Customer Value Communication and Marketing Productivity

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Abstract: This study examined the correlation between customer value communication and marketing productivity. The study treated customer value communication unidimensionally, and assessed marketing productivity through customer acquisition, customer retention and customer expansion. An explanatory research design was adopted in the study. Primary data was collected using a self-made structured questionnaire. Eighty-four (84) employees consisting of customer-contact employees, supervisors, heads of marketing unit and branch managers of twenty-one (21) quick service restaurants participated in the study, on a sample frame of four (4) respondents per restaurant. The Spearman’s rank order correlation served as the test statistic, relying on SPSS version 20.0. The study observed that customer value communication relates positively with all the measures of marketing productivity covered in the study, with customer acquisition posting the strongest correlation with customer value communication. The study concludes that marketing productivity in terms of customer acquisition, customer retention and customer expansion depend on customer value communication and that customer value communication inform customer acquisition, customer retention and customer expansion; and recommends that quick service restaurants in Port Harcourt that seek to acquire more customers, achieve improved customer retention or expand the volume of business they transact with customer should identify what constitutes value for their customers and consistently communicate that value.

Keywords: Customer acquisition, customer expansion, customer retention, customer value communication, marketing productivity

INTRODUCTION

The fickleness of consumers presupposes that they are not only prone to change preferences for products, but also for brands. Instantaneous product and brand switching often occur among consumers, as what constitute value to them at one point in time ceases to be so at another (Ateke & Nadube, 2017). But, the philosophical underpinning of the marketing concept is sensing and serving customers’ requirement profitably. So, every firm that relies on customers for growth and survival must come to terms with the marketing concept. They must ensure that their offerings offer integrated customer solution and provide profit (Ballantyne, Frows, Varey & Payne, 2010). Identifying better ways of correctly determining customers’ changing needs, and creating new offers that satisfy those needs is therefore valuable for both firms and their customers. Particularly, providing customers with individualized value provides a viable opportunity for firms to achieve competitive edge through improved relationships (Ateke, Asiegbu & Akekue-Alex, 2016). Marketing theorists and practitioners have thus accorded increased attention to customer value-based strategies as a key to marketing productivity.
This is based on the realization that customer value-based marketing strategies are essential to sustained marketing wellness in the face of global competition, slow-growth economies and industries and a more demanding customership (Woodruff, 1997), all of which tasks firms to seek newer avenues of achieving competitive advantage.

Shifting from the traditional inward look for improvement, firms are tending to look outward more; to customers as a major source of competitive advantage. Thus, most firms are looking at strategy, no longer with a company orientation, but with a customer orientation; such that customer objectives, rather than company objectives guides company activities. An important aspect of company strategy that is increasingly being tailored to suit customers’ perspective is marketing communication. Orthodox marketing communication focuses on communicating messages about the firm, its products and brand. In recent times however, marketing communication has tended to communicate customer value – customers’ perception of the benefits they derive from buying and using a firm’s products (Woodruff, 1997). Also, while traditional marketing communication uses promotional tools to communicate the firm’s products and the firm itself, it is noteworthy that every aspect of a firm’s marketing activities communicates something to customers and prospects. Hence, it is vital that the message customers receive is consistent across all aspects of the firm’s marketing activities. The key question however is: Does consistent customer value communication result to greater marketing productivity? The onus of this study is to proffer answer to this question by empirically examining how customer value communication relates to marketing productivity.

**Literature Review and Hypotheses Development**

**Customer Value Communication (CVC)**

Customer value represents consumers’ total evaluation of the benefits they derive from a product based on their perceptions of what they received and what they give (Zeithaml, 1988) in Woodruff (1997). It is “customers’ preference for, and evaluation of product attributes, the performance of those attributes, and the consequences arising from use that facilitate the achievement of customers’ goals and purposes in use situations” (Woodruff, 1997). Customer value is an important marketing management tool when inter-functional coordination is the practice in the firm. “Personnel involved in creating and implementing customer value delivery need a common framework for thinking about customer value” (Woodruff, 1997). The absence of a common understanding of customer value within the firm results to inconsistencies between what product engineers develop, what marketing communicate, and what sales deliver.

