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ONLINE ADVERTISING AND MARKET SHARE OF E-TAILING FIRMS IN RIVERS STATE

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ABSTRACT

The study empirically examines the influence of online advertising on market share of e-tailing firms in Rivers State. The study adopts a survey research design with a sample size of 150. Data was analyzed using the Spearman Rank Correlation Coefficient with the aid of SPSS. Among the findings was that web banner and affiliate marketing have a strong and positive relationship with sales volume. The paper concludes that online advertising have a very strong association with market share of e-tailing firms in Rivers State and recommends the constant use of both the web banner and affiliate marketing as it increases market share which leads to further enhancement in the profitability of e-tailing firms.

KEYWORDS: *Market Share, Online Advertising, Sales Volume, Affiliate Marketing*

INTRODUCTION

Internet has provided a pervasive communication infrastructure and enormous business opportunities, business activities are now experiencing fundamental changes through its use (Suleyman & Mustafa, 2012). The rapid development and penetration of e-commerce has brought about the e-tailing industry; thus e-commerce has become a convenient and effective tool to communicate with all members involved in marketing activities (Lancaster et al., 2006).

With the rapid advancement in e-commerce, many firms have incorporated the internet as part of their advertising media mix in order to take advantage of online technologies (Calsir, 2003). E-tailing is the use of internet to sell products and services, it is a low-cost marketing opportunity. In the words of Kolesar & Galbraith (2000), e-tailers covers three facilities of consumption activities which are a product search facility, an online purchase function and a product delivery capability. These tend to generate

opportunities in the ever competitive business environment.

Increasing market share is one of the most important objectives of business, market share is the percentage of a market in terms of either units or revenue of the firm (Farris, Neil & David, 2010). It is closely monitored for changes in competition; market share frequently influence strategic decisions.

The need for online advertising is increasing as many firms have adopted the use of online environment to do business (Gabriel, Ogbuiwe & Ahiauzu, 2010). For an online advert to be effective, it must inform, convince and retain customers. The key factor in online advertising is to increase consumer's satisfaction (Allard et al., 2001) which further leads to increase in the firm's market share. However, of all the studies considered above, none was able to empirically evaluate the phenomenon of online advertising and market share of e-tailing firms in rivers state. This creates a gap which this study seeks to fill.

PROBLEM STATEMENT

Online advertising has lots of benefits for both the e-tailing firms and customers, in spite of this, internet users seems not to be frequently exposed to the available products and services of e-tailing firms; this is because online advertising is underutilized as compared to traditional advertising (author’s observation). By this several e-tailing firms are witnessing a sharp and steady decline in their market share vis-à-vis their competitors. Kotler (2003) stated, if a customer is not well informed, dissatisfaction will likely set in, which leads to profit reduction, reduced market share and sales turnover. More so, the proliferation of online advertising leads to much competition in the market place, which makes e-tailing firms to fiercely compete for a better positioning of their adverts so as to gain better visibility of their advert campaigns.

AIM OF THE STUDY

The aim of this study is to examine the relationship between online advertising and market share of e-tailing firms in Rivers State.

THEORETICAL FOUNDATION

Attention Theory

This study is premised around the attention theory which emphasizes that people/individuals are extremely limited in the amount of information that they have the ability to process at any given time. The concept of bottleneck is usually described in this theory, thus; as the neck of a typical bottle restricts

flow in and out of the bottle, so there exists a narrow passage way in human information processing that is to say, the bottleneck limits the quantity of information to which individuals can pay attention to at a given period of time. This further buttresses the fact that when one message is currently flowing through, the other messages must be left behind (Broskhan &Velayutham, 2013).

STUDY VARIABLES AND MODEL SPECIFICATION

The study adopted Online Advertising (OA) as independent variables with its measures as Web Banner (WB) and Affiliate Marketing (AM) while Market Share (MS) was adopted as the dependent variable measured with Sales Volume (SV).

