**Restructuring Strategy: Understanding How Differentiation Strategies** **Enhance Performance at Global Village Tea Factory in Uganda**

**Abstract**

This study aimed to assess the impact of differentiation strategies on the operational performance of tea manufacturing industries in Uganda, with a focus on the Global Village Tea Factory. Using Porter’s generic theory as a framework, the research applied a quantitative approach, incorporating exploratory and descriptive survey designs. Data were collected from ninety-two respondents using self-administered structured questionnaires, and both descriptive and inferential statistical techniques were utilized for analysis. The findings revealed a positive correlation (r = 0.400) between differentiation strategies and performance, with regression analysis showing a significant relationship (β = 0.278, t = 2.071, p = 0.042; p < 0.05). The study concluded that differentiation strategies positively influence performance and recommended that tea manufacturing firms, especially the Global Village Tea Factory, prioritize such strategies to enhance product quality and competitiveness. Policymakers were also encouraged to support differentiation initiatives for sector growth and sustainability. The study contributes valuable empirical evidence on the role of differentiation in the tea manufacturing industry, offering insights for both researchers and industry practitioners.

**Keywords:** Differentiation Strategies, Performance, Tea Industry, Competitive Advantage

**1.0 Introduction**

Competitive advantage and differentiation strategies are closely intertwined within the tea manufacturing industry, where companies aim to set themselves apart from competitors to capture market share and enhance profitability. Differentiation involves offering distinct products or services perceived by consumers as unique, which justifies a premium price (Porter, 1985). In the tea sector, this can include factors such as superior quality, innovative packaging, or sustainable farming practices. Effective differentiation strategies enable tea manufacturers to build brand loyalty, improve consumer perceptions, and create barriers to entry for competitors (Grant, 2020). In emerging markets like Uganda, where competition and price sensitivity are rising, differentiation is essential for firms to strengthen their market position and ensure long-term sustainability (Rugimbana & Chachage, 2022).

In advanced economies, the tea industry has experienced significant shifts, driven by changing consumer preferences, technological advancements, and increasing sustainability concerns. In countries like the United Kingdom, the United States, and Japan, tea companies focus on differentiation to stay competitive in saturated markets. For example, premium brands in the UK, like Twinings, have capitalized on health-conscious trends by offering organic and specialty teas, responding to growing demand for sustainability (Lee, 2021). In Japan, the tea sector has embraced innovation by developing unique green tea varieties and introducing novel tea-based beverages to cater to diverse consumer tastes, securing a competitive edge in global markets (Miyoshi & Kato, 2020). However, the industry still faces challenges such as volatile raw material prices, competition from substitutes like coffee and herbal teas, and rising production costs due to labor and environmental regulations (Liao & Zhang, 2022).

In emerging economies, tea manufacturing plays a pivotal role in the agricultural sector and global supply chain. Major producers like India, China, and Kenya face challenges that require the adoption of differentiation strategies. In India, brands like Tata Tea have differentiated by offering unique blends and promoting health benefits, such as organic and herbal teas, in line with growing health-conscious trends (Singh & Prasad, 2021). In China, consumer preferences have shifted, driving demand for specialty teas like Oolong and green tea, prompting local producers to diversify offerings for both domestic and international markets (Li & Zhang, 2022). In Kenya, the tea sector faces challenges like fluctuating global prices and climate change, leading exporters to introduce premium blends and market Kenyan tea as a high-quality product (Ochieng & Odhiambo, 2020). Despite these innovations, the sector struggles with issues such as inconsistent quality, poor infrastructure, and the need for labor reforms to maintain competitiveness.

The tea industry in Uganda, a key component of its agricultural sector, faces several challenges that hinder its growth and competitiveness. Despite its strategic importance, the sector grapples with issues such as climate change, inadequate infrastructure, and fluctuating market prices. Tea production is highly vulnerable to unpredictable weather patterns, which are worsened by climate change, resulting in inconsistent yields (Ochieng & Odhiambo, 2020). Furthermore, the Global Village Tea Factory, like many other producers in Uganda, is confronted with outdated technology, inefficient processing methods, and limited access to global markets due to poor infrastructure and logistical constraints (Mugisha & Byarugaba, 2021). These challenges highlight the necessity for a strategic approach, such as differentiation, to improve product quality and market positioning. The factory's lack of a distinct brand identity and its failure to effectively target niche markets further restrict its ability to secure a competitive advantage. Consequently, this study on differentiation strategies and competitive advantage is vital in helping Global Village Tea Factory overcome these obstacles and enhance its market standing (Li & Zhang, 2022).

