ABSTRACT: The study examined the relationship between Innovation Strategies and Sales Performance of food and beverage firms in Rivers State. The study adopted descriptive survey design using a quantitative approach; the population consisted of 25 Food and Beverages Firms in Rivers State. Sequel to the population of the study, which is 25 food and beverages firms, the study adopted a census study with a focus on the managerial staff (production manager, quality control manager, marketing manager and procurement manager). The questionnaire was distributed in the frame of four (4) copies per firm. A total of one hundred (100) copies of the questionnaire were distributed. The reliability of the instrument was determined using Cronbach’s alpha test. The data collected for this study were analyzed through descriptive and inferential statistics. The Spearman Rank Order Correlation Technique was employed to test the various hypotheses formulated. It was confirmed that innovation strategies via its dimensions showed a significant relationship with sales performance of food and beverage firms in Rivers State. The study concluded that innovation strategies are significant predictors of sales performance of food and beverage firms in Rivers State. The study recommends amongst others that food and beverage firms in Rivers State that are experiencing low sales performance should embark on incremental innovation as this would increase their level of performance and that they should adopt radical innovation strategy by making some major adjustments to their existing products as this would attract more customers to the firm and increase their sales.

KEYWORDS: Innovation Strategies, incremental innovation, radical innovation and Sales Performance.
INTRODUCTION

Improving sales performance of beverage firms is cardinal to their survival. Sales performance is the extent to which an organization makes progress in its selling activities. Sale is an activity involving selling of products and services in return for money or other compensation, which is initiated and completed by the seller, the owner of the goods (Anuradha & Vijai, 2011). Every firm wants to improve its sales performance and make more profit. Michael Porter argues that innovation is one of the most important competitive weapons and generally seen as a firm’s core value capability (Porter, 1990). Camison and López (2010) and Darroch (2005) stated that innovation plays an important role not only for large firms, but also for SMEs.

Cottam et al. (2001) submitted that high performance depends on the number of innovative applications. On the other hand, the results could be negative for businesses from time to time, as innovative applications also contain some risks. If risks such as competition risk and change risk could not be managed properly in the innovation process, the result could be disappointing. In this respect, innovation is not just about surviving or making the existence sustainable for firms but making a set of deliberate, purposeful, and systematic actions designed to stimulate and drive innovation throughout an organization, enabling it to adapt to changing market conditions and sustain growth (Tidd & Bessant, 2018).

Geroski and Machin (1992) examined the effects of the major innovations and patents to various corporate performances. They observed that effects of innovations on firm performance are relatively small, and the benefits from innovations are more likely direct. However, innovative firms seem to be less susceptible to cyclical sectarian and environmental pressures than non-innovative firms. It is against this backdrop that this study examined the relationship between innovation strategies and sales performance of food and beverage firms in Rivers State.

Statement of the Problem

One of the major challenges confronting food and beverage firms in Rivers State is how to improve their sales performance in order to survive in the industry. A keen observation shows that most of the food and beverage firms in Rivers State are finding it difficult to compete favorably with their larger counterparts as a result of lack of innovative products. Product innovation can help to improve the market competitiveness of food and beverage firms by increasing their level of customer patronage which will in turn affect its sales performance. Although there are theoretical and empirical works that support innovation as a means for improving sales performance (Kourovskaia, 2013), however, most of the studies conducted on innovation and performance of firms did not focus on food and beverage firms in Rivers State. This has created a vacuum in literature that needs to be filled. It is against this backdrop that this study examined the relationship between Innovation Strategies and Sales Performance of food and beverage firms in Rivers State.
Conceptual Framework

Fig. 1.1: The conceptual framework of innovation strategies and sales performance of food and beverage firms in Rivers State.

Source: Anderson (2007); Dirisu et al (2013); Li and Wang (2019)

Aim and Objectives of the Study

The aim of this study was to examine the relationship between innovation strategies and sales performance of food and beverage firms in Rivers State. The specific objectives of the study are to:

i. determine the relationship between incremental innovation strategy and customer patronage of food and beverages firms in Rivers State.

ii. investigate the relationship between radical innovation strategy and customer patronage of food and beverages firms in Rivers State.

