EFFECTS OF EXPECTATION, PERCEPTION, DISCONFIRMATION, SATISFACTION, BRAND TRUST, AND RISK PERCEPTION ON PREMIUM BOTTLED WATER REPURCHASE INTENTION AMONG CONSUMERS IN NIGERIA

OJATTA DOMINIC OTEINO

UNIVERSITI SAINS MALAYSIA

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by

OJATTA DOMINIC OTEINO

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DEDICATION

I dedicate this piece of work to the Almighty God, the Source of True Knowledge

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LIST OF ABBREVIATIONS

AVE	Average Variance Extracted
B2B	Business - to – Business segment
B2C	Business - to – Customer segment
CAGR	Compounded Annual Growth Rate
CDT	Cognitive Dissonance Theory
CI	Confidence Interval
CMV	Common Method Variance
CPC	Consumers Protection Council
CR	Composite Reliability
CTT	Commitment Trust Theory
DISC	Quality expectation disconfirmation
EDT	Expectation Disconfirmation Theory
EKB	Engel-Kollat-Blackwell model
EXP	Consumers quality expectations
GDP	Gross Domestic Product
HTMT	Heterotrait-Monotrait ratio
IBWA	International Bottled Water Association
INT	Repurchase intention
IPMA	Importance Performance Matrix Analysis
KMV	Key Mediating Variable model
MNCs	Multinational Corporations
NAFDAC	National Agency for Foods, Drug Administration, and Control
NCZ	North Central Zone of Nigeria

PBW	Premium Bottled Water
PERC	Consumer quality perception
PET	Polyethylene Terephthalate bottle
PLS-SEM	Partial Least Squares -Structural Equation Modelling
PTR	Prospect Theory of Risk
RCT	Randomized Control Trial
RISK	Risk perception
SAT	Consumer satisfaction
SON	Standard Organization of Nigeria
TPB	Theory of Planned Behaviours
TRA	Theory of Reasoned Action
TRUST	Brand trust
UNDP	United Nations Development Programme
UNICEF	United Nations Children Fund
VIF	Variance Inflation Factor
WASH	Water, Sanitation, and Hygiene
WHO	World Health Organization

KESAN JANGKAAN, PERSEPSI, KETIDAKPASTIAN, KEPUASAN, KEPERCAYAAN JENAMA DAN PERSEPSI RISIKO TERHADAP TUJUAN PEMBELIAN SEMULA AIR BOTOL PREMIUM DALAM KALANGAN PENGGUNA DI NIGERIA

ABSTRAK

Keinginan untuk membeli semula adalah berkait dengan kos operasi yang rendah, keuntungan yang bertambah, kebolehan dayasaing dan peracangan bagi kemajuan syarikat pada masa hadapan. Mengekalkan keinginan untuk membeli serta meningkatkan kepuasan pelanggan memerlukan syarikat atau organisasi merancang strategi yang berkesan. Walaupun demikian, keinginan untuk membeli juga didapati tidak signifikan walaupun pembeli berpuas hati dengan barangan atau servis yang ditawarkan. Kajian yang lepas mendapati bahawa factor jangkaan, pengesahan, persepsi, kepuasan, kepercayaan jenama, dan persepsi risiko memberikan kesan yang ketara kepada keinginan untuk membeli. Walau bagaimanapun, didapati tidak banyak kajian yang dilaksanakan berkaitan factor-faktor ini dan kesannya ke atas keinginan untuk membeli air premium yang dibotolkan (PBW). Berdasarkan teori Pengesahan Keraguan Harapan, kajian dilaksanakan dengan menganalisa kesan factor jangkaan, pengesahan, persepsi, kepuasan, kepercayaan jenama, dan persepsi risiko terhadap keinginan untuk membeli jenama air premium yang dibotolkan (PBW) di Nigeria. Kajian yang dilaksanakan ini mengambil data daripada 458 pembeli yang berada di Zon Tengah Utara di negara tersebut menggunakan model struktur *Partial Least Squares* (PLS-SEM) dengan teknik *regression* dan kajian sampel bebas. Secara amnya, didapati model tersebut menjelaskan 70% daripada keinginan untuk membeli semula. Tiga faktor iaitu kepuasan pelanggan, kepercayaan terhadap jenama dan

persepsi pengguna yang memberi kesan kepada keinginan untuk membeli semula didapati mempunyai kaitan yang positif. Pengguna yang amat berpuas hati, mempunyai kepercayaan yang kuat terhadap jenama dan persepsi yang positif ke atas jenama yang dipilih adalah lebih cenderung untuk membeli semula barangan tersebut. Keraguan yang positif dan persepsi jenama PBW memberikan kepuasan pelanggan dan kepercayaan terhadap jenama di kalangan responden. Begitu juga, jangkaan dan persepsi menghasilkan kesan yang positif terhadap kedua-dua faktor iaitu kepuasan pelanggan dan juga keraguan. Keraguan dan persepsi mempengaruhi niat secara tidak langsung melalui kepuasan pelanggan. Seperti itu juga, janggakan, keraguan dan persepsi memberikan kesan kepada niat melalui kepercayaan kepada jenama barangan. Persepsi risiko memberikan kesan positif kepada hubungan kepercayaan terhadap jenama dan jangkaan pada masa hadapan. Responden yang tidak dapat membezakan PBW yang tidak mengikuti piawaian dan mengikut piawaian mempunyai persepsi risiko yang kurang dan lebih kepada keinginan untuk membeli semula. Hal ini adalah bertentangan dengan responden yang mengetahui PBW yang mengikut piawaian. Dengan memberikan data emperikal tersebut, didapati bahawa kepercayaan terhadap jenama memberikan kesan yang paling utama terhadap keinginan untuk membeli semula. Juga didapati bahawa pengguna juga akan lebih mempercayai sesuatu jenama sekiranya pengguna tersebut tidak dimaklumkan terhadap risiko yang bakal dihadapi. Penemuan ini secara langsung menyumbang kepada teori yang telah digunakan di dalam kajian. Hasil kajian ini dijangkakan akan memberikan maklumat yang berguna kepada dasar dan strategi pemasaran di dalam industri PBW dan kajian pada masa hadapan.