CVC therefore represents a firm’s efforts in credibly communicating the uniqueness of its products and their superior benefits to customers. In CVC, firms strive to identify why customers should prefer their offerings, and then deliver their messages in a manner that facilitate customers’ understanding of their consistent and cohesive customized value messages. The core of CVC thus, involves analysing customers’ situations in order to gather intelligence that allows the creation of customized value proposition which are then communicated through the media and forms chosen by customers. The key to CVC is customization, adding value to customers’ experiences by connecting with them; and figuring out what customers perceive to be valuable and designing solutions that meet those requirements.

CVC is about integrating the firm’s value communication from promotional messages to the actual value delivered to ensure consistency; and requires offering value that meets the requirements of the target market(s), and also that those offerings provide a profitable and
integrated customer solution (Ballantyne et al., 2010). Seeking better ways of correctly determining the changing needs of customers, and striving to create and communicate new offers that satisfy those needs is important to firms’ health in today’s turbulent business-scape (Ateke et al., 2016; Ateke & Elvis, 2013). CVC is strengthened when the firm’s products deliver the value that the firm’s promotional messages promise. Delivering superior customer experience is essential to securing customers’ continued patronage and maximizing the benefits that accrue from customer loyalty (Ateke et al., 2016). Extant literature on value customization places emphasis on customer value delivery (Ballantyne et al., 2010; Tuli, Kohli, & Bharawaj, 2017) in view of the fact that today’s customership is more informed and have confidence in choosing brands for themselves (Hamprecht & Brunier, 2011) in Ateke et al. (2016).

Marketing is currently focused on building, maintaining and expanding relationship with customers, and no longer on sales and profit (Ateke & Nadube, 2017). Marketers are thus tasked to satisfy customers whose behaviour cannot be predicted with any level of precision. It therefore portends that a firm’s ability to sense customers’ changing requirements and adapting its programmes and operations to create and deliver value that meets that change is the hallmark of CVC. A key assumption of value customization is that customized offerings deliver more benefits to customers than standardized offerings because customized offerings deliver a closer preference fit (Nikolaus, Peter & Christopher, 2009) especially when the firm is able to obtain accurate information about customers’ requirements (Ateke et al., 2016). Firms must understand and act upon the differences among individual customers in order to create actionable and customized value (Wisskirchen, Vater, Wright, De Backer & Detrick, 2006); and provide unique customer experience by providing products that customers need and delivering same at the time they are needed, through channel they can access and communicate them using the right tone” (Ateke et al., 2016). This paradigm shifts of marketing from mass transactions to individualized relationships offers better benefits to firms and customers alike.

**Marketing Productivity**

Determining the long-term effects of marketing activities (Dekimpe & Hanssens, 1995), separating individual marketing activities from other actions (Bonoma & Clark, 1988) and using purely financial methods in evaluating marketing’s contribution to the firm are the most serious challenges faced in assessing marketing productivity (Sheth & Sisodia, 2002). Nevertheless, marketing scholars and practitioners are increasingly challenged to justify investments in marketing activities, especially, to show how marketing expenditure improves shareholders’ value (Doyle, 2000). Marketing productivity - the added value of the marketing function in relation to realized investments must be demonstrated (Fuente Mella, Berné-Manero & Pedraja-Iglesias, 2011; Sheth & Sisodia, 2002); if the challenge of marketing productivity must be addressed adequately.

