

DIFFERENTIATION STRATEGY AND VENTURE SUSTAINABILITY OF HOTELS IN RIVERS STATE, NIGERIA

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Abstract

This study examined the relationship between differentiation strategy and venture sustainability of hotel firms in Rivers State, Nigeria. Differentiation strategy was conceptualised through two dimensions: service quality differentiation and brand image differentiation, while venture sustainability was measured using customer retention rate and financial performance stability. The study addressed two research questions and tested two corresponding null hypotheses. A descriptive survey research design was employed, with a population comprising registered three-star and above hotels operating in Rivers State. Using purposive sampling, data were collected via a structured questionnaire from 96 top and middle management staff directly involved in strategic planning and service delivery. Data analysis was conducted using Pearson's product-moment correlation coefficient. The findings revealed a significant positive relationship between service quality differentiation and customer retention rate ($r = .704, p < .01$), and between brand image differentiation and financial performance stability ($r = .683, p < .01$). The study concludes that differentiation strategy is a critical driver of venture sustainability in the hotel industry. It is recommended that hotel firms improve service quality differentiation through continuous staff training and consistent service excellence to strengthen customer retention, while developing strong brand image differentiation through targeted marketing and unique service positioning to ensure financial performance stability.

Keywords: *Differentiation Strategy, Service Quality Differentiation, Brand Image Differentiation, Venture Sustainability, Hotel Industry, Rivers State, Nigeria*

INTRODUCTION

The hospitality industry remains one of the most competitive and service-sensitive sectors in emerging economies. In Nigeria, the hotel industry has contributed significantly to employment generation, tourism development, and economic diversification. The sector is characterised by intense competition, evolving guest expectations, and continuous pressure to deliver exceptional experiences. Hotels operating in major commercial hubs such as Rivers State face competition from both local and international brands, making it imperative to develop and sustain distinctive

competitive strategies. In such a dynamic environment, firms must adopt clear strategic postures to differentiate their offerings and ensure long-term viability. One critical strategy that addresses this challenge is differentiation strategy.

Differentiation strategy refers to the process by which a firm creates unique and valued attributes in its products or services that distinguish it from competitors and justify premium pricing (Porter, 1985; Islami et al., 2020). It reflects deliberate strategic actions aimed at delivering superior value to customers through distinctive service features, quality, or brand reputation. In strategic management literature, differentiation strategy is recognised as a key source of competitive advantage that influences firm survival and sustainability (Barney, 2021; Hill & Jones, 2020). For this study, differentiation strategy is examined through two major dimensions: service quality differentiation and brand image differentiation.

Service quality differentiation refers to the extent to which a hotel consistently delivers superior and distinctive service experiences that exceed customer expectations. This includes highly trained personnel, personalised guest experiences, innovative amenities, and reliability of service delivery. Hotels that invest in superior service quality create an advantage that is difficult to imitate, thereby securing customer loyalty and sustained patronage. Research shows that firms that prioritise service excellence achieve higher customer retention and are more likely to sustain competitive positions in the hospitality sector (Parasuraman et al., 2019; Zeithaml et al., 2021). Brand image differentiation refers to the distinctiveness and positive perception that a hotel develops in the minds of its target market through deliberate branding, marketing, and communication strategies. A strong brand image conveys reliability, prestige, and consistency, all of which contribute to customer preference and loyalty. In the hotel industry, brand recognition helps firms to attract business travellers, tourists, and corporate clients who base their accommodation decisions on perceived value and reputation. Competitive dynamics research indicates that firms with strong and distinct brand identities achieve higher financial performance and greater market resilience (Aaker, 2022; Keller & Swaminathan, 2020).

While differentiation strategy explains how firms create value distinction, venture sustainability explains how firms ensure long-term operational viability and growth. Venture sustainability refers to a firm's ability to maintain consistent performance, stakeholder satisfaction, and operational relevance over time despite market changes and competitive pressures (Bocken et al., 2019). In the hotel sector, sustainability is reflected in the ability to retain loyal customers and maintain financial performance across periods of volatility. This study measures venture sustainability using two key indicators: customer retention rate and financial performance stability.

