THE IMPACT OF CUSTOMER RETENTION ON ORGANISATIONAL PROFITABILITY IN THE FMCG SECTOR IN NIGERIA

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ABSTRACT: *In the competitive domain of fast-moving consumer goods (FMCG), retaining customers is essential for the overall organisational performance of an FMCG company. This research investigated the impact of customer retention on organisational profitability in the Fast-Moving Consumer Goods (FMCG) sector in Nigeria. The study employed a cross-sectional survey approach, with data collected from 248 employees in 10 different FMCG companies in Oyo State, South West, Nigeria. The findings revealed a strong positive correlation ($r=0.783$) significant at $p < 0.01$ between customer retention and organisational profitability, highlighting customer retention as a key driver of sustained profitability. The study further explored specific components of customer retention, including personalised marketing, loyalty programs, quality products, and customer support, all of which showed strong positive associations with organisational profitability. Survey results indicated that customer satisfaction is a leading factor contributing to customer retention, emphasising the importance of understanding and meeting customer expectations. Based on these findings, recommendations are provided for FMCG companies to prioritise customer retention strategies, such as personalised marketing and quality customer support, to enhance organisational profitability and success in the Nigerian FMCG sector.*

KEYWORDS: Customer retention, Organisational profitability, FMCG industry, Nigeria.

INTRODUCTION

In every economy, manufacturers of fast-moving consumer goods strive to create memorable and valuable user experiences for customers. This is essential to satisfy customers and maintain long-term relationships (Richard, 2020). Customer retention involves the strategies companies employ to consistently meet customer expectations, thereby reducing customer defections. This concept is relevant for managers in all industries and organisations that serve both external and internal customers. Profitability serves as both a measure of financial success and an indicator of a company's ability to create value for stakeholders. The advantages of customer retention manifest in three key business aspects: increased revenue, reduced customer acquisition costs, and more referrals (Boadu & Achiaa, 2019). As customer acquisition costs continue to rise, businesses must innovate and take a proactive approach to retain their clients.

The process of customer retention begins with the initial contact with the customer and extends through all interactions during the duration of the relationship between the seller and the customer (Boadu & Achiaa, 2019). Achieving high customer retention not only attracts more customers but also fosters customer loyalty, leading to increased business profitability. Attracting and retaining new customers involves more than just offering products and services; it also includes how manufacturers in the FMCG sector treat existing customers to establish a competitive advantage within and across the marketplace (Tax et al., 1998).

The FMCG sector in Nigeria is vital to the economy, marked by fierce competition and evolving consumer trends. FMCG companies face challenges like shifting consumer preferences and economic fluctuations. In this environment, customer retention is crucial for profitability. With numerous competing products, customer loyalty is essential for maintaining a competitive edge. Customer retention drives FMCG profitability by boosting revenue, cutting costs, and ensuring long-term viability. Retaining existing customers is more cost-effective than acquiring new ones, as studies show acquiring a new customer can cost five times more. Loyal customers also buy more products, recommend the company to others, and are less price-sensitive, allowing companies to maintain higher margins. Additionally, retaining customers provides a stable revenue base and equally assists with sales forecast and budgeting, which is particularly valuable during economic uncertainty or market fluctuations (Magatef & Tomalieh, 2015).

In Nigeria, the FMCG sector is growing rapidly due to population growth, urbanisation, and changing consumer patterns and lifestyles. However, the sector faces challenges like infrastructure constraints, regulatory uncertainties, insecurity and increased competition. Understanding the impact of customer retention on organisational profitability is crucial for FMCG companies in Nigeria to develop sustainable growth strategies. This study investigated this relationship, aimed at contributing to academic literature and offered practical insights for FMCG companies looking to improve profitability through customer retention strategies.

Hypothesis of the Study

In line with the aim of this study, a hypothesis had been formulated to guide in the study:

H0: There is no significant relationship between customer retention and organisational profitability in the FMCG sector of Nigeria.

