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The UNIOSUN International Journal of Business Administration (UIJBA) is a double-blind peer reviewed journal which offers scholarly work and publishes readable articles in the various business disciplines and other facets of management. Published bi-annually, it provides a focus for worldwide expertise in the required techniques, practices and areas of research; covers all areas relating to; Business Management, Business Law, Business Ethics, Business Administration, Operations Management, Financial Management, Human Resources Management, Production Management, Investment Management, Entrepreneurship Development, Management Information Systems, Marketing Management and E-Commerce, E-Business Policy, Strategic Management, Project Management, Human Capital Development, Tourism and Hospitality Management, Procurement Principles and Management, Corporate Management and Service.

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author's name. do not use et al here, RATHER, GIVE THE FULL LIST OF AUTHORS. If more than reference has identical date and authorship use a, b, …. After the date to distinguish, for example (Allen, 2001 a).

Tables: Tables should be typed on separated pages, and numbered with Roman numerals according to their sequence in the text. Column headings should be short and self-explanatory. A brief title should be given above each table, and any footnotes below (see section 8).

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# EFFECTIVENESS OF INFORMAL ADVERTISING ON CUSTOMERS' PATRONAGE IN INFORMAL EATERIES IN OYO STATE

Yinusa A. OLAWALE. Ph.D
**Email:**olayinus4sure@yahoo.com
Department of Business Administration
Faculty of Management Sciences,
University of Ilorin, Ilorin, Nigeria

## ABSTRACT

*The study seeks to examine the effectiveness of informal advertising on customer patronage in informal eateries in Oyo State. The population of study consisted of 20 registered informal eateries in Oyo State. A convenient sampling of 40 service providers were selected based on two service providers per eatery in each of the 20 eateries spread across the 4 local government areas. The two service providers consisted of the owner and the assistant. The population of customers was infinite. Multistage sampling technique was used to select 20 customers in each of the 20 eateries making a total of 400 customers in the 4 local governments. Two set of questionnaires were designed and administered to each category of respondents. Multiple regression analysis was used to analyze the data.*

*Keywords informal Advertising, Poverty Gross National Product, Customer, patronage*

## INTRODUCTION

The concept of "informal sector" since its inception in the 1970s has attracted much interest, discussions and disagreements. There are currently two approaches to defining informal sector activities: the definitional and behavioural (Farrel, Roman & Fleming, 2000).

Farrel (2000) defined the informal sector which consists of economic activities which are not recorded in Gross Domestic Product (GDP) or National income accounts. The behavioural which is at times referred to as the legalistic definition is based on whether an activity complies with the established judicial regulatory and institutional framework (Feige, 2003). However, the definition of Sethuraman (1981) appears more accurate. In the study, Sethuraman (2001) defined informal sector as consisting of small scale units which engaged in the production and distribution of goods and services with the primary objective of generating employment and income; notwithstanding the constraints on capital both physical and human and the technical-know-how.

The effectiveness of informal advertising in the eatery sub-sector of this informal sector is the focus of this study. The poverty level of many Nigerian has made the patronage of the informal eateries fashionable since customers in this sector will not pay value added tax as in formal eateries.

This study therefore seeks to investigate the effectiveness of informal advertising on customer patronage of selected informal eateries in Oyo State, Nigeria. This is

because the informal eateries adopt informal advertising because of paucity of funds to use formal adverts for their products and also due to the nature of their target audience.

The nature of the economic activities engaged in varies considerably from one locality to another. For example in the rural areas, farming activities and allied occupation such as blacksmithing, weaving, and pot making are more relevant. However in urban centers like Lagos, Enugu and Abuja, the informal economic activities include trading, small-scale manufacturing and repairing industries such as carpentry, upholstery, furniture making, woodwork, metal works, bakery, tailoring, bricklaying and printing (Olowu & Okotoni, 2006). It is under these informal economic activities that informal eateries fall. Many people have argued about whether there is a relationship between informal advertising and customer patronage especially in the aspect of how effective informal advertising can influence customer loyalty. Though recently there are a lot of studies on informal advertising, there seems to be no research work that has attempted to establish these linkages with informal eateries sectors and customers patronage especially in Nigeria. Previous research works were carried out on the relationship between eateries image, customer satisfaction, customer loyalty and performance.

Many activities of this informal sector are not advertised formally because of paucity of finance and its consequence on their profit margin. Therefore, this study seeks to examine the effectiveness of informal advertising on customer patronage in informal enterprises like the informal eateries.

The objective of this paper is to examine the effectiveness of informal advertising on customer patronage.

There research informal advertising does not have any impact on customer patronage.

