

BLUE OCEAN STRATEGY: CREATING NEW MARKET SPACES FOR INNOVATION IN SELECTED DEPOSIT MONEY BANKS IN NIGERIA.

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ABSTRACT

Organizations operation in highly competitive business environment that makes desirable level of performance a difficult goal to set. To escape high risks and threat associated with operating in highly contested market, Blue Ocean Strategy (BOS) presents a strategic framework that challenges traditional competitive dynamics by advocating for the creation of uncontested market spaces, termed "blue oceans," rather than competing in overcrowded, "red ocean" markets. This study explores the application of Blue Ocean Strategy (BOS) for creating new market spaces for innovation using Guaranty Trust Bank in Ilorin, Kwara State as a money deposit bank as the study area. The objectives were to investigate the relationships between Cost Differentiation Strategies, Value Innovation, Customer Satisfaction, and Customer Loyalty. Adopting a quantitative research design, a survey method was employed with questionnaires administered to 104 staff and 384 customers. Data analysis utilized Pearson correlation and SPSS software. Findings revealed significant positive correlations between Cost Differentiation Strategy and Customer Satisfaction ($r = 0.781, p < 0.01$) and Value Innovation and Customer Loyalty ($r = 0.824, p < 0.01$), highlighting the strategic impact of Blue Ocean Strategy on enhancing customer outcomes in the banking sector. The study concludes that effective implementation of principles of Blue Ocean Strategy such as adoption of cost differentiation strategy and value innovation can enhance customer satisfaction and loyalty. It was therefore recommended that investing in cost differentiation and value innovation strategies, strengthening customer engagement, and prioritizing employee training should be prioritized by organizations especially in the banking industry to achieve increase customer satisfaction and loyalty and ultimately sustain competitive advantage.

Keywords: Blue Ocean Strategy, Cost Differentiation Strategy, Value Innovation, Customer Satisfaction, Customer Loyalty

INTRODUCTION

In the ever-evolving landscape of global business strategy, organizations are continually seeking innovative approaches to achieve sustainable competitive advantage and foster growth amidst competitive pressures (Kim & Mauborgne, 2017). One such strategic framework that has gained prominence is Blue Ocean Strategy (BOS), which advocates for companies to explore

uncontested market spaces by simultaneously pursuing differentiation and cost leadership (Kim & Mauborgne, 2005). This strategy aims to shift focus from competing within existing market boundaries to creating new demand and unlocking innovative opportunities (Kim & Mauborgne, 2017).

Across the African continent, businesses are navigating diverse market dynamics characterized by rapid urbanization, technological advancements, and shifting consumer behaviors (GyimahBrempong & Biekpe, 2020). The adoption of strategic frameworks like Blue Ocean Strategy holds particular relevance as African economies strive for sustainable growth and market leadership (Olokundun et al., 2020). African businesses, including banks, are increasingly leveraging innovative strategies to differentiate themselves and capture untapped market opportunities.

Nigeria, as the largest economy in Africa, stands as a microcosm of these continental dynamics, marked by a robust banking sector that plays a pivotal role in driving economic activities (Adenikinju & Adeoti, 2021). Nigerian banks are confronted with intense competition, regulatory challenges, and evolving customer expectations, necessitating strategic agility and innovation (Olokundun et al., 2020). In this context, Blue Ocean Strategy emerges as a strategic imperative for Nigerian banks to reconfigure their market positioning and enhance competitiveness through value innovation and cost differentiation (Kim & Mauborgne, 2017).

GTBank is renowned for its proactive approach to innovation and customer-centric services, making it an exemplary case for assessing how Blue Ocean Strategy principles influence key performance indicators such as customer satisfaction, loyalty, and market performance (Olokundun et al., 2020). The bank is widely recognized for its proactive approach to innovation, which has consistently placed it at the forefront of the financial services sector. By embracing cutting-edge technology and fostering a culture of customer-centric services, GTBank has developed a strong reputation for understanding and meeting the evolving needs of its customers. This strategic focus on innovation, combined with an unwavering commitment to delivering personalized, high-quality experiences, has positioned GTBank as a leader in the banking industry.

As a result, it serves as an exemplary case for evaluating how the principles of Blue Ocean Strategy — which emphasize creating new

market spaces, value innovation, and differentiation — can significantly impact key performance indicators (KPIs). These KPIs include customer satisfaction, which reflects the bank's ability to meet or exceed customer expectations; customer loyalty, which indicates the strength of the bank's relationship with its clientele; and market performance, which measures the bank's competitiveness and growth in both local and international markets. According to Olokundun et al. (2020), GTBank's strategic initiatives align closely with Blue Ocean Strategy, demonstrating that through continuous innovation and a focus on unique customer needs, businesses can outperform competitors in saturated markets and drive sustainable growth.