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LITERATURE REVIEW

Customer Retention within the FMCG Industry

While retaining customers is a stated critical priority for the FMCG industry and despite the opportunities available with today's technology, many FMCG companies are still treating it reactively - reacting when it may already be too late. Focus on customer retention is growing steadily in the FMCG sector, but significant and desired progress is yet to be made. The urgency to retain customers is growing as FMCG companies face broader competition. In Nigeria, emerging FMCG companies are actively seeking to expand their customer base and can offer significant convenience to their customers, given their broad distribution networks and frequent engagement strategies. Local producers are developing innovative product offerings for their customers. Mergers and acquisitions cause customers to review loyalty. Mergers and acquisitions expand customer bases, but holding onto those new customers can be a significant challenge (Naumann et al., 2009). The product and service changes can often be the catalyst to propel customers out of the inertia earlier felt in terms of embracing a new product or brand. Companies that have been actively acquiring other companies, are now recognizing the need to grow wallet share within their new customer base to help retain these customers. Switching brands is easier and this is a big challenge in customer retention within the FMCG industry. Companies however have since resulted in loyalty programs and broad customer relationships as ways to keep the unequivocal customer loyalty (less likely to switch brands) (Evanschitzky et al., 2012). But new processes and tools today are facilitating changing brands. Online platforms provide easy access to a variety of products, making it easier for customers to switch. Even loyalty programs have become simpler to join, with instant benefits and rewards for customers.

Customer Retention Strategies

Customer retention involves a series of strategies that must be taken in order to attract and retain customers by ensuring that service providers deliver the expected service promised. Different studies have identified and described essential approaches that can be used to achieve maximum customer retention for profitability.

1. **Personalised Marketing:** Personalised marketing in the FMCG industry in Nigeria involves tailoring marketing messages, products, and services to individual customers based on their preferences, behaviours, and purchase history. This strategy begins with data collection, where companies gather information on customer preferences, demographics, and behaviour through various channels such as online interactions, one-on-one engagement and loyalty programs. This data is then used to segment customers into groups based on similarities, allowing for more targeted marketing efforts (Oiku & Adeyeye, 2023). For example, a customer who frequently purchases a particular brand of beverage might receive personalised offers or promotions related to that brand. Additionally, companies can use data analysis to suggest relevant products to customers based on their past purchases. Personalised marketing also includes customised communication, such as addressing customers by name in emails or sending them relevant content through social media (Mariani & Wamba, 2020). By engaging customers in a personalised manner, FMCG companies can build stronger relationships with their customers, increase loyalty, increase patronage and ultimately, improve profitability.

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2. **Loyalty Programs:** In the FMCG industry in Nigeria, loyalty programs are a pivotal customer retention strategy aimed at fostering long-term relationships with customers (Bergius, 2023). These programs typically reward customers for their repeat purchases or engagement with the brand, thereby incentivizing them to remain loyal. Loyalty programs can take various forms, such as points-based systems, where customers earn points for each purchase that can be redeemed for rewards or discounts on future purchases. They can also include tiered programs, where customers unlock higher levels of rewards as they make more purchases or reach certain milestones (Obafemi et al., 2022). Additionally, FMCG companies can offer exclusive deals, early access to new products, or personalised offers to members of their loyalty programs, further enhancing the perceived value for customers. By implementing effective loyalty programs, FMCG companies will not only increase customer retention but also encourage higher spending but will also foster brand advocacy, ultimately leading to improved profitability and sustainable growth in the competitive Nigerian market.

3. **Customer Support**: Customer support plays a crucial role as a customer retention strategy. With the fast-paced nature of the FMCG sector and the wide array of products available to consumers, providing exceptional customer support can set a brand apart from its competitors. Effective customer support involves not only resolving issues and addressing complaints promptly but also proactively engaging with customers to ensure their satisfaction. This can include providing product information, assisting with purchases, and offering guidance on product use (Parasuraman et al., 1991; Bernarto et al., 2020). In a market where brand loyalty can be influenced by the level of customer service received, FMCG companies must invest in training their support teams to be knowledgeable, empathetic, and efficient. Additionally, by listening to customer feedback and using it to improve products and services, FMCG companies can further enhance the customer support experience and solidify their relationships with customers.

4. **Quality Products:** Offering quality products is a fundamental customer retention strategy. Quality products not only meet but exceed customer expectations, establishing trust and credibility with the brand. In a market where consumers are increasingly discerning and value-conscious, providing products that consistently deliver on their promises is crucial for building long-term relationships. Quality products will result in customer satisfaction, leading to repeat purchases and loyalty (Sinurat et al., 2021). Moreover, satisfied customers are more likely to recommend the brand to others, further enhancing its reputation and market presence (Mirabi et al., 2015). In the competitive FMCG sector, where product choices abound, quality becomes a key differentiator and determinant. Companies that prioritise quality can establish a strong competitive advantage, attracting and retaining customers in a market where loyalty can be fleeting.