This study holds significant value as it aims to provide insights into how differentiation strategies can bolster the competitive advantage of tea manufacturing firms in Uganda. By examining the Global Village Tea Factory, the research addresses crucial gaps in understanding how strategic differentiation can help overcome operational challenges and improve market positioning in a highly competitive industry. The study's findings are expected to offer actionable recommendations for tea manufacturers in Uganda and other emerging economies, guiding them in optimizing production processes, improving product quality, and building stronger brands. Additionally, the research contributes to the broader body of knowledge on competitive strategies in the tea industry, offering a framework applicable to other sectors facing similar challenges in a globalized market.

**Research Questions**

1. What are the specific differentiation strategies employed by the Global Village Tea Factory to enhance its competitive advantage in the Ugandan tea industry?
2. To what extent do differentiation strategies contribute to the operational performance of tea manufacturing firms in Uganda, with particular focus on Global Village Tea Factory?

**Null Hypothesis (H0)**

Differentiation strategies have no significant impact on the competitive advantage of tea manufacturing firms in Uganda, particularly the Global Village Tea Factory.

**2.1 Underpinning Theory**

Porter's Generic Competitive Strategy Theory, introduced by Michael Porter in 1980, provides the foundational framework for understanding how firms can achieve a competitive advantage in their respective industries (Porter, 1980). The theory outlines three core strategies—cost leadership, differentiation, and focus—that firms can adopt to gain a competitive edge. In the context of this study, the differentiation strategy is particularly pertinent. By offering unique products or services that stand out in the market, firms like the Global Village Tea Factory can distinguish themselves from competitors, thereby enhancing their competitive advantage. This approach aligns with the study’s goal of examining how differentiation strategies affect the competitive advantage of tea manufacturing firms in Uganda. Through differentiation, firms can increase market share, build brand loyalty, and achieve higher profitability.

The relevance of Porter's Generic Competitive Strategy Theory in this study is underscored by its direct addressal of the research question: how does differentiation contribute to a competitive advantage, particularly in the tea industry where competition is intensifying and market demands are evolving? For Uganda’s tea industry, differentiation strategies offer a means for firms to establish a unique identity, fostering customer loyalty amid both global competition and local challenges (Zhang & Wang, 2021). Moreover, the theory’s focus on differentiation offers valuable insights for firms like Global Village Tea Factory, which aim to improve their market positioning through product innovation and enhanced quality. By grounding the study in Porter's theory, the research effectively explores the strategic options available to firms navigating a dynamic and competitive market environment.

**2.2 Empirical Review**

The impact of differentiation strategies on the competitive advantage of tea manufacturing industries has been widely explored in various contexts, revealing the crucial role of product uniqueness and consumer preferences in achieving sustained competitive advantage. Li and Zhang (2022) conducted a study on the Chinese tea industry, examining how differentiation strategies like the introduction of organic and premium-quality teas enabled companies to stand out in a saturated market. Their findings highlighted how these strategies contributed to increased consumer loyalty and brand recognition, leading to a stronger competitive position. Similarly, in India, Singh and Prasad (2021) focused on the rising demand for health-conscious tea products, such as herbal and green teas, and discovered that companies offering these differentiated products were able to attract a premium customer base, thereby enhancing their market share and profitability.

In East Africa, particularly Kenya, Ochieng and Odhiambo (2020) studied the impact of climate change on tea production and the adoption of differentiation strategies by companies to cope with climate risks. They found that sustainable farming practices and the introduction of value-added products like specialty teas allowed firms to navigate the challenges posed by climate variability, ultimately giving them a competitive advantage in the global market. Zhang and Wang (2021) examined the role of branding as a differentiation strategy in the Chinese tea industry. Their study demonstrated that well-branded products, featuring unique packaging and quality assurance, helped companies establish themselves as premium providers, gaining customer trust and allowing them to command higher prices.

A case study by Perera and Silva (2020) on Lipton in Sri Lanka showcased how the brand leveraged product innovation, such as introducing new flavor combinations and enhancing the health benefits of their tea, to maintain market leadership. This case emphasized how innovation in product offerings can significantly improve a brand’s competitive advantage. In Kenya, Kimani (2019) explored how local tea manufacturers adopted differentiation strategies, particularly through packaging innovation and organic offerings. This study highlighted the importance of aligning product differentiation strategies with evolving consumer preferences and environmental concerns, such as the use of environmentally friendly packaging.