FUNCTIONAL RELATIONSHIPS

This study examines its aim to establish functional relationship between the measures of predictor and criterion variables. For the purpose of this study, we developed a model specification to aid the functional relationships as follow:

$$MS = f(OA)$$

$$OA = (WB, AM)$$

$$MS = SV$$

Where: MS = Market Share

OA = Online Advertising

WB = Web Banner

AM = Affiliate Marketing

SV = Sales Volume

OPERATIONAL FRAMEWORK

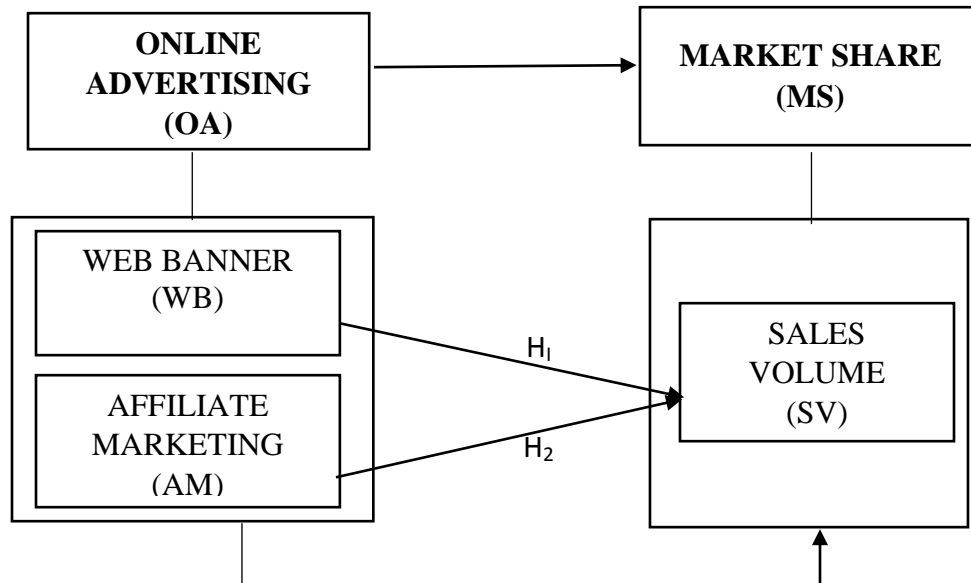


Fig 1:Conceptual and operational framework online advertising and market share of e-tailing firms in Rivers State.

Source:Desk Research, 2019.

RESEARCH HYPOTHESES

- H₀₁: There is no relationship between web banner and sales volume of e-tailing firms in Rivers State.
- H₀₂: There is no relationship between affiliate marketing and sales volume of e-tailing firms in Rivers State.

LITERATURE REVIEW

Online Advertising

This is a form of advertising which uses the internet in delivering promotional marketing messages to customers; its efficiency is determined by the ability of the advertiser to present its message in a way that the customers will understand (Ronald & Barbara, 2002).

Gabriel et al., (2016) posits, online advertising is influenced by the attractiveness of advert, simplicity of the advert, location of advert on the website and ease of order placement and delivery. The sale of firm's products and services through one-on-one interaction with firms and its customers is enabled by online advertising (Tchai, 2011).

Ducoffe (1996) explained, the internet has become a popular advertising platforms as it provides greater flexibility and control to the online marketers. The internet has emerged as an advertising medium adopted by many online firms (Silk et al., 2001). According to Chaffey et al, (2003), these mediums include pop up text-link, affiliate marketing, web banner, e-mail marketing, mobile advertising etc. For the purpose of this study we would adopt web banner and affiliate marketing as our measures for online advertising.

Web Banner

These are graphical ads displayed within a web page, they use rich media to incorporate video, audio, animation, buttons. According to Thomas (2011), consumers that click frequently is likely to be attracted by quality banners. The web banner can be used to measure the customer's the number of clicks (Cho, 2003). Unlike the traditional means, web banner is an investment to online firms.

Banner ads moves the browser from original web page to where the browser can access information about the advertised products and services.

Affiliate Marketing

According to Brown (2009), affiliate marketing is a type of performance based marketing in which a business rewards one or more affiliates for any customer brought by the affiliate's effort. It is commonly confused with referral marketing as both forms of marketing use third parties to drive sales to retailers; however, while affiliate marketing relies purely on financial motivations, referral marketing

relies more on trust and personal relationship (Prussakov, 2007).

In the words of Prussakov (2007), affiliate marketing is frequently overlooked by advertisers, it often overlaps with other internet marketing methods. There are four players involved in this form of online advertising, they are the merchant, the network, the publisher (affiliate) and the customer. More so, Tom (2005) argued, affiliate marketing is preferred as it uses pay for performance model, thus, a merchant does not incur a marketing expense unless results are accrued.

