINE INDUSTRY: IMPLICATIONS FOR SUSTAINABLE TOURISM IN RIVERS STATE, NIGERIA

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ABSTRACT

Academics widely discuss the need for sustainable Tourism in various dimensions because of the impact of tourism on the environment, the economy and society, and stress the need for further research in the various sectors that comprise the Tourism Industry. Hence, this paper examines the relationship between market-sensing capability and service differentiation within the context of the airline sector that has made Touristic movement a possibility, in Rivers State, Nigeria. A survey of local airline organizations provides the basis for the empirical investigation. While the univariate analysis was carried out using descriptive statistics, the bivariate analysis was through the Pearson moment correlation coefficient. It was validated that there exists a strong relationship between the variables. One key finding is that a strong market-sensing capability on service differentiation can lead to an airline's strategies for customer centricity. This paper discusses the implications of these findings for researchers and managers.

KEYWORDS: Market-Sensing Capability, Service Differentiation, Airline Industry, Competitive Advantage, Tourism

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INTRODUCTION

The prominence of the airline sector for sustainable tourism is well established (Stanford University, 2008). Given the importance of the airline sector, concerted efforts have been made by past studies to understand the antecedents of service differentiation in the era where competitive advantage has gained a foothold. The heightened competition within the airline industry has made diversification and differentiation a practical tool for competitive advantage. This competition has progressed over the decades from simple to multifaceted, stable to dynamic, certain to uncertain, predictable to highly capricious and from tame to hostile. Thus, the onus therefore lies on airline operators to add unique features to their services to make it more valuable in the minds of customers. In the words of Leon-Ledesma (2002), differentiation is the presentation of quality services that are perceived as unique and exceptional when compared with other alternatives. Corroborating this, Kiama and Kagiri (2016) stated that service differentiation is achieved by offering a valued variation in the way in which services are delivered. Service differentiation has also been reiterated to be the process of intensifying efforts in variety of specialized and unique ways to boost customer patronage (Job & Nyongesa, 2016). These ways must be perceived and exhibited to be

unique and not easily imitable by competitors and perceived by the customers to be a meaningful venture that influences their choice or that it is worth delving into. It has therefore been argued severally that any organization that elicits service differentiation experiences increase in sales, profitability, market share, higher customer loyalty, increase in referrals and hence customer patronage (Ofoegbu & Onuoha, 2018)

While the importance of service differentiation is established in principle and practice, there is the need to seek for other factors that can trigger its implementation as a strategic tool to enhance not only competitive advantage but sustained tourism. What is found in extant literature are plethora of evidences on service differentiation not only in industrially advanced nations but also in other sectors of the economy aside from the airline industry (Abu Aliqah, 2012; Amelia, 2017; Atikiya, Mukulu, Kihoro & Waiganjo, 2015; Dirisu, Iyiola & Ibiidunni, 2013; Kireru, Ombui, & Omwenga, 2016). Despite the progress made in the understanding of service differentiation, there is still a need for a better comprehension of the attributes of the airline sector that determine this construct. This research is based on the assertion of Lindblom et al. (2008) that researches in market-sensing capabilities have been wrought with several challenges and methodological issues. The implication is that the impact of market-sensing capabilities is still a grey area in the literature and much research is still required to understand its dynamics. It therefore appears that there is a dearth of empirical validation on the relationship between market- sensing capability and service differentiation in Nigeria, and especially in the airline industry. This research therefore set out to empirically ascertain the relationship between market-sensing capability and service differentiation in the airline industry in Rivers State.

LITERATURE REVIEW

Theoretical Underpinning

Resource Based Theory

Wernerfelt proposed the Resource Based View (RBV) theory (1984). Barney (1991) developed it further, and it is now the most commonly employed to explain company performance. According to the RBV, a company's competitiveness is based on its ability to exploit a diverse set of valued intangible and tangible resources. The RBV of a firm establishes the position of idiosyncratic resources in a firm, which might take the shape of assets or capabilities, particularly those that are owned by the company (Lee et al., 2001). A firm's resources and competence that allow it to differentiate its services from its competitors might help it gain and maintain a competitive advantage. The RBV theory views a corporation as a collection of resources that have a significant impact on a firm's competitive advantage and performance. Furthermore, according to Barney (2001), a resource must be valuable, imperfectly transferable, difficult to copy, and scarce in order to become a source of competitiveness. Hence, in relation to this study, the major justification for the use of this theory is to explain the actual value creation process. Furthermore, factors internal to the firm, namely, its resources and capabilities, really determine its profits; this implies that when the market-sensing capabilities which are a prime resource of the organization are aptly utilized, there will be the observable and distinct differences in its offering to customers as the basis for establishing a competitive advantage.

