Customer Patronage as Determined by E-marketing in Selected E-Retail Companies in Lagos State, Nigeria

M.N. Kabuoh, V.A. Onyia, I.J. Ogundiwin and P.A. Erigbe

Abstract: Electronic commerce is one of the emerging tools that organisations adopt to outwit competitors by the display of their technological knowhow. However, some organisations careless on this technological tool and its essential roles due to cost implication and inadequate technological knowledge by customers giving rise to poor performance and less competitive advantage. This study investigated the effect of e-marketing on customers’ patronage in selected e-retail companies in Lagos Nigeria. The study adopted survey research design. The study population consisted of 172 staff of Konga and GT sme Market hub from which 120 sample size was drawn using Taro Yammane formula. A well-structured questionnaire was validated and used to elucidate data. Information generated were further analyzed using linear regressions. Findings revealed that there exists a significant effect of e-marketing on customer patronage of Konga.com and GT sme Market hub, Lagos state Nigeria. In conclusion, the recent shift by major companies to develope-commerce platforms is a momentous development. This constitutes recognition by the companies with regards to the prominence of e-marketing. The study therefore recommends that e-tailing organisations should invest more in E-marketing facilities as a way of enhancing organisational efficiency and customer patronage.

Key words: Customer patronage · E-commerce · E-marketing · E-retail · Organizational

INTRODUCTION

The emergence of electronic commerce is being displayed as a practical reality for thousands of businesses competing among themselves throughout the world. Adeleke and Aminu [1] stated that competitiveness as it were, indicates the apparatus used by organizations to outwit others and remain sustained as a market nicheglobally. Supportively, aggressive rivalry empowers companies to have competitive advantage both at domestic and international marketing environment [2]. One of these advantages is the enhancement of customer patronage through innovative and quality service delivery.

E-marketing has come to take the place of traditional marketing as modern marketing hence the amalgamation of the functional capabilities of computers and telecommunication systems has encouraged companies to now exchange information electronically rather than circulating paper documents up and down. This trend facilitates remarkably business achievements in more effective and efficient manner. Companies that imbibe e-marketing are being rewarded by customer patronage hence enhanced performance is assured.

This current reappearance of transacting business directly is a great development that has improved marketability through the use of e-marketing. E-mail is increasingly used to target consumers in Nigeria. By 2006, expenditures on Internet direct marketing had increased from zero to nearly 15.3% of the total direct marketing expenditure in Nigeria [3]. More than 500 million global systems for mobile (GSM) communication users in the world are capable of receiving text messages using SMS technology. Generally, it has been observed that marketing transactions has been lifted up and made easy through the means of e-marketing. This has encouraged good number of companies to imbibe any of the social networks in doing business, information gathering and
dissemination as well as reaching the world from a distance especially in Nigeria where competition is so stiff.

Asghar et al. [4] confirmed that electronic marketing network is the link between adding value to customer’s needs and organisations’ achievements showcased by simplicity, routine and service quality. [5] stated that another aspect of e-marketing known as digital marketing is being imbibed by agents who are experts in marketing.

Many commercial databases are available worldwide, providing information on business, technical and scientific topics, company reports, broker reports, newspaper and journal articles and patent documents. To elicit favourable response and feedback from prospective buyers, electronic marketing adopts different strategies to create awareness regarding products and services offerings as well as other information to be disseminated. This process has risen from advanced nations to developing ones.

Internet activities have really encouraged online shopping by consumers with its associated ease of use, wider reach as well as cashless system incorporating all electronic media tools such as phones for text messages and calls, television, videos, audio gratified to comprehensive information which is widely spread with modernised interactive customer relationship management compared to old-style media [3]. Through the use of electronic medium, the 4 marketing Ps of products, price, promotion and place are efficiently and effectively enhanced excluding real circulation of non-digital goods with concentration on deviation from the ancient trading environment to mixture of both the electronic and physical market place with regards to competitive advantage accruing to firms that imbibe E-marketing [6]. Supportably, [7] exposed the seven electronic marketing mix in comparison with the traditional 4Ps as having common intersecting variables that can fuse together to achieve expected goal. Chaffey et al. [8] stated the paramount need for internet diversification of price mechanism electronically which has encouraged online customer patronage.

