MARKET PERFORMANCE OF SOFT DRINKS ENTERPRISES IN KIGALI CITY, RWANDA: EMPIRICAL STUDY OF INTERACTIVE MARKETING PRACTICES

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ABSTRACT

Purpose: Even when soft drink production as an entrepreneurial activity has had tremendous impact on society, it continues to face heightened challenges as the world Corona Virus pandemic continues. The choice of a relevant communication strategy however will influence how they attain their goals. The purpose of this study was to examine the relationship between interactive marketing practices and market performance of soft drink enterprises in Kigali City, Rwanda.

Methodology: Cross-sectional design was employed in this study to collect data on samples at a point in time. Simple random sampling technique helped researchers to select 322 soft drink enterprises in Kigali city and data was collected using structured self-administered questionnaire and interview guide in line with critical realism philosophy. Zero-order Pearson correlation analysis was used to test the set hypothesis and regression techniques for prediction.

Findings: Results revealed that interactive marketing practices have a positive and significant association with market performance (r=0.267, p<0.01).

Unique contribution to theory, practice and policy: The study uniquely contributes to interactivity literature by providing further evidence on the positive relationship that exist between interactive marketing practices and market performance in a soft drink setting in Kigali City. Managers in these enterprises will acquire new insights related to the significance of interactive marketing practices in achieving their promotional and performance objectives. It was recommended that soft drink enterprises orient their strategic decisions towards disseminating their marketing information using interactive communication channels. This has been found out by this study to help them maintain warm relationship with their clients which has future sales leads and profitability implications.

Keywords: Market performance, Interactive marketing practices, Soft drinks, Kigali City
1.0 INTRODUCTION

This study defines interactive marketing practices as an amalgam of organisational communication activities of using digital media to promote its brands, products and services (Stone & Woodcock, 2014). Despite the disagreement in literature related to its measurement, the study measured it using content marketing, social media marketing and search engine marketing which reflect commonly known, marketing interactivity functions that occur online depicting person-to-content, person-to-person, and person-to-technology interactions that help firms to change behaviour of customers (Haeckel, 1998). On the other hand, market performance has been used in this study to refer to the ability of an organisation to achieve its set targets with greater efficiency than its rivals (Morgan, 2012; Neely, 1998; 1999). It was measured using sales, profitability and customer retention to assess how soft drink enterprises achieve their financial and non-financial goals on the market (Santos & Brito, 2012; Selvam et al., 2016; Jayapal & Omar, 2017; Yildiz & Karakas, 2012).

Though the marketing discipline emerged, lately, around the twentieth century (Bartels, 1988 as further reviewed by Tamilia (1990), other pioneers of marketing thought trace customer centric marketing practice back in the pre-agricultural era (Weld, 1920). According to Weld (1920), marketing practice in this period was characterised by one-to-one barter exchange processes. The later segment-based, one-to-many marketing exchanges in the industrial and information ages, have in the aftermath of 1980s, given in to, again, one-to-one market exchanges, earlier alone characteristic of barter system, but now enabled by advances in information technology and telecommunication (Sheth & Parvatiyar, 1995). Besides this company-to-customer interactions, the customer-to-customer interactions (recently more social in nature) through a myriad of media touch points, has also created numerous changes and, perhaps opportunities for firms (Libai et al. 2010).

