

Market Segmentation, Customer Value Propositions and Organizational Performances of Indigenous Oil and Gas Companies in Rivers State, Nigeria, as Moderated by Market Innovations and Local Content Policy.

By

Babatunde Rasaki Sunmola,* Olasupo Oladapo Omoyemi,**Olayinka Enoch GABRIEL,‡ and Alase, Peter Oluyomi.***

Abstract

The study investigated the effect of market segmentation and customer value proposition on organisational performances of indigenous oil and gas companies in Rivers State, as moderated by market innovation and local content policy. The theory underpinning this study is the resource-advantage (R-A) theory of competition. Survey research design was used and the population of study consisted of 322 Management Staff of 11 indigenous oil and gas companies in Rivers State. Total enumeration method was adopted through a validated and structured questionnaire to collect data. Data were analysed using Hierarchical regression. Findings revealed that the effect of market segmentation and customer value proposition on organisational performances of indigenous oil and gas companies in Rivers State was significantly affected as moderated by the combination of market innovation and local content policy ($\beta = -2.322E-6$, $\Delta R^2 = 0.006$; $\Delta F = 10.055$, $p.$). In conclusion, market segmentation, customer value propositions as moderated by market innovation and local content policy had significant effect on organisational performances of the selected indigenous oil and gas companies in Rivers State, Nigeria. It was consequently recommended that, management of indigenous oil and gas companies should segment their markets, and tailor their products and services to meet customers' needs, and also develop a strong value proposition with adequate adherence to local content policy.

Keywords: Customer value proposition, indigenous oil and gas companies, local content policy, market innovation, market segmentation, organisational performances.

INTRODUCTION

In Africa, the oil and gas sector is faced with several risks and challenges, including, Political Risk, Geological Risk, Price Risk, Supply and Demand Risks, Cost Risks¹. African countries can be categorized into four archetypes, based on the resilience of their crude oil reserves, and the extent of their economic reliance on oil and gas revenues. Countries with more than 50 percent of projected oil production at risk, in the event of a more rapid energy transition (achieved commitments scenario) can be considered vulnerable, those with less than 50 percent of production at risk, are likely to be more resilient to global shifts. This analysis focuses primarily on the competitiveness of African crude

*Department of Petroleum Marketing and Business Studies, Petroleum Training Institute (PTI), Effurun, Delta State. sunmolababatunde8@gmail.com

** Department of Petroleum Marketing and Business Studies, Petroleum Training Institute (PTI), Effurun, Delta State. Dapsu2002@yahoo.com

‡Department of Business Administration, Anchor University, Ayobo Lagos. gabrielolayinka@gmail.com

*** Department of Management and Entrepreneurship, Afe Babalola University, Ado-Ekiti

¹ Beattie, G. A. C., & Holford, P. (2022, April). Can *Oecophylla smaragdina* be used to suppress incidence of CVPD in citrus orchards in Indonesia? In *IOP Conference Series: Earth and Environmental Science* (Vol. 1018, No. 1, p. 012030). IOP Publishing. doi:10.1088/1755-1315/1018/1/012030.

supply, given the global nature of oil demand and supply dynamics.² With an ever-growing market in the oil and gas, continuing price volatility and inflationary costs of production and raw materials, oil companies face serious challenges in of production outputs remaining competitively priced. As an example, while diversifying their services to keep going in fluctuating market in Kenya in 1994, led to an increase in the number of petroleum dealers in the country;³ such that, there are over thirty oil marketing companies in Kenya, as their market shares are based on the volumes of fuel traded within a given period⁴. The Nigeria's petroleum sector performances have increasingly become unstable over the years.⁵ Ameh⁶ pointed out that even, with the existence of regulatory agencies, indigenous oil and gas companies are experiencing marketing problems, and facing huge challenges. In every aspect therefore, the Nigerian oil and gas industry proved to be unsatisfactory; thereby, failing to meet expectations.⁷

Several studies have examined market segmentation from behavioural perspectives among different industries in several countries.⁸ The downstream sector of the oil and gas represents the primary engine of economic activity and prosperity in the countries of the world. The sector is considered as an important input of economic development within primary energy resources that cut across the value chain of petroleum trading, marketing, distribution, and retail segments. But the linkage between the combined moderating roles of market innovation and local content policy, with respect to the relationship between market segmentation, customer value proposition, and organisational performance of indigenous oil and gas companies in River State, Nigeria has not been properly established. This, therefore, leaves a gap that needs to be attended to, in the case of market segmentation, customer value propositions, and organisational performance of indigenous oil and gas companies in Rivers State, Nigeria, as moderated by market innovation and local content policy. These areas need more studies, in order to address the contradictions among scholars' findings, as far as the level of significance or otherwise that have been reported across the different constructs.

