

EFFECT OF PATRONAGE ON PROFITABILITY: A SURVEY OF BAR BUSINESS IN JOS NORTH LOCAL GOVERNMENT AREA OF PLATEAU STATE.

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Abstract

This study investigates the effect of patronage on profitability within the bar business in Jos North Local Government Area of Plateau State, Nigeria. Employing a mixed-methods approach, the research encompasses quantitative surveys of 100 patrons and qualitative interviews with 30 bar owners. Key findings reveal that factors such as service quality (mean score: 4.5), ambiance (4.3), pricing (4.0), and safety/hygiene (4.6) significantly influence customer patronage, which correlates positively with profitability ($r = 0.65$, $p < 0.01$). Qualitative insights highlight the importance of creating unique customer experiences and the challenges posed by competition and economic fluctuations. The study concludes that bar owners must innovate and prioritize customer engagement to enhance loyalty and profitability. Recommendations include implementing loyalty programs, leveraging social media marketing, and maintaining high safety standards. The implications of this research extend to theoretical contributions in hospitality management, methodological approaches for future studies, and practical strategies for bar owners to thrive in a competitive market.

KEYWORDS: Patronage, Profitability, Customer Experience, Hospitality Management

1.0 INTRODUCTION

Local economies have long been significantly influenced by the tavern industry, which not only offers a social atmosphere but also generates revenue and employment. The Nigerian bar sector, especially in the Jos North Local Government Area of Plateau State, has faced both chances and difficulties. Patronage has a direct impact on profitability, according to recent trends, which also shape bar owners' operational strategies and market dynamics. It is critical to comprehend this link since it helps bar owners optimize their operations while also bolstering regional economic stability. In many towns, especially in Nigeria, the bar industry is very important to the socioeconomic fabric of the community. In Jos North Local Government Area of Plateau State, this sector has not only provided leisure and entertainment but has also contributed significantly to employment and local revenue generation. As consumer preferences evolve, the relationship between patronage and profitability becomes increasingly critical for bar owners seeking to thrive in a competitive market.

Statistical evidence underscores the importance of patronage in the bar sector. According to a 2023 report by the National Bureau of Statistics, the hospitality industry in Nigeria, which includes bars, has grown by approximately 15% annually over the past five years, with increased patronage correlating strongly with profitability (NBS, 2023). This growth is not merely anecdotal; a study by Adamu et al. (2022) found that bars with a loyal customer base saw a 25% increase in profit margins compared to those with less customer engagement. Furthermore, the evolving consumer behavior post-

COVID-19 has led to a surge in the demand for social spaces, positioning bars as critical players in the recovery of the local economy (Ojo, 2023).

In Jos North, the unique cultural and social dynamics create an environment where bars can flourish if they align their offerings with customer preferences. Factors such as ambiance, service quality, and product diversity play significant roles in attracting and retaining patrons. According to Ojo (2023), the demand for social spaces has surged since the COVID-19 pandemic, with consumers seeking venues that provide not just food and drink, but also a sense of community and belonging. This shift presents a significant opportunity for bar owners to capitalize on changing consumer behaviors. Moreover, understanding the nuances of patronage can equip bar owners with strategies to improve customer experiences and increase profitability. By focusing on the drivers of customer loyalty such as personalized service, loyalty programs, and community engagement bar owners can create a competitive advantage that translates into sustained financial success.

The bar business in Jos North Local Government Area of Plateau State is at a critical crossroads, facing a multitude of challenges that threaten its profitability and long-term sustainability. Despite the promising growth of the hospitality industry in Nigeria, many bars struggle to thrive amidst intense competition and rapidly evolving consumer preferences. This situation is further complicated by the lingering effects of the COVID-19 pandemic, which has reshaped consumer behavior and expectations (NBS, 2023). One of the primary issues is the heightened competition within the bar sector, where a growing number of establishments vie for the same customer base. Many bar owners lack a deep understanding of the factors that drive customer loyalty, resulting in missed opportunities to engage patrons effectively. Research indicates that bars that fail to differentiate their offerings can lose up to 30% of potential customers to competitors (Adamu et al., 2022).

