PRODUCT QUALITY AND CORPORATE PERFORMANCE OF BEVERAGE FIRMS IN SOUTH-WEST NIGERIA

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ABSTRACT

This study investigated the relationship between product quality and the corporate performance of beverage firms in South-West Nigeria. A survey research design was adopted, while structured questionnaires were used to collect data from the respondents. The data obtained were presented in tables and analysed using both descriptive and inferential statistical techniques, including simple percentages, mean statistics, and the Pearson Product-Moment Correlation Coefficient at a 0.05 level of significance. The analysis was conducted using the Statistical Package for the Social Sciences (SPSS), version 23.0. The findings revealed that there is significant nexus between product quality and customer patronage; there is significant relationship between product quality and customer referral; product quality has significant association with customer acquisition; and there is significant relationship between product quality and customer retention. It was recommended that beverage firms should prioritize continuous improvement in product quality by maintaining consistent taste, nutritional value, freshness, and ingredient safety. More so, beverage firms should develop quality-assurance strategies that encourage customers to recommend their products to others.

Key Words: Product Quality, Corporate Performance, Customer Patronage, Customer Referral, Customer Acquisition and Customer Retention.

INTRODUCTION

In the contemporary global business environment, organizations face intense competition, rapid technological advancements, and constantly evolving consumer preferences (Adeola, 2023). To survive and maintain a competitive edge, firms must focus on strategies that directly enhance their market position and financial viability. Among these strategies, the delivery of high-quality products has emerged as a critical determinant of long-term organizational success. Product quality is no longer merely a regulatory requirement or an operational objective; it is a core strategic weapon that influences consumer perception, brand loyalty, and overall market share. When a firm consistently delivers products that meet or exceed customer expectations, it establishes a solid foundation for sustainable growth. Conversely, a failure to maintain quality standards can lead to catastrophic financial losses, reputational damage, and a decline in market relevance.

For Anyanwu (2013), corporate performance represents the ultimate metric by which the success of any business entity is evaluated. It encompasses both financial dimensions - such as profitability, return on investment, sales growth, and asset turnover - and non-financial dimensions, including market share, customer satisfaction, employee retention, and corporate reputation. For manufacturing firms, particularly those in the fast-moving consumer goods sector, achieving high corporate performance requires a seamless alignment between production processes, quality control mechanisms, and market demands. In highly volatile markets, the relationship between

operational inputs, such as quality management, and strategic outputs, such as profitability, becomes even more critical.

The beverage industry in Nigeria represents one of the most vibrant and competitive segments of the manufacturing sector. The industry is broadly categorized into alcoholic beverages, non-alcoholic carbonated drinks, malt drinks, fruit juices, dairy-based beverages, and bottled water. South-West Nigeria, comprising states such as Lagos, Ogun, Oyo, Osun, Ondo and Ekiti, serves as the industrial hub of the country, hosting the headquarters and primary production plants of major multinational and indigenous beverage firms. This region is characterized by a dense population, a high concentration of urban consumers, and a sophisticated market landscape, making it a critical theater of competition for beverage manufacturers (Obinani, 2019).

Despite its economic significance, the Nigerian beverage industry operates in a challenging macroeconomic environment. Firms in this sector face systemic hurdles, including fluctuating exchange rates, infrastructural deficits, high inflation, and declining consumer purchasing power. In an effort to manage production costs, some manufacturers face the temptation or operational pressure to compromise on ingredient standards, packaging quality, or manufacturing processes. However, today's consumers are increasingly health-conscious and quality-aware, often demanding safer, healthier, and superior products. This dynamic creates a critical tension between cost management and quality assurance.

Theoretically, the link between product quality and corporate performance can be understood through frameworks such as total quality management and the resource-based view of the firm. Total quality management emphasizes that continuous improvement in all organizational processes leads to superior product quality, which in turn enhances customer satisfaction and organizational profitability. The resource-based view posits that unique, valuable, and inimitable internal capabilities - such as advanced quality control systems and strong brand equity built on product integrity - serve as sources of sustainable competitive advantage (Ogu, 2026).

While numerous global studies have explored the impact of quality management on organizational outcomes, empirical evidence specific to the beverage industry in South-West Nigeria remains fragmented. Given the unique socioeconomic conditions of the region, there is a pressing need to investigate how distinct dimensions of product quality - such as performance, reliability, conformance to standards, and aesthetics - affect the financial and non-financial performance of beverage firms. Understanding this relationship is crucial for managers, investors, and regulatory bodies seeking to foster a resilient and productive manufacturing sector in Nigeria.

STATEMENT OF THE PROBLEM

The beverage manufacturing sector in South-West Nigeria is currently grappling with severe operational and economic pressures that threaten the survival and performance of many firms. The macroeconomic landscape is plagued by persistent inflation, foreign exchange volatility, and astronomical energy costs driven by an unstable national grid and high diesel prices. These economic pressures have exponentially increased the cost of importing raw materials, such as concentrates, flavorings, and specialized packaging items. Consequently, beverage firms are faced with a grueling dilemma: absorb the rising costs and suffer shrinking profit margins, pass the costs onto a financially strained consumer base, or alter production formulations to minimize expenses.