EFFECTS OF EXPECTATION, PERCEPTION, DISCONFIRMATION, SATISFACTION, BRAND TRUST, AND RISK PERCEPTION ON PREMIUM BOTTLED WATER REPURCHASE INTENTION AMONG CONSUMERS IN NIGERIA

ABSTRACT

Repurchase intention is associated with low operating costs, improved profitability, competitive advantage, and long-term business growth. Retaining positive repurchase intention among existing consumers requires businesses to invest in strategies that maximize consumers satisfaction. However, repurchase intention is too often negative or non-existent even where consumers are satisfied. Previous research report significant effects of expectation, disconfirmation, perception, satisfaction, brand trust, and risk perception on consumers repurchase intention. Nonetheless, there is lack of research on how the relationships amongst these factors impact consumers repurchase intention of premium bottled water (PBW). Grounded on the Expectation Disconfirmation Theory, this study investigates the effects of expectation, expectation disconfirmation, perception, satisfaction, brand trust, and risk perception on consumers repurchase intention of PBW brands in Nigeria. The study analysed survey data from 458 consumers in North Central Zone of the country using the Partial Least Squares Structural Equation Modelling (PLS-SEM) regression technique, and the Independent Sample Tests. On aggregate, the model explains 71% of variance in repurchase intention. Three factors – satisfaction, brand trust, and consumers perception influenced repurchase intention, positively. The respondents' high satisfaction level, strong brand trust, and positive perception of preferred brands produced strong intention to repurchase. Positive disconfirmation and perception of

PBW brands generated the high levels of satisfaction and brand trust amongst respondents. Similarly, expectation and perception produced positive effects on satisfaction and disconfirmation, respectively. Disconfirmation and perception influenced intention indirectly through satisfaction. Likewise, expectation, disconfirmation, and perception impacted repurchase intention via brand trust. Risk perception moderated the positive relationship between brand trust and intention. The respondents who were not aware of PBW quality violations had lower risk perception and higher repurchase intention, while the opposite is the case for those who were exposed to the information. By providing empirical evidences that brand trust is the strongest driver of consumers repurchase intention and that consumers trust in brands become stronger when risk perception is low, this study contributes to theory. The study offers valuable information for policy and marketing strategy in the PBW industry and future research.

CHAPTER 1

INTRODUCTION

1.0   Introduction

This beginning chapter is the overview of the current study. It presents discussion on eight major themes. These include the study background, an overview of the bottled water market growth, the statement of research problems, and the research objectives. Other issues the chapter covers are research questions, the significance of study, the definition of key terms, and the structure of the thesis.

1.1   Background of Study

People consume products to solve their problems. Hence, products represent solutions to consumers' ever-present problems. Purchases of a meal, a car or a home are expected solutions to the problems of hunger, mobility and safety or protection. Consumers purchase products with the hopes or expectations that the products will meet or exceed their needs. Generally, when a product meets or exceeds the consumers' needs, consumers will be more inclined to repurchase the product in the future. Hence, repurchase intention is viewed as an antecedent of actual repurchase (Ajzen, 1991; Zeithaml, Berry, & Parasuraman, 1996).

Research interest on repurchase intention remains currently high as indicated by the increasing number of studies undertaken in the very recent past (Cao, 2016; Kyauk & Chaipoopirutana, 2014; Li, 2016; Liang, Choi & Joppe, 2018; Nakhjavan & Ghelichi, 2016; Quynh-vo, 2015; Upamannyu et al. 2015; Vasudha, 2016). (See also Appendix D). Defined as an individual's decision about buying a selected service (or product) from the same business again viz-avis current and future situations (Hellier, Geursen,

Carr, et al. 2003), the interest in repurchase intention is connected to the benefits it offers to both the consumers and businesses alike. For consumers, the search efforts, and resources that the consumers would have expended in new-buy situations would be less in repeat purchase scenario. Sometimes, this extends to facilitation of credit purchases and loyalty rewards to the consumers over time.

For businesses, repurchase intention is considered a more important predictor of actual purchase behaviours than quality perception or customer satisfaction (Zeithaml, Berry & Parasuraman, 1996). Customer repurchase intention is an important predictor of repurchase (Dongjin, Shenghui & Kai, 2008). Repurchase intention has also been associated with business profitability (Huang, Yen, Liu, & Chang, 2014; Shah, Gul, Shakir, & Qureshi, 2013), business growth (Lin & Lekhawipat, 2014), competitive advantage (Liu, Pu, Guan & Yang 2015) and lower cost of customer retention (Mahmood, Bagchi, & Ford, 2004). Chou and Hsu (2016 p.20) stated that "getting new customers costs more time and effort than retaining existing ones". In precise terms, Alexandris, Dimitriadis, and Markata (2002) posit that the cost of generating new customers is thought to be about six times the cost of retaining an existing customer.

Further, Reichheld and Schefter (2000) claim that increasing customer retention rates by 5% increases profits by 25% to 95%. The desire to retain existing customers through priming there repurchase intention has made firms to shift from aggressive to defensive marketing. It is posited that defensive marketing can minimize the total marketing outlay by significantly reducing the cost of aggressive marketing (Fornell & Wernerfelt, 1987). Alluding to the importance of repeat purchase by existing customers, scholars and practitioners agree that there are no businesses that can survive

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for a long time without repeat buying from existing customers. This aligns with the view of Fornel (1992 p. 7) which concludes that "virtually all companies depend on repeat business". Cronin, Brady and Hult (2000) also refer to repurchase intention as a vital asset for defensive marketing strategies, which are imperatives for business success.

Globally, previous research has investigated repurchase intention in the broader context of online retailing (Chou & Hsu, 2016; Elbeltagi et al., 2016; Yan Liu et al., 2015), luxury goods and apparels (Chan, To, & Chu, 2015; Vigolo & Ugolini, 2016) and smart mobile/phones (Ebrahim, Ghoneim, Irani, & Fan, 2016; Goh, Jiang, & Tee, 2016). In the narrower context of foods and beverages, several studies have investigated repurchase intention within the framework of foods/restaurant (Oliver & Burke, 1999; Palmer, Beggs, & Keown-McMullan, 2000), coffee and tea (Wang & Yu, 2016) and milk and wine drinks (Cho, Bonn, & Kang, 2014). Quite recently too, some studies investigated consumers preference for organic foods (Aschemann-Witzel, 2018; Schäufele & Hamm, 2018).

In Nigeria, limited number of studies have investigated consumers repurchase intention in the context of bathing soap (Onwumere, Onyemachi, & Kalu-okwun, 2012) insurance services (Omar & Owusu-Frimpong, 2007) and retail banking services (Izogo, 2016). Studies in the narrower context of foods in Nigeria investigated nutritional assessment (Abiose, Ikujenlola, & Abioderin, 2015), awareness and willingness to pay for foods (Alimi & Workneh, 2016), contamination (Adekoya, Obadina, Phoku, Nwinyi, & Njobeh, 2017), and questions about genetically modified foods (Olaniyan, Bakare, & Morenikeji, 2007). Similarly, studies related to drinking

water in Nigeria have investigated quality dimensions of public water services (Abubakar, 2016), and analysis of drinking water sources (Kumpel et al., 2016), contaminations (Chia & Kwaghe, 2015), and public water demand and supply gap (Balogun, Sojobi, & Galkaye, 2017).