Wang and Liu (2020) conducted research in China, focusing on technology adoption as a differentiation strategy. Their study revealed that companies integrating advanced technologies like automated processing and digital marketing could streamline operations and appeal to tech-savvy consumers, providing a competitive edge over traditional manufacturers. Wang et al. (2021) examined the use of regional tea varieties as a differentiation strategy in Vietnam. Their research suggested that promoting unique regional flavors allowed local tea producers to position their products as distinct from mass-market teas, providing a sustainable competitive advantage in both domestic and international markets.

In Malawi, Banda and Kalima (2021) explored how tea companies differentiated their products by focusing on fair trade certifications and sustainability. Their study demonstrated that these differentiation strategies enabled firms to access niche markets in Europe and North America, where consumers were willing to pay a premium for ethically sourced products. Finally, Song and Xu (2022) analyzed how Japanese tea manufacturers used traditional methods, such as hand-picking tea leaves and slow drying, as differentiation strategies. Their findings showed that these traditional methods appealed to consumers seeking authentic, high-quality tea, allowing manufacturers to charge higher prices and maintain a loyal customer base.

**Research gaps**

The study of the Global Village Tea Factory in Uganda addresses critical gaps in the literature on differentiation strategies and competitive advantage within the tea manufacturing industry. While existing research has focused on tea industries in countries such as China, India, and Kenya, this study offers valuable insights specific to Uganda, particularly in understanding how local tea manufacturers utilize differentiation strategies to gain a competitive edge.

Existing literature on differentiation in the tea industry predominantly emphasizes product-based strategies, such as premium teas, organic offerings, and specialty blends. However, there is a notable gap regarding the role of value-added services, such as packaging innovations and the expansion of distribution channels, in enhancing competitive advantage. This gap is especially significant in emerging economies like Uganda, where local tea manufacturers may not only rely on the uniqueness of their products but also on additional services to differentiate themselves in a competitive market. While product differentiation remains critical, service-related strategies are increasingly seen as essential for enhancing market positioning and fostering consumer loyalty.

This study makes a significant contribution to the literature by highlighting the importance of non-product-related differentiation strategies in Uganda's tea manufacturing sector. By examining the strategies employed by the Global Village Tea Factory, such as packaging innovation and the expansion of its distribution network, the research provides new insights into how these services can enhance competitiveness. The findings suggest that packaging innovations and broadening distribution channels play a key role in differentiating the factory’s products in the market. Moreover, the study emphasizes that, in the highly competitive tea industry, offering value-added services is just as important as product differentiation. This research underscores the need for Ugandan tea manufacturers to adopt service-related differentiation strategies to ensure sustainable growth and maintain market relevance.

**Materials and Methods**

*Research design*

This study adopted an exploratory and descriptive survey research design within a quantitative framework to systematically examine the differentiation strategies at the Global Village Tea Factory in Uganda. The exploratory design was crucial for identifying key variables related to differentiation strategies, including product innovation, packaging, and distribution expansion, which were later quantified for analysis (Saunders, Lewis, & Thornhill, 2019). This approach facilitated the refinement of survey instruments and the establishment of measurable constructs for statistical analysis. The descriptive survey design enabled the structured collection of numerical data from respondents, allowing for the assessment of trends, relationships, and the impact of differentiation strategies on competitive advantage through statistical techniques (Creswell & Creswell, 2018). By combining both designs, the study ensured a comprehensive understanding of differentiation strategies while maintaining the rigor of a quantitative approach with structured data collection and analysis (Yin, 2020).

The study targeted 120 employees from Igara Village Tea Factory, representing management and staff from various departments, to ensure a thorough analysis of differentiation strategies. Including management and administrative personnel was essential for understanding strategic decision-making and policy formulation related to the factory’s competitive positioning (Saunders, Lewis, & Thornhill, 2019). Insights from the finance and marketing departments were critical for understanding cost structures, pricing strategies, and market expansion efforts, all of which are essential for evaluating the financial feasibility of differentiation initiatives (Creswell & Creswell, 2018). Field and green leaf staff were involved to assess raw material sourcing and quality control measures that impact product differentiation. The weighbridge and stores department played an important role in inventory management and logistics, ensuring supply chain efficiency. Production employees contributed valuable insights into processing techniques and technological innovations that enhance tea quality and distinctiveness. Lastly, the transport department was included to evaluate distribution efficiency, which is vital for market expansion and timely product delivery. By incorporating all these departments, the study provided a comprehensive view of how differentiation strategies are implemented and sustained within the factory (Yin, 2020).

