THE EFFECT OF MARKETING MIX PRACTICES, CONSUMER DEMOGRAPHICS AND ATTITUDES ON USAGE OF CREDIT CARDS BY CUSTOMERS OF COMMERCIAL BANKS IN NAIROBI, KENYA

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DECLARATION

I hereby declare that the work contained in this thesis is my original work and has not previously, in part or in its entirety, been presented at any other university towards the award of any degree.

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DEDICATION

To my late parents: Manoah and Julia Otieno. Thank you for the good foundation you gave me.

To my late husband: Hassan Kerre. Thank you for inspiring me to undertake graduate studies.

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ABBREVIATIONS AND ACRONYMS

CAB	-	Cognitive, Affective, Behaviour
CBK	-	Central Bank of Kenya
CCU	-	Credit Card Usage
CDM	-	Consumer Decision Model
CRBs	-	Credit Reference Bureaus
FSD	-	Financial Sector Deepening
GDP	-	Gross Domestic Product
KCB	-	Kenya Commercial Bank
KBA	-	Kenya Bankers Association
KCDA	-	Kenya Credit and Debit Card Association
MMP	-	Marketing Mix Practices
TBB	-	Theory of Buyer Behaviour
FSD	-	Financial Sector Deepening
TPB	-	Theory of Planned Behaviour
TRA	-	Theory of Reasoned Action
USA	-	United States of America

ABSTRACT

The general objective of this study was to determine the influence of marketing mix practices, consumer demographics and attitudes on credit card usage of commercial bank customers in Nairobi, Kenya. The study had four objectives namely; to determine the effect of marketing mix practices on credit card usage, establish the extent to which consumer demographics influence the relationship between marketing mix practices and credit card usage, assess the extent to which consumer attitudes influence the relationship between marketing mix practices and credit card usage and to establish the joint effect of marketing mix practices, consumer demographics and attitudes on credit card usage. The study was a descriptive cross-sectional survey and the population comprised all persons in Nairobi who own at least one credit card. The sample size was 384 and stratified random sampling was used to pick respondents with a response rate of 361(94%).A structured questionnaire was used to get primary data and the unit of analysis was individual bank customers. To test reliability Cronbach's alpha was used and all the constructs had an alpha coefficient above 0.7. A pilot study was done to determine content validity and thereafter necessary adjustments were made on the instrument. Descriptive and inferential statistics were used to analyze the data through various measures and tests. Simple and multiple linear regression and correlation analyses were used to test the hypotheses. The relationships between and the influences of the variables were determined, inferences made and conclusions drawn. The results indicated that marketing mix practices had a significant positive influence on credit card usage. It was also established that the relationship between marketing mix practices and credit card usage was significantly moderated by consumer demographics. However, the tests revealed that the relationship between marketing mix practices and credit card usage was not statistically mediated by consumer attitudes. Finally, it was established that the joint effect of marketing mix practices, consumer demographics and attitudes on credit card usage was statistically significant. The study has contributed to theory development and marketing practice by building on service marketing knowledge. This is by confirming that banks can apply the marketing mix elements to increase usage of their products and hence financial performance. The contribution to policy development is that the study may guide regulators of financial institutions to develop policies that encourage good marketing practice. It was recommended that banks should identify the elements in the marketing mix that are important to their customers and focus attention on them. The evidence that marketing has an effect on business performance can be used by practitioners to seek top management support. The results of the study imply that policy makers regulating the financial sector should develop policies that encourage and support appropriate marketing practice. The study had some limitations caused mainly by its scope. The focus was only on credit cards issued by banks, leaving out charge cards. While only credit card holders were sampled, involving also non credit card holders would have been more inclusive. However, the limitations did not have an adverse effect on the results. Future studies should address these limitations by adapting the sample to include non-credit card holders and credit card usage to capture all categories of credit cards.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Business organizations are emphasizing marketing to enable them cope with the competitive environment. Marketing practices for service marketing can be captured under seven variables that were stated by Booms and Bitner (1981) as product, price, promotion, place, people, process and physical evidence. Consumer demographics are the set of attributes that describe a specific population and are used by marketers in segmentation and targeting strategies. These include among others, age, gender, income, education, marital status, race, religion and ethnic group. An attitude is defined by Solomon eta al (2010) as "a lasting and general evaluation of people, objects or issues". Thus Consumer attitudes influence purchase behaviour. Bank operations worldwide have been influenced significantly by new technology that has enabled service quality improvement and introduction of new services. One such service is provision of credit cards. These provide consumers with a convenient means of making payments for purchases and are also a source of short term credit. However, they encourage spending and consumers may end up being heavily indebted, thus increasing the risk of nonpayment that banks have to contend with.

The marketing mix framework has dominated marketing management and is used in business organizations as a basis for marketing planning. It was originated in 1960 (McCarthy,1978) and in response to the limitations identified, several additions have been proposed to extend it. The extension by Booms and Bitner (1981) gave rise to the service marketing mix which was used in the study.The cognitive theory of consumer behaviour explains purchase behaviour. Two categories of models under this theory are the analytical models and the presciptive models. While the analytical models identify the key elements believed to explain consumer behaviour, the prescriptive models provide frameworks to structure consumer behaviour.

Kenya has been pursuing various reforms and initiatives over the past decade to enhance efficiency and stability of the financial sector (Bank Supervision Annual Report, 2015). Supportive policies that have been adopted include growth oriented macro-economic policies, expansive fiscal policies and an accomodative monetary policy. In addition, transparency in credit financing has been increased through the introduction of a credit pricing framework known as the Kenya Bank Reference Rate. This has led to growth in the sector with bank branches increasing from 1443 in 2014 to 1523 in 2015. However, there is still low access to bank services with only

29% of Kenyans using bank services in 2013 (Financial Access Survey, 2013). This has contributed to the slow growth of the credit card business in Kenya. Apart from commercial banks, fuel stations and retail institutions also issue credit cards in Kenya.

1.1.1 Marketing Mix Practices

Marketing practices refer to the actions organizations take to attract consumers and get their loyalty. These can be structured using the marketing mix and consists of product, price, promotion and place as provided by Borden (1964). The service marketing mix that was used to analyze marketing practices also includes people, physical evidence and process. Product is the offer provided to a firm's target market and price is what consumers pay for the offer. A product has various dimensions that consumers use to judge the quality of the offer. The relevant dimensions of credit card service used include; requirements for application, application approval period, installment payment plan, interest free repayment period, credit card limit, minimum payment allowed and privacy of customer information. The banks provide different types of credit cards to suit different market segments. For instance, credit card limit allowed varies from one customer to another.

For credit cards the key dimensions that customers use to judge price include joining fee, annual fee, interest rate on credit balance, over limit fee, late payment fee, cash advance fee and supplementary card annual fee. Promotion comprises the efforts made to communicate with consumers and other stakeholders. This can be done through advertising, personal selling, sales promotion, public relations and direct marketing (Armstrong et al, 2014). The aspects of promotion that were analyzed are; annual fee waiver, advertising, reward points for using card, brochures, discounts, personal selling, online communication, short messaging service and email communication. A study by Aliata, Odondo, Ojera and Abongo (2012) found that promotion influences bank profitability. For services, promotion also occurs at the service production stage through interaction with the frontline staff (Palmer, 2011).This is because there is simultaneous production and consumption of service.

Place has accessibility as the main concern and it can be addressed by assessing the banks' branch network and the service outlets that accept credit cards as a mode of payment. Other accessibility concerns are location of outlets, bank opening hours and services available online. These are the key decision areas that marketers use to satisfy their customers. However, in the service industry, the extended marketing mix which also includes people, process and physical evidence is more appropriate. People refers to all those who participate in the production and consumption of the service. Since for services, production and consumption take place at the same time, the employees involved in the service production directly determines quality perception of clients. Characteristics of employees that were addressed are; courtesy, knowledge, confidence employees instill, appearance and complaint handling skills.

For service delivery to occur, there are procedures to follow and these are captured under process. The environment in which the service is provided and tangibles that facilitate service delivery make up the physical evidence (Jobber & Chadwick, 2013). Process affects the speed of service delivery and for the credit card service, the dimensions include; ease of bill payment, timeliness of monthly statement, complaints handling process, process of redeeming reward points and time taken to process credit card application. The physical evidence of a bank portrays the quality of service expected from it. Dimensions of the physical environment that consumers assess include; physical facilities, equipment, general ambience and bank layout. In this study, the extended marketing mix was used to analyze marketing practices of commercial banks.

1.1.2 Consumer Demographics

Consumer demographics are the characteristics of individuals that organizations use to identify their markets. These include among others, age, gender, income, education, marital status, religion and ethnic group. Various studies have been done to find out how demographic variables affect credit card spending behavior and for some variables, there have been mixed results. Danes and Hira (1990) concluded that the use of credit cards increased with education level. Although research by Hira and Fanslow (1992) revealed a positive relationship between income and credit card use, that by Choi and DeVaney (1995) showed that income does not have any significant effect on the same. Even studies on effect of gender have revealed inconsistencies with Heck (1987) reporting that men used credit cards more than women. A study by Lindley et al (1989) established that women used credit cards mainly to buy household goods and clothing.

Age is also likely to determine what purchases credit cards are used on. Marital status and occupation have also been found to influence credit card usage. Steidle (1994) established that marital status affects credit card spending behaviour. Religion is a key demographic variable, given that Islamic banking is guided by Shariah Law that prohibits payment and collection of interest. The study sought to increase an understanding of the credit card market by analyzing the effect of age, gender, income, occupation , education, marital status and religion on credit card use in Kenya.

1.1.3 Consumer Attitudes

Since attitude is multidimensional, it tends to be subjective, and it has an effect on behaviour (Hook & Lucier, 1995). Attitudes are a major determinant of consumer behaviour and various models have been developed to enable attitude measurement. The manner in which attitudes influence purchases depends on whether the overall attitude is guided by the utilitarian component or the hedonic component. The utilitarian component addresses how useful the object is while the hedonic component measures the feeling derived from using the object. Thus consumer motivation to use credit cards can be attributed to both hedonic and utilitarian reasons.

The Cognitive, Affective, Behaviour (CAB) model categorizes attitudes into affective, cognitive and behavioural components. The cognitive component relates to one's beliefs about the object of concern while the affective component involves emotions and the behavioural component refers to the actions taken. This model was applied in this study to assess consumer beliefs about credit cards, their emotional response to credit cards and their credit card behaviour.

Fishbein(1963) came up with the multi-attribute attitude model which is based on the fact that a consumer's overall attitude towards an object is made up of a summation of his attitudes towards several attributes of the object. The model is made up of three elements, that is, attribute, belief measure and importance weight. Chan (1997) used this model to make a comparison between regular and irregular users of credit cards in Hong Kong and Teoh, Chong and Yong (2013) examined how credit cardholders' attitudes towards money influenced spending behaviour among Malaysians. In this study, an analysis of consumer attitudes towards credit cards was done to assess how they influence the relationship between marketing practices and credit card usage.

1.1.4 Credit Card Usage

As a mode of payment, a credit card enables a consumer to purchase products and services from participating merchants and pay later. Apart from offering the consumer a payment tool, it also provides credit (Garman &Forgue, 2012).Credit cards originated at the beginning of twentieth century and over the years, they have become a popular way of payment during transactions (Watkins, 2000). In Kenya, the first credit card was launched by Diners Club Africa limited in 1967 and this franchise was taken over by Royal Card in 1984. More cards were introduced in the 1980s and since then, there has been growth in usage. Charge cards also provide a mode of payment. They are issued by individual companies and like credit cards, allow buyers to carry out transactions without having cash when buying. Debit cards, on the other hand, require buyers to have funds in their accounts before making purchases. Since the deduction from the account is done immediately, debit card holders can only spend money that they have. While banks issue debit cards only to those who are already their customers, credit cards can be issued even to non-customers.

Credit cards have been classified into retail credit cards and bank credit cards. Retail cards are used exclusively in the retail outlets that have issued them. They are also referred to as specialty cards, two-part cards and private label cards. They are mainly issued by fuel stations and supermarkets. Since bank credit cards can be used to buy goods and services from a range of merchants, they are referred to as general purpose cards (Garcia, 1980). Slocum and Mathews (1970) identify two ways of managing credit cards. Installment users do not pay the entire monthly balance and by maintaining an outstanding balance, they accrue interest. Convenience users ensure that they pay what is owed within the billing period. The card issuers thus lose out on the revenue that could have been earned from interest. Worthington (2005) uses the term ‘revolvers’ to refer to the installment users and ‘transactors’ to refer to convenience users. This study focused on bank credit cards because they are more encompassing.

The parties involved in the credit card market are card associations, acquirers and merchants. The card associations, also referred to as networks, are the franchise holders who license card issuers to use their brand names on cards issued to customers (Chakravorti, 2003). These include Visa International, MasterCard, Euro Pay, Diners Club and American Express, among others. Acquirers issue credit cards to consumers and they sign contracts with merchants who are willing to accept the cards for payment of goods and services. The banks that issue credit cards fall in this category and in Kenya these are fifteen. Merchants are outlets that have accepted the credit cards as a mode of payment. Credit card usage by users was analyzed using number of cards owned, frequency of use, value of purchases, categories of products bought, payment of credit balance, redemption of reward points, debt owed and whether one is a convenience or revolver user.

1.1.5 Commercial Banks in Kenya

The banking sector in Kenya has been growing and according to the CBK supervision annual report (2014), between December 2013 and December 2014, it registered an 18.5% growth in net assets, an increase in value of loans of 22.7%, a pre-tax profit increase of 12.2% and an 18.65% increase in customer deposits. However, usage of bank services in Kenya is still low. The total number of people who use bank services in 2013 was 5.4 million and this is 29.2% of the total population that is over 18 years old. Nairobi region has the highest usage with 52.4% of the residents using banks, while Western Kenya had the lowest usage with 19.7% (Financial Access Survey, 2013). This means that the majority of bank credit card users are in Nairobi. As the banking sector continues growing, competition will increase and so banks will have to find ways of gaining competitive advantage. By showing the relationship between marketing practices and credit card usage, this study provides information that can be used to make appropriate marketing decisions in the credit card market.

Commercial banks are financial institutions that provide banking services that include current accounts, savings accounts, loan facilities and credit cards to institutions and individuals. They charge customers a fee for the services rendered and some accounts earn interest. Activities of commercial banks are influenced by the Central Bank of Kenya (CBK), and the Kenya Bankers Association (KBA). Institutions that influence activities of banks that issue credit cards are the Kenya Credit and Debit Card Association (KCDA) and three credit reference bureaus. The regulations governing the activities of the bank are the Companies Act (Cap 486), the Central Bank of Kenya Act (Cap 491), the Banking Act (Cap 488) and prudential guidelines issued by CBK (CBK Annual Report, 2014). There are fifteen banks out of 43 (37.2%) that issue credit cards in Kenya. These cards provide them with an avenue to provide customers with credit in addition to other lending services. The credit reference bureaus serve the banking sector by gathering and storing information which is shared with lenders. They are likely to reduce the rate of default on payment in two ways. One is through providing information that enables banks to assess credit card applicants more accurately and secondly by discouraging credit card holders from defaulting on payment as this may negatively affect their credit rating.

1.2 Research Problem

According to consumer behavior theory, consumers are influenced by psychological, sociological and economic determinants as well as marketing activities (Solomon et al, 2010). The psychological factors are individual characteristics that include perception, personality, attitudes, learning and motivation. Consumers are also influenced by other people and groups such as opinion leaders and reference groups and these are captured under sociological determinants. The economic influences on consumer behaviour include income as well as availability of credit. Knowledge of how these factors influence credit card usage may be used by banks to develop appropriate marketing strategies. The credit card service is characterized by slow growth and fluctuations in ownership. Between December 2014 and December 2015, the number increased by 50,000 but by May 2016, it had reduced by 36,000 (Central Bank of Kenya, 2016).Thus there is need for the issuers to implement appropriate marketing practices so as to increase usage and increase revenue generation from the credit cardholders.

Kenya's banking sector has experienced growth in terms of deposits, assets, profits and product offerings, thus increasing competition. However, the credit card service offered by banks has experienced minimal growth. As at March 2018, the number of credit cards in Kenya was 242,346 (CBK, 2018). This is low compared to the number of individuals who use bank services which was 5.4 million in 2013 (Financial Access Survey, 2013). So far, the sector has not reached its full potential in supporting the allocation of economic resources in the economy. This is of concern since the government recognizes the crucial role of the sector in delivering the envisioned 10% Gross Domestic Product (GDP) growth rate per annum (Government of Kenya, Vision 2030).

Various studies have been done on consumer credit cards focusing on different variables. Studies on the effect of demographic variables on credit card usage have yielded conflicting results. While Hira and Fanslow (1992) found a positive relationship between income and credit card use, Choi and DeVaney (1995) revealed that the effect of income on the same was insignificant. Although credit card ownership was found to be more widespread among older people by Rutherford and DeVaney (2009), Wasberg et al. (1992) concluded that as age increases, credit card use decreases. Fogel and Schneider (2006) sought to find out the likely risk of accumulating debt from careless use among college students in New York, USA. They concluded that compulsive buying and irresponsibility in using credit cards were affected by income and employment. The scope of the study was limited in that the population was made up of only young adults and the demographic variable considered was income. Since the study was done in a developed country and the focus was on college students, the findings may not be applicable to Kenya where students hardly own credit cards.