Berry (2002) one of the proponents of the relationship economics school, tells us more on benefits of individualised communication in building relationships where dialogue is the norm. We would be tempted to assume and in line with Webster (1992) that the transactional approach to marketing (transactions and exchanges at arm’s length) is at the give-away stage to a more relational and customised marketing (relationship-based exchanges). Apparently, the emotional-kind-of-bonding, supposedly, extend beyond the point of sale where both sides of the market understand and appreciate others’ needs and constraints better (Payne et al., 1995) thus move towards intimate cooperation. All these changes in marketing communication have been aiming at attaining better market performance results. However, even when marketers over time have tried to find a suitable way to manage their relationships with customers, it appears that despite the fact that soft drink production as an entrepreneurial activity has had tremendous impact on society it continues to face heightened challenges as the world pandemic continues. This study assumes that perhaps these soft drink enterprises in Kigali City are still undecided on how to disseminate their marketing information that would enhance warm relationship with their clients. Moreover, the number of soft drink producers in the country has seen tremendous increase with many soft drink combinations that call for a more emotional and relational approach to enhance customer experience for continued healthy relationship.
Viewed from a magnified lens, one observes that business-level decision-making in relation to the customer-centred marketing mix, generally referred to as, marketing management, has changed across time and geography for generations and generations, technology being the biggest influencer. In consideration of the impact to the marketing mix (all four p’s) that emerging technology have, Gartner Research (2018) advises marketing executives on the way forward related to ways of identifying and prioritising new technologies that have transformational effect on their business. Several studies have been done on how technology has overhauled marketing practice, especially regarding relationships creation and maintenance (Deighton & Kornfeld, 2009; Brodie et al, 2007). Perhaps on the negative note for the supply side, is how technology innovation coupled with shifting consumer behaviours have deprived marketers of equilibrium (Gartner, 2019). According to Gartner, recovering this equilibrium requires organizational promptness to a more customer needs focus and the imperative of embracing an interactive communication culture. It is partly a reflection of the firm’s propensity to innovate, especially when it’s the order of the day to see opportunity in every change that comes along. Meulenberg (1986), observes that the times of seeing marketing as economic activity, where the ‘marketer is the initiator and controller’ of marketing programmes have given way to marketing as ‘the exchange of value’ placing a consumer at an elevated power position. Consequent to this paradigm shift, the information and persuasion variables are taking lead in customer relationship management debate (Boerman, Willemse & Van Der Aa 2017; Malthouse et al., 2013; Kaptein & Eckles, 2012). This signify giving a new seat to the customers in overall production process, in order to achieve desired behaviour from them. Ijaz et al., (2016) in their expression of support for online markets, conclude that conventional transactions must die in favour of digitized ones. Discussion in this section tend to show that the whole marketing ecosystem has witnessed radical changes, and, go on to show how technology has been at the forefront of changes in both the supply and demand sides of the market.

Business operating environment today has witnessed tremendous changes sparked by digital technologies (i.e internet, social media, mobile apps, and others). Allegedly, 60% of the global population are active users of internet (Statista, 2021). More details on the average time per day spent on social media platforms, searching products, staying in touch with friends and reading news, can be sought from Global Web Index Social Flagship Report (2019). This big change in the day-to-day customer life style, imply pervasive adoption of hand-held devices, which has influenced the way the consumers interact among themselves and how they use social network sites especially related to online shopping decision making. The consumer experience has taken new turns as they use mobile tools, shopping apps, location-based services and mobile wallets (Shukla & Nigam, 2018). In their natural quest to seek for social and cultural capital, human beings rationally engage in multiple forms of social media communication, as they seek for happiness and belonging. This natural and rational seeking of various types of social capital via social media sites, have exposed them to both positive (benefits) and negative (costs) effects (Yogesh et al., 2020). As connectedness become a daily norm in the lives of consumers, the marketing practices has also changed, where marketers have to create special offerings that match with these consumer needs, and have to effectively communicate with their various online communities to bring change in their attitudes, and increase their satisfaction levels. Working within the assumption, that consumer attitudes towards social media can, in turn, alter consumer attitudes towards the brand, this increases market share for organizations that are e-Commerce centric (Yadav et al., 2013).
In the research by Oswald and Mascarenhas (2018), the unpredictability of the customer environment today is alluded to. They report that customers demand products and services that are “newer, imaginative, exciting, innovative and products with increased variety and availability, shorter lead times, and increased differentiation at the same or lesser price”. This kind of heterogeneity in consumer tastes and preferences mirrors the extent to which it has become nearer or close to impossible to optimally meet needs of each client on the market. This has remained a virgin area, constituting opportunity to those firms that can deliver fast the needed value in time and space (Badenhorst-Weiss et al., 2014). It relates to the growing observation on the visible ardent changes in the marketing world, that precipitates the need to well match, market requirements with company abilities in quest for delivering relevant value. Contextually, Kigali City has witnessed a proliferation of soft drinks with many soft drink combinations, existing in various flavours, colours, shapes and sizes. Consequently, the soft drink industry offers are less distinct, and therefore, elevating the importance of intangible product elements, in this case related to reputation management and consumer perceptions manipulations (Makhitha, 2019). Here approaches intended to use more of emotional communication would, in a large measure, yield better market performance results, since, soft drinks are bought primarily for the brand image of the company rather than the utility of the product (UKEssays, 2018).

