TWIST

Performance Marketing for Result-Driven and Firm Profitability:

An Ex-Ray of Selected Deposit Money Banks in Nigeria

Victor Olawanle Ojo
110 Mount castle Road, LE3 2BX, Leicester, United Kingdom

Bayode Olusanya Babatunde*
Department of Business Administration,
Faculty of Management Sciences, Federal University, Oye Ekiti State, Nigeria
[*Corresponding author*]

Oladapo Olumuyiwa FASANMI
Department of Entrepreneurial Studies,
Bamidele Olumilua University of Education, Science and Technology,
Ikere-Ekiti, Ekiti State, Nigeria

Rahmon Tella ADENIRAN
Department of Business Analytics and Information System,
Xavier University, Cincinnati, Ohio, USA

Abstract

The fragmented application of marketing communication technologies has highlighted the need for innovative communication strategies, leading to the emergence of outcome-driven performance marketing. This study investigates the impact of performance marketing on the financial performance of select Nigerian deposit money banks. A purposive sampling method was employed, selecting five banks listed on the Nigerian Exchange Group. Purposive sampling approach was employed to select five deposit money banks from the Nigerian Exchange Group. Utilizing a descriptive survey design, secondary data from the institutions' annual financial reports covering the period from 2013 to 2022 were analyzed. The study employed panel least square estimation via E-Views to test the formulated hypotheses. The findings revealed a significant positive effect of result-driven performance marketing on the profitability of the selected banks. The study concludes that performance marketing is crucial for enhancing the profitability of Nigerian deposit money banks. Consequently, it is recommended that the Nigerian banking sector adopt more robust communication platforms to effectively disseminate information to customers, particularly concerning loan access, to further improve financial performance.

Keywords

Performance marketing, Result-driven, Communication tools, Deposit Money Bank, Firm profitability, Panel least square estimation

INTRODUCTION

As a result of the significant changes occurring in marketing communications, performance marketing has emerged and developed. The need to increase a company's presence on all websites or resources that target customers use on the Internet has arisen because of the transition from conventional promotion types (like many kinds of public relations, sales promotion, direct response marketing, and advertising) to contemporary communication technologies (Internet communications) (Kizim & Kayfedzhan, 2019). The shift in consumption patterns is to blame, particularly given that the bulk of transactions are now conducted online or through Internet-based communication.

The performance of the banking industry today is subject to many factors such as competitive market situation, technological factors, business innovative and advancement in market advertisement strategies that can be traced to the changes in market environment. Mohammad (2023) explained that firms could improve their performance in term of profitability through marketing strategy created by the business managers. The financial institutions today are experiencing a lot of financial distress as a result of increase in capital based of their operations. Result -driven marketing performance would yield optimal level of profitability if it is adequately addressed (Clark, 2024).

Performance marketing involves integrating various cutting-edge communications methods (such as generation of lead, remarketing, marketplaces, mobile applications, search engine optimization, advertising networks, etc.) into businesses' promotional efforts. Kizim and Berezvovskiy (2018), evaluating the success of a performed communications campaign is a key distinction between performance marketing and traditional marketing communications. Performance marketing allows a business to only incur costs when engaging with target customers, who take certain actions in line with the objectives of marketing communication (Morgan, 2012).

According to Clark (2024), performance marketing is a result-driven digital advertising discipline that operates online, where advertisers only pay when a specified consumer action is done. Many factors contribute to the issue of their fragmented and unequal execution, which occurs when companies employ modern marketing communications technologies like landing pages, retargeting, mobile applications, marketing platforms, etc. in addition to different promotion strategies. First, businesses are encouraged to use new communication technologies in their sets of advertising tools since they are developing quickly. Second, businesses shifted their focus away from target customers and toward communication methods. This led to an overabundance of advertising across all modes of communication, which appears to have lowered brand perception.

Surprisingly, such a deluge of information makes it challenging for customers to recognise the characteristics that set one company apart from another. There was a need for new approaches to developing communication strategies because of the inconsistent and dispersed use of traditional means of marketing communication. Hence, it was therefore offered as an impression for the use of new tools, and it has so far adequately advanced in the corporate world.