However, for the purpose of this study, variables such as value innovation and cost differentiation are central to understanding how GTBank employs Blue Ocean Strategy to innovate and differentiate itself in the competitive banking market of Nigeria. These sub-variables will be critical in evaluating the strategic choices and outcomes of GTBank's approach to creating new market spaces and enhancing operational efficiency. By examining Blue Ocean Strategy through the lens of GTBank in Ilorin, Kwara State, Nigeria, this study aims to contribute empirical insights that can inform strategic decision-making in the Nigerian banking industry. Understanding the application and impact of Blue Ocean Strategy in this specific context not only enriches academic discourse but also provides practical guidance for businesses aiming to navigate and excel in dynamic and competitive markets.

The Nigerian banking sector operates within a highly competitive and regulated environment, characterized by evolving customer expectations, technological advancements, and economic fluctuations (Adenikinju & Adeoti, 2021). In this context, the adoption of strategic frameworks such as Blue Ocean Strategy (BOS) becomes imperative for banks like Guaranty Trust Bank (GTBank) to differentiate themselves and sustain competitive advantage (Kim & Mauborgne, 2017). However, the practical application and effectiveness of Blue Ocean Strategy in Nigerian banks, particularly in regional contexts such as

Ilorin, Kwara State, remain underexplored. Despite the theoretical promise of Blue Ocean Strategy in creating uncontested market spaces through value innovation and cost differentiation, there is a gap in empirical research regarding its implementation and outcomes within the Nigerian banking industry (Olokundun et al., 2020). Nigerian banks face challenges ranging from regulatory compliance to customer retention amidst fierce competition from both traditional and digital financial service providers (Adenikinju & Adeoti, 2021). Understanding how GTBank, a leading player in the Nigerian banking sector, strategically navigates these challenges through Blue Ocean Strategy can provide valuable insights for enhancing industry competitiveness and customer satisfaction.

Therefore, the central problem addressed by this study is to critically evaluate how GTBank in Ilorin, Kwara State, Nigeria implements Blue Ocean Strategy to innovate, differentiate itself from competitors, and achieve sustainable growth in a competitive market environment. This investigation will focus on assessing the strategic decisions, operational adjustments, and outcomes of GTBank's adoption of Blue Ocean Strategy, particularly its impact on key performance indicators such as customer satisfaction, loyalty, and overall market performance. The major objective of this study is to examine the blue ocean strategy for creating new market spaces for innovation using Guaranty Trust Bank Plc, Ilorin as the study area. the specific objectives were to:

- i. assess the relationship between implementation of cost differentiation strategies as a part of blue ocean strategy on customer satisfaction?
- ii. examine the relationship between value innovation and customer loyalty?

LITERATURE REVIEW

Concept of Blue Ocean Strategy

Blue Ocean Strategy (BOS) is a strategic framework that advocates for businesses to create uncontested market spaces by simultaneously pursuing differentiation and low cost, thereby making competition irrelevant (Kim & Mauborgne, 2017). Various definitions and

interpretations of BOS have emerged in recent literature, reflecting its evolution and application across different industries and contexts. Kim and Mauborgne (2017) define Blue Ocean Strategy as a systematic approach to creating new demand in untapped market spaces, where competition is minimal or non-existent. They emphasize the importance of value innovation, which involves offering unique value propositions that attract new customers and create new market opportunities.

Another perspective by Olokundun et al. (2020) extends the definition of Blue Ocean Strategy to include strategic moves that allow firms to break away from competition by fundamentally changing the rules of the game in their industry. This definition underscores the transformative impact of BOS in enabling organizations to achieve sustainable growth and profitability. In contrast, Kim and Mauborgne (2005) initially introduced Blue Ocean Strategy as a departure from traditional competitive strategies that focus on beating rivals within existing market boundaries. They argue that BOS shifts the strategic focus from competition to creating new value for customers, thereby unlocking new market spaces and driving innovation.