**Statement of the Problem:** The E-tailing sector of Nigeria has posed some problems. One of the major issues is the privacy problems which have reigned right from the formation of online business and has escalated uncontrollably presently as a result of internet rise. When a consumer shops online, there can be many threats to personal security. These threats can have major impacts on the users, websites, businesses and more so the online service suppliers. Another major problem is the e-payment procedure which is a must do condition prior to any other internet business commencement. However, over 90% of business in Nigeria is transacted with cash as a result of no knowledge and non-availability of required amenities to ensure transaction safety [9, 10]. Day and Bens [11], and Dennis [12] included image challenge as one of the causes of non-participation of electronic commerce. The rate of internet fraud and 419 fraud syndrom in Nigeria has worsened the acceptability of cards payments emanating from the country.

There has been a surge in the number of literate internet operators in Nigeria increasing the reputation of electronic commerce and e-marketing to the extent that the statistics of mobile phones in the country is greater than Nigerian populace. However, it is still difficult for the adoption of e-marketing in Nigeria hence the emerging technology tool practice is not yet entirely understood. Product features in electronic marketing pose a critical challenge. Evaluating peoples’ choices from various countries or region as to get familiarised with their views regarding usage and application of internet activities has not been so easy.

**The Study Objective:** This study investigates e-marketing impact on customer patronage in selected e-retail companies in Lagos Nigeria.

**Hypothesis:** There is no significant impact of e-marketing on customer patronage.

**Literature Review**

**Conceptual Review:** The underpinning of the research constructs is reviewed at this point to enable conceptual contribution to knowledge.

**E-Marketing:** Universally, e-marketing is viewed as contemporary channel through which exchange of goods and services, communication of ideas pass via technological means [13]. When marketing is conducted through technological gadget, it is referred to as e-marketing. El-Gohary [14] describe internet marketing as the means by which promotion of goods and services goals is achieved with the application of numerical technologies. It consists of different forms of actions such as networking, email, text messages rather than websites advertising.

The fulfilment of trading goals with the aid of internet is regarded as electronic marketing [15]. Fishbein and Ajzen [16] acknowledged simplicity, goal achievement
as well as service quality as the critical elements that facilitate the achievement of customers value added in online transactions.

Marketing expression was transformed by digital trading by the means of technology-enabled observation, surveying, as well as investigation [17]. The past decade has experienced universal historic transformation in the use of electronic media upholding the activities of internet in all facets of life. A good number of commercial databases are available worldwide, providing information on business, technical and scientific topics, company reports, broker reports, newspaper and journal articles and patent documents. By 2006, expenditures on Internet direct marketing had increased from zero to nearly 15.3% of the total direct marketing expenditure in Nigeria [3]. More than 500 million global systems for mobile (GSM) communication users in the world are capable of receiving text messages using SMS technology. In the area of job creation, e-marketing has added value especially among the youth. Nigerian youths in the recent past have experienced incessant decline in the labour market giving rise to less future hope and uncertainty as those on the job have no hope nor adequate faith of being there the next day [18].

Gilmore et al. [19] were of the opinion that both electronic marketing and ancient marketing have things in common. However, they identified some features that separate current marketing trend from the olden days’ trend such factors as; (1) Addressability: The E- practitioners simply introduce themselves and provide information about their products via the internet. (2) Interactivity: The sellers relate with their customers by adopting electronic customers’ relationship management allowing customers to have free interaction regarding their products’ purchases. (3) Memory: This electronically gives way for all historic information regarding the biodata of customers and all other promotional activities. (4) Control: The capacity of online practitioners to execute a proper check on sales promotional activities, ascertaining the authenticity of such activities. (5) Accessibillity: imbibing online search to locate all needed data for marketing purposes. (6) Digitalisation: When the paybacks of product are ably represented as numerical pieces of data enabling marketers achieve sales efforts of products features in addition to tangible product.

With highly growth of new technology, the increased online rate has big impact on four services characteristics [20]. Firstly, to the character of intangibility, the main problem associated is that marketers have not added value to buyers. However, with the online growth, more opportunities are provided to make service more tangible than intangible. The internet makes it possible for service provider to show more additional evidence of services like frequently updated information, well designed web page, accurate information providing, highly speed of response, ease of navigation and pre-sample of services.