In the specific context of bottled water, previous studies have addressed several aspects bottled water: the microbial quality (Igbeneghu & Lamikanra, 2014; Onoja et al., 2015; Onuorah, Nwankwo, & Obika, 2016), chemical properties (Njoku, Okoro, Igwe, Ngene, & Ajana, 2015; Onuorah et al., 2016; Taiwo, Gbadebo, & Awomeso, 2010) and physical properties (Akpoborie & Ehwarimo, 2012; Ogunfowokan et al., 2008; Oluyege, Olowomofe and Abiodun, 2014). In addition, studies have investigated the socioeconomic impact of bottled water (Bello, Shuangqin, & Dalibi, 2017), and brand loyalty and choice of bottled water in Nigeria (Akabogu, 2014; Ogbuji, Anyanwu, & Onah, 2011). Despite the substantial literatures on PBW and the importance of consumers repurchase intention, there is little or no research on consumers repurchase intention in the context of premium-bottled water (PBW) in Nigeria. To create a theory-industry nexus and provide rationale for choosing PBW as the context of this research, the following sections examine the background of bottled water in terms of popularity and growth from both global and domestic perspectives.

1.2   Premium bottled Water

Bottled drinking water is convenience goods. It commands a relatively low expenditure outlay and it is distributed extensively when compared to shopping goods. It comes in two main classes - the low quality/low price and the high quality/high price categories. Generally, manufacturers package the low quality/low price types in elastic

cellophane pillow-like pouches. These are much cheaper and affordable to the low-income class. On the contrary, premium-bottled water (PBW) refers to potable drinking water packaged, a few times in glass but majorly, in polyethylene terephthalate (PET) bottles. Brand owners price and promote them as top-of-the-class category. Thus, the middle to upper-income consumers constitute the main target market. Normally, manufacturers indicate the word "premium" or "mineral" on the PET bottle labels to signal superior quality – which means the brand is an upscale product class among other drinking water types (Appendix C). The manufacturers design the PET bottles artistically and attractively to further convey the intended superior quality image of the product. Though bottling of water in PET evolved in the 19th century, historical evidence indicates that primitive water bottling occurred much earlier in Egypt. Past records show that Egyptians transported Nile waters across the desert, to Syria in empty earthen wine bottles in the fifth century (Spar & Bebenek 2008). Some were transported to far away Rome because the Nile water was highly respected for its medicinal values (Croutier, 1992).

Despite this early beginning, water bottling did not assume commercial dimension until early nineteenth century when the cheap dip-mould PET bottling technology was invented in America (Spar & Bebenek 2008). The invention significantly lowered the prices of bottled water thereby making it more attractive and accessible to the larger population of consumers (see Holland, 2007). It also enhanced the convenience of the product which is defined as consumer perception of saved time and efforts (Huang, 2016), the ease of purchasing a product (Meydanoğlu & Klei, 2013) or ease of handling and storage (Uusitalo & Niemela, 2013). Before this invention, manufacturers packaged bottled water in heavy, easily breakable, costlier, and sometimes bulky glass

bottles. Through creation of possession and place utilities, i.e. making bottled water relatively cheaper and easily available, the invention led to commercial bottling, which in turn sparked off the global surge of bottle water consumption. Since then, the category has grown so much that it was regarded as the fastest growing in the beverage category as far back as 1997 (Ferrier, 2001; Lenzner, 1997) and the fastest growing in the non-alcoholic segment (Doria, 2006; Euromonitor, 2015). In fact, according to recent report (Rodwan, 2017), bottled water has topped the beverage industry in the U. S. by controlling 20.6% of the "share of the stomach" as against carbonated drinks (20.1%) and tap and other sources (11.3%).

1.3   The bottled water debates

The advent of bottled water, referred to as a phenomenal (Collins & Wright, 2014) has generated substantial debate in recent years especially from the opponents. For the anti-bottled water campaigners, buying bottled water is comparable to buying oxygen according to Natural Society (2015). This assertion seems to indicate that people are paying for what is supposed to be free. In addition, bottled water has been described as "a story with big numbers" (Gleick, 2010 p.xi) "pure hype" (Olson, 1999), "overbought and overvalued" (Cristina & Munoz, 2012 p.5), "a corporate plot to privatize a precious public resource" (Gleick, 2010 p.ix), and "a new phenomenon" (Gleick, 2010 p.4). Others see it as the "greatest deception" (Natural Society, 2015), "one of the greatest marketing coups of the twentieth and twenty-first centuries" (Royte, 2009 p.4) and "less environmentally friendly" (Dias & Bernardes, 2016). On the part of bottled water proponents, bottled water is considered better than tap (see Viscusi et al., 2015), relatively inexpensive compared to ready-to-drink beverages (IBWA 2013), safe (Jeddi, Rastkari, Ahmadkhaniha, & Yunesian, 2015), and superior

to tap (Rosenberg, 2003). From a different perspective, Spar and Bebenek (2008 p.118) consider bottled water as "a necessity that is bought and sold as a luxury and a luxury that, in times of drought or disaster, can suddenly become a necessity". The authors (Spar & Bebenek, 2008) also opined that the bottled water market is built on perception of purity. This perception is considered the main reason people drink bottled water (Collins & Wright, 2014), which in turn drives the growth in the bottled water market.

1.3.1 Global Compounded Annual Growth Rate (CAGR)

In 2016, the global compounded annual growth rate (CAGR), a measure of annual per capita consumption, was 6.3% amounting to 92 billion gallons or 2.83 trillion litres (Rodwan, 2017). Eighty percent (80%) of this growth occurred in ten countries, namely the US (North America), Mexico, Brazil (South America), Italy, France, and Germany (Europe), and China, Indonesia, Thailand, and India (Asia). As shown in Figure 1.1, six out of the ten countries, China, Indonesia, Thailand, India, Mexico, and Brazil are developing nations (International Monetary Fund, 2015). The five highest CAGR growths between 2011 and 2016, (shown in green) occurred in China, India, Indonesia, U. S., and Thailand, in that order.

In 2016, China's CAGR rate was 12.8%. This is followed by India (11.3%), Indonesia (8.6%), U. S. (7.0%), and Thailand, (4.2%). On the contrary, Brazil, Mexico, Germany, France, and Italy recorded 4.1%, 3.3%, 1.2%, 1.2%, and 0.5% CAGR growths, respectively.