Objective of the study: This study seek to examine the effect of market segmentation components and customer value propositions on organisational performance of indigenous oil and gas companies in Rivers State, Nigeria, as moderated by market innovation and local content policy.

² Acha, L., Peter, G. Oliver, O.(2022). "The future of African oil and gas: Positioning for the energy transition". Retrieved from <https://www.mckinsey.com/industries/oil-and-gas/our-insights/the-future-of-african-oil-and-gas-positioning-for-the-energy-transition#/>.

³ International Energy Agency, (2020). World Energy Outlook 2020. <https://www.iea.org/reports>.

⁴ Energy Regulatory Commission.(2017). <https://www.dbm.gov.ph/wpcontent/uploads/OPCCB/opif2009/2009%20EOs%20Opif1st/erc.pdf>

⁵ Oyakhire, V. A. & Akpan, L. P. (2021). Growth strategy and performance of Oil and Gas companies in Nigeria.

International Journal of Trend in Scientific Research and Development (ijtsrd), 5(6), 461-470, www.ijtsrd.com/papers.

⁶Ameh (2021). Nigeria's Petroleum Industry Act: Addressing old problems, creating new ones.

<https://www.brookings.edu/blog>.

⁷ Addeh, U., (2022). The challenges of the Nigerian Oil and Gas Industry. <https://www.nairametrics.com/2020/12/16/the-challenges-of-the-nigerian-oil-and-gas-industry>.

⁸ Manyando, M & Haq, Y. (2018). Market segmentation from a behavioural perspective: An empirical investigation of the carpet industry in Turkey. <https://www.coursehero.com/file/pacuv0b>.

Review Of Literature

Conceptual Issues

Market segmentation is the process by which the total heterogeneous market for a product is divided into several sub-markets or segments, and each segment being homogeneous in all major aspects, and is but different from the other. Relatedly, market segmentation characterises the division of the market into distinct groups of buyers who might require separate products or marketing mixes, due to having distinct needs, characteristics, or behaviours.⁹ Thomas¹⁰ defining market segmentation at its most basic level, he called the term “market segmentation”, termed it as, a way of subdividing a market along some commonality, similarity, or kinship. Choi¹¹ also described market segmentation as a way of sub-dividing a market that is composed of heterogeneous customers, into multiple submarkets composed of homogeneous customers, grouping the buyers, based on their preferences. Market segmentation was further considered as a way of dividing an aggregate market into smaller (and more distinct) groups of consumers who have similar needs and wants,¹²

The purpose of segmentation is, however, the concentration of marketing energy and force on the subdivision (or the market segment), to gain a competitive advantage within the segment, and being analogous to the military principle of concentration of force, which is, to overwhelm an enemy.

More so, market segmentation was defined as the process of identifying, and breaking down of both consumer and business markets into sizeable levels, based on their unique characteristics that can be targeted or not targeted for customised benefits.¹³ Boateng¹⁴ stressed that market segmentation is one of the fundamental principles of marketing, and put differently, market segmentation involves the grouping of customers together with the aim of better satisfying their needs, whilst maintaining economies of scale. The basic tenet of market segmentation is that a heterogeneous group of customers can be grouped into homogeneous groups or segments exhibiting similar wants, preferences, and buying behaviour. The process of market segmentation enables companies to target specific market segment(s), design more suitable marketing mix variables (price, product, promotion, and distribution), and develop more effective positioning strategy.¹⁵

⁹ Kotler, P. & Keller, K.L. (2017). *Marketing segmentation. Fifteenth edition, global edition, Philippine edition*, Pearson Education South Asia Pte Ltd, Singapore, www.worldcat.org.

¹⁰ Thomas, J.W. (2019). Market segmentation. <https://www.decisionanalyst.com>

¹¹ Choi, G., Kim, J., Sawitri, M., & Lee, S. (2020). Ecotourism market segmentation in Bali, Indonesia: Opportunities for implementing REDD+. *Land*, 9, 186; doi:10.3390/9060186 www.mdpi.com/journal/land.

¹² DeSarbo, W., & Blank, A.S. (2020). Sports market segmentation crucial for results. www.researchgate.net/publication/344336732.

¹³ DeSarbo, W., & Blank, A.S. (2020). Sports market segmentation crucial for results. www.researchgate.net/publication/344336732.

¹⁴ Boateng, E., Owusu Junior, P., Adam, A. M., Abeka Jr, M., Qabobho, T., & Asafo-Adjei, E. (2022). Quantifying information flows among developed and emerging equity markets. *Mathematical Problems in Engineering*, 2022. <https://www.hindawi.com/journals/mpe/2022/2462077/>

¹⁵ Chebli, A., Othmani, M. C., & Said, F.B. (2020). Market segmentation in urban tourism: Exploring the influence of personal factors on Tourists' Perception. *Journal of Tourism and Services*, 11(20), 74-108. <https://jots.cz/index.php>.