Relatated more insights can be borrowed from Pittman and Reich (2016) on consumer informational needs, that have today transitioned from text to images that tend to be sensory rich, and therefore, impactful. One can firmly say that in relation to this observation, a marketer who uses more video and image content can take advantage of this transition and achieve better market performance results. Additionally, the educational and emotional information that occupies an explicit, distinct and proper place in the minds of potential and existing consumers relative to other rival products on the market (Ries & Trout, 2001) would hasten the buyer decision process rather than the traditional southing of marketing sales arguments. Moreover, the exponential growth in number of soft drink companies and media channels in Kigali City, mean that an individual customer is exposed to a lot of commercial messages flowing in different formats. These companies and media channels present a necessity for a brand to differentiate itself from its competitors and to be perceived as superior and unique on a consumer’s queue of preferences. Firm-based Interactive Marketing Practices which have the potential to alter the perceptions or the quality of the market offerings fill up this gap (Koch & Windsperger, 2017). Though, market performance in terms of sales are impacted by all the ingredients in the marketing mix, this study uses promotion, one of the 4 “Ps”, in trying to explain how a marketer can use Interactive Marketing Practices to bend the will of demand and achieve a desired market performance targets. Altogether, this section is an attempt to show changes in the application of the marketing concept, consequent to emergence of new technologies and the consumer’s active role in influencing marketing decisions. Even when the market has changed due to changes in technology and customer environment, there is still a way to harness customer value by creating a pleasant customer experience through use of Interactive Marketing Practices. The on-going discussion portrays growth in theoretical assertions related to how interactive marketing decisions taken at firm-level can generate positive market performance results. However, no related study has been undertaken on interactive marketing practices and how they affect performance for firms in a soft drink industry in Kigali City. This is so amidst other scholars’ pessimistic expression on management of customers’ purchase journey (Rawson, Duncan &
Jones, 2013), which also bring out a special concern for a study that link firm-level interactive communication efforts with performance outcomes.

1.1 Problem statement

Soft drink production as an entrepreneurial activity has had tremendous impact on society locally and internationally. However it continues to face heightened challenges as the world pandemic continues. For example, Rwanda’s soft drink enterprises have reportedly experienced drastic sales decreases, with yet others adopting exit strategies before their first birthday and others experiencing recurrent net losses (Bralirwa Annual Reports, 2013/2016/2017; Sophia & Söderbom, 2013; Pamela et al., 2010). Related poor performance scenario among enterprise that produce soft drinks has been reported in other countries in the region (Lamwaka, 2018) and internationally (Financial Times, February 2021; Taylor, 2018; Beverage-digest report, 2015). Whereas researchers find this worth investigation, previous works reporting mixed findings where some scholars report positive consequences of marketing interactivity on market performance (Aslam et al., 2015; Dushyenthan, 2012; Bezjian-Avery et al., 1998), and others reporting negative consequences (Bucy & Chen-Chao, 2007; Sundar & Jinhee, 2005). Besides, continued calls for empirical examination of the relationship between Interactive Marketing Practices and market performance (Rodriguez et al., 2014; Smith, 2011; Debra, 2014) is another knowledge gap in literature that justified this study.

1.2 Purpose of the study

The study examined the relationship between Interactive Marketing Practices and Market Performance of Soft Drink Manufacturing Enterprises in Kigali City.

2.0 LITERATURE REVIEW

2.1 Theoretical framework

2.1.1 Social exchange theory

The social exchange theory’s assumptions can provide a strong guide for marketing practitioners. The theory stresses the need for marketers to wisely manage customer motives (Homans 1958), in their overall communication plan formulations, if they are to have fruitful positive relations with them. Though, Blau (1964) tends to see and explain social exchange as an elementary particle of social life, Homans’ explanation has roots in psychological conditions that induce individuals to engage in exchanges. He posits that “human interactions are regulated by the subjective cost and benefit analysis that tend to base on comparison of alternatives one has at the moment”. Consequently, this research deduce that market performance of a firm can be enhanced through seller manipulation of buyer preferences to stay in a relationship by satisfying his/her economic motives through interactive communication. Communication literature has over time tended to confirm this relationship arguing that a firm which fully emblazes interactive communication practices and alters its customers’ purchase motives which directly and indirectly lead to increased sales and profitability (Jefferson & Tanton, 2015).

