

## Electronic Marketing and Extent of Customer Retention in Selected Foods and Beverages Firms in Southwest Nigeria

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### ABSTRACT

*This study examined electronic marketing and extent of customer retention in Southwestern Nigeria. It determined the extent of customer retention by the selected firms to know whether electronic marketing enhances customer's retention. Primary data for this study were obtained through administration of questionnaire. The total population for this study consisted of 14,387 members of staff of the selected foods and beverages firms. In order to address the issues appropriately only staffs in management cadre, production units and the marketing departments of the selected food and beverages firms in Southwest Nigeria was considered using Yamane formula to determine the sample size which was 389; the Simple random sampling technique was used to determine the respondents which made all targeted population have equal chance of participation. The data collected were analyzed using percentages and mean score. The result showed that all the e-marketing parameters has to a great extent affected customer retention and positively accounted for the high usage of e-marketing among food and beverages firms in Southwest Nigeria. The study therefore concluded that the extent of e-marketing usage and customer retention among food and beverages firms in the southwest, Nigeria was high. The study thus recommended that food and beverages firms in the southwest, Nigeria should incorporate current trends in e-marketing for optimal rate of customer retention.*

**Keywords:** E-Marketing, Customer Retention, Food and Beverages Firms, Consumers, Products.

**JEL Classification code:** M31, M31, P42, P46, P42

### 1. Introduction

It is a truism that economic activities are considered incomplete until a product has reached its final consumers. As soon as humanity left the subsistence stage of farming, where production was to meet the needs only of the producing family, people entered into one form of exchange or another. Historically, people were said to begin with trade by barter, which involved exchanging goods for goods and later progressed to economic relations involving the use of currency for purchase. Customers of needed items are now exchanging currency/ money for needed goods. For this study, the pertinent question to ask is: who is a customer?

In the context of this study, a customer is not one who makes a one-off purchase, but a person who makes repeated and/ or steady purchases. This implies that not all buyers are qualified to be called customers. In seller- buyer/ customer relationship, it is only in a monopoly where the producers or sellers will not struggle to keep the customer either by ensuring that the quality of the product is not reduced or disappointment does not occur in supply chain. There is a number of ways through which sellers connect to their buyers or customers; popular among which are hawking and warehousing. Nowadays, increase in the

number of producers and sellers has necessitated devising newer technique to reach and keep customers; especially the distant ones. With the internet, electronic marketing becomes possible and e-commerce, generally, is promoted. However, research is yet to adequately unravel the extent to which e-marketing can ensure retention of customers.

## **2. Literature Review**

### **2.1 Electronic Marketing**

E-marketing is a business transaction carried out online with the sole aim of getting and maintaining both actual and potential customers of a product and the business. It denotes selling of firm's performance through internet. It is trading exercise worldwide. Businesses use the internet not only for retrieving information and marketing but also for the enhancement of their communication with business partners and customers. Various writers have written on electronic marketing in different ways. According to Smith and Chaffey (2005), they postulated that e-marketing serves as a way to achieve targeted objectives using technological means. Strauss and Frost (2001) referred to e-marketing as reaching out to target market for maximum satisfaction and achieving organisational goals electronically.

#### *2.1.1 E-Mail Marketing*

This is a platform designed for sending messages about marketing promotional activities to a focused set of beneficiaries (actual and potential users) electronically as indicated by (Galvano & La Mesa, (2006). It also suggests creating marketing schemes that utilizes electronic means to interact with both actual and potential customers. It is an important means of communication for advertisers because it is cheaper to run for organizations to contact their customer always. The cost factor is the principle behind assumption of this medium as advertising apparatus.

#### *2.1.2 Mobile Marketing*

Mobile Marketing is a structure designed to reach customers through their mobile device (Will kenton, 2021). It is a new method of E-Marketing as a result of explosive growth in mobile technology which comprises SMS (Short Message Service), MMS (Multimedia Messaging Service), WAP (Wireless Application Protocol) banner advert and others. Electronic devices like mobile phones and its registered applications are increasingly in use for different transactions at any point in time and for majority of individuals.

#### *2.1.3 Extranet Marketing*

Vlosky, Fontenot and Blalock (2000) characterized extranet marketing to be a platform where business associates are connected together via the internet for business transaction. Outside partners, for example customers, suppliers and co-workers are instances of the kinds of individuals who earn proceeds from Extranets as a sort of networks that are private.

#### *2.1.4 Intranet Marketing*

This is a marketing activity via private network contained within an enterprise that is used to securely share company information and computing resources among employees. El-Gohary (2009) characterized intranet marketing as a private network contained within an enterprise that is used to securely share company information and computing resources among employees. An intranet marketing can also be used for working in groups and teleconferences.