A number of studies have been conducted on performance marketing and its effects on organisational development (Gbolagade, et al, 2014; Ogungbangbe, 2017; Muhammad, 2023); however, most of these studies did not concentrate on performance marketing as it relates to business profitability in the banking industry and in a developing nation like Nigeria. This study investigated how performance marketing affects the performance in finance of the chosen deposit money banks in Nigeria against this background the objective of this research work was set to assess the impact of performance marketing of result-driven on business profitability of deposit money banks in Nigeria. In the bid to achieve this objective the study tested the hypothesis.

Ho: Performance marketing of result-driven has no significant impact on business profitability among the selected deposit money banks in Nigeria.

LITERATURE REVIEW

Performance Marketing (Result-driven)
Performance marketing of result-driven focused on business stability through target goal oriented and ways of advertising online to the customers. Understanding the financial and non-financial benefits of marketing efforts and initiatives is essential to achieving this goal. The marketing achievements of a business are evaluated using the performance marketing approach. Best (2009) explains marketing performance as marketing effort while Kotler and Keller (2012) asserted that companies may better evaluate, analyse, and comprehend the results of their marketing efforts by increasing their business performance. Business in today's marketing environment could enhance their performance campaign and optimise their operational effectiveness with drive for better level of profitability.

During the rise of digital technologies, performance marketing evolved. This marketing communications strategy, which is influenced by the digital revolution of business, is continually developing and acquiring its own qualities (Kotler et al., 2015). Performance marketing features networking with customers through online information, providing update information about the products and services of an organisation.

Business Profitability
Firm profitability is the performance variable that has received the greatest scholarly attention" (Capon, et al., 1990). An important concept in any commercial activity is the concept of profit. Total success hinges on this one thing. In order to achieve a high level of efficiency in the activities of an organisation, the management must organize, structure, and manage its human and material resources correctly. Business owners seek profit to recoup the risks they are incurring by investing in their firm. What a corporation retains after paying its employees and other expenses is known as net profit. A company's profit is the money that's left over after all costs are deducted from total revenue. Profits are divided among stockholders using this method. A company's market capitalisation is the most widely accepted measure of its success. An increase in assets, a decrease in liabilities, and an increase in shareholders' equity are all indicators of profitability. Investment in the company's future could lead to its demise if it isn't available. A company's profit can be used to determine whether an investment was a success because most businesses invest to make a profit, reliability and productivity in the workplace.

Performance of Nigeria's Banks

.According to Ogbuji and Zorbari-Nwitambu (2017), performance has been gauged by profitability, market share, and volume of sales. Return on Assets (ROA) and Returns on Equity (ROE) are the best measures of a bank's financial quality, according to independent studies by Otekunrin et al. (2019) and Molyneux and Thornton (2019). Anbar and Alper (2011) evaluated how interest rate margins and bank returns are impacted by bank attributes and the larger banking environment based on their study. On the other hand, according to Abaenewe et al. (2013), the bank's profitability, size, and amount of deposits are some of the most often mentioned performance criteria. The 13-point banking reform program launched by the Central Bank of Nigeria (CBN) marked the beginning of a period of consolidation. Nigerian banks intended to get together and raise capital with this move (Owolabi & Ogunlalu, 2013). As part of the reform, the minimum capital requirement for Nigerian banks was increased from N2 billion to N25 billion in July 2004. The nationwide implementation of the hike took place on December 31, 2005. In Nigeria, there were 89 commercial banks prior to the time of consolidation. After the global financial crisis hit Nigerian banking sector, the country launched the "Project Alpha Programmes," a post-consolidation reform project, in 2009. The Central Bank of Nigeria launched a special assessment of Nigerian banks' operations in 2008 in response to the problem generated by the economic situation, lack of adequate capital based. This was the beginning of another era in the history of banking industry in Nigeria.

THEORETICAL FRAMEWORK

Theory of Uses and Gratifications

It wasn't until 1974 that Elihu, Jay, and Michael introduced the Uses and Gratifications (U & G) theory. Underpinning and motivating theory (U&G theory) is the study of the gratifications and advantages that lure and keep audiences or users engaged with various forms of media as well as the types of information that suit their social and psychological requirements. This approach underlined the importance of taking into account how consumers interact with media (LaRose & Eastin, 2004). The theory centers knowing how satisfied social media users or customers of the selected deposit money banks are with their experiences, as well as their perceptions of why they use social media and the types of content that satisfy their social and psychological aspirations, and how this affects the performance of the businesses.

