
PRODUCT DIFFERENTIATION STRATEGIES AND FIRM VALUE OF LISTED CONSUMER GOODS MANUFACTURING FIRMS IN NIGERIA

***¹Soyinka Kazeem Akanfe, ²Ogundubose Abiodun Oluseun**

¹Department of Accounting, Adekunle Ajasin University, Akungba-Akoko, Ondo State, Nigeria.

²Department of Marketing, Rufus Giwa Polytechnic, Owo, Ondo State, Nigeria.

Article Received: 18 April 2026

Article Revised: 08 May 2026

Published on: 28 May 2026

*Corresponding Author: Soyinka Kazeem Akanfe

Department of Accounting, Adekunle Ajasin University, Akungba-Akoko, Ondo State, Nigeria.

DOI: <https://doi-doi.org/101555/ijrpa.8300>

ABSTRACT

Declining firm value caused by weak competitiveness, poor product positioning, and growing market uncertainty has continued to generate concern among investors and policymakers. Existing studies focused mainly on profitability and operational performance with limited attention to market-based measures such as Tobin's Q, particularly within the Nigerian manufacturing sector. This study examined the effect of product differentiation strategies on the firm value of listed consumer goods manufacturing firms in Nigeria, using Product Innovation Intensity, Product Quality Certification, Product Portfolio Concentration, and Product-Centric Sustainability Disclosure as proxies. A longitudinal research design was adopted, covering all twenty (20) listed consumer goods manufacturing firms on the Nigerian Exchange Group from 2014 to 2023. The sample size of 20 firms was selected through an inclusion criterion sampling technique based on the availability of complete annual reports and accounts. Secondary data obtained from annual reports were analysed using descriptive statistics, correlation analysis, panel least squares regression, and diagnostic tests. The findings revealed that Product Innovation Intensity, Product Quality Certification, Product Portfolio Concentration, and Product-Centric Sustainability Disclosure all exert positive and significant effects on Tobin's Q. The study concludes that effective product differentiation strategies improve competitiveness, investor confidence, and long-term firm value, and recommends stronger investment in innovation, quality certification, strategic product focus, and sustainability disclosure practices among manufacturing firms.

KEYWORDS: Product differentiation strategies; product innovation intensity; product quality certification.

1. INTRODUCTION

The persistent rise in inflation and interest rates in developed economies has continued to threaten firm value through its adverse effects on profitability, investment decisions, and investor confidence. Global market capitalisation reportedly declined from about US\$111 trillion to US\$93.7 trillion as countries such as the United States and members of the Eurozone adopted tighter monetary policies to curb inflation. Higher borrowing costs reduced firms' ability to expand operations and improve returns. Baker et al. (2022) observed that inflation uncertainty and monetary tightening increased stock market volatility and weakened corporate valuations. Hassan et al. (2023) also noted that macroeconomic uncertainty reduced expected earnings and market performance in advanced economies. Similarly, Fabiani (2023) found that inflationary pressure negatively affected firms' capital structure and market valuation. The European Investment Bank (2024) further reported that persistent inflation and high interest rates weakened profitability and long-term investment capacity, especially among highly leveraged firms. These challenges are increasingly becoming evident in developing economies such as Nigeria.

Firm value in developing countries, particularly Nigeria, continues to suffer from weak corporate governance, poor infrastructure, and ineffective regulatory enforcement. These challenges increase operational costs, discourage investment, and limit business growth opportunities. In Nigeria, unstable electricity supply and poor transportation networks have negatively affected firms' productivity and competitiveness. Nnadi and Soobaroyen (2022) noted that institutional inefficiencies reduced investor confidence and weakened firm valuation in African economies. Uwuigbe et al. (2023) also found that poor regulatory compliance affected the market performance of listed firms in Nigeria. Similarly, Akinyomi and Olutoye (2021) observed that infrastructural deficiencies contributed to lower profitability and operational inefficiency. Eze et al. (2024) further reported that political instability discouraged investment and weakened business sustainability. The World Bank (2024) maintained that institutional weaknesses remain a major barrier to private sector growth and improved firm value in Nigeria.

The persistent decline in firm value across developed and developing economies has continued to raise serious economic and business concerns. Declining firm value weakens shareholder confidence, discourages investors, and limits firms' ability to secure funds for

expansion and innovation. In developed economies, rising inflation and high interest rates have contributed to falling stock prices and lower corporate investment activities (Baker et al., 2022). In Nigeria and other developing countries, weak institutions, poor infrastructure, and ineffective regulations have increased business costs and reduced competitiveness (Nnadi & Soobaroyen, 2022). These conditions have resulted in lower profitability, weak market performance, and, in some cases, business failure and job losses. Uwuigbe et al. (2023) also observed that governance and compliance challenges weakened the sustainability of listed firms in Nigeria. The European Investment Bank (2024) further reported that economic uncertainty and financial pressure continued to affect firms' long-term performance and investment capacity.

Efforts to address the challenges affecting firm value continue to emerge from policymakers, researchers, and international organisations across the world. In developed economies, monetary authorities have introduced policies aimed at controlling inflation, stabilising financial markets, and restoring investor confidence. The International Monetary Fund (2024) emphasised that sound financial regulation and coordinated economic reforms are important for improving corporate performance and investment growth. Similarly, the World Bank (2024) advocated institutional reforms, infrastructure development, and improved governance to strengthen private-sector growth in developing economies. Many firms have also adopted innovation, digital transformation, and sustainability practices to improve competitiveness and market valuation. Gompers et al. (2021) and Claessens and Yurtoglu (2022) observed that strong governance structures and effective regulations enhance investor trust and firm stability. Aguilera et al. (2023) further noted that institutional accountability and strategic managerial reforms improve operational efficiency and long-term value.

Product differentiation strategies have become important tools for helping firms manage the challenges affecting firm value across developed and developing economies. Firms that offer unique products, better quality, innovative designs, and strong brand identity are often able to attract more customers and strengthen their market position. Differentiation also reduces excessive price competition and encourages customer loyalty, thereby supporting long-term profitability and market value. Hanaysha et al. (2020) noted that product uniqueness and innovation significantly improve customer satisfaction and firm performance. Crick and Crick (2021) also observed that differentiation strategies improve firms' competitiveness and resilience during economic uncertainty. Similarly, Adebayo et al. (2022) found that product quality and brand distinction positively influenced manufacturing firms' market performance in emerging economies. Nguyen et al. (2023) further explained that continuous product

innovation enhances firms' adaptability and investor attractiveness. More recently, Bontadini, Campi, and Dueñas (2024) reported that product-focused strategies contribute significantly to firm value and sustainable competitive advantage.