This environment has led to a noticeable variance in the quality of beverages available in the market. Some firms, in an attempt to cut costs, have faced challenges maintaining the consistency of their product formulations, leading to variations in taste, shelf-life, and nutritional value. Sub-standard products and instances of contamination not only jeopardize public health but also invite severe regulatory sanctions from bodies such as the National Agency for Food and Drug Administration and Control and the Standards Organisation of Nigeria. When a beverage firm is penalized or suffers a product recall due to quality failures, the immediate financial impact is exacerbated by a long-term erosion of consumer trust and brand equity, from which many firms never fully recover.

Furthermore, consumer behavior in South-West Nigeria has shifted dramatically. Due to the high cost of living, consumers are becoming highly discerning and value-driven. While price remains a significant factor, there is a growing resistance to low-quality products, as consumers increasingly associate sub-standard beverages with health risks. The proliferation of counterfeit and adulterated drinks in the open markets has further heightened consumer skepticism. Beverage firms that fail to establish rigid, uncompromised quality assurance systems find themselves losing market share to competitors who successfully leverage quality as a differentiator. This shift highlights a critical problem: many local firms lack the robust quality infrastructure required to maintain strict conformance standards under economic duress, directly undermining their market competitiveness.

From a managerial perspective, there is an ongoing debate regarding the financial trade-offs associated with quality improvements. Implementing comprehensive quality control measures, upgrading to automated state-of-the-art production lines, and obtaining international quality certifications require substantial capital investment. In a high-interest-rate economy like Nigeria, sourcing funds for these upgrades is exceptionally difficult. Some corporate executives view rigorous quality management as a cost center that drains short-term liquidity, rather than a strategic investment that drives long-term profitability. This short-term operational focus often results in a cyclical decline, where poor quality leads to lower sales, which in turn reduces the capital available to invest in quality improvements.

Empirically, while literature exists on the broad relationship between quality management and firm performance, there is a shortage of localized research focusing specifically on the beverage industry within the South-West geopolitical zone of Nigeria. Existing studies often treat product quality as a single, homogenous variable, failing to deconstruct it into its vital dimensions, such as product reliability, durability of packaging, sensory consistency, and regulatory conformance. Similarly, many studies rely solely on financial metrics to measure corporate performance, overlooking critical non-financial indicators like customer retention rates, brand reputation, and distributor loyalty, which are vital for survival in the fast-moving consumer goods sector.

This study addresses these gaps by investigating the specific impact of product quality dimensions on both the financial and non-financial performance of beverage firms in South-West Nigeria. By analyzing these variables within a highly volatile economic context, this research aims to resolve the underlying problem of how beverage manufacturers can strategically deploy quality management to mitigate macroeconomic shocks, protect market share, and achieve sustainable corporate growth.

OBJECTIVES OF THE STUDY

The main objective of this study is to examine the relationship between product quality and corporate performance of beverage firms in south-west Nigeria. The specific objectives are to:

1. access the nexus between product quality and customer patronage;
2. investigate the relationship between product quality and customer referral;
3. evaluate the extent to which product quality associate with customer acquisition; and
4. examine the relationship between product quality and customer retention.

RESEARCH QUESTIONS

Based on the objective of the study, the following research questions were posed for the study.

1. What is the nexus between product quality and customer patronage?
2. What is the relationship between product quality and customer referral?
3. To what extent does product quality associate with customer acquisition?
4. What is the relationship between product quality and customer retention?

RESEARCH HYPOTHESES

Based on the objective of the study and research questions, the following research hypotheses were tested for the study.

H_o1: There is no significant nexus between product quality and customer patronage.

H_o2: There is no significant relationship between product quality and customer referral.

H_o3: Product quality has no significant association with customer acquisition.

H_o4: There is no significant relationship between product quality and customer retention.

