



The Effects of Affinity Marketing Initiatives on Performance of Online Consumer Packaged Food Industry

Amue John G. Ph.D & Igwe Sunny R. Ph.D

Department of Marketing, Faculty of Management Sciences
University of Port Harcourt, Choba, Port Harcourt.
amuejohgonewa@gmail.com,
chikordi@yahoo.com

Abstract: Today, digital marketing are becoming more pronounce, as digital platforms are increasingly being incorporated into marketing plans. Affinity marketing initiative is practice within the context of digital marketing. This paper examines the effect of affinity marketing initiatives on digital performance. The authors conceptualise three dimensions of affinity marketing that are critical for superior digital and marketing performance; shared incentive, enhancement packaged and third-party endorsement. Endorsement is conceptualized as a platform for leveraging affinity initiatives. The authors test the effects of affinity initiatives on performance (e.g. website visibility, traffic and sales) using data from twenty online consumer packaged food firms. The results show that shared incentive and enhancement packaged affect performance given the right endorsement.

Keywords: Digital performance; affinity marketing; endorsement; shared incentive; enhancement packaged.

Introduction

Our society today has become more and more digitally conscious and is developing at a very fast rate. The presence of digital devices available in our environment is enormous and this account for the uses of this devices for business communications. The manner and means in which digital marketing has developed since the 90s has dramatically changed the method using digital marketing to add value to

marketing activities (EZproxy Authentication, 2016).

Today, digital marketing campaigns are becoming more pronounced, as digital platforms are increasingly being incorporated into marketing plans (Nielsen, 2016). Digital media are allowing for vastly more consumer-to-consumer and company-to-consumer conversations to occur, which are increasingly concerned with creating consumer awareness, consumer

presence, relationships and mutuality (Nielsen, 2016).

Affinity marketing is practice within the context of digital marketing. Affinity marketing is a concept that consists of a relationship between a company and an organization that gathers persons sharing the same interests to bring a vaster consumer base to the opposite party (Business dictionary, 2014). In the context of digital marketing, affinity marketing consists in sharing referrals by promoting icons and links connected to other websites that meet the customers' needs. The aim of employing affinity marketing on the internet is to increase sales, enhance website visibility, encourage traffic. Search engines are involved in affinity marketing by selling links when users type keywords (Jacqueline, 1999).

Endorsement has an effect in affinity marketing and from the definition of affinity marketing as a method of selling goods and services by creating partnerships with similar or compatible companies and brands (Mekonnen, 2011). Endorsement means a written or spoken statement endorsing, promoting and advertising a product. It is the action of publicly declaring one's personal or group's support for a product. Therefore, endorsement has more effects on affinity marketing practices most especially in the digital marketing context. Amidst, the viral and competition that exist in the fast food, most fast food firms are now concentrating on the use of group or individual to bring crowd of friends (affinity) to enhance patronage which is lacking in the empirical evidence.

This paper examines the effect of endorsement on the practice of affinity marketing. While much of the research on affinity marketing ignores the effect of endorsement in the digital context,

some research suggests that endorsement may play an important role in facilitating sales and website visibility (Jacqueline, 1999). This paper examines the influence of endorsement within the context of digital marketing on affinity marketing practices.

Conceptual Background

Prior Research on Affinity Marketing

Virtually, all prior research work on affinity marketing rests on the fact that qualified leads to sales is critical when building partnerships. A key element of this research is the notion that an individual level of cohesiveness, social bonding, identification and conformity to the norms and standards of a particular reference group is described to be the expectation of benefit for the individual satisfying consumer wants and needs (Macchiette, Bart Roy, and Abhijit, (1992). The focus of several of the research on affinity marketing is on affinity group, which measures connection with a considerable number of consumers. Prior research leaves little doubt that affinity groups in which people recognize may be a charitable organization or a football team. Thus, affinity group members may be a football fans, customers, subscribers and staff members which consistently shared similar goals and usage occasions which may lead to increase likelihood to purchase intentions.

The literature is far less clear about which shared characteristics are most relevant, how such characteristics facilitate persons sharing the same interests to bring a vaster consumer base to the opposite party. In fact, the literature is not even clear about those products and brand characteristics that consumers use to prom point of interests.