Teoh et al (2013) investigated the factors that influence credit card spending behaviour among Malaysians. They used convenience sampling that limited generalizability and excluded gender and education among the demographic variables. Their study presents a conceptual and a methodological gap that was addressed in this study. In addition, they analyzed attitudes towards money, while this study addressed attitudes towards credit cards. On the other hand, Rutherford and DeVaney (2009) investigated aspects influencing convenience use of credit cards among USA citizens. They concluded that card users who pay the entire balance within the billing period, tended to believe that credit is not good, they operated on the basis of long term plans, had higher college education, had higher income and were of an upper age group. The study focused on convenience use of credit cards as the dependent variable, while in this study, the dependent variable was marketing mix practices.

Gan, Maysami and Koh (2008), in a study of Singapore credit cardholders, sought to establish the relationship between credit card ownership, demographic variables and perceptions. They concluded that income, gender and perceptions determined credit card ownership. The study focused on multiple credit cardholders. Having investigated why credit card use in Ghana was low, Andoh (2014) noted that although Ghanaians had a positive attitude towards credit cards, usage was deterred mainly by poor internet access and lack of awareness among consumers. Majority of the respondents were not credit cardholders and this limited their comprehension of the credit card system. Liu and Brook (2009) explored the factors that affect the redemption of reward points by Chinese credit card users. They identified low customer awareness and low redemption rates as the key factors. In that study only the promotion aspect of the marketing mix was studied, while this study included seven elements of the marketing mix.

The current study addresses the gaps identified above by sampling both single and multiple credit card holders in Kenya with varied demographic characteristics, who have obtained the cards from various banks. The aim was to determine the relationship between marketing mix practices, consumer demographics and attitudes, and credit card usage. This was guided by the following research question: What is the relationship between credit card usage and marketing mix practices of commercial banks in Nairobi, Kenya as moderated by consumer demographics and mediated by consumer attitudes?

1.3 Research Objectives

The general objective of the study was to determine the influence of marketing mix practices, consumer demographics and attitudes on credit card usage of commercial bank customers in Nairobi, Kenya.

The specific objectives were to:

i) Determine the effect of marketing mix practices on credit card usage.

ii) Establish the extent to which consumer demographics influence the relationship between marketing mix practices and credit card usage.

iii) Assess the extent to which consumer attitudes affect the relationship between marketing mix practices and credit card usage.

iv) Establish the joint effect of marketing mix practices, consumer demographics and attitudes on credit card usage.

1.4 Value of the study

The results of the study contribute to theory building, policy issues and managerial practice. The understanding of consumer behaviour in the credit card market is enhanced by showing the extent to which consumer demographics and attitudes affect the relationship between marketing mix practices and credit card usage. The credit card business contributes to the growth of the banking industry. However, the adoption rate varies from country to country (Barker &Serkereya, 1992). In Kenya, the growth is rather low and to increase the rate of adoption, knowledge of the credit card situation in Kenya is necessary. The study contributes to knowledge by testing the joint influence of marketing mix practices, consumer demographics and attitudes on credit card usage in Kenya. The findings confirm modern marketing theory which recommends that marketing in the service industry should be based on the extended marketing mix. Studies have been done on credit card usage in Kenya, but none has highlighted the role of marketing. Although banks invest in marketing, little is known about the contribution of their marketing practices.

The key players in the credit card market are banks, merchants and consumers. They all expect to get meaningful returns from their involvement. For this to happen without any party manipulating another there should be policies that guide the operating environment. The findings of the study may be used by policy makers regulating financial institutions especially with respect to recommended marketing practice. Further, the findings will be valuable to other stakeholders in the financial sector with regard to appropriate marketing strategies for improving performance.

Marketing is an important function in business organizations and significant amount of resources may be allocated to it. Thus managers are expected to understand the impact of marketing practices on consumer behaviour, as this affects organizational performance. Moreover, they need to justify the expenditure on marketing. The study contributes to managerial practice by showing how the elements of the extended marketing mix, that is, product, price, promotion, place, physical evidence, people and process affect credit card usage. Thus it serves to inform the implementation of marketing strategy in service organizations especially in banks by guiding on which aspects need to be emphasized. Furthermore, the study considers the combined effect of marketing mix practices, consumer demographics and attitudes on credit card usage, whereas other studies have focused on individual effects of these variables.

1.5 Chapter Summary

This chapter presented an introduction to the thesis. This began with a background which put the study into perspective. This was followed by a brief discussion of the key variables, that is, marketing mix practices, consumer demographics, consumer attitudes and credit card usage. The marketing mix variables identified were product, price, promotion, place, people ,process and physical evidence. Consumer demographics mentioned include gender, age, income, occupation, education, marital status and religion. Consumer attitude was presented as a multidimensional variable that can be analyzed using different models. The Cognitive, Affective, Behaviour (CAB) model and the multi-attribute model were described. Credit card usage was introduced, highlighting its origin and classification. A discussion of the banking sector in Kenya touched on the low usage rate of bank services and mentioned Nairobi residents as having the highest usage in the country. The research problem was then discussed and the research objectives stated. Finally, the value of the study was explained. The next chapter is on the literature review relevant to the study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section starts with a description of three cognitive theory of behaviour models which include Theory of Buyer Behaviour (TBB), Consumer Decision Model (CDM) and Theory of Planned Behaviour (TPB). The relationship among the variables are explained, the knowledge gaps identified, the conceptual framework presented and the relevant hypotheses stated.

2.2 Theoretical Foundation of the Study

The study was guided by the cognitive theory of consumer behaviour. This theory is derived from Cognitive Psychology which became a recognized field of study after research work by Neisser (1967) and the introduction of the stimulus-organism-response model (Cziko, 2000). The theory focuses on exploring and understanding the mental structures and processes that mediate between stimulus and response (Kihlstorm, 1987). According to Cognitive Psychology, factors that influence consumer information processing are perception, learning, memory, thinking, emotion and motivation (Sternberg, 1996). This theory is appropriate because apart from portraying the consumer as an information processor, it also acknowledges environmental and social influences. The models based on this theory that guided the study are Theory of Buyer Behaviour, The Consumer Decision Model and Theory of Planned Behaviour.

2.2.1Theory of Buyer Behaviour

The theory of Buyer Behaviour (TBB) integrates social, psychological and marketing influences on consumer choice to create an information processing model (Foxall, 1990). The major components in the model are inputs, exogenous variables, intervening variables and outputs. Inputs are stimuli in the environment that consumers are exposed to and these have different origins. The first category includes the stimuli in form of products and brands presented to buyers. Secondly, there is the symbolic stimuli and this is information received through advertising. Social stimuli comprise influence of family and reference groups. Consumers targeted by credit card marketers receive part of the input inform of communication from the issuers. Other information comes from family members and other individuals they interact with. The intervening variables sift and sort the received stimuli and are categorized into perceptual constructs and learning constructs. The perceptual constructs control, filter and process received stimuli, while learning influences the manner in which the consumer handles future purchases.

Exogenous variables represent external variables that can influence decisions and include social class, culture and financial status. The output variables are the responses of buyers processing the stimuli that they have received. The buyer may respond by paying attention, comprehending the stimulus, forming an attitude, or making a purchase. (Loudon & Bitta, 1993). When the consumer pays attention to product information, this is processed. Thus the consumer is able to evaluate the products potential to satisfy his needs. If the result of evaluation is acceptable, the actual purchase takes place. The buyer's response is influenced by the intervening and exogenous variables. This theory is commended for integrating social, psychological and marketing influences on consumers. It is a comprehensive model that can be used to analyze different purchase situations and is the main theory that guided this study. The use of the term buyer ensures that industrial purchases are not excluded. In addition, the model caters for different types of decision making, which are, extensive problem solving, limited problem solving and routine decision making. However, it has been criticized for its unsuitability in explaining joint decision making.

2.2.2 Consumer Decision Model

The Consumer Decision Model (CDM) is also known as the Engel-Blackwell-Miniard-Model. The current model as presented by Blackwell et al (2001) is a result of several revisions, having been first developed in 1968. The seven stages around which it is structured are; need recognition, information search, evaluation of alternatives, purchase, consumption, post purchase evaluation and divestment. In this model, consumers are influenced by two factors during the purchase process. Firstly, memories of previous experiences influence processing of stimuli received and secondly, there are external factors in the environment as well as personal differences. External environment factors include culture, social class, personal influence, family and situation, while the personal influences include consumer resources, motivation and involvement, knowledge, attitudes, personality, values and lifestyle.

The purchase process begins when a need is recognized. This is guided by an interaction of input stimuli, environmental and individual factors. Next, there is a search for information and this is sourced both from the consumer's memory and from external sources. Information processing goes through the steps of exposure, attention, comprehension, acceptance and retention. External environment factors and personal variables influence evaluation of alternative options. Purchase and consumption then take place, after which there is post consumption evaluation. This evaluation generates information that is used during future purchase situations. Divestment is the last stage and it shows that a purchased product may be discarded after a while.

There are several similarities between this model and the TBB model with respect to the factors that influence purchase decisions. However, the difference between them is in the structure and relationship between the variables. Blackwell et al (2001) argue that the model is suitable for extended problem solving and limited problem solving and that the depth of information search depends on the nature of problem solving. Acquiring a credit card is an important purchase decision to consumers and so they are likely to go through the stages specified in this model .Since the model has evolved over the years, it includes factors such as consumption and divestment thus conforming to contemporary definitions of consumer behavior (Sciffman & Kanuk, 2007) Although the model is simple and easy to understand, Erasmus et al, (2001) note that it has a mechanistic approach which is limited and thus it cannot be used for all purchase situations.

2.2.3 Theory of Planned Behavior

The Theory of Planned Behavior (TPB) is an extension of the Theory of Reasoned Action (TRA). An improvement of the Fishbein model (Ajzen & Fishbein, 1980) gave rise to the TRA which postulates that the key driver of behavior is behavioral intentions. The TRA proposes that one's behavior is conditioned by intention to do something and the subjective norm. Intention is affected by attitude towards the behavior and subjective norm is the person's understanding of whether other people consider the behaviour acceptable. The TPB reduces the overreliance on intentions to project behaviour. Since behaviour is not always within the complete control of the individual, an additional variable was introduced to mediate between intentions and behaviours by Ajzen (1985) giving rise to the TPB. This variable is actual behavioral control and it refers to the extent to which the individual has control over the action intended. Control depends on the existence of skills and resources necessary to carry out the behaviour.

According to the TPB theory, human behaviour is influenced by three categories of beliefs. These are; behavioral beliefs, normative beliefs and control beliefs. Behavioural beliefs are beliefs about likely results of behaviour, normative beliefs are those about the expectations of other people that are considered important and control beliefs are beliefs about the prevalence of factors that may ease or inhibit performance of behaviour. In the TPB, attitude towards the behaviour, feelings about what other people think and perception on the level of control, bring about behavioural intention. If the attitude and subjective norm are favourable, the perceived control will be high and this increases the intention to perform the behaviour. Actual behaviour arises mainly from behavioural intention, but this is mediated by perceived behavioural control. The TPB predicts intentional behaviour and it has been applied in various studies (Rutherford and DeVaney, 2009; Shaw &Shiu, 2000). It is relatively easy to understand and can be used in different situations.

This theory can be used in the study of credit card usage to analyze consumers' attitudes towards credit cards, their feelings about what other people think and the extent to which they believe they can sustain credit card use. A limitation of this theory is that although intention is a key variable in behaviour prediction, this is a dynamic concept that the consumer constantly re-evaluates as situations change (Sutton, 1998).

2.3 Marketing Mix practices and Credit Card Usage

Marketing plays a key role in organizational performance especially where there is stiff competition as is the case in the banking sector. Marketing strategy is concerned with the creation of a marketing mix that enables a business to achieve its objectives. Barney (1991) noted that to have a competitive adavantage, a firm should develop a unique strategy that cannot be easily imitated by competitors. The key issues that should be addressed when preparing a marketing strategy are product, price, promotion, place, people, physical evidence and process. Hence a marketing strategy is a result of the marketing mix decisions being put together to guide marketing activities. Various studies have confirmed that marketing influences credit card usage (Chakaravorti, 2003; Balasundram & Ronald, 2006; Zinman, 2009). The banking industry has experienced the development of new products, most of them facilitated by technology and credit cards fall in this category. Credit card limit is a key attribute of credit cards. Since consumers regard it as a signal of future income, they are likely to spend upto the allowed limit (Soman & Cheema, 2002).The bank products that customers use determine the service features they focus on (Levesque & McDoughall, 1996). For instance, credit card holders who are revolvers are more concerned about the interest rate than transactors.

A bank's pricing policy plays a major role in customer evaluation of quality. Chan (1997) stated that the key factors that affected the decision to acquire credit cards in Hong Kong were interest-free-repayment period and annual fee. Gran et al (2006) observed that these two factors were the main economic factors used when making credit card selection in Singapore. Having compared convenience users and revolvers, Lee and Hogarthe (2000) found that the latter prefered to have a low interest rate than a low annual fee which the former considered important.

Promotion enables organizations to communicate with the target audience and can be performed through advertising, sales promotion, personal selling, public relations, and direct marketing (Czinkota & Ronkainen, 2004). Advertising is communication that is non-personal, paid for by a given sponsor and transmitted through the media (Berkowitz et al, 2000). Banks in Kenya use advertising significantly to encourage credit card usage. Sales promotion is done by providing short term inducements to encourage consumers to buy a product or service (Jobber & Chadwick,2013). Reward points and discounts for identified purchases are examples of promotions offered to credit cardholders. Gains from reward points can only be experienced if consumers take the initiative to redeem them. However, Quin (2005) observed that a large number of credit card holders in USA did not redeem their reward points. The manner in which consumers would like to redeem their reward points varys from country to country (Liu & Brook, 2009).

Personal Selling provides face to face interaction between a firm and its customers. Banks use sales peopleto reach out to both current and potential customers to sell credit cards and other services offered. Though reward points are long term oriented, they are used as a sales promotion tool. Public relations involves establishing good relations with the stakeholders by working towards favourable publicity, improving corporate image and managing unfavourable occurences (Kotler & Armstrong, 2005). This is a crucial activity for banks as it enables them to enhance their image. Direct marketing refers to direct connections with targeted customers. This has been facilitated by technology that has made it possible for banks to use mobile and online media to both communicate with consumers and deliver services to them. Banks largely use direct distribution channels because their offer is intangible and involves simulteneous production and consumption. Some of the banks use agents to increase accessibility of their services. However, use of the internet enables direct dealings with customers without visits to bank branches. Research has shown that location is a major determinant of bank choice (Thwaites & Vere, 1995).

The term ‘people’ is used to refer to those who are involved in the service provision. The service personnel play a double role in that apart from service delivery, they play a promotional role (Saunders, 2000). The bank employees who handle the credit card service influence the usage. Their product knowledge, appearance and manner of service delivery are important. Process refers to the systematic manner which has been prescribed to enable a standardised approach to service delivery. (Thuo, 2008). The procedure consumers have to go through to be issued with a credit card influences the ownership. The requirements they have to meet to be considered are a key factor. Teoh et al (2013) found that in Malaysia, requirements to apply for credit cards had no significant influence on credit card spending. This could be because the requirements set by the issuers were easy to meet. Another important aspect of process is the manner in which the credit balance can be paid. The online payment is the easiest option since the consumer does not have to go to a bank outlet. Other options are cheque or cash deposit and cash transfer from an account. Physical evidence refers to the setting within which the service is provided. This is made up of tangible elements that aid service production and convey the image intended. In banks, physical evidence is manifested in the bank outlets and can be used to portray a certain image that can either be an enticement or deterrent for customer attraction.

2.4 Marketing Mix practices, Consumer Demographics and Credit CardUsage

Previous research shows that the demographic characteristics used frequently to analyze credit card usage are age, gender and income (Mansfield, Pinto& Rob, 2014). Rutherford and DeVaney (2009) found that credit card ownership was more prevalent among older people. Wasberg et al(1992) found that as age increases, use of credit cards decreases. However, Khare (2013) having studied the credit card market in India found a compulsive shopping behaviour to be more likely among young consumers than among older ones.

Some studies have revealed that income influences credit card usage. For instance, a study by Chan (1997) done in Hong Kong to compare active and inactive credit card holders with respect to attitudes and demographics, identified income as the key demographic factor affecting credit card use. Gan et al (2008) pointed out that apart from income influencing the number of credit cards held, it also determines whether they are used for convenience or installment purpose. Although there is evidence that income has an effect on credit card usage, some studies (Awh &Waters, 1974; Choi & DeVaney, 1995) have revealed that there is no significant relationship between income and credit card usage.

