RELEVANCE OF INTERACTIVE MARKETING PRACTICES FOR ENHANCING MARKET PERFORMANCE: THE CASE OF SOFT DRINK MANUFACTURING ENTERPRISES IN KIGALI CITY

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ABSTRACT

Purpose: The digital environment today has presented a great challenge for companies, locally and internationally on how they can leverage interactive marketing practices to maintain a warm relationship with their clients. The endless shifts in the customer journey map have made it, not only hard to manage customer experience, but also become more unpredictable. In due course, the imperative of complying with technology forces, to leverage customer patronage has put marketers to the task. The objective of the study was to establish the effect of interactive marketing practices on market performance of soft drink enterprises in Kigali City.

Methodology: The study implemented a two-phase methodology that converged quantitative and qualitative methods to collect data. Simple random sampling technique was used to select 322 enterprises producing soft drinks in Kigali City which were later investigated using a self-report questionnaire and interview guide. To reduce the effect of the methods, the study collected evidence from both primary and secondary sources. Based on the response rate of 78%, the study carried out a validity and reliability check on 253 responses and used Pearson correlations and AMOS for analysis.

Findings: The study established a positive and significant relationships between interactive marketing practices and market performance (r=.267, p<.01). 6.7% variations in market performance (Adjusted R Square=.067) was explained by interactive marketing practices. This finding shows that interactive marketing practices are relevant for soft drink firms in the region.

Recommendation: On the basis of confirmed relationships, the study recommends that firms disseminate their marketing information using interactive marketing practices, since they cater for individual customer information needs and have multiplier effect on their purchase behaviour. Whereas the mixed conceptual ambiguities that still exist in literature could have affected the conceptualization and therefore results, this study also merely tested direct relationships, future studies may seek to test mechanisms through which specific Interactive Marketing Practices influence performance in a none soft drink sector.

Keywords: Interactive Marketing, Soft drinks, market performance, digital marketing, Promotion
1.1 INTRODUCTION

The relevancy of Interactive Marketing Practices (IMP), can, by and large, be practically seen in trying to answer the big managerial question: i.e ‘which best way should companies disseminate their marketing information that best suit their customer information needs?’ It is seemingly an issue that is bothering marketers today. The study benchmarks Stone and Woodcock’s (2014) definitional insights to refer to IMP as a combination of firm-based communication activities of promoting products and services through digital media. This form of marketing ensures interaction with clients and business partners by means of interactive information and communication technologies (Zhang & Watson IV, 2020). What a firm does to communicate about its offers that vies for eliciting positive customer response falls in this definition scope of IMP. Again, if we stand with Lawton and Gregor’s (2003) perspective, the study affirms its belief that any interactive process that aims at helping the firm to uncover and meet customers’ needs, also depicts on the relevancy of IMP. This study conceptualises IMP as content marketing, social media marketing and search engine marketing, which, is a reflection of possible, marketing interactions that occur in online selling context. This delineation assembles the three common marketing interactivity approaches that are largely human-to-content, human-to-human, and human-to-computer interactions designed by firms to cause a change in the knowledge or behaviour of their customers (Haeckel, 1998). On the other hand, market performance is a measure of how well an organisation achieves its set targets with greater efficiency than its rivals (Morgan, 2012; Neely, 1998; 1999). The concept has been generally associated with the degree to which a firm achieves its market-oriented financial and non-financial goals. Sales, profitability and customer retention was used to measure performance.

There is a growing consensus in the strategic communication and relationship literature that companies which have appropriately put to use Interactive Marketing Practices elsewhere have achieved their market performance goals (Van Heerde et al., 2019). It could perhaps, be the reason that, the two-way firm level communication actions propelled by consumer’s line of preferences enable continued information flow between brands and customers (Debra, 2014; Pomirleanu et al., 2013) garnering more engagement and creation of meaningful user experience (Homburg et al., 2014) leading to more immediate and future repeat purchases. Moreover, brand image or the overall impression a customer has on the brand (allegedly owing from IMP), has an immediate effect on customer satisfaction (Lahap et al., 2016), which in itself has an overriding impact on profitability (Fung So et al., 2013). Viewed from the point of view of the information society in which we live today, and related to IMP’ relevancy, quite a number of scholars including, Wendt, (2020); Jensen, (2017); Quiring, (2017); Johnson et al., (2006); Ewing, (2009); Kim, Han & Schultz, (2004), have over time indicated that a sustainable solution to a market performance challenges visible in soft drink enterprises in Kigali City lies in instituting or adopting technology-based marketing communication practices. Relatedly, Lafley and Martin (2014) have linked failure to achieve market sales and profitability targets with adoption of marketing communications policy that does not only fall short of knowledge related to real market buying habits but also incognisant of competition dynamics. Besides, Ewing (2009) and Kim et al., (2004) emphasising that the current marketing communication mixes have failed to live to the principles of marketing interactivity which has led to poor market outcomes. This study assumes that perhaps these soft drink companies in Kigali City have not understood the relevance of IMP. However, as highlighted in the aforementioned studies there is a significant call for adoption of Interactive Marketing.
Practices in today’s market space since consumers, reportedly spend less time with traditional media (Forrester, 2011). More can be learnt from Pasharibu, Soerijanto and Jie (2020) in regard to the empirical significance of relational two-way communication practices in influencing buyer perceptions and their effects on achieving performance targets.