Affiliate marketing is an effective tool for online marketing, it enables an affiliate or partner to advertise product/services of merchants (Stefan, 2011)

Market Share

This is a key indicator of market competitiveness that is how well a firm is doing against its competitors. According to Farris et al, (2010) the market share trends for individual products are considered early indicators of future opportunity or problems. Market share is a desired asset among competing firms, thus firms with market share below a certain level may not be viable, and this requires strategic adjustment (Armstrong & Kesten, 2007). Market share is made visible in sales volume, profitability etc. we adopt the use of sales volume as our measure for market share.

Sales Volume

This is the combination of increase in the sales of all the products of a firm. Sales volume is the number of sold units of sales in a time period; it further describes an approach of output turnover and sales revenue of selling a product/service. The growth of sales volume is represented by the increase in number of sold units of sales.

METHODOLOGY

The population of this study consists of customers that patronize e-tailing firms in Rivers State. The actual size of their population could not be ascertained as records were not available. A sample of 150 was conveniently selected for this study. After data cleaning, 10 copies were found invalid while 140 were useful. Data was analyzed using Spearman Rank Correlation Coefficient with the aid of Statistical Package for Social Science (SPSS) version 20.

DATA ANALYSIS AND PRESENTATION

Decision Rule: Reject null hypothesis (H₀) if PV < 0.05 and rho > 0. But accept H₀ if otherwise
0.1 and above = positive relationship
-0.1 and above = Negative relationship

Correlations

| | | | Affiliate Marketing | Sales Volume |
|----------------|---------------------|-------------------------|----------------------------|---------------------|
| Spearman's rho | | Correlation Coefficient | 1.000 | .839** |
| | Affiliate Marketing | Sig. (2-tailed) | . | .000 |
| | | N | 140 | 140 |
| | | Correlation Coefficient | .839** | 1.000 |
| | Sales Volume | Sig. (2-tailed) | | |
| | | N | 140 | 140 |

Table 1: Correlation Analysis showing the Relationship between Web Banner and Sales Volume

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

Source: Field Survey Data, 2019. SPSS 20 Output

Correlations

| | | | Web Banner | Sales Volume |
|----------------|--------------|-------------------------|-------------------|---------------------|
| Spearman's rho | | Correlation Coefficient | 1.000 | .957** |
| | Web Banner | Sig. (2-tailed) | . | .000 |
| | | N | 140 | 140 |
| | | Correlation Coefficient | .957** | 1.000 |
| | Sales Volume | Sig. (2-tailed) | .000 | . |
| | | N | 140 | 140 |

Table 2: Correlation Analysis showing the Relationship between Affiliate Marketing and Sales Volume

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

Source: Field Survey Data, 2019. SPSS 20 Output

Discussion of Findings

Table 1 and 2 above reveals a spearman rank correlation coefficient of 0.957 and 0.839 with probability value (PV) = 0.000 respectively. This results show that both web banner and affiliate marketing has a very strong and positive significant relationship with sales volume of e-tailing firms in Rivers State. Thus, we reject the null hypotheses 1 and 2, then accept the alternate hypotheses which states that web banner and affiliate marketing have a significant relationship with sales volume of e-tailing firms in Rivers State.

The findings indicate that both the use of web banner and affiliate marketing facilitate the rise in e-tailer’s sales volume, which further increases its market shares.

CONCLUSION

The study concludes that online advertising has a very strong association with market share of e-tailing firms in Rivers State having seen that affiliate marketing and web banner significantly relate with

sales volume with very strong coefficients. Of 0.839 and 0.957 respectively. This means that web banner relates with the outcome of sales volume by 83.9% while web banner relates with sales volume by 95.7%.

RECOMMENDATION

The constant and increased use of both web banner and affiliate marketing as it increases sales volume which leads to further enhancement of the firm’s market share. Hence, e-tailing firms in Rivers State should ensure its continuous use and encourage more online advertising. Government and business owners should see the internet as a venture to improve trade and investment through the use of websites and other electronic payment system.

PRACTICAL IMPLICATION

This study provides the e-tailing firms in Rivers State with great benefits embedded in the use of web banner and affiliate marketing in order to ensure their increased market share compared to those of their competitors; which enables them gain competitive advantage.

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