**Literature Review**

Studies seeking to measure the effectiveness of informal advertising have faced the difficulty on how to define it. Unfortunately, the accepted definition in literature (Oduh, Eboh, Ichoku, & Ujah 2008; Ajakaiye & Akerele 2006; Thomas, 2002). It has been difficult to evolve a conceptual framework which can be applied to precisely decide whether a particular advertising activity is formal and informal. Unfortunately, without a precise and unambiguous conceptual framework for demarking the boundaries between formal and informal advertising activities, systematic research into the salient features of informal advertising activities in ways that will enhance knowledge about this phenomenon may be difficult (Ajakaiye & Akerele, 2006).

**Concept of Advertising**

Advertising is an indicator of the growth, betterment and perfection of the business environment; it also affects and gets affected by our style of life. According to one dictionary meaning of advertising, it connotes "public announcement". Expatiating further, the same dictionary says that advertising means to "make generally known,

promote (goods and services) publicly, e.g. by a notice in a newspaper, in order to increase sales". In other words, advertising simply means letting people know about your company, business, products and services for the purpose of driving or increasing sales and profitability. It is not all surprising that advertising is one of the most closely scrutinized of all business enterprise in today's environment. Various writers defined advertising from different perspectives. Bennet (2006) defined advertising as any paid form of non-personal communication about an organization, product, service or idea by an identified sponsor. In another vein, Borden (2007) says that advertising is a controlled identifiable information and persuasion by means of Mass Communication Media.

**Types of Advertising**

According to Kome (2011) different types of advertising can be broken down into just two, viz:

**Formal advertising:** Formal advertising is the use of technology and more advanced communication facilities to disseminate information to a larger group of people at the same time. Formal advertising has arisen from the non-formal form of advertising. Under the formal method of advertising, there is advertising on electronic media, such as radio and television. There is also print media advertising whereby public announcements are done on the pages of magazines and newspapers, be it daily, weekly, monthly or quarterly newspapers or magazines. Additionally, there is advertising on the internet. This type of advertising holds a greater advantage over other forms of advertising because it is not limited by distance or location and it reaches a larger population at the same time, no matter where they are located in any parts of the world. The major drawback of internet advertising is that it needs a person to be connected to the internet in order to see the adverts. But, affordable mobile phones which are equipped with GPRS facility are finding their way into the hands of more people nowadays. Hence, more and more people are gaining access to the internet on a daily basis. Consequently, this disadvantage is becoming less and less significant in the use of the internet as a type of formal advertising among business people.

**Informal advertising:** Non-formal advertising is the dissemination of information to people without recourse to any rigid formal rules and regulations, just so long as the information is communicated to the people concerned. Presently, due to advancement in technology information could be transmitted to customers through text messages and other social media platform. There are basically two forms of informal advertising (Adekoya 2011).

**a. Town Crier**

Another informal advertising method is the use of town crier within a community whenever there is a message to be relayed. The town crier advertising is a situation whereby a person appointed and designated by a community as its town crier passes through all the quarters of a community and announces a given message to the people with the use of a talking drum.

The town crier is the primary form of information dissemination in a typical African

community and it is solely used by the ruling class to pass information to the subjects on various matters affecting everyone in the community. The town crier method of advertising has its advantages and limitations. Unlike the word-of-mouth method, the town crier method reaches a larger group of people at the same time. However, it has the limitation of not being able to reach every single person in a community. Consequently, this leads to watered down version of the message or outright spread of misleading information by those who heard the message to those who missed the message during that time.

**b. Word-of-Mouth Advertising**

Word-of-mouth advertising is the dissemination of information among close friends, acquaintances and family members. This sort of information dissemination is only done from mouth to mouth and person to person, hence the name word-of-mouth. Word-of-mouth advertising has a major advantage because it is conducted within familiar grounds. It is also the best form of advertising since it is conducted one-on-one with either a person or a group of people at a time. However, word-of-mouth advertising has a major limitation in the number of people that can be reached by word-of-mouth over a period of time. Additionally, information which has been passed from mouth-to-mouth tends to be watered down or even become out rightly false and misleading over a given period of time. According to Small Business Encyclopedia (2016), Word-of Mouth is an unpaid form of promotion in which satisfied customers tell other people how much they like a business, product or service. WOM is one of the most credible forms of advertising because a person puts their reputation on the line every time they make a recommendation and that person has nothing to gain but all to the appreciation of those who are listening.