More still, the facilitative role of IMP has been emphasised especially in enabling communication between a firm and individuals making it possible for an individual customer or user(s) to communicate with another customer or other user(s), enabled by internet infrastructure (Liu & Shrum, 2002). Perhaps it is the most striking or sharp difference, IMP make from the traditional one-way road type of communication. It becomes possible here to create memorable and valuable experiences that improve brand awareness in different buyer contexts, thanks to Interactive Marketing facets/features. Extant literature has found this two-way communication experience to relate with eventual generation of valuable insights on user expectations, besides altering the purchase impression (Sama, 2019; Hallier Willi et al., 2014). IMP have gained currency especially when viewed in contrast with the extent to which the public has embraced internet technology. Lobschat et al., (2017) and Wang et al., (2019a) provide evidence on the extent to which everyone today is relatively connected in some way and possible to interact 24/7 with a variety of media content in various form such as texts, blog posts, images, mobile short messages, audio and video. This makes it easier for firms to manage their relationships with their various publics. It’s not surprising that marketers maybe trying to overcome the hitherto failures, in relationship between the supply and demand side of the market, consequent to transactional-based efforts, have embraced the conversational relationship management approaches as a solution to technology challenges (Dhillon, 2013). Here the study tends to express the evolving trend that has characterised marketing discipline. It is a paradigm shift that has tended to elevate the significance of managing and manipulating consumer perceptions. Ries and Trout (2001) justify this management action on the basis of allegedly ‘over communicated society’ in which we live where enormous amount of commercial messages flow to a consumer. The relevancy of IMP is further confirmed here as it enables creation of a unique and personalised relationship that keep and enable customer patronage live.

However, even when there has been growth in theoretical assertions in most marketing interactivity research, that a two-way communication is desirable, and increasingly associated with positive results, elsewhere other empirical evidences exist portraying negative effects. A study by Kim et al., (2012) for example, associate increase in marketing interactivity with reduction in advertisement message effectiveness. Yet, other studies have shown that the persuasion effects of interactive marketing facets are not constantly attained across diverse groups of people (O’Keefe, 2003). Moreover, Social exchange theory leaves unattended to the social motives for staying in relationships in different selling contexts. The theory utterly uses economic motive lens to explain the stay of a consumer in a relationship which in some seller-buyer contexts does not hold (Blau, 1964). Also, even when Network Theory predicts performance through exploitation of network information benefits, the unpredictable and heterogeneous role of network actors impliedly make the digital ecosystem highly volatile, complex and uncertain which in itself limits the firm’s innovation in their competitive actions (Callon, 1991). The theory also remotely perceives information as the only resource in the virtual market space, yet there are other resources that assist companies to attain their market goals. Overall, even when the presence and importance of Interactive Marketing Practices may vary with specific user situation and experience (individu
tend to process information differently), on average, Interactive Marketing Practices impact certain variables like customer engagement, customer retention, loyalty, market share, new sales leads and profitability (Lobschat et al., 2017; Aslam et al., 2015; Homburg et al., 2014; Dushyenthan, 2012). The traditionally hailed aggressive sales techniques that focused more on actual sales process have overtime been seen as alienating the customer; yet, there is a growing belief in extant literature that many consumers are open to learning about and interacting with brands via digital media (Vanmeter et al., 2018).

Also, whereas there has been increased research on individual soft drink firms’ performance (UKEssays, 2018; Taylor & Jacobson 2016; Culnan, McHugh & Zubillage, 2010; Mariuzzo, Walsh and Whelan, 2003), more so unearthing the empirical scrutiny on the influence of Interactive Marketing Practices on market performance (Singaram et al., 2019; Dasilva et al., 2013), considering the varied contexts, the same needs to be examined in Kigali City. Another critical gap observation is the fact that previous studies have exhibited scope limitations where Oisinga et al., (2019) studied application of digital technologies on specific aspects of the marketing, Rodriguez et al., (2014) investigated how internet impacts customer engagement, Nobel (2011) investigated process aspects of marketing interactivity and Bolton (2016) investigated behaviour aspect of marketing interactivity. This study was fascinated to look at the resulting value of marketing interactivity (Kumar & Pansari, 2016). Kumar and Pansari’s interest was on how adoption and use of technology-based two-way communication practice impact on not only customer experience, but also yield for firms. This relationship motivated the researchers because it has not received sufficient attention from most customer relationship research streams (Lemon & Verhoef, 2016). All this notwithstanding other similar studies were carried out in developed economies (Verhoef & Bijmolt, 2019; Omobono, 2018); quantitatively assessed financial dimensions (Murugesan et al., 2016); and focused on different industry settings i.e service sector by Wedel and Kannan, (2016) and Sahi et al., (2016), merchandising business sector by Wang et al., (2019a), retail sector by Kenning (2008), Communication sector by Dushyenth, (2012), and Banking sector by Aslam et al. (2015). This paper was motivated to fill these knowledge gaps.

1.2 Problem statement

While having recurrent sales, profitability and customer number increases, is a laudable goal that is not to be questioned, the observed sales and profitability shortfalls, alongside, adoption of exit strategies and declining numbers of customers among soft drink enterprises in Kigali City is questionable (Bralirwa Annual Reports 2013/2016/2017; Sophia & Söderbom, 2013; Pamela & Gloria, 2010). In line with these market performance indicators, there is a reason to believe that their performance is poor, which has over time attracted attention from a wide array of stakeholders including, practitioners and researchers in trying to seek for suitable interventions. This study set out to examine the effect of interactive marketing practices on market performance of these soft drink enterprises.