Xu¹⁶ argued that there are several benefits of market segmentation, and it helps in designing products that match with the market demands. The concept attempts to bridge the gap between diverse customer needs and limited company resources, by encouraging distinct product and marketing offerings to be developed, to suit the requirements of different customer segments¹⁷.

The view that value creation is a process resulting in different outcomes for different stakeholders is, particularly prevalent in the sustainability-oriented business model literature.¹⁸ Wellington,¹⁹ as well, posited that product value proposition is a statement that articulates the product's features, uses, and differentiators, while considering the customers' problems, wants, and needs. A product value proposition thereby, described what the customer would get out of the product, and thus, serves as the foundation for additional ancillary marketing copy that will branch off from it. The core idea of value creation for customers has been expressed in a variety of terms, including, value proposition, value object, offering, and customer benefits.

The term, value proposition, is predominantly used to refer to the bundle of products and services offered to customers, in order to satisfy their needs, and to create value for them. The customer value proposition reflects an offering's ability to create superior value for target customers, relative to competitors' offerings. Since value depends on customer needs, the same offerings can have a different value for different customer segments, and depending on the type of customer needs, an offering can create value in three different domains: functional, monetary, and psychological. This process has also led to pervasive and over-arching changes in organisations and their business models—a phenomenon known as, digital transformation.²⁰ While value propositions have been traditionally seen as provider-initiated statements of benefits targeting passive customers, an emerging body of research increasingly recognises the customer's active role in the value proposition development process. In conclusion Ultimately, customer value proposition is the recognition of a value chain in the distribution of oil and gas that is given to potential customer, for a better organisational performances.²¹

Innovation agencies around the world are increasingly considering socio-economic-technological challenges that can be tackled through innovation policies.²² The idea is that, through such challenges, which can relate to such issues like climate change, cancer, or the demographic-aging crisis; innovation policy can produce solutions for societal problems. Societal challenges require technological, behavioural, that can advance systematic strategic thinking about market-creating value propositions, which establishes a basis for conceiving and developing products or services innovations that will appeal

¹⁶ Xu, F., Liu, Q., Zheng, X., Cao, L., & Yang, M. (2022). Research on the impact of China's high-speed rail opening on enterprise market power: Based on the perspective of market segmentation. *Transport Policy*, 128, 121-137.

<https://www.sciencedirect.com/science>

¹⁷ Srivastava, M. (2015). Influencers of customer satisfaction, customer loyalty relationship a conceptual research model. *Journal of Faculty of Management Studies, Banaras Hindu University*, 7(1), 54-65. <http://www.iimdr.ac.in>.

¹⁸ Dembek, C., York, J., & Potter, B. (2017). Sustainability reporting to improve organizational performance. *Ivey Business School: London, ON, Canada*, 55. <https://researchbank.swinburne.edu.au>

¹⁹ Wellington, E. (2022). How to Write a Value Proposition (+ 6 Modern Examples). <https://www.helpscout.com/blog/value-proposition-examples>.

²⁰ Verhoef, P. C., Broekhuizen, T., Bart, Y., Bhattacharya, A., Dong, J. Q., Fabian, N., & Haenlein, M. (2021). Digital transformation: A multidisciplinary reflection and research agenda. *Journal of Business Research*, 122, 889-901.

²¹ Putri Salsabilla, Y., & Raafaldini Mirzanti, I. (2022). Value proposition design testing for developing fashion business. *European Journal of Business and Management Research*, 7(4), 270-273. <https://doi.org/10.24018/ejbmr.2022.7.4.1572>.

²² OECD, (2019). OECD SME and Entrepreneurship Outlook 2019. www.oecd.org/industry.

to both current and new customers. The aim propose being to create products or services that enjoy little competition, precisely because they meet a need that is not being met. Market innovations tend to create new markets i.e., new market that serve people for whom either no products existed or existing products were not accessible to, for a variety of reasons, including, costs or a lack of the expertise required to use them. Market-creating innovations are known to transform complicated and expensive products into ones that are much more affordable and accessible to an increased number of consumers, and in some cases, such innovation can create entirely new product categories.²³ In view of the above, market innovation is the discovery of and novel idea, based on which a product or service can be added to an existing customer in the market place.