Research has been done to examine how gender affects credit card use. Heck (1987) and Khare et al (2012) established that there was a higher likelihood of credit card use among men than women. Lindley, Rudolph and Selby (1989) found that gender determined the types of purchases credit cards were used for and that women used credit cards mainly to buy clothing and household goods. Other demographic variables that may impact on credit card usage are education, occupation and religion. Studies have revealed that education has an effect on credit card use (Chan,1997;Rutherford & DeVaney, 2009). Among the demographic variables, occupation has attracted the least attention in terms of credit card usage studies. Teoh et al (2013) noted that for Malaysian consumers, occupation was not significantly correlated with credit card spending behaviour. Knowlegde on how demographic characteristics of consumers influence credit card usage can be used by banks to segment the credit card market. Therefore consumer demographics are expected to moderate the relationship between marketing mix practices of banks and credit card usage.

2.5 Marketing Mix practices, Consumer Attitudes and Credit Card Usage

The increase in credit card payments has been attributed to a change of attitude towards credit. (Godwin, 1998). Since credit is perceived more favourably, people are more ready to make purchases through credit. However, Ajzen (1996) noted that the relationship between attitudes and behaviour is complex. This is because a favourable attitude towards a product or service does not necessarilly result in its purchase. There are ocassions when consumers' preferences do not match their choices. For example, individuals may have positive attitudes towards credit finance, but avoid incurring credit card debts because of their low income status.

In addition to attitude change, the net effect of attitude on credit card usage is also of interest. According to Chien and DeVaney (2001), the net effect of attitude is the influence of attitude on credit card use after the impact of other factors such as demographic and economic factors have been removed. Economic situation and demographics may affect attitudes held towards credit significantly. For instance, young people who have just joined employment may have a good attitude towards acquiring credit because they believe that they will be able to meet their debt obligations. Those in the upper income bracket are likely to have a more favourable attitude than those in the low income bracket. This is because the latter's ability to repay their debts is low.

Durkin (2000) noted that consumer attitudes towards credit cards depends on how they use them and the experience they have had with them. He stated that characteristics of consumers with less favourable attitudes were; they were installment users, they owned three or more cards and they maintained high balances. Convenience users and those who owned less than three cards had more favourable attitudes. This is consistent with the assertion by Rutherford and DeVaney (2009) that convenience users of credit cards in USA believed that using credit cards was bad. This implies that consumers who have a restrained approach towards credit card use tend to perceive them favourably because they are able to desist from getting into heavy debt. Those who have a more liberal approach towards credit card use tend to have a negative attitude towards their use because their behaviour causes them to incur heavy debt that is difficult to handle.

Kaynak and Harcar (2001) found that attitudes of credit card owners in Turkey influence its usage. Phlau and Woo (2008) carried out a study in Australia to examine attitude towards money and usage of credit cards. They concluded that compulsive buyers looked at money as a sign of power and prestige and that they had a greater likelihood of using credit cards than non-compulsive buyers. Attitudes held by consumers are learnt overtime. In addition to learning from their personal experiences, consumers learn from what they see others going through. As credit card usage increases, the number of people who face negative consequences as a result of default in payments also increases, thus contributing to the negative opinion that is manifested by those who are affected as well as those who are not. Since attitudes influence credit card usage, banks should strive to implement marketing practices that create and reinforce positive attitudes towards credit cards. Thus marketing practices influence consumer attitudes, that in turn influence credit card usage.

2.6 Marketing Mix practices,Consumer Demographics, Attitudes and Credit Card Usage

Marketing practices are intended to enable banks to attract and retain customers, given that the market is highly competitive. Studies have indicated that marketing practices determine credit card usage (Subramaniam & Marimuthu, 2010; Zinman, 2009). Marketing decisions with regard to service features, pricing, promotion activities and service availability affect credit card usage. The manner in which bank staff interact with customers is also important. Service delivery process and the condition of the service environment are the other significant marketing issues. However, the attractiveness of the marketing activities depends on whether one is a convenience or installment user. Chang and Hanna (1992) argued that convenience users do not search for low credit card interest rates. This is because convenience users pay their balances within the billing cycle and so are not affected by interest fees. Installment users, on the other hand, are keen on the interest rates, since they always have a credit balance.

Researchers have shown interest in attitudes towards credit cards because these may determine credit card usage. Through their marketing decisions, banks expect to influence consumer attitudes towards credit cards positively. Increased use of credit cards in the USA has been attributed to changing attitudes towards credit cards (Chien & DeVaney, 2001; Durkin, 2000). Studies have revealed that demographic characteristics influence attitudes towards credit cards. For instance, upper income consumers (Slocum & Mathews, 1996) and younger consumers (Awh & Waters, 1974) were found to hold more favourable attitudes towards credit cards than consumers with low incomes and those who are older. Young consumers are adventurous and high income earners are confident about their ability to manage their credit card debts. Marketing practices influence credit card usage but consumer attitudes and demographics also have an impact on consumer decision making with regard to credit cards.

2.7 Summary of Knowledge Gaps

Arising from the foregoing review, various knowledge gaps have been identified. Table 1 summarizes the gaps and how they will be addressed in the study.

Table 2.1: Summary of Knowledge Gaps

Study	Focus	Findings	Knowledge gaps	Focus of current study
Levesque & McDougall (1996)	Factors that affect customer satisfaction and future intentions of retail bank clients in Ontario, Canada.	Service problems and service recovery ability affect customer satisfaction and intention to switch.	Did not categorize the services provided by retail banks. Addresses services in general.	The study focused on the credit card service.
Chan Ricky (1997)	Comparison of inactive and active credit card owners with respect to attitudes and demographics in HongKong	The key demographic factor that affects credit card use is income.	Consumer attitude was considered as an independent variable and moderating variables were not included.	The current study considered consumer attitude as an intervening variable and consumer demographics as moderating variable.
Ekerete, P. (2005)	Marketing of financial services in Nigeria	The marketing budgets of banks had a significant effect on their profitability.	Respondents were managers of merchant banks.	Current study sought information from customers of commercial banks.
Fogel and Schneider (2006)	How income affects credit card usage among students in college.	Income and employment had an effect on credit card use.	Sampled only college students. Used convenience sampling	The current study sampled credit card users with various demographic characteristics. Random sampling was used.
Gan, Maysami&Koh(2008)	Analysis of credit card use in Singapore.	Gender, income and perceptions influence credit card ownership.	Used convenience sampling thus limiting generalizability.	Random sampling was used to pick respondents

Study	Focus	Findings	Knowledge gaps	Focus of current study
Rutherford and DeVaney (2009)	Application of the theory of planned behavior to analyze use of credit cards in USA.	Consumers who perceive credit cards to be a convenient tool believe that use of credit cards is not good; they operate long term financial plans, are older, are college educated and have high income.	Parameter of credit card usage as the dependent variable is convenience vs. revolver use.	Current study included additional parameters of credit card usage.
Liu and Brock (2009)	Factors affecting the extent to which reward points are redeemed in China.	Redemption rate was low. There was low interest in the reward scheme since there was low awareness about it.	Only one aspect of the marketing mix (promotion – reward points) is studied.	Current study included all elements of the extended marketing mix.
Foscht, Malole, Swoboda and Chia (2010)	Investigate the extent to which payment methods affect users' satisfaction in Austria.	Consumers' preference for a particular payment method was influenced by personal characteristics and satisfaction with a given method increased the intention to continue using it.	Study compared debit and credit card use.	Current study concentrated on credit card use only.
Ucal, O'Neil and Cankaya(2011)	Investigate credit card usage among university students in Turkey.	There was no significant gender difference among students in overall credit card ownership. Women owned fewer cards and spent less than male students.	Population studied was students. Among the demographic factors, only gender was studied.	Current study sampled credit card users with various demographic characteristics.

Study	Focus	Findings	Knowledge gaps	Focus of current study

Teoh, Chong & Yong (2013)	Explore the factors that influence credit card spending behaviour among Malaysians.	Age, income, marital status, benefits given and payment policies are significantly related with credit card spending behaviour, while occupation and qualifications to apply for credit card are not.	Use of convenience sampling Influence of gender and education not considered.	The study includes gender and education and random sampling was used.
Andoh (2014)	Investigate why credit cards were not widely used in Ghana.	Although Ghanaians had a positive attitude towards credit cards, usage was deterred mainly by poor internet access and lack of awareness.	Majority of the respondents were non credit card holders	The study sampled only credit card holders.

Source: Current Researcher

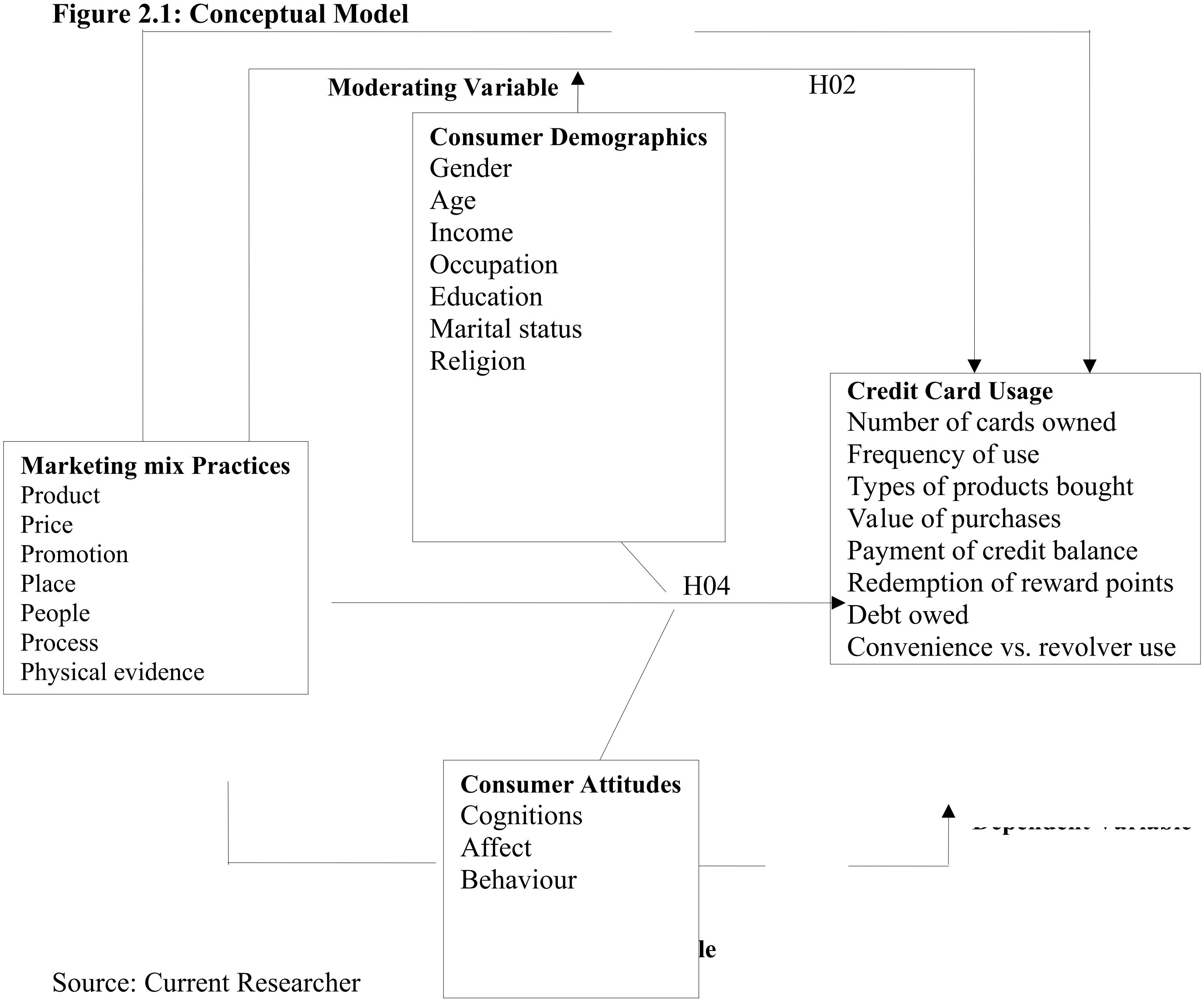
2.8 Conceptual Framework and Hypotheses

The conceptual framework of the study and the hypotheses are stated below.

2.8.1 Conceptual Framework

The study adopted a conceptual framework on the relationship between marketing mix practices, consumer demographics and attitudes, and credit card usage. According to the model below, the dependent variable is credit card usage while the independent variable is marketing mix practices. The moderating variable is consumer demographics while the intervening variable is consumer attitudes.

Figure 2.1: Conceptual Model



Source: Current Researcher

The development of the conceptual framework was guided by consumer behavior theories and relevant literature review. An integrative approach was adopted such that the joint effect of different variables on credit card usage was examined. The conceptual framework shows the interaction between marketing mix practices, consumer demographics and attitudes, and credit card usage. Marketing mix practices was the independent variable and it was conceptualized in terms of product, price, promotion, place, people, process and physical evidence. Marketing mix practices influence credit card usage both independently and jointly. Independently, the influence of product, price, promotion, place, people, process and physical evidence were investigated, and in addition, the joint influence of all the marketing activities were discerned.

Credit card usage was the dependent variable and this was measured using number of cards owned, frequency of use, types of products bought using credit card, value of purchases, payment of credit balance and redemption of reward points. The model also shows the moderation and mediating relationships. Consumer demographics moderate the relationship between marketing mix practices and credit card usage and has the measurements of gender, age, income, occupation, education, marital status and religion. The mediating variable between marketing mix practices and credit card usage was consumer attitudes. This was conceptualized in terms of cognitions, affect and behaviour.

2.8.2 Hypotheses

The null hypotheses that were tested are listed below.

H_{01}: Marketing Mix Practices have no significant influence on Credit Card Usage.

H_{02}: Consumer Demographics have no significant moderating effect on the relationship between Marketing Mix Practices and Credit Card Usage.

H_{03}: Consumer Attitudes have no significant mediating effect on the relationship between Marketing Mix Practices and Credit Card Usage.

H_{04}: Marketing Mix Practices, Consumer Demographics and Attitudes have no significant joint influence on Credit Card Usage.

2.9 Chapter Summary

This chapter focused on the literature review relevant to the study. This began with the theoretical foundation of the study and this included the Theory of Buyer Behaviour, the Consumer Decision Model and the Theory of Planned Behaviour. The Theory of Buyer Behaviour was identified as the main theory guiding the study. It is a comprehensive model which integrates various factors that affect consumer purchases. Literature was also reviewed on the relationship between Marketing Mix Practices and Credit Card Usage; Marketing Mix Practices, Consumer Demographics and Credit Card Usage; Marketing Mix Practices, Consumer Attitudes and Credit Card Usage. The review referred to previous studies to show how Marketing Mix variables, Consumer Demographics and Attitudes affect Credit Card Usage. A summary of the knowledge gaps and a conceptual framework showing the relationships between the variables were presented. Finally, the four hypotheses to be tested in the study were stated. The next chapter describes the methodology used to carry out the study.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology applied to carry out the study. This starts with a description of positivism which is the philosophy that guided the study. The research design used to carry out the study is then captured. This is followed by the population of study, the sampling process and the data collection methods used. The techniques used to test reliability and validity of the measurements are also explained. Next, a summary of the operationalization of the research variables is provided and finally, mechanisms used to test statistical assumptions are stated.

3.2 Research Philosophy

Research philosophy or paradigm refers to the underlying assumptions and intellectual structure upon which research is based. The philosophy adopted in a study determines the research methodology to be applied (Sobh & Perry, 2006). Social research is guided mainly by two paradigms, namely, phenomenology and positivism. Although there has been debate regarding the superiority of positivism over phenomenology, both approaches contribute to generation of knowledge. When research is guided by positivism, statistical analysis can be used to generalize knowledge about a reality. The assumption is that information and views are specific and that attributes of phenomenon can be measured (Buttery & Buttery, 1991). This is because researchers can operationalise concepts and measure them quantitatively after gathering data from large samples. Phenomenology is also referred to as naturalism and when this approach is used, the findings of the study are extended to show how empirical findings of research conform to theory. To achieve this, small samples are investigated in depth overtime. Positivists demonstrate generalizability by showing that conclusions derived from sample data are representative of the population being studied. While phenomenology is used for theory building, the positivist approach is used to test hypotheses.

The positivist philosophy was adopted since the study was concerned with hypotheses testing based on theory. This is because the reality surrounding Credit Card Usage in Kenya as influenced by Marketing Mix Practices, Consumer Demographics and Attitudes can be studied and measured from an objective perspective by operationalizing the variables so as to allow quantitative analysis. By applying the positivist perspective, it was possible to describe the relationships among the variables, test the generated hypotheses and use the study findings to generalize.

3.3 Research Design

A research design refers to the strategy that details how a study is carried out, while specifying the key components.(Mugenda & Mugenda, 2003). An appropriate research design provides confidence to scientific enquiry and ensures reliability and validity of the study (Kerlinger, 2007). A descriptive cross-sectional research was adopted in this study. Descriptive Research allows an accurate depiction of the participants under study and it can be done through observation, case study or survey. When observation is used, the participants are viewed and recording done. A case study is an in-depth engagement of the subjects that enables them to give their opinions. A survey was used as it enabled interviewing the target group to get data on credit card use. Descriptive research was preferred because it enables quantitative descriptions of trends, attitudes or opinions (Burns & Bush, 2010). It enabled the researcher to establish whether significant associations exist among the variables.