2.1.2 Network Theory

Network Theory (Koch & Windsperger, 2017) which the study uses to explain the interplay between digital market ecosystem components, comprising of a network of various heterogeneous, and diverse actors with contradictory interests helps in explaining market
performance. Guided by this theory this research posit that firms have to co-create value through managing partnerships with other actors (suppliers, customers, etc) using information as a key resource. The significance of managing such an array of network actors grows more than proportionately, with the increase in numbers of not only soft drinks companies but also digital media platforms in Kigali City. Contenders of network theory tend to predict business success from optimal utilisation of network-related relationships (management of information flow mechanisms), using technology tools that help shape one-to-one business interactions with their publics.

2.1.3 Hierarchy-of-effect theory
The advertisement effect perspectives which explain the behavioural stages that characterise a consumer purchase-decision process, helps our study in tackling these relationships. The hierarchy-of-effect theory according to Lavidge & Steiner (1961), explains that the consumer, naturally experiences a gradual progress in the learning and decision-making, consequent to advertising experiences. Allegedly, the ad effect boils down gradually from "think" which is the cognitive stage of awareness and knowledge, to "feel", the affective stage of forming feelings about a brand and finally to "do" which is conative stage that focuses on action (conversion of doubt to real purchase behaviour through building trust). Even when the ultimate function of advertising or brand communication is to help produce sales, Lavidge and Steiner (1961) state that it does not produce immediate purchase on the part of those who are exposed to it. Therefore, the theory relevance to this study can be traced in considering the other existing extensive background noise or other commercial info in which this client is engraved when weighing Interactive Marketing Practices’ place in overall firm communication strategy processes. That means that advertisement goals must aim at constantly bending the customer towards a certain relationship that guarantees these outcomes both in short and long run.

2.2 Conceptual framework
A conceptual framework showing how Interactive Marketing Practices influence market performance has been developed. It is based on social exchange theory, Network Theory and Hierarchy-of-effect theory

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Dependent variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTERACTIVE MARKETING PRACTICES</td>
<td>MARKET PERFORMANCE</td>
</tr>
<tr>
<td>Content marketing</td>
<td>Sales volume</td>
</tr>
<tr>
<td>Social Media Marketing</td>
<td>Profitability</td>
</tr>
<tr>
<td>Search engine marketing</td>
<td>Customer retention</td>
</tr>
</tbody>
</table>

Figure 1: Conceptual Framework
2.3 Empirical review

There has been reported sharp differences between traditional communication and the interactive communication, with the latter having the potential for feedback between the firm and its clients (Chung & Zhao, 2004). The built-in-feedback possibility makes it possible for a continued information flow as a mechanism for gaining customer insights and continued monitoring of changes in the customer’s sentiments (triggers). Eminently this one lacked in the traditional one-way road type of promoting products and services (Liu & Shrum, 2002; Holliman & Rowley, 2014). Reviewed literature has confirmed a significant relationship between interactive communication and levels of performance of a firm. This relationship has purportedly been supported by social exchange theory, network theory and Hierarchy-of-effect theory. Researchers observe that despite the growing assertions that interactive marketing practices are utterly beneficial in terms of yielding positive results; elsewhere other studies have reported negative results which make the debate inconclusive. For example, a study by Ajina (2019) on the basis of 400 samples, find customer engagement, trust and loyalty highly associated with adoption levels of an interactive communication culture in an organisation. What we borrow from this finding that benefits our study is not far from what (Hill & Alexander, 2006) report on how “high and stable customer loyalty guarantees reliable customer base from where sales grow”.