1.3 Research objectives

This study sought to determine the influence of interactive marketing practices on market performance of soft drink enterprises in Kigali City.
2.0 LITERATURE REVIEW

2.1 Theoretical review

The study borrows insights from, social exchange theory, and provoke action from marketers to awaken their management stance towards conscious soft treatment of customer motives (Homans, 1958), in their communication strategy formulations, if they are to have fruitful positive relations with them. Social exchange theory elaborates on market performance concept from the point of view of seller manipulation of buyer preferences to stay in a relationship through satisfying his/her economic motives. If this can be holistically assumed to be true for firms, then, bending customers’ purchase motives is the outcome. Jefferson and Tanton, (2015) in line with this hypothesises increased sales leads and profitability, dependent on the nature of advertisement content and the media channels used. Communication literature has consequently validated a strong relationship between online advertisement and purchase impression formation (Sama, 2019; Hallier Willi et al., 2014). Moreover, IMP’s relevancy is more attested in certain advertising contexts. For Rwanda an as example, internet penetration is at 26%, social media usage at 4.8% and 73% of mobile connections (UN Digital Report for Rwanda, 2020) which further strengthen the alleged association. It is possible here for Soft Drink enterprises in Rwanda to tap from this population digital connectedness opportunity to expand their digital presence and better their market position (Yasmin et al, 2015). The argument by Koch & Windsperger, (2017) agree with this claim, to the effect that favourable brand name owes from the way a company resorts to use of interactive communication technologies. Evidently one reading may start to believe that market performance can be enhanced if buyer-seller relations are good created and maintained through evoking a series of company-based interactive actions geared towards manipulation of consumer preferences.

Additionally, network theory also happens to support this information society market posture but goes beyond customer to other actors like suppliers and explain the combined benefits especially where a company uses information as a key resource to exploit network opportunities (Breidbach & Maglio, 2016). Management of such batch of network players, itself reiterate, on the relevance of using IMP, more so, for contexts with diversity of enterprises producing various soft drinks, and for Rwanda as a country that witnessed growth in number and use of social media tools. In consideration of the fact that, digital markets are constituted by many players with diverse and mutually contradictory interests, the network theory’s emphasis on information flow management as a success factor, that uses interactive technology tools to neutralise network relationships, deserves a hearing. Perhaps the broad meaning embedded in the discussion, is the point on value creation process that exhibit characteristics, inherently different, from the traditional value creation that was presumed to lie in the internal organisational processes (Porter, 1985). In the information society which the study assumes, information resources take the front seat in predicting market performance, where marketers utterly do the exploitation of information benefits along a chain of actors (Bianconi & Barabási, 2001). Thus, from a network-centric perspective, the study visions that firm’ resources and capabilities extend beyond firm boundaries and can be embedded in set of relationships across firms in the network (Snow, 2015). It may therefore not be seen as overemphasising the supremacy of information resources but, instead the imperative for firms to wisely manage network relationships in their value creation activities using interactive means.

In attempt to more elaborate on the relevancy of IMP, this study, a way from social exchange and network theories, also borrows other specific theoretical insights. The advertisement effect
perspectives, is one of them that help explain the process through which interactive advertising media impacts on consumer purchase-decision-making. As elaborated by Lavidge and Steiner, (1961), the advertisement effect on a consumer happens in a series of behavioural stages from awareness to conviction and lastly to purchase action. In their hierarchy-of-effect theory, Lavidge and Steiner (1961) postulate how the advertisement effect descends from the level of "think," characterised by awareness creation, to "feel". Awareness creation is exemplified by brand feelings formation, and finally to "do" which is the action part that sees the doubt converted to real purchase behaviour through building trust. With this in mind, it’s common to assume that any advertisement or brand communication help to produce sales. However, according to same contenders of hierarchy-of-effect theory, it’s likely also that not all people exposed to an advertisement make immediate purchase. They posit “the effects of much advertising are "long-term"..... This is sometimes taken to imply that all one can really do is wait and see..........ultimately the campaign will or will not produce. However, if something is to happen in the long run, something must be happening in the short run, something that will ultimately lead to eventual sales results”. There may be varied interpretations to this quotation, but equally vital is the assumption that marketers have to make on a consumer (media effects differ from person to person). The other extensive background noise or other commercial information, in which this client is engraved, has to be factored in also by marketers, when weighing Interactive Marketing Practices’ place in overall firm communication strategy processes. Perhaps, marketers must constantly aim at bending the customer for a relationship that gives hope for positive outcomes both in short and long run. On the basis of reviewed literature and theories, the study firmly believes that adoption of IMP yield to all these sequential behavioural changes in the consumer (i.e awareness, liking and purchase) consequent to interaction with online interactive features (Bucy & Tao, 2007; McMillan, 2005). This discussion itself reinforces the relevance of IMP for firms.