In a cross-sectional study, data is collected from a population or a representative subset at a specific time (Barbie, 2010). Cross-sectional research is suitable in situations where the main aim is to determine relationships among variables at a specific time. A descriptive cross-sectional research design facilitates the checking of significant associations between variables to make generalizations on the target population. The design enabled the researcher to determine the relationship between Marketing Mix Practices and Credit Card Usage and to assess the influence of Consumer Demographics and Attitudes on this relationship.

3.4 Population of Study

The population of study consisted of all persons in Nairobi who own at least one credit card. Nairobi was picked because being the capital city, it is occupied by a large number of people with diverse characteristics. According to Kenya's last census which was carried out in 2009, the population of Nairobi was 3.134 million (Kenya National Bureau of Statistics, 2010) and the current population is estimated to be 4 million. Thus it was possible to get adequate number of respondents in the demographic categories specified in the study. Since the study was on usage of credit cards issued by banks, the respondents were those with access to bank services. Nairobi residents were targeted because the city has the highest usage rate for bank products in the country, accounting for 52.4% of the population that has access to bank services (Financial Access Survey, 2013). The number of credit cards in Kenya was 222,050 in May 2016 (Central Bank of Kenya, 2016) and the majority of the cardholders are likely to be in Nairobi. Further, all banks that issue credit cards have a presence in Nairobi. This provided an opportunity to get opinions on Marketing Mix Practices from customers of different banks. The respondents were accessed at shopping malls and since Nairobi has many large shopping malls, it was possible to get these in each of the areas identified in the sample design.

3.5 Sample Design

The overall sample size for the study was determined by the following formula which is used when dealing with a very large population or an unknown population size (Israel, 1992).

$$n = \frac{z^2(P)(1-P)}{E^2}$$

n = the desired sample size if the population is greater than 10,000

z = the degree of confidence which is 95% (z score of 1.96)

e = allowed error term (5%)

p = the proportion in a target population estimated to have characteristics being measured

$n = (1.96)^2$ x $.5(.5 / (.05)^2 = 384$

Therefore, sample size for the study was 384.

The study used stratified random sampling procedure to select the respondents as it was not possible to develop a list of all members of the population. A list from the Kenya National Bureau of Statistics showing the distribution of population in Nairobi was used. In the first phase, clustering was done based on sub-counties within Nairobi City County and in the second stage it was be based on divisions. The unit of analysis was individuals who own at least one credit card and these were randomly selected in major shopping malls within the identified areas. Large shopping malls were selected to allow access to a large number of individuals with varied characteristics. From the list of shopping malls in Nairobi, two were randomly selected for each division. The use of the shopping areas is justified because they have a wide range of retail outlets and so are patronized by a large number of individuals. Table 3.1 presents the number of respondents to be selected from each area.

Table 3.1: Sample Design

Cluster	Target adult population	% of total population	Number to sample	Interviewing points
NAIROBI EAST	**768,256**	**34.6**	**133**	
Embakasi Division	621,674	28	108	Greenspan Mall Taj Shopping Mall
Makadara Division	146,582	6.6	25	Buruburu shopping centre The Point
NAIROBI NORTH	**827,271**	**37**	**142**	
Central Division	299,210	13	50	Nakumatt Lifestyle City square
Kasarani Division	352,506	16	61	Thika road Mall Garden city Mall
Pumwani Division	175,555	8	31	Eastleigh
NAIROBI WEST	**463,256**	**20.82**	**80**	
Dagoretti Division	225,133	10.12	39	Junction shopping Mall Greenhouse Mall
Kibera Division	238,123	10.7	41	Prestige shopping mall Yaya centre
WESTLANDS	**165,658**	**7.5**	**29**	Sarit centre The Mall
Total	**2,224,441**	**100%**	**384**	

Source: Adopted from Kenya National Bureau of Statistics (2012), Kenya National Population and Housing Census Vol.1C

3.6 Data Collection

Primary data used in the study was collected from credit cardholders in Nairobi in October and November 2016. A structured questionnaire was used and personal interviews conducted by research assistants. The questionnaire had four parts. Section A contained consumer demographics which include age, gender, marital status, education level, occupation, income and religion. The banks that issued the credit cards owned were also captured in that section. Section B contained data on Marketing Mix Practices and this covered product, price, promotion, place, people, process and physical evidence. Section C covered data on attitudes towards credit cards under cognitive, affective and behavioral dimensions. Section D elicited data on Credit Card Usage with respect to ownership, usage, redemption of reward points and payment of credit balance. In section B (a), a Likert scale designed to start from not important to extremely important (score of 5) was used to measure the importance of Marketing Mix Practices. In section B (b), opinions on Marketing Practices were measured using a similar scale with the options starting from 'not at all' to 'to a very large extent'. A similar scale was used in section C to measure attitudes towards credit cards.

The questionnaires were administered to respondents accessed from shopping the malls. The major shopping malls from which data was collected were identified from each of the divisions in Nairobi which are shown in the map of Nairobi (Appendix 4) and a list of the shopping malls in Nairobi is provided in Appendix 5. Every fifth person confirmed to have a credit card was picked to be interviewed from the selected malls. Respondents were approached from different parts of the malls. While some respondents filled the questionnaires on their own, for others, the research assistants used the questionnaires to get responses. The malls were picked because they have many retail outlets and are patronized by a large number of people thus providing easy access to the subjects. To have a good response rate, the data was collected on Fridays, Saturdays and Sundays.

3.7 Reliability and Validity Tests

Reliability gauges the level to which a measure provides consistent results. It is concerned with the internal property of a measure (Cooper & Schindler, 2006). The Cronbach's alpha test of reliability recommended by Burns and Bush (2010) was used to find out how reliable the research instrument was. It shows the degree to which research instrument items are homogeneous and measure the same underlying construct (Cooper & Schindler, 2006). Values that are close to 1 suggest a high level of consistency. Gliem and Gliem (2003) note that the alpha value that is greater or equal to 0.7 is sufficient. The 132 items in the research instrument were tested using the Cronbach's alpha test and an alpha value of 0.959 was found. This meant that the instrument on Marketing Mix Practices, Consumer Demographics and Attitudes, and Credit Card Usage was very reliable.

Validity of a survey instrument is measured by assessing whether it measures what it was intended to measure. Dillman (2000) suggested that a pilot study should be conducted to ensure clarity and proper interpretation of the questionnaire by the respondents. A pilot survey was done by exposing selected members of the population to the questionnaire. Their feedback was used to improve the questionnaire to be used in the survey.

3.8 Operationalization of the study variables

The variables under study included an independent variable as Marketing Mix Practices; the dependent variable as Credit Card Usage; the moderating variable as Consumer Demographics and Consumer Attitudes as the intervening variable. The indicators for Credit Card Usage were number of cards held, rate of use, types of products bought using credit cards, value of purchases, payment of credit balance, redemption of reward points and credit card debt owed. The indicators of Consumer Demographics were age, gender, income, occupation, education, marital status and religion. Indicators for Marketing Mix Practices were product, price, promotion, place, people, process and physical evidence. The indicators of Consumer Attitudes were cognitive, affective, and behavioral dimensions. Table 3.2 contains the operational definitions and measurements of the study variables.

Table 3.2: Summary of Operationalization of Variables

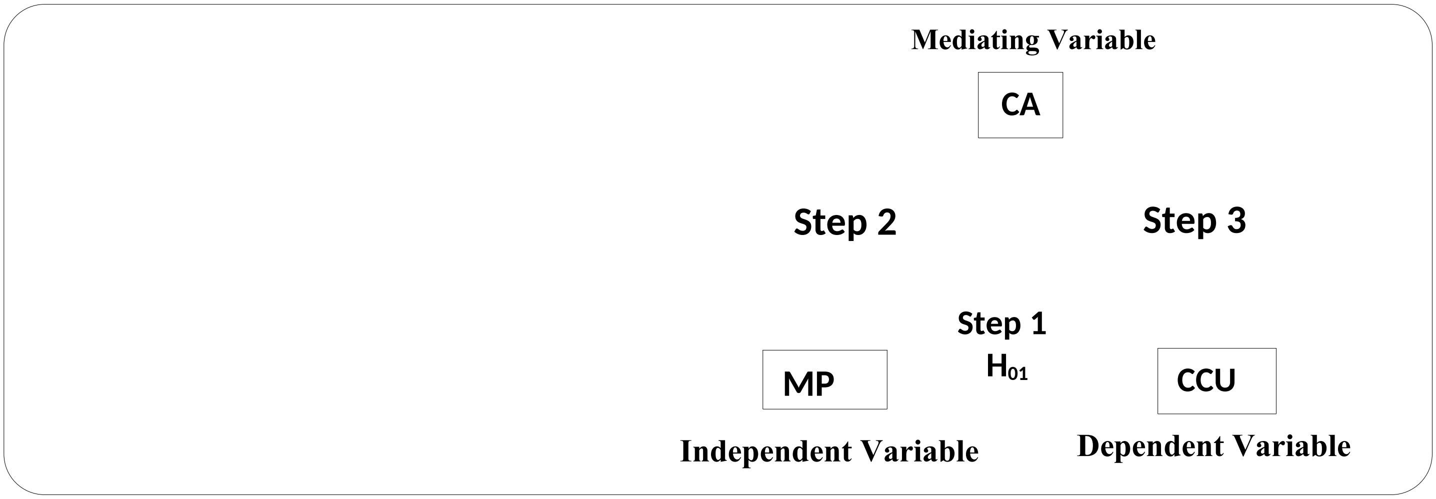
Variable	Nature/role	Indicator	Literature	Measure	Question
Marketing mix practices	Independent	• Product • Price • Promotion • Place • People • Process • Physical evidence	Constantinides, E. (2006)	5-point Likert type scale	Section B Q. 9 - 10
Consumer demographics	Moderating	• Age • Gender • Income • Occupation • Education • Marital status • Religion	Teoh et al (2013)	Direct measure	Section A Q. 1 –8
Consumer Attitudes	Intervening	• Cognitions • Affect • Behaviour	Pinto et al (2004), Spinella et al (2008).	5-point rating scale	Section C Q.11
Credit card usage	Dependent	• Number of cards owned • Period of ownership • Purpose of usage • Redemption of reward points. • Convenience versus installment usage.	Gan et al (2006), Teoh eta al (2013)	Direct measure	Section D Q. 12 – 20

3.9 Data Analysis

Data analysis began with descriptive statistical analysis and this was followed by inferential analysis. These were preceded by data cleaning, editing and coding. Use of the Statistical Program for Social Sciences (SPSS) version 20 enabled a series of simple and multiple regression analyses to be done. The variables of interest were measured using statistical measures such as frequencies, percentages, mean scores and standard deviation. Mean scores of the variables were correlated and regressed to ascertain their respective relationships. All the statistical tests were conducted at 95 per cent confidence level.

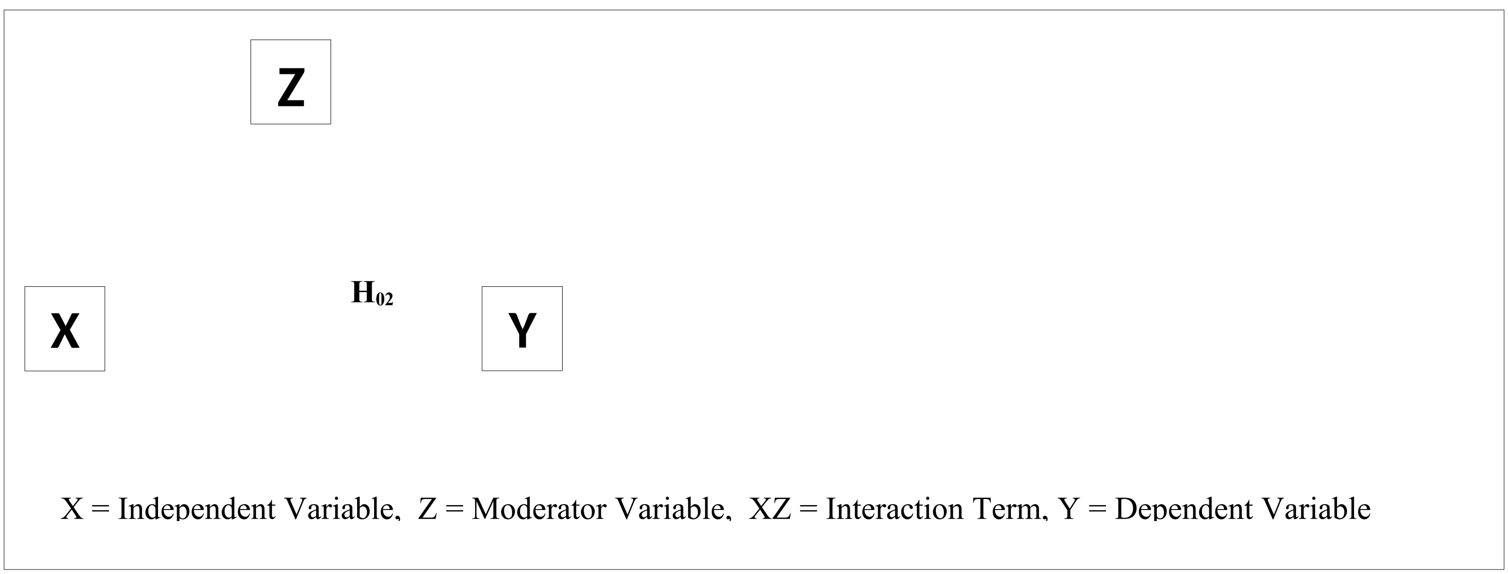
The Pearson Correlation coefficient was used to determine the relationship between the variables. Analysis of variance was applied to find out whether there were significant relationships between the variables. To test for moderating and mediating effects, multiple regression analyses were used as recommended by Baron and Kenny (1986). The mediation testing steps are shown in Figure 3.1 and the moderating path diagram in Figure 3.2. A summary of the objectives, hypotheses, analyses and interpretation of results is presents in Table 3.3.

Figure 3.1 Mediation Testing Steps



Adapted from Fairchild and Mackinon (2009)

Figure 3.2 Moderating Path Diagram



Adapted from Fairchild and Mackinon (2009)

Table 3.3: Summary of Objectives, Hypotheses, Data analysis and Interpretation of Results

Objective	Hypotheses	Data Analysis	Interpretation of results
To determine the effect of marketing mix practices on credit card usage.	Marketing mix practices have no significant effect on credit card usage.	Pearson's correlation. Simple regression analysis $Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$ Where: a = intercept Y = credit card usage β_1, β_2, β_3 and β_4 are beta coefficients for H_1 X_1, X_2, X_3 and X_4 represent the dimensions of MMP ε is the error term	Range -1 to +1 P value tests will be used. If p value is <0.05, there is a significant statistical relationship.
To determine the extent to which consumer demographics influence the relationship between marketingmix practices and credit card usage.	Consumer demographics have no significant moderating effect on the relationship between marketing mix practices and credit card usage.	Pearson correlation Stepwise Multiple regression analysis $Y = \beta_0 + cX + \varepsilon$ (to test direct relationship between X and Y) $Y = \beta_1 + aX + \varepsilon$ (to test if independent variable predicts moderator) $Y = \beta_2 + bM + \varepsilon$ (to test if independent variable predicts moderator) $Y = \beta_3 + c^1 X + bM + \varepsilon$ (multiple regression with X and M predicting Y) Where: β_{1s} = intercepts X = independent variable M = moderator variable a = effect of X on moderator c^1= effect of X and Y controlling M b = effect of M on Y ε is the error term	If P value is > 0.5, there is a significant statistical relationship. If R squared is > 0.7, there is a significant linear relationship. Statistical significance at $\alpha \leq 0.5$, coefficient of determination (R^2)

Objective	Hypotheses	Data Analysis	Interpretation of results

To assess the extent to which consumer attitudes affect the relationship between marketing mix practices and credit card usage	Consumer attitudes have no significant mediating effect on the relationship between marketing mix practices and credit card usage.	Multiple regression analysis $Y = \beta_0 + \beta_1 X_1 + \beta_2 Z + \beta_3 XZ + \varepsilon$ Where: β_{1s} = regression coefficients X_1 to X_4 MMP dimensions Z= consumer attitude ε is the error term	If R squared is > 0.7, there is a significant linear relationship. Statistical significance at α≤0.5, coefficient of determination (R^2)
To establish the joint effect of marketingmix practices, consumer demographics and attitudes on credit card usage.	Marketing mix practices, consumer demographics and attitudes have no significant joint influence on credit card usage.	Stepwise Multiple Regression Analysis $Y = \beta_0 + \beta_1 X + \beta_2 Z + bM + \beta_3 XZ + \varepsilon$ Where: β_{1s} = intercepts Y = credit card usage X = MMP Z = consumer demographics M = consumer attitudes XZ = MMP + consumer demographics + consumer attitudes ε is the error term	Statistical significance at α≤0.5, coefficient of determination (R^2)

3.10 Tests of Linearity, Normality, Homogeneity and Multicollinearity

Linearity was tested using analysis of variance (ANOVA) test of linearity. This test computes both the linear and non-linear components of a pair of variables and linearity is significant if the F significance value for the non-linear component is below 0.05 (Zang et al., 2011). The use of inferential parametric statistical procedures requires the testing of the assumptions of normality. This allows graphical tests to be done on the normality of the data by considering skewness and kurtosis coefficients. These tests assist in confirming whether the data is normally distributed or not. In cases where the normality is violated, the outcomes may not be a true representation of the relationship existing among the variables. The Shapiro-Wilk test was used to test normality in the study.