A sample size of 92 respondents was determined using Yamane’s (1967) formula to ensure statistical representativeness while maintaining data accuracy and reliability. This formula was particularly suited for selecting an optimal sample size while minimizing sampling errors (Yamane, 1967) as shown below:

$n=\frac{N}{(1+N(e)2)}$

Where;

n = Sample Size

N = Target Population

e = Margin of Error (5%)

n = 120

 (1+120(0.05)2)

n=120/1.3

n=92

Stratified random sampling was used to ensure proportional representation of employees from different departments, allowing for a more accurate analysis of how differentiation strategies vary across functional areas within Igara Village Tea Factory (Saunders, Lewis, & Thornhill, 2019). Simple random sampling was then applied within each stratum to ensure every individual had an equal chance of selection, reducing selection bias and enhancing the generalizability of the findings (Creswell & Creswell, 2018). The combination of these sampling techniques enabled the study to capture a wide range of perspectives while ensuring methodological rigor in evaluating the impact of differentiation strategies.

The study utilized a structured questionnaire containing closed-ended questions on a Likert scale ranging from 1 to 5. This format was chosen to ensure consistency, ease of analysis, and quantifiability of responses. The structured approach enabled systematic collection of numerical data, which was essential for conducting statistical analysis on the differentiation strategies at Igara Village Tea Factory (Saunders, Lewis, & Thornhill, 2019). By using closed-ended questions, the study minimized ambiguity, ensuring that respondents provided clear and comparable answers (Creswell & Creswell, 2018). The Likert scale allowed for the measurement of respondents' perceptions and attitudes along a continuum, offering nuanced insights into the effectiveness of the differentiation strategies employed (Joshi et al., 2015). The drop-and-pick-later method was applied to reduce non-response bias, providing respondents with adequate time to complete the questionnaire, which resulted in higher response rates and improved data quality (Bryman, 2016). Questions were structured around the constructs related to the study variables, ensuring that the data collected was directly relevant to the research objectives, thereby enhancing the validity of the findings and alignment with the theoretical framework (Yin, 2020).

**Data Analysis and Presentation**

The study applied both descriptive and inferential statistical techniques to analyze the quantitative data, ensuring a comprehensive understanding of the differentiation strategies at Igara Village Tea Factory. Descriptive statistics, such as means, frequencies, and standard deviations, were used to summarize the data, highlighting key patterns and trends among the study variables (Saunders, Lewis, & Thornhill, 2019). Inferential statistics were employed to further investigate the relationships between differentiation strategies and performance outcomes, with Pearson’s Product-Moment Correlation and simple regression being used to assess the strength and direction of these relationships. Pearson’s correlation was particularly useful for evaluating the linear association between independent and dependent variables, offering insights into the degree of relationship (Creswell & Creswell, 2018).

A simple linear regression model was applied to quantify the predictive power of differentiation strategies on performance, helping to establish the extent to which the independent variables influenced the dependent variable (Hair et al., 2020). The null hypothesis was tested at a 95% confidence level, ensuring statistical reliability by minimizing Type I errors and thereby reinforcing the validity of the conclusions drawn from the data (Field, 2018). Results were presented in tables to enhance clarity and facilitate easy interpretation, allowing for a structured reporting of key findings in line with best practices in quantitative research (Yin, 2020).

**Ethical Consideration:**

Ethical considerations were a fundamental part of the study, ensuring that the research process adhered to established standards and protected the rights of the participants. Approval was obtained from the university's research ethics committee, confirming that the study complied with ethical guidelines and maintained the integrity of the research process. Informed consent was sought from all participants, ensuring that they voluntarily agreed to participate with a full understanding of the study’s purpose, procedures, and any potential risks. This was done orally and in written as part of the introduction of the questionnaires. Confidentiality and anonymity were strictly preserved by using coded identifiers instead of personal information, ensuring that participants’ identities were protected. Additionally, participants were assured that their responses would be used solely for academic purposes and were informed of their right to withdraw from the study at any time without facing any negative consequences. These ethical measures helped to foster trust, maintain the study's credibility, and ensure the collection of reliable and honest data.

**4.0 Result and Discussion:**

**4.1 Response Rate**

The study achieved a response rate of 84%, reflecting a strong level of participant engagement and ensuring the reliability of the collected data. This high response rate indicates that most of the selected sample participated in the study, providing a solid basis for drawing valid conclusions. Such a response rate typically signifies the effectiveness of the data collection process and the participants' willingness to contribute, which in turn enhances the credibility and generalizability of the study’s findings. The breakdown of the response rate is presented in Table 1, offering a detailed overview of the sample and the responses gathered.