Customer retention rate represents the proportion of customers who continue to patronise a hotel over a defined period. High retention rates indicate that guests are satisfied and find sufficient value to return, which is a direct reflection of the hotel's success in differentiation efforts. Prior studies identify customer retention as one of the most reliable indicators of sustainable business performance in service industries (Reichheld & Sasser, 2020; Lovelock & Wirtz, 2021). Financial performance stability refers to the consistency and reliability of a hotel's financial outcomes, including revenue generation, profitability, and operational cost management over time. Hotels that achieve stable financial performance are better positioned to withstand economic downturns, invest in service upgrades, and remain competitive. Strategic management literature recognises financial resilience as a central component of organisational sustainability in service sectors (Freeman et al., 2021; Hitt et al., 2020). Rivers State serves as a major commercial hub in Nigeria, with significant demand for hotel services from business travellers, government officials, oil sector executives, and tourists. The competitive behaviour of hotel firms operating in this environment may significantly influence their sustainability outcomes. Although prior studies have examined differentiation strategy in relation to firm performance (Islami et al., 2020; Porter, 2021), limited empirical research has specifically linked differentiation strategy to venture sustainability within the Nigerian hotel industry context. This gap provides the foundation for examining how service quality differentiation

and brand image differentiation influence customer retention rate and financial performance stability among hotels in Rivers State.

Statement of the Problem

Venture sustainability has become increasingly critical for hotel firms operating in highly competitive and service-driven environments. In Rivers State, Nigeria, the hotel industry is characterised by intense rivalry, high operating costs, fluctuating occupancy rates, and continuously evolving customer expectations. Hotels ranging from boutique establishments to large international chains compete for a discerning clientele that includes oil industry executives, government officials, corporate clients, and domestic tourists. Despite considerable investments in facilities and service delivery, many hotel ventures in Rivers State struggle to sustain consistent customer patronage and achieve stable financial performance over time. Issues such as declining repeat customers, brand obscurity, high staff turnover, and service inconsistency continue to undermine long-term viability in the sector. Differentiation strategy has been identified in strategic management literature as a pathway through which firms create unique value propositions that separate them from competitors and build customer loyalty (Porter, 2021; Islami et al., 2020). Hotels that effectively differentiate through exceptional service quality and compelling brand identity are expected to attract loyal customers and achieve stable financial outcomes. However, in practice, it remains unclear whether the differentiation efforts undertaken by hotel firms in Rivers State actually translate into measurable sustainability outcomes such as customer retention rate and financial performance stability.

Although previous studies have linked differentiation strategy to general competitive advantage and profitability (Barney, 2021; Hill & Jones, 2020), limited empirical attention has been given to its specific influence on venture sustainability, particularly within the Nigerian hotel industry. Most existing research treats differentiation strategy broadly without isolating the direct contribution of its specific dimensions, namely service quality differentiation and brand image differentiation, to sustainability indicators such as customer loyalty and financial consistency. As a result, there is insufficient contextual evidence explaining whether differentiation strategies genuinely drive sustainability or merely yield short-term performance gains. Furthermore, hotel firms in Rivers State operate within a unique socio-economic environment characterised by high business activity, a mobile corporate clientele, and periodic demand fluctuations driven by oil sector cycles. Despite the presence of competitive branding efforts and various service improvement initiatives, achieving consistent customer retention and financial stability remains a challenge for many hotels. This raises concern about the effectiveness of differentiation strategy as a driver of venture sustainability in the region. It is against this background that the present study examines the relationship between differentiation strategy, measured through service quality differentiation and brand image differentiation, and venture sustainability, measured through customer retention rate and financial performance stability, among hotel firms in Rivers State, Nigeria.