Homogeneity of variance refers to the assumption that the dependent variable manifests similar amounts of variance across the ranges of values for an independent variable. A good regression model should have homogeneity of variances. This was measured using Leven's test for equality of variance through the one-way ANOVA procedure. This test measures whether or not the variance between the dependent and independent variable is the same.

The Multicollinearity test measures whether predictor variables are highly correlated. This was established by computing the Tolerance and Variance Inflation Factor (VIF). Tolerance is a measure of collinearity and it measures the percentage of variance in the dependent variable that is not accounted for by the independent variables. Tolerance values of less than 0.1 are acceptable. VIF is the reciprocal of tolerance and it indicates the degree to which the standard errors are inflated due to collinearity. In testing multicollinearity, the VIF value should be below 10.

3.11 Chapter Summary

This chapter was on the research methodology used in the study. This began with the research philosophy adopted which was stated to be positivism. The research design used to carry out the study was identified as descriptive cross-sectional design. Next, the population of the study and the sampling process were described. The population included all people in Nairobi who own at least one credit card and stratified random sampling was used to pick respondents This was followed with a description of how primary data was collected using questionnaires. The methods used to test reliability and validity of the questionnaire were stated. The study variables were then operationalized and summarized in a table. The data analysis methods used in the study were mentioned. These included descriptive statistical analysis as well as simple and multiple regression analyses. A table summarizing the objectives, data analysis and interpretation of results was provided and finally, the methods used to test statistical assumptions that included tests for linearity, normality and multicollinearity were explained. The next chapter covers the study findings, data analysis and presentation as well as interpretation of results.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents the study findings, analysis and presentations of the results. The analysis is based on data collected from 361 credit card holders in Nairobi. Data was analyzed using both descriptive and inferential statistics. Correlations were conducted between study variables, and then the four hypotheses of the study were tested.

4.2 Response Rate

A total of 384 questionnaires were administered to credit card holders in Nairobi. 361 were completed, giving a 94.01% response rate. Mugenda and Mugenda (2003) assert that a response rate of 50 % is adequate, 60% is good and above 70% is very good. Based on this assertion, the response rate for this study was very good. Mayombo (2014) had a response rate of 88%, while for Owino (2013), it was 70%. The high response rate can be attributed to the data collection procedure which involved personal interviews by Research Assistants at heavily patronized shopping malls. Furthermore, the data was collected in October and November when the festive season was setting in and so there were many people shopping at the malls.

4.3 Reliability test

To test for the internal consistency of the key variables in the study, a reliability test was done by computing Cronbach's Alpha Coefficients for the constructs. Reliability ranges between 0 and 1 and the closer it is to 1, the greater the reliability of the construct. According to George and Mallery (2003), an alpha coefficient of more than 0.7 indicates that the construct is reliable. The results are shown in Table 4.1

Table 4.1: Reliability test

Variable	Cronbach's Alpha	Number of items

Product	0.836	14
Price	0.837	14
Promotion	0.883	18
Place	0.800	10
People	0.786	10
Process	0.803	12
Physical evidence	0.791	10
Affective aspects	0.874	6
Cognitive aspects	0.856	15
Behavioral aspects	0.794	5
Credit card usage	0.721	18
Overall Cronbach's Alpha	**0.959**	**132**

Source: Primary data

The values of Cronbach's alpha measures were all greater than 0.7, and the overall Cronbach's Alpha had a value of 0.959. Thus the reliability in this study exceeded the cutoff point and so the data was subjected to further analysis.

4.4 Validity test

A research instrument is considered valid if it measures what it is intended to measure. Items included in the questionnaire were those that had been tested by other researchers. The questionnaire was reviewed by the supervisors and marketing lecturers who were familiar with the concepts under study, thus ensuring content validity. In addition, a pre-test of the questionnaire was done with a sample of respondents to find out whether the questions measured the variables under study. The feedback was used to improve the questionnaire that was used in the survey. To further test validity, the content validity index (CVI) was determined by summing up the items rated 3 and 4 and dividing by the total number of items in the questionnaire.

According to Oso and Onen (2009), a validity coefficient of at least 0.7 is acceptable. A CVI of 0.862 was obtained and so the research instrument was adopted for the study.

4.5 Tests of statistical assumptions

The tests of statistical assumptions that were conducted include tests of linearity, normality, homogeneity and multicollinearity. These tests are significant because they provide the requirements that must be met before data analysis is conducted. If the requirements are not fulfilled, the researcher cannot correctly draw conclusions from the results of the analysis. Linearity was tested using the ANOVA test and for normality the Shapiro-Wilk test was used. The Levene's test checked for homogeneity, while the Variance Inflation Factor was computed to test multicollinearity. The results are presented in Table 4.2.

Table 4.2: Results of tests of statistical assumptions

Variable	Measure	Sample Size	Linearity	Normality	Homogeneity	Multicollinearity
Assumptions			p>0.05	p>0.05	p>0.05	VIF 10 max
Marketing mix Practices	Product, price, place, promotion, physical evidence	361	0.237	0.285	0.725	1.002
Consumer demographics	Age,gender,income, occupation, religion education, marital status	361	0.245	0.210	0.244	1.014
Consumer attitudes	Cognitions, affect, behaviour	361	0.196	0.109	0.703	1.013
Credit card usage	Number of cards, period of ownership, purpose of usage, redemption of points	361	N/A	0.383	N/A	N/A

Source: Primary Data

The results for linearity were all above 0.05, thus confirming the existence of linear relationships between the predictor variables and the dependent variable. Normal distribution of data was confirmed since all the values for normality test were above 0.05. A good regression model should have homogeneity of variances and this was found to exist since all the p values were more than 0.05. The VIF values were all below 10 and so there were no multicollinearity problems associated with the predictor variables. The results in Table 4.2 show that all the assumptions of regression were met and so the data were subjected to further statistical analysis.

4.6 Consumer Demographics

The Consumer Demographics whose effect on the relationship between Marketing Mix Practices and Credit Card Usage were examined included gender, age bracket, marital status, level of education, main occupation, personal monthly income and the religion of the respondents.

4.6.1 Gender and age distribution of the respondents

The respondents were requested to specify their gender as well as the age bracket. The findings are summarized in Table 4.3.

Table 4.3: Gender and Age distribution

	Frequency	**Percent**
Gender		
Male	194	53.7
Female	167	46.3
Age bracket		
18-25	88	24.4
26-35	125	34.6
36-45	97	26.9
46-55	41	11.4
Above 55	10	2.8

Source: Primary Data

Majority of the respondents (53.7%) were male. However, the percentage difference with female respondents was less than 10, indicating that both genders were satisfactorily represented in the study.

The study established the age distribution among the respondents as shown in Table 4.3. The results show that 125 (34.6%) were in the age bracket of 26-35 years and these were the majority. These are young people and so they may find it easy to adopt new concepts such as credit card usage. They are also likely to be married and the responses on marital status show that the majority of the respondents in the study were married. Those in that age group are also likely to be establishing their careers and so are attractive to credit card issuers. Respondents over 55years of age were only 2.8%. At that age many people have retired and so may be perceived by banks as risky in regard to credit card use. In addition, some of them may be difficult to convince to own credit cards.

4.6.2 Marital status and level of education

The respondents were asked to state their marital status and level of education. Their responses are summarized in Table 4.4

Table 4.4: Marital status and level of education

	Frequency	Percentage
Marital status		
Single	129	35.7
Married	199	55.1
Separated	21	5.8
Widowed	9	2.5
Divorced	3	0.8
Level of education		
Certificate	18	5.0
Diploma	45	12.5
Undergraduate	157	43.5
Masters	118	32.7
PhD	23	6.4

Source: Primary Data

As shown in table 4.4, more than half (55%) of the credit card holders sampled were married. Those separated, widowed and divorced, put together, were less than 10% of the respondents. The married are likely to have more financial obligations than those who are not and thus value the use of credit cards. The respondents who had an undergraduate level of education and above were the majority (77%). These are adequately educated and therefore have sufficient knowledge regarding various aspects of credit card usage.

4.6.3 Monthly income and main occupation

The respondents were required to specify their monthly income and main occupation and the responses are summarized in Table 4.5.

Table 4.5: Monthly income and main occupation

	Frequency	Percentage
Monthly income (Ksh.)		
Up to 20,000	29	8
20,001 – 50,000	95	26.3
50,001 – 100,000	107	29.6
101,000 – 150,000	60	16.6

151,000 – 200,000	46	12.7
Above 200,000	24	6.6
Main occupation		
Business Administration (Banking/Finance & Accounts/Marketing/HR)Trade/Farming/Artisan	166	46
	36	10
Medical Doctor	32	8.9
Engineer/Architect/Real Estate/Quantity Surveyor	31	8.7
Lecturer/Teacher	30	8.3
Legal practice	27	7.5
Journalist	13	3.6
Clergy	8	3.6
Others	18	5

Source: Primary data

The results in table 4.5 reveal that 202 (56%) of the respondents surveyed had a monthly income range of Ksh. 20,001 to 100,000 and 130 (36%) had a monthly income of above Ksh. 101,000. Thus the credit card holders interviewed were distributed across all income brackets specified with those earning a monthly income less than Ksh. 20,001 being the fewest (8%). This may be attributed to the fact that a low monthly income reduces one's chances of qualifying for a credit card. Furthermore, such individuals shy away from owning credit cards because they believe that they do not have the ability to sustain its usage.

With regard to main occupation, the findings show that many respondents interviewed were engaged in professions within business administration (46%). This includes banking, finance/accounts, marketing and human resource management. Finance/Accounts profession and the banking field, represented 34% of the respondents. People in these professions are likely to have a good understanding of credit card usage and its benefits thus provided useful insights for the study. The results indicate that the respondents were drawn from various occupations thus contributing towards the diversity of the respondents.

4.6.4 Religion and Banks that issued credit cards

The respondents surveyed were requested to state their religion and the banks that issued them with credit cards. Their feedback is shown in Table 4.6.

Table 4.6: Religion and banks that issued credit cards

	Frequency	Percent
Religion		
Christian	313	86.7
Muslim	33	9.1
Hindu	8	2.2
Buddhism	3	0.8
Other	4	1.1
Bank issuing credit card		
Barclays Bank	109	22.52
Chase Bank	19	3.93
CFC Bank	14	2.89
Commercial Bank of Africa	21	4.34
Cooperative Bank	53	10.95
Diamond Trust	24	4.96
Eco Bank	23	4.75
Equity Bank	47	9.71
I&M Bank	9	1.86
Kenya Commercial Bank	79	16.32
National Bank of Kenya	19	3.93
NIC Bank	12	2.48
Post Bank	3	0.62
Prime Bank	11	2.27
Standard Chartered Bank	41	8.47

Source: Primary Data

From the findings, majority of the respondents who took part in the study were Christians (86.7%) followed by Muslims (9.7%). This is in line with national statistics which show that Christianity is the dominant religion in the country and is adhered to by 84.8% of the population while Islam is adhered to by 9.7%. The results show that many respondents indicated that their credit cards were issued by Barclays Bank (22.52%) and this was followed by KCB (16.32%). Out of the fifteen banks that issue credit cards, five of them issued about 70% of the credit cards issued to the respondents. In addition to the two mentioned above, the others are; Cooperative bank (10.95%), Equity bank (9.71%) and Standard Chartered bank (8.47%). Although the findings place Barclays Bank leading with respect to credit card issue, it is not the leading bank in terms of net assets. According to CBK Bank Supervision report (2016), it is fifth, the leading bank being KCB followed by Cooperative Bank. It can thus be inferred that the banks that have been indicated as issuing many credit cards offer attractive terms or have adapted appropriate marketing practices.

4.7 Summary of importance of marketing practices to credit cardholders

The respondents were required to state the extent to which they considered marketing practices of banks important. A five point Likert scale was used to rate the responses as: 1 – Not important, 2 – Slightly important, 3 – Moderately important, 4 – Very important, 5 – Extremely important. The findings are discussed below.

4.7.1 Importance of product characteristics

The product characteristics are features of credit cards and these include, requirements for application, application approval period, installment payment plan, interest free repayment period, credit card limit, minimum payment allowed and privacy of customer credit information. The results on product issues are presented on Table 4.7.

Table 4.7: Responses on product characteristics

	Number	Mean Score	Standard deviation	Coefficient of Variation %
Requirements for application	361	3.28	1.203	36.7
Application approval period	361	3.04	1.016	33.4
Installment payment plan	361	2.94	1.211	41.0
Interest free repayment period	361	3.24	1.084	33.4
Credit card limit	361	3.56	1.144	32.1
Minimum payment allowed	361	3.39	1.154	34.0
Privacy of customer credit information	361	3.93	1.234	31.3
Average score		**3.34**	**1.149**	**34.5**

Source: Primary Data

The results in Table 4.7 reveal an average mean of 3.34 for product and a coefficient of variation of 34.5. This indicates that the respondents consider product characteristics (credit card features) as very important and the low coefficient of variation implies a general consensus on that factor. This conforms to the finding by Levesque eta al (1996) that service features were a determinant of customer satisfaction in Canada's retail bank sector. Lunt (1992) highlighted the importance of credit card limit by noting that credit card usage in USA had increased because of increased credit card limits. The privacy of customer credit information was rated highest with a mean score of 3.93. The lowest rating was for installment payment plan (2.94), meaning that respondents considered this credit card feature to be of moderate importance. Parahoo (2012) noted that perceived service quality affects loyalty of credit card holders and so banks that issue credit cards should ensure that credit card features are attractive.

4.7.2 Importance of Price Decisions

Price influences how sustainable it is for customers to continue using credit cards after acquisition. The aspects of price examined in the study are; joining fee, annual fee, interest rate on credit balance, over limit fee, late payment fee, cash advance fee and supplementary card annual fee. The findings on importance of price are shown on Table 4.8.

Table 4.8: Responses on price decisions

	Number	Mean Score	Standard deviation	Coefficient of Variation %
Joining fee	361	2.67	1.197	44.0
Annual fee	361	2.85	1.181	41.8
Interest rate on credit balance	361	3.08	1.191	38.7
Over limit fee	361	3.04	1.179	38.8
Late payment fee	361	2.95	1.211	41.0
Cash advance fee	361	2.99	1.215	40.6
Supp.card an. Fee	361	2.98	1.164	39.0
Average score		**2.937**	**1.191**	**40.5**

Source: Primary Data

Price had an average mean of 2.94 and an average Coefficient of Variation of 40.5. Thus issues relating to price were considered to be of moderate importance by the respondents. Interest rate on credit balance had the highest mean score (3.08), followed by over limit fee (3.04). These are expenses incurred by credit card users and so the lower the rates applied, the better for them. Gran et al (2006) found that a low interest rate was the most important economic factor in determining credit card selection in Singapore and Gan et al (2016) identified interest rate on credit balance as one of the factors affecting likelihood of credit card ownership. Ucal eta al (2011) also highlighted interest rate as a key factor influencing credit card use among students in Turkey. Joining fee had the lowest mean (2.67). This is a one off payment and is likely to be set low by banks as a way of encouraging acquisition of credit cards.

4.7.3 Importance of Promotion

Banks use promotion to communicate to their customers on different aspects of their services and to entice them to consume those services. Promotion was addressed using elements derived from the promotion mix. This offers different options for promotion and comprises advertising, personal selling, sales promotion, publicity and direct marketing. The analysis of the responses is shown in Table 4.9.

Table 4.9: Responses on promotion

	Number	Mean Score	Standard deviation	Coefficient of Variation %
Annual fee waiver	361	3.3	1.358	41.1
Advertising	361	3.15	1.257	39.9
Reward points	361	3.36	1.301	38.7
Brochures	361	3.19	1.287	40.3
Discounts	361	3.4	1.309	38.5
Sales persons roles	361	3.09	1.271	41.1
Online communication	361	3.37	1.213	35.9
SMS messaging	361	3.45	1.244	36.0
Email communication	361	3.43	1.268	37.0
Average		**3.304**	**1.278**	**38.7**

Source: Primary Data

As indicated in table 4.9, with respect to promotion, majority of the respondents considered SMS messaging, email communication, discounts on selected purchases and online communication to be of moderate importance with means of 3.45, 3.43, 3.40 and 3.37 respectively. All the means were above 3.0, highlighting the importance of promotion to the respondents. Banks should endevour to communicate with customers regularly using appropriate channels. SMS messaging had the highest rating meaning that respondents find it an important way of communication. Information conveyed through SMS can be personalized and reaches the recipient instantly.

4.7.4 Importance of Place (distribution) Decisions

Place refers to the distribution aspects of the offer and these influence the ease with which consumers are able to access required services. The distribution elements included in the study are; number of bank outlets, location of outlets, opening hours of bank, services available online and number of outlets that accept the credit card owned. The findings on place are presented in Table 4.10.