2.2 Empirical Review

Even when significant relationship has been found to exist between Interactive Marketing Practices (IMP) and market performance suggested by social exchange theory, network theory and advertisement effect perspectives, evidences in the empirical strategic communication literature show results that are conflicting (Fahmy & Ghoneim, 2016; Aslam et al. 2015, Kim et al., 2012; Dushyenthan, 2012). For example, Ajina (2019) studied IMP in the private hospital sector in Saudi Arabia, using a sample of 400 and found a positive association. In this study it was established that IMP have a positive impact on the factors like customer engagement, trust and loyalty. The amplified significance of this finding is that, customer loyalty provides a stable customer base which may provide a steady source of cash flow (Hill & Alexander, 2006) since loyal customers make repeated purchases and may actively engage in convincing their peers as well. Relatedly, Van Heerde et al., (2019), Lobshat et al., (2017) and Homburg et al., (2014) also report a positive significant relationship between IMP and market performance of a firm as measured by increased customer engagement and positive sales effects. Their studies emphasise on the value enhanced by digital presence especially for customers who are distant from the store. Osinga et al. (2019), also, confirm similar results where IMP are associated with shooting up of offline sales, similar to Babić Rosario et al., (2016) who found a positive correlation between online word-of-mouth and sales.

In a similar vein, Shen, Zhang, and Krishna, (2016), also find a positive association between firm performance and IMP. They posit that IMP positively influence preferences for a product, alleging
further that interacting with the product features online, increases consumers’ mental simulation and hence, increases purchase intentions. A study by Aslam et al., (2015) on commercial banks in Pakistan also confirmed a positive association, similar to Bhandari and Bansal (2018), who basing on a sample of 338 from the National Capital Region of Delhi in India. They obtained results that linked IMP with certain firm-level performance outcomes: i.e market share, brand loyalty, brand recognition, product information, brand image, brand awareness, consumer online behaviour, and user reviews. This study observes that such findings are consistent with social exchange theory network theory and advertisement effect perspectives, where IMP have significant effects on customer trust, satisfaction, and repurchase (Mero, 2018) which has customer retention, sales and profitability implications. Contrary to these positive findings, Hoeck and Spann (2020) confirm a negative association between market performance and IMP. In Hoeck and Spann’s study experiments based on 233 samples, IMP were found to decrease advertising effectiveness for some participants who reported that increased interactivity increased on their cognitive load. Their finding agrees with a study by Liu and Shrum (2002) which affirms that under certain circumstances marketing interactivity inhibit persuasion. Similarly, Kim et al., (2012) also found that IMP effects are doubtable in terms of usefulness for companies operating in U.S. Their findings indicate that increased interactivity results in a reduction of message effectiveness especially for digital immigrants, which means lost sales opportunity for such companies. Relatedly, Fahmy and Ghoneim, (2016) using 838 samples observed an insignificant effect of IMP on market performance for companies operating in Egypt. Fahmy et al., (2016) advance interactivity theory, explaining how same media stimulus may have differential effects on different users basing on individual differences such as age. Additionally, O’Keefe (2003) has shown that the persuasion effects of IMP hold only if we ignore biological differences of individuals and assume them to be the same across time and geography otherwise in certain situations people exposed to same media features may not experience similar cognitive effects (they may be thought-provoked differently). Yet, in other circumstances, interactive marketing message exchanges may not equate with transfer of meaning or behavioural change (Yoon, 2009). Further still, certain interactive features have been accused of reducing interpersonal effect and social solidarity, besides increased internet usage leading to increasing isolation and instances of depression (Kraut et al., 1998). All this notwithstanding, when we make reference to the old adage “what goes up must come down”. Put in systems terms, there are certain entropy forces that may be at work besides having an electronic warm relationship with a customer considering the human trait of changing one’s mind. This happens especially in the firm-customer context of failing trust and cooperation (failure to fulfil a promise) or product obsolescence or any potential environmental, technology, social or political-driven force (Baker, Buttery & Richter-Buttery, 1998). Moreover, other relationship scholars have shown that acquiring ‘likes’ on social media might have no effect on consumers’ attitudes or behaviours (John et al., 2017; Mochon et al., 2017), or even showing that it is not convincing enough winning positive word-of-mouth; that this may have little or no effect at all on consumer’s line of preferences or likely negative effects on consumer preferences if negative word-of-mouth is associated (Hennig-Thurau et al., 2015).

The afore presented empirical studies and theories, show mixed results with views that are conflicting, implying that the explanatory power of interactive marketing practices on market performance is not well documented or even when it exists it is scanty or even context-specific,
pre-suggesting a continuing debate, particularly in the soft drink industry context in Kigali City. Consequent to this claim, researchers found it necessary to test the hypothesis:

**H1: Interactive Marketing Practices have positive relationship with Firm Performance**

### 3.1 Research methodology

To answer the hypothesis set by this study, the researchers applied critical realism philosophy; cross-sectional and mixed methods research design. Researchers used cross sectional design and collected data at a point in time from soft drink enterprises in Kigali City (Bell et al., 2018). The population considered for this study were registered soft drink enterprises in Kigali City; approximately 1988 in number (RDB, Business Register, 3rd Quarter, 2020). It is on the basis of sample determination table by Krejcie and Morgan (1970) that a sample size of 322 was obtained and deemed to be a good representative sample for the study. Even when there could be variability in terms of size, experience, soft drink cluster, and geography among soft drink companies in this study areas, differences are meagre since they operate under same national regulatory framework. Moreover, if variability is meagre in the study population, the study may not take larger sample sizes (Israel, 2012).