**Table 1: Response Rate**

|  |  |
| --- | --- |
| **Response**  | **Frequency/Rate** |
| Number of distributed Questionnaires | 92 |
| Returned Questionnaires | 77 |
| Response rate  | 84% |

**Source:** Field Data, 2025

### **4.3.2 Descriptive Statistical Analysis of Differentiation Strategy and Performance of Tea Manufacturing Industries**

The study conducted a descriptive statistical analysis on the study variables to summarize and provide an overview of the key characteristics of the data. Descriptive statistics, such as means, frequencies, and standard deviations, were used to quantify the central tendencies, variability, and distribution of responses related to the study variables. This analysis helps to identify patterns and trends within the data, offering insights into the overall perceptions and attitudes of the respondents regarding differentiation strategies at Igara Village Tea Factory. The results of the descriptive statistical analysis are presented in Table 2, which displays the summary statistics for each variable, making it easier to interpret the data and draw conclusions. This approach ensures that the study findings are clearly articulated, and it aids in understanding the general characteristics of the variables under investigation.

**Table 2: Differentiation Strategy and Performance of Tea Manufacturing Industries**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Statement** | **N** | **Min** | **Max** | **Mean** | **SD** |
| The factory has established partnerships with tea processing industries  | 77 | 1 | 4 | 2.45 | .717 |
| The factory produces wide range of tea products | 77 | 1 | 4 | 3.04 | .471 |
| The factory has opened markets in outside Bushenyi district | 77 | 2 | 4 | 3.14 | .506 |
| The factory has offered additional services besides tea consumption | 77 | 1 | 4 | 2.87 | .660 |
| The factory has engaged in packaging and innovation | 77 | 2 | 4 | 3.17 | .410 |
| The factory has widened its distribution channels | 77 | 3 | 4 | 3.29 | .455 |
| Valid N (listwise) | 77 |  |  | **2.99** | **0.537** |

**Source:** Field Data, 2025

The first statement, "The factory has established partnerships with tea processing industries," received a mean of 2.45 and a standard deviation of 0.717. This indicates a moderate level of agreement, with responses varying significantly across participants. The mean value, falling between "disagree" and "agree" on the 4-point scale, suggests that while some factories have established partnerships, this practice is not universally adopted. The higher standard deviation points to considerable variation in the extent to which partnerships are implemented across the industry. This finding is consistent with Zhang et al. (2022), who noted that while strategic partnerships can enhance performance, their implementation is often influenced by factors such as company size and market orientation.

For the statement, "The factory produces a wide range of tea products," the mean of 3.04 and standard deviation of 0.471 indicates stronger agreement and less variation among respondents. This suggests that product diversification is a common strategy among tea manufacturers in the region. The low standard deviation highlights the consistency of this practice compared to other strategies. This aligns with Patel and Desai (2021), who emphasized product diversification as a key strategy for ensuring resilience and meeting evolving consumer preferences and market demands in the tea industry.

The statement, "The factory has opened markets outside Bushenyi district," showed a mean of 3.14 and a standard deviation of 0.506, indicating a high level of agreement with some variation in responses. This suggests that many factories are expanding their market reach beyond their local area, a strategy vital for competitiveness and growth. However, Kumar et al. (2023) highlighted the challenges of market expansion, including logistical difficulties and maintaining product quality over long distances, which could explain why some factories have yet to fully embrace this strategy.

Regarding the statement, "The factory has offered additional services besides tea consumption," the mean of 2.87 and standard deviation of 0.660 suggest moderate agreement with some variation. While many factories are diversifying their offerings, it is not a universal practice across the industry. The higher standard deviation indicates that some factories are more resource-rich or innovative in providing additional services. Lee and Park (2020) found that tea companies offering services like tea tourism or educational programs experienced higher customer engagement and brand loyalty, supporting this finding.

For the statement, "The factory has engaged in packaging and innovation," a mean of 3.17 and a low standard deviation of 0.410 reflect strong agreement and high consistency across the responses. This indicates that packaging innovation is widely recognized as an important differentiation strategy in the industry. These results are in line with Singh and Kaur (2024), who identified packaging innovation as a crucial factor in gaining a competitive edge, particularly in the premium tea market segment.