5. **Continuous Improvement:** Continuous improvement as a customer retention strategy in the FMCG industry in Nigeria involves a proactive approach to enhancing products, services, and processes based on customer feedback and market trends. FMCG companies strive to continuously improve their offerings to meet dynamic and evolving customer needs and preferences, thereby increasing customer satisfaction and loyalty. This strategy requires companies to regularly gather and analyse customer feedback through surveys, reviews, and other channels and platforms to identify areas for improvement. Companies then use this feedback to make incremental changes to their products, such as improving

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quality, introducing new features, or adjusting pricing, to better align with customer expectations. By demonstrating a commitment to listening to customers and continuously improving their offerings, FMCG companies can build stronger relationships with customers, enhance their brand reputation, and ultimately, increase customer retention and profitability in the competitive Nigerian market.

Factors Influencing Customer Retention in the FMCG Sector in Nigeria

1. **Product Quality**: In the fast-moving consumer goods (FMCG) sector, product quality is of utmost importance. Consumers expect FMCG products to be consistently high in quality, safe for use, and able to meet their needs effectively. Brands that consistently deliver on these expectations tend to build trust and loyalty among consumers (Sinurat et al., 2021). For instance, in the food and beverage industry, consumers are more inclined to remain loyal to brands that consistently provide fresh, tasty, and safe products.To maintain product quality and enhance customer retention, companies can invest in various strategies. These include implementing stringent quality control measures throughout the production process, sourcing high-quality raw materials, and continuously improving processes to meet and exceed customer expectations.

2. **Brand Image and Reputation**: A strong brand image and positive reputation can significantly impact customer retention in the fast-moving consumer goods (FMCG) sector. Consumers are more inclined to remain loyal to brands they perceive as trustworthy, reliable, and socially responsible. Brands that engage in ethical practices, support social causes, and maintain transparency in their operations tend to earn the trust and loyalty of consumers (Mabkhot et al., 2017). Building a positive brand image requires consistent messaging that aligns with consumer values, delivering on brand promises, and engaging with customers in meaningful ways. For example, a brand that consistently delivers high-quality products, provides excellent customer service, and actively supports environmental or social causes is likely to attract and retain loyal customers. Additionally, brands that communicate openly and transparently about their products and practices can build trust with consumers, leading to long-term loyalty and repeat business (Nisar & Whitehead, 2016).

3. **Customer Service**: Excellent customer service is a crucial factor for customer retention in the FMCG sector. It plays a significant role in enhancing customer satisfaction, resolving issues promptly, and building trust and loyalty among consumers. Brands that prioritise customer service, invest in training their staff to handle customer inquiries and complaints effectively, ensuring a positive customer experience. They also implement efficient complaint resolution processes to address issues promptly and prevent them from escalating. Additionally, leveraging technology, such as chatbots or customer service software, can streamline customer interactions and enhance the overall customer experience (Kaushal & Yadav, 2023). By providing exceptional customer service, FMCG companies can differentiate themselves from competitors and create a positive brand image. Satisfied customers are more likely to remain loyal to a brand and recommend it to others, contributing to long-term profitability and success. Therefore, investing in excellent customer service is essential for FMCG companies looking to enhance customer retention and maintain a competitive edge in the market (Bernarto et al., 2020).

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4. **Brand Loyalty Programs**: Loyalty programs are a highly effective strategy for retaining customers in the FMCG sector. By offering rewards points, discounts for repeat purchases, or exclusive offers, brands can incentivize customers to continue buying from them (Bergius, 2023). These programs not only encourage repeat purchases but also foster a sense of loyalty and belonging among customers. Moreover, loyalty programs provide FMCG companies with valuable insights into customer preferences and behaviour, enabling them to tailor their offerings and marketing strategies accordingly.

5. **Consumer Preferences and Trends**: Understanding and adapting to consumer preferences and trends are crucial for customer retention in the fast-moving consumer goods (FMCG) sector. Consumer preferences can change due to various factors, including evolving lifestyles, cultural influences, social status and market trends (Font-i-Furnols & Guerrero, 2014). FMCG companies that stay abreast of these changes and offer products that align with consumer preferences are more likely to retain customers. One way to understand consumer preferences is by conducting market research. This involves gathering data on consumer behaviour, preferences, and buying patterns through surveys, focus groups, and other research methods. By analysing this data, FMCG companies can gain insights into what drives consumer choices and tailor their products to meet these preferences.Moreover, innovation plays a key role in retaining customers in the FMCG sector. By innovating product offerings, companies can stay ahead of competitors and cater to changing consumer preferences. For example, introducing new flavours, packaging designs, or product variants can help attract and retain customers who are looking for novel experiences.