Research Questions

The following research questions were raised to address the objectives of the study:

i. How does incremental innovation strategy relate with customer patronage of food and beverages firms in Rivers State?

ii. How does radical innovation strategy relate with customer patronage of food and beverages firms in Rivers State?
Research Hypotheses

The following hypotheses were raised and tested:

Ho$_1$: There is no significant relationship between incremental innovation strategy and customer patronage of food and beverages firms in Rivers State.

Ho$_2$: There is no significant relationship between radical innovation strategy and customer patronage of food and beverages firms in Rivers State.

REVIEW OF RELATED LITERATURE

Theoretical Review

This study is underpinned by the Innovation Diffusion theory.

Innovation Diffusion Theory

Innovation diffusion theory was developed by Roger (1983). The innovation diffusion theory denotes individuals’ intention to adopt a technology as a modality to perform a traditional activity (Simon & Senaji, 2016). The motivating factor that drives individuals’ intention to adopt modern technology to perform traditional activities is relative advantage which is expected to be gained. This theory is more concerned about the manner in which technological ideas are put to use. It explains how individuals and business organizations intend to use modern technology to perform their operations. Olannyei et al. (2017) stated that innovation diffusion theory tends to describe the manner in which individuals and corporate organizations accept technology as a modality to perform their traditional operations. It is all about the intention of the individuals or organization to embrace modern technology to perform their activities efficiently.

The innovation diffusion theory is very useful in studying the motives behind product innovation in the informal sector. The theory explains that the motive behind the adoption of technology by food and beverage SMEs is to gain a competitive advantage over their larger rivals. According to Idowu et al. (2016), food and beverage SMEs considered it beneficial to adopt modern technology (ICT) in their operation because of its potential in improving their competitiveness. This has led to the development of new production techniques which makes it possible to produce high quality products. With technology, SMEs can manufacture their products using modern technology and deliver quality products to their target customers (Simon & Senaji, 2016).

Relevance of the Theory

The innovation diffusion theory supports the fact that food and beverage firms can use technology to innovate their products. The theory explains that modern technology enables food and beverage SMEs to initiate a series of product innovations which will improve their market competitiveness. With these innovative products, food and beverage firms can satisfy their customers, retain them for a longer term and attract new customers to the firm.
Conceptual Review

Here, concepts used in the study were reviewed.

Concept of Innovation Strategies

Innovative strategies are "a set of deliberate, purposeful, and systematic actions designed to stimulate and drive innovation throughout an organization, enabling it to adapt to changing market conditions and sustain growth" (Tidd & Bessant, p4 2018). This definition highlights the purposeful and systematic nature of innovative strategies, emphasizing their role in enabling adaptation and growth. Canh et al. (2019) stated that innovative strategies refer to the approaches and methods that organizations use to foster and implement innovation within their operations, products, or services. These strategies are designed to encourage creative thinking, generate new ideas, and ultimately drive business growth and competitive advantage. Whatever innovation strategy a firm chooses, the direct motivation can be a mixture of reasons, such as increased product performance, increased productivity and/or lower production costs, while the underlying motivation is probably to preserve or increase competitive advantage in the existing or new market place (Alkalouti et al., 2020; Chen, 2017; Byukusenge & Munene, 2017; Marinidarraga & Cuartas-Martin, 2019).

Dimensions of Innovation Strategies

Previous studies have indicated that innovation strategies can take two forms, namely; incremental innovation strategy and radical innovation strategy (Kumar, 2016; Kalbach, 2012; Engen & Holen, 2014; Leifer, 2000; Adner, 2016). These two dimensions of innovation strategies are discussed below:

Incremental Innovation Strategy

Incremental innovation refers to small, gradual improvements or enhancements made to existing products, processes, or services, aimed at refining their efficiency, performance, or user experience (Davila et al., 2012). To Tidd and Bessant (2018), incremental innovation involves "evolutionary changes made to existing products or processes that build on established knowledge, methods, and technologies. This definition highlights the nature of incremental innovation as a series of gradual and small-scale improvements to existing elements, resulting in enhanced overall functionality. Additionally, Cooper (2011) submitted that incremental innovation refers to the ongoing process of making small changes to products, services, or processes that yield gradual improvements and maintain a competitive edge.