### 2.1.5 *Pop - Up*

Another type of online advert is the pop-up adverts which appear suddenly on the user page for viewing. It keeps on appearing unless the web user closes its page. Faber *et al.*, (2004) submitted that any kind of advertisement place to attracts more favourable customer's attention and behaviour towards a product resulting to high purchase intension.

## 2.2 **Customer Retention**

According to Gerpott *et al.*, (2001), customer retention is referred to as the activity engaged by the company to assist in monitoring the relationship between parties involved in business transaction. He also broke the word customer contract into two words and defined customer as the extension of contract of customer with its provider of service over a particular period of time and retention as the customer's ability to practise repeat purchase of goods and services from the supplier. In addition, it is referring to customer, refraining from termination of its contract with a particular business partner (Gerpott, *et al.*, 2001).

## 2.3 **Theoretical Review**

### 2.3.1 **Generational Theory**

Generation theory (GT) was propounded by Strauss and Howe (1991) and explains that the era in which a person was born impacts their perception of the world. GT also indicates that our value systems are shaped in the formative years of our lives through our families, friends, communities, significant events and the general era in which we are born (Jurkiewicz & Brown, 1998). Generational marketing theory stipulates that consumer born during the same era, usually a 20-year period, have similar attitudes and behaviours due to shared experiences that influenced their childhood and moulded their world views.

### 2.3.2 *Network/Social Network Theory*

Social Network Theory also known as the system approaches was propounded by Travers and Milgram (1969). It was developed to mean anything from a private club to a website and can therefore lead to some confusion. They describe a network as "a set of actors or nodes along with a set of ties of a specified type. System theory examines a vast scope of transmission, irrespective of whether it is between living and non-living things (Sebastian, 2009). Informal organisation test is a covering instrument utilised to know about designs that reveal interpersonal organisations and their impact on conduct (Borgatti & Halgin 2011). Advanced advertising devices are important in this context because advertisers are able to understand the shoppers and strengthens them to exploit the intensity of compelling clients in order to have the option to spread the messages to other individuals in their systems (Granovetter 2012).

## 2.4 **Empirical Review**

Tainminen and Heikki (2015) did a study on the SMEs' usage of digital Marketing channels. The study collected data comprising of semi-structured interviews for SMEs. The study collected data comprising 16 managers and 421 respondents in Central Finland. The study results indicated that SMEs have not been maximising the full capability of digital tools available and therefore not gaming benefit from the opportunities they present. From the study results, queries were raised on whether SMÆs understand how digital marketing brings about essential changes in the nature of communication.

Similarly, social media marketing strategies, customer acquisition and retention were variables under a study in India by Srinivasan et al. (2016). The study applied regression and descriptive techniques to analyse the data sourced from 50 Micro Small and Medium Enterprises (MSMEs) on social media using social media pages and social media marketing strategies as the independent variables and customer intention and acquisition. The study concluded that social media pages had direct influence on brand awareness and trust. Similarly, the study shared a positive correlation between sales and amount of time spent on social media.

Another study by Peace and Obikeze (2017) on the length of utilisation of digital marketing application by Small and Medium Enterprises in South eastern States of Nigeria, used data sourced from 1,473 SMEs managers in the geopolitical zone as specimen. They applied the analytical technique of mean, standard deviation and Z-test to analyse the result. The result found an important distinction in the mean evaluation of SMEs managers on the way they used e-commerce and e-invoicing marketing applications in their business activities based on the years of experience of knowledge and skills. The rate of usage of e-marketing as a new facility by different enterprise to connect her target market determines various results obtained from the growth of a business.

Another approach to the study of e-marketing and its challenges on business together with customer retention postulated by the research work conducted by Tarighi *et al.* (2017) in Kenya, focused on the advancement of online marketing capacity of professional athlete's federation. This research used data sourced from the society and which involved people from University Sports governance. Different statistical tools were used to analyse the research. The findings showed that customer relationship Management, knowledge management, strategies, website features, environment and competing factors, organizations culture, identity factors and resources, supply chain management, were factors influencing online marketing proficiency of professional athletes in Iran.

It is clear from the empirical studies that many of the studies have been conducted in developed economies with few in developing countries such as Nigeria. Most of the Nigerian studies focused on the service sector. Only a few studies considered electronic marketing in the manufacturing sector such as food and beverages companies. In addition, previous empirical studies investigated electronic marketing from the usages and public acceptance perspectives, few studies considered electronic marketing via its antecedents. However, available studies have failed to link the strategies adopted, usage extent and customer retention. This research therefore filled this gap by documenting the link between strategies adopted, usage extent, and customer retention in the food and beverages firms in the Southwestern Nigeria.