There is no universal definition of marketing productivity as several conceptual and operational definitions of the concept exist. Sheth and Sisodia (2002) define marketing productivity as “the quantifiable value added by the marketing function, relative to its costs”. Marketing productivity is also defined as “the price derived from participation in the market over the marketing expenses of the company” (Hawkins, Best, & Lillis, 1987) or “the output and production issues, over economic resources” (Beckman, Davidson & Talarzyx, 1973). Sevin (1965) in Fuente Mella et al. (2011) define marketing productivity as the ratio between sales or net profits and marketing costs.
Marketing productivity metrics are largely intangible (Keh, Chu & Xu, 2005). It is therefore onerous to rationalize investment for productive increases or to support suitable levels of productivity (Fuente Mella et al., 2011). Effective and quantifiable measures are needed if the viability and utility of marketing activities must be justified (Fuente Mella et al., 2011; Sheth & Sisodia, 2002). Managers must consider all activities that impinge the acquisition, retention and expansion of customers in order to gauge marketing productivity adequately (Fuente Mella et al., 2011; Sheth & Sisodia, 2002). Marketing productivity increases sales, product development, and defines adequate price levels (Moe & Fader, 2009). Marketing productivity therefore stems from customer indices like customer acquisition, retention and expansion because sales increase, new product success and other outcomes of marketing productivity are tenable only when marketing activities succeed in acquiring, retaining and expanding business with existing customers.

Customers constitute the foundation and sustenance of businesses. The surest guarantee for company survival and sustainability is acquiring new customers, retaining current customers and expanding the level or volume of business with current customers. This study thus assesses marketing productivity through customer acquisition, retention and expansion. This is because acquiring and retaining customers, as well as expanding the scope of business a firm has with retained customers through cross-sell and upsell opportunities is the premise of creating and maintaining customer relationships. It also underpins the notion of creating extra value by making existing customers buy more or increase their usage of a product. Assessing marketing productivity through customer acquisition, retention and expansion is also logical because the core goal of marketing is to attract (acquire) new customers by promising superior value and to keep (retain) and grow (expand) current customers by delivering satisfaction (Kotler & Armstrong, 2012).

**Customer Value Communication and Marketing Productivity**

Virtually all firms in today’s business-scape are financially sound, innovative, have reputation, possess customer knowledge, and understand their products and markets; key success factors are therefore no longer unique to any company (Macfarlane, 2013). The ability of firms to deliver on their value propositions is what “remains unique and becomes an ultimate competitive factor for market leadership” (Weinstein, 2012). This means that the way firms design and deliver customer value is the only key success factor that could be unique to it (Weinstein, 2012). The design and delivery of customer value that is superior to that of competitors is enhanced by the development of a customer-centric philosophy and culture within the organization (Macfarlane, 2013). Customer value in this sense means overwhelming customers by surpassing their expectation. It means “delivering beyond every value-point of the customer value spectrum in terms of service, quality, image and price” (Weinstein, 2012); which meets customers’ needs and expectations and therefore, affect their satisfaction and loyalty and company’s market position, market share, revenue, profits, and ultimately, company success and survival (Mcfarlane, 2013).

The ability of firms to create and add value to the products they offer to customers or the service aspects of their business also represents customer value (Mcfarlane, 2013). Previous studies indicate that customer value relates positively to various aspects of marketing productivity. Nguyen, Nguyen, Nguyen and Phan (2018) observe that perceived value determines customer satisfaction and loyalty in the insurance sector. Ateke et al. (2016) on their part observe a positive and statistically significant connection between value customization and relationship commitment of business-to-business buyers. Relatedly, Nasreen, Sharifah and Syed
(2011) found that perceived value relates positively to customer satisfaction and behavioural intentions in the banking sector. Furthermore, Richard and Mensah (2014) observe a positive nexus between customer value and customer retention in the banking industry while Akinyele (2010) observe that customer value relates positively to repeat purchase in the fastfood industry. This study thus contend that CVC will affect marketing productivity in terms of customer acquisition, customer retention and customer expansion.