Incremental innovation involves making adjustments, refinements, and enhancements to current products, services, or processes. This can include improving features, performance, reliability, ease of use, or cost-effectiveness. Organizations that engage in incremental innovation commit to ongoing improvement cycles. Small changes are consistently introduced to address user feedback, fix minor issues, and adapt to changing market needs (Letchmenan, 2006).
Radical Innovation Strategy

Radical innovation involves "the development of entirely new products, services, or processes that introduce groundbreaking concepts, challenging existing paradigms and often creating entirely new markets" (Tushman & O'Reilly, p10 1996). To Drejer (2004), radical innovation involves the development of solutions that address problems or opportunities in fundamentally new ways, resulting in breakthrough results that revolutionize industries or markets. This definition emphasizes the revolutionary outcomes of radical innovation, which can reshape entire industries and reshape consumer behaviors. Furthermore, Davila et al. (2012) submitted that radical innovation refers to innovations that bring about significant changes, leading to the creation of new value propositions, altering market dynamics, and often requiring substantial shifts in technology or business models. His definition underscores the profound impact of radical innovation on markets, necessitating fundamental changes in how products or services are conceived, developed, and delivered.

Radical innovation disrupts existing market dynamics and challenges traditional business models. It often brings about fundamental shifts in technology, value chains, and customer expectations; radical innovation introduces new value propositions that can create entirely new markets or redefine existing ones. It involves thinking beyond incremental improvements and embracing entirely new approaches (Kanagal, 2015). Examples of radical innovation include the introduction of the internet, the development of the smartphone, the advent of electric vehicles, and the creation of digital streaming platforms (Kanagal, 2015).

Concept of Sales Performance

Sales performance is the evaluation of sales quantity generated by the activities of business primarily that of individual sales representatives as described by O'Sullivan, and Abela (2007). Sales performance is the extent to which an organization makes progress in its selling activities. Sale is an activity involving selling of products and services in return for money or other compensation, which is initiated and completed by the seller, the owner of the goods. The first step is the agreement to an acquisition followed by the passing of title and settlement of prices, the sales complete prior to payment and makes the payment obligatory (Anuradha & Vijai, 2011). Sales department contributes majorly in any organization’s growth; the goal is to increase the number of interactions between potential customers and company using promotional techniques such as advertising techniques, sales promotion, publicity and public relations, creating new sales channels, or creating new products, among other things. It deals with the interaction between the customer and sales facility and sales person.

Measures of Sales Performance

Zairi (2014) categorized performance measurement into four, namely: Profit (which include: return on assets, return on investment and return on sales); growth (in term of sales, market share and wealth creation); stakeholder satisfaction (which includes customer satisfaction, customer patronage and employees satisfaction) and competitive position (which includes overall competitive position and success rate in launching new product). However, this study used customer patronage as a subjective measure of sales performance.
Customer Patronage

Customer patronage is a key concept in marketing. The concept has been described from the behavioral and attitudinal point of view. For instance, Ding et al. (2015) defined customer patronage as choice behavior whereby a customer prefers to patronize an organization over others in the same industry. Here, customer patronage represents the preference for a company’s products or services. Garga and Bambale (2016) defined customer patronage as the extent to which a customer patronizes a particular company’s products or services based on the result of his or her assessment and personal experience. Kumar (2016, p13) proposed a more simplified definition of patronage behavior of consumers as “the repeat patronage behavior at a particular company for either the same products or any other products.”