### **3. Methodology**

The study adopted descriptive survey research design. Primary data were sourced for this study through administration of questionnaire. The target population for the study consisted of 14,387 workers of food and beverages firms within the southwest, Nigeria. Yamane formula was used to determine the sample size of 389 comprises of management cadre, production units and the marketing departments and their customers. Simple random sampling technique was used to select the firms within the food and beverage industry so as to give equal chance of participation to all food and beverages firms within the study area. Purposive sampling technique was also used to select the employees of the selected firms and their customers. The data collected were analysed using simple percentage, and mean

score.

#### **4. Data Analysis and Discussion of Findings**

##### **4.1 E-Marketing Strategies Adopted and Usage Extent**

The strategies under evaluation were marketing promotions/promotional offer, discount sales, advertisement, brand image management, communication/feedbacks, prompt response to customer feedback, social media marketing, blogging, email marketing, festive and seasonal offer, bonus tips, online advertising (websites, blogs etc.), customer persuasion, discount sales, and marketing promotional offer.

It is obvious that marketing promotion/promotional offer has been highly adopted by over 97% of food and beverages companies in the Southwest. This could be as a result of general belief that prices are low during promotional offers. This could be the reason why most of the firms adopted promotional offers because of the significant increase in sales experienced during the exercise. Also, 61.2% agreed that they always used promotional offer in order to retain their customers. Regarding usage, 3.25% never used marketing promotion and 9% rarely used it. It is evident that promotional offer has proved to be an effective means of marketing from the results of the analysis.

Discount sales was well known among the sampled businesses (88.9%). This is understandable as customers most often want to exercise their bargaining strength and may decide not to buy from fixed price suppliers. Among those businesses who have adopted discount sales, 46.7% of them always used discount sales followed by 39.6% that sometimes use discount sales to promote their products and companies. Also, advertisement appeared to be a popular strategy of marketing among the sampled businesses (92.6%). Likewise, 40.9% and 41.2% were always using advertisement to promote their products respectively.

With regard to brand image management, more than 90% of the food and beverages companies have been using it as one of their marketing strategies while 9.5% were not even aware of its existence. Among those who were using it, 42% and 36.7% confirmed that they constantly used it. Communication/Feedback and prompt response to customer feedbacks were other very effective and well-known marketing strategy amidst manufacturing companies in Nigeria as shown by 98.9% and 97.9% respectively of the companies that have adopted it. Also 56.5% and 78.6% constantly used it as a marketing tool. Social media marketing was also popular (86%) among the manufacturing companies in southwest while blogging was less known (40.9%). Also, 48.8% majority always used social media marketing, 36.4% rarely used blogging. Email marketing was another less known marketing tool among the food and beverages companies in Nigeria as evidenced by (50.4%) of those who were not using it (38.8%) of those who rarely used it.

Festive and seasonal offers (93.1%), bonus tips (89.7%), online advertising (86%), customer persuasion (95.3%), and discount sales (88.9%) were well known marketing strategies among food and beverages manufacturing companies in Southwest Nigeria. The analysis also showed that they always made use of these marketing strategies.

**Table 1: E-Marketing Strategies Adopted and Usage Extent**

	Strategies Adopted			Extent of Usage		
	Yes (%)	No (%)	Never (%)	Rarely (%)	Sometimes (%)	Always (%)
Marketing promotions/Promotional offer	97.4	2.6	3.2	6.9	28.8	61.2
Discount sales	88.9	11.1	2.6	11.1	39.6	46.7
Advertisement	92.6	7.4	3.2	14.8	40.9	41.2
Brand image management	90.5	9.5	6.3	15.0	36.7	42.0
Communication/feedbacks	98.9	1.1	2.1	4.5	36.9	56.5
Prompt response to customer feedback	97.9	2.1	2.1	2.6	16.6	78.6
Social media marketing	86.0	14.0	7.1	13.2	30.9	48.8
Blogging	40.9	59.1	26.1	36.4	25.9	11.6
Email marketing	49.6	50.4	21.4	38.8	24.0	15.8
Festive and seasonal offer	93.1	6.9	5.3	6.3	33.2	55.1
Bonus tips	89.7	10.3	4.7	8.2	34.0	53.0
Online advertising (websites, blogs etc.)	86.0	14.0	6.9	7.1	25.1	60.9
Customer persuasion	95.3	4.7	1.1	1.1	39.8	58.0
Discount sales	88.9	11.1	2.6	11.1	39.6	46.7

**Source: Authors' Computation, 2022.**

#### 4.2 Extents of Customer Retention

E- Marketing boosted customer trust and patronages as agreed by more than 70% of the companies. This showed that the customer retention via e-marketing was above average in these companies. Also, more than 80% agreed that E-marketing provided an effective platform for getting customers' feedback. The mean ( $M = 3.44$ ) further established that e-marketing as a tool for customer retention was above average in Southwest, Nigeria. Likewise, the use of search engine optimization has increased customer patronage and confidence in the food and beverages companies in Nigeria as showed by more than 80% of the respondents. Also, more than 80% agreed that with e-marketing their company has been able to retain most of their customers and they even attracted new ones ( $M = 3.13$ ). In the same direction, 85.7% agreed that e-marketing is very efficient in following up with customers. They easily got referrals ( $M = 31$ ), increment in their customer base ( $M = 3.22$ ), and increased customer trust and retention ( $M = 3.09$ ). Also, the use of automation in re-engaging customers via the internet has boosted their trust and confidence ( $M = 2.88$ ). The analysis also showed that the display of Key Performance Indicators (KPIs) on their individual websites and blogs has increased customer's feedback and retention ( $M = 2.85$ ).