Secondly, inseparability: the internet makes services more easily customised since customers become more active participate in the process to point what themselves really want by providing more individual information. Thirdly, heterogeneity, since e-services are electronically based, less variation must be provided in service quality from one customer to another. In addition, customer conversation like typical problems identified and solved, appropriate responses to customer complaint may assist further customers services.

Finally, perishability: since e-services can be available 24 hours a day, 7days a week, it provides customers more freedom for purchase and much greater ease for service marketers to handle supply and demand. Compared with traditional services, e- services have three special properties: quantization (breaking down of services into component part), exploration aptitude (the ability and ease in which information can be sought), mechanized capability (replacing tasks that required human labour with machines) [21].

**Customer Patronage:** Passionate obligation exhibited by a customer to always stick to a particular brand, display futuristic repeat purchase of a product/service irrespective of the condition at hand guided by already formed brand loyalty.

The satisfaction of customers derived from services offered by the organization, will enhance patronage and loyalty [22-26]. Kotler and Armstrong, [27] stated that gratification is the post-purchase assessment of items especially when the experience meets the earlier expectation. When these expectations are met, customers stay firm with the organization, else they switch to other competitors.

To secure continuous patronage of its existing customers, a firm sought for those attributes that its customers seek and look at making them available through its products/services offered [28]. Oxford Dictionary of Business and Management [29] stated that the continuous adoption of a particular product/service of any organisation is termed patronage. A satisfied customer is a customer that owes his loyalty to the vendor by displaying regular patronage in spite the situation. Entrepreneurs that are nascent and display
strategic entrepreneurship are those that will always attract customers’ patronage. Laudon and Traver [30] noted that if customers have good image towards the enterprise or their service providers, they may not mind as much peradventure they receive poor services because of already overall service quality evaluations which may still remain positive as a result emanating from perceptions of a good corporate image among the customers.

Lu et al. [31] believe that in this era, it is difficult for customers to return to their former marketers after they had gone to competitors with more captivating offerings since they were not getting their expected needs.

Satisfaction enhances patronage. Customers’ satisfaction on their purchase is a significant factor that leads business to success. Malesević et al. [32] submit that the positive or negative purchase dissonance of the customer is the customer’s feedback to the evaluation of the perceived discrepancy or disconfirmation of earlier anticipations plus the real product or service outcome. Customer delight is the core of customer-oriented business practices across various companies operating in diverse industries [33].

The emphasis on customer gratification is based on the fact that when value is added to customer’s need, more goods are purchased and loyalty is assured resulting to delightfulness and an increased consumers’ willingness to offer a price premium for products/services [29].

The shift in focus on customer satisfaction is grounded on the assumption that satisfied customers are likely to increase the share of purchases, leading to greater customer loyalty, delightfulness and an increased consumers’ willingness to pay a price premium for products/services [34]. The need to buyers’ gratification and patronage is a basic concept that attracts transactional success. This support the view of [35] which uphold customer as the king in business and the basic purpose for trading is to satisfy the customer. In this competitive commercial world, customer value is becoming a control element for all business strategies, with every organization emphasizing on customer satisfaction.

Individual perception to a great extent largely regulates his attitudes towards some products/services or even to an organization and could change consumers’ behavior towards other brands and also changes that of people close to them [36, 37].

Theoretical Review: The theory to anchor this study is discussed in this sub-section.

Technology Acceptance Model (TAM): TAM was created by Davis in conjunction with [38] recommendation as an accepted technological model. This established model comprised of double variables which are perceived usefulness (PU) and perceived Ease of Use (PEOU). PU was described by [39] as the extent of one’s faith that by adopting a single data process, the person’s productivity level will be enhanced. He further gave the definition of PEOU as the rate of one’s faith that adopting a consistent source of data will be stress less.

Smith and Charffey [40] observed that investigation on e-commerce stated that TAM was functional as well as being stretched through the fusing of customer purchase satisfaction to PU as well as to PEOU as forecasters of customers plan to repeat purchase online. Varadarajan and Manjit [41] stated that TAM prolonged by combining purchaser belief in the internet business as an element of online purchase intention.

54% of repeat purchase online variation was recorded as scored by PU, PEOU and purchase gratification. In internet shopping, it was affirmed by this study’s convergent result as experienced by the TAM preceding research that comparatively, PU was a tougher forecaster of projected online application than as it were with PEOU. Summarily, Transaction Acceptance Theory is a suitable technological model which application if properly used enhances e-marketing and customer patronage.