Market-Sensing Capability

Market-sensing capability is defined as the ability for a company to anticipate market requirements and trends ahead of its competition. Market-sensing isn't the same as market research. According to Piercy (2008), market-sensing is an organizational process that focuses on improving overall understanding of the external environment. Enterprises may use sensing capabilities to continuously monitor the market, precisely identify market opportunities, and analyze market threats (Fang et al., 2014). The ability to sense the market is linked to the existence of analytical methods that allow for a

systematic scanning of changes in environmental opportunities and risks (Alvaro, 2016). Firms that do not develop these systems will be less equipped to assess the market and identify opportunities (Teece, 2007).

Sensing capability, according to Teece (2007), is a company's ability to continuously scan, discover, and investigate prospects across technologies and markets. Sensing capability is defined by Henderson and Clark (1990) as a firm's ability to uncover new possibilities, scan the environment, respond to competing strategies, and evaluate its competitive position. The firm must be able to reconfigure its resource base by successfully recognizing changes in the environment and responding in a way that allows the firm to attain a long-term competitive advantage (Rehman & Saeed, 2015).

Service Differentiation

Customers' requirements (needs, wants, desires, and preferences, buying habits) are matched with the capabilities of the company, based on the skills and resources accessible to the business organization, which leads to the issue of core competency (Holmes & Hooper, 2000). According to Webster (1994), when services are founded on core competences, they define the organization's value in each target market and its business strategy; as a result, any organization's business strategy must be able to provide it a competitive advantage over industry competitors.

A differentiation strategy aims to make a company stand apart in its industry in areas that purchasers value. It chooses one or more characteristics that many customers value and positions itself to suit those demands. It is compensated for its rarity with a premium price. Every industry has its own means of distinguishing. It can be determined by the service itself, the method by which it is delivered, the marketing strategy, and a variety of other factors. In the cosmetics industry, distinction is often dependent on product image and retail counter placement. A company that can attain and maintain distinction will outperform its peers in its field if the price premium it receives outweighs the additional costs of being distinctive. In his study on developing and maintaining competitive advantage, Jeff (2009) showed that differentiation strategies are built on offering buyers something new or unique that distinguishes the company's product or service from that of its competitors.

A differentiation strategy is based on the concept that customers are prepared to pay a higher price for a product or service that is unique (or at least seen to be unique) in some way.

Sensing Capability and Service Differentiation

A prime purpose of sensing capability is to enable are a collection of collective learning and skills that are exercised through organizational systems to provide better coordination of functional operations (Day, 1994), towards the attainment of understanding customers' needs and expectation. The sensing capability, which is basically the ability of the organization to be aware of change in its market and to make correct forecast reactions to its marketing operations, is one capability that is regarded to be critical in establishing successful businesses (Day, 1994). Market-sensing capabilities, according to current literature, refer to an organization's ability to exploit market intelligence obtained from various personal and public sources through formal (e.g., reports) and informal (e.g., hall talk) techniques. In general, market-sensing abilities are essential for creating market focus and, most importantly, firm performance (Day, 1994)

The ability of an organization's innovativeness in all domains is crucial to its competitiveness and survival. The ability to learn about competitors, customers, and distribution channels, as well as possessing distinctive competences and market-sensing aptitude (the organization's ability to be sensitive to the market environment), can help a company be more innovative. As a result, they are better at 'seeing' market possibilities than their competitors (Maman & Hassan, 2019). A

high sensing capability will thus increase the enabling of service differentiation. We therefore hypothesize that:

HO₁: There is no significant relationship between sensing capability and service differentiation of local airlines in Rivers State