**Table 2: Extents of Customer Retention**

S/N	E-marketing and customer retention	SD (%)	D (%)	A (%)	SA (%)	Mean
1.	E- marketing has boosted customer trust and patronages	6.3	5.3	40.6	47.8	3.30
2.	E-marketing provides good platform for getting customers feedback	3.2	4.7	36.9	55.1	3.44
3.	Search Engine Optimization has increased customer patronage and confidence in my business	3.2	15.0	60.9	20.8	2.99
4.	With e-marketing this company has been able to retain most of our customers	4.2	13.2	47.8	34.8	3.13
5.	E-marketing is very efficient in following up with customers	1.6	12.7	42.7	43.0	3.27
6.	With e-marketing, our company easily get referrals from customers	1.1	11.1	43.8	44.1	3.31
7.	Our customer base has grown tremendously with adoption of e-marketing	2.1	12.1	47.8	38.0	3.22
8.	Online advertising has increased customer trust and retention in my business	5.3	14.2	46.4	34.0	3.09
9.	The use of automation in re-engaging customers via the internet has boost their trust and confidence in my business	3.7	23.7	53.6	19.0	2.88
10.	The display of Key Performance Indicators (KPIs) on my website and blogs has increased customers feedback and retention.	7.1	21.1	51.2	20.6	2.85

**Source: Authors' Computation, 2022.**

### 4.3 Discussion of Findings

This study provided insight into the strategy and usage extent of customer retention among the selected food and beverages firms in Southwestern Nigeria. The study revealed that all the stated e-marketing strategies has been adapted largely except 'blogging and e-mail marketing'. This massive adoption of e-marketing among foods and beverages firms in southwest, Nigeria is in agreement with the study of Tsekouropoulos *et al.* (2011) where it was concluded that the rate of adoption of e-commerce in Greece could be a valuable model for the designers of websites that promote e-commerce activities within the wider area in the country.

The findings also agreed with Srinivasan *et al.* (2016) and, Qashuo and Saleh (2018) who used social media participation and social media marketing strategies. They concluded that social media participation has an influence on brand awareness and brand trust. The high extent of customer retention was affirmed by the study of Tarighi *et al.* (2017) whose study focused on the advancement of online marketing capacity of professional athlete's federation in Kenya, and Adede *et al.* (2017) who's focused was electronic marketing activity and its performance in telecommunications firms in Kenya. They both concluded that e-marketing have a positive effect on the general performance of the firm.

### 5. Conclusion and Recommendations

This study therefore concluded that all the selected e-marketing strategies have been adopted by food and beverages firms in Southwest Nigeria; and the extent of adoption and usage was high, and thus recommended as follows:

- i. Since the study showed a low usage extent of Blogging, food and beverages firms should embrace blogging 'been a mini website' as a means of reaching wider customers.

- ii. food and beverages firms in the southwest, Nigeria should incorporate the current trends in e-marketing for optimal rate of retaining customers.

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**APPENDIX**

**QUESTIONNAIRE**

This questionnaire is designed to investigate **E-marketing on the extent of customer retention of foods and beverages manufacturing companies in Southwest Nigeria**. Your sincere responses are solicited. Your responses will be treated with strict confidence.

**E-MARKETING AND EXTENT OF CUSTOMER RETENTION**

Please indicate your level of support with the following statements on e-marketing and customer retention.  
 Key: Strongly Agree =4, Agree =3, Disagree =2, Strongly Disagree =1

S/N	E-marketing and customer retention	1	2	3	4
1	E- marketing act as a buying portal for customers				
2	E- marketing has boost customer trust and patronages				
3	E-marketing provides good platform for getting customers feedback				
4	Search Engine Optimization has increased customer patronage and confidence in my business				
5	With e-marketing this company has been able to retain most of our customers				
6	E-marketing is very efficient in following up with customers				
7	With e-marketing, our company easily get referrals from customers				
8	Our customer base has grown tremendously with adoption of e-marketing				
9	Online advertising has increased customer trust and retention in my business				
10	The use of automation in re-engaging customers via the internet has boost their trust and confidence in my business				
11	The display of Key Performance Indicators (KPIs) on my website and blogs has increased customers feedback and retention.				