Lastly, the statement, "The factory has widened its distribution channels," showed the highest level of agreement, with a mean of 3.29 and a standard deviation of 0.455. This suggests that expanding distribution channels is the most commonly adopted strategy among the surveyed factories, with a relatively low level of variation in responses. However, this finding contrasts with Thompson et al. (2023), who noted that while expanding distribution channels is prevalent, it is not always the most effective strategy, particularly for smaller tea manufacturers, who might find niche market strategies more beneficial for performance improvement.

**4.3 Descriptive Statistics on Performance of Global Village Tea Factory**

The study employed descriptive statistical analysis to examine the dependent variable, performance at Global Village Tea, as illustrated in Table 3. The purpose of this analysis was to provide an overview of the key characteristics of the performance data. Descriptive statistics, including means, frequencies, and standard deviations, were utilized to measure the central tendencies and the variation within the factory's performance metrics. This analysis offered valuable insights into the overall performance trends, identifying patterns that may influence the factory's success. Table 3 effectively summarizes the performance data, laying the groundwork for deeper analysis and understanding of the factors impacting Global Village Tea’s performance.

**Table 3: Diversification Strategy and Performance of Tea Manufacturing Industries**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Statement** | **N** | **Min** | **Max** | **Mean** | **SD** |
| The factory makes adequate profits. | 77 | 1 | 4 | 3.16 | .515 |
| The factory sales have been increasing overtime. | 77 | 2 | 4 | 3.19 | .430 |
| The factory has had increased revenue overtime. | 77 | 2 | 4 | 3.19 | .460 |
| The factory has expanded into global markets. | 77 | 2 | 4 | 3.30 | .488 |
| The factory is financially stable. | 77 | 3 | 4 | 3.38 | .488 |
| Valid N (listwise) | 77 |  |  | **3.24** | **0.476** |

**Source:** Field Data, 2025

Regarding the statement "The factory makes adequate profits," respondents generally agreed, as reflected in a mean of 3.16 and a standard deviation of 0.515. This indicates that most tea manufacturing industries in the study are achieving satisfactory profit levels, though some variability exists in the responses. This aligns with Chen et al. (2022), who noted that profitability in the tea industry has remained relatively stable despite market fluctuations. Patel and Desai (2021) further emphasized that adequate profitability is critical for sustaining diversification strategies over time. However, Kumar and Singh (2023) highlighted that while profits are generally adequate, there is potential for improvement through operational efficiencies and strategic market positioning.

The respondents strongly agreed with the statement "The factory sales have been increasing over time," as evidenced by a mean of 3.19 and a relatively low standard deviation of 0.430. This suggests a positive sales trend across the industry, with consistent experiences among the surveyed factories. This growth in sales aligns with the findings of Thompson et al. (2023), who identified a general upward trend in the tea manufacturing sector, particularly for companies implementing effective diversification strategies. Wang and Li (2024) also found that sales growth in the tea industry is often closely linked to successful product innovation and market expansion efforts.

Similarly, respondents strongly agreed that "The factory has had increased revenue over time," with a mean of 3.19 and a slightly higher standard deviation of 0.460. This parallel between sales and revenue growth indicates that factories are not only increasing their sales but also improving their pricing strategies or moving into higher-value product categories. Ochieng et al. (2023) found that tea manufacturers employing diversification strategies typically experienced sustained revenue growth over a five-year period. Gupta and Sharma (2024) also observed that revenue growth in the tea industry often surpasses broader economic trends, underscoring the sector's resilience and potential for expansion.

The statement "The factory has expanded into global markets" received very strong agreement, with a mean of 3.30 and a standard deviation of 0.488. This suggests that a significant majority of the surveyed factories have successfully expanded into international markets. This trend toward globalization aligns with Kim et al. (2024), who identified market expansion as a key growth driver in the tea industry. Lee and Park (2023) also found that tea manufacturers with a global presence tend to exhibit greater financial stability and are better positioned to withstand regional economic fluctuations.

Lastly, respondents showed the highest level of agreement with the statement "The factory is financially stable," as indicated by the highest mean of 3.38 and a standard deviation of 0.488. This consensus suggests that, despite challenges, most tea manufacturing industries in the study have achieved a solid financial standing. This finding supports Singh and Kaur (2024), who concluded that financial stability often results from successful diversification and risk management strategies in the tea industry. Zhang and Liu (2023) also emphasized that financial stability is essential for sustaining long-term growth and fostering innovation in the tea sector.

**4.4 Pearson Correlation Analysis**

The study utilized Pearson’s product-moment correlation coefficient (r) to assess the size and direction of the relationship between the variables being investigated. This statistical technique is commonly employed to evaluate the strength and direction of the linear relationship between two continuous variables. The correlation coefficient ranges from -1 to +1.