The unit of inquiry was composed of communication/public relations, marketing, accounting, finance and sales managers for the quantitative survey and the CEOs, Directors of units/departments for the key informant interviews. By virtue of their position, they were anticipated to be more knowledgeable about their firms’ performance. Following guidelines by Ntoumans, (2001), a maximum of five (5) respondents was considered for the survey but for the key informant interview, saturation level was reached at 17 people. The study was able to categorise soft drinks enterprises using stratified random sampling, categorised by district and soft drink category/strata (i.e from Nyarugenge, Gasabo and Kicukiro, and as Juice, Water, Coffee, Tea, carbonated drink, Milk, and Umusururu ‘Bushera’ manufacturers). Again, the study considered for inclusion soft drink enterprises employing a minimum of two employees in order to increase on diversity in the population, and possibility for including relatively small sized enterprises that are family-based which previous studies have tended to exclude (Bragg et al., 2017). Simple random sampling without replacement was used and helped in district-level enterprise selection processes (Sampford, 1967; Horvitz and Thompson, 1952). Besides the method being appropriate for finite population according to these scholars, it was preferred because businesses change locations quite often or close down in the country and researchers never wanted to select a subject more than once.

To collect data, the questionnaires were self-administered and respondents given a two-week lapse of time, to allow them respond in their convenient time. Coupled with collecting data from a sufficient number of respondents, the collected data and findings can be relied on since, we got an acceptable response rate of 78 %. A 5-point Likert scale ranging from 5 (strongly agree) to 1 (strongly disagree) was adopted in line with (Leung et al., 2011) to collect respondent’s views/perceptions. The study used closed-ended questionnaire and key informant guide to collect both quantitative and qualitative data.
3.2 Testing for reliability and validity

As advised by Field (2017) instrument validation was done where academics and practitioners were interviewed during instrument pilot testing and the validity statistical test results fell within acceptable range (table 1).

### Table 1: Validity and reliability results

<table>
<thead>
<tr>
<th>Variable</th>
<th>CVIs</th>
<th>Cronbach's Alpha</th>
<th>Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interactive marketing practices</td>
<td>0.784</td>
<td>0.810</td>
<td>37</td>
</tr>
<tr>
<td>Market performance</td>
<td>0.815</td>
<td>0.837</td>
<td>18</td>
</tr>
</tbody>
</table>

To be able also to establish whether the instrument consistently measured the variables that were studied, we tested reliability and the observed Cronbach alpha coefficients acceptable according to Saunders et al. (2009), an indication that the questionnaire was reliable (table 1).

3.3 Data processing and Analysis

As part of data processing, data was screened in order to not only establish data distribution but also to test the parametric assumptions in line with guidelines by Verma, (2019), and, Graham & Hirano, (2011).

### Table 2: Test of Normality - Shapiro-Wilk test

<table>
<thead>
<tr>
<th></th>
<th>Kolmogorov-Smirnov</th>
<th>Shapiro-Wilk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statistic  df Sig.</td>
<td>Statistic  df Sig.</td>
</tr>
<tr>
<td>Market Performance</td>
<td>0.097  71 .097</td>
<td>.967  71 .059</td>
</tr>
<tr>
<td>Interactive marketing practices</td>
<td>0.085  71 .200*</td>
<td>.981  71 .353</td>
</tr>
<tr>
<td>Enterprise Competitive Advantage</td>
<td>0.081  71 .200*</td>
<td>.978  71 .260</td>
</tr>
<tr>
<td>Enterprise competitive environment management</td>
<td>0.095  71 .180</td>
<td>.979  71 .297</td>
</tr>
</tbody>
</table>
Figure 1: Linearity test

Figure 2: Homogeneity test
Researchers checked the assumptions of normality of data, linearity of data and homogeneity of variance before ascertaining which statistical test was appropriate (see Tables 3.2, 3.3 &3.4). Multi-collinearity analysis was not relevant since the study had one independent variable in the model. To test the relationship between IMP and market performance, SEM/AMOS Pearson Correlation and standard linear regression techniques were used in data analysis.

3.4 Measurement of Variables

Works of other scholars provided a basis against which our study variables were measured. This study was guided by Santos and Brito (2012), Selvam et al., (2016), Jayapal and Omar (2017), and Yildiz and Karakas (2012) to come up with sales, customer retention and profitability as the main dimensions of market performance. On the other hand, guided by Nyagadza (2020), Yogesh et al., (2020), Appel et al., (2019), Holliman and Rowley (2014), Barwise and Farley (2005), and Bucy, (2004) dimensions of IMP are: content marketing, social media marketing and search engine marketing which reflects the three forms of marketing interactivity that exist online (human-to-content, human-to-human and human-to-computer interactions). To sum it up, the study specified the regression model relationships as follows:

$$FP= \beta_0 + \beta_1IMP + e$$

Where, $FP$ = Firm Performance, $\beta_0$ constant, $\beta_1IMP$ coefficient of Interactive Marketing Practices and $e$ = error term.