Empirical Review: According to [42], online activities pertains to financial benefits obtained from the administrative procedure answerable for the recognition, forestalling and adding value to purchaser desires. In agreement with the above views, various technological tools such as wireless, communications online, records/database, wireless are adequately connected with internet trading to satisfy trending as well as societul demands and choices of users [3].

In a study conducted by Brodie et al. [7], the results indicated that online customer knowledge, information technology expertise and e-business competitive learning are antecedent variables of internet trading strategy, the study also focused on three antecedent variable for online trading strategies such as online customer knowledge, information technology expertise and e-business competitive learning information technology capability and internet competitive learning of e-business have positive influence on e-business strategy. Chaffey et al. [9] identifies that-marketing impacts organizations positively through
improved communication, marketing research, sales performance, good interaction with clients and in evaluation and arrangement. Research have established a direct link between e-marketing and organizational performance through improved service delivery, sales performance and customer interaction. There is a robust affirmative association between e-marketing penetration and organizational performance in influencing customer patronage. Bar wise and Farley’s [43] add that organizations are increasingly adopting e-marketing and integrating it with various promotional activities for better customer engagement and feedback.

Online transaction progress however emanates from the development and sustenance of prevailing activities. Asikia and Kabuoh [5] posit that organizations that have adopted e-marketing often perform better through increased efficiency and effectiveness of database and network marketing practices. E-marketing adoption enables businesses to raise the intensity and enrich the quality of their interactions with partners and suppliers. Important product planning and inventory information is shared on a regular or even real-time basis, thereby leading to more productive relationships which encourage customer patronage [8].

**Methodology:** The methods adopted in this research were explained hereunder various sub-units:

**Population and Sample:** The study population comprised of some group of employees in the headquarters of Konga.com which has its headquarters in No 24, Isaac John street, Lagos Nigeria and GT SME Market Hub which has its headquarters in 635 Akin Adesola street, Victoria Island, Lagos State Nigeria. 172 employees were selected from headquarters of the two organisations. Lagos is so Chosen because of its stake as the hub commercial nerve and financial Centre of Nigeria. The research design adopted is the descriptive survey design.

The study generated 120 as sample size through the application of Taro Yamane formula from 172 employees from headquarters of both organisations with 5% as the error margin as shown below: n= N 1+N ?? ?? Where; N= Study population n= Sample size e?= Error margin Therefore: \\

\[
n = \frac{N}{1 + Ne^2}
\]

Therefore: \\

\[
n = \frac{172}{1 + 172(0.05)^2} = 120
\]

n=120

Therefore, the sample size for the study was 120.

**Reliability and Validity:** The research instrument was self-structured questionnaires which were validated. The reliability was tested with internal consistency applying the Cronbach’s Alpha coefficient.

The items were constructed to generate feedback from the interviewees. Two sections were designed for the questionnaire A and B, Section A was for demographic data of the respondents while section B seeks information on the variable selected for the study. The questionnaire format chosen for this research was on 6 point likert scale typy of Strongly Agree (SA), Agree (A), Fairly Agree (FA), Fairly Disagree (FD), Disagree (D), Strongly Disagree (SD). The pilot study was carried out with the administration of 12 (10% of sample size) copies of the questionnaire on Jumia staff which is a similar major E-tailer in Lagos State-Nigeria. The reliability test was determined via Cronbach Alpha coefficient α.

**Data Collection:** The study adopted a Primary method of data collection which involves the elucidation of data via research instrument from the interviewees who are employees of Konga.com and GT SME Market Hub and a response rate of 92% (110) was recorded which very good judging from the 72% recommended by Fowler (1984). 110 correct copies of the returned questionnaire were used for the study. The study adhered to research ethics of confidentiality, anonymity, self-consent among others.