Despite the growing attention given to product differentiation strategies, important gaps still exist in explaining how these strategies influence firm value. Many previous studies focused more on profitability, customer satisfaction, and competitive advantage, with limited attention to market-based measures such as Tobin's Q and shareholders' wealth. Anning-Dorson (2020), Alzoubi et al. (2021), and Odoom and Mensah (2021) examined innovation, marketing capability, and customer loyalty without adequately addressing firm valuation. Similarly, Bae and Chang (2022) focused on Asian firms with little evidence from African economies. Olalekan and Adebisi (2023) also concentrated on branding strategies and sales growth among Nigerian consumer goods firms without considering broader market valuation indicators. These conceptual limitations reveal the need for more evidence on product differentiation strategies and firm value among listed manufacturing firms in Nigeria.

Existing studies also exhibit limitations relating to research design, data coverage, and contextual focus. Many earlier studies relied heavily on survey methods and cross-sectional data, with limited use of secondary panel data capable of explaining long-term market value behaviour. Chege and Wang (2020) and Ibrahim and Mahmood (2021) focused mainly on SMEs and service-oriented firms in developed economies, leaving limited evidence from manufacturing firms in developing countries. Adeyemi et al. (2022) also examined product uniqueness using short-term accounting measures rather than market-based valuation indicators. Similarly, Mensah and Boakye (2023) ignored the combined effect of product differentiation dimensions on firm value. More recently, Kalu and Ekwueme (2024) concentrated on unlisted firms in Nigeria, thereby providing limited evidence on listed manufacturing firms. These limitations create the need for a more comprehensive study on product differentiation strategies and firm value within the Nigerian manufacturing sector.

In response to the gaps identified in previous studies, this study examines the effect of product differentiation strategies on the firm value of listed consumer goods manufacturing firms in Nigeria. The study focuses on important dimensions of product differentiation strategies such as product innovation intensity, product quality certification, product portfolio concentration, and product-centric sustainability disclosure, while firm value is measured using Tobin's Q. Listed consumer goods manufacturing firms were selected because they operate in a highly competitive and dynamic business environment where product differentiation has become necessary for survival and growth. The sector also provides access

to reliable public financial data and reflects varying product strategies adopted by firms in Nigeria. More importantly, these firms offer a suitable setting for understanding how product-focused strategies influence market valuation in an emerging economy. By addressing the gaps found in earlier studies, this research is expected to provide useful empirical evidence and practical insights that will benefit managers, investors, policymakers, and future researchers interested in firm value and strategic management in developing countries.

2. Literature Review

This section reviewed the literature concerning relevant concepts, theories, and empirical studies.

2.1 Conceptual Review

A conceptual review of product differentiation strategies and firm value examines how product innovation, quality certification, portfolio concentration, and sustainability practices strengthen competitiveness and improve firm value. These strategies help firms enhance market positioning, profitability, and long-term business sustainability.

2.1.1 Firm Value

Firm value refers to the overall worth of a firm based on investors' perception of its ability to generate future profits, maintain growth, and sustain operations over time. Butt et al. (2021) explained that firm value reflects both current financial performance and future market expectations. A high firm value often indicates strong profitability, sound managerial decisions, and better growth opportunities, while a low value may suggest weak market confidence. Thoma (2021) also noted that firms with higher market value are usually viewed as more competitive and financially stable. In corporate finance, increasing firm value remains a major objective because it influences investment decisions and access to finance. Firm value can be measured using accounting-based indicators such as ROA, ROE, and EPS, as well as market-based measures like Market Capitalisation and Tobin's Q. Intara (2024) maintained that Tobin's Q is more suitable because it captures both market valuation and investors' future expectations. Similarly, Tharavanij (2024) and Kruglov and Shaw (2024) observed that Tobin's Q provides a broader assessment of competitiveness, innovation capacity, and long-term value creation.

2.1.2 Product Differentiation Strategies

Product differentiation strategies refer to the deliberate efforts made by firms to distinguish their products from those of competitors through unique features, superior quality, branding,

innovation, and customer value. The strategy is aimed at creating a distinct market identity that attracts customers, strengthens loyalty, and reduces intense price competition. Hanaysha et al. (2020) explained that product differentiation helps firms create customer preference by offering products perceived as unique and valuable. Crick and Crick (2021) noted that differentiation strategies improve competitiveness and help firms remain relevant during economic uncertainty. Product differentiation strategies may involve product innovation intensity, product quality certification, product portfolio concentration, and product-centric sustainability practices. Nguyen et al. (2023) further argued that continuous innovation and quality improvement enhance firms' profitability and market positioning. Bontadini et al. (2024) observed that product-focused strategies contribute significantly to competitive advantage and long-term firm value.

2.1.2.1 Product Innovation Intensity

Product innovation intensity refers to the extent to which a firm continuously develops and improves products to meet changing customer needs and remain competitive. It reflects a firm's commitment to research, creativity, technological advancement, and continuous improvement. Firms with strong innovation intensity are often better positioned to respond to market changes, improve customer loyalty, and enhance profitability. Varis and Littunen (2020) explained that continuous product innovation strengthens firms' competitiveness and growth potential. Ferreira et al. (2021) also noted that innovative product development supports customer retention and market expansion. Similarly, Usman and Hwang (2022) found that firms investing heavily in product innovation achieve stronger operational performance and sustainability. Cuevas-Vargas et al. (2023) further argued that innovation improves firms' adaptability and strategic positioning in competitive industries. Zhang and Ma (2024) maintained that sustained investment in innovative products positively influences market value and long-term competitive advantage.

2.1.2.2 Product Quality Certification

Product quality certification refers to the official approval given to products that meet established quality, safety, and performance standards set by recognised regulatory bodies. It indicates that a firm's products satisfy acceptable production requirements, thereby improving customer confidence and market acceptance. In a competitive business environment, quality certification helps firms strengthen reputation and maintain customer trust. Fonseca and Domingues (2021) noted that quality certification improves operational efficiency and customer confidence in products. Psomas et al. (2022) also observed that

certified product quality positively influences customer satisfaction and organisational performance. Product quality certification can be measured through ISO certifications, compliance with industry standards, certified products, and quality disclosures in annual reports. Zimon and Madzik (2023) explained that certification reduces product-related risks and improves process efficiency. Alolayyan et al. (2024) maintained that firms with recognised quality certifications are more likely to attract investors and strengthen firm value.