Table 4.10: Responses on place

	Number	Mean Score	Standard Deviation	Coefficient of Variation %
Number of bank outlets	361	3.49	1.131	32.4
Location of outlets	361	3.64	1.074	29.6
Bank opening hours	361	3.57	1.022	28.6
Services available online	361	3.73	1.066	28.6
No.of outlets that accept the card	361	3.88	1.079	27.8
Average		**3.662**	**1.0738**	**29.4**

Source: Primary Data

Table 4.10 reveals that place had an average mean score of 3.67 and for coefficient of variation, the average score was 29.4. This shows that respondents consider place to be important with respect to bank services. The number of outlets that accept the credit card was rated highest with a mean of 3.88, while the lowest rating was opening hours of bank (mean=3.57). A large number of outlets that accept credit cards provide convenience to credit card holders in that they can make purchases even if they do not have money in their accounts. This also reduces the need for cash advances using the credit card. Interest on cash advances is higher than that on purchases using credit cards. The opening hours of bank outlets is not very crucial to credit card holders because modern technology has made it possible to access bank services at any time without visiting a bank outlet.

4.7.5 Importance of People

The term people refers to the employees who are involved in activities that enable services to be provided to customers. These are categorized into two. The first category includes those employees who do not directly interact with customers and the second category includes those who interact with customers. The latter are called frontline staff and it is this group that the study focused on. In service marketing, all employees contribute towards the quality of the offer. Gummeson (2001) uses the term part time marketer to refer to those whose actions have an effect on the output received by consumers. A summary of the findings on people is presented in Table 4.11.

Table 4.11: Responses on People

	Number	Mean Score	Standard Deviation	Coefficient of Variation %
Courtesy	361	3.78	1.109	29.4
Knowledge	361	3.83	1.031	26.9
Confidence instilled	361	3.77	1.035	27.4
Appearance	361	3.50	1.121	32.0
Handling of customer complaints	361	3.84	1.16	30.2
Average		**3.744**	**1.091**	**29.2**

Source: Primary data

As shown in the table, people had an average mean score of 3.74 and a coefficient of variation of 29.2%. This implies that respondents consider nature of interaction with employees during service provision as very important. Interaction with customers can take place on a face to face basis or through other media such as the telephone or the internet. Handling of customer complaints was rated highest (mean=3.84), followed by knowledge of employees (mean=3.83). Employees' ability to handle customers' complaints is enhanced if they are knowledgeable. Banks should ensure that they have employees whose interaction with customers produce good customer experiences.

4.7.6 Importance of Process

For service to be delivered by an organization, there are procedures that are followed so as to achieve uniformity in service delivery. These procedures are referred to as process and they contribute towards customers' evaluation of service quality. Respondents' views were sought on procedures in different stages of service delivery. The findings are presented in Table 4.12.

Table 4.12: Responses on Process

	Number	Mean Score	Standard Deviation	Coefficient of Variation %
Ease of bill payment	361	3.58	1.238	34.5

Timeliness of statement	361	3.55	1.197	33.7
Complaints handling process	361	3.67	1.183	32.2
Handling enquiries	361	3.73	1.857	49.7
Redemption of rewards	361	3.60	1.136	31.5
Card application process	361	3.53	1.156	32.7
Average		**3.61**	**1.295**	**35.7**

Source: Primary Data

The respondents consider bank processes as very important with means scores ranging from 3.73 to 3.53. Groonroos (2008) emphasizes the importance of process in service marketing by stating that a service firm has no products, only interactive processes. Process of handling enquiries was rated highest and this was followed by complaints handling process (mean=3.67). When customers have issues that need clarification, they expect to go through a process that provides timely and helpful responses. An appropriate complaints handling process reduces the agony experienced by an aggrieved customer.

4.7.7 Importance of Physical evidence

The term physical evidence is used to refer to the environment in which the service is delivered. This includes the tangible elements of the service delivery process and they affect the image of the company. Consumers use these tangible aspects to judge the quality of service offered. Different measures of physical evidence were included in the study. Table 4.13 presents a summary of the responses.

Table 4.13: Responses on Physical evidence

	Number	**Mean Score**	**Standard Deviation**	**Coefficient of Variation %**
Appeal of facilities	361	3.34	1.112	33.2
Equipment	361	3.53	1.083	30.6
Ambience	361	3.47	1.075	30.9

Bank layout	361	3.43	1.081	31.5
Materials	361	3.49	1.108	31.7
Average		**3.452**	**1.091**	**31.6**

Source: Primary Data

Table 4.13 reveals that respondents perceive physical evidence as important (mean= 3.34). Since the use of credit cards does not require one to go to a bank outlet, how appealing the physical facilities are, may not be as crucial as to customers as how modern the equipment used are.

The above discussion has focused on the importance attached to marketing elements by respondents. The average mean scores ranged from 2.932 (price) to 3.744 (people). This suggests that price was considered the least important. This conforms to the finding by Robicheaux (1976). However, other studies have had different conclusions with regard to the rating of the marketing activities. According to LaLonde (1977), product related issues were the most important followed by distribution, price and promotion. McDaniel and Hise (1984) found price and product to be more important than distribution and promotion.

Table 4.14 Summary of Importance of Marketing Mix Practices

	Number	**Mean Score**	**Standard Deviation**	**Coefficient of Variation %**
Product	361	3.34	1.149	34.5
Price	361	2.937	1.191	40.5
Promotion	361	3.304	1.278	38.7
Place	361	3.662	1.074	29.4
People	361	3.744	1.091	29.2
Process	361	3.61	1.295	35.7
Physical evidence	361	3.452	1.091	31.6
Average Mean		**3.435**	**1.167**	**34.22**

Source: Primary Data

Table 4.14 shows that the lowest mean score was for price (2.937), suggesting that it was considered least important among the Marketing Mix variables. This could be because the price differences among the credit card issuers are minimal. All the other variables had means of above 3.3, with that one for people being the highest (3.744). This implies that the interactions credit card holders experience with bank staff through the various touch points are very important to them.

4.8 Opinions about Marketing Practices of Banks

The respondents were asked to state their opinions about marketing practices of banks that have issued them with credit cards. A five point Likert scale was used to rate the extent to which they agreed with statements on marketing practices where: 1- Not at all, 2 – To a small extent, 3 –To a moderate extent, 4 – To a large extent, 5 – To a very large extent. The findings are discussed below.

4.8.1 Opinions on Product characteristics

The responses on features of credit cards are summarized on Table 4.15.

Table 4.15: Opinions on product characteristics

	Number	**Mean Score**	**Standard Deviation**	**Coefficient of Variation %**
Requirements for application are easy to meet	361	2.92	1.032	35.3
Application approval period is short	361	2.95	0.949	32.1
Installment payment plans are friendly	361	3.04	1.016	33.4
Interest free repayment period is adequate.	361	2.93	1.126	38.4
The credit card limit is reasonable	361	3.15	1.044	33.1
Minimum payment allowed is reasonable	361	3.14	1.049	33.4

Privacy of customer credit information is maintained	361	3.42	1.157	33.8
Average		**3.07**	**1.053**	**34.2**

Source: Primary Data

Table 4.15 reveals that opinions on product characteristics had a mean of 3.07 and coefficient of variation of 34.2%. This shows that respondents agree to a moderate extent that features of credit cards are good. The lowest mean was for requirements for application (2.92). Banks need to improve on this so as to attract more clients for the credit card service.

4.8.2 Opinions on Price

The respondents' opinions on pricing by their banks are presented in Table 4.16.

Table 4.16: Opinions on Price

	Number	Mean Score	Standard Deviation	Coefficient of Variation %
The joining fee is reasonable	361	3.04	1.108	36.4
The annual fee is reasonable	361	2.95	1.04	35.2
The interest fee charged on credit balance is reasonable	361	3.27	1.113	34.0
The over limit fee is reasonable	361	3.24	1.08	33.3
The late payment fee is reasonable	361	2.8	1.071	38.2
The cash advance fee is reasonable	361	2.8	1.094	39.0
The supplementary card annual fee is reasonable	361	2.81	1.113	39.6
Average		**2.98**	**1.088**	**36.5**

Source: Primary Data

The average mean score for opinion on price is 2.98. This implies that the respondents agree to a small extent with the statements on price. The lowest ratings are for late payment fee, cash advance fee and supplementary card annual fee, all with a mean of 2.8. These are areas that banks need to improve on. Studies have shown that consumers use price to judge the product or service on offer (Monroe, 2003).

4.8.3 Opinions on Promotion

The respondents gave their opinions on how their banks handle the promotion function. The results are summarized in Table 4.17.

Table 4.17: Opinions on Promotion

	Number	Mean	Standard Deviation	Coefficient of Variation %
Once in a while I get an annual fee waiver	361	3.17	1.213	38.2
Media advertising for credit cards is adequate	361	2.83	1.103	38.9
Reward points offered are attractive	361	3.32	1.032	31.0
Brochures with credit card information are available	361	3.27	1.018	31.1
Once in a while I get discounts for credit card purchases	361	3.04	1.016	33.4
Interactions with sales people are useful	361	2.95	1.211	41.0
I can get adequate information online	361	3.27	1.223	37.4
I receive useful information through SMS	361	3.24	1.084	33.4
I receive useful information through email	361	3.3	1.099	33.3
Average		**3.15**	**1.11**	**35.3**

Source: Primary Data

From Table 4.17, respondents are of the opinion that reward points are attractive, useful information is received through email, brochures with credit card information are available and there is adequate information online, with mean scores of 3.32, 3.30, 3.27 and 3.27 respectively. This indicates that the banks handle these aspects of promotion well. Aspects of promotion that are not handled as well are interaction with sales people and media advertising of credit cards and these should be improved on. Interactions with sales people are important touch points that significantly affect customer experience. Advertising through various media enables information on various aspects of credit card usage to reach a large audience that is composed of both current customers and potential customers.

4.8.4 Opinions on Place and People

The respondents' opinions on place and people are presented in Table 4.18.

Table 4.18: Opinions on Place and People

Place	Number	Mean	Standard Deviation	Coefficient of Variation %
The bank has adequate no. of outlets	361	3.17	1.213	38.2
The outlets are conveniently located	361	2.83	1.103	38.9
The opening hours are convenient	361	3.32	1.032	31.0
There are several services available online	361	3.27	1.018	31.1
There are many outlets that accept the credit card for payment	361	3.04	1.016	33.4
Average		**3.126**	**1.076**	**34.5**
People				
Employees at the bank are consistently courteous	361	3.17	1.213	38.2
Employees have knowledge on credit cards	361	2.83	1.103	38.9
Behaviour of employees instill confidence on me	361	3.32	1.032	31.0
Appearance of employees is appropriate	361	3.27	1.018	31.1
Employees handle complaints in a satisfactory manner	361	3.04	1.016	33.4
Average		**3.126**	**1.076**	**34.5**

Source: Primary Data

The results in Table 4.18 reveal an average of 3.126 for both "place" and "people". The respondents agree to a moderate extent with the statements on these two variables. Convenience of opening hours, online services and number of outlets were rated well with mean scores of 3.32, 3.37 and 3.17 respectively. Credit card holders are generally satisfied with access to credit card services. This implies that all the points of service provision are well managed. With regard to people, the results imply that banks have put in efforts to ensure that employees deliver good customer experiences. Employee behavior, their appearance, courtesy and handling of complaints were rated highly with means of 3.32, 3.37, 3.17 and 3.04. The good rating in these aspects can be maintained by providing relevant training to employees and ensuring that the work environment is conducive.

4.8.5 Opinions on Process

One of the key service characteristics is inseparability. This means that services are produced and consumed at the same time. Thus the process of service delivery directly affects consumers' evaluation of quality. The respondents were asked to give their opinions on bank processes. The findings are presented on Table 4.19.

Table 4.19: Opinions on process

	Number	Mean	Standard Deviation	Coefficient of Variation %
The bill payment process is friendly	361	2.95	1.211	41.0
Monthly statements are timely	361	3.27	1.223	37.4
Complaints are handled promptly	361	3.24	1.084	33.4
Enquiries are dealt with promptly	361	3.04	1.016	33.4
Reward points are easy to redeem	361	3.32	1.032	31.0
Time taken to process credit card application is short	361	3.27	1.018	31.1
Average		**3.18**	**1.097**	**34.5**

Source: Primary Data

As shown in Table 4.19, the respondents agree to a moderate extent that the processes are good. The average mean score is 3.18 and the coefficient of variation is 34.5%. The items rated highest are timeliness of monthly statements and processing of credit card application. Providing statements on time contributes towards reducing late and non-payment of credit balances.

4.8.6 Opinions on Physical evidence

Since services are intangible, the physical environment within which the service is offered is used to portray the quality of service being offered. The respondents' opinions on physical evidence of banks are summarized in Table 4.20.

Table 4.20: Opinions on Physical evidence

	Number	**Mean**	**Standard Deviation**	**Coefficient of Variation %**
The bank has appealing physical facilities	361	3.27	1.018	31.1
The bank has modern equipment	361	3.04	1.016	33.4
The general ambience of the bank is ideal	361	2.95	1.211	41.0
The bank has comfortable layout	361	3.27	1.223	37.4
Materials associated with the service are visually appealing	361	3.24	1.084	33.4
Average		**3.15**	**1.10**	**35.3**

Source: Primary Data

The respondents have a good opinion on the physical environment within which service is provided with mean scores ranging from 2.95 t0 3.27. The general ambience of the banks had the lowest rating and so banks need to improve on the interior decor of their outlets.

Table 4.21: Summary of Opinions on Marketing Mix Practices

	Number	**Mean Score**	**Standard Deviation**	**Coefficient of Variation %**

Product	361	3.07	1.053	34.2
Price	361	2.98	1.088	36.5
Promotion	361	3.15	1.11	35.3
Place	361	3.126	1.076	34.5
People	361	3.126	1.076	34.5
Process	361	3.18	1.097	34.5
Physical Evidence	361	3.15	1.10	35.3
Average		**3.117**	**1.0857**	**34.97**

Source: Primary Data

A comparison of the average mean (3.117) for opinions on marketing practices shown on table 4.21 with that that one of importance attached to marketing practices (3.435) shown on table 4.14 reveals that there is need for banks to improve on their marketing practices. This is because the importance credit card holders attach to marketing practices has a higher mean than that of the opinions they held with respect to how well the marketing practices are handled.

4.9 Attitudes towards Credit Cards

The respondents were asked to indicate the extent to which they agreed with statements that reflected on their attitudes towards credit cards. The statements were based on the Cognition, Affect, Behaviour attitude model. A five point Likert scale was used to rate the responses where: 1 – Not at all, 2 – To a small extent, 3 – To a moderate extent, 4 – To a large extent, 5 – To a very large extent. The relevant responses are presented here below.

4.9.1 Cognitive Aspects of Attitude

Table 4.22 summarizes the elements of attitude that were captured under cognitive aspects. The cognitive component relates to credit card holders' beliefs about credit card usage. Respondents were required to state their beliefs on several statements on credit card usage.

Table 4.22: Cognitive aspects of attitude

	Number	Mean Score	Standard Deviation	Coefficient of Variation
Heavy use of credit cards results in heavy debt	361	2.71	1.310	48.3
It is wrong for people to try to own things they cannot afford	361	2.71	1.408	51
I have a better control over my expenses when I pay with cash than when I buy on credit	361	3.22	1.397	43.3
Having a credit card is good because one can buy and pay later	361	2.74	1.368	49.9
It is necessary to have a credit card when you travel overseas	361	3.26	1.232	37.8
It is safer to use credit card payments compared to other payments	361	3.56	1.189	33.0
It is more convenient to use credit card than cash payment	361	3.39	1.258	37.1
Maintaining the credit card costs a lot of money	361	3.16	1.312	41.5
Using a credit card means you do not have to worry about carrying too much cash	361	3.38	1.260	37.2
Overall		**3.12**	**1.303**	**42.1**

Source: Primary Data

The results from table 4.22 show that respondents agreed to a large extent that it is necessary to have a credit card when one travels overseas (mean – 3.56), while to a moderate extent they concurred with statements stating that: it is safer to use credit cards compared to other payments (mean- 3.39), the use of credit cards saves one from the worry of carrying lots of money (mean – 3.38) and owning a credit card is advantageous because it enables one to pay the bill and settle later. Using a credit card when out of the country enables one to carry out transactions without carrying foreign currency, in addition to providing access to credit. The respondents agreed to a moderate extent that heavy use of credit cards resulted in heavy debt (mean – 2.71). One can be a heavy user of credit cards and avoid being heavily indebted by paying credit balances promptly.

4.9.2 Affective aspects of Attitudes

Some attitudes that consumers hold are as a result of emotions and these form the affective component of attitude. The responses on the attitude statements relating to such attitudes are presented in Table 4.23.

Table 4.23: Affective aspects of Attitudes

	Number	**Mean Score**	**Standard Deviation**	**Coefficient of Variation %**
I prefer to use a credit card regularly	361	2.68	1.097	40.9
My credit card makes me happy	361	2.72	1.081	39.7
I like using credit cards	361	2.71	1.089	40.0
I love to have a credit card	361	2.88	1.196	41.5
My credit card improves my status	361	2.59	1.194	42.7
Owning a credit card improves financial security	361	2.79	1.251	44.8
Overall		**2.72**	**1.151**	**41.6**

Source: Primary Data

The average for affective aspects of attitudes is 2.7 showing that respondents agreed to a moderate extent with the attitude statements testing emotional involvement. This mean is lower than that for cognitive aspects and this means that credit card holders are guided more by beliefs than emotions in their usage of credit cards.