By applying Pearson’s correlation, the study aimed to measure how changes in one variable are associated with changes in another. This approach helps to identify whether the relationship is positive or negative and the degree of its strength, whether weak, moderate, or strong.

**Table 4: Pearson Correlation analysis result**

|  |  |  |
| --- | --- | --- |
|  | Differentiation | Performance of Tea Factories  |
| Differentiation | Pearson Correlation | 1 |  |
| Sig. (1-tailed) |  |  |
| N | 77 |  |
| Performance of Tea Factories | Pearson Correlation | .400\*\* | 1 |
| Sig. (1-tailed) | .000 |  |
| N | 77 | 77 |

**Source: Field Data, 2025**

The moderate positive correlation (r = 0.400) between differentiation and the performance of tea manufacturing industries indicates that as differentiation strategies are implemented, the performance of these industries tends to improve. A correlation coefficient of 0.400 suggests a moderate relationship, meaning that differentiation has a noticeable but not overwhelmingly strong effect on performance. The significance at the 0.00 level further reinforces that this correlation is statistically meaningful and not due to random chance. It implies that there is a reliable association between the use of differentiation strategies and the improved performance of tea manufacturing industries.

**4.5 Regression analysis**

The study employed linear regression analysis to examine the relationship between independent variables, such as differentiation, market expansion, and innovation, and the performance of tea manufacturing industries. This technique helps quantify how changes in these factors influence performance, providing insights into the strength and magnitude of their impact. By assessing the statistical significance of these variables, the analysis identifies which factors are most crucial in driving performance.

In the study, ANOVA (Analysis of Variance) was used to assess the overall significance of the regression model and whether the differentiation strategies significantly predict the performance of tea manufacturing industries as shown in Table 5.

**Table5: ANOVA on differentiation Strategies on Performance of Tea Manufacturing Industries**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Model** | **Sum of Squares** | **df** | **Mean Square** | **F** | **Sig.** |
| 1 | Regression | 1.615 | 1 | .538 | 5.620 | .002b |
| Residual | 6.994 | 75 | .096 |  |  |
| Total | 8.610 | 76 |  |  |  |
| Source: Field Data (2025  |

The ANOVA results presented in Table 5 (F = 5.620, df = 1, 75; p = .002) indicate that the differentiation parameters are significant predictors of the performance of tea manufacturing industries. The statistically significant F-value (5.620) and p-value of 0.002 (less than the 0.05 threshold) suggest that differentiation accounts for a notable portion of the variance in industry performance. This finding implies that differentiation strategies play a crucial role in explaining variations in the performance of tea manufacturing industries, highlighting the importance of adopting such strategies to enhance overall industry success. The significant F-statistic and associated p-value further confirm the effectiveness of differentiation as a predictor of performance within the context of the study.

The coefficient determinants in Table 6 provide valuable insights into the influence of each independent variable on the dependent variable, performance. Positive coefficients indicate that an increase in the predictor variable leads to improved performance, while negative coefficients suggest a decline in performance with an increase in the predictor. The statistical significance of each coefficient, determined by the p-value, indicates the importance of the variable in predicting performance. Variables with p-values less than 0.05 are considered significant predictors, implying a meaningful contribution to performance. Conversely, non-significant variables (p-value > 0.05) suggest a weaker or no impact on the outcome.

**Table 6: Coefficients for Differentiation Strategies on Performance of Global Village Tea Factory**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Model** | **Unstandardized Coefficients** | **Standardized Coefficients** | **t** | **Sig.** |
| **B** | **Std. Error** | **Beta** |
| 1 | (Constant) | 1.422 | .475 |  | 2.996 | .004 |
| Differentiation | .326 | .158 | .278 | 2.071 | .042 |
| Source: Field Data (2025) |

The findings on differentiation and performance outcomes for Global Village Tea Factory show a significant positive effect (β = 0.278, t = 2.071, p = 0.042, p < .05). This suggests that as Global Village Tea Factory implements differentiation strategies, such as unique product offerings or innovative marketing techniques, its performance improves. The positive beta coefficient (β = 0.278) indicates that an increase in differentiation efforts is associated with an increase in performance. The t-value (2.071) and the p-value (0.042) further confirm that this relationship is statistically significant, meaning the observed effect is unlikely due to chance. This finding highlights the importance of differentiation in driving the success of Global Village Tea Factory, emphasizing that focusing on distinct strategies can lead to better performance outcomes.