Conceptual Framework

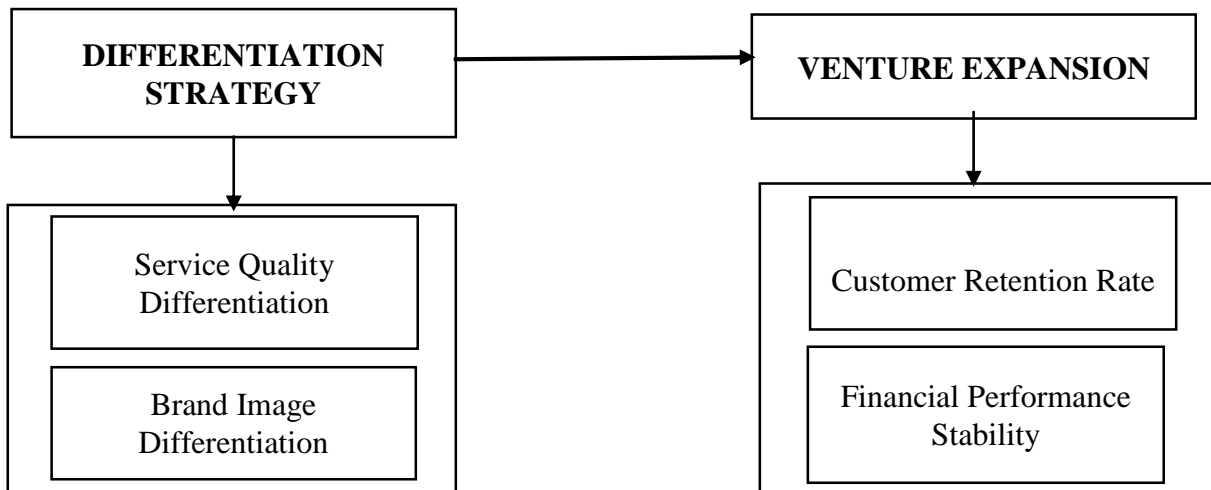


Figure 1.1: A Conceptual Framework Showing the Relationship between Differentiation Strategy and Venture Sustainability of Hotels in Rivers State, Nigeria.

Source: Adapted from Bocken et al. (2019); Islami et al. (2020).

Aim and Objectives of the Study

The aim of the study was to examine the relationship between differentiation strategy and venture sustainability of hotel firms in Rivers State, Nigeria. The specific objectives were to:

1. investigate the relationship between service quality differentiation and customer retention rate of hotel firms in Rivers State;
2. examine the relationship between brand image differentiation and financial performance stability of hotel firms in Rivers State.

RESEARCH QUESTIONS

The following research questions were raised to guide the study:

1. What was the relationship between service quality differentiation and customer retention rate of hotel firms in Rivers State?
2. How did brand image differentiation relate to financial performance stability of hotel firms in Rivers State?

RESEARCH HYPOTHESES

The following hypotheses were postulated to guide the study:

H₀₁: There was no significant relationship between service quality differentiation and customer retention rate of hotel firms in Rivers State.

H₀₂: There was no significant relationship between brand image differentiation and financial performance stability of hotel firms in Rivers State.

CONCEPTUAL REVIEW

Concept of Differentiation Strategy

Differentiation strategy refers to the approach through which a firm creates products, services, or experiences that are perceived as distinctly superior or unique relative to those offered by competitors. As a core generic strategy identified by Porter (1985), differentiation enables firms to command premium pricing, attract loyal customers, and build competitive advantage grounded in perceived value. In the hotel industry, differentiation manifests in the quality of service delivery,

uniqueness of the guest experience, brand prestige, and innovation in hospitality offerings (Islami et al., 2020).

The concept encompasses both tangible and intangible dimensions of value creation. Tangible differentiation includes physical attributes such as room quality, modern facilities, and cuisine excellence, while intangible differentiation involves brand identity, staff attitude, and emotional experiences created during a guest's stay. Hotels that combine both dimensions of differentiation create impressions that are difficult for rivals to replicate quickly (Keller & Swaminathan, 2020). Firms that balance service quality with a compelling brand proposition tend to maintain better competitive positioning and achieve stronger customer loyalty (Hill & Jones, 2020).

Differentiation strategy is strategically significant because it drives sustainability outcomes. Hotels with distinctive value propositions often command higher average daily rates, attract repeat business, and secure corporate accounts that provide revenue stability. Service uniqueness encourages customer advocacy and word-of-mouth referrals that reduce marketing costs while expanding patronage organically (Zeithaml et al., 2021). In the hotel sector, effective differentiation supports a culture of service excellence where all departments align to deliver a consistent guest experience that reinforces competitive advantage. However, poorly executed differentiation can lead to cost overruns, inconsistent service delivery, and brand dilution (Barney, 2021). Therefore, firms must align differentiation strategies with internal capabilities and target market expectations. For this study, differentiation strategy is examined through two dimensions: service quality differentiation and brand image differentiation. These dimensions capture the functional and perceptual aspects that define a hotel's distinctive value proposition in the marketplace.