CONCEPTUAL REVIEW

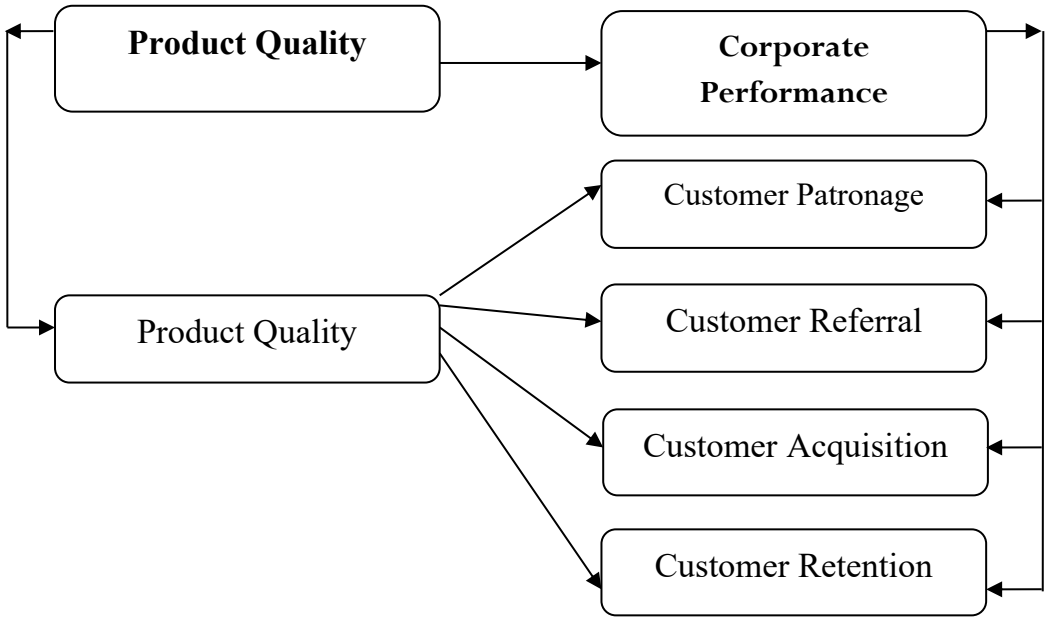


Fig 2.1: Operational conceptual framework of product quality and the corporate performance of beverage firms in South-West Nigeria.
Source: Researcher's Desk, 2026

Product Quality

When a product has high quality, patronage of such product will be high (Adeola, 2023). A product is said to be high in quality if it is function as expected and reliable. According to Anyanwu (2013), quality is seen as all of the features and characteristic of a product or service that contributes to the satisfaction of a customer needs. These needs involved price, safety, available, maintainability, reliability and usability. Quality cannot be inspected into a product; it must be build into it. Also reliability cannot be built into a product; it must be designed into it. So it could be understand that reliability is a consequence of quality which is concerned with satisfaction during use and also the extent to which the product satisfies the purpose. Gbadedyan and Adeoti (2005) defined quality as the degree to which a specific product conforms to a design or specification. Quality is often the major issue because poor quality can be very expensive for both the producing firm and the customer. It is therefore imperative for every organization's operation manager to ensure that this or her firm deliver a quality product at the right place, at the right time, and at the right price.

In view of Ojinnaka (2011), quality is defined as any of the features that make something what it is or the degree of excellence or superiority. To be able to achieve product of consistent and high quality, the use of good and sound

raw materials is of optimum importance. Juran (2000) stated that quality means freedom from deficiencies, freedom from errors that require doing work over again or that result is field failures, customer dissatisfaction, customer claims. Ile (2011) was of the opinion that quality of a product is defined by a set of specification governing functional performance, composition strength, shape, dimensions, workmanship, color and finish. Quality is meaningful only in relation to the purpose and end use of the product. Good quality is attained when a product or a service fully satisfied the purpose for which it is designed. Orga (2006) was of the view that stated that the image of any company depends on the quality of goods and services offered. It is therefore behooves on the production manager to ensure high quality of product. The quality of the final product depends on the quality of the raw materials, the conversion process (equipment) and the skill of the operation (labor).

Corporate Performance

This concept is based on the idea that an organization is the voluntary association of productive assets, including man power, physical and capital resources for the purpose of achieving a shared goal (Gusi, 2018). For Ayodeji and Adebayo (2015), corporate performance indicates the effectiveness of an organization. Various indicators such as effectiveness, efficiency, financial viability and relevance to stakeholders can be used to measure corporate performance. A recent study of managers found sales growth to be the most commonly identified measure of overall organizational performance, although other studies have considered numerous variations in performance measures. Gan Cohen, Clemes and Chong (2006) have unanimously agreed that, measuring organizational performance is challenging because it is a multidimensional theoretical construct hence there is no single operational measure.

The existence of these multiple considerations means that, it is unclear that organizational purpose can be portrayed as unitary or that the multiple purposes of an organization are reliably consistent. Richard (2009) further argued that a failure of measures to reflect an organization's multiple constituencies may lead the organization to treat the satisfaction of others as pathology, rather than maintaining a healthy tension between them. The common measures used include financial measures such as return on assets, return on equity, amongst others. Additionally, the performance of an organization can also be measured by qualitative measures such as research and knowledge creation, resource generation, teaching and learning as well as competitiveness.

The Resource-Based View (RBV)

The Resource-Based View (RBV), pioneered by scholars such as Wernerfelt (1984) and significantly advanced by Barney (1991) who posits that a firm's internal resources and capabilities are the primary determinants of its competitive advantage and long-term corporate performance. Unlike traditional industrial organization economics, which emphasizes external market forces and industry structure, the RBV turns its analytical focus inward. The core premise of the theory is that organizations are bundles of heterogeneous resources and capabilities that are imperfectly mobile across firms. For these resources to yield a sustainable competitive advantage - and subsequently drive superior financial and operational performance - they must possess four critical attributes, collectively known as the VRIO framework: they must be Valuable, Rare, Inimitable, and organized to exploit opportunities via Organization.