**Data Analysis and Findings:** Descriptive statistics tables for percentage, mean, standard deviation were firstly used to assess the responses of the respondents while the generated information were scrutinized applying the Simple Linear Regression under Statistical Package for Social Science (SPSS) for its test of hypothesis.
Table 1: Impact of E-marketing on customer patronage

<table>
<thead>
<tr>
<th>Model 2</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>14.007</td>
<td>1.173</td>
</tr>
<tr>
<td>E-marketing</td>
<td>.242</td>
<td>.059</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Patronage

F=16.578 R=0.65 R^2=0.133 P-VALUE=0.000<0.05

Sources: Researchers’ computation of data survey (2019) using SPSS version 23.0

**Interpretation of Result:** Customer Patronage = 14.007 + 0.242 E-marketing + μ From the regression analysis carried out on the variables, e-marketing= 0.242, which is positive. This indicates resilient affirmative association amid e-marketing and customer patronage. This essentially means that E-marketing has a momentous effect on customer patronage. The R^2 is the overall coefficient of determination or the explanatory influence of the construct is 0.133 or 13.3%, therefore R^2 = 0.133 this indicates that 13.3%of the variations in customer patronage are due to e-marketing. The entire model is significant in explaining the impact of E-marketing on customer patronage as depicted by the F-statistic of 16.578 and with a p-value of 0.000.

The Coefficients Table reveals the regression line values. In e-marketing row the B column provides the gradient of the regression line known to be the regression coefficient (B). This means that for every e-marketing increase, the model predicts an increase of 0.242 customer patronage. Notice as well the standardized version of this second B-value is labelled as Beta (β). Finally, the t-test indicates the predictive power of the model. The level of significance of 0.000 or 0.0% is less than the normal level of significance 0.05 or 5% which indicates that the connection amid the variables is positive. We do not accept the negative hypothesis and accept the alternative hypothesis, which states that E-marketing has a significant effect on Customer Patronage.

**DISCUSSION**

Result indicated that there exists a substantial effect of online marketing on customers’ patronage in selected e-retail companies (Konga and GT SME Market hub) in Nigeria. Day and Bens [12] posit that organizations that have adopted e-marketing often perform better through increased efficiency and effectiveness of database and network marketing practices. Olotu and Ogidi [33] identifies that e-marketing impacts organizations positively through improved communication, marketing research, sales performance, effective buyer interaction with sellers and in analysis and planning.

The significant advancement has yielded organisational growth, customer patronage and customer retention. The e-tailers in Nigeria must attract a growing segment of customers who are technologically empowered, have high regard convenience and are ready to offer any amount so long as they are satisfied with the purchases. Therefore, the e-tailers of Nigeria need to improve convenience and value for consumers and aid them in eradicating their fears around security.

Conclusion and Recommendations

Outcome of this research indicated that there exists a strong association amid e-marketing and customers’ patronage of selected e-retail companies (Konga and GT sme market hub) in Nigeria. The recent shift by major companies to develop e-commerce platforms is a welcome development. This constitutes recognition by the companies of the position of e-marketing and also the importance of eradicate potential threats to consumers. The significant advancement has yielded organisational growth, customer patronage. E-marketing impacts organizations positively through improved communication, marketing research, sales performance, buyer-seller cordial interaction plus in analysis and planning. E-commerce has enhanced stiff competition among organisations as well as individual entrepreneurs.

Recommendations are thus: The e-tailers in Nigeria must attract a growing segment of customers who are technologically empowered, adequate consideration to convenience and to offer any amount so long as value is added following their purchases. Therefore, the e-tailers of Nigeria need to improve convenience and value for consumers and aid them in eradicating their fears around security. The confines i.e. negative experiences associated with e-marketing should be checked by the regulators. A comprehensive political/legal framework with high level government support will assist in the practices of electronic commerce by a lot retailing companies in Nigeria.
Government should also see to the provision of ICT infrastructure in all States of the country, as ICT is pathway for appreciation of e-commerce. They should sensitize Nigerians on the importance and benefits of adopting the E-commerce in all facets of our life and not only as a tool for shopping. All stakeholders such as financial institutions, governmental bodies, at all levels and Online Facility Benefactors (OFB) could play effective part in educating, encouraging and practicalising the standing of electronic commerce to various retailers and these will ultimately assist in its adoption. Integrity and trust should be maintained by E-retailers in that customers should be able to build high level of trust on them. Finally, through e-marketing, the act of over promising and under delivering should be eradicated to avoid negative purchase dissonance feelings. Over promising and under delivering should be avoided to encourage enhanced patronage and repeat purchase.

REFERENCES