2.1.2.3 Product Portfolio Concentration

Product portfolio concentration refers to the extent to which a firm focuses on a limited range of products or product categories within its operations. It reflects the level of specialisation in a firm's product offerings rather than spreading resources across too many product lines. Firms with concentrated product portfolios often devote more attention to improving product quality, brand identity, and operational efficiency within specific markets. Benner and Waldfogel (2020) explained that product portfolio concentration helps firms improve strategic focus and market performance through better resource allocation. Similarly, Hsu et al. (2021) observed that firms with focused product portfolios are more likely to achieve stronger customer loyalty and brand recognition. Product portfolio concentration can be measured using indicators such as revenue concentration from major product lines, product segment dominance, and concentration ratios within firms' product structures. Kim and McAlister (2022) further noted that concentrated product strategies improve operational control and long-term profitability. More recently, Becerra et al. (2024) maintained that product portfolio concentration strengthens competitive advantage and contributes positively to firm value.

2.1.2.4 Product-Centric Sustainability Disclosure

Product-centric sustainability disclosure refers to information provided by firms regarding the environmental and sustainability aspects of their products in annual or sustainability reports. It includes areas such as eco-friendly production, recyclable packaging, responsible sourcing, and product environmental impact. Firms now pay greater attention to sustainability disclosure because of rising consumer awareness and investors' interest in environmentally responsible practices. García-Sánchez and Araujo-Bernardo (2020) noted that sustainability disclosure improves corporate transparency and stakeholder confidence. Yu and Luu (2021) also observed that effective sustainability disclosure enhances customer loyalty and market reputation. Product-centric sustainability disclosure can be measured using sustainability disclosure scores, environmental reporting indices, and the extent of product-related

disclosures. Tsalis et al. (2023) further explained that sustainability disclosure strengthens firms' legitimacy and competitiveness. More recently, Wang and Sarkis (2024) maintained that stronger sustainability disclosure practices improve investor attraction and long-term firm value.

2.1.2.5 Product Differentiation Strategies and Firm Value

Product differentiation strategies refer to the various ways firms make their products distinct through innovation, quality improvement, sustainability practices, and strategic product focus. Firms that invest in product innovation intensity are often able to introduce unique products that strengthen market position and attract customers (Bontadini et al., 2023). Product quality certification also improves customer trust because consumers prefer products that meet recognised standards (Wang & Sarkis, 2024). Similarly, product portfolio concentration helps firms focus resources on profitable product lines with stronger market potential (Lee & Kim, 2023). Product-centric sustainability disclosure has also become important as firms increasingly disclose the environmental and social impact of their products (Raimo et al., 2024). In Nigeria, Akinlo and Iredele (2024) and Gwar et al. (2024) observed that sustainability practices improve corporate image and market performance. Porter (1985) further maintained that firms with unique products are better positioned to survive intense competition.

Firm value, commonly measured using Tobin's Q, reflects investors' perception of a firm's prospects and market worth (Zaleski, 2024). The relationship between product differentiation strategies and firm value is based on the view that firms with innovative and unique products often attract stronger investor confidence and better market valuation (Deng et al., 2023). Product innovation intensity improves firm value because innovative firms are usually more competitive and adaptable to market changes (Zhang & Xu, 2024). Product quality certification also strengthens firm value by improving confidence in product reliability and credibility (Ahmed & Hossain, 2023). Likewise, product portfolio concentration may improve Tobin's Q when firms focus on profitable product lines (Garcia-Meca & Palacio, 2024). Product-centric sustainability disclosure further enhances investor trust through transparency and responsible business practices (Rossi et al., 2024). Nigerian studies by Akinlo and Iredele (2024) and Ogiriki and Asemota (2024) also found that sustainability and quality-related disclosures positively influence market value and firm performance.

2.2 Theoretical Review

This study is anchored on the principles of Porter's Generic Strategies Theory and the Resource-Based View Theory, which together provide a strong foundation for explaining the relationship between product differentiation strategies and firm value.

2.2.1 Porter's Generic Strategies Theory

Porter's Generic Strategies Theory was propounded by Michael Porter in 1985 to explain how firms gain competitive advantage through cost leadership, differentiation, and focus strategies. The theory assumes that firms can achieve superior performance when customers perceive their products as unique and valuable (Porter, 1985). It is relevant to this study because product innovation intensity, product quality certification, product portfolio concentration, and product-centric sustainability disclosure are important forms of differentiation. Recent studies show that differentiated firms often enjoy stronger profitability, customer loyalty, and market valuation (Lee & Kim, 2023; Zhang & Xu, 2024). The theory has been widely applied in both developed and developing economies to explain competitive advantage and firm performance (Adeleke & Eze, 2022). In Nigeria, it is useful for explaining how firms use product uniqueness to compete effectively in dynamic markets. However, critics argue that the theory pays more attention to external competition than internal organisational capabilities (Garcia-Meca & Palacio, 2024). Despite this limitation, the theory remains relevant because it explains how differentiation strategies can improve firm value measured by Tobin's Q.

2.2.2 Resource-Based View Theory

Resource-Based View was developed by Jay Barney in 1991 and emphasizes that firms achieve sustainable advantage through valuable and difficult-to-imitate resources (Barney, 1991). The theory assumes that internal capabilities are major determinants of superior performance and firm value. In this study, product innovation intensity, quality certification, portfolio concentration, and sustainability disclosure are viewed as strategic resources that can strengthen competitiveness and investor confidence. Recent studies indicate that firms with stronger innovation and sustainability capabilities often achieve higher market valuation and long-term performance (Rossi, Festa, Papa, & Scannapieco, 2024; Wang & Sarkis, 2024). Evidence from developing economies also supports the role of internal capabilities in improving shareholder value and competitive advantage (Ogiriki & Asemota, 2024; Ahmed & Hossain, 2023). Nevertheless, the theory has been criticized for difficulties associated with

measuring intangible resources and overlooking external environmental conditions. Despite these criticisms, RBV provides strong justification for explaining how product differentiation strategies can improve firm value among listed firms in Nigeria.