Service Quality Differentiation: Service quality differentiation refers to the extent to which a hotel delivers consistently superior and distinctive service experiences that exceed customer expectations and distinguish the firm from competitors. It captures the deliberate investment in training, systems, and processes that enable frontline staff to perform beyond baseline service standards. In the hotel industry, this may include personalised check-in procedures, attentive housekeeping, gourmet dining experiences, and responsive concierge services. Theoretical discussions suggest that hotels with high service quality differentiation continuously seek ways to enhance the guest experience by anticipating needs, resolving complaints swiftly, and innovating service delivery touchpoints (Parasuraman et al., 2019). High-quality service creates an emotional connection with guests that promotes loyalty and repeat bookings. This dimension goes beyond mere compliance with industry standards, reflecting a deep organisational commitment to excellence and continuous improvement. Service quality differentiation is shaped by management philosophy, employee empowerment, and investment in hospitality training, with hotels that prioritise these areas exhibiting higher levels of customer satisfaction and retention (Lovelock & Wirtz, 2021). In the competitive Rivers State hotel market, service quality differentiation serves as a fundamental platform for achieving sustainable customer relationships.

Brand Image Differentiation: Brand image differentiation reflects the degree to which a hotel has developed a distinctive, positive, and compelling identity in the minds of its target market. Unlike service quality differentiation, which is primarily functional, brand image differentiation operates at a perceptual level, shaping how guests perceive, remember, and choose a hotel relative to alternatives. It includes visual identity, reputation for prestige, marketing communication, and the emotional associations that guests attach to the brand. This dimension emphasises strategic communication, consistent brand messaging, and management of guest perceptions across all touchpoints (Aaker, 2022). Hotels with strong brand images benefit from higher visibility, greater customer confidence, and increased willingness among guests to pay premium rates. A differentiated brand also enables firms to attract strategic partnerships with travel agencies and corporate clients who value established reputations. Together with service quality differentiation, brand image differentiation provides a comprehensive view of how hotels create and sustain

competitive distinctiveness, encompassing both the delivery and perception of superior hospitality experiences (Keller & Swaminathan, 2020).

Concept of Venture Sustainability

Venture sustainability refers to a firm's capacity to maintain viable, consistent, and value-generating operations over the long term despite competitive pressures, environmental changes, and stakeholder demands. It represents the ability of a business to remain operationally relevant, financially sound, and socially responsible across evolving market conditions (Bocken et al., 2019). In the hotel sector, sustainability is reflected in the firm's capacity to retain loyal customers, generate consistent revenues, manage operational costs, and adapt service offerings to shifting market needs. Venture sustainability is thus both a strategic goal and a performance outcome that reflects the effectiveness of a hotel's core business strategies.

Within dynamic and competitive markets, venture sustainability serves as an indicator of a firm's adaptive capacity and strategic coherence. Hotels that achieve sustainability demonstrate that they have developed operational routines, loyal customer bases, and service cultures that enable them to withstand competitive disruptions and market volatility. Venture sustainability is often linked to the quality of strategic choices made by management, including decisions about service differentiation, customer relationship management, and brand positioning (Freeman et al., 2021). As guest expectations evolve and competition intensifies, hotels that continuously invest in distinctive service experiences and positive brand identities are better positioned to maintain customer loyalty and financial viability over time.

Strategic management studies suggest that venture sustainability is both a result and a driver of improved performance. Sustained customer loyalty enhances revenue predictability and reduces customer acquisition costs, while stable financial performance enables investment in infrastructure and service improvements that further strengthen competitiveness. In the Nigerian hotel sector, achieving sustainability requires more than competitive pricing; it demands deliberate differentiation to create value propositions that guests consistently prefer over alternatives. Research shows that venture sustainability is not an automatic outcome of competitive behaviours; it requires focused investment in the drivers of customer loyalty and financial resilience to convert strategic actions into enduring performance outcomes (Bocken et al., 2019). For this study, venture sustainability is conceptualised through two measures: customer retention rate and financial performance stability. These measures capture the essential indicators of how hotel firms maintain their operational viability and competitive relevance in response to market pressures.