Additionally, the changing landscape of consumer preferences presents a significant challenge. Patrons now prioritize experiences that emphasize safety, hygiene, and unique social interactions. Bars that fail to adapt their offerings to meet these new demands often see a decline in patronage, which directly impacts their profitability (Ojo, 2023). Furthermore, the absence of strong customer engagement and loyalty programs has led to a high turnover of clientele, diminishing the stability of revenue streams (Smith & Johnson, 2021). Economic factors also play a critical role, as fluctuating disposable incomes and rising costs can significantly affect consumer spending habits. Bar owners must navigate these economic realities while striving to maintain profitability, yet many lack the analytical tools and insights necessary to respond effectively (Nguyen, 2022).

Despite the pressing nature of these challenges, there is a significant gap in existing research specifically addressing the interplay between patronage and profitability in the bar industry of Jos North. This lack of empirical data leaves bar owners without the evidence-based strategies needed to make informed business decisions (Oluwaseun, 2024). The insights gleaned from this research are crucial. They can help bar owners understand the factors that drive customer loyalty and enhance profitability, which is particularly important in an increasingly competitive market. By investigating the specific dynamics of patronage in Jos North, this study aims to provide actionable strategies that can bolster not only individual bar businesses but also the community's economic resilience as a whole. In light of these complexities, this study aims to illuminate the critical relationship between patronage and profitability in the bar business. By understanding these dynamics, bar owners can develop targeted strategies to enhance customer engagement, boost loyalty, and ultimately secure their financial futures, contributing to the economic vitality of the local community. Addressing this problem is not just vital for individual businesses but is essential for fostering a robust and resilient local economy.

2.0 LITERATURE REVIEW

The literature underscores the importance of understanding the dynamics of patronage and profitability in the bar business. As the industry evolves, bar owners must adapt to changing consumer preferences and competitive pressures to thrive. By focusing on quality service, creating engaging environments, and leveraging digital marketing, bar businesses in Jos North can enhance customer loyalty and, ultimately, profitability.

The bar business is a vital part of the hospitality industry, serving not only as a source of entertainment but also as a significant contributor to local economies. This literature review explores the interplay between patronage and profitability in the bar sector, focusing on several key themes: economic impact, consumer behavior, factors influencing patronage, and the competitive landscape.

Economic Impact of the Bar Business

The bar industry significantly contributes to the economy by generating employment and stimulating related sectors such as agriculture, food production, and entertainment. According to the National Bureau of Statistics (2023), the hospitality sector, which includes bars, accounted for approximately 5% of Nigeria's GDP in recent years. This economic contribution highlights the importance of the bar business as an essential component of urban economic life, particularly in densely populated areas like Jos North.

Consumer Behavior and Preferences

Understanding consumer behavior is crucial for bar owners aiming to enhance patronage and profitability. Recent studies indicate a shift towards experience-driven consumption, where customers seek not just a venue to drink but an environment that offers unique experiences (Ojo, 2023). Factors such as ambiance, quality of service, and safety have gained paramount importance, especially in the aftermath of the COVID-19 pandemic. Smith and Johnson (2021) note that patrons are increasingly prioritizing hygiene and safety measures, indicating that bars must adapt to meet these new expectations to retain customers.

Factors Influencing Patronage

Several factors influence customer patronage in the bar industry:

1. **Quality of Service:** The level of service provided is critical to customer satisfaction and loyalty. Research shows that bars with attentive, friendly staff and personalized service experience higher retention rates (Adamu et al., 2022).
2. **Ambiance and Environment:** The atmosphere of a bar significantly affects customer perceptions and choices. A well-designed environment that fosters social interaction can attract more patrons (Nguyen, 2022).
3. **Social Media Influence:** In the digital age, social media plays a crucial role in shaping consumer choices. Bars that effectively leverage social media marketing can enhance their visibility and attract a broader audience (Oluwaseun, 2024).
4. **Pricing Strategies:** Competitive pricing and promotional strategies can also impact patronage. Research indicates that consumers are more likely to frequent bars that offer value for money without compromising quality (Smith & Johnson, 2021).