THEORETICAL REVIEW

Customer Lifetime Value (CLV)

Customer Lifetime Value (CLV) is a widely utilised marketing framework that aims to determine the economic value a customer contributes to a business throughout their entire relationship (Kim et al., 2006). Although the concept of CLV originated in the 1950s, its significance has grown with the adoption of customer-centric marketing strategies (Sheth et al., 2000). CLV serves as a crucial framework that enables businesses to assess the collective worth of their customer relationships over the customer's lifetime (Jain & Singh, 2002). It functions as a predictive tool that provides insights into the total revenue expected from an individual customer. For businesses, understanding CLV is essential as it allows them to allocate resources effectively, optimise customer acquisition and retention strategies, and enhance overall profitability (Kumar & Rajan, 2009).

In the context of the FMCG sector in Nigeria, CLV can be used to assess the profitability of retaining customers. By calculating the CLV of customers and comparing it to the cost of acquiring new customers, FMCG companies can determine the most effective strategies for maximising profitability. For example, if the CLV of existing customers is higher than the cost of acquiring new customers, it may be more profitable for companies to focus on customer retention strategies rather than solely on customer acquisition. However, recognizing the limitations of the CLV framework is important. Calculating accurate CLV values can be challenging as it requires extensive data, including information on customer acquisition costs,

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retention rates, and revenue generation (Kumar & Rajan, 2009). Collecting and analysing this data can be time-consuming and resource-intensive, posing challenges for smaller firms in effectively implementing CLV. Additionally, CLV does not encompass non-monetary benefits that customers may bring to a firm (Abdolvand, 2021).

Relationship Marketing Theory

Relationship Marketing is a strategic framework that centres around cultivating enduring relationships with customers, moving beyond mere product or service transactions. Its objective is to foster customer loyalty by delivering exceptional experiences, personalised communication, and continuous support (Buttle, 1996). The Relationship Marketing framework accentuates the importance of cultivating enduring, customer-centric relationships. It acknowledges the value of long-term relationships and customer loyalty (Andaleeb et al., 2016).

In the context of the FMCG sector in Nigeria, relationship marketing involves understanding customer needs and preferences, and developing strategies to meet those needs through product offerings, customer service, and other interactions. By fostering strong relationships with customers, FMCG companies can increase customer loyalty, encourage repeat purchases, and ultimately drive profitability. Relationship marketing emphasises the value of retaining existing customers over acquiring new ones, recognizing that loyal customers are more likely to generate higher revenues and act as brand advocates and referral agents. By prioritising customer retention, understanding customer needs, and maintaining ongoing communication, organisations can establish robust and lasting connections with their customers, resulting in improved organisational performance and long-term success (Gilaninia et al., 2011). The focus on customer understanding, segmentation, engagement, loyalty, and lifetime value empowers organisations to enhance customer retention, increase profitability, and achieve sustainable growth over time.

EMPIRICAL REVIEW

Ander et al. (2006) investigated customer satisfaction, relationship commitment characteristics, and triggers. Their study examined how customer satisfaction, emotional commitment, and calculative commitment influence retention. They also explored the role of situational and reactional trigger circumstances in moderating the satisfaction-retention connection. The findings revealed that customer happiness, calculative commitment, and previous turnover consistently impact retention. Interestingly, prior churn weakened the link between satisfaction and retention. These findings have implications for customer service representatives and researchers who rely on satisfaction surveys to predict behaviour.

Larsson and Broström (2020) focused on insurers' perceptions of customer loyalty and retention. Through a survey of 232 insurance agents, they found that customer satisfaction is the most critical factor in retaining customers, followed by service quality and price. The study also highlighted the positive impact of loyalty programs on customer retention, suggesting that incentivizing customers to stay with the company could be an effective retention strategy.

Al-Hazmi (2021) conducted a study on the effect of customer relationship management on customer retention in travel and tourist organisations in the Al-Kharj Governorate. Using an

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analytical descriptive method, he surveyed approximately 200 people. The results showed that customer service aspects in travel and tourist companies influence the connection with consumers. The study also provided recommendations, including the importance of delivering programs and presentations to customers to ensure a long-term connection and trust. The research suggested the need to develop an integrated program with customers.