3.5 Model estimations

CFA Measurement model for IMP

IMP were measured using content marketing activities, social media marketing activities and search engine marketing activities. Even when the standardized estimates of the initial measurement model happened to be significant ($p<.001$), the results indicated that the the model provided a poor fit as indicated by the poor fit-indices. We therefore had to re-specify the model by iteratively removing six (‘SM1’ ‘SM8’ ‘SM9’ ‘SM10’ ‘SM11’ ‘SE1’ ‘SE8’) out of thirty eight items that did not live to the standards of the set criteria. We ensured that the process of removing the weak correlated items left the content of the construct unchanged. It was apparent however that content marketing activities are not relevant for the study context, for, it disappeared and did not meet CFA criteria.
Figure 3: CFA Measurement model for IMP

CFA Measurement model for market Performance

Eighteen items were used to measure a one-factor model of market performance. Five (5) items with poor loadings were deleted (‘CR1’, ‘CR9’, ‘SV1’ ‘PM4’and ‘PM5’). Efforts were made to ensure that the deleted items did not materially change the content of the construct.

Figure 4: CFA Measurement model for market Performance
As can be seen above, the measurement model results for firm performance and IMP (i.e. their Chi-square, GFI, TLI, CFI, NFI and RMSEA), indicated a good fit between the hypothesized models and the observed data as recommended by Hu and Bentler (1995).

4.0 Results and discussion

4.1 Results

This study used frequency distributions to evaluate the demographic characteristics of Soft Drink Enterprises surveyed, shown in table 3.

Table 3: Firm characteristics

<table>
<thead>
<tr>
<th>Category</th>
<th>Item</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of employees in the firm</strong></td>
<td>2-20</td>
<td>63</td>
<td>10.1</td>
</tr>
<tr>
<td></td>
<td>21-50</td>
<td>79</td>
<td>12.7</td>
</tr>
<tr>
<td></td>
<td>51-100</td>
<td>396</td>
<td>63.6</td>
</tr>
<tr>
<td></td>
<td>101-250</td>
<td>36</td>
<td>5.8</td>
</tr>
<tr>
<td></td>
<td>251 or more</td>
<td>49</td>
<td>7.9</td>
</tr>
<tr>
<td><strong>Location of the firm</strong></td>
<td>Gasabo</td>
<td>67</td>
<td>26.5</td>
</tr>
<tr>
<td></td>
<td>Gicukiro</td>
<td>37</td>
<td>14.6</td>
</tr>
<tr>
<td></td>
<td>Nyarugenge</td>
<td>149</td>
<td>58.9</td>
</tr>
<tr>
<td><strong>Number of years of operation</strong></td>
<td>Less than 2 years</td>
<td>47</td>
<td>18.6</td>
</tr>
<tr>
<td></td>
<td>3-5 years</td>
<td>56</td>
<td>22.1</td>
</tr>
<tr>
<td></td>
<td>6-10 years</td>
<td>102</td>
<td>40.3</td>
</tr>
<tr>
<td></td>
<td>11-14 years</td>
<td>19</td>
<td>7.5</td>
</tr>
<tr>
<td></td>
<td>More than 15 years</td>
<td>29</td>
<td>11.5</td>
</tr>
<tr>
<td><strong>Product (s) produced</strong></td>
<td>Carbonated</td>
<td>15</td>
<td>5.9</td>
</tr>
<tr>
<td></td>
<td>Water</td>
<td>22</td>
<td>8.7</td>
</tr>
<tr>
<td></td>
<td>Milk</td>
<td>25</td>
<td>9.9</td>
</tr>
<tr>
<td></td>
<td>Coffee and Tea</td>
<td>100</td>
<td>39.5</td>
</tr>
<tr>
<td></td>
<td>Umusururu ‘Bushera’</td>
<td>70</td>
<td>27.7</td>
</tr>
<tr>
<td></td>
<td>Juice</td>
<td>21</td>
<td>8.3</td>
</tr>
<tr>
<td><strong>Market (s) served</strong></td>
<td>Rwanda</td>
<td>133</td>
<td>52.6</td>
</tr>
<tr>
<td></td>
<td>East Africa</td>
<td>57</td>
<td>22.5</td>
</tr>
<tr>
<td></td>
<td>Africa</td>
<td>47</td>
<td>18.6</td>
</tr>
<tr>
<td></td>
<td>International</td>
<td>16</td>
<td>6.3</td>
</tr>
<tr>
<td><strong>Communication channels that take a big advertisement budget</strong></td>
<td>Traditional communication channels (Radio, newspapers and other print media)</td>
<td>165</td>
<td>65.2</td>
</tr>
<tr>
<td></td>
<td>Digital communication channels (e.g. social media, search engines)</td>
<td>88</td>
<td>34.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>253</td>
<td>100.0</td>
</tr>
</tbody>
</table>
As indicated in table 3, results show that a significant portion (63.6%) of soft drink enterprises that participated in the study had employees ranging from 51-100. This means the survey largely covered medium sized firms. The majority (58.9%) of these firms were located in Nyarugenge district which is the central district (city centre). As regards, the experience in the industry or number of years in operations, the majority (40.3%) had stayed in business for a period between six to ten years, meaning that they had sufficient industry experience. The study results reveal also that majority (65.2%) of firms that participated in the study spend much of their advertisement budget on traditional communication channels (Radio, newspapers and other print media). Perhaps this could be the major explanation according to this study why their performance had challenges.