Macchiette et al., (1991) cited in the work of Braimah, (2012) demonstrated

that power and nature of affinity need to be acknowledge, this is because they moderate the effect of shared characteristics of interest of affinity groups. These authors speculate that such moderating effects may be due to interest-directed inferential process involving customers' assessments of the product and service in question to deliver desired benefits and aspirations. Thus, consistent with the literature on affinity marketing strategy (Fock and Henry, 2011; Macchiette et al. 1992; Mekonne, 2011; Woo et al. 2006) study demonstrates that affinity depend on four cardinal processes, first, affinity is related to the support of a deserving cause. Second, affinity is based on relationships creating a sense of recognition in an organization that does not necessarily have to exist. Third, affinity comes from a sense of desiring to be part of a dissimilar social group. Finally, affinity is correlated to the wish for personally acquiring discounts, or privileges from goods and services sold by specific company.

Hypothesis 1: Endorsement has a positive impact on marketing performance.

Shared incentive concept as a dimension of affinity marketing is receiving increasing attention in marketing literature (Allens and Azirh, 2013). It is well documented that judgments of shared incentive concept is gaining much momentum and attributes used to ascertain the concept is still developing. Shared incentive plans are based on predetermined economic sharing rules that define the split of gains between the company as a principal and the customers.

For shared incentive concept, the expectation is to describe the main motivations involved. For example, the

affinity group is the fans of Chelsea football club and the organization is the firm producing the jersey that the Chelsea fans used. Shared incentive concept must look for what will motivate the fans. Once they provide what motivate the fans, the company producing those necessities and the fans will benefit. The primacy of a shared incentive concept was demonstrated by Chukwu and Abishy (2010) and, as a necessary condition for the subsequent examination, this paper seeks to replicate this effect. Thus

Hypothesis 2: The greater the endorsement, the greater is the influence of share incentive concept on digital and marketing performance.

The enhancement packaged consists in designing the product in a way that it meets exactly the consumer's need (Fock and Henry, 2011). Consumers that are exposed to a product that exactly meets their needs will have the likelihood of patronizing the product. Using a common measure of accessibility and likeness measures, Batex (2012) argued that product that is produce and it is accessible and designed to the expectation of the customer are more likely to be patronized.

Thus, when customers make continuous purchase to the brand because it is designed to meets exactly the consumers' need. The customer becomes loyal, this loyalty attracts a loyalty rewards. Therefore, the enhancement packaged consist of loyalty rewards distributed after using the product or service at a certain amount of times (Swayne et al, 2011).

When loyalty rewards are given to customers as a result of the number of times they patronize or bring group to patronize the product, it resulted in

increase sales, website visibility and increase traffic. Thus,

Hypothesis 3: The greater the endorsement, the greater is the influence of enhancement packaged on digital and marketing performance.

Third-party endorsement is another obvious dimension of affinity marketing. It is typically a statement or recommendation about a product and/or services from customers and business associates, but these endorsements work especially well when the person who is considered a specialist or an authority in a particular area communicates their positive opinion about the product (Allen, 2016). In recent times, firm rely on opinion leader, and build their sales on viral, and network marketing like, professional bodies etc.

We argue that third party endorsements are effective that in many cases, they actually increase sales figures. Third party endorsements work especially well when the person who is considered a specialist or an authority on your area of expertise passes on that endorsement to you. The more the third party endorsement is active and effective, the more it will pass on the information to the market place. Expert endorsement are popular marketing tool and once they throw their supports to any organization, they can go alone way toward achieving their basic objectives.

Hypothesis 4: The greater the endorsement, the greater is the influence of third-party endorsement on digital and marketing performance.

In the digital context, business processes often require adjustment and improvisation (Amit and Johnson, 2005 cited the work of Moorman and Miner, 1998), and thus affinity marketing

should enhance performance in e-commerce. Here, we argue that endorsement defines the use of affinity marketing as a performance enhancing digital capability. In other words, we believe that the effect of endorsement on digital performance is contingent on affinity marketing.

Organization practicing affinity marketing emphasizes partnership between a company and an organization that gathers persons sharing the same interests to bring a vaster consumer base to the opposite party (business dictionary, 2014). Affinity marketing consists in sharing referrals by promoting icons and links connected to other websites that meet the customers' needs. The aim of employing affinity marketing schemes on the internet is to increase sales, enhance website visibility and encourage traffic (Emigh, Jacqueline, 1999).

We argue that endorsement affect affinity marketing. Endorsement is literally the idea of creating awareness about your product or service. Happy customers or trusted experts singing your praises may be more believable and effective than you telling your own story directly (Hamilton, 2009). Communications being what they are now, endorsements can go a long way than ever. We therefore hypothesized thus:

Hypothesis 5: The greater the endorsement, the greater is the influence of affinity marketing on digital and marketing performance.