The case of Thailand is worthy of note with respect to a low CAGR in 2016. Thailand's rate was the highest in 2014, three years ago when it recorded a CAGR of 20.8%. The cause of its sudden drop to a CAGR of 4.2% within three years may be of interest in

future investigations. It will be quite reasonable to extrapolate from evidence on China, Indonesia, Thailand, and India, to other developing nations which might have been lumped together in column eleven of the chart (Figure 1.1). Three of these countries, China, India, and Indonesia are among the seven most populated nations on earth, just like Nigeria (see World Bank, 2015). Specifically, China, India, Indonesia, and Nigeria are the first, second, fourth and seventh most populated nations of the world, respectively (World Bank, 2015). Nigeria is the most populated country in Africa (KPMG, 2014).

Rank	Countries	2011 (Millions of gallons)	2016 (Millions of gallons)	CAGR 2011/2016
1	China	12,117.60	22,146.90	12.8
2	United States	9,107.20	12,781.90	7.0
3	Mexico	7,227.20	8,514.30	3.3
4	Indonesia	4,728.70	7,156.40	8.6
5	Brazil	4,503.80	5,507.40	4.1
6	India	3,045.10	5,193.90	11.3
7	Thailand	3,120.80	3,841.40	4.2
8	Germany	2,956.10	3,134.10	1.2
9	Italy	2,831.10	2,909.30	0.5
10	France	2,249.80	2,389.70	1.2
	Other countries	15,927.20	18,538.00	3.1

Countries and bottled water consumptions for 2011 and 2016 (five years intreval
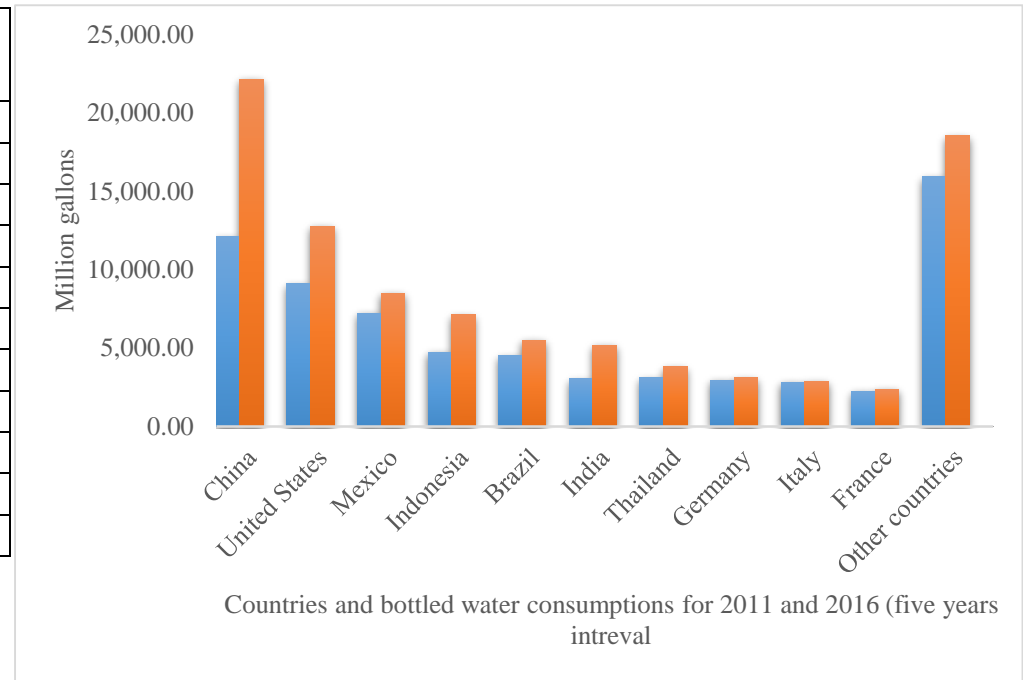
Figure 1.1 Top-ten Bottled water consumer countries (2011 and 2016)

Source: Computed by the Researcher from Rodwan, J. G. (2017). Bottled Water 2016: No.1 and Growing: U.S. and International Developments and Statistics. *Bottled Water Reporter: 2017 Buyers Guide*, *57*(4), 72.

The data in Figure 1.1 suggests that less growth in consumption of PBW takes place in most of developed nations when compared with some highly populated developing nations of the world. The indication is that 82% of the CAGR in 2016 occurred in developing countries in comparison to 18% in developed countries. It is important to point out that the existing studies have identified these developing countries as places where adequate municipal water systems are absent (Kaur, Tarannum, & Negi, 2015) thus, 42% are without access to improved water (Montgomery & Elimelech, 2007)). Worse still, the drinking water quality is less monitored (Vorosmarty, Bos, & Balvanera, 2005) and fifty percent of the hospitalized patients suffer from diseases caused by poor water, sanitation, and hygiene (WASH) (UNDP 2006). Just as consumption of PBW is increasing in the highly populated developing countries of Asia, (as indicated in the CAGR growths), the same could be said of Nigeria, the most populated developing country in Africa.

1.3.2 Bottled water market in Nigeria

The bottled water market in Nigeria has become significantly huge. The market was spearheaded by multinationals like Coca Cola, 7-up Bottling company, and Nestle, PLC to mention a few. Bottled water has become an important player in the beverages industry in Nigeria.

1.3.2.1 Performance of bottled water in the soft drink sub-category

The soft drink market in Nigeria refers to the sales of all non-alcoholic beverages. It composes bottled water, carbonates, concentrates and juice drinks. Other products in this sub-category are ready-to-drink coffee and tea, energy and sports drinks, and what people refer to as Asian specialty drinks. As at 2009, the total volume of soft drink

sold in Nigeria was 14,943.7 (million) litres according to Euromonitor (2015). Six years later (2014), the volume sales had increased to 27,163.5 (million) litres. Bottled water topped the list with a volume of 13,542.4 and 25,220.0 million litres in 2009 and 2014, respectively (Euromonitor 2015). This means that bottled water constituted 90% and 93% of the total soft drink volume sales in Nigeria, for 2009 and 2014, correspondingly.

1.3.2.2 Business-to-business (B2B) segment sales (on-trade institutional sales)

The sales of bottled water in Nigeria take place through two major channels, on-trade, and off-trade channels. While the on-trade refers to the business-to-consumer channels (B2C), the off-trade refers to business-to-business (B2B) channels. For the B2B channels, several organizations, such as educational institutions, government agencies, hotels and companies have water dispensers. These organizations usually purchase 16.9-litre bottle refills from sellers like Astral Waters Limited and Cway Drinking Water Science &Technology Company Limited, the dominant marketers in this channel.