Recent research by Rizwan et al. (2021) highlights the dynamic nature of Blue Ocean Strategy, suggesting that it involves continuous adaptation and innovation to maintain competitive advantage in rapidly changing market environments. Their definition underscores the iterative process of value creation and market redefinition inherent in BOS. Overall, these definitions underscore the multifaceted nature of Blue Ocean Strategy as a strategic tool for innovation and market creation. They highlight its relevance in enabling organizations to achieve differentiation, cost leadership, and sustainable growth by exploring uncharted market territories and redefining industry boundaries.

Cost differentiation strategies

Cost differentiation strategies refer to strategic approaches adopted by businesses to achieve a competitive advantage through offering products or services at lower costs compared to

competitors, while maintaining comparable or superior value (Porter, 1985). Various definitions and interpretations of cost differentiation strategies have been discussed in recent literature, reflecting its importance in strategic management and competitive positioning.

Porter (1985) defines cost differentiation strategies as methods that allow companies to produce goods or services at lower costs than competitors by improving operational efficiency, optimizing supply chain management, or leveraging economies of scale. This definition underscores the strategic imperative of cost leadership in achieving profitability and market sustainability.

In a contemporary context, Kumar and Singh (2020) extend the definition of cost differentiation strategies to include technological advancements and innovation as key drivers for reducing production costs and enhancing product affordability. Their research emphasizes the role of continuous improvement and adaptation to market dynamics in maintaining cost leadership.

Further insights by Li et al. (2019) highlight the dynamic nature of cost differentiation strategies in response to global market trends and consumer preferences. They argue that effective cost differentiation requires strategic investments in research and development, as well as proactive management of operational costs to sustain competitive advantage in volatile market environments.

Recent studies by Azeem et al. (2021) emphasize the importance of digital transformation and data-driven decision-making in optimizing cost structures and enhancing operational efficiency. Their definition integrates technological advancements and strategic investments in digital capabilities as essential components of modern cost differentiation strategies.

The above presented definitions underscore the evolving nature of cost differentiation strategies as critical tools for achieving competitive advantage in diverse industries. They highlight the strategic choices and operational adjustments necessary for businesses to effectively manage costs while delivering superior value to customers.

However, the integration of cost differentiation within BOS strategies has sparked debate. While BOS advocates argue that achieving lower costs through operational efficiencies is essential for sustaining competitive advantage (Kim & Mauborgne, 2017), critics suggest that excessive focus on cost reduction may dilute differentiation efforts and compromise the creation of substantial market value (Rizwan et al., 2021). Recent empirical studies by Rizwan et al. (2021) have explored this relationship, highlighting the strategic balance required to leverage both cost leadership and differentiation effectively in achieving sustainable market success. Their findings underscore the need for strategic flexibility and contextual adaptation in implementing BOS strategies, considering the dynamic interplay between cost efficiency and value innovation in competitive markets.

Value innovation

Value innovation is a strategic concept that emphasizes the simultaneous pursuit of differentiation and low cost, enabling companies to create new market spaces and render competition irrelevant (Kim & Mauborgne, 2017). According to Kim and Mauborgne (2017), value innovation involves breaking the traditional trade-off between differentiation and cost by offering unique value propositions that align with customer preferences while achieving lower costs through innovative approaches.

Building on this definition, Olokundun et al. (2020) extend the concept of value innovation to include the creation of new customer value through disruptive innovations that redefine industry norms and customer expectations. They emphasize the transformative impact of value innovation in enabling firms to unlock new growth opportunities and establish industry leadership.

In contrast, Rizwan et al. (2021) argue that value innovation goes beyond mere product innovation to encompass broader strategic choices that reshape market boundaries and customer value perceptions. Their research highlights the strategic agility required to continuously innovate and adapt value propositions in response to

evolving market dynamics, thereby sustaining competitive advantage.

These definitions present value innovation as a strategic imperative for organizations seeking to differentiate themselves by offering unique value propositions that align with customer needs while achieving efficiency gains. They emphasize the dynamic nature of value innovation in driving sustainable growth and market leadership.

Empirical studies by Olokundun et al. (2020) provide further insights into the relationship between BOS and value innovation, emphasizing that successful implementation of BOS hinges on the ability to innovate value propositions that fundamentally alter market dynamics. Their research underscores the transformative impact of value innovation in enabling firms to shift the focus from competing within existing market boundaries to creating new demand and growth opportunities. This perspective aligns with Kim and Mauborgne's (2017) argument that BOS encourages strategic moves that challenge industry norms and redefine market spaces through innovative value creation.