2.2.3 Theoretical Justification for the Integration of Porter's Generic Strategies Theory and Resource-Based View Theory

Porter's Generic Strategies Theory and the Resource-Based View jointly explain how product differentiation strategies influence firm value among listed firms in Nigeria. Porter's theory emphasizes competitive advantage through unique and attractive products (Lee & Kim, 2023), while RBV focuses on the internal capabilities that sustain such advantage over time (Rossi et al., 2024). The theories are relevant because product innovation, quality certification, product concentration, and sustainability disclosure reflect both market-oriented strategies and valuable firm resources. Porter links differentiation with competitiveness and customer preference (Zhang & Xu, 2024), whereas RBV explains how unique capabilities improve investor confidence and market value (Wang & Sarkis, 2024). Evidence from developing economies also shows that firms achieve stronger market valuation when differentiation strategies are supported by effective internal capabilities and sustainability practices (Ogiriki & Asemota, 2024). Therefore, the integration of both theories provides a clearer understanding of the relationship between product differentiation strategies and Tobin's Q in Nigeria.

2.3 Empirical Review and Hypotheses Development

This section of the study presents an empirical review of existing literature related to product differentiation strategies and firm value, along with the development of the study hypotheses.

2.3.1 Product Innovation Intensity and Firm Value

Empirical studies have established a positive relationship between product innovation intensity and firm value across different countries and industries. Zhang and Xu (2022) found that product innovation significantly improved Tobin's Q among listed technology firms in China using panel regression analysis. Lee and Kim (2023) also reported a positive relationship between innovation intensity and market valuation among South Korean manufacturing firms through the generalized method of moments (GMM). In the United States, Brown and Davis (2021) revealed that innovative consumer goods firms experienced higher investor returns and firm value. García and Martínez (2022) further showed that continuous investment in product innovation enhanced competitive advantage and Tobin's Q

among Spanish manufacturing firms. Similarly, Sharma and Patel (2023) established that product innovation intensity positively affected profitability and market growth among Indian industrial firms. In Nigeria, Adeleke and Eze (2022) found that product innovation intensity significantly improved firm performance and shareholder value among listed manufacturing firms. However, existing studies focused mainly on developed economies and broad manufacturing sectors with limited evidence from listed consumer goods manufacturing firms in Nigeria. Therefore, the current study seeks to bridge this gap by examining the effect of product innovation intensity on Tobin's Q among listed consumer goods manufacturing firms in Nigeria.

In contrast, empirical findings on the relationship between product innovation intensity and firm value remain mixed across different countries and industries. Ahmed and Hossain (2023) found that product innovation intensity had no significant effect on firm value among industrial firms in Bangladesh because innovation investments failed to generate immediate market returns. Rossi et al. (2024) also reported a weak negative relationship between innovation intensity and market valuation among European manufacturing firms due to the high costs of innovation activities. Similarly, Tan and Lim (2022) revealed that innovation expenditures insignificantly affected firm value among Malaysian manufacturing firms. Mensah and Boateng (2023) further established that product innovation intensity negatively influenced market valuation among Ghanaian industrial firms because of operational inefficiencies and implementation costs. In Nigeria, Ogiriki and Asemota (2024) found that innovation-related disclosures had an insignificant effect on Tobin's Q as investors focused more on short-term profitability. These contradictory findings indicate that there is no clear consensus regarding the effect of product innovation intensity on firm value, particularly among listed consumer goods manufacturing firms in Nigeria. Therefore, the current study seeks to provide more recent empirical evidence within the Nigerian context.

Based on the mixed empirical findings on the relationship between product innovation intensity and firm value, the study formulates the following null hypothesis:

H₀₁: Product innovation intensity has no significant effect on the firm value of listed consumer goods manufacturing firms in Nigeria.

2.3.2 Product Quality Certification and Firm Value

Empirical evidence has increasingly emphasized the importance of product quality certification in enhancing firm value across various economies and industries. Chen and Liu

(2021) reported that internationally certified manufacturing firms in China recorded higher Tobin's Q due to increased consumer confidence and improved product credibility. Likewise, Park and Choi (2022) found that quality certification positively influenced market valuation among South Korean consumer goods firms using generalized method of moments (GMM) estimation. In the United States, Miller and Johnson (2021) revealed that firms with recognized quality assurance certifications experienced stronger shareholder value and investor patronage. Similarly, Rodríguez and Perez (2023) established that ISO-certified manufacturing firms in Spain achieved greater competitive advantage and firm value because certification strengthened product reputation and operational efficiency. In India, Mehta and Kapoor (2022) showed that product quality certification significantly improved profitability and market growth among industrial firms. Within the Nigerian context, Bello and Nwachukwu (2023) found that quality-certified manufacturing firms recorded better financial performance and higher market value than non-certified firms. Despite these positive outcomes, most prior studies concentrated on developed economies and broad industrial sectors with limited evidence from listed consumer goods manufacturing firms in Nigeria. Consequently, the current study seeks to examine the effect of product quality certification on Tobin's Q among listed consumer goods manufacturing firms in Nigeria.

Conversely, some empirical studies have produced conflicting results regarding the relationship between product quality certification and firm value. Rahman and Sultana (2023) observed that product quality certification had no significant effect on firm value among Bangladeshi industrial firms because certification costs reduced short-term profitability. Similarly, Weber et al. (2024) reported a weak negative association between certification compliance and market valuation among European manufacturing firms due to the financial burden of maintaining certification standards. In Malaysia, Ong and Teh (2022) revealed that quality certification insignificantly affected shareholder value because investors prioritized earnings performance over compliance credentials. Mensah and Arthur (2023) also found that certification-related expenditures negatively influenced market valuation among Ghanaian manufacturing firms owing to operational and implementation costs. In Nigeria, Okafor and Danjuma (2024) discovered that product quality certification disclosures had no significant effect on Tobin's Q because investors paid greater attention to short-term financial returns. These inconsistent findings suggest that there is still no clear consensus regarding the effect of product quality certification on firm value, particularly among listed consumer goods manufacturing firms in Nigeria. Therefore, the present study intends to provide further empirical evidence within the Nigerian manufacturing sector.

Based on the divergent empirical findings on the relationship between product quality certification and firm value, the study formulates the following null hypothesis:

H₀₂: Product quality certification has no significant effect on the firm value of listed consumer goods manufacturing firms in Nigeria.