Table 1.1 Business-to-business (B2B) segment sales (million litres), 2009-2014

Description	2009	2010	2011	2012	2013	2014
Sales	1,807	2,191	2,647	3,102	3,680	4,350
%growth	-	21.20	20.80	17.20	18.70	18.20

Source:(Euromonitor, 2015)

Although sales through institutional channels was smaller in volume, the growth rate is quite impressive. As Table 1.1 shows, volume sales (million litres) increased from 1,807 in 2009 to 4,350 million litres in 2014. The growth rate was relatively stable over the 5-year period fluctuating between 21.2 percent and 18.2 percent in 2009 and

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2014, respectively. In sum, bottled water sales to institutional channels grew 140% (4350-1807/4350x100) between 2009 and 2014.

1.3.2.3 Business-to-consumer (B2C) segment sales (off-trade consumer sales)

In contrast to the B2B channel, bottled water sales to final consumers or B2C sales constitute the bulk of bottled water business in the country. These products are usually in 50, 55, 60, 75 and 80 centilitres, as well as 1.5 litre PET bottles. Generally, bottled water comes in four sub-categories of carbonated, flavoured, functional and still. The carbonated type contains carbon dioxide that produces bubbles and fizzing when an individual removes the bottle cock. Functional waters contain some levels of nutrients, vitamins, and oxygen for the purposes of enhancing their values, while flavoured type contain fruit juice or essence of one milligram or less per litre. Though all these are bottled water products, the focus of the present study still bottled water.

Still bottled water (Table 1.2) is the ordinary drinking water sourced from natural springs or underground aquifers. It may also be processed tap or borehole water. Still bottled water has no added chemical additives or sweeteners, and is sugar and calorie-free, but may include safe and suitable antimicrobial agents and/or limited amounts of fluoride (Sullivan Market Insight, 2007). According to Ward et al. (2009) "bottled water" is synonymous with "still bottled water". From 2009 to 2014, still bottled water had the highest volume sales and it is expected to continue to dominate the market in the future. Specifically, still bottled water is expected to account for 78% of the revenue in the soft drink market in 2024 (Transparency Market Research, 2016).

Table 1.2 Business-to-consumer (B2C) segment sales (off-trade)

	Type	2009	2010	2011	2012	2013	2014
1.	Carbonated bottled water	19.5	20.9	22.5	24.1	25.9	27.7
2.	Flavoured bottled water	30.2	35.6	42.0	47.1	53.0	58.5
3.	Functional bottled water	-	-	-	-	-	-
4.	Still bottled water	13,492.7	15,253.8	17,371.3	19,406.0	22,103.3	25,133.8
5.	Total Bottled water sales	13,542.4	15,130.4	17,435.9	19,477.2	22,182.1	25,220.0

Source:(Euromonitor, 2015)

In Nigeria, the still bottled water is the most popular among consumers. Marketers promote them as high/quality high price options. Usually, brand owners have the word "premium" on the PET bottle labels to drive home their point of superior quality to distinguish them from the low quality/low price options in pouches. Hence, the reference to them as premium bottled water (PBW). From Table 1.2, PBW sales for 2009 and 2014 constituted 99.6% of the total bottled water B2C sales in Nigeria. The motivation to focus this study on PBW is because it is the most popular among consumers, top of the class in quality, best for healthy dieting because it is sugar and calorie-free and constitutes the largest (99.6%) portion of sales to consumers in 2014. The focus of this research is PBW (still bottled water) sold to individual consumers through the B2C channel and not the B2B network.

	B2B	B2C
2009	1,807	13,492.70
2010	2,191	15,253.80
2011	2,647	17,371.30
2012	3,102	19,406.00
2013	3,680	22,103.30
2014	4,350	25,133.80
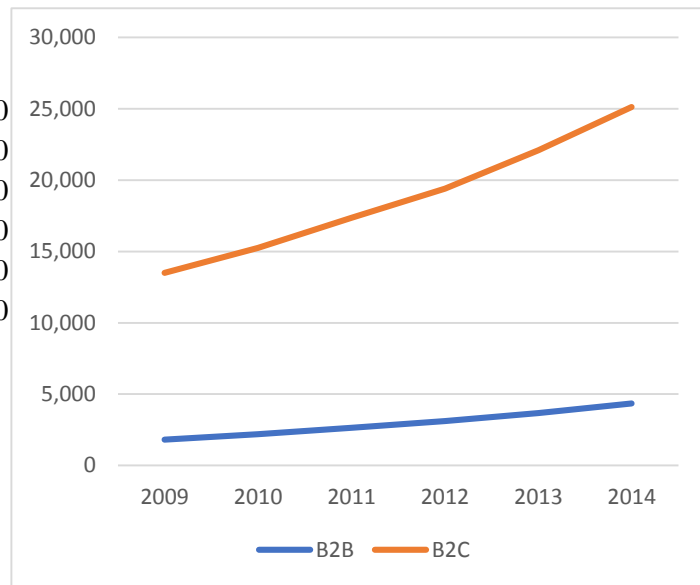
Figure 1.2 B2B and B2C PBW sales from 2009-2014

Figure 1.2 shows the rate of sales growth of the two segments of the bottled water market. Evidently, the B2C segment sales increased faster than the B2B segment indicating the popularity of PBW amongst individual consumers.

1.3.2.4 Leading brands and their market shares

Several brands of PBW are on sale in Nigeria. While majority are local brands, only a few of them belong to multi-national corporations (MNCs). Some of the global brands on sale in Nigeria include Eva, Cway, Nestle Pure life, and Aquafina. Table 1.3 presents the 15 brands that top the PBW market and their shares of the market. In 2014, Eva, a product from Coca-Cola Nigeria Limited, a franchisee of the MNC, Coca-Cola Co. Inc. topped the market with 174.2 million litres which translates to just 0.69% share, a decline from 0.85% in 2005. Cway, Nestle Pure Life, and Cascade brands follow with 0.56%, 0.37% and 0.27% of the market shares. Unlike the close race between Coca-Cola's Coke and PepsiCo's Pepsi carbonates, Pepsi's Aquafina ranked 10th with a market share of 0.07%, a distant from Eva's first position. Sparwasser, a brand from Nigerian-German Chemicals Plc is at the bottom of the table with 10.58

million litres and a market share of 0.04%. Of note is the fact that the top fifteen brands hold only a negligible share of the market, 3.36% as against the 96.64% by all other brands.