Local content policy is a declaration of government political activities, plans, and intentions relating to a particular cause.²⁴ The legal and regulatory framework, within which an enterprise operates, influences its survival and growth potentials. Local Content Policy is essentially concerned with how best to govern the relationship between humans and the economic activities, for their mutual benefit. This broad definition successfully captures the unbounded character of the government as a distinct public policy field, touching as it does, upon virtually every aspect of modern life

According to Muasiaji,²⁵ regulations by governments produce an atmosphere for businesses to grow or crumble; howbeit, as public service delivery is key, it is necessary to ensure that governments meet commitment to citizens, as well as realisation of development. The public service delivery, in terms of quality, ease of access, speed of provision, and cost, is key in poverty alleviation, and achievement of developmental goals, such as, Sustainable Development Goals (SDGs)²⁶. Nigerian Oil and Gas Industry Content Development Act 2010 (Act No. 2) was enacted by the National Assembly of the Federal Republic of Nigeria, on April, 2010, to promote the indigenous participation in the Nigeria's oil and gas industry, for the purpose of improving the economic and social well-being of those engaged in operating in the oil and gas industry. For instance, it is an Act that provides for the development of Nigerian content in the Nigerian oil and gas industry. The Section further stipulated that:

Notwithstanding anything to the contrary contained in the Petroleum Act or in any other enactment or law, the provisions of this Act shall apply to all matters pertaining to Nigerian content in respect of all operations or transactions carried out in or connected with the Nigerian oil and gas industry: All regulatory

The Act defines Nigerian content in Section 106 as, *authorities, operators, contractors, subcontractors, alliance partners and other entities involved in any project, operation, activity or transaction in the*

²³ Christensen, C. M., Ojomo, E., Gay, G. D., & Auerswald, P. E. (2018). The third answer: how market-creating innovation drives economic growth and development. *Innovations: Technology, Governance, Globalization*, 12(3-4), 10-26. <https://papers.ssrn.com/sol3>.

²⁴ Anjaneyulu, M., & Kubendiran, M. (2022). Short-term traffic congestion prediction using hybrid deep learning technique. *Sustainability*, 15(1), 74. <https://www.mdpi.com/2020138>.

²⁵ Mwasiiji, E.T. (2019). The effect of government policy on the performance of selected manufacturing enterprises in Kenya. *International Journal of Economics, Business and Management Research*, 3(12), 198-210. www.researchgate.net

²⁶ Opio, M., Agweta, C., Ejang, M., Picorella, I. & Okello, R.T. (2022) The effect of reward practices and health service delivery in health facilities—Kwania District Uganda. *Journal of Human Resource and Sustainability Studies*, 10, 223-231. doi: [10.4236/jhrss.2022.102014](https://doi.org/10.4236/jhrss.2022.102014).

Nigerian oil and gas industry shall consider Nigerian content as an important element of their overall project development and management philosophy for project execution.

...the quantum of composite value added to or created in Nigeria through the utilization of Nigerian resources and services in the petroleum industry resulting in the development of indigenous capability without compromising quality, health, safety, and environmental standards.

The sole purpose of the Local Content Act is, to increase Nigerian participation in the oil and gas industry, by prescribing minimum thresholds for the use of local services and materials, for the promotion of technology innovation, capacity building, and skilful manpower, to serve the Nigerian labour in the oil and gas industry.

The definition of organisational performance has been described as the development of value in a corporation, which may refer to a positive change in a company's financial status, as a result of better performance(s). Firm performances, on the other hand, are both behaviour and results, which are the primary concerns of any business ventures. Simon²⁷ claimed that the organisational performance of any system is a complex relationship that involves seven critical performance criteria: efficiency, effectiveness, productivity, quality of work, profitability, and innovation. Richard²⁸ further, proposed that firm performance encompasses three specific firm outcome areas: (i) financial performance, i.e., profits; (ii) volume of sales, and (iii) return on assets, market shares return on investment and shareholder return. He further defined organisational performance as the degree to which the organisation, with some informational, financial, and human resources, positions itself effectively on the business market. It is the ability of an organisation to attain large market shares and good financial outcomes; thereby, constituting organisational success. Although, organisational performance can also be used to view how an enterprise is doing in terms of level of profit, market share, and product quality, in relation to other enterprises in the same industry. Dim²⁹ opined that organisational performance reflects productivity of members of an enterprise, measured in terms of revenue, profit, growth, development, and expansion of the organisation.

Moreover, organisational performance is considered, the ultimate measure of the success of any local contractor, which involves the analysis of a firm's performance measured against its goals and objectives.³⁰ In their report,³¹ USAID additionally posited that the organisational performance index (OPI) is an indicator that measures the overall performance of organisations in four main domains; in terms of short-term aspects, by analysing elements such as, (i) effectiveness; and (ii) efficiency, on the long term, by reviewing those of (iii) relevance, and (iv) sustainability. There are, however, challenges in using these measures, as financial records, leading are mostly difficult to be accessed by researchers

²⁷Simon, S. M., Njuguna, B. M., & Kivaa, T. P. (2021). An evaluation of the organizational performance of local contractors in Kenya. *East African Journal of Engineering*, 2(1), 1-21. doi.org/10.37284/eaje.3.1.289

²⁸ Richard, P. J., Devinney, T. M., Yip, G. S., & Johnson, G. (2019). Measuring organizational performance: towards methodological best practice. *Journal of Management* 35(3), 718- 804. psycnet.apa.org/record/2009-09822-007

²⁹ Dim, E., & Nzube, C. A. (2020). Effect of leadership styles on organizational performance of selected foam manufacturing firms in Anambra State. *International Journal of Management and Entrepreneurship*, 2(1), 13-27. www.semanticscholar.org/paper.