Patronage and Profitability

The relationship between patronage and profitability is well-documented. Adamu et al. (2022) found that bars with strong customer loyalty achieve better profit margins. Their study highlights that loyal customers are more likely to return, recommend the bar to others, and spend more during each visit, which collectively boosts profitability.

Additionally, Nguyen (2022) emphasizes that during economic downturns, while overall consumer spending may decline, social drinking often remains stable. This resilience illustrates the potential for bars to maintain profitability by cultivating a loyal customer base that prioritizes social experiences.

Competitive Landscape

The competitive nature of the bar industry necessitates effective differentiation strategies. With an increasing number of establishments entering the market, bars must distinguish themselves through unique offerings and exceptional service (Nguyen, 2022). Factors such as location, branding, and community involvement also play essential roles in attracting and retaining patrons. Research by Oluwaseun (2024) suggests that bars that engage with their communities through events and collaborations are better positioned to build lasting relationships with customers.

3.0 METHODOLOGY

This is a robust framework for exploring the effect of patronage on profitability in the bar business in Jos North. By employing a mixed-methods approach, the study aims to provide a comprehensive understanding of the factors influencing customer loyalty and financial success, ultimately equipping bar owners with actionable insights to enhance their operations. A mixed-methods approach was employed, combining both quantitative and qualitative research methodologies. This design allows for a comprehensive understanding of the relationship between patronage and profitability by integrating numerical data with in-depth insights from stakeholders. The target population for this study includes, owners and managers of bars operating in Jos North, as they have direct insights into profitability and operational strategies and regular customers of these bars who can provide valuable feedback on their preferences and experiences. A stratified random sampling technique was employed to ensure representation across different types of bars (e.g., sports bars, lounges, traditional bars). This method will help capture diverse perspectives and experiences (Bryman, 2016). Approximately 100 bar patrons and 30 bar owners/managers will be surveyed to ensure sufficient data for statistical analysis and qualitative insights. A structured questionnaire will be developed to collect quantitative data from patrons and bar owners. The survey includes questions related to, Customer demographics, Frequency of patronage, Factors influencing their choices (e.g., service quality, ambiance, pricing), Perceived value and loyalty and financial performance indicators (for bar owners). Semi-structured interviews were conducted with selected bar owners and managers to gather qualitative data. These interviews will explore, Strategies for attracting and retaining patrons, Challenges faced in maintaining profitability and Insights into market trends and consumer preferences Focus group discussions with patrons will be organized to facilitate a deeper understanding of consumer behavior and preferences in a group setting. This method encourages interaction and can reveal insights that individual surveys may not capture.

The quantitative data collected from surveys were analyzed using statistical software (e.g., SPSS or Excel). Descriptive statistics (means, frequencies) will summarize the data, while inferential statistics (correlation and regression analysis) were used to examine the relationship between patronage factors and profitability. The qualitative data from interviews and focus groups were analyzed using thematic analysis. This approach will involve coding the data to identify recurring themes and patterns related

to customer preferences, service quality, and business strategies. Participants were informed about the purpose of the study, and their consent will be obtained prior to participation. All responses were treated confidentially, and data were anonymized to protect participants' identities. Participants have the right to withdraw from the study at any time without any negative consequences.

4.0 RESULTS/INTERPRETATION AND DISCUSSION

The findings from the study on the effect of patronage on profitability in the bar business in Jos North Local Government Area of Plateau State. It includes a summary of quantitative results, qualitative insights from interviews and focus groups, and a discussion of the implications of these findings.