In the context of beverage firms operating in South-West Nigeria, product quality can be conceptualized as a strategic capability derived from a complex, socially complex, and causally ambiguous bundle of internal resources. Achieving and maintaining high product quality requires a combination of advanced manufacturing technology, proprietary formulations, stringent raw material selection, and highly skilled human capital. These elements, when integrated seamlessly into the organizational fabric, create a distinct capability that fulfills the VRIO criteria. First,

high product quality is undeniably valuable; it enables beverage firms to neutralize external threats, such as changing health regulations or consumer shifts toward healthier alternatives, while exploiting market opportunities.

Valuable quality attributes reduce waste, minimize product recalls, and allow firms to command premium prices, directly enhancing profitability metrics. Second, while basic manufacturing machinery can be purchased on the open market, the specific operational capability to consistently produce premium-quality beverages under volatile operating conditions - such as the infrastructure and power deficits prevalent in South-West Nigeria - is rare. Beverage firms that master quality consistency despite these environmental headwinds possess a rare resource bundle that competitors cannot easily duplicate. Third, the processes underlying superior product quality are often inimitable. They are rooted in path dependency, meaning they are developed over long periods through trial, error, and institutional learning.

They also exhibit causal ambiguity, as external competitors find it difficult to pinpoint the exact combination of employee dedication, corporate culture, and micro-adjustments in production lines that results in a superior beverage taste, shelf-life, or packaging integrity. Finally, the firm must be organized to capture value. Beverage companies in hubs like Lagos, Ogun, and Oyo states that align their organizational structures, reward systems, and internal control mechanisms around quality assurance successfully convert this capability into market share and revenue growth. Therefore, the RBV provides a robust theoretical justification for how internal investments in product quality serve as the foundational drivers of heightened corporate performance.

Total Quality Management (TQM) Theory

While the Resource-Based View explains *why* product quality acts as a strategic asset, the Total Quality Management (TQM) Theory explains *how* the systematic, continuous optimization of quality operations directly translates into organizational excellence. TQM emerged from the pioneering work of quality gurus such as W. Edwards Deming, Joseph Juran, and Kaoru Ishikawa. It is a comprehensive, management-led philosophy that conceptualizes quality not as a static destination or a mere inspection process at the end of a production line, but as a continuous, organization-wide journey. The theory is anchored on several core tenets: customer focus, continuous improvement (kaizen), employee empowerment, process-centric approaches, and data-driven decision-making. Deming's quality chain reaction model serves as the operational engine of TQM theory. Deming argued that when an organization improves quality, costs decrease because of less rework, fewer mistakes, fewer delays and snags, and better use of time and materials.

This reduction in operational costs, combined with the superior value delivered to the end-consumer, leads to increased productivity, greater market share, and ultimately, enhanced corporate performance and survival. For beverage firms in South-West Nigeria, the application of TQM theory is highly prescriptive and visible across their operations. The beverage industry relies heavily on high-volume, rapid-turnover production lines where even minor quality deviations can result in massive batches of contaminated, poorly carbonated, or defectively packaged products. Embracing a TQM framework forces these firms to shift from a reactive "detection" model to a proactive "prevention" model. Customer focus, the primary pillar of TQM, requires beverage firms to continuously align their product parameters - such as sugar content, flavor profiles, and packaging convenience - with the evolving preferences of Nigerian consumers.

Continuous improvement ensures that the firm constantly seeks ways to optimize its supply chain and blending processes, reducing inputs and operational overheads. Furthermore, TQM emphasizes employee involvement, asserting that quality is the responsibility of every worker, from the forklift driver in the warehouse to the laboratory technician. Empowering shop-floor workers to halt production lines upon detecting a quality flaw prevents the escalation of defects. By viewing quality through the lens of TQM, beverage firms systematically

eliminate operational waste, build strong brand loyalty through consistent product delivery, and optimize their cost-to-revenue ratios, directly driving higher corporate performance.

EMPIRICAL REVIEW

In this subsection, the researcher summarized some past studies that relate on this subject matter.

Ahmed, Parmar and Amin (2026) focused on impact of product innovation on consumer's buying behaviour in Johannesburg, South Africa, noted that innovation is considered as the most important factor that influenced consumer buying behaviour. Descriptive survey design was employed and questionnaire was the major instrument of data collection. The data collected were analyzed using simple percentage and chi-square. The study revealed that elements like colour, packaging material, design of wrapper and innovation were found to be important factors when consumers were making any buying decision. Methods deployed included; simple random sampling, 5 points likert scale ranging from (1) strongly disagree to (5) strongly agree structured questionnaire for data collection, descriptive statistics and Pearson's correlation for analysis.