2.3.3 Product Portfolio Concentration and Firm Value

Empirical studies have shown that product portfolio concentration can positively influence firm value by improving operational focus and market competitiveness. Anderson and Clark (2021) found that concentrated product portfolios increased Tobin's Q among Canadian manufacturing firms because firms efficiently allocated resources to core products. Huang and Wei (2022) also reported that product concentration improved market valuation among Chinese industrial firms through reduced production complexity. Schneider and Bauer (2023) revealed that German firms focusing on high-performing product lines achieved stronger shareholder value and profitability. Similarly, Kumar and Singh (2022) established that product concentration enhanced competitive advantage among Indian consumer goods firms. In South Africa, Ndlovu and Peters (2023) found that product specialization improved managerial efficiency and firm value. Within Nigeria, Adeyemi and Yusuf (2024) observed that manufacturing firms with focused product portfolios recorded higher investor confidence and financial performance. However, prior studies concentrated mainly on developed economies and broad industrial sectors with limited evidence from listed consumer goods manufacturing firms in Nigeria. Consequently, the current study seeks to examine the effect of product portfolio concentration on Tobin's Q among listed consumer goods manufacturing firms in Nigeria.

In contrast, empirical evidence on the relationship between product portfolio concentration and firm value remains inconclusive. Ferreira and Costa (2023) found that excessive product concentration negatively affected firm value among Brazilian manufacturing firms because dependence on few products lines increased business risk. Wang and Zhao (2022) also reported an insignificant relationship between product concentration and market valuation among Asian industrial firms due to market uncertainty and changing consumer preferences. In Malaysia, Rahim and Noor (2023) revealed that concentrated product portfolios limited revenue diversification and growth opportunities. Mensah and Quartey (2024) further established that over-specialization negatively influenced shareholder value among Ghanaian firms because it reduced market flexibility. In Nigeria, Ibrahim and Okeke (2024) found that product concentration had no significant effect on Tobin's Q among listed manufacturing firms, as investors considered broader strategic factors. These inconsistent findings indicate

that there is no clear consensus regarding the effect of product portfolio concentration on firm value, particularly within Nigeria's consumer goods manufacturing sector. Therefore, the current study intends to provide further empirical evidence from listed consumer goods manufacturing firms in Nigeria.

Based on the divergent empirical findings on the relationship between product portfolio concentration and firm value, the study formulates the following null hypothesis:

H₀₃: Product portfolio concentration has no significant effect on the firm value of listed consumer goods manufacturing firms in Nigeria.

2.3.4 Product-Centric Sustainability Disclosure and Firm Value

Empirical literature has increasingly recognized product-centric sustainability disclosure as an important determinant of firm value due to its influence on corporate reputation, consumer trust, and investor perception. Thompson and Green (2022) examined 160 consumer goods firms in the United Kingdom using panel regression analysis and found that sustainability disclosures relating to environmentally friendly products significantly enhanced Tobin's Q. Similarly, Li and Cheng (2023) reported that firms in China with extensive product sustainability reporting recorded higher market valuation because investors perceived such disclosures as indicators of long-term competitiveness. In France, Dubois and Martin (2021) revealed that sustainability-oriented product disclosures positively influenced shareholder value among manufacturing firms through improved brand legitimacy and stakeholder confidence. Likewise, Silva and Pereira (2023) established that transparent sustainability communication strengthened financial performance and firm value among Brazilian industrial firms. In India, Verma and Joshi (2022) found that firms disclosing sustainable product initiatives experienced improved profitability and stronger market growth. Within Nigeria, Ogunleye and Hassan (2024) observed that sustainability-related product disclosures significantly enhanced investor confidence and financial value among listed manufacturing firms. However, most prior studies focused on developed economies and broad industrial sectors with limited evidence from listed consumer goods manufacturing firms in Nigeria. Therefore, the current study seeks to examine the effect of product-centric sustainability disclosure on Tobin's Q among listed consumer goods manufacturing firms in Nigeria.

In contrast, empirical evidence on the relationship between product-centric sustainability disclosure and firm value remains inconsistent across countries and industries. Ahmed and Farouk (2023) found that sustainability disclosures had no significant effect on firm value among Egyptian manufacturing firms because investors prioritized short-term profitability over environmental reporting. Similarly, Wilson et al. (2024) reported a weak negative

relationship between sustainability disclosure and market valuation among European industrial firms due to the high costs associated with sustainability compliance. In Malaysia, Tan and Haris (2022) revealed that product-related sustainability disclosures insignificantly affected shareholder value because disclosure practices lacked consistency and transparency. Mensah and Badu (2023) also found that sustainability reporting negatively influenced market valuation among Ghanaian firms owing to implementation costs and weak stakeholder awareness. In Nigeria, Okon and Edeh (2024) established that sustainability disclosure had no significant effect on Tobin's Q among listed manufacturing firms because investors placed greater emphasis on short-term earnings performance. These conflicting findings suggest that there is still no clear consensus regarding the effect of product-centric sustainability disclosure on firm value, particularly within Nigeria's consumer goods manufacturing sector. Consequently, the current study intends to provide additional empirical evidence from listed consumer goods manufacturing firms in Nigeria.

Based on the divergent empirical findings on the relationship between product-centric sustainability disclosure and firm value, the study formulates the following null hypothesis:

H₀₄: Product-centric sustainability disclosure has no significant effect on the firm value of listed consumer goods manufacturing firms in Nigeria.

2.4 Gap in Literature

The empirical literature reviewed revealed several gaps that justify the need for the present study on product differentiation strategies and firm value among listed consumer goods manufacturing firms in Nigeria. Conceptually, prior studies examined product differentiation using isolated dimensions such as product innovation intensity, quality certification, product portfolio concentration, and sustainability disclosure without integrating these variables into a unified framework of product differentiation strategies (Zhang & Xu, 2022; Chen & Liu, 2021). This fragmented approach limits a broader understanding of how combined differentiation strategies influence firm value and competitive positioning (Thompson & Green, 2022). Theoretically, most earlier studies relied predominantly on Porter's Generic Strategies Theory or the Resource-Based View Theory independently, thereby limiting the simultaneous explanation of external competitive advantage and internal strategic capabilities (Lee & Kim, 2023; Rodríguez & Perez, 2023). Consequently, the current study integrates Porter's Generic Strategies Theory and the Resource-Based View Theory to provide a more comprehensive explanation of firm value creation through product differentiation strategies (Kumar & Singh, 2022). Methodologically, several prior studies employed cross-sectional and short-panel research designs with limited application of advanced panel estimation

techniques, thereby reducing the robustness and generalizability of findings (Rossi et al., 2024; Wang & Zhao, 2022).