Table 1.3 Top 15 Premium Bottled Water Brands by sales and market shares

Brand	Local Brand owner	Global Brand owner	Litres (millions)	Market shares (%)
Eva	Coca-Cola Nigeria Ltd	The Coca-Cola Co,	174.20	0.69
Cway	Cway Drinking Water Science & Technology Co Ltd	Cway Group	142.35	0.56
Nestlé Pure Life	Nestlé Nigeria Plc	Nestlé SA	93.28	0.37
Cascade	KRS Investment Ltd	Artee Industries Ltd	69.07	0.27
Aquarite	Paramount Trading & Industries (Nigeria) Ltd	Paramount Trading & Industries (Nigeria) Ltd	68.38	0.27
La Voltic	Voltic Nigeria Ltd	Voltic International Inc.	63.15	0.25
Gossy	Warm Spring Waters Nigeria Ltd	UAC of Nigeria Ltd	59.39	0.24
Ragolis	Ragolis Water Ltd	Ragolis Water Ltd	46.55	0.18
Swan	Spring Waters Nigeria Ltd	UAC of Nigeria Ltd	44.85	0.18
Aquafina	7-Up Bottling Co Nigeria	PepsiCo Inc.	17.45	0.07
Mowa	Dansa Foods Ltd	Dangote Group of Cos	17.25	0.07
Lily	May & Baker Nigeria Plc	May & Baker Nigeria Plc	15.14	0.06
Aquadana	Ashmina Ltd	Dana Group	13.84	0.05
Envince	Cyberspace Satellite Bureau Ltd	Cyberspace Satellite Bureau Ltd	11.53	0.05
Sparwasser	Nigerian-German Chemicals Plc	Nigerian-German Chemicals Plc	10.58	0.04
Others			24373.03	96.64
Total			25220.03	100

Source: Compiled from Euromonitor (2015).

In summary, although bottled water business was popularised by the MNCs in Nigeria, it seems some new entrants are giving some of the market initiators a run for their money (Figure 1.3). For example, Eva's market shares for the years 2005, 2006, 2007, and 2008 were 0.85, 0.93, 0.87 and 0.84 percent, in that order. For 2009, the share was 0.92% but declined to 0.74, (2011), 0.71 (2012 & 2013) before reaching the lowest of 0.69 in 2014. Despite this isolated case of market share decline, the total market for PBW in Nigeria was on accelerated upward growth trend for ten years as the data from Euromonitor (2015) portrays.
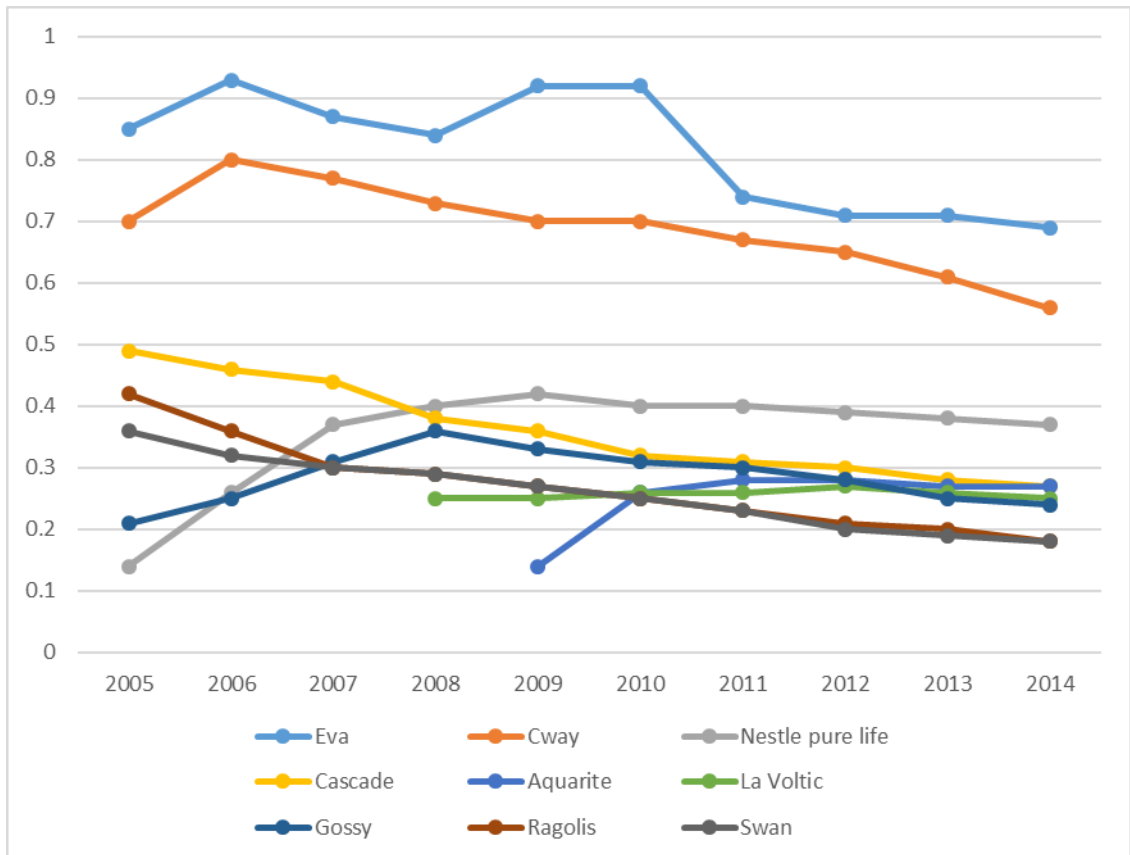

Figure 1.3 Market share performance of nine top brands from 2005 – 2014

Source: Plotted by the researcher from Euromonitor data (2015)

A look at the market share movement of nine of these top fifteen bottled water brands indicates interesting developments. For instance, the market share positions of all the top brands in 2005 were eroded in subsequent years. In that year (2005), brands with the highest market shares were Eva, Cway, Cascade, Ragolis and Swan, the oldest and most popular bottled water brands in the Nigeria (refer Appendix C). Since 2006, the market shares of these brands were on the downward trend till 2014. However, little known Nestle pure life and Gossy showed more impressive performances over the period. Furthermore, La Voltic and Aquarite that entered the market in 2008 and 2009 respectively achieved more stable market share growths. As at 2014, all nine brands lost some level of market share, perhaps to hundreds of local brands. Stiff competition might be the reason why the market leaders lost market shares as the market value for bottled water increased from 111 billion Naira (2005) to 621 billion (2014) in just a decade (see Figure 1.5).