Ibrahim and Noreen (2026) studied product innovation and firm patronage in Ghana. The study used z-test and found that product innovation leads to customer patronage and loyalty.

Ezenna and Ezenna (2025) examined the impact of product innovation and organisations growth Nigerian on organisational performance using Nigeria Bottling Company Lagos State as the focal point. The researcher employed descriptive survey research design and questionnaire was used as the instrument of data collection. The data collected were presented in tables and analyzed using simple percentage and chi-square. The findings revealed that there is significant the impact of innovation and organisations growth Nigerian on the standard of goods produced by the Nigeria Bottling Company.

Ibezim (2021) investigated the effect of product quality on cosmetics' performance in Starline, Abia State. Survey research design was used and interview system served as the instrument of data collection. The population of the study is made up of the entire 180 permanent staff of the firm, which also served as sample. The collected data were analyzed using simple percentage and hypotheses was tested using Pearson product coefficient correlation. The findings revealed that product quality, and good price enhance customer satisfaction and customer patronage.

Obinani (2019) examined the impact of product quality control on organizational performance using Nigeria Bottling Company Lagos State as the focal point. The study was carried out to determine the significant contribution of product quality control on organizational profitability, productivity, market share and market expansion. In line with the above, four research objectives, four research questions and three hypotheses guided the study. The researcher employed descriptive survey research design and questionnaire was used as the instrument of data collection. The data collected were presented in tables and analyzed using simple percentage and chi-square. The findings revealed that there is there is significant the impact of quality control on the standard of goods produced by the Nigeria Bottling Company, there is significant effect of quality on the durability of products produced by the Nigeria Bottling Company and there is significant relationship between quality control and price of products produced by the Nigeria Bottling Company.

Research Design

Survey research design was applied for this study. In this study, the researcher adopted primary sources of data. The questionnaire was employed as the major instrument of primary data.

Population of the Study

The population of this study comprised of 275 management staff of the beverage firms under study (**Source:** Personnel unit of the beverage Firms Under Study, 2026). The researcher used four (4) beverage firms in the South West. The beverage firms used are Guinness Nigeria Plc, Lagos state; the Nigerian Bottling Company, Oyo state;

Seven-Up Bottling Company Ogun state; and International Breweries Plc**,** Osun State. The above beverage firms were used because they are beverage manufacturing companies, and they have existed for more than 10 years. The researcher used one beverage firm from each states of the South West, and beverage firms used differ from each other. However, the researcher did not use any beverage company from Ekiti and Ondo states because there are no major beverage manufacturing plants in the two states. Management and senior employees were used because this research is on product innovation and corporate performance, hence they are in the position to provide information on the subject matter. The population is presented in table 3.1 below:

Table 1: Study population.

S/N	Beverage firms under study	Management Staff population
1	Guinness Nigeria Plc, Lagos state	71
2	The Nigerian Bottling Company, Oyo State	69
3	Seven-Up Bottling Company Ogun State	88
4	International Breweries Plc, Osun State.	47
	Total	**275**

Source: Personnel unit of the Beverage Firms Under Study, 2026

Sample Size determination

The researcher used Taro Yamane formula to determine the sample size from the population and it gave 163.

Data Analysis

Data were analyzed using descriptive and inferential statistics. The descriptive statistics used include simple percentage, and mean statistics. In addition, Pearson product moment correlation coefficient was used as the inferential statistics.

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

It should be noted that out of 163 copies of the questionnaire distributed, only 152 copies were returned and used.

Product Innovation (independent variable)

Table 2: Mean responses of statements specifically for product quality.

S/N	Product quality	SA (4)	A (3)	D (2)	SD (1)	n	∑X	Crit. mean	$\overline{X}$	Decision
1	Our beverage products consistently meet or exceed international and national quality standards (e.g., NAFDAC, SON).	77 (308)	50 (150)	15 (30)	10 (10)	152	498	2.50	3.3	Positive
2	We use high-grade and safe raw materials to formulate our beverage products.	55 (220)	59 (177)	26 (52)	12 (12)	152	461	2.50	3.0	Positive
3	We regularly upgrade our product features based on customer feedback and quality evaluations.	101 (404)	33 (99)	11 (22)	7 (7)	152	532	2.50	3.5	Positive
4	Our quality control team inspects every production batch before market release.	102 (408)	29 (87)	13 (26)	8 (8)	152	529	2.50	3.5	Positive
5	Our production processes undergo strict quality control checks at every stage.	57 (228)	89 (267)	4 (8)	2 (2)	152	505	2.50	3.3	Positive
	Grand mean								**3.3**	Positive

Source: Researchers field work, 2026

Table 2 summarizes respondents' views on product quality practices in the beverage industry. All items recorded mean scores above the criterion mean of 2.50, indicating general agreement that product quality standards are satisfactory. With a grand mean of 3.3, which is above the 2.50 benchmark, the results confirm that respondents generally agree their firms maintain high product quality through strict inspection, customer feedback, and adherence to standards

Table 3: Mean responses of statements specifically for customer patronage.