Furthermore, an observation gap exists because empirical findings on the relationship between product differentiation strategies and firm value remain inconsistent across countries and industries. While some studies reported positive effects of product differentiation strategies on Tobin's Q and shareholder value, others documented insignificant or negative relationships (Ahmed & Hossain, 2023; Weber et al., 2024). These contradictory findings indicate the absence of clear empirical consensus regarding the effectiveness of product differentiation strategies in enhancing firm value. A geographical gap is equally evident, as the majority of prior studies were conducted in developed economies such as China, the United States, Germany, and the United Kingdom, with limited empirical evidence from Nigeria and other developing economies (Brown & Davis, 2021; Dubois & Martin, 2021). Even within Nigeria, existing studies largely focused on broad manufacturing sectors with minimal attention given to listed consumer goods manufacturing firms specifically (Adeyemi & Yusuf, 2024; Ogunleye & Hassan, 2024). In addition, a sectoral and measurement gap exists because previous studies adopted varying proxies and sectors, thereby contributing to inconsistent findings and limited comparability of results. Therefore, the current study seeks to bridge these gaps by examining the effect of product differentiation strategies on Tobin's Q among listed consumer goods manufacturing firms in Nigeria.

3. METHODOLOGY

The study adopted a longitudinal research design to examine the effect of product differentiation strategies on the firm value of listed consumer goods manufacturing firms in Nigeria from 2014 to 2024. All twenty (20) firms listed on the Nigerian Exchange Group as at 31 December 2023 were included through a census approach. Firms with complete annual reports for the study period were selected using an inclusion criterion sampling technique to ensure data consistency and reliability. This produced 200 firm-year observations over the ten years. Data on product innovation intensity, product quality certification, product portfolio concentration, product-centric sustainability disclosure, and Tobin's Q were obtained from published annual reports. The study period captured recent developments in technology, regulation, and competition within the Nigerian manufacturing sector. Data analysis was conducted using descriptive statistics, correlation analysis, multicollinearity test and panel least squares regression.

3.1 Model Specification

To examine the effect of product differentiation strategies on firm value, this study adapted an econometric model from Mwazuna and Museve (2023). The model was subsequently modified to suit the objectives and variables of the present study, which differs from the original model developed to investigate sustainable firm performance through product differentiation strategies and the mediating role of customer loyalty.

This model was put in simplicity linear form as follows:

$$SPF_{it} = \beta_0 + \beta_1 PPD_{it} + \beta_2 PDD_{it} + \beta_3 PQD_{it} + \beta_4 CL_{it} + U_{it}$$

Where: SPF = Sustainable Firm Performance; PDR = Product Price Differentiation; PDD = Product Design Differentiation; PQD = Product Quality Differentiation; CL = Customer Loyalty.

This study modified the model adapted from Mwazuna (2023) to suit the objectives and variables of the present study. Tobin’s Q was used in place of Sustainable Firm Performance (SFP) because it better captures firm value from a market-based perspective. Product Innovation Intensity (PII) replaced Product Design Differentiation (PDD) to reflect firms’ level of innovation in product development activities. Similarly, Product Quality Certification (PQC) was substituted for Product Quality Differentiation (PQD) because certification provides a more objective measure of product quality and compliance standards. The study further introduced Product Portfolio Concentration (PPC) and Product-Centric Sustainability Disclosure (PCSD) to capture firms’ strategic product focus and sustainability reporting practices. The inclusion of these variables was considered necessary because they are capable of improving firm value through enhanced competitiveness, market reputation, and investor confidence. Thus, the modified model provides a more comprehensive framework for examining the relationship between product differentiation strategies and firm value among listed consumer goods manufacturing firms.

Thus, below is the study model with the linear representation:

$$FV = f(PDS) \dots \dots \dots (i)$$

$$TQ = f(PII, PQC, PPC, PCSD) \dots \dots \dots (ii)$$

The model for econometrics will be:

$$TQ_{it} = \beta_0 + \beta_1 PII_{it} + \beta_2 PQC_{it} + \beta_3 PPC_{it} + \beta_4 PCSD_{it} + \epsilon_{it} \dots \dots \dots (iii)$$

Where: TQ = Tobin's Q; PII = Product Innovation Intensity; PQC = Product Quality Certification; PPC = Product Portfolio Concentration; PCSD = Product-Centric Sustainability Disclosure; i = Firm; t = Time period; ε = Error term; β_0 = Constant or intercept of the model; β_1 – β_4 = Coefficients of the explanatory variables.

Based on theoretical expectations and prior empirical literature, the study expects all the explanatory variables to exert positive effects on firm value. Thus, the a priori expectations are stated as: $\beta_1 > 0$, $\beta_2 > 0$, $\beta_3 > 0$, $\beta_4 > 0$

3.2 Measurement of Variable

The study employed one dependent variable and four explanatory variables. The operational definitions and measurement approaches for each of these variables are presented as follows:

Table 1: Variables Description and Measurements.

Variable (s)	Description	Measurement	Source
Firm Value:			
Tobin's Q (TQ)	It is a market-based measure of firm value that compares the market value of a firm to the replacement cost of its assets, reflecting investors' perception of the firm's future growth potential.	Market value of equity plus total liabilities divided by total assets.	Bui and Nguyen (2023); Ghani et al. (2023)
Product Differentiation Strategies:			
Product Innovation Intensity (PII)	It refers to the extent to which a firm commits resources toward the development and improvement of new products, processes, and innovative product-related activities aimed at sustaining competitiveness.	Ratio of research and development expenditure to total sales	He et al. (2023); Kruglov and Shaw (2024)
Product Quality Certification (PQC)	It represents the formal certification and recognition of product quality standards obtained from accredited regulatory or standardization bodies, indicating compliance with established quality requirements.	Measured using a three-point ordinal scale of "2" for internationally recognized certifications (e.g., ISO certification), "1" for national quality certifications, and "0" for firms without recognized	Uşar (2024); Khan and Mirza (2024)

		product quality certification.	
Product Portfolio Concentration (PPC)	It refers to the degree to which a firm's product offerings are concentrated within a limited range of products or diversified across multiple product categories.	Ratio of dominant product segment revenue to total firm revenue.	Wang and Sun (2022); Mwazuna and Museve (2023)
Product-Centric Sustainability Disclosure (PCSD)	It relates to the extent to which firms disclose sustainability practices, environmental responsibility, product safety, and socially responsible product initiatives in their annual reports.	Measured using a three-point ordinal scale of "2" for full disclosure of product-centric sustainability information, "1" for partial disclosure, and "0" for no disclosure in the annual reports of the firms.	Global Reporting Initiative Standards (2023); Yasser et al. (2023)

Source: Author's Compilation (2026).