1.3.3   Growth of Premium-bottled Water Market in Nigeria

Although Nigeria, the most populated country in Africa was not in the list of the top ten largest per capita consumer nations, it nevertheless has witnessed tremendous growth in consumption of PBW as indicated by the value of PBW market in the past one decade. Figure 1.4 shows the market growth trend for PBW in a period of ten years. In 2005, the PBW market value was ₦111.16 billion. The years 2006, 2007 and 2008 recorded ₦129 billion, ₦ 148 billion, and ₦178 billion, respectively. The 2005 figure doubled in 2009 to ₦215.14 billion and tripled to ₦621.99 billion in 2014, that was five years later. When carefully considered, the figures indicate that PBW market in Nigeria increased at increasing rate in the ten-year period under consideration. Percentage wise, the market value grew 500% (621-111/111 x 100) from ₦111 billion

to over ₦620 billion (Euromonitor, 2015). In terms of volume, a total of 32 billion litres were consumed in Nigeria in 2014 (Euromonitor, 2015).

While the surge in demand for drinking water in Nigeria, especially in urban areas is largely attributed to hot weather, lack of access to safe drinking water, poor purification system, increase in formal employment and rise in consumer income and urbanization (Euromonitor, 2015), preference for PBW is majorly attributed to consumers' perception (see Akabogu, 2014; Ogbuji, Anyanwu, & Onah, 2011). It is therefore important to point out that even though the factors such as hot weather and growing population drive up the demand for drinking water generally, these external factors are not part of the focus of this study because the study scope is limited to intrinsic factors that drive consumers repurchase intention of PBW brands in contrast to other sources.

Billions of ₦

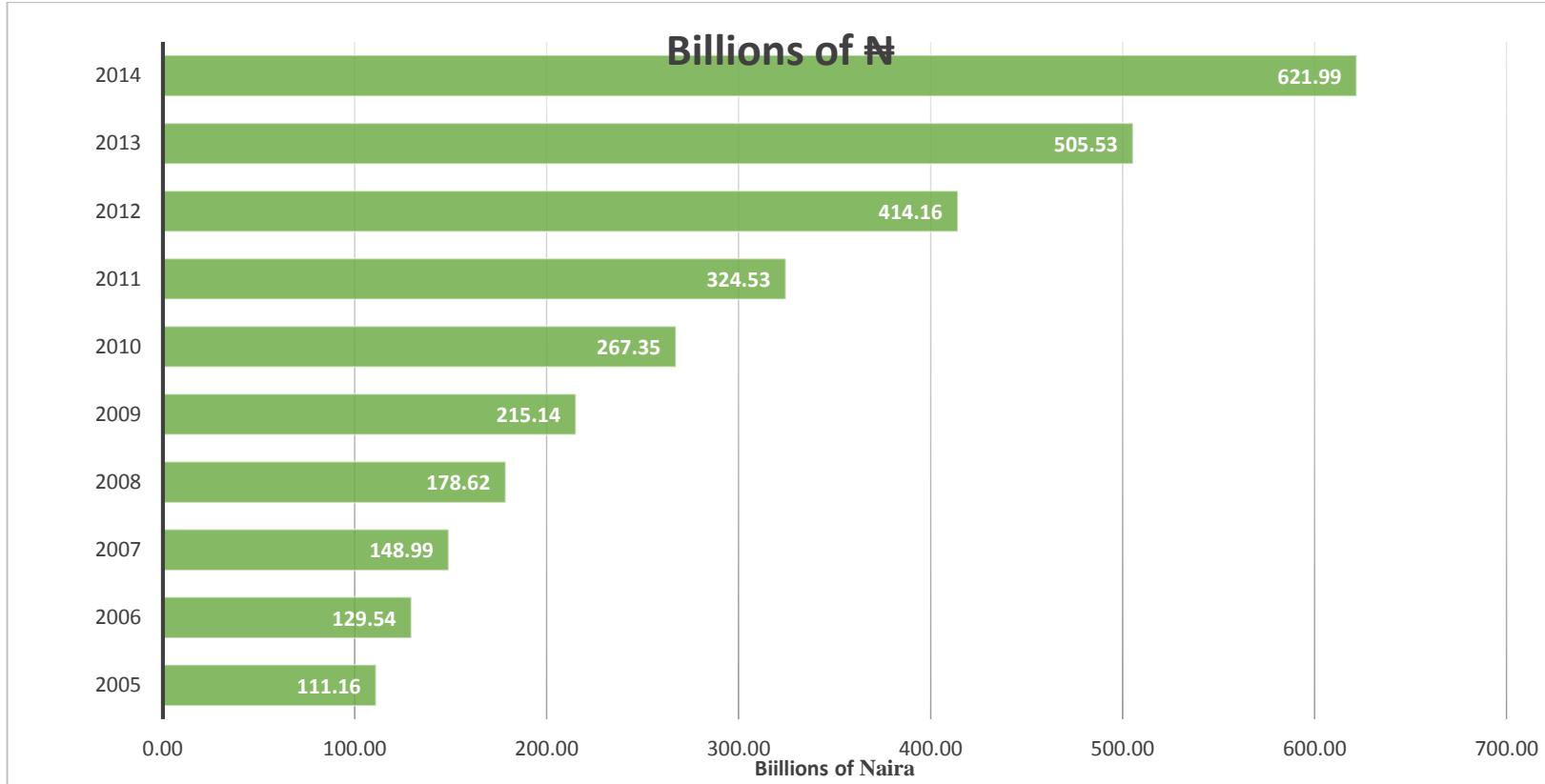| Year	Billions of Naira
2014	621.99
2013	505.53
2012	414.16
2011	324.53
2010	267.35
2009	215.14
2008	178.62
2007	148.99
2006	129.54
2005	111.16

Biillions of Naira

Figure 1.4 The Growth of PBW Market in Nigeria (2005 – 2014)

Source: Computed from Euromonitor (2015)

1.3.3.1 The year-on-year percentage growth

Figure 1.5 is a graph showing the analysis of the market value growth on the year-on-year percentage basis. The 2005 figure (₦111.16 billion) increased by 16.53% to reach ₦129.54 in 2007. The annual percentage increases witnessed in 2006, 2007, 2008 and 2009 were 16.53%, 17.49%, 19.88% and 20.44%. Even though growth peaked at 24.26 percentage points in 2010, it however declined to 21.38% in 2011 and peaked again at 27.61% in the following year. The stretch of the lines between two dots show the steep or the slope between two points which represent years. Some examples are the points and stretches between 2009, 2010 and 2011. A look at the lines show that 2009/2010 line is steeper than 2008/2009 graph, just as 2010/2011 is a slope, a decrease in the rate of year-on-year market growth rate.