³⁰Simon, S. M., Njuguna, B. M., & Kivaa, T. P. (2021). An evaluation of the organizational performance of local contractors in Kenya. *East African Journal of Engineering*, 2(1), 1-21. doi.org/10.37284/eaje.3.1.289.

³¹USAID, I. (2021). A baseline assessment report. https://pdf.usaid.gov/pdf_docs/PA00XBZN.

who rely on such vital information. The need for petroleum is increasing everyday due to the use of fuel for increased needs, such as, transportation, electricity consumption, heating, and so on. In spite the overall importance of this sector, relatively little quantitative information is available, concerning the marketing strategies, and performances of the various components measured in terms of productivity, profitability, and sales volume, with particular focus on innovation and local content policy moderating their behaviour. The oil and gas sector has been further challenged by the dramatic fluctuations in oil prices, as a result of poor segmentation practices (faulty behavioural, geographic, and demographic segmentation practices), and their inability to meet up with satisfying the expectations of the global market, via the introduction of strong value propositions (functional, monetary, and psychological value propositions) that give them edge over their competitors. Globally, the oil and gas industry has witnessed price fluctuations and huge uncertainty in recent times, due to Russia's invasion of Ukraine, which has squeezed supplies, leading to fossil fuel shortages and skyrocketing prices; thereby, making major energy countries to enjoy bumper profits, and as a source of attractive target for government tax raids. As oil and gas prices soared, energy super major counties have reported tremendous bumper profits. For the first three quarters of 2022, the seven companies that are often lumped together as, Big Oil – ExxonMobil, Chevron, Shell, BP, Eni, Total Energies, and ConocoPhillips had profits reaching more well above \$170bn.³²

Empirical Literature Review

Few related studies have contributed empirically to the moderating effects of market innovation on the relationship between market segmentation, customer value proposition, and firm performance. Capittelo³³ defined market innovation as the process of introducing new product, with higher quality than existing products, new methods of production, the opening of new markets, the use of new sources of supply, and new forms of competition to existing and prospective customers, that which lead to the restructuring of an industry. ³⁴in his study of effect of VALS (values and lifestyle) psychographic market segmentation on Areca tea revealed that consumers want reduced price of areca tea and also using psychographic segmentation, areca health tea products are most liken by the females. They carried out a study on impact of internal innovation on firm performance with moderating role of collaborative innovation. The study primarily aims to examine the effect of internal innovation in determining the firm performance for the textile industry of Pakistan by testing the research framework of innovation diffusion theory. The study found that product innovation and process innovation both serve as critical drivers for the firm performance in the textile industry of Pakistan, and that, collaborative innovation plays a complementary role as the significant moderator between the internal innovation process and the firm's performance in the target population. ³⁵reported that direct link between BMI and firm performance is not significant, and that, the path is fully mediated through efficiency growth,

³² ³Nash, L. (2022). "Trends and Challenges for the oil and gas industry in 2023

<https://www.currenciesdirect.com/news/2022/12/09/trends-and-challenges-for-the-oil-and-gas-industry-in-2023>

³³ Capittelo, R., & Todirica, L. (2021). Understanding the behaviour of beer consumers. Woodhead Publishing, 15-36. doi.org/10.1016/B978-0-12-817734-1.00002-1

³⁴ Mallik, M. A. (2019). VALS (values and lifestyle) psychographic market segmentation on Areca tea. International Journal of Research and Analytical Reviews (IJRAR), 5(3), 158-159. <https://www.academia.edu/37595759>.

³⁵ Latifi, M. A., Nikou, S., & Bouwman, H. (2021). Business model innovation and firm performance: Exploring causal mechanisms in SMEs. Technovation, 107, 102274. <https://www.sciencedirect.com/science/article/pii/S0166497221000559>.

organisational capabilities, and revenue growth. In the same vein, Alao et al³⁶ investigated the effect of strategic marketing on competitive advantage and how resource capabilities moderated the effect. A cross-sectional survey research design was adopted. Response rate of 497 respondents was achieved in the study. Data collected were analysed using multiple regression analysis. The findings established that strategic marketing has a positive and significant effect on competitive advantage and that resource capability has no significant moderation on the effect of strategic marketing on competitive advantage. However, to the best of researcher's knowledge, literature on the combined moderating effects of market innovation and government local content policy on the relationship between market segmentation, customer value proposition and performance of indigenous oil and gas companies is scarce and need to be researched on. Ladipo et al³⁷ investigated market segmentation and competitive advantage in Nigerian Telecommunications. The study results indicate that measurability, accessibility, uniqueness, and size of a market segment are the most significant market segmentation variables that affect business market share in the Nigerian telecommunication industry.