**Concept of Customer Patronage**

Ozor (2002) opined that customer patronage is the impulse desire and consideration with the customer or consumer which induces purchase of goods from certain outlets or company. According to the Oxford Dictionary (2010), customer or consumer patronage means a person or thing that eats or uses something or a person who buys goods and services for personal consumption or use. In many studies, customer patronage and loyalty are used interchangeably because customer patronage precedes loyalty. There is a strong relationship between patronage and loyalty. Patronage is borne out of a desire to be committed to an organization either based on its service quality or perceived service qualities. The physical environment is an important determinant of consumer psychology (e.g. disconfirmation and satisfaction) and behaviour (e.g. patronage and word-of mouth)-when a service is consumed primarily for hedonic purposes and when customers spend moderate to long time periods in the atmospheric place (Ryu & Jang, 2007). Goswami (2009) concluded that customer patronage to grocery stores was found to be positively related to location, helpful, trustworthy salespeople, home shopping, cleanliness, offers, quality and negatively related to travel convenience.

**Repeat Purchase as a measure of Customer Patronage**

According to Business Dictionary (2016), repeat purchase is the buying of a product by a consumer of the same brand name previously bought on another occasion. A repeat purchase is often a measure of loyalty to a brand by consumers and is often taken into account by marketing research professionals to evaluate a business.

Palma, Hall, and Collart (2011), opined that repeat purchasing occurs when a consumer buys a product more than once in a given period of time. They further posited that consumers are influenced by pre-purchase needs, perspectives, attitudes, the experience of previous usage, and external influences such as advertising and promotion programs, retail availability, personal selling and word of mouth effects, and differences in products, services and prices. The consumer has to make decisions regarding what products to buy and at what prices and where to buy the products.

**Customer Acquisition as a measure of Customer Patronage**

It is the lifeblood of any business. In fact, if you're in business and not acquiring customers, it's unlikely you will be in business for very long (McDowall, 2014). Asides from retaining customers, acquiring competitor customers is an important competitive strategy. Firms are changing from being company oriented (push strategy) to customer oriented (pull strategy) which has also become a shift of power and control from the company to the customers. Ntale, Muhammed, and Musiime (2013) pointed out that presently consumers have become more powerful to determine what they see and how they get to the information they see. Consumers are no longer thrown to and fro in responding to company sponsored mass communication strategies of formal advertising, posters, sales promotion and even by public relations activities. Therefore in responding to this paradigm shift, marketers have turned to relationship marketing, which seeks to create a lasting relationship with customers as a way of being more innovative in acquiring competitor's customers (Eisingerich & Bell 2007). Therefore customer to customer marketing and in particular Word of Mouth communication can be the most successful way to acquire and retain customers of competitors, since formal advertising is losing its grip and favour of customers. This result in customer to customer sharing of information being more important and it leads to the choice of eatery. In developing countries Word Of Mouth is encouraged.

**Methods**

For the purpose of this study, survey research design was used to examine the effectiveness of informal advertising on customer patronage of informal eateries. The study employed primary data for data collection. The population of this study consisted of customers and staff of informal eateries spread across four major town in Oyo State, making a total number of 20 eateries in the study area. These towns are located in choiced area which cover the south, north, east and western zone of Oyo State.The questionnaire technique was used to elicit information from the respondents. Two sets of questionnaires were administered, one for customers and the other for service providers. The hypothesis was tested using multiple regression. The adoption of multiple

regression method was used as a result of the need to examine the impact of informal advertising on customer patronage of informal eateries. The study employed two sets of variables: customer patronage variables (dependent) and effectiveness of informal advertising variables(independent).

**Model Specification**

In evaluating the effectiveness of informal advertising on customer patronage in informal eateries in Oyo State, a model was formulated, which is considered relevant to the data collected using inferential statistics. The model is giving thus:

$Y = f(x_1, x_2, x \ldots x_n) + e$

Where Y represent output of eateries in term of customer patronage

$X_1$ = Taste

$X_2$ = Environment of the eatery

$X_3$ = Courtesy of the staff

X4= Comfort of eatery

X5= Quality of Food

Practically, it is infeasible to study all the informal eateries and their customers in Oyo state, as these eateries are not registered, scattered and they are numerous in numbers. Hence, four hundred and forty(440) eateries staff and customers were sampled in the state. The sampling technique employed in the study is multistage sampling technique.

Data obtained were analyzed using descriptive and inferential statistics where appropriate. A 95% confidence interval which is0.05 level of significant was used to test the hypothesis.