We posit that affinity marketing influence digital performance in terms of sales increase, website visibility and encourage traffic. It is on record that digital performance is an important intermediate goal that supports

independent attention from digital managers. In literature, it is stipulated that website visibility acquire and retain users and this should be the goal for digital operations (Agrawal et al. 2001). Other ways to create website visibility and encourage traffic include rewarding customer loyalty and building virtual communities.

Marketing practitioners agree that website visibility, encourage traffic. Thus customer retention is key to digital profitability (Rosen, 2001). Garnering customer loyalty is crucial for our generation of high digital performance, given that a customer's lifetime value is critical for long-term profitability (Agrawal et al. 2001). Website visibility and encourage traffic represents customer link, in which the choice of visiting and interacting is left solely to the customer, strong digital performance is improbable with an ineffective affinity marketing. Thus,

Hypothesis 6: The greater the digital performance, the higher is the firm's marketing performance

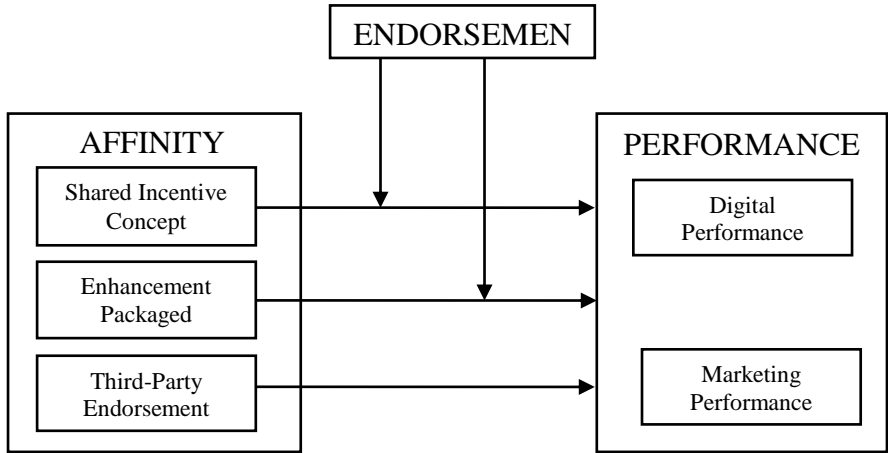
Method

We selected the online consumer packaged food industry in Nigeria as the context for our research study because

online consumer packaged food represents a successful sector of digital business, making it viable for a study such as this. Following the nature of our industry context, we constructed our sampling frame by using information from the Nigerian Chamber of Commerce, Industry and Agriculture, where we obtained a list of online consumer Packaged Food Firms (NCCIA, 2014). To be considered in the sample, a firm needed to use the internet as means of doing business. This situation gives rise to a sampling frame of 20 firms.

Our data collection method yielded 150 responses, because we distributed 10 copies of questionnaire to each of the 20 firms making a total response of 200 responses. Of the 150 responses, 120 were used for analysis purposes, resulting to a response rate of 60 percent. In terms of sample composition, 20 percent of the responses were Nigerian representatives of multinational firms, and the remainders were local companies competing with multinationals. As a matter of fact, this composition shows the industry split and indicates the reality of our sample representing the online consumer packages food industry.

Figure 1: Conceptual Model



Source: Conceptualized from Literature, (2016)

Data Analysis

Table 1: Results from Confirmatory Factor Analyses

Measurement Model	Factor Loadings	Construct Reliability	Variance Extracted	NNFI	CFI	SRMR	GFI	X ² (df=P-value)
Endorsement	.50 - .80	.82	.54	.81	.86	.09	.82	102.5(27P<.01)
Share incentive	.60 - .90	.93	.72	.83	.91	.08	.84	120.5 (42:PV01)
Enhancement packaged	.57 - .95	.92	.56	.90	.94	.07	.90	62.51 (34,P<01)
Third-Party endorsement	.40 - .82	.85	.74	.87	.92	.06	.80	112.6(43, P<.01)
Digital performance	.70 - .93	.94	.82	.93	.95	.05	.86	92.5 (26, P<.01)
Marketing performance	.80 - .90	.90	.80					

Our confirmatory factor analyses models show adequate levels of fit, and all the factor loadings were greater than .4. All the composite reliability were greater than .7 (Nunnally Bernstein, 1994), and in all cases, the average variances extracted were greater than .5. In addition, all observed variables had

significant factor loadings linked with the latent constructs which gives evidence of convergent validity (Anderson & Gerbing, 1988). The various relationships among the constructs in the model were then examined to see whether the suggested hypotheses were supported.