According to the U & G theory, social media allows customers to engage directly with marketers or vendors on a one-on-one basis through private messaging. As a result, clients may connect with and communicate directly with businesses without having to physically meet with them in person. As a result, clients have greater freedom to undertake business activities at their convenience and for a variety of reasons. In these theories, the most important element was that the types of communication media platforms employed by the Nigerian Deposit Money Banks reflected society's innovation, impacting organisational performance, providing maximum customer satisfaction to retain customers, and developing business opportunities.

Empirical Review

Cross (2018) researched into the effects of marketing techniques on business performance. The study set out to look at how marketing strategies affected organizational performance. There is an investigation of the Nigeria Bottling Company in Kaduna, Nigeria. The results of the study show that marketing technique have long been a focus of businesses and a tool for improving overall business success. The success of organizations was also discovered to be significantly impacted by marketing strategies. The study finds that the influence is moderated by how well marketing strategies are implemented.

Ogungbangbe (2017), researched into the strategies of marketing and commercial performance of local airlines in Nigeria. Data showed that there is a link between strategies of marketing and domestic airline financial success in the Nigerian aviation industry. In this study, the survey research design was applied. The target demographic was 488 members of the selected airline's employees, and data was collected using the total enumeration method. This study's data was gathered using the Marketing Strategies and Business Performance Questionnaire. The questionnaire was well-organized, and it asked about marketing strategy as well as business performance. Regression analysis and Pearson Product Moment Correlation, two types of inferential and descriptive statistics, were used to analyze the data. The study's conclusions indicate that marketing strategies significantly affect airline operators' ability to succeed commercially in Nigeria.

Using specific reference to the chosen SMEs in the Oluyole local government area of Ibadan, Nigeria, Gbolagade et al. (2014) assessed the effect of marketing-driven strategy on company performance. Utilizing a self-designed questionnaire, a total of 103 respondents provided data for this study, which followed the survey research design technique. The correlation coefficient and multiple regression analysis were used in tandem to analyze the data. After the study was finished, it was found that the business performance of SMEs in the Oluyole local government region of Nigeria and their marketing approach had a statistically significant association.

Muhammad (2023) conducted study to look into the relationship between marketing strategy and profitability. The data gathered by secondary from 808 yearly observations of industrial businesses from 2005 to 2020 was analyzed using regression models. The research gathered 808 yearly observations. The results show that profitability affected marketing strategy and was statistically significant. According to the survey, businesses may boost their profitability by implementing a varied marketing plan that prioritizes sustainability.

MATERIAL AND METHODS

This research work utilized descriptive survey research design, which was appropriate for the study in that it allows the researcher to collect data from the respondents without influencing any variable of interest. The fifteen (14) quoted financial institutions on the Nigerian exchange group constitute the population of the study. Purposive sampling technique was used to select 5 deposit money banks. The banks include Access bank, First Bank Nigeria Limited, United Bank for Africa, Guarantee Trust Bank and Zenith bank Plc. The selection of these banks was based on the highest total asset based (https://nairametrics.com).

Secondary source of information was utilised in gathering data for the study. The annual financial amount spent on loans and advancement to the customers and the financial amount realized on the profit after tax was utilized in the study. This information was extracted from the annual financial reports from 2013 to 2022 (10 years' intervals) of the selected banks. Justification for the based year stems from the fact that the year marked the beginning of another 10 years of financial assessment of the selected Deposit Money Banks.

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The collected data was analysed using E-view 9 statistical package considering the versatility and nature of the data collected for this study. The stationarity of the data was determined through the Panel unit root test. The panel least square was used to estimate the model. the model is estimated in line with the work of Babatunde et al. (2019) in determining the degree of connection between the independent variable (performance marketing) on the dependent variable (profitability).

The model of Babatunde et al. (2019) was adopted as stated below:

$PATv = \beta_0 + \beta_1 SDP + \mathcal{E}$

Therefore, the model specification for this study is,

$PATv = \beta_0 + \beta1 OICAL + \mathcal{E}$ …………………………………………………………………… 3.1

Where;

PAT = Profit after tax

β_0 = Regression Constant

OICAL = Online information on customers advanced loan

$\mathcal{E}$ = error term

RESULTS AND DISCUSSION

Ho: Performance Marketing has no significant impact on Business Profitability among the Selected Deposit Money Banks in Nigeria.