4.2 Correlation analysis

Table 4: Pearson correlation results

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social media marketing Activities-1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Search engine marketing Activities-2</td>
<td>-0.058</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interactive marketing practices-3</td>
<td>0.753**</td>
<td>0.614**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Retention-4</td>
<td>0.003</td>
<td>0.056</td>
<td>0.040</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales volume-5</td>
<td>0.194**</td>
<td>0.302**</td>
<td>0.353**</td>
<td>0.066</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit margin-6</td>
<td>-0.006</td>
<td>0.292**</td>
<td>0.188**</td>
<td>0.177**</td>
<td>0.646**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Market Performance-7</td>
<td>0.085</td>
<td>0.302**</td>
<td>0.267**</td>
<td>0.537**</td>
<td>0.792**</td>
<td>0.856**</td>
<td>1</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (1-tailed).

The results in table 4 indicate that there is a positive significant relationship between interactive marketing activities and market performance at 99% level of confidence (r=0.267, p<0.01). This implies that changes in interactive marketing activities will have a significant positive change on market performance. Furthermore, the results indicate that all the elements of market performance have a significant positive relationship with interactive marketing practices, however, on the other side, only search engine marketing practices has a positive significant relationship with market performance. Social media marketing activities were observed to have a positive insignificant relationship with market performance. Since the findings indicate a positive significant relationship between interactive marketing practices and market performance, we accept the set hypothesis (H1) which stated that “There is positive significant relationship between interactive marketing practices and market performance”. 
4.3 Regression analysis

Table 5: Regression Analysis Model Summary, ANNOVA and Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.634</td>
</tr>
<tr>
<td></td>
<td>Interactive marketing practices</td>
<td>.265</td>
</tr>
<tr>
<td>R</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R Square</td>
<td></td>
<td>.071</td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td></td>
<td>.067</td>
</tr>
<tr>
<td>F</td>
<td></td>
<td>19.197</td>
</tr>
<tr>
<td>Sig.</td>
<td></td>
<td>.000b</td>
</tr>
</tbody>
</table>

Source: Primary data

The results in Table 4.3 indicate that interactive marketing practices was confirmed to have a significant positive relationship with market performance (Beta=.267, p<.01). This implies that a unit increase in interactive marketing practices (increased advertisement expenditure on digital communication channels e.g social media, search engines) would result in 0.27 units increase in market performance. This is seen to be true, the reason being that IMP have the potential to help a firm uncover and meet customers’ needs, thus creating a memorable and valuable experience which help keep a firm-client-warm-relationship that has present and future sales and profitability implication emanating from the positive customer response. Furthermore, the results indicate that interactive market practices explain 6.7% (Adjusted R Square=.067) of the variations in firm performance which also implies that the remaining 93.3% is explained by other factors not considered in the study. Finally, the results indicate that the null hypothesis for the F test in the ANOVA analysis, has no explanatory power. Since the p-value 0.000 is less than 0.01 level of significance, we reject the null hypothesis and conclude that the model has explanatory power suggesting that interactive marketing practices explain significantly market performance. The F-value of 19.197 (p=0.000) further indicate that the specified model in this study fits well the data.

4.4 Discussion

This study measured IMP in relation to adoption and use of digital communication channels (e.g content marketing, social media, and search engines) by soft drink enterprises. Study results show that most (65.2%) soft drink enterprises spend much of their advertisement budget on traditional communication channels (Radio, newspapers and other print media), compared to 34.8% whose advertisement expenditure was found to go for digital communication channels. This practice tends to be against the hierarchy-of-effect theory, which emphasises that advertisement effects occur in
a series of behavioural stages from awareness first, to conviction and lastly, to purchase action. It is assumed that spending much on digital communication channels would allow for continuous awareness creation through trust building actions that convert doubt into real purchase behaviour. IMP has the potential for all these outcomes. Their practice also contradicts the insights by Dhillon (2013) who push for an interactive or conversational relationship management approach as a solution to technology challenges that characterise today’s information society. Perhaps the above practice by soft drink enterprises in Kigali city is partly an explanation for the poor performance portrayed in the problem statement.

More still, the results indicate a significant and positive relationship between market performance and IMP in general (social media marketing and search engine marketing). The broad meaning of this finding is that when a firm adopts IMP, it is very much likely that performance outcomes positively change; rendering support to Hypothesis 1. Social media marketing activities were found to have positive but insignificant relationship with firm performance, perhaps because, social media usage in Kigali City has largely remained in the social spheres of life which suggests a virgin area that business people need to exploit. They need to channel their marketing information through social media platforms considering the fact that there is a reasonable degree of population connectedness (UN Digital Report for Rwanda, 2020). Beyond social media marketing gap, a good number of participants agreed that IMP are, thought-provoking, and enable firm generation of valuable insights on user expectations and may lead to eventual altering of the purchase impression. Participants largely agreed that IMP are interesting, useful, problem-solving, entertaining and or in some way beneficial to the consumer. Many were found admitting that IMP, have helped them to keep a warm relationship with their customers and being able to well know their market buying habits. It was revealed in this study that IMP, not only, lead to augmented sales and sales leads, but also in winning new customers especially through electronic word of mouth (ewom) or available feedback mechanisms. These results agree with findings by Wedel and Kannan, (2016), and Kübler, Wieringa, and Pauwels, (2017) who find a big link between a well-designed and relevant interactive marketing plan with gaining of customer insights and firm’s ability to derive actions on how to respond to ewom.