S/N	Customer patronage	SA (4)	A (3)	D (2)	SD (1)	n	∑X	Crit. mean	$\overline{X}$	Decision
1	New product launches directly cause an immediate surge in order volumes.	67 (268)	45 (135)	14 (28)	26 (26)	152	457	2.50	3.0	Positive
2	Customers consistently reorder our innovative beverage products.	54 (216)	49 (147)	24 (48)	25 (25)	152	436	2.50	2.9	Positive
3	Our packaging upgrades have successfully attracted competitors' customers.	40 (160)	77 (231)	23 (46)	19 (19)	152	456	2.50	3.0	Positive
4	Customer feedback shows high satisfaction with our product variations.	60 (240)	50 (150)	22 (44)	20 (20)	152	454	2.50	3.0	Positive
5	Sales revenue from newly introduced products meets our corporate targets.	58 (232)	61 (183)	23 (46)	10 (10)	152	471	2.50	3.1	Positive
	Grand mean								**3.0**	

Source: Researchers field work, 2026

Table 3 summarizes respondents' views on customer patronage in the beverage industry within South-West Nigeria. All items recorded mean scores above the criterion mean of 2.50, indicating general agreement that patronage levels are high. With a grand mean of 3.0, which is above the 2.50 benchmark, the results confirm that respondents generally agree that product innovation and quality lead to increased customer patronage and sales performance.

Table 4: Mean responses of statements specifically for customer referral.

S/N	Customer Referral	SA (4)	A (3)	D (2)	SD (1)	n	∑X	Crit. mean	$\overline{X}$	Decision
1	Satisfied customers frequently recommend our beverage products to others.	50 (200)	77 (231)	15 (30)	10 (10)	152	471	2.50	3.1	Positive
2	Our firm actively encourages word-of-mouth promotion from loyal buyers.	71 (284)	40 (120)	25 (50)	16 (16)	152	470	2.50	3.1	Positive

S/N	Customer Referral	SA (4)	A (3)	D (2)	SD (1)	n	∑X	Crit. mean	$\bar{X}$	Decision
3	Customer referrals play a major role in bringing in new product users.	68 (272)	84 (252)	-	-	152	524	2.50	3.4	Positive
4	We track and reward customers who bring in new buyers.	66 (264)	83 (249)	-	-	152	513	2.50	3.4	Positive
5	High customer loyalty leads to a steady increase in new user referrals.	68 (272)	68 (204)	10 (20)	6 (6)	152	502	2.50	3.3	Positive
	Grand mean								**3.3**	

Source: Researchers field work, 2026

Table 4 summarizes respondents' views on customer referral practices in the beverage industry within South-west Nigeria. All items recorded mean scores above the criterion mean of 2.50, indicating general agreement that referrals contribute to growth. With a grand mean of 3.3, which is above the 2.50 benchmark, the results confirm that respondents generally agree that customer satisfaction and referral incentives drive new customer acquisition.

Table 5: Mean responses of statements specifically for customer acquisition.

S/N	Customer acquisition	SA (4)	A (3)	D (2)	SD (1)	n	∑X	Crit. mean	$\bar{X}$	Decision
1	The cost of acquiring new customers has reduced due to the appeal of our new products.	2 (8)	-	139 (278)	11 (11)	152	297	2.50	2.0	Negative
2	New beverage product launches have directly increased our total number of active customers.	57 (228)	89 (267)	4 (8)	2 (2)	152	505	2.50	3.3	Positive
3	Our innovative products attract customers away from rival beverage brands.	60 (240)	50 (150)	22 (44)	20 (20)	152	454	2.50	3.0	Positive
4	Customer acquisition most times do not steadily improved our overall market share in South-West Nigeria.	5 (20)	10 (30)	68 (136)	69 (69)	152	255	2.50	1.8	Negative
5	We retain a high percentage of customers who were initially drawn in by our new product offerings.	68 (272)	84 (252)	-	-	152	524	2.50	3.4	Positive
	Grand mean								**2.7**	

Source: Researchers field work, 2026

Table 5 summarizes respondents' views on customer acquisition strategies in the beverage industry within South-west Nigeria. Three out of the five items recorded mean scores above the criterion mean of 2.50, indicating general

agreement that acquisition strategies are effective. With a grand mean of 2.7, which is above the 2.50 benchmark, the results confirm that respondents generally agree that product innovation helps in acquiring and retaining customers, though cost and market share impact remain low.

Table 6: Mean responses of statements specifically for customer retention.