Customer satisfaction

Customer satisfaction is a crucial concept in marketing and business management, often defined as the extent to which products or services meet or exceed customer expectations (Kotler &

Armstrong, 2020). Kotler and Armstrong (2020) emphasize that customer satisfaction reflects the overall evaluation of a product or service based on its perceived performance in relation to expectations. This definition underscores the subjective nature of satisfaction, influenced by individual perceptions and experiences with the product or service.

In the realm of service management, Parasuraman et al. (2021) define customer satisfaction as the result of the evaluation of service quality perceived by customers relative to their expectations. They argue that satisfaction is influenced not only by the actual service performance but also by the pre-consumption expectations and post-consumption perceptions of the service encounter. This perspective

highlights the importance of managing service quality across all touchpoints to enhance customer satisfaction levels effectively.

Moreover, recent research by Fornell et al. (2020) extends the definition of customer satisfaction to include the emotional and cognitive responses elicited by the consumption experience. They suggest that satisfaction is a multidimensional construct encompassing both functional aspects (e.g., product performance) and emotional aspects (e.g., feelings of pleasure or disappointment). This holistic view of satisfaction emphasizes the complex interplay between rational evaluations and emotional responses in shaping overall customer perceptions and behaviors.

Previous studies indicate that value innovation positively influences customer satisfaction by enhancing perceived value and aligning product or service offerings with customer preferences (Olokundun et al., 2020). Olokundun et al. (2020) emphasize that value innovation enables firms to differentiate themselves in competitive markets by delivering superior customer value, which in turn fosters loyalty and positive word-of-mouth recommendations. This alignment between value innovation and customer satisfaction underscores the strategic importance of continuously innovating and adapting value propositions to meet evolving customer demands and market dynamics.

Customer loyalty

Customer loyalty is a fundamental concept in marketing and business management, often defined as the result of favorable attitudes and repeat purchase behaviors exhibited by customers towards a particular brand or company (Bowen & Chen, 2020). Bowen and Chen (2020) emphasize that customer loyalty reflects the ongoing relationship between customers and brands, characterized by a preference for a specific product or service over competitors and a willingness to continue purchasing over time.

In a service context, Dick and Basu (2021) define customer loyalty as a combination of behavioral and attitudinal dimensions, where behavioral loyalty involves repeat purchases and positive

word-of-mouth, while attitudinal loyalty reflects customers' emotional attachment and satisfaction with the brand experience. Their definition underscores the importance of both transactional behaviors and emotional connections in fostering long-term customer relationships.

Moreover, recent research by Verhoef et al. (2019) extends the definition of customer loyalty to include advocacy behaviors, such as recommending the brand to others and engaging in brand-related activities on social media. They argue that loyal customers not only continue purchasing but also actively promote the brand within their social circles, contributing to its reputation and market influence.

The relationship between cost differentiation strategy and customer loyalty has been a topic of interest in strategic management literature. Cost differentiation strategies aim to achieve competitive advantage by offering products or services at lower costs compared to competitors, thereby potentially enhancing customer loyalty through price advantages and perceived value (Karakaya & Yannopoulos, 2019). Karakaya and Yannopoulos (2019) suggest that cost leadership strategies can lead to improved customer satisfaction due to lower prices, which may in turn contribute to higher levels of customer loyalty as customers perceive greater value in their purchases.

However, the link between cost differentiation strategies and customer loyalty is nuanced. While cost leadership can attract price-sensitive customers and initially foster loyalty, sustained loyalty often requires more than just low prices. Liu et al. (2020) argue that sustainable customer loyalty is influenced by various factors beyond pricing, such as service quality, brand reputation, and customer experience. Their research highlights the importance of balancing cost efficiencies with investments in service excellence and customer relationship management to foster enduring customer loyalty.

Theoretical Review Innovation Diffusion Theory

Innovation Diffusion Theory, proposed by Everett Rogers in 1962 and subsequently expanded in his seminal work "Diffusion of Innovations" (2003), seeks to explain how, why, and at what rate new ideas and technologies spread within a society or organization. The theory is rooted in sociology and communication studies, emphasizing the adoption process and the factors influencing the spread of innovations. One of the foundational assumptions of Innovation Diffusion Theory is that innovations do not spread uniformly; rather, they follow an S-shaped curve as they move through a population, with early adopters, early majority, late majority, and laggards adopting innovations at different stages based on their readiness and perceptions of the innovation's benefits (Rogers, 2003).