Customer Value Communication and Customer Acquisition
Greater percentage of a typical marketing budget is allocated to customer acquisition. This is in lieu of the need for firms to replenish customers that may be lost to attrition. Continuously acquiring new customers is thus critical to company success. Drucker (1973) asserts that customers do not only constitute the foundation of a business; but that they also keep the business in existence. Taylor (2009) view customer acquisition as the process of acquiring new customers or converting prospects into customers. Customer acquisition therefore, means all the tactics and procedures an organization uses to acquire new customers and also convert existing customers into loyal ones. It encompasses a series of interconnected activities involving customer touchpoints, customer engagement and customer conversion. Different strategies tailored to suit specific types of prospects are used as customer acquisition schemes.

Customer acquisition may be viewed as an element of customer relationship management (Kotler & Keller, 2012) and customer lifecycle management (Buttle, 2009). Chaffey (2013) posit that customer acquisition, conversion and retention are the main issues that marketers contend with; and views customer acquisition as a strategic business goal. The notion of customer acquisition further underscores the importance of identifying potential customers for organizations and guiding them to make “better” purchase decisions (Malbashake, 2010). Yoegal (1998) view customer acquisition as the practice of identifying appropriate customers through traditional or digital media tools, and informing and persuading them to buy from, and be loyal to the firm. The overriding purpose of business is to create satisfied customers (Drucker, 1973) because customers constitute the lifeblood of any business, and are the focus of marketing programmes (Levitt, 1986).

Understanding customers’ requirements, determining profitable target markets and developing a compelling value proposition by which the firm can attract and grow customers is the core of marketing (Kotler & Armstrong, 2012). A firm’s value proposition is a cogent and compelling reason for customers to buy the firm’s product (Kotler & Keller, 2012); and therefore, the basis for attracting potential customers. Thus, Nwokah (2018) emphasize that orthodox marketing communication represents the means by which firms communicate to, connect with and engage customers to convey the value offerings of the firm. If a firm cannot give a prospect good reason to buy its products, getting that prospect into the fold would not be possible. Customers are assets that must be acquired if a firm must remain viable. They are vital for the survival and profitability. No firm can last long in the business-scape if it is not acquiring new customers. Also, firms have greater opportunities to increase sales and boost profit through new customer acquisition. Customer acquisition serves a buffer for old customers that may not be marginally profitable or be lost over time. In view of the foregoing, we hypothesize that:

**H01:** Customer value communication significantly relates to customer acquisition.
Customer Value Communication and Customer Retention

Customer retention describes a situation where customers return for further business whenever they have need for the product a firm offers. Customer retention results from exceeding customers’ expectation, so that they become delighted and desire to build a relationship with the firm. Focusing on delivering quality product and excellent customer service in order to achieve higher customer retention rates should thus be the drive of firms (Ateke & Onwujiariri, 2014). Marketing theorists and practitioners emphasize the relevance of customer retention to the overall wellbeing of a business undertaking. Firms and their customers have increasingly looked for mutually satisfying long-term relationships as a way of increasing competitiveness on the part of firms; and as a way of reducing purchase related risks on the part of customers (Augusto de Matos, Henrique & Vargas-Rossi, 2007). To be successful, customer retention must start with the initial contact a firm makes with a customer and continue throughout the duration of the relationship. A firm’s technology, the way it serves existing customers and its reputation within and across its industry affects a firm’s ability to attract and retain customers.

Customer retention has been an important marketing objective of firms in view of the benefits that accrue from having a secured customer base. In mature market, firms employ several techniques to retain existing customers: Implementing programmes aimed at preventing switching behaviour, offering special customer care programmes that raises the level of customer satisfaction, etc. (Yoda & Kumakura, 2007). Customer retention is an important topic in the marketing due to the saturated and competitive nature markets. The retention of customers is also preeminent in relationship marketing because it delivers relationship economies; as it is less expensive to retain existing customers than to acquire new ones (Harbridge-March, 2008; Reichheld & Sasser, 1990). Based on the foregoing, we hypothesize that:

Ho2: Customer value communication significantly relates to customer retention.