Theoretical framework:

The theory underpinning this study is the resource-advantage (R-A) theory of competition.³⁸ R-A theory maintains that firms that are successful in developing market offerings that provide more value to consumers in specific market segments and/or provide market offerings at a lower cost (relative to their competitors) will occupy marketplace positions of competitive advantage, and in turn, positions of competitive advantage led to superior financial performance. Therefore, R-A theory shows how market segmentation strategies impact firm performance. R-A theory permits the success of market segmentation strategy. The theory's foundational premises view intra-industry demand as inherently heterogeneous. The theory, by means of its treatment of resources, accounts for the behaviours of firms that often choose to produce and market a variety of market offerings in the same industry. The theory, by means of the marketplace position matrix, explicates the mechanism by which a market segment strategy can lead to superior financial performance. R-A theory suggests that, to be successful, firms must examine the nature of competition in the segments that they target (or are considering targeting). The nature of segments differs; thus, organizations do attain different competitive level as far as each segment is concerned, therefore, there is need for organizations to familiarize themselves with market offerings of their rivals on a segment basis.

Consumers' perceptions regarding the value of market offerings compared to those of rivals and; the cost (relative to competitors) of the resources used to produce the market offerings. Firms will have competitive advantages over rivals when they produce more valuable market offerings and/or produce market offerings more efficiently than rivals.

METHODOLOGY

³⁶ Alao, A., Adefulu, A., Asikhia, O., & Makinde, O. (2020). Strategic marketing and competitive advantage of selected petroleum products marketing companies in Nigeria: The moderating role of resource capabilities. *Journal of Accounting, Business and Finance Research*, 9 (1), 12-24. <https://scholar.archive.org/work>.

³⁷ Ladipo, P., Dixon-Ogbechi, B., Akeke, O., Arebi, I., & Babarinde, O. (2023). Market segmentation and competitive advantage in Nigerian Telecommunications. *Management Journal of Sustainable Business and Management Solutions in Emerging Economies*. <https://doi.org/10.7595/management.fon.2022.0002>.

³⁸ Hunt, S. D., & Morgan, R. M. (1996). The resource-advantage theory of competition: dynamics, path dependencies, and evolutionary dimensions. *Journal of marketing*, 60(4), 107-114. <https://journals.sagepub.com/doi/pdf/10.1177/002224299606000410>

Market Segmentation, Customer Value Propositions and Organizational Performances of Indigenous Oil and Gas Companies in Rivers State, Nigeria, as Moderated by Market Innovations and Local Content Policy.

The conceptual framework of the study, which was sourced from Researcher Model 2023, specifically focused on market segmentation, organisational performance, customer value proposition, in addition to other parameters, as depicted in figure 1, while the survey research design was also adopted. The population of study consisted of 322 management staff of 11 indigenous oil and gas companies in Rivers State, Nigeria. Total enumeration method was adopted for the study, while a validated and structured questionnaire was adopted to collect data with 95.3% response rate, and statistically using, Cronbach's alpha reliability coefficients for the construct shows 0.78. Data were analysed using Multiple regression to test the effect of the dependent and independent variable and Hierarchical regression to test the moderating effect of customer value proposition and local content policy.