A good interactive marketing plan enable a firm to know whether a certain ewom is relevant for the brand to respond to or not, basing on a categorization of different types of ewom (for example, question, and complaint). This in itself enables a firm to classify the sentiment type (i.e either as customer satisfaction or the opposite), and thus a basis for a company knowing well who to deal with. Relatedly, Kotler & Armstrong, (2018) have alluded to the online and social media technology power as key drivers of profitability especially in todays’ market space especially when seen in the lens of soliciting not only electronic word of mouth but also deriving suitable or relevant actions. Since earning a profit is the primary task of every business (Blankson, Motwani & Levenburg, 2006) the relevance of IMP for firms, is attested since, they enable firms market their products to generate sales. However, another big number of surveyed firms as shown above still devote a big budget to traditional communication channels which perhaps could be the explanation for the poor performance due to failure to use up-to-date technology-based interactive communication channels. This is still against the social exchange theory expectations since this approach does not well meet the social and economic expectations of customers. Moreover, poor communication approaches have been reported to turn, not only potential customers away from a firm’s products and services but also existing clients and partners may lose faith in that company
and seek services elsewhere (Lafley & Martin, 2014; Ewing, 2009). Other participants (34.8%), however, were found allocating a big budget to IMP, a finding which rhymes with assumptions of social exchange theory and network theory, where IMP can be used to bend buyer behaviour through seller manipulation of buyer’s economic motives. Again, if we go by network theory suggestions, we believe that soft drink enterprises can use their information resources to reap network benefits to create a favourable market position. The resultant outcomes would be increased number of customers, coupled with increase in sales and profitability (Szymanski, Bharadwaj & Varadarajan, 1993).

5.1 Theoretical implication

Prior studies used specific methodologies and were carried out in varied contexts. The link between Interactive Marketing Practices and market performance has been confirmed in literature and theoretically embedded, however not tested in the soft drink industry in Kigali City. In due consideration of the mixed and inconsistent results pre-suggesting continued debate as shown in the empirical review above, the study provides a contribution to the body of knowledge on how the use of technology-based two-way communication can help companies enhance buyer-seller relations to realize performance gains. Results of this study are a source of evidence for firms on how to build long term technology-based interactive relations with their customers. Moreover, the three-dimensional IMP’ definition space also serves to put due clarity and accentuate the critical role of human-to-content, human-to-human and human-to-technology conversation in the strategic marketing communication process. Perhaps, for a reason that previous literature has largely put emphasis on the human-to-human and human-to-technology interactions on the assumption that the three types of interactivities may not equally affect purchase intention Kim et al., (2012). However, this study investigated also Human-to-content interactions and this is our study contribution in the buyer-seller relationship management discourse. May be, the attempt by Bucy and Tao (2007) to divide interactivity into three approaches: “message-centred, structural (based on technological attributes), and perceptual (based on user perceptions)” was a justification to this divide in trying to solve the unit of measure of interactivity problem in strategic marketing communication literature.

5.2 Managerial implications

Since the study highlights on the relevance of IMP in the market performance of soft drink enterprises in Kigali City, the findings depict on the need for soft drink enterprise managers to ensure that IMP are put to use by allocating sufficient advertisement budget to digital communication channels (e.g social media, search engines). From the point of view of the study findings, focus can be put on specific IMP that are vital for customer attitude change considering the characteristics of the population that they serve. Moreover, seen from the point of view of population connectedness in Rwanda (mobile and internet penetration), use of IMP guarantees positive performance outcomes.

5.3 Conclusion

Researchers conclude that more use of IMP for promotion of firm products is essential for, not only relationship maintenance with clients, but also expanding digital presence hence improvement in increased awareness, customer patronage and performance of a company. Beyond this, soft drink enterprises can only benefit if they appreciate the need for more spending on digital
communication channels. Moreover, they can more think and or focus on the customer by creating a customer data bank that allows for personalised exchange which has long term effects on sales and profitability growth.

5.4 Recommendations

On the basis of the nature of digital market eco-system, the connectedness and information thirst that the public has, managers of soft drink enterprises should at all cost try to embrace interactive communication culture that allow for continued information flow between them and their buyers. Since IMP help alter the brand image or the overall impression a customer has on the brand, companies should disseminate their marketing information using IMP effected practically by increasing their budget spending on digital communication channels. This, best suit customer information needs and will hopefully increase customer satisfaction, customer patronage and repeat purchase behaviour. All these customer behavioural outcomes impact on overall firm’s sales and profitability.

5.5 Limitations and areas for further research

This study only focused on IMP, as a predictor of firm performance, leaving out other factors that constitute effective strategic priorities that affect firm performance. Attention was put on one aspect of the “4 Ps” i.e promotion leaving out others. The 6.7% contribution of the model to variation in market performance meant that other relevant predictors were not specified. Also, the present study results could be treated with caution considering the conceptual ambiguities in literature on either IMP and or market performance which could have affected the conceptualisation and therefore the results. Besides, the study took a cross-sectional design yet there is a possibility that opinions people have may change at ascertain point in time. A study that takes a longitudinal approach to collect evidence over time may be informative. Also, this study merely tested direct relationships, future studies may seek to test mechanism through which specific IMP influence performance in a non-soft drink sector.

REFERENCES