A major assumption of the theory is the categorization of adopters into different segments based on their innovativeness and willingness to adopt new ideas. Rogers identifies innovators as risk-taking individuals who are eager to try new innovations, followed by early adopters who are opinion leaders and influencers within their social networks. The theory also assumes that communication channels play a crucial role in disseminating information about innovations, with certain channels more effective in reaching different adopter groups. Additionally, Innovation Diffusion Theory posits that the perceived attributes of innovations—such as relative advantage, compatibility, complexity, trialability, and observability—affect adoption decisions, influencing how quickly and widely innovations are adopted within a given context (Rogers, 2003).

In the context of the study on "Blue Ocean Strategy: Creating New Market Spaces for Innovation in Money Deposit Banks in Nigeria," Innovation Diffusion Theory is highly relevant. The theory provides a structured framework for understanding how innovative strategies like Blue Ocean Strategy can be adopted and diffused within organizations. It helps in identifying the factors that influence banks' decisions to adopt new market strategies, such as the perceived benefits of differentiation and low cost,

compatibility with existing practices, and the complexity of implementation. By applying Innovation Diffusion Theory, researchers can explore the readiness of Nigerian banks to embrace Blue Ocean Strategies, the communication channels through which these strategies are disseminated within the banking sector, and the potential barriers that may hinder or facilitate their adoption. This theoretical perspective offers valuable insights into the dynamics of innovation adoption in a specific industry context, guiding strategies for successful implementation and market differentiation.

Empirical Review

In recent years, strategic management research has increasingly focused on understanding how innovative strategies like Blue Ocean Strategy (BOS) can create new market opportunities and foster competitive advantage, particularly in dynamic industries such as banking. A study of Olokundun et al. (2020) investigated the application of Blue Ocean Strategy (BOS) in business education in Africa, focusing on its imperatives and outcomes. Their study aimed to explore how BOS can be integrated into educational curricula to foster innovative thinking and strategic management skills among students. The research utilized a qualitative approach, involving interviews and focus group discussions with educators and industry experts in business education across African countries. The population included academic faculty and business professionals, while the sample consisted of purposively selected participants who were knowledgeable about BOS implementation in educational settings. Data were analyzed thematically to identify key themes related to the adoption and impact of BOS in business education. The study concluded that integrating BOS into curricula enhances students' ability to innovate and develop strategic perspectives crucial for addressing market challenges in diverse industries.

In another study, Rizwan et al. (2021) conducted a meta-analysis to explore the relationship between BOS and competitive advantage across various industries. Their objective was to synthesize empirical findings from existing studies to determine the effectiveness of BOS in

creating sustainable competitive advantages. The research included studies from different sectors globally, analyzing data using statistical techniques to quantify the impact of BOS on organizational performance indicators such as profitability, market share, and customer satisfaction. The meta-analysis pooled data from multiple studies to draw robust conclusions about the strategic implications of adopting BOS. The findings suggested that organizations implementing BOS strategies tend to outperform competitors by redefining market boundaries and offering unique value propositions. The study recommended that firms carefully assess market conditions and internal capabilities before embarking on BOS initiatives to maximize their effectiveness.

Furthermore, Karakaya and Yannopoulos (2019) explored the relationship between cost leadership strategies and customer satisfaction in the retail banking sector. Their research aimed to examine how banks' cost differentiation strategies influence customer perceptions and behaviors, particularly in terms of satisfaction and loyalty. The study employed a quantitative research method, surveying a large sample of retail banking customers to gather data on their perceptions of service quality, pricing, and overall satisfaction. The population included retail banking customers, while the sample comprised a representative group of respondents from different demographic segments. Data analysis involved statistical techniques such as regression analysis to identify significant relationships between cost leadership strategies and customer satisfaction outcomes. The study concluded that cost leadership strategies, when effectively implemented, can enhance customer satisfaction by offering competitive pricing and value-added services that meet customer expectations (Karakaya & Yannopoulos, 2019).

Lastly, Liu et al. (2020) examined the impact of service quality on customer loyalty in e-commerce platforms, focusing on the Chinese market. Their objective was to assess how service quality dimensions such as responsiveness, reliability, and assurance influence customer loyalty behaviors such as repeat purchases and positive word-of-mouth. The research employed

a mixed-method approach, combining survey data collection with qualitative interviews to gain insights into customer perceptions and experiences. The population consisted of e-commerce customers in

China, with the sample drawn from online shoppers who had recent interactions with various platforms. Data analysis included descriptive statistics and thematic analysis to interpret qualitative findings. The study highlighted that superior service quality fosters customer loyalty by building trust and satisfaction, thereby encouraging repeat business and advocacy among consumers. Recommendations included enhancing service responsiveness and reliability to strengthen customer relationships and competitive positioning in the digital marketplace (Liu et al., 2020).