Sugiato et al. (2023) explored the impact of customer relationship management, service quality, and relationship marketing on customer retention in the Indonesian banking sector. The study found that customer relationship management and service quality directly and positively affect customer retention, while the influence of relationship marketing on customer retention is indirect. These findings suggest that Indonesian banks can improve their overall performance by implementing effective customer relationship management and service quality strategies, which, in turn, contribute to improved customer retention.

METHODOLOGY

In this research, a cross-sectional survey approach was used to examine the impact of customer retention on the organisational profitability of a specific group of FMCG companies in the South-Western region of Nigeria. To ensure fairness and impartiality, a simple random sampling method was employed. The study focused on a sample size of 248 employees selected from 10 FMCG companies in Oyo State, Nigeria. This methodological choice was made due to the impracticality of directly observing every FMCG company in the expansive South-Western region of Nigeria, which includes six states: Lagos, Oyo, Ogun, Osun, Ondo, and Ekiti.

The structured questionnaire used for data collection consisted of three sections: with the first section aimed for demographic information, the second section for customer retention, and a final section for organisational profitability. The 'Customer Retention' section demonstrated high internal consistency (Cronbach's alpha = 0.78), while the 'Organisational Profitability' section showed strong construct validity based on factor analysis results. Respondents rated their agreement or disagreement with each query related to customer retention (independent variable) and organisational profitability (dependent variable) on a 5-point Likert scale ranging from "Strongly Agree" to "Strongly Disagree."

To maintain confidentiality and anonymity, participants were assured that their responses would remain confidential. This approach aimed to ensure the integrity and reliability of the data collected.

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FINDINGS AND DISCUSSION

Table 1: Demographic Characteristics of Respondents

VARIABLE	FREQUENCY	PERCENTAGE
Gender		
Male	161	65.1
Female	87	34.9
Total	**248**	**100.0**
Age		
20-30 Years	21	8.5
31-40 years	120	48.4
41-50 years	83	33.4
51-60 years	20	8.0
60+ years	4	1.7
Total	**248**	**100.0**
Educational qualification		
OND/NCE	9	3.5
HND/Degree	136	54.9
Postgraduate	103	41.6
Total	**248**	**100.0**
Position/Designation		
Director/Executive	23	9.2
Manager/Head of Department	34	13.7
Research and Development	10	4.0
Sales	87	35.2
Marketing	51	20.5
Warehouse Operations/Distribution	9	3.7
Finance/Accounts	14	5.7
IT Support	8	3.0
Administration/Human Resource	12	5.0
Total	**248**	**100.0**
Working Experience		
1-5 years	23	9.2
6-10 years	64	26
11-15 years	94	37.9
16 years and above	67	27
Total	**248**	**100.0**
Marital Status		

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Single	43	17.5
Married	192	77.3
Divorced	12	4.7
Widowed	1	0.5
Total	**248**	**100.0**
Time as a Employee of the FMCG company		
Less than 1 year	3	1.2
1-3 years	17	6.7
3-5 years	45	18.2
More than 5 years	183	73.8
Total	**248**	**100.0**

Source: Field Survey (2024)

Table 1 presents a detailed analysis of the demographic characteristics of employees in the selected FMCG companies, providing valuable insights into key attributes. The data indicates a predominant representation of male respondents, making up 65.1%, while female respondents constitute 34.9%.

In terms of age distribution, 8.5% of employees are between 20-30 years old, 48.4% are in the 31-40 years range, 33.4% fall between 41-50 years, 8.0% are in the 51-60 years category, and 1.7% are aged 60 years and above.

Educational qualifications show a diverse range, with 3.5% holding OND/NCE qualifications, 54.9% possessing HND/Degree qualifications, and 41.6% holding Postgraduate degrees.

Occupational roles exhibit a varied distribution, including Director/Executive roles (9.2%), Managers/Heads of Departments (13.7%), Research and Development (4.0%), Sales (35.2%), Marketing (20.5%), Warehouse Operations/Distribution (3.7%), Finance/Accounts (5.7%), IT Support (3.0%), and Administration/Human Resource positions (5.0%).

Regarding working experience, 9.2% have 1-5 years, 26% have 6-10 years, 37.9% have 11-15 years, and 27% have 16 years and above. Marital status indicates that 17.5% are single, 77.3% are married, 4.7% are divorced, and 0.5% are widowed.

Lastly, employees with less than 1 year of experience constitute 1.2%, 1-3 years account for 6.7%, 3-5 years for 18.2%, and the majority, 73.8%, have more than 5 years of experience within the company.