4.9.3 Behavioral aspects of Attitudes

The behavioral aspects of attitudes are about the actions consumers take or are likely to take regarding an attitude object. A summary of the responses on these aspects are presented in Table 4.24.

Table 4.24: Behavioral aspects of attitudes

	Number	**Mean**	**Standard Deviation**	**Coefficient of Variation %**
I always prefer to buy things on credit	361	2.54	1.120	44.0
I use my credit card for emergencies	361	3.47	1.183	34.0
I occasionally use a credit card only for specific purposes	361	3.18	1.184	37.2

I rarely use a credit card and prefer to make payments through cash	361	2.76	1.232	44.6
I am planning to apply for another credit card	361	2.29	1.270	55.4
Overall		**2.85**	**1.198**	**43.4**

Source: Primary Data

From Table 4.24, the highest rating is for the statement on using credit cards for emergencies (mean – 3.47), while the lowest rating was on planning to apply for another credit card (mean – 2.29). The credit card provides a form of financial security by availing funds for unforeseen expenditures. The respondents agree to a small extent that they are planning to apply for another credit card. This conforms to the findings in the study that majority (61%) of credit card holders have only one card.

Table 4.25: Summary of attitude aspects

	Number	Mean Score	Standard Deviation	Coefficient of Variation %
Cognitive aspects	361	3.12	1.303	42.1
Affective aspects	361	2.72	1.151	41.6
Behavioural aspects	361	2.85	1.198	43.4
Overall mean		**2.9**	**1.217**	**42.36**

Source: Primary Data

The summary on Table 4.25 shows that Cognitive aspects of attitudes had the highest mean score. This suggests that credit card holders are guided mainly by the beliefs they hold about credit card ownership and use. These beliefs may arise from their experiences or learning that has occurred from other sources of information.

4.10 Credit Card Usage

This section covers information on various aspects of credit card usage. Respondents were asked to specify the number of credit cards owned and state whether they maintained accounts with the banks that issued them with the credit cards. From the findings, majority of the respondents 330 (91.4%) indicated that they bank with the banks that have issued them with credit cards. This shows that efforts by banks to woo non account holders to acquire credit cards have not borne fruit. Consumers are more likely to acquire credit cards from their current banks than from other banks. This is because they have already established relationships with their banks and in addition, transaction costs incurred to pay the credit card are lower when dealing with one bank than with multiple banks.

4.10.1 Number of credit cards owned

The findings on the number of credit cards owned are shown in Table 4.26.

Table 4.26: Number of Credit Cards Owned

Number of Credit Cards Owned	Frequency	Percentage (%)
One	220	60.9
Two	108	29.9
Three	24	6.6
Four	7	1.9
More than Four	2	0.6
Total	**361**	**100%**

Source: Primary Data

As depicted in Table 4.26, more than 60% of the respondents indicated that they owned only one credit card, while only 8% indicated that they owned more than two credit cards. Thus most people are likely to operate only one credit card. This is consistent with the findings of a study done in Turkey by Koparal and Culik (2011) which show that almost half of the credit card holders own one credit card. Banks should focus more on their customers as a source of growth in credit card use than on non-customers. This is because once a customer has acquired a credit card, chances of getting another one are minimal and furthermore, customers tend to have credit cards issued by their banks. Banks should also use marketing strategies that entice current credit card holders to use their cards more. Muhmin and Umar (2007) established that the number of credit cards owned increases credit card purchases, so encouraging ownership of more than one credit card would increase credit card usage.

4.10.2 Period of Credit Card Ownership

The respondents were asked to indicate how long they had owned the credit cards and the responses are shown in the Table 4.27.

Table 4.27: Period of Credit Card Ownership

Period of Credit Card Ownership	Frequency	Percentage (%)
Less than One Year	124	34.3
1-4 Years	164	45.4
5-8 Years	60	16.6
9-14 Years	9	2.5
More than 14 Years	4	1.1
Total	**361**	**100%**

Source: Primary Data

The results in Table 4.27 indicate that about 80% of the respondents surveyed had owned credit cards for a period of between one and four years, while only about 4% had owned for more than nine years. Although the first credit card in Kenya was launched in 1967, the uptake by bank customers has been slow. The banks should direct more marketing efforts towards attracting new credit card customers.

4.10.3 Total Value of Credit Card Payments made in a Year

The respondents were asked to indicate the total value of credit card payments they made in a year and the responses are shown in the Table 4.28.

Table 4.28: Total Value of Credit Card Payments in a Year

Total Value of Yearly Credit Card Payment(Kshs)	**Frequency**	**Percentage %**
Less than 50,000	122	33.8
50,000-100,000	141	39.1
100,001-200,000	57	15.8
200,001-300,000	32	8.9
Greater than 300,000	9	2.5
Total	**361**	**100%**

Source: Primary data

The findings in Table 4.28 reveal that credit card owners generally limit their usage, with only 11.4% of the respondents indicating credit card payment value of more than Kshs 200,000 in a year. Majority of the respondents (72.9%) indicated an annual credit card payment that is not more than Kshs 100,000. The revenue banks earn from the credit card service is influenced by usage and so they should monitor credit card holders so as to identify those whose usage is low. These users can then be encouraged to increase credit card purchases.

4.10.4 Statements on Credit Card Usage

The respondents were asked to state the extent to which they agree with various statements concerning their credit card usage. Table 4.29 presents pertinent responses.

Table 4.29: Credit card usage

	Number	**Mean**	**Standard Deviation**	**Coefficient of Variation %**
I am aware of the reward points scheme	361	2.93	1.217	41.5
I use my credit card regularly	361	2.81	1.072	38.1
I make the required payments on schedule	361	3.31	1.082	32.6
I pay the entire credit card balance within the month	361	3.16	1.142	36.1
I always pay just the minimum balance expected	361	2.85	1.123	39.4
I always have a credit balance	361	2.81	1.129	40.1
I use my credit card to pay for unexpected expenses that come up	361	3.27	1.223	37.4
I sometimes use my credit card to pay for things I cannot afford.	361	2.91	1.309	44.9
Average		**3.06**	**1.162**	**38.7**

Source: Primary data

One of the revelations from the findings in Table 4.29 is that there are some credit card holders who are not aware at all of the reward scheme. Lack of awareness of the reward system has also been found in China (Liu, 2010) and India (Nivriti, 2005). This scheme acts as an incentive to encourage usage and so lack of awareness of its existence affects credit card usage. Further, a study by Gan et al (2016) showed that a key factor that influences the likelihood of holding a credit card is the existence of a reward program. With regard to payments, the respondents agreed to a moderate extent that they pay the required payment on schedule. This shows that generally credit card holders purpose to make payments on time so as to avoid penalties. The respondents agreed to a large extent to the statement on using their credit cards to pay for unexpected expenses that come. Thus many of the respondents own credit cards as a form of financial security.

4.10.5 Redemption of Reward points

The respondents were asked to state whether they had ever redeemed their reward points and to indicate reasons for no/low redemption of reward points. The findings show that more than half (59.3%) of the respondents had never redeemed their reward points. Stavins (1996) argues that consumers are rather insensitive to credit card enhancements such as reward points. Liu and Brock (2010) attribute lack of interest on the reward redemption program to lack of awareness. They mention that other factors that affect use of the reward program are frequency of credit card use, length of ownership and attractiveness of the benefits offered. Furthermore, redemption is pegged on a minimum level of usage and so a low usage rate reduces chances of redemption. In China, Liu (2010) revealed that credit cards that had been issued more recently had higher redemption rates. This shows that banks can improve on redemption rates by ensuring that new card holders are given adequate information about the reward scheme when they are acquiring the cards. Banks should therefore remind the credit card holders regularly to redeem their points. Redemption of points increases the perceived value of the credit cards to users and so they may be encouraged to increase usage. The responses on reasons for no/low redemption of reward points are summarized on Table 4.30.

Table 4.30: Reasons for No/Low Redemption of Reward Points

Reason for No/Low Redemption of Reward Points	Frequency	Percentage
Not aware of the reward points	113	31.3

Not aware of the redemption process	67	18.6
Redemption process is too involving	54	15.0
Never earned sufficient points	74	20.5
Redemption benefits are not attractive	53	14.7
Total	**361**	**100%**

Source: Primary data

A substantial proportion of respondents (31.3%) were of the opinion that low/no redemption of reward points was a result of lack of awareness, while (20.5%) of the respondents felt that it was because of not earning sufficient reward points. To ensure that all credit cardholders are aware of reward points, information on credit card features should be provided at the time of acquisition. If credit card usage is encouraged by banks, earning of sufficient reward points becomes achievable. (14.7%) of the respondents were of the opinion that redemption benefits are not attractive. Incentives should be attractive enough to yield results and so there is need for banks to improve the redemption benefits for the reward points to have an impact on credit card usage. Liu and Brock (2011) suggest that banks may not be enthusiastic about encouraging redemption of reward points because it represents an additional expense that they want to minimize.

4.10.6 Extent of credit card usage on different categories of products and services

The respondents were required to indicate the extent to which they use their credit cards on various products. A 5 point Likert scale was used to capture the responses. The findings are presented on table 4.31.

Table 4.31: Usage of credit cards on different categories of products and services

	Number	Mean Score	Standard Deviation	Coefficient of Variation %
Groceries	361	1.92	1.127	58.7
Utilities	361	2.22	1.137	51.2
Petrol	361	2.50	1.369	54.7
Entertainment	361	2.02	1.107	54.8
Clothing and shoes	361	2.50	1.157	46.2
Personal grooming	361	2.21	1.113	50.4
Books and magazines	361	2.29	1.146	50.0
Furniture and appliances	361	2.91	1.245	42.8
Medical services	361	3.37	1.319	39.1
Cash advance	361	2.97	1.370	46.2

Source: Primary Data

Use of credit cards for medical services had the highest mean score (3.37) and this was followed by use of credit cards for cash advance with a 2.97 mean score. This is consistent with the finding of Gan et al (2008) that multiple credit card holders who use their credit cards frequently, tend to use them for medical expenses. Since medical services are essential and the need is not predictable, credit card holders do not hesitate to settle medical bills using their credit cards. Using credit cards for cash advance enables users to take care of issues that cannot be addressed using the cards, such as paying debts. The product categories with the lowest means were entertainment (2.02) and groceries (1.92). This can be explained by the fact that entertainment is a luxury and so one is likely to feel guilty consuming it on credit. Groceries can be budgeted for and funds set aside for them, hence reducing the need for credit purchases.

4.11 Tests of hypotheses

The study was based on the premises that there is a relationship between Marketing Mix Practices and Credit Card usage and that the relationship is moderated by Consumer Demographics and mediated by Consumer Attitudes. To establish the statistical significance of the hypotheses, simple and multiple regression analyses at 0.05 level of significance (95% confidence interval) were done. Simple regression analysis was used to test the relationship between Marketing Mix Practices and Credit Card Usage. Multiple regression analysis was used to test the moderating effect of Consumer Demographics and the mediating effect of Consumer Attitudes. In addition, composite mean scores were computed for the independent, moderator, mediator and dependent variables. The following sections discuss the results of the hypotheses tests.

4.11.1 Influence of Marketing Mix Practices on credit card usage

The first objective of the study was to determine the effect of Marketing Mix Practices on Credit Card Usage. Marketing Mix Practices comprised product, price, place, promotion, physical evidence, people and process. Credit Card Usage was operationalized using number of cards owned, frequency of use, types of purchases, value of purchases, payment of credit balance, redemption of reward points and debt owed. To test the relationship between Marketing Mix Practices and Credit Card Usage, the following hypothesis was tested:

Hypothesis 1: Marketing Mix Practices have no significant influence on Credit Card Usage.

First, Pearson correlation analysis was used to find out if there was any degree of association between Marketing Mix Practices and Credit Card Usage. The results are summarized in table 4.32.

Table 4.32: Correlation Analysis – Marketing Mix Practices and Credit Card Usage

Pearson Correlation	Credit Card Usage	Product	Price	Promotion	Place	People	Process	Physical Evidence
Credit Card Usage	1							
Product	.664**	1						
Price	.453**	.651**	1					
Promotion	.755**	.558**	.304**	1				
Place	.744**	.560**	.180**	.778**	1			
People	.740**	.512**	.167**	.765**	.850**	1		
Process	.728**	.601**	.357**	.755**	.732**	.746**	1	
Physical Evidence	.703**	.544**	.331**	.773**	.702**	.717**	.776**	1

** Correlation is significant at the 0.01 level (2-tailed).

The results in Table 4.32 revealed a strong and significant positive correlation between marketing mix practices and promotion (r=0.755, p-value=0.01). This implies that effective promotion influences credit card usage. Similarly, there was a strong and positive, significant relation between place and credit card usage (r=.744, p-value=0.01) as well as between people and credit card usage (r=.740, p-value=0.01). Thus place decisions and employees' behaviour affect credit card usage. Other variables for which a strong, positive, significant correlation with credit usage were exhibited are process (r=.728, p-value=0.01), physical evidence (r=.703, p-value=.01) and price (r=.453, p-value=.01)

Regression analysis was conducted to determine the degree of the relationship between Marketing Mix Practices and Credit Card Usage. The results are presented in Table 4.33.

Table 4.33: Regression results of Marketing Mix Practices and Credit Card Usage

a) Goodness of fit

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.854[a]	0.73	0.724	0.27093
a. Predictors: (Constant), Physical Evidence, Price, Place, Product, Process, Promotion, People				

b) Analysis of Variance - ANOVA

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	69.95	7	9.993	136.133	.000[b]
	Residual	25.912	353	0.073		
	Total	95.862	360			

c) Regression coefficients

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	0.361	0.097		3.734	0
	Product	0.105	0.038	0.126	2.74	0.006
	Price	0.15	0.031	0.191	4.863	0
	Promotion	0.148	0.04	0.199	3.721	0
	Place	0.157	0.048	0.195	3.289	0.001
	People	0.183	0.047	0.225	3.878	0
	Process	0.058	0.039	0.077	1.489	0.137
	Physical Evidence	0.047	0.04	0.059	1.178	0.239

a. Dependent Variable: Credit Card Usage

b. Predictors: (Constant), Physical Evidence, Price, Place, Product, Process, Promotion, People

From the regression model:

$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7\varepsilon_{it}$

Where:

Y = Credit Card Usage	X_1 = Product	X_2 = Price
X_3 = Promotion	X_4 = Place	X_5 = People
X_6 = Process	X_7 = Physical evidence	

The computed regression equation is as follows:

$Y = 0.361 + 0.105X_1 + 0.150X_2 + 0.148X_3 + 0.157X_4 + 0.183X_5 + 0.58X_6 + 0.047X_7$

The above equation established that credit card usage was to a great extent affected by product, price, promotion, place, people, process and physical evidence. Considering all the independent variables to be constant at zero (0), then credit card usage will be 0.361.

From the results shown in the Table 4.33 above, the R square is 0.730 and this is an indication that the independent variables (product, price, promotion, place, people, process and physical evidence) explain 73.0% of credit card usage.

The significant value (P=0.000) indicates the presence of a strong significant association between the predictor variables (product, price, promotion, place, people, process and physical evidence) and dependent variable (Credit Card Usage). The P- value of 0.000 which is less than 0.05 signifies that the model of Credit Card Usage is significant at the 5 percent significance level. The hypothesis is thus rejected and therefore it is a concluded that there is a significant relationship between Marketing Mix Practices and Credit Card Usage.

4.11.2 Influence of Consumer Demographics on the relationship between Marketing Mix Practices and Credit Card Usage

The second objective of the study was to determine the moderating effect of consumer demographics on the relationship between marketing mix practices and credit card usage. Consumer demographics included age, gender, income, occupation, education, marital status and religion. To test the extent to which Consumer Demographics influence the relationship between Marketing Mix Practices and Credit Card Usage, the following hypothesis was tested:

Hypothesis 2: Consumer Demographics have no significant moderating effect on the relationship between Marketing Mix Practices and Credit Card Usage.

This hypothesis was tested using stepwise multiple regression analysis. For this regression model, Credit Card Usage was the dependent variable, Marketing Mix Practices was the independent variable and Consumer Demographics the moderating variable.

Before testing the hypothesis, correlation analysis was done to examine the degree of association between Consumer Demographics and Credit Card Usage and the results are presented in table 4.34.