Customer Value Communication and Customer Expansion

Increasing customer value, extending the breadth and depth of customer relations and improving turnover and profits are essential marketing goals. Achieving these goals require firms to constantly exploit avenues for more business with current customers because expanding relationship with current customers is one area with adequate potentials to assist firm in this regard. Customer expansion represent the process of gaining extra value from customers by encouraging current customers to increase product usage, buy higher versions of a product or buy additional products outside of the product that endeared them to the firm initially (Bolton, Lemon & Verhoeft, 2008). It encompasses all the actions and processes of marketers that are aimed at broadening the volume of business they obtain from current customers by attracting more of the customers’ footprint and share of wallet.

Cross-buying, increased product usage, upgrading, new product adoption and share of customer’s wallet are therefore indicators of customer expansion (Verhoeft, van Doorn & Dorotic, 2007). Overall, customer expansion provides opportunities for firms to move their customers through cross-sell or upsell scenarios. Cross-selling refers to a situation where the firm suggests products that are related or complementary to originally purchased products while upselling describes a situation where firms encourage customers to increase their purchases by adding additional items or shifting to higher versions of their original choice. Both cross-selling and upselling focus on providing additional value to customers, instead of limiting them to the product choices they are already used to. In view of the foregoing, we hypothesize that:
**Ho3:** Customer value communication significantly relates to customer expansion.

![Conceptual mode of customer value communication and marketing productivity](image)

**MATERIALS AND METHODS**

The aim of the current study was to determine the correlation between CVC and marketing productivity. The research took a quantitative approach and adopted an explanatory design. The population of the study comprised quick service restaurants in Port Harcourt. Information obtained from the Port Harcourt Chamber of Commerce and Industry (PHCCI) indicates that a total of twenty-one (21) quick service restaurants are registered with the Chamber. The study sampled a total of eighty-four (84) members of staff, consisting of customer-contact personnel, supervisors, heads of marketing unit and branch managers of the twenty-one (21) firms on a sample frame of four (4) respondents per restaurant. The accidental sampling technique was used to arrive at the test units. Primary data was collected using a self-made research instrument in a cross-sectional survey. The instrument was couched simply and requires respondents to tick an item on a scale of 1-5 where 1 = strongly disagree; 2 = disagree; 3 = undecided 4 = agree; 5 = strongly agree.

The validity of the study instrument was confirmed through the opinion of a jury of experts comprising academics and practitioners with adequate knowledge of the subject of the study, while the internal consistency of the measurement items was confirmed through the Cronbach’s Alpha test of reliability with a threshold of 0.70 set by Nunnally (1978). Table 1 below presents the summary of the reliability results.

**Table 1: Summary of Reliability Result**

<table>
<thead>
<tr>
<th>S/N</th>
<th>Variable</th>
<th>No of items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Customer Value Communication (CVC)</td>
<td>7</td>
<td>.722</td>
</tr>
<tr>
<td>2.</td>
<td>Customer Acquisition (CA)</td>
<td>4</td>
<td>.761</td>
</tr>
<tr>
<td>3.</td>
<td>Customer Retention (CR)</td>
<td>5</td>
<td>.778</td>
</tr>
<tr>
<td>4.</td>
<td>Customer Expansion (CE)</td>
<td>6</td>
<td>.721</td>
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</tbody>
</table>

Source: Simulation from SPSS output of data analysis on customer value communication and marketing productivity (2019).