Customer Retention Rate: Customer retention rate refers to the proportion of guests who repeatedly choose to patronise the same hotel over a specified period and is a widely recognised indicator of service sector sustainability. In the hotel industry, high retention rates reflect a hotel's success in creating satisfying and memorable experiences that motivate guests to return. Firms with higher customer retention rates demonstrate an ability to satisfy customer needs consistently, build emotional loyalty, and defend market share against aggressive competitors. The theoretical importance of customer retention stems from its role as a direct measure of relational effectiveness and service value perception. In industries where experiential quality drives choice, a steadily growing base of repeat guests indicates that the hotel's offerings consistently resonate with customer expectations and preferences. Customer retention rate is also linked to economic benefits, as retained customers are significantly less costly to serve than new ones and are more likely to make additional purchases and provide referrals (Reichheld & Sasser, 2020). Hotels that prioritise personalisation, loyalty programmes, and service consistency tend to achieve higher retention rates than those that focus primarily on promotional pricing.

Customer retention rate is not only a quantitative marker of sustainability but also a reflection of strategic positioning effectiveness. Hotels that sustain high retention frequently secure better negotiating positions with suppliers, generate stable revenue streams, and attract corporate

accounts that underpin long-term financial health. However, sustainable retention requires more than occasional service improvements; it necessitates a systemic commitment to guest satisfaction, efficient complaint resolution, and continuous innovation in the guest experience. Therefore, customer retention rate, as a measure of venture sustainability, encapsulates both relational performance and strategic consistency.

Financial Performance Stability: Financial performance stability refers to the consistency and reliability of a hotel's financial outcomes over time, including revenue generation, profit margins, and operational cost management. In the context of hotel firms, financial stability indicates that the organisation can generate sufficient revenue to cover operational expenses, invest in service improvements, and deliver returns to stakeholders across varying demand conditions. Financial performance stability is particularly critical in the hotel industry, where occupancy rates are subject to seasonal fluctuations, economic cycles, and external shocks. This measure is theoretically grounded in the idea that sustainable firms maintain predictable and resilient financial structures that support strategic agility. Financial stability enables hotels to invest in differentiation initiatives, hire and retain quality staff, and upgrade facilities without compromising service delivery (Hitt et al., 2020). In Rivers State, where demand for hotel services is heavily influenced by oil sector activity and government programmes, financial performance stability provides hotels with the cushion needed to navigate periods of reduced occupancy. Such stability aligns with strategic sustainability frameworks that position financial resilience as a precondition for long-term competitive advantage. Financial performance stability also reflects a hotel's capacity for strategic investment. Hotels that maintain stable financial performance over time are better positioned to expand their offerings, enter new market segments, and absorb technological innovation costs. For example, hotels that sustain profitability even during low-season periods demonstrate effective cost management and revenue diversification strategies that underpin venture sustainability. Together, customer retention rate and financial performance stability provide a comprehensive view of venture sustainability in the hotel sector. While customer retention rate captures the relational and loyalty dimensions of sustainability, financial performance stability highlights the economic and operational dimension that enables hotels to remain viable over time.

THEORETICAL REVIEW

Resource-Based View (RBV) Theory

The study was anchored on the Resource-Based View (RBV) Theory, which explains how a firm's internal resources and capabilities drive competitive advantage, performance, and sustainability. RBV Theory, popularised by Barney (1991) and extended in subsequent research, posits that firms achieve sustainable competitive advantage when they possess resources that are valuable, rare, inimitable, and organised (the VRIO framework). These resources include tangible assets, intangible capabilities, and organisational competencies that collectively determine a firm's ability to create and sustain differentiated value propositions (Barney, 2021).

The key assumptions of RBV Theory are that resources are heterogeneously distributed across firms and that such differences persist over time, leading to sustained performance differentials. The theory assumes that firms that invest in building unique resource bundles, including highly skilled hospitality staff, distinctive service protocols, and strong brand equity, are better positioned to differentiate their offerings and outperform competitors over the long term (Hitt et al., 2020). Specifically, the theory posits that differentiation strategy is most effective when grounded in resources and capabilities that rivals cannot easily replicate, thereby ensuring that differentiation efforts translate into lasting competitive advantage and venture sustainability.