Relatedly, Osinga et al. (2019) finds a close association between interactive marketing practices and levels of sales realised by a firm; same as Aslam et al. (2015) in Pakistan, Bhandari & Bansal (2018) in India, who see a big association between interactive marketing practices and firm performance seen through market share, brand image, brand loyalty and recognition. Under the guiding lens of social exchange theory, network theory and Hierarchy-of-effect theory, researchers observe that beyond interactive marketing practices altering trust levels of customers, an interactive communication programme impacts greatly on the repurchase behaviour of the customer (Sama, 2019; Mero, 2018). Apparently all these have sales leads and profitability implication for firms in question. On the other side however, a study by Hoeck and Spann (2020) using a sample of 233 respondents found a negative association between interactive marketing practices and a firms’ performance outcomes. Just like Kim et al. (2012), their conclusion was based on the fact that for specific participants, increase interactivity was found to lead to higher cognitive load thus decreased advertisement effectiveness. Further still O’Keefe (2003), did not find sufficient evidence to confirm the relationship since biological differences that people have make them to experience cognitive effects differently. The on-going story tend to depict disagreements among scholars, a point on which we conclude that Interactive Marketing Practices-market performance debate is still continuing, more specifically in a soft drink context in Kigali City. This prompted us to hypothesise, thus;

**H1:** Interactive Marketing Practices are positively associated with Market Performance

3.0 RESEARCH METHODOLOGY

The study was guided by the critical realism paradigm and employed a cross-sectional design usually acknowledged as appropriate for identifying patterns between variables on many case at one point in time on (Bell et al., 2018; Creswell, 2009). The population targeted in this study were soft drink enterprises, an approximate of 1988 in Kigali City. Guided by Krejcie and
Morgan (1970), sample size of 322 was determined. The unit of inquiry were the CEOs, heads of departments, marketing, accounting, communication/public relation, finance and sales managers. Since it was a firm-level-based study, questionnaires were distributed by the researcher to a maximum of 5 managers from each of 322 soft drink enterprises; however; only 253 enterprises filled and returned them. This represented an overall successful response rate of 78.57% which is acceptable according to Dillman et al., (2009). Interview guide and questionnaires that were used in data collection were rated by experts and the pilot test results show that the instruments were valid and reliable. Mixed methods of both quantitative and qualitative approaches were used to investigate the relationships as portrayed in the conceptual framework drawn from extant literature. The quantitative and qualitative design meant many opportunities to our study i.e having in-depth interviews and being able to compensate weaknesses of one method with strength in another method (Creswell, 2012). Relatedly Wynn and Williams (2012) argue that no single design should be seen to offer a universal solution. The techniques used for data analysis were Pearson correlation and linear regression which helped in testing the relationship between interactive marketing practices and market performance (Tabachnick et al., 2007). The regression model as seen below was first define and helped in testing the relationship between interactive marketing practices and market performance.

\[
MP = \beta_0 + \beta_1IMP + e
\]

Where, MP = Market Performance, \(\beta_0\) constant, \(\beta_1IMP\) coefficient of Interactive Marketing Practices and \(e\) = error term.

4.0 RESEARCH FINDINGS

4.1 Demographics

As can be seen in table 4.1, frequency distributions were used to evaluate the demographic characteristics of Soft Drink Enterprises.

**Table 1: Firm characteristics**

<table>
<thead>
<tr>
<th>Category</th>
<th>Item</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees in the firm</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>Location of the firm</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>Number of years of operation</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>
</tbody>
</table>
Product (s) produced

<table>
<thead>
<tr>
<th>Product (s) produced</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbonated</td>
<td>15</td>
<td>5.9</td>
</tr>
<tr>
<td>Water</td>
<td>22</td>
<td>8.7</td>
</tr>
<tr>
<td>Milk</td>
<td>25</td>
<td>9.9</td>
</tr>
<tr>
<td>Coffee and Tea</td>
<td>100</td>
<td>39.5</td>
</tr>
<tr>
<td>Umusururu ‘Bushera’</td>
<td>70</td>
<td>27.7</td>
</tr>
<tr>
<td>Juice</td>
<td>21</td>
<td>8.3</td>
</tr>
</tbody>
</table>

Market (s) served

<table>
<thead>
<tr>
<th>Market (s) served</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rwanda</td>
<td>133</td>
<td>52.6</td>
</tr>
<tr>
<td>East Africa</td>
<td>57</td>
<td>22.5</td>
</tr>
<tr>
<td>Africa</td>
<td>47</td>
<td>18.6</td>
</tr>
<tr>
<td>International</td>
<td>16</td>
<td>6.3</td>
</tr>
</tbody>
</table>