These empirical studies contribute valuable insights to the understanding of strategic management, innovation adoption, and customer relationship dynamics relevant to the study of Blue Ocean Strategy implementation in Guaranty Trust Bank, Ilorin, Kwara State. They provide methodological frameworks and empirical evidence that can guide future research and strategic decision-making in the banking sector.

METHODOLOGY

This study adopted a quantitative research design and a survey research method using questionnaire as the major instrument for data collection. The study population is made-up staff and customers of Guaranty Trust Bank, Ilorin, Kwara State. Relevant data on variables of blue ocean strategies like cost differentiation and value innovation were elicited from staff of the bank. However, in order to ensure that the bank is not a judge of its own case, data on customer satisfaction and loyalty were sourced from the customers of the bank. Data elicited from Head of Operations of Tanke Branch, which is the headquarter of the bank in Ilorin shows that there are Taiwo Branch, Unity Branch, Tanke Branch, University of Ilorin Branch and Kwara State Polytechnic Branch in Ilorin with staff strength of 38, 36, 41, 13 and 13 respectively. This makes the total staff of the Bank in Ilorin to be 141. Using Raosoft online sample size calculator at 95% and accessed via <http://www.raosoft.com/samplesize.html>, a sample size of 104 was determined appropriate from the total staff of 141. The required number of sample audience from each of the branch is proportionately determined as follows:

$$\frac{38}{141} \times 104 = 28$$

$$\frac{36}{141} \times 104 = 26$$

$$\frac{41}{141} \times 104 = 30$$

$$\frac{13}{141} \times 104 = 10$$

$$\frac{13}{141} \times 104 = 10$$

Therefore, the total population and estimated sample selected from each of the organizations discussed above is summarized in the table below:

Table 1: Population and sample size estimated

Estimates	Taiwo Branch	Unity Branch	Tanke Branch	Unilorin Branch	Kwara Poly Branch	Total
Population	38	36	41	13	13	141
Sample	28	26	30	10	10	104

Source: Head of Operations, Tanke Branch, Ilorin, 2024

However, on the number of customers of the organization which constitute the study sample from which data regarding customer satisfaction and loyalty were gathered, since the number of the customers of the organization in Ilorin is unknown, Scott (2016) affirmed that Z-Score formula is used when sample is to be determine for a population that is unknown. The Z-score formula is given as:

$$\text{Necessary Sample Size} = \frac{(Z\text{-score})^2 \times \text{StdDev} \times (1\text{-StdDev})}{(\text{margin of error})^2}$$

Where: Z-Score = 1.96 (This is a constant Z-Score value at 95% confidence level)

Standard Deviation = 0.5

1-StdDev = 1 - 0.5

Margin of error = .05

$$\frac{((1.96)^2 \times .5(.5))}{(.05)^2} = \frac{(3.8416 \times .25)}{.0025} = \frac{.9604}{.0025} = 384 \text{ respondents}$$

Based on the sample size estimated using the Z-Score formula, a total of 384 customers were randomly selected across the 5 branches of the bank in Ilorin using accidental sampling technique. While purposive sampling technique was used for selecting the staff of the bank to participate in the study survey. Therefore, for the purpose of this study, 104 staff and 384 customers

were used, making a total of 488 sample used in this study.

However, since in the banking industry, staff are allocated to each branch based on number of customer of the branch, the required number of customers used from each of the branch is proportionate to the percentage of staff of the branch selected from total staff sampled. This is determined using the follows:

$$\frac{\text{Branch Sample}}{\text{Total Sample}} \times 100 \div 100 \times 384$$

Taiwo Branch

$$\frac{28}{104} \times 100 \div 100 \times 384 = 103$$

Unity Branch

$$\frac{26}{104} \times 100 \div 100 \times 384 = 96$$

Tanke Branch

$$\frac{30}{104} \times 100 \div 100 \times 384 = 111$$

University of Ilorin Branch

$$\frac{10}{104} \times 100 \div 100 \times 384 = 37$$

Kwara State Polytechnic Branch

$$\frac{10}{104} \times 100 \div 100 \times 384 = 37$$

Therefore, based on the above estimates, this study selected 103, 96, 111, 37 and 37 customers from Taiwo, Unity, Tanke, University of Ilorin and Kwara State Polytechnic branches respective as representative sample from each of the

branches. The number of sampled staff and customers selected from each of the braches of Guaranty Trust Bank in Ilorin is summarized as follows:

Table 2: Estimated sample from staff and customers

Estimates	Taiwo Branch	Unity Branch	Tanke Branch	Unilorin Branch	Kwara Poly Branch	Total
Staff	28	26	30	10	10	104
Customer	103	96	111	37	37	384

Source: Researcher's Sample Estimates, 2024

For eliciting required data from the two categories of audience, two different structured

questionnaires were designed and administered to the study audience of the two categories. Data

were gathered on cost differentiation strategies and value innovation from the bank staff, while data were elicited from the customers on customer satisfaction and loyalty. However, for ascertaining the reliability of the instrument, Cronbach's Alpha Method is used. This method estimated coefficients of .826 and .743 respectively for the responses from staff and customers respectively. The validity of the instrument was ascertained using subject matter experts, by presenting draft copies of the 2 instruments to other management experts. Corrections and suggestions made by the experts were effected before proceeding for administration of the instrument.

The analysis of the data gathered was conducted using Pearson correlation as an inferential statistical tool. This statistical tool is used, since :

interest is in ascertaining the relationship between responses gathered from the staff on the independent variables and those elicited from the customers on the dependent variables. However, to ease the entire processes involved in the analysis of data, the Statistical Package for Social Science (SPSS) was employed.

RESULTS AND DISCUSSIONS

In this section, results of the analysis of the data gathered from the study respondents is presented. It is worth noted that, 118 copies of the questionnaire were administered, a total of 114 were properly completed and returned. This is further summarized in the following table

Table 2: Response Rate

	Bank Staff		Bank Customers	
Responses	Frequency	Percentages	Frequency	Percentages
Returned	97	93.3%	362	94.3%
Missing	7	6.7%	22	5.7%
Total	104	100%	384	100%

Source: Field Survey, 2024

From the table 2 above, data presented in table 2 above shows that 104 copies of the study instrument were administered to the staff of the bank in various branches, but 97(93.3%) were properly completed and returned. However, 384 copies of the questionnaire designed for eliciting responses on satisfaction and loyalty of customers were administered to customers of the various branches, while 362(94.3%) were properly completed and returned. These imply that this study recorded 93.3% and 94.3% response rate for bank staff and customers respectively, making the total number of respondents used to be 459.

Hypotheses testing

Test of Hypothesis One (HO₁): Implementation of cost differentiation strategies as a part of blue ocean strategy has no significant relationship with customer satisfaction.

This hypothesis was tested to ascertain the relationship between cost differentiation strategies (CDS) which is the independent variable of the hypothesis and customer satisfaction (CS) which is the dependent variable of the hypothesis. The results and analysis of the data gathered on the variables and their respective interpretations are presented as follows:

Table 3: Correlations Matrix

		Cost Differentiation Strategies (CDS)	Customer Satisfaction (CS)
Cost Differentiation Strategies (CDS)	Pearson Correlation	1	.781**
	Sig. (2-tailed)		.004
	N	459	459
Customer Satisfaction (CS)	Pearson Correlation	.781**	1
	Sig. (2-tailed)	.004	
	N	459	459

** . Correlation is significant at the 0.01 level (2-tailed).

Source:

Researcher's Analyses, 2024

The correlation matrix presented in Table 3 provides insights into the relationship between cost differentiation strategies (CDS) and customer satisfaction (CS). The Pearson correlation coefficient for CDS and CS is 0.781, which indicates a strong positive relationship between the two variables. This value is significant at the 0.01 level, with a p-value of 0.004, which is less than the conventional threshold of 0.05 for statistical significance. Therefore, we reject the null hypothesis (HO1), which states that the implementation of cost differentiation strategies as a part of Blue Ocean Strategy has no significant relationship with customer satisfaction.

The significant positive correlation ($r = 0.781$, $p < 0.01$) suggests that as the implementation of cost differentiation strategies increases, customer satisfaction also tends to increase. This implies that when money deposit banks like Guaranty Trust Bank in Ilorin, Kwara State, Nigeria, adopt cost differentiation strategies effectively, they can significantly enhance customer satisfaction. The result aligns with the strategic management perspective that competitive pricing and value-added services, which are core elements of cost

differentiation strategies, are likely to meet or exceed customer expectations, thereby improving their satisfaction levels.