Results Summary

| Category | Details | Findings |
|--------------------------|------------------------------------|------------------------------------|
| Demographic Profile | Bar Owners | 30 surveyed; 70% male, 30% female |
| | Experience | 60% with over 5 years in business |
| | Patrons | 100 surveyed; 55% male, 45% female |
| Patronage Factors | Age Range | 65% aged 18-35 years |
| | Quality of Service | Mean score: 4.5 |
| | Ambiance | Mean score: 4.3 |
| | Pricing | Mean score: 4.0 |
| Profitability Indicators | Safety and Hygiene | Mean score: 4.6 |
| | Average Monthly Profits | 50% report profits above ₦200,000 |
| | Correlation with Patronage Factors | $r = 0.65, p < 0.01$ |

Qualitative Insights

Interviews with Bar Owners

Thematic analysis of interviews revealed several key themes:

1. Customer Experience: Owners emphasized the need to create memorable experiences. One noted, "We focus on unique events and live music to keep customers engaged."
2. Challenges: Common challenges included competition and economic fluctuations, with many owners needing to innovate continuously.
3. Loyalty Strategies: Successful strategies included discounts for frequent visitors and community events. An owner remarked, "Building a loyal customer base is crucial, especially during tough times."

Focus Group Discussions with Patrons

Focus groups highlighted the following insights:

- Social Interaction: Patrons valued bars as social hubs for connecting with friends and family. One participant stated, "I choose lively bars; it enhances my experience."
- Safety Concerns: Patrons noted that safety and hygiene are primary considerations, especially after the pandemic.

4.1 DISCUSSION

The findings reinforce the critical relationship between patronage and profitability in the bar business. The quantitative data revealed that high-quality service, a welcoming ambiance, and robust safety

measures significantly influence customer choices and profitability, aligning with previous research (Adamu et al., 2022).

The qualitative insights underscore the necessity of creating unique customer experiences. Bar owners who innovate and engage patrons through events and community involvement are better positioned to cultivate loyalty, which is vital for sustained profitability. As noted by Nguyen (2022), loyal customers can stabilize business even during economic downturns.

The focus on safety and hygiene reflects changing consumer behavior post-pandemic. Research by Smith and Johnson (2021) highlights that bars effectively communicating health measures can enhance customer trust and loyalty.

Bar owners in Jos North must prioritize customer engagement and adapt to evolving preferences to enhance profitability. Focusing on service quality, creating inviting environments, and maintaining safety standards will help bar businesses thrive in a competitive market.

5.0 CONCLUSION, RECOMMENDATIONS, AND IMPLICATIONS

Conclusion

The study explored the effect of patronage on profitability in the bar business in Jos North Local Government Area of Plateau State. Findings indicate that factors such as service quality, ambiance, and safety significantly influence customer patronage, which in turn affects profitability. The results underscore the necessity for bar owners to innovate and engage their clientele actively. As consumer preferences evolve, particularly in the post-pandemic context, maintaining high standards in safety and customer experience becomes crucial for sustaining profitability in a competitive environment.

Recommendations

1. **Enhance Customer Experience:** Bar owners should focus on creating unique experiences, such as live music events and themed nights, to attract and retain patrons.
2. **Implement Loyalty Programs:** Develop loyalty programs that reward frequent customers with discounts or special offers, fostering a sense of community and encouraging repeat visits.
3. **Prioritize Safety and Hygiene:** Maintain stringent hygiene standards and clearly communicate these practices to patrons to build trust and reassurance in the post-pandemic landscape.
4. **Leverage Social Media Marketing:** Utilize social media platforms to promote events and engage with customers, effectively reaching a broader audience and enhancing brand visibility.
5. **Regular Training for Staff:** Invest in staff training to improve service quality, emphasizing customer interaction, and responsiveness to patron needs.

Implications

Theoretical Implications:

This study contributes to the existing literature on customer behavior and hospitality management by emphasizing the interplay between patronage factors and profitability. It highlights the importance of a customer-centric approach in the bar industry.

Methodological Implications:

The mixed-methods approach adopted in this study offers a comprehensive understanding of the research topic. Future studies could replicate this design in different contexts or geographical locations to validate findings and explore additional variables.

Practical Implications:

Bar owners and managers can use these insights to develop strategic initiatives aimed at enhancing customer loyalty and profitability. Implementing the recommended practices can lead to improved business performance, helping bars to thrive despite competitive pressures and economic challenges.

In an evolving market, bars must continuously adapt to meet customer expectations and maintain profitability. By prioritizing the factors that influence patronage, bar owners in Jos North can build a loyal customer base, ensuring sustained success in the hospitality industry.



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