Communication channels that take a big advertisement budget

<table>
<thead>
<tr>
<th>Communication channels</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional communication channels (Radio, newspapers and other print media)</td>
<td>165</td>
<td>65.2</td>
</tr>
<tr>
<td>Digital communication channels (e.g social media, search engines)</td>
<td>88</td>
<td>34.8</td>
</tr>
</tbody>
</table>

**Total** 253 100.0

*Source: Primary data*

Results show that a big portion (63.6 %) of soft drink enterprises that participated in the study as indicated in table 1, had employees that were in the range 51-100 which shows that the survey largely covered medium sized firms. Majority (58.9%) of these firms studied were located in Nyarugenge district. In terms of the industry experience as shown by the number of years in operations, the majority (40.3%) had existed between six to ten years in business an indication that firms considered had sufficient experience in the soft drink industry. It was also unveiled that a substantive majority (65.2%) of firms surveyed spent a big portion of their advertisement budget on traditional communication channels (Radio, newspapers and other print media), which according to the study assumption could be a big contributing factor to poor performance challenges as portrayed earlier in the problem statement.

4.2 Descriptive statistics

Researchers asked respondents to rate the extent to which they agreed with the items related to the relationship between interactive marketing practices and market performance. We adopted a 5-point Likert scale ranging from 5 (strongly agree) to 1 (strongly disagree) in line with recommendations by (Leung et al., 2011). The ddescriptive statistics in Table 4.2 give a general overview of the data that we analyzed.

**Table 2: Means and Standard Deviations for studied variables**

<table>
<thead>
<tr>
<th>Variables</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interactive marketing practices</td>
<td>253</td>
<td>2.9</td>
<td>4.8</td>
<td>3.88</td>
<td>0.39</td>
</tr>
<tr>
<td>Market Performance</td>
<td>253</td>
<td>2.63</td>
<td>4.71</td>
<td>2.68</td>
<td>0.39</td>
</tr>
</tbody>
</table>
Table 2 show that interactive marketing practices was on average rated highest with a mean value of 3.88, where responses deviated from this mean by a standard margin of 0.39. It was an extremely smaller standard deviation compared to the mean score, which indicates that data points tended to be close to mean and researchers’ consequent to this observation deduced that the calculated mean score significantly represented the observed data (Field, 2009; Saunders et al., 2009). It also indicates the respondents’ agreement that performance of soft drink enterprises could be improved if they could adopt an interactive communication culture (Mean, 3.88). This finding is not far from the assumptions of social exchange theory and empirical scholarly works by Van Heerde et al., (2019), Lobschat et al., (2017) and Homburg et al., (2014). From the descriptive results we were also able to observe that market performance had a relatively lower mean score of 2.63 compared to interactive marketing practices mean score, a finding that could justify the earlier depicted poor market performance scenario among soft drink enterprises in Kigali City.

4.3 Pearson correlation results

Table 3: 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>-.058</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interactive marketing practices-3</td>
<td>.753**</td>
<td>.614**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Retention-4</td>
<td>.003</td>
<td>.056</td>
<td>.040</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales volume-5</td>
<td>.194**</td>
<td>.302**</td>
<td>.353**</td>
<td>.066</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit margin-6</td>
<td>-.006</td>
<td>.292**</td>
<td>.188**</td>
<td>.177**</td>
<td>.646**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market Performance-7</td>
<td>.085</td>
<td>.302**</td>
<td>.267**</td>
<td>.537**</td>
<td>.792**</td>
<td>.856**</td>
<td></td>
</tr>
</tbody>
</table>

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

The results in table 3 suggest that interactive marketing activities had a positive significant relationship with market performance at 99% level of confidence (r=.267, p<.01). This finding implies that any inclination towards adoption of an interactive communication culture is highly related to increases in not only customer numbers but also levels of sales and profitability, thus rendering support to the study hypothesis (H1). 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 firm performance.
4.4 Regression analysis and model fit

Table 4: Regression Analysis Model Summary, ANNOVA and Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>2.634</td>
<td>.236</td>
<td>11.151</td>
<td>.000</td>
</tr>
<tr>
<td>Interactive marketing practices</td>
<td>.265</td>
<td>.061</td>
<td>.267</td>
<td>4.381</td>
</tr>
<tr>
<td>R</td>
<td>.267</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R Square</td>
<td>.071</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>.067</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>19.197</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig.</td>
<td>.000^b</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*a. Dependent Variable: Market Performance*