Panel Unit Root

Non-stationarity in panel data might lead to erroneous estimations, thus it's crucial to know whether the variables are stationary at the level or first difference. This test should be run before model estimation to avoid the problem of misleading regression. The Levin, Lin, and Chu tests, as well as the Im, Pesaran, and Shin W-stat, were used to determine the order of the variables' integration. The Levin, Lin, and Chu tests assumed a shared unit root process null hypothesis. The Levin, Lin, and Chu tests revealed that the variable was stationary at the same level, indicating that there is no common unit process in the variable dimensions. As a result, panel least square estimation with a fixed or random effect can be used to estimate the model.

Table 1 Panel Unit Root

Variable	Levin, Lin & Chu t*		Im, Pesaran and Shin W-stat		
	Test statistics	p-value	Test statistics	p-value	Order of Integration
OICAL	-16.7624	0.0000	-12.9368	0.0000	Stationary at level
LPROF	-6.90037	0.0000	-2.31361	0.0445	Stationary at level

The research conducted to investigate the effect of performance marketing on the business profitability of the chosen Deposit Money Banks in Nigeria was shown in Table 1. A post-estimation test was undertaken as part of the study to determine the model's resilience. In order to identify which of the random and fixed effect models matched the data the best, the Hausman test was used. Because the test statistics' p-value is higher than 0.05, the test's outcome, as shown in the table, suggests that the random effect assumption outperforms the fixed effect model.

The study will analyze the results of the random effect model in accordance with the Hausman test. Furthermore, diagnostic tests including the heteroskedasticity and serial correlation tests were carried out. The model residual is free from the autocorrelation issue, according to the serial correlation result, since the test statistic's p-value is higher than 0.05. Similarly, the model's residual showed homoscedasticity, indicating that the model is resilient, according to the heteroskedasticity finding.

The random effect model's outcome showed that the dependent variable's variance can be explained by the model by 31.45%. At the 5% level of significance, the model's f-value showed that it is statistically significant. According to the model's individual variable, the profitability of the chosen Nigerian banks was positively impacted by the performance marketing variable as measured by the proxy online information of customer loan advancement (OICAL). It provides a t-value of 2.2776 and a coefficient of 0.0346. The outcome suggests that banks will become more profitable if they increase performance marketing, which involves providing clients with more information via the media about loan progress. A strong marketing plan will increase consumer deposits and loan demand, which will increase the bank's liquidity and capacity to act as a middleman between investors and depositors.

Table 2 Regression Estimate of Effect of Performance Marketing on Business Profitability of the Selected Deposit Money Banks in Nigeria

	Pooled OLS		Fixed Effect Model		Random Effect Model	
	Coefficient	t-value	Coefficient	t-value	Coefficient	t-value
OICAL	0.1033	1.8336	-0.0556	-2.8712	0.0346	2.2776
C	17.4403	7.7891	20.2611	36.2904	19.8623	8.2145
R-squared	0.2145		0.5283		0.3145	
Adjusted R-squared	0.1063		0.4734		0.2763	
F-statistic	2.6950		9.6325		8.6950	
Prob(F-statistic)	0.0386		0.0000		0.0000	
Hausman Test	Test Statistics= 2.8045, p=0.0940					
Panel Period Heteroskedasticity LR Test	Test Statistics = 4.6214, p=0.4637					
Arellano-Bond Serial Correlation Test	Test statistics = 0.5723, p= 0.5671					

Source: Authors computation using E-view 9

The results of this study demonstrate that performance marketing increases the chosen banks' commercial profitability. The study supports the conclusions of Babatunde et al. (2019), who found that strategic marketing planning increases the profitability of businesses. This analysis also showed that the chosen banks' earnings after taxes, when reinvested in the company, will continue to create interest in the near future. The study also showed that company operations are boosted by returns on information about advanced loans that are made available to consumers and businesses, which can increase corporate profitability. Thus, the study's results also support Muhammad's (2023) findings, which show that the profitability of the chosen enterprises and their marketing approach are positively correlated.

CONCLUSION AND RECOMMENDATIONS
After a critical analysis of the relationship between performance marketing and the business profitability of a few selected deposit money banks, the study came to the conclusion that performance marketing plays a significant role in the business profitability of deposit money banks in Nigeria because it improves the banking industry's ability to maximize profits. The availability of more advanced loans to consumers leads to a rise in profits for the banking sector. The study concluded that in order to increase the profitability of their businesses, Nigeria's banking sector should take responsibility for its actions and create an online platform that allows consumers to obtain loans directly and stress-free.

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