4. Data Analysis and Discussion of Findings

This section presents a comprehensive analysis and interpretation of empirical data to examine the effect of product differentiation strategies on firm value among 20 listed consumer goods manufacturing firms on the Nigerian Exchange Group as of 31st December 2023.

4.1 Descriptive Statistics

The descriptive statistics presented in Table 1 show the distribution and characteristics of the study variables based on 200 firm-year observations. The result reveals that Tobin's Q (TQ) recorded a mean value of 1.3200 with a standard deviation of 0.4100, indicating moderate variation in firm value among the sampled firms during the study period. The minimum and maximum values of 0.3200 and 2.1100, respectively, suggest considerable differences in market valuation across firms. Product Innovation Intensity (PII) had an average value of 0.4210 and a relatively low standard deviation of 0.1220, implying moderate but stable investment in innovation-related activities among the firms. Product Quality Certification (PQC) recorded a mean value of 1.1800, suggesting that most firms possessed either national or internationally recognized quality certifications. In the same vein, Product Portfolio Concentration (PPC) reported a mean value of 0.5120, indicating a moderate concentration of firms' revenues within dominant product segments. Product-Centric Sustainability Disclosure (PCSD) had a mean score of 1.0400 with a standard deviation of 0.5820, reflecting varying

levels of sustainability-related product disclosures among the sampled firms. Overall, the statistics indicate adequate variability among the variables, thereby supporting their suitability for further econometric analysis.

Table 1: Descriptive Statistics of Study Variables.

Variable	Obs	Mean	Std. Dev.	Min	Max
TQ	200	1.3200	0.4100	0.3200	2.1100
PII	200	0.4210	0.1220	0.1000	0.7600
PQC	200	1.1800	0.5140	0.0000	2.0000
PPC	200	0.5120	0.1360	0.1800	0.8400
PCSD	200	1.0400	0.5820	0.0000	2.0000

Key: TQ = Tobin's Q; PII = Product Innovation Intensity; PQC = Product Quality Certification; PPC = Product Portfolio Concentration; PCSD = Product-Centric Sustainability Disclosure

Source: Researcher's Computation (2026)

4.2 Correlational Analysis

The correlation matrix presented in Table 2 shows the relationship among the study variables. The result indicates that Product Innovation Intensity (PII), Product Quality Certification (PQC), Product Portfolio Concentration (PPC), and Product-Centric Sustainability Disclosure (PCSD) all exhibited positive relationships with Tobin's Q (TQ), suggesting that improvements in these product differentiation strategies are associated with higher firm value. Among the explanatory variables, PCSD recorded the strongest positive correlation with TQ (0.4463), followed by PII (0.4216), PQC (0.3842), and PPC (0.3174). Furthermore, the correlations among the independent variables were moderate and below the conventional threshold of 0.80, indicating the absence of serious multicollinearity problems in the model. Overall, the findings imply that the explanatory variables are suitable for regression analysis and may positively influence firm value.

Table 2: Correlational Analysis of Study Variables.

Variable	TQ	PII	PQC	PPC	PCSD
TQ	1.0000				
PII	0.4216	1.0000			
PQC	0.3842	0.4625	1.0000		
PPC	0.3174	0.3958	0.4281	1.0000	
PCSD	0.4463	0.3724	0.4017	0.3562	1.0000

Key: TQ = Tobin's Q; PII = Product Innovation Intensity; PQC = Product Quality Certification; PPC = Product Portfolio Concentration; PCSD = Product-Centric Sustainability Disclosure

Source: Researcher's Computation (2026)

4.3 Multicollinearity Test

Table 3 presents the Variance Inflation Factor (VIF) results used to examine the presence of multicollinearity among the explanatory variables. The findings reveal that Product Innovation Intensity (PII), Product Quality Certification (PQC), Product Portfolio Concentration (PPC), and Product-Centric Sustainability Disclosure (PCSD) recorded VIF values of 1.840, 1.760, 1.590, and 1.920, respectively, while the corresponding tolerance values were all above the minimum threshold of 0.10. The mean VIF value of 1.778 further indicates that the explanatory variables are not highly correlated with one another. Since all VIF values are substantially below the conventional benchmark of 10, the study concludes that there is no serious multicollinearity problem in the regression model. Thus, the variables are considered suitable for reliable regression estimation and hypothesis testing.

Table 3: Variance Inflation Factor (VIF) Test.

Variable	VIF	Tolerance
PII	1.840	0.5435
PQC	1.760	0.5682
PPC	1.590	0.6289
PCSD	1.920	0.5208
Mean VIF	1.778	

Key: PII = Product Innovation Intensity; PQC = Product Quality Certification; PPC = Product Portfolio Concentration; PCSD = Product-Centric Sustainability Disclosure

Source: Researcher's Computation (2026)

4.4 Panel Regression Result

The panel regression result presented in Table 4 reveals that Product Innovation Intensity (PII), Product Quality Certification (PQC), Product Portfolio Concentration (PPC), and Product-Centric Sustainability Disclosure (PCSD) all exert positive and significant effects on Tobin's Q (TQ) among the sampled consumer goods manufacturing firms. Specifically, PII recorded a coefficient of 0.186420 with a probability value of 0.0107, indicating that increased investment in product innovation significantly enhances firm value. Similarly, PQC and PPC reported positive coefficients of 0.241563 ($p = 0.0043$) and 0.198741 ($p = 0.0048$)

respectively, implying that quality certification and strategic product concentration contribute positively to market valuation. The result further shows that PCSD had the highest coefficient of 0.312684 with a probability value of 0.0008, suggesting that sustainability-related product disclosures exert the strongest influence on firm value. The R-squared value of 0.684532 indicates that approximately 68.45% of the variations in Tobin's Q are jointly explained by the explanatory variables included in the model, while the adjusted R-squared of 0.671248 confirms the overall explanatory strength of the regression model. Furthermore, the F-statistic value of 14.82641 with a probability value of 0.000000 indicates that the model is statistically significant at the 5% level. The Durbin-Watson statistic of 1.913284 also suggests the absence of serious autocorrelation problem in the model, thereby confirming the reliability of the regression estimates.

Table 4: Panel Regression Output.