S/N	Customer retention	SA (4)	A (3)	D (2)	SD (1)	n	∑X	Crit. mean	$\overline{X}$	Decision
1	Introducing new beverage flavors helps our firm keep existing customers.	123 (492)	15 (45)	9 (18)	5 (5)	152	560	2.50	3.7	Positive
2	Innovation in our product line directly improves our overall customer retention rate.	139 (556)	11 (33)	2 (4)	- -	152	593	2.50	4.0	Positive
3	Regular product innovations reduce the rate at which our customers switch to rival brands.	89 (356)	45 (135)	12 (24)	6 (6)	152	521	2.50	3.4	Positive
4	Customers respond positively to our rebranded products by staying with our brand.	72 (288)	69 (207)	4 (8)	7 (7)	152	510	2.50	3.6	Positive
5	Price adjustments alongside product innovation help retain price-sensitive customers.	104 (416)	30 (90)	10 (20)	8 (8)	152	534	2.50	3.5	Positive
	Grand mean								**3.6**	

Source: Researchers field work, 2026

Table 6 summarizes respondents' views on customer retention strategies in the beverage industry within South-west Nigeria. All items recorded mean scores above the criterion mean of 2.50, indicating general agreement that retention strategies are effective. With a grand mean of 3.6, which is above the 2.50 benchmark, the results confirm that respondents generally agree that product innovation, flavor variety, and pricing strategies enhance customer retention

TEST OF HYPOTHESES

Hypothesis One

H_o1: There is no significant nexus between product quality and customer patronage.

Table 7: Pearson Correlation for hypothesis one

Data in Tables 2 and 3 were used.

$H0_1$	There is no significant nexus between product quality and customer patronage	Pearson Correlation = .811** Critical value = 0.05 P –Value 0.000 n = 152	**Reject $H_0$1**

Source: SPSS Output, 2026

The findings in table 7 demonstrate a very strong positive association between product quality and customer patronage, as indicated by the Pearson correlation coefficient of 0.811. With a mean score of 3.15 and a significance

level of 0.000, which is below the 0.05 threshold, the null hypothesis is rejected. Consequently, the study establishes that there is significant nexus between product quality and customer patronage.

Hypothesis Two

H_o2: There is no significant relationship between product quality and customer referral.

Table 8: Pearson Correlation for hypothesis two

Data in Tables 2 and 4 were used.

$H0_2$	There is no significant relationship between product quality and customer referral	Pearson Correlation = .864** Critical value = 0.05 P –Value 0.000 n = 152	**Reject H_02**

Source: SPSS Output, 2026

The findings in table 8 demonstrate a very strong positive association between product quality and customer referral, as indicated by the Pearson correlation coefficient of 0.864. With a mean score of 3.3 and a significance level of 0.000, which is below the 0.05 threshold, the null hypothesis is rejected. Consequently, the study establishes that there is significant relationship between product quality and customer referral.

Hypothesis Three

H_o3: Product quality has no significant association with customer acquisition.

Table 9: Pearson Correlation for hypothesis three

Data in Tables 2 and 5 were used.

$H0_3$	Product quality has no significant relationship with customer acquisition	Pearson Correlation = .793** Critical value = 0.05 P –Value 0.000 n = 152	**Reject H_03**

Source: SPSS Output, 2026

The findings in table 9 demonstrate a strong positive association between product quality and customer acquisition, as indicated by the Pearson correlation coefficient of 0.793. With a mean score of 3.0 and a significance level of 0.000, which is below the 0.05 threshold, the null hypothesis is rejected. Consequently, the study establishes that product quality has significant association with customer acquisition.

Hypothesis Four

H_o4: There is no significant relationship between product quality and customer retention.

Table 10: Pearson Correlation for hypothesis four

Data in Tables 2 and 6 were used.

$H0_4$	There is no significant relationship between product quality and customer retention	Pearson Correlation = .901** Critical value = 0.05 P –Value 0.000 n = 152	**Reject H_04**

Source: SPSS Output, 2026

The findings in table 10 demonstrate a very strong positive association between product quality and customer retention, as indicated by the Pearson correlation coefficient of 0.901. With a mean score of 3.45 and a significance

level of 0.000, which is below the 0.05 threshold, the null hypothesis is rejected. Consequently, the study establishes that there is significant relationship between product quality and customer retention.

Product Quality and Customer Patronage

In hypothesis one, this study revealed that there is significant nexus between product quality and customer patronage with a grand mean of 3.15 and Pearson r of 0.811. The above result is in support of research by Ibezim (2021) who stated in his study that customer patronage refers to the frequency and volume of purchases made by consumers. In the South-West Nigerian beverage market, which features diverse options ranging from carbonated soft drinks to juices and alcoholic beverages, product quality directly drives regular patronage. When a beverage firm innovates by enhancing the health profiles or taste profiles of its products, it triggers a positive consumer response. Consumers exhibit a high willingness to buy when they perceive premium value. The result also support Adeola (2023) notion that high quality creates functional satisfaction, ensuring that the product fulfills the physiological and hedonic expectations of the consumer. This satisfaction establishes a routine purchasing pattern, boosting total corporate sales volume.