RBV Theory is relevant to this study because it provides a conceptual lens to examine how differentiation strategy enables hotel firms in Rivers State to achieve venture sustainability. By framing service quality differentiation and brand image differentiation as resource-based capabilities, the theory allows for a structured understanding of how deliberate investment in service

excellence and brand equity translates into observable sustainability outcomes such as customer retention and financial performance stability (Barney, 2021; Islami et al., 2020). The theory thus bridges strategic intent and sustainability outcomes in the context of the hotel industry.

EMPIRICAL REVIEW

In a study conducted by Islami, Mustafa, and Latkovikj (2020), titled *Linking Porter's Generic Strategies to Firm Performance*, the researchers sought to examine how generic competitive strategies, including differentiation, influence business performance outcomes in competitive markets. The objective of the study was to determine the extent to which differentiation strategies affect long-term firm sustainability and customer loyalty across service industries. The study adopted a quantitative research design and employed a survey method to collect data from managers and strategic decision-makers in 175 service firms operating across European markets. The population of the study comprised 840 senior and middle-level managers, from which a sample size of 350 respondents was drawn using stratified random sampling to ensure representation across industries and managerial levels. Data were analysed using structural equation modelling to determine the relationship between differentiation strategy dimensions and sustainability outcomes. The findings revealed that firms exhibiting higher levels of service quality differentiation and brand image differentiation experienced significantly higher customer retention rates and more stable financial performance compared to less differentiated competitors. The study concluded that differentiation strategy is a critical strategic orientation for enhancing venture sustainability, particularly in service-intensive industries. The authors recommended that firms continuously invest in service quality innovation, reinforce brand positioning through consistent communication, and develop internal capabilities that sustain differentiation advantages over time.

Similarly, Bocken, Short, Rana, and Evans (2019) conducted a study titled *A Literature and Practice Review to Develop Sustainable Business Model Archetypes*, which aimed to investigate how firms in the hospitality and service sector sustain competitive performance through strategic differentiation and value creation. The study's objective was to examine how service differentiation and brand distinctiveness affect customer retention and financial sustainability in competitive environments. A mixed-methods research design was adopted, and data were collected through structured questionnaires and case study analysis from managers of service firms across multiple industries. The population consisted of 420 managers across six major service sectors, from which a sample of 200 respondents was selected using purposive sampling. Statistical techniques, including regression analysis and thematic content analysis, were used to test the hypothesised relationships. The results indicated that firms with high service quality differentiation achieved substantial customer retention by creating personalised and consistently superior service experiences. Moreover, firms that demonstrated strong brand image differentiation successfully stabilised their financial performance by attracting loyal corporate clients and commanding premium pricing. The study concluded that differentiation strategy is a key determinant of venture sustainability in service industries. Based on the findings, the researchers recommended that firms institutionalise service quality standards, invest in brand equity management, and develop differentiation capabilities that evolve with changing customer preferences to ensure sustained financial and relational performance.

Gap in Literature/Knowledge

Although previous studies have shown that differentiation strategy can drive venture sustainability in service and hospitality industries (Islami et al., 2020; Bocken et al., 2019), there is limited empirical research focused on Nigerian hotel firms, particularly in Rivers State. Moreover, existing studies have not clearly examined how the specific dimensions of differentiation strategy, namely service quality differentiation and brand image differentiation, directly influence key measures of venture sustainability, such as customer retention rate and financial performance stability. This gap underscores the need for research that investigates these relationships in the local context to provide context-specific insights for strategic management in the Rivers State hotel industry.

Methodology

The study adopted a descriptive survey research design to examine the relationship between differentiation strategy and venture sustainability among hotel firms in Rivers State, Nigeria. The population comprised 62 registered three-star hotels operating in Rivers State. The study adopted a census approach. Purposive sampling was employed to select top and middle management staff who were directly involved in strategic planning, service management, and brand development within these hotels. A total of 110 structured questionnaires were distributed, and 96 were retrieved and deemed valid for analysis. Data were collected using a structured questionnaire designed to measure service quality differentiation, brand image differentiation, customer retention rate, and financial performance stability. Content validity was confirmed through expert review by lecturers and researchers in strategic management and hospitality management. A pilot test involving ten respondents outside the study area produced a Cronbach's Alpha of 0.87, indicating high reliability of the instrument. Data were analysed using the Pearson Product-Moment Correlation Coefficient (PPMCC) with the aid of SPSS version 25. All hypotheses were tested at a 0.05 significance level to determine the strength and significance of the relationships between differentiation strategy dimensions and venture sustainability measures. The methodology ensured that the study produced reliable and valid findings relevant to the strategic context of hotel firms in Rivers State.