The endorsement – performance relationship

Hypothesis 1 suggested endorsement has a positive impact on performance (measured as digital performance and marketing performance). This hypothesis was supported in the present study as the impact of endorsement on digital and

marketing performance was very significant ($P=0.01$), which is consistent with the belief that endorsement influences future behavior. This result justifies management’s quest to move customer retention by focusing on endorsement (Resen, 2001).

Table 2: Effects of Endorsement on Performance

Construct	Share Incentive	Enhancement Package	Third-Party Endorsement	Endorsement
Endorsement	0.52	0.39	-0.02	-
Performance	0.01	0.01	0.01	0.90

Hypothesis 2 suggested that the greater the endorsement, the greater is the influence of share incentive on performance.

Table 2 shows that the results supported this hypothesis as share incentive had a very significant positive impact on digital and marketing performance ($P = 0.01$). of all the dimensions of affinity marketing examined in the present study model, share incentive concept has the greatest impact on performance.

Similarly, the third hypothesis suggested that the greater the endorsement, the greater is the influence of enhancement packaged on digital and marketing performance. As can be seen in the table 2, enhancement packaged did have a significant positive influence on digital

and marketing performance ($P=0.01$) providing support for hypothesis 3.

Hypothesis 4 suggested that the greater the endorsement, the greater is the influence of third-party endorsement on performance. As it is also shown in Table 2, third-party endorsement did not significantly affect performance ($P=0.73$). Consequently, hypothesis 4 was not supported.

Hypothesis 5 suggested the influence of endorsement on the link between affinity marketing and digital and marketing performance.

We use the multiple group analysis to estimate the moderating effect of endorsement on the relationship between Affinity marketing and digital and marketing performance. (see table 3)

Table 3: Multiple-Group Analysis-Endorsement as a Moderating Variance.

Path	Path		Chi-square difference	Change in df
	Coefficients (subgroup)			
	Low	High		
Affinity dimensions → performance			18.64***	4
Share incentive → Performance	0.52	0.19	6.56**	1
Enhancement packaged → Performance	0.39	0.23	0.54	1
Third-party endorsement → Performance	-0.02	0.21	0.01	1
endorsement → Performance	0.90	0.90	0.351	1

* significant at the 10% confidence level
 ** significant at the 5% confidence level
 *** significant at the 1% confidence level

As in table 3, the chi-square difference for the over all path from the Affinity marketing dimensions to performance was 18.64, which is significant at the 1 percent confidence level (critical value of 13.28 with 4 degree of freedom), suggesting that endorsement had a significant moderating effect on the relationships of Affinity marketing

and digital and marketing performance. This proves support for Hypothesis 5.

Hypothesis 6 suggested that the greater the digital performance, the higher is the firm’s affinity marketing performance. We report standard errors and one-tailed tests for hypothesis 6. This is consistent with prior research e.g. (Amit and Jean, 2005; Geaskens et al, 2002;) (see table 4).

Table 4

Variable category		Digital performance		Marketing performance	
		B	SE	B	SE
Performance	Digital	472	.072	-	-
	Marketing	-		.585*	.088
Overall					
Model fit	Model R ²	.28		.53	

*P < 0.5.

Results

We hypothesized that endorsement has a positive impact on performance

variables consistent with the hypothesis, our results show that

endorsement influence performance (Hypothesis 1: $b = .52$, $P < 0.01$).

We find partial support for the interaction between enhancement packaged and performance such that enhancement packages may not exactly meets the consumer's need (Hypothesis 2: $b = .39$ $P < .01$); This result is partially significant for digital and marketing performance. For the third hypothesis, the results are opposite to that hypothesized, suggesting that third-party endorsement decrease digital performance as well as marketing performance (Hypothesis 3: $b = -.02$, $P < .01$). This is completely different from previous studies, we discuss this anomalous findings.

We hypothesized that the effect of endorsement and affinity marketing influence performance variables. Consistent with the hypothesis, our results show that endorsement moderates the influence of affinity marketing such that endorsement increases the effect of affinity marketing on digital and marketing performance (Hypothesis 5: $b = 18.64$, $P < .01$). The moderating effects has a critical value of 13.28 with a degree of freedom of 4 which suggests that endorsement had a significant moderating effect on the influence of affinity and performance relationships.

Finally, the hypothesis pertaining to the influence of digital performance on firm's marketing performance is supported. Increase digital performance necessitate higher

marketing performance (Hypothesis 6: $b = .585$, $P > .01$).