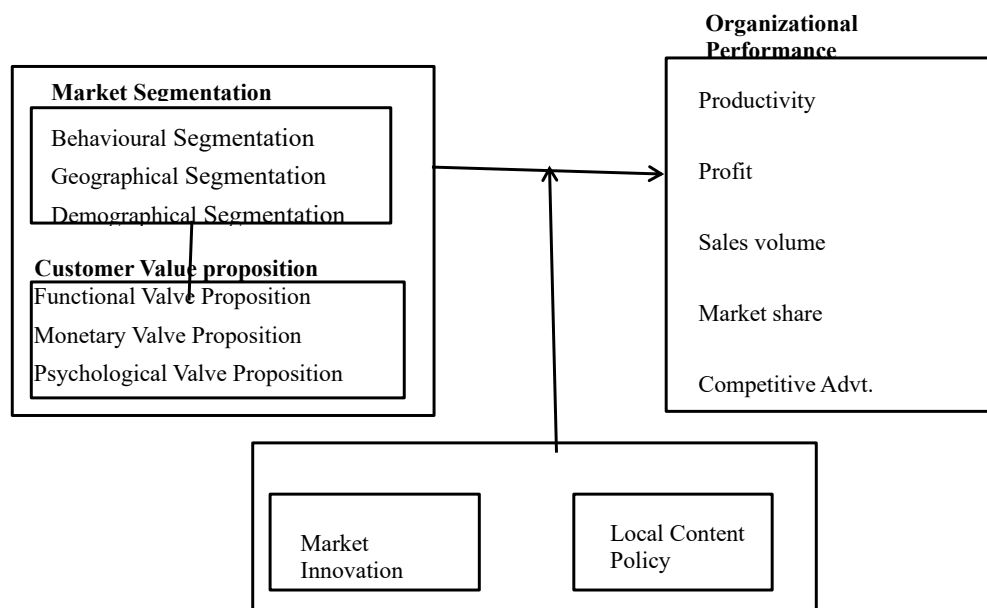


Figure 1: Conceptual Framework (Source: Researchers' model 2025)

Table 1: Goodness of Fit for Summary of multiple regression analysis for effect of Market segmentation and customer value proposition on Organizational performance as moderated by Market innovation and local content policy

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.897 ^a	.805	.804	5.24090	.805	625.047	2	303	.000
2	.903 ^b	.815	.814	5.10585	.011	17.241	1	302	.000
3	.906 ^c	.821	.819	5.03099	.006	10.055	1	301	.002
a. Predictors: (Constant), Customer Value Proposition, Market Segmentation									
b. Predictors: (Constant), Customer Value Proposition, Market Segmentation, Market Innovation									
c. Predictors: (Constant), Customer Value Proposition, Market Segmentation, Market Innovation, local content, Interaction term (MSEG*CVP*MI*LCP)									

Source: Researcher's Field Survey, 2023

Table 1 shows the summary of hierarchical regression analysis which was used to test how market innovation and local content policy moderates the effect of market segmentation, customer value proposition and organizational performance of oil and gas companies in River State, Nigeria. The predictors are market segmentation and customer value proposition, market innovation, local content policy and interaction of market segmentation, customer value proposition, market innovation and local content policy aggregated (MS*CVP*MI*LCP) while the dependent variable is oil and gas companies' organizational performance aggregated. The results in Table 1 shows that $R^2 = 0.805$ and adjusted $R^2 = 0.804$ for Model I. This indicates that market segmentation and customer value proposition explained 80.4% variation in the organizational performance of oil and gas companies in River State, Nigeria. With the inclusion of market innovation and local content policy in Model II as an independent variable, there was an increase (R^2 change) of 0.11 from 0.805 to 0.815. Therefore, market segmentation, customer value proposition, market innovation and local content policy accounted for 81.5% of the positive variances in organizational performance of indigenous oil and gas companies in River State, Nigeria.

In the model III, when the interaction term/variable was introduced in the model, R^2 is 0.821 while adjusted R^2 is 0.819. Introducing the interaction variable marginally increase the R^2 change to 0.006. This signifies does signify an improvement in the explanatory power of the model. That is, it has additional contribution to the variation in organizational performance in the model. This indicates that

Commented [d1]: Shadings should be removed from all the cells

Market Segmentation, Customer Value Propositions and Organizational Performances of Indigenous Oil and Gas Companies in Rivers State, Nigeria, as Moderated by Market Innovations and Local Content Policy.

the interaction term does have some additional contribution to the variation in organizational performance in the model. The findings suggest that indigenous oil and gas companies in River State should not only focus on improving their market segmentation and customer value proposition but also consider how market innovation and local content policy can enhance their performance. The oil and gas companies can develop innovative strategies and products that align with the local content policy, such as using locally-sourced materials or hiring local workers, to differentiate themselves from competitors and increase their appeal to customers.

Table 2: Regression coefficients for Regressing Market segmentation and customer value proposition and performance of the Organizational performance of Oil and Gas companies in River State, Nigeria with the inclusion of market innovation and government local content policy

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	21.487	3.360		6.394	.000
	Market Segmentation	.637	.077	.416	8.232	.000
	Customer Value Proposition	.780	.077	.513	10.140	.000
2	(Constant)	18.919	3.332		5.678	.000
	Market Segmentation	.554	.078	.362	7.095	.000
	Customer Value Proposition	.695	.078	.457	8.959	.000
	Market Innovation	.591	.142	.148	4.152	.000
3	(Constant)	47.557	9.609		4.949	.000
	Market Segmentation	.385	.094	.251	4.117	.000
	Customer Value Proposition	.527	.093	.346	5.652	.000
	Market Innovation	.069	.216	.017	.320	.749
	Interaction term (MSEG*CVP*MI*GLCP)	3.103E-6	.000	.330	3.171	.002
a. Dependent Variable: Organizational performance						