EMPIRICAL REVIEW

Atikiya, Mukulu, Kihoro & Waiganjo (2015), established a positive effect of Differentiation Strategy on the Performance of Manufacturing Firms in Kenya. Furthermore, Dirisu, Iyiola, & Ibidunni (2013) affirmed that Product Differentiation is a Tool of Competitive Advantage and Optimal Organizational Performance in Unilever Nigeria, Plc.. Later, Also, Kiama & Kagiri (2016), Job & Nyongesa (2016) corroborated these findings in Kenya where they validated also that differentiation strategies is a sure way for organizational competitiveness. Kang & Na (2020) said that the differentiation strategy has a positive direct effect on competitive advantage, this result leads to increased efforts to offer new products, have a distinctive image and provide different services from competitors can improve and improve business position in competition. Lindblom, Olkkone, Mitronen, and Kajalo (2008) validated the importance of Market-sensing capability and business performance of retail entrepreneurs. Amelia (2017) established the positive relationship between Competitive Advantages and Differentiation Strategy and Services Quality in star hotels in Jakarta, Indonesia.

METHODOLOGY

The participants in this study are the staff of operating local airline companies in Rivers State. The population that can be accessed is determined by the number of years that the business has been in existence, which must be at least one year. The structured questionnaire, which consists of a set of printed or written questions with a choice of answers developed for the goals of a study or statistical study, is the instrument used by the researcher in collecting primary data. The questionnaire was divided into five sections, each with a 5-point Likert scale: Section I and II. Section I asks about demographic characteristics, whereas Section II focuses on the variables of this study.

To meet the subject of inquiry, the researcher adapted the questionnaire instrument developed by Ofoegbu and Onuoha (2018) and Monique (2006). Eight questions were adapted and utilized for each variable. The univariate analysis was carried out using descriptive statistics; the bivariate analysis was carried out using the Pearson moment correlation coefficient, via the Statistical Package for the Social Sciences version 21.0 was used to conduct all of these data analyses (SPSS).

The researcher used face validity, which indicates how closely a measure appears to be linked to a specific construct in the eyes of non-experts acting as legal representatives and test takers (Hamad, 2016).

The Cronbach Alpha coefficient is the most widely used internal consistency metric. Sensing capability had an alpha coefficient of 0.971 while service differentiation had a Cronbach alpha value of 0.876

RESULTS

The outcome of the descriptive analysis on the distribution and manifestations of the variables is depicted in this section. The statistical techniques used in this study are descriptive in nature, focusing on describing the average position and experiences of respondents in relation to the manifest qualities of the variables under study. As a result, the mean and standard deviation tools are used. The interpretations are based on a base mea

The result in the Table 1 showed the number of questionnaires used for the study, minimum, maximum, mean, standard deviation and variance. From Table 1, it was observed that the mean is 4.8 which gives an indication that there was a high and evident level of affirmation, since the given criterion mean $\bar{x} > 4$ indicates high and evident level of affirmation.

The result in the Table 2 showed the number of questionnaires used for the study, minimum, maximum, mean, standard deviation and variance. From Table 2, it was observed that the mean is 4.8 which gives an indication that there was a high and evident level of affirmation, since the given criterion mean $\bar{x} > 4$ indicates high and evident level of affirmation

Hypothesis 1: There is no significant relationship between sensing capability and service Differentiation of local airline operators in Rivers State.

To answer the above question and test the significance of the corresponding hypothesis, the data collected from the questionnaires on sensing capability and service differentiation of local airline operators were subjected to Pearson Product Moment Correlation statistics and the result presented in the Table below:

The result in Table 3 shows a correlation coefficient (r-value) of .837 and. The result was that there was a strong positive relationship between market-sensing capability and service differentiation. Furthermore, since the significant value of r was .003 which is less than the chosen (0.01) level of significance for a two- tailed test, the null hypothesis (H_{01}) was not accepted. We accept the alternate hypothesis which states that there is significant relationship between sensing capability and service Differentiation of local airline operators in Rivers State