As at 2014, the year-on-year percentage growth was 23.03% as shown in both the table and scale in the graph. The weaker performances in 2013 and 2014 could be reflections of the reduced consumer purchasing power due to economic downturn and job losses, consequences of the global dip in crude oil prices. Oil makes up about 70% of Nigeria's gross domestic product (GDP). Despite the economic downturn, the growth pattern will likely continue for the next four years, as the market is projected to increase to ₦1.051 trillion, which is equivalent to $2.88 billion by 2019 (Euromonitor, 2015). Because 63 million Nigerians lack access to safe drinking water (WaterAid, 2018), and the size of the PBW market is projected at $2.88 billion in 2019, an academic enquiry into the sub-sector is defensible, because of the strategic significance of PBW in terms of its potentials towards increased access to safe drinking water, improvement of the health of the citizens, and its impact on the economy of Nigeria. Figure 1.5 indicates the year-on-year increase in the bottled water market in Nigeria.

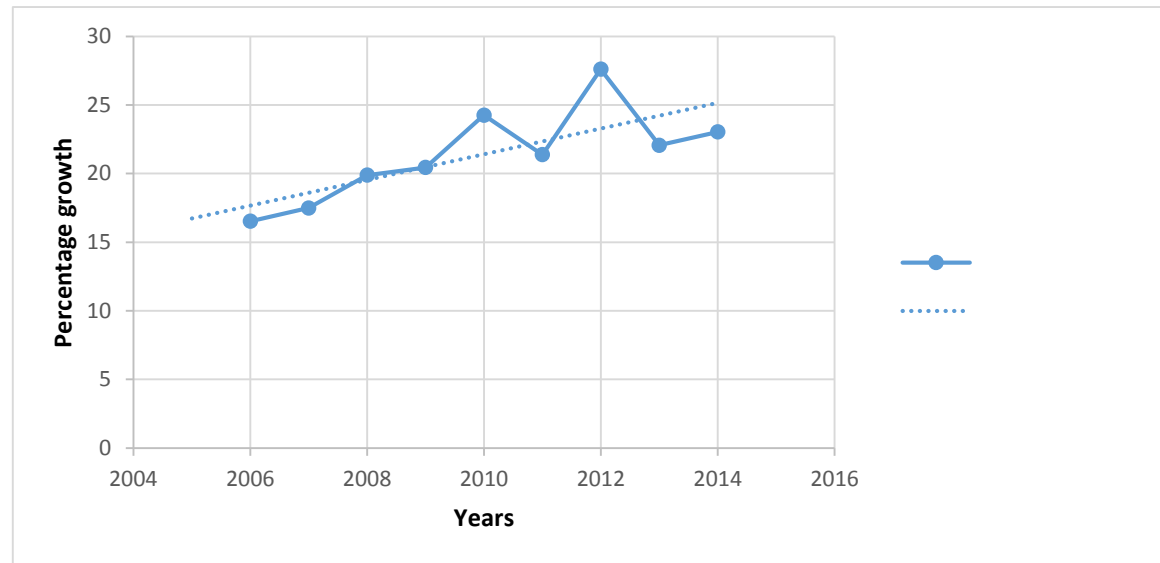| Year	%ges $\triangle$
2005	0
2006	16.53
2007	17.49
2008	19.88
2009	20.44
2010	24.26
2011	21.38
2012	27.61
2013	22.06
2014	23.03

Figure 1.5 The Year-on-year percentage Market growth.
Source: Euromonitor (2015)

Globally, the surge in bottle water consumption, regarded as being phenomenal (Hawkins, 2009) has remained a topic of interest to consumer satisfaction/dissatisfaction scholars in recent years. In attempts to understand the factors that spur the global surge, several drivers have been isolated. One of such essential growth drivers is the consumers' increased focus on healthy dieting motivated by the need for right hydration and avoidance of sugar sweetened beverages (Galbreth et al. 2013). Sugar-sweetened beverages are associated with obesity (Ebbeling et al. 2006), poor mental health (Shi et al. 2010), diabetes (Fagherazzi et al., 2013) as well as hypertension (Malik et al. 2014).

The major factor that propels consumers who are shifting to bottled water, from traditional drinking water sources like tap, wells, streams, and rain water, is susceptibility of these sources to contaminations which can lead to infections like typhoid fever, cholera, diarrhoea, and other long-term terminal diseases (Omalu et al., 2010). As the consumers switch from these sources, they migrate to PBW perceived as better alternatives in terms of safety. Arguably, this trend could be said to be responsible for the growth in the market that is occurring in Nigeria. The surge comes from two sources: new consumers shifting from traditional sources and repurchase by existing consumers, an outcome of repurchase intention. Extant research (Dabrowski, Basinska, & Sikorski, 2014), links repurchase intention to firms' growth through consumption surge.

While new consumers shift because of distrust of the traditional sources (Dindarloo et al., 2015; Simons, 2014; Williams et al., 2015)**,** the existing consumers repurchase because they perceive PBW to be safer than tap (Suganthi, 2014; Viscusi et al., 2015).

Accordingly, Spar and Benebek (2008) posit that the PBW market is built on "perception" of purity. Additionally, consumers perception of PBW as being safer than tap water has also been found to be the principal factor associated with bottled water use by other researchers (Onufrak et al. 2014).

Consumers have the belief that PBW use protects from water-related infections (Pant, Poudyal, & Bhattacharya, 2016). Furthermore, Shafique et al. (2016) report that the general belief is that bottled water is safer than tap water. This is the reason existing consumers engage in repurchase especially in out-home situations. Since repurchases are preceded by repurchase intentions, businesses wish that consumers repurchase intention can be predicted accurately. When this happens, it becomes much easier to forecast future demands and take strategic decisions to ensure customer retention, which Cronin, Brady and Hult (2000) refer to as a vital asset for defensive marketing strategies. However, this is not exactly so as empirical evidences suggest.

1.4   Problem Statement

In a globalizing economy, businesses face stiff global competition (Maarof & Mahmud, 2016) and the rising cost of acquiring new customers (Mittal, 2016) that includes costs of advertising and personal selling pitch employed to entice new customers, and setting up new accounts (Peppers and Rogers, 1993). Consequently, practitioners need to strategize to remain competitive in the market (Maarof & Mahmud, 2016). Accordingly, "there is an observable shift in the focus of companies from customer acquisition to customer retention (Gauran & Barrios, 2017 p.604). A recent study suggests that "customer retention and repurchase behaviour play important roles in increasing firm value" (Lee, Lee, Lee, & Lee, 2015 p.14). To