Discussion and Implication

Discussion

The study offers some understanding of the drives of digital performance through affinity marketing initiatives. We put forward the concept of affinity marketing imitative that are important to the digital driven context, and tested their impact on performance outcome in terms of digital performance and marketing performance. We brought in endorsement as a moderating variable on the influence of affinity and performance. The results of our study show dependable findings.

Our results indicate that shared incentive in relation to endorsement is critical for superior digital performance outcomes. In this digital and dynamic market place, there is a pay off in practicing affinity marketing which emphasized on partnering between a company and an organization that gather persons sharing the same interests to bring a vaster consumer base to the opposite party. Here, shared incentive provides the requisite synergy to enhance digital performance. Sharing referrals to promote icons and links are also likely to connect other websites that meet the consumers' needs, thereby contributing to organizational sustainable competitive advantage in digital performance. Remember, we do not find a significant effect of the interaction between third-party endorsement and performance outcome, but previous studies had

show third-party endorsement has significant impact on performance. However, the argument in literature that third-party endorsement are effective in increasing sales figures but not on website visibility and traffic may account for the differential in results.

While we do not find statistical support for the interaction between enhancement packages and performance, our results shows marginal evidence that the more we adopt the strategy of enhancement packaged, a time will come when any further application of enhanced package will have negative influence on website visibility and traffic. Enhancement packaged as a strategy may not after all impact positively on digital performance but may have positive influence on marketing performance.

Finally, our study record the effect of digital performance in form of website visibility and encourage traffic; on marketing performance, digital web site uses effective means in attracting, converting and retaining a sizeable consumer base. We argue that, the above lead to loyalty reward and virtual communities building thus, increasing customer retention, brand loyalty behavior and increases sales and profitability. The digital website has the power to convert customer visits into purchases and this increase firm's market share.

Implications

The study's results present major challenges to online consumer packaged food industry. The

significant impact shared incentive has on endorsement and digital and marketing performance means companies should focus on improving this incentive dimensions for its customers. However, the commoditization of the online consumer packaged food industry has resulted in, management can do little or nothing, but to look towards cost leadership as a sustainable competitive advantage and prices reduction where necessary. Yet, with a polygamist market structure of the online consumer packaged food industry, doing this, risks initiating a price war.

Again, companies may make their competitors irrelevant by creating "blue oceans" of uncontested market space through incentive innovations. It is evident online consumer packaged food operators in Nigeria are in the "red ocean" market space where they engage in head-on collision with their competitors in their search for sustainability and sales growth. They find themselves fighting for competitive advantage, battling over share of the market and struggling for differentiation. Not minding the difficult marketing environment, online consumer packaged food operators should use incentive innovations in a strategic way to raise customers' incentive.

It is like the enhancement packaged dimension of affinity marketing initiative is an area in which organization can improve on to differentiate themselves and improve their performance outcome. However, they must look at the area

they want to improve the enhancement packages for their customers. The evidence of high performing companies in similarly markets suggests they should strive to enhance good packages to their customers in other to provide superior customer experience. This experience will metamorphose into increase performance. When companies use this enhancement package strategy, they strove to be known for their differential advantages and subsequently won market share and industry leaders.

Finally, we believe that our study makes contributions to the growing literature on both affinity initiatives and digital performance, we identify, conceptualize and measure three dimensions of affinity marketing for digital organizations' data to contribute new empirical knowledge.

Direction for Future Research

This study has addressed many important issues concerning online consumer packaged food operators. Several new questions have surfaced. These primarily relate to the degree of generalization of the findings of the present study to companies within and outside the packaged food industry. It is recommended that future study should expand on the current work along several key directions, first cross-cultural replication of the model in the packaged food industry. Such studies should examine model invariance

across individual and collective cultures. The results obtained will be invaluable to organizations operating in multi-cultural countries like Nigeria.

Secondly, future research should be carried out to examine model invariance between customer segments of the same industry. Such studies would be useful in determining the extent to which firms should adopt strategies which are differentiated along affinity initiative dimensions rather than along product features, when marketing online consumer packaged food.

Another very important area of future research would be to replicate the study across various online consumer packaged food types. The contexts for the study should be carefully chosen to represent various online consumer packaged food classifications, e.g. along the lines of renewable resource and non-renewable resource.

Finally, endorsement was used as a moderating variable for the study. Although, endorsement accounted for a moderation effect on the relationships between affinity marketing initiatives and digital and marketing performance. However, the approach does open a new direction for future research to examine the usefulness of the effect of endorsement on the influence of affinity initiative on performance.

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