Table 1: Descriptive Statistics on Sensing Capability

	N	Range	Minimum	Maximum	Mean	Std. Deviation	Variance
My company has processes for acquiring knowledge about our customer needs	112	1.00	4.00	5.00	4.8333	.37424	.140
We swiftly observe and anticipate new technological trends	112	1.00	4.00	5.00	4.7917	.40782	.166
My company is fast in observing changes in the environment	112	1.00	4.00	5.00	4.6750	.47034	.221
We are quick to note and understand new opportunities to serve our customers	112	1.00	4.00	5.00	4.8417	.36658	.134
We very often review the possible impact of changes in our environment	112	1.00	4.00	5.00	4.7917	.40782	.166
My organization is quick to recognize the potentials of employees	112	1.00	4.00	5.00	4.6750	.47034	.221
My company has processes for acquiring knowledge about our customer needs	112	1.00	4.00	5.00	4.6750	.47034	.221
My organization is able to predict future market changes	112	1.00	4.00	5.00	4.8417	.36658	.134
Valid N (listwise)	112						

Table 2: Descriptive Statistics for Service Differentiation

	N	Range	Minimum	Maximum	Mean	Std. Deviation	Variance
We modify our services often to suit our market	112	1.00	4.00	5.00	4.7000	.46018	.212
Our services are unique	112	1.00	4.00	5.00	4.8667	.34136	.117
We ensure our services satisfy our consumers	112	1.00	4.00	5.00	4.8417	.36658	.134
Our services cannot be replicated	112	1.00	4.00	5.00	4.4500	.49958	.250
My company train staff frequently to render distinguished service to every traveler	112	1.00	4.00	5.00	4.8667	.34136	.117
Valid N (listwise)	112						

Source: Researcher’s Computation, 2021

Table 3: Result of Statistical Testing of Hypothesis One Correlations

		Sensing_Capability	Service_Diff
Sensing_Capability	Pearson Correlation	1	.837
	Sig. (2-tailed)		.003
	N	112	112
Service_Diff	Pearson Correlation	.837	1
	Sig. (2-tailed)	.003	
	N	112	112

Correlation is significant at the 0.01 level (2-tailed).

Sensing Capability and Service Differentiation

From the result of the statistical test carried on hypothesis one, it was discovered that a strong positive relationship exists between sensing capability and service differentiation and the null hypothesis was rejected. This finding is supported by Ahmed, Ibrahim & Hasaballah (2017) and Alshanty & Emeagwali (2019) and Fang, Chang, Ou, and Chou (2014) in their studies on sensing capability and SMEs performance. They corroborated by stating that if SMEs can sense the condition of the market environment well, they will be capable of seeing the market needs, market trend, and business environment change which will improve company performance. This would invariably enhance competitive advantage by the ability to sense and identify opportunities and threats in the environment (Obiora, 2021).

Rehman and Saeed (2015) also established from their study that the firm must have the capability to reconfigure its resource base by sensing the changes in the environment effectively and responding accordingly in order to enable the firm to achieve a sustainable competitive advantage. This also corroborates the findings of this study in that sensing capability creates an understanding of market conditions, competition, and how the market will tend to change in the future and hence triggers off the ability of management to design provide service differentiation.

CONCLUSIONS AND RECOMMENDATIONS

This study set out to investigate the relationship between market-sensing capability and service differentiation in the airline sector in Rivers state. Theoretically, the results of this current study support the resource base perspective that an organisation's market sensing capability or competence is part of the critical influence for service differentiation. This research also proves the significant relationship between market-sensing capability and service differentiation. This implies that as management improves on its market-sensing capability, the level of service differentiation would be enhanced for its survivability.

Three managerial implications can be offered based on this study. First, the directors or managers of airlines need to maintain the role of market-sensing capability to continue to increase service differentiation. In this study, market-sensing capability is proven to have a vital role in dealing with a dynamic and turbulent business environment that tends to change rapidly. Airlines that have high market-sensing capability will be able to survive in business competition. Second, managers of airlines need to make efforts to redesign their business models to suit changes in market behavior, with regard to information processing from its boundary roles.

For researchers, this study has not only empirically validated this relationship but connects the resource base theory to their relationship.

The research sample was taken from local airlines in Rivers State, Nigeria; thus, the results cannot be generalized. Future research needs to be carried out to determine the conditions of airlines with regards to the variables under study, in

the post-covid era. Future research should be carried out in other tourism organisations, such as hotels and other transport organisations.

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