Results and Discussion

Ho₁: There is no significant relationship between Service Quality Differentiation and Customer Retention Rate of hotel firms in Rivers State.

Table 4.2: Bivariate Analysis Between Service Quality Differentiation and Customer Retention Rate

	Service Quality Differentiation	Customer Retention Rate
Service Quality Differentiation	1.000	.704**
	.	.000
	92	92
Customer Retention Rate	.704**	1.000
	.000	.
	92	92

There is a strong positive correlation ($r = .704^{**}$) between Service Quality Differentiation and Customer Retention Rate, significant at the 0.01 level. The null hypothesis is rejected, showing that hotel firms with higher service quality differentiation experience greater customer retention.

Ho₂: There is no significant relationship between Brand Image Differentiation and Financial Performance Stability of hotel firms in Rivers State.

Table 4.3: Bivariate Analysis Between Brand Image Differentiation and Financial Performance Stability

	Brand Image Differentiation	Financial Stability	Performance
Brand Image Differentiation	1.000	.683**	
	.	.000	
	92	92	
Financial Stability	.683**	1.000	
	.000	.	
	92	92	

A strong positive correlation ($r = .683^{**}$) exists between Brand Image Differentiation and Financial Performance Stability, significant at the 0.01 level. The null hypothesis is rejected, indicating that hotels with stronger brand image differentiation achieve significantly more stable financial performance.

Relationship Between Service Quality Differentiation and Customer Retention Rate

The finding shows a strong positive correlation ($r = .704^{**}$) between Service Quality Differentiation and Customer Retention Rate, significant at the 0.01 level. This indicates that hotel firms in Rivers State that consistently deliver superior and distinctive service experiences are more likely to retain guests and build long-term loyalty. The result aligns with the Resource-Based View Theory, which suggests that firms possessing unique and inimitable service capabilities achieve sustainable competitive advantage (Barney, 2021). It also supports prior empirical evidence indicating that service quality differentiation drives customer retention in competitive service markets (Islami et al., 2020).

Relationship Between Brand Image Differentiation and Financial Performance Stability

A strong positive correlation ($r = .683^{**}$) was observed between Brand Image Differentiation and Financial Performance Stability, significant at the 0.01 level. This implies that hotel firms in Rivers State that develop distinctive and positive brand identities are better positioned to attract loyal customers, command premium pricing, and achieve consistent financial outcomes. The result reinforces the RBV Theory assumption that intangible resources such as brand equity enable firms to sustain performance advantages over time. This finding is consistent with previous studies showing that brand image differentiation enhances financial sustainability in service and hospitality industries (Bocken et al., 2019).

Conclusion

This study examined the relationship between differentiation strategy and venture sustainability of hotel firms in Rivers State, focusing on service quality differentiation and brand image differentiation as the key dimensions of the strategy. The findings revealed that both service quality differentiation and brand image differentiation have significant positive relationships with customer retention rate and financial performance stability. This implies that hotel firms that invest in delivering consistently superior service experiences and developing compelling brand identities are more likely to retain loyal customers and maintain stable financial performance over time. The study, therefore, concludes that differentiation strategy is a critical driver of venture sustainability and should be

deliberately cultivated to ensure long-term competitiveness and operational resilience in the hotel industry in Rivers State.

Recommendations

1. Hotel firms in Rivers State should enhance service quality differentiation by investing in continuous staff training, implementing personalised guest experience programmes, and establishing service quality standards that consistently exceed guest expectations, thereby strengthening customer retention and long-term loyalty.
2. Hotels should improve brand image differentiation by developing clear brand positioning strategies, investing in targeted marketing communications, and maintaining consistency in brand delivery across all customer touchpoints to ensure financial performance stability and competitive resilience.

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