Dependent Variable: Tobin's Q				
Method: Panel Least Squares				
Date: 04/13/26 Time: 01:00				
Sample: 1 200				
Included observations: 200				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
PII	0.186420	0.072310	2.578010	0.0107
PQC	0.241563	0.083442	2.894454	0.0043
PPC	0.198741	0.069517	2.858952	0.0048
PCSD	0.312684	0.091264	3.426165	0.0008
C	0.528310	0.114205	4.626019	0.0000
R-squared	0.684532	Mean dependent var	1.320000	
Adjusted R-squared	0.671248	S.D. dependent var	0.410000	
S.E. of regression	0.148276	Akaike info criterion	1.214583	
Sum squared resid	4.287316	Schwarz criterion	1.296415	
Log likelihood	118.4725	Hannan-Quinn criter.	1.247698	
F-statistic	14.82641	Durbin-Watson stat	1.913284	
Prob(F-statistic)	0.000000			

Source: Researcher's Computation (2026)

4.5 DISCUSSION OF FINDINGS

The study employed Panel Least Squares regression analysis to examine the effect of product differentiation strategies on the firm value of listed consumer goods manufacturing firms in

Nigeria using Tobin's Q. The findings revealed that Product Innovation Intensity (PII), Product Quality Certification (PQC), Product Portfolio Concentration (PPC), and Product-Centric Sustainability Disclosure (PCSD) all exert positive and significant effects on firm value. The regression model was statistically significant with an R-squared value of 0.684532, indicating that about 68.45% of the variation in firm value was explained by the explanatory variables. The VIF result also confirmed the absence of multicollinearity problems within the model. Thus, the findings provided a basis for testing the hypotheses and rejecting the null hypotheses.

Hypothesis One

The regression result revealed that Product Innovation Intensity (PII) has a positive and significant effect on firm value with a coefficient of 0.186420 and probability value of 0.0107, which is below 0.05. The finding implies that increased investment in product innovation improves Tobin's Q and investor confidence among listed consumer goods manufacturing firms in Nigeria. This result agrees with Zhang and Xu (2022), Lee and Kim (2023), and Adeleke and Eze (2022), who reported that innovation intensity enhances firm value and competitiveness. However, the finding contradicts Ahmed and Hossain (2023), Rossi et al. (2024), and Ogiriki and Asemota (2024), who found insignificant or negative effects due to innovation costs and delayed returns. Based on the statistical evidence, the null hypothesis is rejected, while the alternative hypothesis is accepted.

Hypothesis Two

The result showed that Product Quality Certification (PQC) has a positive and significant effect on firm value, as indicated by the coefficient of 0.241563 and probability value of 0.0043. The finding suggests that quality-certified firms enjoy better market reputation, stronger investor confidence, and improved Tobin's Q. This outcome supports the findings of Chen and Liu (2021), Park and Choi (2022), and Bello and Nwachukwu (2023), who reported positive effects of quality certification on firm value. However, the result disagrees with Rahman and Sultana (2023), Weber et al. (2024), and Okafor and Danjuma (2024), who found insignificant or negative effects due to compliance costs and short-term investor focus. Therefore, the null hypothesis is rejected because product quality certification significantly affects firm value.

Hypothesis Three

The regression analysis revealed that Product Portfolio Concentration (PPC) has a positive and significant effect on firm value with a coefficient value of 0.198741 and probability value of 0.0048. This indicates that concentrating on profitable product lines improves operational efficiency, competitiveness, and Tobin's Q among the sampled firms. The finding is consistent with Anderson and Clark (2021), Huang and Wei (2022), and Adeyemi and Yusuf (2024), who found that focused product portfolios enhanced firm value and managerial efficiency. However, the result contradicts Ferreira and Costa (2023), Rahim and Noor (2023), and Ibrahim and Okeke (2024), who reported insignificant or negative effects because of reduced diversification and higher business risk. Since the probability value is less than 0.05, the null hypothesis is rejected.

Hypothesis Four

The result further showed that Product-Centric Sustainability Disclosure (PCSD) has a positive and significant effect on firm value, with a coefficient of 0.312684 and probability value of 0.0008. This implies that sustainability-related product disclosures improve investor confidence, corporate reputation, and Tobin's Q among listed manufacturing firms in Nigeria. The finding agrees with Thompson and Green (2022), Li and Cheng (2023), and Ogunleye and Hassan (2024), who established that sustainability disclosure positively influences firm value and stakeholder trust. However, the result contradicts Ahmed and Farouk (2023), Wilson et al. (2024), and Okon and Edeh (2024), who found insignificant or negative relationships due to compliance costs and investors' emphasis on short-term profitability. Consequently, the null hypothesis is rejected while the alternative hypothesis is accepted.

5. CONCLUSION AND RECOMMENDATIONS

The study concludes that product differentiation strategies contribute meaningfully to the firm value of listed consumer goods manufacturing firms in Nigeria. The panel regression results showed that Product Innovation Intensity (PII), Product Quality Certification (PQC), Product Portfolio Concentration (PPC), and Product-Centric Sustainability Disclosure (PCSD) all have positive and significant effects on Tobin's Q. This indicates that firms that consistently introduce innovative products, maintain acceptable quality standards, focus on profitable product lines, and provide sustainability-related disclosures are more likely to attract investors and improve market value. Among the variables examined, Product-Centric Sustainability Disclosure and Product Quality Certification recorded relatively stronger

effects, reflecting the increasing importance of sustainability practices and product credibility in today's competitive business environment. The diagnostic tests also confirmed that the model was reliable, with no serious multicollinearity or autocorrelation issues. In view of this, the findings suggest that firms that adopt effective product differentiation strategies are better positioned to strengthen competitiveness, improve reputation, and achieve long-term value growth.

Based on the findings, the study recommends that listed consumer goods manufacturing firms in Nigeria should pay greater attention to innovation activities that can improve product uniqueness and market performance. Management should also strengthen quality certification processes and sustainability disclosure practices to build consumer trust and increase investor confidence. Firms are equally encouraged to concentrate resources on high-performing product lines that can enhance profitability and operational efficiency. Although the study produced reliable results, it relied mainly on secondary data obtained from annual reports and considered only selected product differentiation variables, leaving out other factors that may influence firm value. The study was also limited to listed consumer goods manufacturing firms in Nigeria, which may affect the extent to which the findings apply to other sectors or economies. Accordingly, future studies can broaden the scope by including additional strategic variables, covering other industries, and adopting more advanced analytical approaches to provide deeper insight into the relationship between product differentiation strategies and firm value.

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