Based on the results of the test of reliability as displayed on Table 1 above, it was confirmed that the instrument of the study is reliable. The study used the Spearman’s rank order correlation (rho) as the test statistic. All analyses relied on SPSS version 20.0. The key for interpretation considered appropriate for the correlation (r) of the study variables was the categorization set by Evans (1996), where: 0.0-0.19 = very weak; 0.20-0.39 = weak; 0.40-0.59 = moderate; 0.60-0.79
Results and Discussion

Table 2: Summary of Correlation between CVC and Metrics of Marketing Productivity

<table>
<thead>
<tr>
<th></th>
<th>CVC</th>
<th>CA</th>
<th>CR</th>
<th>CE</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Correlation Coefficient</td>
<td>.682**</td>
<td>.697**</td>
<td>.650**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
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<td>N</td>
<td>84</td>
<td>84</td>
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</tr>
<tr>
<td></td>
<td>Correlation Coefficient</td>
<td>.682**</td>
<td>1.000</td>
<td>-</td>
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<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
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<td>N</td>
<td>84</td>
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</table>

Source: Simulation from SPSS output of data analysis on customer value communication and marketing productivity (2019).

The result of the test of relationship between customer value communication and customer acquisition as displayed on Table 2 indicates a rho coefficient of .682**. This high value means that a strong correlation exists between value communication and customer acquisition. The positive sign of the correlation coefficient suggests that the nexus between customer value communication and customer acquisition is a positive one; meaning that the QSRs will acquire more customers if they engage more in communicating customer value. The associated p-value of .000 which is less than 0.05 indicates that the relationship between customer value communication and customer acquisition in the quick service restaurant sector in Port Harcourt is statistically significant.

Also, Table 2 reveals a rho coefficient of .697** on the correlation between customer value communication and customer retention. This high correlation coefficient means that a strong relationship exists between the variables. The positive sign of the correlation coefficient suggests that the relationship between the variables is a positive one. This means that improved customer value communication will result in increased customer retention. The associated p-value of .000 which is less than 0.05 indicates that the relationship between customer value communication and customer retention in the quick service restaurant sector in Port Harcourt is statistically significant.

Table 2 further reveals a rho coefficient of .650** on the relationship between customer value communication and customer expansion. This high correlation coefficient means that a strong relationship exists between the variables. The positive sign of the correlation coefficient suggests that the relationship between the variables is positive; implying that increased customer value communication will translate to more customer expansion opportunities. The p-value associated with the relationship between customer value communication and customer expansion is .000. This value is less than 0.05, and therefore indicates that the relationship between customer value communication and customer expansion in the quick service restaurant sector in Port Harcourt is statistically significant.
sector in Port Harcourt is statistically significant.

These findings support the observation of Nguyen et al. (2018) that perceived value determines customer satisfaction and customer loyalty in the insurance sector; and that of Ateke et al. (2016) that a positive and statistically significant connection exists between value customization and relationship commitment of business-to-business buyers. Also, the findings corroborate Nasreen et al. (2011) whose study found that perceived value associates positively with customer satisfaction and behavioural intentions in the banking sector. Additionally, the current finding coheres with the observation of Richard and Mensah (2014) that a positive connection exists between customer value and customer retention in the banking industry and the observation that customer value relates positively to repeat purchase in the fastfood industry (Akinyele, 2010).

CONCLUSION AND RECOMMENDATIONS

Customers constitute very important assets that firms must continually attend to; being determinants of profitability, growth and survival. A cogent explanation for the importance of customers can be found in the lifetime value of customers. That is, the present value of all future profits that could be generated from a customer. Building and maintaining relationships with them is therefore essential. However, getting the most out of customers requires that firms consistently communicate the uniqueness of their offerings and the superior benefits those offerings hold for customers. Firms must offer value that satisfies customers’ requirements. Customers buy products with the hope of solving problems or satisfy their needs. The outcome they seek or the outcome promised by the firm is what customers buy. Helping customers to discover, understand and better use the firm’s products to for optimal benefits is what marketers must strive to do.

On the strength of the results of the empirical analyses and the discussions that followed, this study concludes that customer value communication relates to marketing productivity or that marketing productivity in terms of customer acquisition, retention and expansion depends on customer value communication. The study therefore recommends that quick service restaurants that desire improved marketing productivity measured in terms of customer acquisition, customer retention and customer expansion should identify what constitute value for their customers and consistently communicate that value.

REFERENCES