Empirical Review

Under this section, various studies that are related to the study were reviewed:

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Title of Work</th>
<th>Place</th>
<th>Methodology</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shih (2018)</td>
<td>Determinants of enterprises radical innovation and performance</td>
<td>USA</td>
<td>The researchers adopted the quantitative research approach and the descriptive survey research design. The data for their study were collected from managers in 86 cultural and creative organizations using a structured questionnaire. Regression analysis was used for data analysis.</td>
<td>The findings revealed that entrepreneurial or market orientation is one of the crucial factors that facilitate the adaptation of radical innovation. The study also revealed that brand advantage is a crucial factor influencing firm performance after radical innovation.</td>
</tr>
<tr>
<td>Muita (2013)</td>
<td>Innovation strategies and competitive advantage in the telecommunication industry in Kenya</td>
<td>Kenya</td>
<td>Descriptive survey research was adopted. Structured questionnaire was used for data collection while the percentage and frequency analysis, mean, standard deviation, bar chart, pie chart, and the SPSS version 21.0</td>
<td>The findings showed that most of the innovation strategies formulated by telecommunication companies were met to meet customers’ needs. The study also reported that technological innovation and research significantly improved the competitiveness of telecom companies.</td>
</tr>
</tbody>
</table>
were used for data analysis.

<table>
<thead>
<tr>
<th>Authors</th>
<th>Title</th>
<th>Country</th>
<th>Methodology</th>
<th>Data Collection</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ogbo et al. (2012)</td>
<td>Managing innovations in telecommunications industry in Nigeria</td>
<td>Nigeria</td>
<td>Data were collected from available literature to determine how innovative the operators in the telecommunication industry are, and how it affects their market performance.</td>
<td>The study reported that there are innovative activities being carried out by telecom operators. These innovative products/services have significantly enhanced the performance of these companies.</td>
<td></td>
</tr>
<tr>
<td>Letchemenan (2006)</td>
<td>Determinants of incremental and radical innovations in industries operating in Malaysia</td>
<td>Malaysia</td>
<td>Quantitative research approach and descriptive survey research design were adopted. The data for the study were collected from 200 employees using a structured questionnaire. Descriptive statistics and the regression analysis were used for data analysis.</td>
<td>The study reported that organization’s capabilities and demographic variables have a positive relationship with incremental innovation. The study found no significant relationship between organization’s capabilities/demographics and radical innovation. The study concluded that organization’s capabilities influence their decision to practice incremental or radical innovations in Malaysia.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Empirical Review

**METHODOLOGY**

The research study adopted descriptive survey design using a quantitative approach; the population of the study consisted of 25 food and beverages firms in Rivers State culled from www.directory.org.ng. Sequel to the population of the study, which is 25 food and beverages firms, the study adopted a census study with a focus on the managerial staff (production manager, quality control manager, marketing manager and procurement manager). The questionnaire was distributed in the frame of four (4) copies per firm. A total of one hundred (100) copies of the questionnaire were distributed. The reliability of the instrument was determined using Cronbach’s alpha test with the aid of Statistical Package for Social Sciences (SPSS) version 23 and it stood at 0.98 higher than the benchmark of 0.7. The data collected for this study were analyzed through descriptive and inferential statistics. The Spearman
Rank Order Correlation Technique and the Regression Model was employed to test the various hypotheses formulated through the aid of Statistical Package for Social Sciences (SPSS) version 23.0.

DATA ANALYSIS AND RESULTS

Questionnaire Distribution and Retrieval

<table>
<thead>
<tr>
<th>Issued</th>
<th>100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned</td>
<td>95</td>
</tr>
<tr>
<td>Useful</td>
<td>80</td>
</tr>
<tr>
<td>Not useful</td>
<td>15</td>
</tr>
</tbody>
</table>

Source; survey Data, 2024

The table above shows the questionnaire distribution and retrieval. The researcher issued 100 copies of the questionnaire and retrieved 95, 80 were useful and 15 were not useful. This represents 80% response rate and it was considered significant for the study.

![Gender Distribution Chart]

Source: Survey Data, 2024.