**Results and Discussions**

In order to analyze the hypothesis which states that informal advertising does not have any impact on customer patronage, multiple regression analysis was employed and the result was presented in the table below

**Hypothesis**: Informal advertising does not have any impact on customer patronage.

**Table 1: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .840[a] | .706 | .704 | .74926 |

a. Predictors: (Constant), Comfort of eatery, Taste, Courtesy of Staff, Environment of Eatery, Quality of food

**Source: Author's Computation, 2019**

Table 1 presents the result of how effectiveness of informal advertising increased customer patronage in informal eateries in Oyo State. From the table above, the coefficient of R-Square is 0.706 which shows that the independent variable has a significant influence on the dependent variable. That is effective informal advertising accounted for 71% variation in customer patronage of informal eateries in Oyo State while 16% were exogenous variables that are not explained by the model.

**Table 2:ANOVAa**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 1767.602 | 5 | 353.520 | 629.720 | .000[b] |
| | Residual | 737.670 | 1314 | .561 | | |
| | Total | 2505.272 | 1319 | | | |

a. Dependent Variable: Customer Patronage

b. Predictors: (Constant), Comfort of eatery, Taste, Courtesy of Staff, Environment of Eatery, Quality of food

**Source: Author's Computation, 2019**

Also, the analysis in table 2 above showed regression sum of square value of (1767.602) which is higher than the residual sum of square value of (737.670). This implies that the model accounted for most of the variations in the dependent variables. More so, the F calculated value of (629.720) is greater than the tabulated value of (2.85) indicating a significant relationship. In addition, the significant value of P (0.000) is smaller than (0.05) which means that the independent variable (effective Informal advertising) to a large extent accounted for the variations in the dependent variable (customer patronage in informal eateries). Hence, we posited that informal advertising influences the customer patronage in informal eateries in Oyo State.

**Table 3: Effect of Informal Advertising Factors on Customer Patronage.**

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .015 | .072 | | .213 | .000 |
| | Taste | .192 | .041 | .167 | 4.671 | .000 |
| | Environment of Eatery | .220 | .073 | .191 | 3.027 | .000 |
| | Courtesy of Staff | .132 | .057 | .118 | 2.326 | .000 |
| | Comfort of eatery | .633 | .032 | .581 | 19.985 | .000 |
| | Quality of food | .153 | .057 | .135 | 2.679 | .000 |

a. Dependent Variable: Customer Patronage

**Source: Author's Computation, 2019**

Table 3 shows the coefficient used in testing whether the five independent variables contributed information to the predicator of the dependent variable "customer patronage". The t-value in this study was found to be significant at 0.05 levels. The five proxies emerged to be significant (Sig. t <0.05) independent variables in the regression model. Hence,the independent variables (taste, environment of eatery, quality of food, courtesy of staff and comfort of eatery) have significant impact on customer patronage.

The result implies that for one additional unit of "taste", the customer patronage, increased by 16.7%. This implies that informal eateries may consider taking account of the taste of their meals so as to improve their customer patronage.

It is also found that the result on "environment of eatery" is positively impacted with customer patronage. The result revealed that a unit improvement in "environment of eatery" will bring about 19.1% increases in customer patronage of informal eateries. This is statistically significant at 5%.

It is also found that the result on "courtesy of staff" is positively influences customer patronage. The result revealed that a unit increase in "courtesy of staff" will bring about 11.8% increases in customer patronage of informal eateries. This is statistically significant at 5%.

The result on "comfort of eatery" also shows that comfort of eatery positively correlated with customer patronage. The magnitude of beta coefficient for customer patronage is statistically significant at 5% for the sampled informal eateries. The result shows that the comfort of eatery enhances customer patronage by 58.1% for the total sample.

The result on "quality of food" also shows that quality of food positively correlated with customer patronage. The magnitude of beta coefficient for customer patronage is statistically significant at 5% for the sampled informal eateries. The result shows that the quality of food enhances their customer patronage by 13.5% for the total sample.

## Conclusion and Recommendations

For customer patronage in informal eateries to increase in Oyo State, it is important for them to build and maintain an effective informal advertising that conveys clear message to the customers regarding the product range and quality.

The informal eateries would also need to maintain a culture of providing high quality of food by ensuring that the staff employed is competent, skilled and motivated. They need to maintain an environment attractive to the customers, a place where they can socialize and relax as they dine. They would also see to it that they maintain a high quality of food with the necessary nutrients which will aid the advertising process in attracting customers. Continuous patronage can also be ensured if the eateries maintain superior taste in their dishes

The study therefore recommends that:

1. All the factors influencing customer patronage in informal eateries in Oyo State such as taste, environment of eatery, courtesy of staffs, comfort of eatery and quality of food. All these are success factors for effectiveness of informal advertising on customer patronage of informal eateries in Oyo State that must be

given optimum consideration.

2. It also confirmed that continuous customer patronage of informal eateries depended largely on these five factors: environment of eatery, comfort of eatery, taste, courtesy of staffs and quality of food; which must be improved for maintaining customer patronage.

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