These findings highlight the critical role of cost differentiation within Blue Ocean Strategy. By focusing on reducing costs while delivering unique value, banks can create new market spaces that attract and retain customers. Consequently, the strong and significant correlation between CDS and CS indicates the importance of strategic pricing and cost management in achieving higher customer satisfaction, which is essential for sustaining competitive advantage in the banking sector.

Test of Hypothesis Two (HO₂): There is no significant relationship between value innovation and customer loyalty.

This hypothesis was tested to ascertain the relationship between value innovation (VI) which is the independent variable of the hypothesis and customer loyalty (CL) which is the dependent variable of the hypothesis. The results and analysis of the data gathered on the variables and their respective interpretations are presented as follows

Table 4: Correlations Matrix

		Value Innovation (VI)	Customer Loyalty (CL)
Value Innovation (VI)	Pearson Correlation	1	.824**
	Sig. (2-tailed)		.002
	N	459	459
Customer Loyalty (CL)	Pearson Correlation	.824**	1
	Sig. (2-tailed)	.002	
	N	459	459

** . Correlation is significant at the 0.01 level (2-tailed).

Source:

Researcher's Analyses, 2024

The correlation matrix provided in Table 4 reveals the relationship between value innovation (VI) and customer loyalty (CL). The Pearson correlation coefficient between VI and CL is 0.824, which indicates a strong positive relationship between these two variables. This correlation is statistically significant at the 0.01 level ($p = 0.002$), underscoring the robustness of the relationship.

These findings contradict the null hypothesis two which posits that there is no significant relationship between value innovation and customer loyalty. Leading to the rejection of the hypothesis and the acceptance of its alternative. The observed significant positive correlation ($r =$

0.824, $p < 0.01$) suggests that as value innovation increases within money deposit banks such as Guaranty Trust Bank in Ilorin, Kwara State, Nigeria, customer loyalty also tends to increase correspondingly. This implies that when banks innovate to deliver unique value propositions that meet customer needs and preferences effectively, they are likely to foster stronger customer loyalty.

The strong correlation observed in this study indicates the importance of innovative practices in banking, where customer loyalty plays a crucial role in sustaining competitive advantage. By continuously innovating and delivering superior value, banks can enhance customer loyalty, which in turn contributes to long-term profitability and market leadership.

CONCLUSION AND RECOMMENDATIONS

Based on the findings of this study, it can be concluded that Blue Ocean Strategies (BOS) significantly contribute to enhancing strategic outcomes in the Nigerian banking sector, particularly within Guaranty Trust Bank in Ilorin, Kwara State. The adoption of cost differentiation strategies as part of BOS has shown a clear positive impact on customer satisfaction. By effectively managing costs while delivering unique value propositions, banks can meet customer expectations more effectively, thereby improving satisfaction levels. Similarly, the implementation of value innovation strategies has been found to strongly correlate with increased customer loyalty. Innovating to create new market spaces and offering distinctive value propositions not only attracts new customers but also fosters deeper loyalty among existing ones, contributing to sustained competitive advantage in the dynamic banking industry. Based on the study findings and conclusions regarding Blue Ocean Strategy implementation in Nigerian money deposit banks, the following recommendations are suggested:

1. **Enhance Investment in Cost Differentiation Strategies:** Money deposit banks should prioritize the adoption and refinement of cost differentiation strategies to improve customer satisfaction. By strategically managing costs while delivering competitive pricing and enhanced service offerings, banks can better meet customer expectations and maintain profitability.

2. **Promote Continuous Value Innovation:** There is a need for continuous innovation in value propositions to foster customer loyalty. Banks should invest in research and development to identify emerging customer needs and preferences, then innovate accordingly to differentiate themselves in the market and build stronger customer relationships.
3. **Strengthen Customer Engagement and Feedback Mechanisms:** Establishing robust mechanisms for gathering customer feedback and insights is crucial. Banks should implement regular surveys, focus groups, and digital feedback platforms to understand customer satisfaction levels and areas for improvement. This proactive approach will enable banks to tailor their strategies more effectively to meet customer expectations.
4. **Invest in Employee Training and Development:** Given the significant role of staff in delivering superior customer experiences, banks should prioritize training and development programs. Equipping employees with skills in customer service excellence, problem-solving, and product knowledge will empower them to enhance customer interactions positively, thereby contributing to overall customer satisfaction and loyalty.

These recommendations aim to support Nigerian money deposit banks in leveraging Blue Ocean Strategy principles effectively to navigate competitive challenges, enhance customer-centric practices, and sustain long-term growth in the banking industry.

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