The above chart shows the gender of respondents as a means of ensuring that both male and female are represented in the study. 48 (61%) of the respondents are male and 32 (39%) are female. This shows that the majority of the respondents are male.

Bivariate Analysis

Here, efforts were made to test the hypotheses formulated for this study.
Test of Hypothesis One (1)

Ho₁: There is no significant relationship between incremental innovation strategy and customer patronage of food and beverages firms in Rivers State.

<table>
<thead>
<tr>
<th>Correlations</th>
<th>incremental innovation strategy</th>
<th>customer patronage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman's rho</td>
<td>Correlation Coefficient</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>80</td>
</tr>
</tbody>
</table>

| customer patronage | Correlation Coefficient | 1.000 | .798* |
|                    | Sig. (2-tailed) | .023 | . |
|                    | N | 80 | 80 |

*. Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS output, 2024

The table above presents the result of correlation analysis between incremental innovation strategy and customer patronage of food and beverages firms in Rivers State. The result indicates that there is a strong correlation between incremental innovation strategy and customer patronage (rho = .798*) and this correlation is significant at 0.05 level as indicated by the symbol *. Based on this result, the null hypothesis (Ho₁) is rejected, and the alternate hypothesis is accepted. This means that there is a significant relationship between incremental innovation strategy and customer patronage of food and beverages firms in Rivers State.

Test of Hypothesis Two (2)

Ho₂: There is no significant relationship between radical innovation strategy and customer patronage of food and beverages firms in Rivers State.

<table>
<thead>
<tr>
<th>Correlations</th>
<th>radical innovation strategy</th>
<th>customer patronage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman's rho</td>
<td>Correlation Coefficient</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>80</td>
</tr>
</tbody>
</table>

| customer patronage | Correlation Coefficient | .8388* | 1.000 |
|                    | Sig. (2-tailed) | .016 | . |
|                    | N | 80 | 80 |

*. Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS output, 2024
The table above presents the result of correlation analysis between radical innovation strategy and customer patronage of food and beverages firms in Rivers State. The result indicates that there is a strong correlation between radical innovation strategy and customer patronage (rho = .838*) and this correlation is significant at 0.05 level as indicated by the symbol *. Based on this result, the null hypothesis (H0) is rejected, and the alternate hypothesis is accepted. This means that there is a significant relationship between radical innovation strategy and customer patronage of food and beverages firms in Rivers State.

DISCUSSION OF FINDINGS

This study found a very strong positive and significant relationship between incremental innovation strategy and customer patronage of food and beverage firms in Rivers State. This finding is supported by De Luca and Atuahene-Gima (2007) who noted that companies that innovate their products incrementally would experience massive increase in their level of customer patronage. Zott and Amit (2008) also agreed with this finding when they stated that incremental innovation significantly increased the level of customer patronage of firms. Also, the study found a very strong positive and significant relationship between radical innovation strategy and customer patronage of food and beverage firms in Rivers State. This finding is supported by Alegre et al. (2006) who noted that customers are more likely to purchase new products that are launched into the market but only if the products resonate with their needs. Verhees and Meulenberg (2004) also agreed with this finding when they stated that radical innovation would attract more customers to a firm and increase the firm’s level of customer patronage.

CONCLUSION

It was confirmed that innovation strategies are capable of improving sales performance of food and beverage firms in Rivers State. The results of this study proved this as the dimensions of innovation strategies (incremental innovation strategy and radical innovation strategy) were found to be significant predictors of sales performance. Since all the dimensions of innovation strategies are significant predictors of sales performance. It is therefore concluded that innovation strategies are significant predictors of sales performance of food and beverage firms in Rivers State.

RECOMMENDATIONS

Based on the findings and conclusions, the following recommendations are provided:

i. Food and beverage firms in Rivers State that are experiencing low sales performance should embark on incremental innovation as this would increase their level of customer patronage.

ii. Food and beverage firms in Rivers State whose sales are declining should adopt radical innovation strategies by making some major adjustments to their existing products as this would attract more customers to the firm and increase their sales.
REFERENCES