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Test of Hypothesis

H0: There is no significant relationship between customer retention and organisational profitability in the FMCG sector of Nigeria.

Table 2: Pearson's Correlation between Customer Retention and Organisational Profitability

Variable	Pearson R	Sub-variable	Mean	Std. Dev	N	Pearson R	P	Remark
Customer Retention	.783**	Personalized Marketing	18.11	2.85	248	.665**	0.000	Sig
		Loyalty Programs	15.73	2.44		.630**	0.000	Sig
		Quality Products	15.48	2.72		.673**	0.000	Sig
		Customer Support	15.43	2.89		.686**	0.000	Sig
		Organisational Profitability	58.01	11.05				

Source: Statistical computation (SPSS version 29 output)

Table 2 illustrates the examined correlation between customer retention and organisational profitability. The analysis reveals a positive correlation (r = .783**, p = 000), indicating that as customer retention rate changes by 1%, there is a consequential 78.3% change in the organisational profitability of FMCG companies in Nigeria. This suggests a robust influence of customer retention on organisational profitability within the studied context. These findings underscore a substantial positive association between customer retention and organisational profitability, suggesting that customer retention serves as a catalyst for improvement of organisational profitability of FMCG companies.

Additionally, delving into the sub-variables of customer retention, namely personalised marketing (r = .665**, p = .000), loyalty programs (r = .630**, p = .000), quality products (r = .673**, p = .000), and customer support (r = .686**, p = .000),all exhibit positive relationships with the organisational profitability of FMCG companies in Nigeria. These relationships are statistically significant at the 1% level, signifying that a 1% change in each of these sub-variables results in corresponding changes of 66.5%, 63%, 67.3%, and 68.6%in organisational profitability, respectively. In light of these outcomes, the null hypothesis (H0) is rejected and the alternative hypothesis is accepted, confirming a significant relationship between customer retention and organisational profitability in the FMCG industry of Nigeria.

Discussion of Findings

Table 2 demonstrates a strong positive correlation between customer retention and organisational profitability in Nigerian FMCG companies. These findings are significant for understanding the relationship between these critical aspects of business success. The analysis reveals a highly significant positive correlation, with a correlation coefficient (r) of 0.783,

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indicating that as customer retention increases, so does organisational profitability. This highlights customer retention as a key driver of sustained profitability and organisational success. The study further explores specific components of customer retention, including personalised marketing, loyalty programs, quality products, and customer support, all of which show strong positive associations with organisational profitability, with correlation coefficients ranging from 0.630 to 0.686, all statistically significant at the 1% level.

Survey results on customer retention indicate that Managers/Heads of departments attribute customer satisfaction as a leading factor contributing to their customer retention, suggesting that their customers are satisfied with the products and the quality of customer support provided. The results also indicate a clear understanding among companies and their staff of what constitutes quality customer support, including reliability of products, responsiveness to complaints, quality assurance, and value to customers.

Regarding the impact of customer retention on organisational profitability, employees acknowledge a significant impact, attributing the acquisition of new customers to the quality of products offered to existing customers and minimal customer complaints, leading to continued customer commitment. The active customer database and meeting profitability targets over the years further support the positive impact of customer retention. Previous studies have also linked organisational performance to the ability to retain customers (Fisher, 2001; Viriri et al., 2013; Ocloo & Tsetse, 2013).

CONCLUSION AND RECOMMENDATIONS

The findings of this study highlight the crucial role of customer retention in driving organisational profitability and success in the Nigerian FMCG sector. The analysis revealed a strong positive correlation between customer retention and organisational profitability, emphasising customer retention as a key driver of sustained profitability. The study also identified specific components of customer retention, such as personalised marketing, loyalty programs, quality products, and customer support, which all showed strong positive associations with organisational profitability.

Survey results further supported these findings, with Managers/Heads of departments attributing customer satisfaction as a leading factor contributing to customer retention. Companies demonstrated a clear understanding of quality customer support, including reliability of products and responsiveness to complaints, which contributed to customer satisfaction and retention. Based on the findings, FMCG companies in Nigeria should prioritise customer retention strategies to enhance organisational profitability. This includes implementing personalised marketing initiatives, robust loyalty programs, and maintaining high-quality products and customer support. Companies should also focus on understanding and meeting customer expectations, as customer satisfaction is a key driver of retention. By investing in these strategies, FMCG companies can build stronger relationships with customers, increase loyalty, and ultimately improve profitability in the competitive Nigerian market.

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