Source: Researcher's Field Survey, 2023

Table 2 shows the regression coefficient results with three models. In Model I, the dependent variable (organizational performance of Oil and gas companies) was regressed on the independent variable

(market segmentation and customer value proposition). The results of the regression analysis revealed that market segmentation ($\beta = 0.637$, $t = 8.232$, $p < 0.05$) and customer value proposition ($\beta = 0.780$, $t = 10.140$, $p < 0.05$) have positive and significant effect on organizational performance of Oil and gas companies. This suggests that one unit change in market segmentation and customer value proposition is associated with 0.637 and 0.780 change in organizational performance of indigenous Oil and gas companies in River State. The overall model confirmed that market segmentation and customer value proposition had a significant contribution to the organizational performance of Oil and gas companies ($F(2,303) = 625.047$, $p < 0.05$).

The results in model II revealed that market segmentation ($\beta = 0.554$, $t = 7.095$, $p < 0.05$), customer value proposition ($\beta = 0.695$, $t = 8.959$, $p < 0.05$), and market innovation ($\beta = 0.591$, $t = 4.152$, $p < 0.05$) have positive and significant effect on organizational performance of Oil and gas companies. This implies that one unit change in market segmentation and customer value proposition is associated with 0.554, 0.697 and 0.591 change in organizational performance of Oil and gas companies respectively. The regression coefficients for market segmentation and customer value proposition and market innovation revealed that they affect organizational performance of Oil and gas companies in a positive and significant way. The overall model also confirmed that market segmentation and customer value proposition and market innovation had a significant contribution to the organizational performance of Oil and gas companies ($F(3,302) = 444.780$, $p < 0.05$).

Model III considered existence of the interaction effect and thus the independent variables are market segmentation (MS) and customer value proposition (CVP), market innovation (MI), local content policy (LCP), and the interaction of MS, CVP, MI and LCP. Regression results reveal that market segmentation ($\beta = 0.385$, $t = 4.11$, $p < 0.05$), customer value proposition ($\beta = 0.527$, $t = 5.652$, $p < 0.05$), and interaction term ($\beta = 3.103E-6$, $t = 3.171$, $p < 0.05$) all have and significant effect on the organisational performance of indigenous Oil and gas companies in River State, while market innovation ($\beta = 0.069$, $t = .320$, $p > 0.05$) has a positive and insignificant effect on organizational performance of indigenous Oil and gas companies in River State. The result suggests that a rise in the interaction term will result in an increase in organisational performance. This indicates that market innovation and government local content policy moderates the relationship between market segmentation, customer value proposition, and organisational performance of indigenous Oil and gas companies in River State in a negative and insignificant manner. The change in R^2 ($\Delta R^2 = 0.006$) and F change ($\Delta F = 10.055$) support the conclusion, both of which are statistically significant at $p < 0.05$.

The performance of many indigenous oil and gas companies have been a major concern for managers, due to the dwindling level of productivity, low profitability, sales volume, market share and inability to compete favourably in the market place. Meanwhile, market segmentation strategies and customer value proposition, as moderated by market innovation and local content policy are critical elements that organisations can adopt to enhance performances within the oil and gas sector. Several studies have been carried out in many industries on the effect of market segmentation on organisational performances; however, there has not been enough research work to explain the effect of market segmentation and customer value proposition, as moderated by market innovation and local content policy on the performance of indigenous oil and gas companies in Rivers State of Nigeria. Findings obtained from this study thus, suggested that such indigenous oil and gas companies should not only focus on improving their market segmentation and customer value proposition, but also consider how market innovation and local content policy can enhance their performances. The companies can develop innovative strategies and products that align with the local content policy, such as, using locally-sourced

Market Segmentation, Customer Value Propositions and Organizational Performances of Indigenous Oil and Gas Companies in Rivers State, Nigeria, as Moderated by Market Innovations and Local Content Policy.

materials or hiring local workers, to differentiate themselves from competitors and increase their appeal to customers. The significance of market segmentation in enhancing productivity, has been highlighted in other research studies³⁹ which are consonant with these findings. R-A theory, which permits the success of market segmentation strategy, is in alignment with findings of this study, as it showed how market segmentation strategies impact firm performance, since the theory's foundational premises viewed intra-industry demand as inherently heterogeneous.

Conclusions The study concluded that market segmentation, customer value proposition have effect on organisational performance of indigenous oil and gas companies in Rivers state, as moderated by market innovation and local content policy.

The study also concluded that indigenous oil and gas companies in River State, Nigeria should adopt market innovation and local content policy in order to improve performance and efficient service delivery for customers. This could be achieved through combine introduction of this strategy at the same time in the company's operations.

³⁹ Prakash et al., "Productivity, quality and business performance: an empirical study" January 2017 International Journal of Productivity and Performance Management 66(1):78-91. DOI:10.1108/IJPPM-03-2015-0041