The regression results (table 4) indicate interactive marketing practices accounted for 6.7% (Adjusted R Square=.067) of the variations in soft drink enterprises market performance, with 93.3% being accounted by other factors that were not specified in the model. From the Beta coefficient (β=.267, t=4.381, p=0.000), we see that a unit increase in budget spending of interactive communication channels, leads to increases in market performance by 0.267 units (Table 4). This means changes in interactive marketing activities will have a significant positive change on market performance. Researchers see this to be true because firm-based Interactive Marketing Practices help in altering the perceptions, or the image quality of the market offerings that are competing for the same buyers which has positive effects on firm’s financial performance (Choedon & Lee, 2020; Kumar, 2016).
5.0 DISCUSSION, IMPLICATION, CONCLUSION AND FURTHER RESEARCH

5.1 Discussion of results

The main objective of this study was to explore the impact of interactive marketing practices on market performance of soft drink enterprises in Kigali city. Results as presented above confirmed a positive and significant association between interactive marketing practices and market performance. This practically means that any firm’s strategic orientation towards interactive communication culture will have a significant positive change on market performance. This finding was in harmony with social exchange theory, Network Theory and Hierarchy-of-effect theory assumptions. First, interactive marketing practices enable a firm to manage customer experience using information as a key resource. Whereas prior studies showed conflicting results with Ajina (2019) confirming positive effects just like Osinga et al., (2019), their methodology, scope and study context differed from this study’s. Secondly given the constantly changing customer journey map, this study tends to bring in a new knowledge related to the imperative of using various media touch points in attempt to well manage the customer decision processes (Guo, Wang & Wu, 2020). It is a new perspective that challenges the conventional communication approaches soft drink enterprises use (a substantial majority (65.2%) spend much of their advertisement budget on traditional communication channels). They are therefore advised to move towards a more interactive communication culture to improve their performance. They should enlarge their advertisement expenditure budget towards usage of interactive marketing channels.

5.2 Theoretical implications

The study observes that 6.7% of the variations in firm performance were accounted for by interactive marketing practices. This is an empirical proof that adoption of an interactive communication culture can influence a firm’s bottom line in multiple positive ways. This means this study uniquely contributes to interactivity literature by providing further evidence on the positive relationship that exist between interactive marketing practices and market performance in a soft drink setting in Kigali City. This finding tends to challenge soft drink firms to tap into interactive marketing channels. Even when there were low levels of market performance observed from surveyed enterprises (lowest mean score of 2.63 on market performance), they tended to strongly agree on average (mean value of 3.88 on interactive marketing practices) that adoption of an interactive communication culture can improve levels of their market performance. This theoretically implies that by integrating constructs from social exchange theory and hierarchy of effect theory, market performance concept can be better explained. If we go by the assumptions of Homans (1958), in his social exchange theory, we can ably manipulate buyer preferences through interactive communication. Researchers equally draw from the hierarchy of effect perspectives to use firm-level advertisement goals to bend the customer towards a certain relationship that guarantees future sales leads.

5.3 Conclusion

From the study findings researchers conclude that investment in interactive marketing practices for dissemination of marketing information is vital for soft drink firms, moreover, everyone is connected in some kind of way today. As firms create customer data banks, they are able to offer
individualised services. Besides, they are able to enlarge their digital presence, grow their customer numbers and achieve their sales and profitability targets.

5.4 Limitations and further research

This research has some limitations that future researchers can address. For example, this study acted within the assumption that interactive marketing practices are the only predictor of market performance. Since interactive marketing practices accounted for only 6.7% variation in market performance, it is an indication that significant predictors of market performance were not included in the model. This research also used cross-sectional data; future studies are called upon to probe same relationships across time by using longitudinal designs.

References


Financial Times, February (2021), “Coca-Cola Sales Drop as Pandemic Restrictions Hit Bars and Restaurants,” Retrieved from [https://www.ft.com/content/0df6b673-29ac-4af5-bd25-ac7c81c70b9e](https://www.ft.com/content/0df6b673-29ac-4af5-bd25-ac7c81c70b9e)