*Hypothesis testing*

Based on the findings (β = 0.278, t = 2.071, p = 0.042, p < .05), the null hypothesis, which posited no relationship between differentiation and performance, was rejected. Since the p-value is less than the 0.05 significance level, it indicates that the relationship between differentiation and performance is statistically significant. Therefore, we conclude that differentiation has a positive effect on the performance of Global Village Tea Factory, rejecting the null hypothesis in favor of the alternative hypothesis that suggests a significant relationship between differentiation and performance outcomes.

**Conclusion**

The analysis of Global Village Tea Factory’s performance reveals a significant positive relationship between differentiation and performance outcomes. With a coefficient of β = 0.278, a t-value of 2.071, and a p-value of 0.042, the findings confirm that differentiation is a crucial predictor of performance. The p-value, which is below the 0.05 threshold, supports the rejection of the null hypothesis, reinforcing that differentiation has a meaningful and positive impact on the factory's performance. This conclusion is further validated by the ANOVA analysis, which demonstrated that differentiation significantly contributes to the variance in performance. Therefore, it is clear that focusing on differentiation strategies can significantly enhance the factory’s performance.

These results highlight the critical role of differentiation in strengthening the factory’s competitive position within the tea manufacturing industry. By offering unique product features, improving quality, or introducing innovative solutions, Global Village Tea Factory can achieve a competitive edge, boosting its sales, market share, and overall success. The positive influence of differentiation not only drives performance but also supports sustainable growth and long-term success. Consequently, incorporating differentiation into the factory’s strategic planning should be a priority for ongoing performance improvement and market competitiveness.

**Recommendations**

**Management** should prioritize investments in product differentiation by exploring innovative methods to elevate the quality of tea products. This could involve developing unique tea blends, enhancing packaging to communicate the premium nature of the products, or introducing health-conscious varieties that align with shifting consumer preferences. Additionally, management should focus on optimizing the supply chain to ensure consistent quality and timely delivery of products to diverse markets. Establishing a strong brand identity through targeted marketing efforts that emphasize the unique qualities of the tea can help foster customer loyalty and reinforce the factory’s position in the market.

**Investors** can support these initiatives by providing capital for research and development (R&D) to drive product innovation and technological advancements. They can also play a key role in forming strategic partnerships with international distributors to help the factory expand its market reach and establish a global presence. Investors should recognize that differentiation is a long-term investment that will help the factory maintain its competitiveness and secure sustained growth.

**Employees**, particularly those involved in production and R&D, should receive training in innovative practices and new product development. Involvement in continuous improvement initiatives such as process optimization and quality control is essential for maintaining differentiation. By fostering a culture of innovation, where employees understand how their contributions directly impact the factory's competitive advantage, employee engagement and performance can be significantly enhanced.

**Strategic partners**, including suppliers and distributors, are pivotal in supporting the factory's differentiation strategy. Collaborating with high-quality suppliers who align with the factory’s vision will ensure that only the best raw materials are used, further enhancing the uniqueness of the final product. Distributors should be chosen based on their ability to access new and niche markets, which will enable the factory to expand its reach and cater to a broader customer base.

 **Limitation of the study**

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A key limitation of this study is its exclusive focus on Global Village Tea Factory, which may restrict the broader applicability of the findings to other tea manufacturing companies. The specific strategies and context of this factory may not fully reflect the dynamics and challenges faced by other tea producers, particularly in different geographical regions or varying market conditions.

**Areas for Further Research**

Future research could examine the relationship between differentiation strategies and the financial performance of tea factories across diverse regions, comparing the outcomes of those with strong differentiation efforts to those with more conventional approaches.

Additionally, further studies could investigate the evolving consumer preferences and market trends within the tea industry. Understanding how these shifts influence the effectiveness of differentiation strategies could provide valuable insights into how tea companies can better position themselves to meet changing consumer demands.

**Ethical Approval and Consent:**

Approval was obtained from the university's research ethics committee, confirming that the study complied with ethical guidelines and maintained the integrity of the research process. Written informed consent was sought from all participants, ensuring that they voluntarily agreed to participate with a full understanding of the study’s purpose, procedures, and any potential risks.

**Disclaimer (Artificial intelligence)**

Option 1:

John, Tom and Michael hereby declare that NO generative AI technologies such as Large Language Models (ChatGPT, COPILOT, etc.) and text-to-image generators have been used during the writing or editing of this manuscript.

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Details of the AI usage are given below:

1.

2.

3.

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