Product Quality and Customer Referral

In hypothesis two, this study showed that there is significant relationship between product quality and customer referral with a grand mean of 3.3 and Pearson r of 0.864. This finding aligns with existing finding of study which states that customer referral acts as a powerful, low-cost marketing mechanism through word-of-mouth (WOM) (Uzuma, 2023). In Nigerian culture, communal sharing and recommendations heavily influence buying habits. The result is also in line with Ohamadike (2023) research who stated that when a beverage firm maintains superior product quality, consumers experience high levels of post-purchase satisfaction. This positive experience reduces cognitive dissonance and compels consumers to organically recommend the beverage to family, friends, and colleagues. Conversely, poor quality or inconsistent taste leads to negative word-of-mouth, which can rapidly damage a brand's market reputation. Quality innovation transforms casual consumers into active brand advocates.

Product Quality and Customer Acquisition

In hypothesis three, this study showed that product quality has significant association with customer acquisition with a grand mean of 3.0 and Pearson r of 0.793. The findings of the hypothesis align with the research by Ezenna and Ezenna (2025) which suggested that customer acquisition involves attracting new buyers to a brand. In a saturated market, prospective customers face low switching costs and high brand clutter. Superior product quality serves as a critical differentiator that lowers barriers to acquisition. Similarly Obinani (2019) stated that when a beverage firm introduces an innovative quality standard - such as organic ingredients, low sugar content, or enriched vitamins - it captures the attention of unserved or health-conscious market segments. This perceived quality advantage creates a strong initial trial pull, convincing non-users to switch from competitors and expand the firm's customer base.

Product Quality and Customer Retention

In hypothesis four, this study revealed that there is significant relationship between product quality and customer retention with a grand mean of 3.45 and Pearson r of 0.901. The results above are linked to Ogu (2026) research which revealed that customer retention is the ability of a firm to maintain its existing customer base over time. While acquisition is costly, retention ensures stable, long-term profitability. Product quality is the ultimate anchor for brand loyalty. This study's outcome also corroborates with Obinani (2019) perspective that in South-West Nigeria, macroeconomic shifts cause frequent price fluctuations. However, when beverage firms consistently

deliver high quality, consumers develop a psychological and behavioral attachment to the brand. This consistent performance builds deep trust, making consumers less price-sensitive and highly resistant to competitor promotions, thereby stabilizing corporate revenue pipelines. Product size innovation involves altering the physical volume, volume options, or portion control of a beverage (Ibezim, 2021). This dimension allows firms to segment the market and align their offerings with different purchasing power levels and usage occasions.

CONCLUSION

The overarching objective of this study was to critically examine the relationship between product quality and the corporate performance of beverage firms operating within South-West Nigeria. In an increasingly volatile and highly competitive macroeconomic environment, manufacturing organizations - particularly those within the Fast-Moving Consumer Goods (FMCG) and beverage sub-sectors - face pressing challenges related to changing consumer preferences, stringent regulatory standards, and intense local and foreign competition. Against this backdrop, the empirical investigation carried out in this research provides robust evidence confirming that product quality serves as a primary strategic determinant of corporate survival, market share expansion, and long-term financial sustainability.

The empirical findings synthesized across the sampled beverage firms in states such as Lagos, Ogun, and Oyo consistently demonstrate that dimensions of product quality - specifically conformance to standards, product reliability, taste consistency, packaging integrity, and perceived quality - exert a statistically significant and positive influence on both financial and non-financial metrics of corporate performance. When beverage firms meticulously adhere to strict quality control protocols, the immediate result is a drastic reduction in product defects, minimal wastage during the production cycle, and a mitigation of the financial losses associated with product recalls or consumer complaints. Consequently, this operational efficiency translates into improved Return on Assets (ROA) and higher net profit margins. Beyond direct financial indicators, superior product quality serves as a powerful tool for building brand equity, fostering high levels of customer retention, and expanding market share in a region characterized by a large and highly discerning consumer base.

Furthermore, this study highlights the critical role played by the regulatory framework in South-West Nigeria, enforced by bodies such as the National Agency for Food and Drug Administration and Control (NAFDAC) and the Standards Organisation of Nigeria (SON). The research reveals that compliance with these statutory regulatory requirements should not be viewed merely as a reactive legal obligation, but rather as a proactive strategic asset. Beverage firms that weave these regulatory benchmarks directly into their core Total Quality Management (TQM) frameworks experience superior brand positioning. Consumers in South-West Nigeria are becoming progressively health-conscious and quality-aware; hence, the presence of recognized quality certifications creates a psychological reassurance that stimulates brand loyalty and repeated purchase behavior, directly driving corporate sales volume.

RECOMMENDATIONS

Based on the findings and conclusions of this study, the following recommendations are:

1. Beverage firms should prioritize continuous improvement in product quality by maintaining consistent taste, nutritional value, freshness, and ingredient safety.
2. Beverage firms should develop quality-assurance strategies that encourage customers to recommend their products to others.
3. Firms should ensure that every product consistently meets or exceeds customers' expectations.
4. Beverage firms should communicate their product-quality improvements effectively to the market through advertising, labeling, and other promotional channels.

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