Table 4.34: Correlation Analysis – Consumer Demographics, Marketing Mix Practices and Credit Card Usage

Pearson Correlation	**Credit Card Usage**	**Marketing Practices**	**Gender**	**Age**	**Marital Status**	**Education level**	**Main Occupation**	**Personal Monthly Income**	**Religion**
Credit Card Usage	1								
Marketing Practices	.850**	1							
Gender	0.068	0.003	1						
Age	-.178**	-.198**	0.011	1					
Marital Status	-.111*	-.125*	0.072	.568**	1				
Education level	0	0.019	-0.063	.357**	.231**	1			
Main Occupation	0.089	.148**	0.06	-0.024	-0.098	-0.094	1		
Personal Monthly Income	-0.044	-0.002	-0.032	.471**	.341**	.533**	-.112*	1	
Religion	0.062	0.021	0.007	.144**	.245**	0.086	-0.048	.218**	1

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

The findings in Table 4.34 revealed a strong and significant positive correlation between marketing practices and credit card usage (r=.850, p=0.05). This implies that effective marketing practices significantly affect credit card usage. While education had a correlation of 0.000, for some of the variables, a weak positive insignificant relationship was found, these being, occupation (r=.089, p-value=0.01), gender (r=.068, p-value=0.01) and religion (r=.062, p-value=0.01). This suggests that these factors do not affect credit card usage. Even for income, marital status and age, the correlations were insignificant. Thus generally, Consumer Demographics do not affect Credit Card usage.

Regression analysis was used to determine the extent to which Consumer Demographics influence the relationship between Marketing Mix Practices and Credit Card Usage. Table 4.35 shows the findings.

Table 4.35: Regression results of Consumer Demographics, Marketing Mix Practices and Credit Card Usage

a) Goodness of fit

Model Summary					
Model		**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	Marketing Mix Practices	.850[a]	0.722	0.721	0.27244
2	Gender	.852[b]	0.726	0.725	0.27072

b) Analysis of Variance- ANOVA

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	69.216	1	69.216	932.54	.000[b]
	Residual	26.646	359	0.074		
	Total	95.862	360			
2	Regression	69.625	2	34.813	475.017	.000[c]
	Residual	26.237	358	0.073		
	Total	95.862	360			

c) Regression coefficient

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.408	0.09		4.512	0.000
	Marketing Mix Practices	0.833	0.027	0.850	30.538	0.000
2	(Constant)	0.31	0.099		3.13	0.002
	Marketing Mix Practices	0.833	0.027	0.850	30.725	0.000
	Gender	0.068	0.029	0.065	2.363	0.019

a Dependent Variable: Credit Card Usage
b Predictors: (Constant), Marketing Mix Practices
c Predictors: (Constant), Marketing Practices Mix, Gender

Model 1: Marketing Mix Practices and Credit card usage without moderator

Model 2: Marketing Mix Practices and Credit card usage with gender as a moderator

The regression results for model 1 presented in table 4.35 above shows that the relationship between Marketing Mix Practices and Credit Card Usage was significant (R Square = 0.722, F = 932.540, $p < 0.001$). The results show that 72.2% of the changes in Credit Card Usage are attributed to Marketing Mix Practices. However, the model does not explain 28.2% of the variation in Credit Card Usage, an indication that there are other contributing factors related with Credit Card Usage. The beta was significant ($\beta = .850$, $t = 30.538$, $p < 0.001$). The beta value suggests that for one-unit increase in the use of Marketing Mix Practices, Credit Card Usage increases by 0.850 or 85 per cent. From the regression outcomes, it is noted that the relation between Marketing Mix Practices and Credit Card Usage is positive and statistically significant.

To determine the moderating influence of gender on the relationship between Marketing Mix Practices and Credit Card Usage, the moderated multiple regression was used to establish the interaction effect. As indicated in Table 4.35, regression results for model 2 indicate that the combination of the predictors (Marketing Mix Practices and gender) and Credit Card Usage was positive and significant (R Square = 0.726, F = 475.017, $p < 0.001$). The beta coefficient for

Marketing mix Practices was significant ($\beta = 0.833$, $t = 30.725$, $p < 0.05$) and the beta coefficient for gender and Credit Card Usage (dependent variable) was not significant, ($\beta = 0.068$, $t = 2.363$, $p < 0.05$). The beta coefficients indicate that the introduction of gender in the model made the effect of Marketing Mix Practices on Credit Card Usage to be statistically non-significant. The p-value is less than 0.05 and this signifies that the model of Credit Card Usage is statistically significant at the 5 per cent level of significance. The results imply that gender moderates the relationship between Marketing Mix Practices and Credit Card Usage.

Therefore, we reject the null hypothesis that consumer demographics have no significant moderating effect on the relationship between Marketing Practices and Credit Card Usage.

4.11.3Mediation effect of Consumer Attitudes on the relationship between Marketing Mix Practices and Credit Card Usage

The third objective of the study was to assess the extent to which Consumer Attitudes influence the relationship between Marketing Mix Practices and Credit Card Usage. The following hypothesis was formulated:

Hypothesis 3: Consumer Attitudes have no statistically significant mediating effect on the relationship between Marketing Mix Practices and Credit Card Usage.

Hypothesis 3 was tested by use of stepwise multiple regression analysis. The Baron and Kenny (1986) approach that stipulates four conditions that must be met for a mediation effect to be confirmed was used. For this regression model, Credit Card Usage was the dependent variable, Marketing Mix Practices was the independent variable and Consumer Attitudes the intervening variable. The results of the regression analyses are presented in Tables 4.36, 4.37 and 4.38.

Table 4.36: Mediation effect of Consumer Attitudes on the relationship between Marketing Mix Practices and Credit Card Usage (First Step)

a) Goodness of fit

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.850[a]	0.722	0.721	0.27244
a. Predictors: (Constant), Marketing Mix Practices				

b) Analysis of Variance - ANOVA

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	69.216	1	69.216	932.54	.000[b]
	Residual	26.646	359	0.074		
	Total	95.862	360			
a. Dependent Variable: Credit Card Usage						
b. Predictors: (Constant), Marketing Mix Practices						

c) Regression coefficient

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.408	0.09		4.512	0
	Marketing Mix Practices	0.833	0.027	0.85	30.538	0
a. Dependent Variable: Credit Card Usage						

The results in Table 4.36 reveal that the influence of Marketing Mix Practices on Credit Card Usage is statistically significant (R Square = 0.722, F = 932.540, $p < 0.05$) with 72.2% of the variation in credit card usage being statistically significantly explained by the variations in Marketing Mix Practices. The F ratio indicates that the regression of Marketing Pix practices on Credit Card Usage is significant at $p < 0.05$, which confirms the goodness of fit of the regression model. The beta coefficient was also statistically significant (β = 0.833, t = 30.538, $p < 0.05$). The first mediation requisite which requires the independent variable to be statistically significantly correlated to the dependent variable without the presence of a mediating variable is therefore met.

Table 4.37: Mediation effect of Consumer Attitudes on Marketing Mix Practices and Credit Card Usage (Second Step)

a) Goodness of fit

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.443[a]	0.196	0.194	0.47284		
a. Predictors: (Constant), Consumer Attitudes						

b) Analysis of Variance – ANOVA

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	19.55	1	19.55	87.441	.000[b]
	Residual	80.266	359	0.224		
	Total	99.816	360			
a. Dependent Variable: Marketing Mix Practices b. Predictors: (Constant), Consumer Attitudes						

c) Regression coefficient

Coefficient[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.195	0.118		18.577	.000
	Consumer Attitudes	0.384	0.041	0.443	9.351	.000
a. Dependent Variable: Marketing Mix Practices						

The second step as shown in Table 4.37 indicates that the influence of Consumer Attitudes on Marketing Mix Practices was statistically significant (R Square = 0.196, F = 87.441, p < 0.001), with 19.6% of the variation in Marketing Mix Practices being significantly explained by variations in Consumer Attitudes. The F ratio indicates that the regression of Marketing Mix Practices on Consumer Attitudes is significant at p < 0.001, which confirms the goodness of fit of the regression model. The beta coefficient likewise was statistically significant (β = 0.384, t = 9.351, p < 0.001), hence satisfying the second requisite which requires that the predictor variable ought to be statistically significantly associated to the mediator variable.

Table 4.38: Mediation effect of Consumer Attitudes on Marketing Mix Practices and Credit Card Usage (Third &Fourth Steps).

a) Goodness of fit

Model Summary					
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
1	MP	.850[a]	0.722	0.721	0.27244
2	MP*CA	.860[b]	0.739	0.738	0.26429

b) Analysis of Variance – ANOVA

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	69.216	1	69.216	932.54	.000[b]
	Residual	26.646	359	0.074		
	Total	95.862	360			
2	Regression	70.857	2	35.428	507.224	.000[c]
	Residual	25.005	358	0.07		
	Total	95.862	360			

c) Regression coefficient

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.408	0.09		4.512	.000
	Marketing Mix Practices	0.833	0.027	0.85	30.538	.000
2	(Constant)	0.266	0.093		2.881	0.004
	Marketing Mix Practices	0.769	0.029	0.785	26.084	.000
	Consumer Attitudes	0.124	0.026	0.146	4.847	.000

a. Dependent Variable: Credit Card Usage

b. Predictors: (Constant), Marketing Mix Practices

a. Predictors: (Constant), Marketing Mix Practices, Consumer Attitude

Model 1: Regression Model with the independent variable only

Model 2: Regression Model with both independent and mediating variable (Marketing Practices*Consumer attitudes)

The last two steps are shown in Table 4.38. In the third step the influence of consumer attitudes on credit card usage was statistically significant (R Square = 0.722, F= 932.540, $p < 0.05$). The F ratio indicates that the regression of Consumer Attitudes on Credit Card Usage is significant. The β was statistically significant ($\beta = 0.833$, $t = 30.538$, $p < 0.05$); hence satisfying the third condition requiring that the mediating variable ought to be significantly associated with the outcome variable. In the last step, the effect of the predictor variable (Marketing Mix Practices) on the dependent variable (Credit Card Usage) was statistically significant in the presence of the mediating variable, Consumer Attitudes (R Square = 0.739, F = 507.224, $p < 0.05$). The F ratio indicates that the regression of Marketing Mix Practices and Consumer Attitudes on Credit Card Usage is statistically significant. The beta was also statistically significant ($\beta = 0.124$, $t = 4.847$, $p <0.05$), and thus failing to satisfy the last condition which stipulates that the influence of the predictor variable on the outcome variable ought to be statistically non-significant in the presence of the mediating variable.

The mediation test therefore did not meet all the four conditions that should be satisfied for a mediation relationship to be confirmed. Thus the researcher failed to reject the null hypothesis and it is therefore concluded that Consumer Attitudes have no statistically significant mediating effect on the relationship between Marketing Practices and Credit Card Usage.

4.11.4 The Joint Effect of Marketing Practices, Consumer Demographics and Consumer Attitudes on Credit Card Usage

The fourth objective of the study sought to establish the joint effect of Marketing Mix Practices, Consumer Demographics and Attitudes on Credit Card Usage.

Hypothesis 4: Marketing Mix Practices, Consumer Demographics and Attitudes have no significant joint effect on Credit Card Usage.

The fourth hypothesis was tested by use of stepwise multiple regression analysis. For this regression model, Credit Card Usage was the dependent variable; Marketing Mix Practices, Consumer Demographics and Consumer Attitudes were the independent variables. The results are shown in Table 4.39.

Table 4.39: The Joint Effect of Marketing Mix Practices, Consumer Demographics and Consumer Attitudes on Credit Card Usage.

a) Goodness of fit

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1.MP	.850a	0.722	0.721	0.27244	0.722	932.54	1	359	0.000

2.MP*CA	.860 b	0.739	0.738	0.26429	0.017	23.49	1	358	0.000
3.MP*CA* G	.861c	0.742	0.740	0.26314	0.006	8.155	1	357	0.005

b) Analysis of Variance – ANOVA

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	69.216	1	69.216	932.54	.000 b
	Residual	26.646	359	0.074		
	Total	95.862	360			
2	Regression	70.857	2	35.428	507.224	.000 c
	Residual	25.005	358	0.07		
	Total	95.862	360			
3	Regression	71.143	3	23.714	342.488	.000 d
	Residual	24.719	357	0.069		
	Total	95.862	360			

c) Regression coefficient

Coefficients[a]					
Mod		Unstandardized	Standardized	t	Sig.

el		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	0.408	0.09		4.512	0.000
	Marketing Practices	0.833	0.027	0.85	30.538	0.000
2	(Constant)	0.266	0.093		2.881	0.004
	Marketing Practices	0.769	0.029	0.785	26.084	0.000
	Consumer Attitude	0.124	0.026	0.146	4.847	0.000
3	(Constant)	0.189	0.1		1.896	0.059
	Marketing Practices	0.772	0.029	0.787	26.252	0.000
	Consumer Attitude	0.12	0.026	0.141	4.682	0.000
	Gender	0.057	0.028	0.055	2.033	0.043

a. Dependent Variable: Credit Card Usage

b. Predictors: (Constant), Marketing Mix Practices

c. Predictors: (Constant), Marketing Mix Practices, Consumer Attitude

d. Predictors: (Constant), Marketing Mix Practices, Consumer Attitude, Gender

The regression results presented in Table 4.39 indicate that in model 1, the influence of Marketing Mix Practices on Credit Card Usage was significant (R Square = 0.722, F= 932.540, $p < 0.05$). The F ratio indicates that the regression of Marketing Mix Practices on Credit Card Usage is significant a $p < 0.001$and the β is also significant ($\beta = 0.833$, $t = 30.538$, $p < 0.05$). In the second model, the influence of Consumer Attitudes on Credit Card Usage was significant (R Square = 0.739, F= 507.224, $p < 0.05$), the F is significant, and the β was likewise statistically significant ($\beta = 0.124$, $t = 4.847$, $p < 0.05$). In the third model, the influence of Marketing Mix Practices, Consumer Attitudes and gender on credit card usage was significant (R Square = 0.742, F= 342.488 $p < 0.05$), F ratio is significant, and the β was equally significant ($\beta = 0.057$, $t = 2.033$, $p < 0.05$). These results indicate that the joint effect of Marketing Mix Practices, Consumer Attitudes, and gender when regressed on Credit Card Usage was statistically significant at $p < 0.05$. We therefore, reject the null hypothesis and conclude that the joint effect of Marketing Mix Practices, Consumer Demographics and Attitudes on Credit Card Usage is statistically significant. The summary of hypotheses testing is presented in the table 4.40.

Table 4.40: Summary of Hypotheses testing

Hypothesis	Test method	R	R2	Levels of significance	Conclusion
Marketing practices have no significant effect on credit card usage	Pearson's correlation Simple regression	0.854	0.724	.000	Reject
Consumer demographics have no significant moderating effect on the relationship between marketing practices and credit card usage	Pearson's correlation Stepwise Multiple regression	0.852	0.726	.000	Reject
Consumer attitudes have no significant mediating effect on the relationship between marketing practices and credit card usage	Multiple regression analysis	0.860	0.739	.000	Fail to reject
Marketing practices, consumer demographics and attitudes have no significant joint effect on credit card usage.	Stepwise Multiple Regression	0.861	0.742	.000	Reject

Source: Primary Data

4.12 Discussion of results

This section discusses the results generated from the study. This is guided by the objectives and hypotheses of the study. A conceptual framework relating the key variables of the study was developed based on literature review and theoretical reasoning. The hypotheses were tested using regression analysis.

4.12.1 The relationship between Marketing Mix Practices and Credit Card Usage

The first objective was to determine the relationship between Marketing Mix Practices and Credit Card Usage. Table 4.30 provides the model summary of the relationship between Marketing Mix Practices and Credit Card Usage where the coefficient of determination (R^2) was 0.73. This means that the independent variable (MMP) explained 73% of the variations in Credit Card Usage. There was a statistically significant relationship between Marketing Mix Practices and Credit Card Usage ($\beta=0.38$; $p<0.05$), hence the study rejected hypothesis one.

The results show that Marketing Mix Practices affect Credit Card Usage. The dimensions of Marketing Mix Practices that were tested were product, price, promotion, place, people, process and physical evidence. The findings show that for all these variables, there was a positive significant relationship with Credit Card Usage. This is consistent with marketing theory since marketing is meant to contribute to organizational performance by encouraging consumption of an organization's offer. The results agree with the finding of Ekerete (2015) that there was a positive relationship between marketing activities of banks in Nigeria and their productivity. Among the marketing variables, promotion had the greatest effect ($r=0.755$). This is consistent with the finding by Kamau (2016) that marketing communication significantly affects demand for urban domestic tourism in Kenya and that by Owino (2014) which reported that marketing communications is a source of competitive advantage. Promotion provides information that helps consumers make decisions. Bienstock (2002) noted that information enables customers to increase certainty and reduce perceived risk .According to Murray (1991), the necessity for information is greater when the perceived risk is high. Acquisition and use of credit cards presents high risk because if not well managed bankruptcy may occur. The aspects of promotion analyzed in the study were advertising, annual fee waiver, reward points, brochures, personal selling, online communication, SMS messaging and email communication. In this study, the aggregate mean score for the importance of promotion was 3.304. This shows that credit card holders appreciate promotion activities. However, they were of the opinion that media advertising for credit cards by banks was not adequate.

For the product element, the dimensions of credit cards considered were requirements for application, application approval period, installment payment plan, interest free repayment period, credit card limit, minimum payment allowed and privacy of customer credit information. Responses on importance of these, all had a mean score of above 2.9, indicating that credit card holders believed they were important. Lunt (1992) noted that a liberal credit card limit determines credit card choice in USA. Banks control credit card limits to card holders so as to reduce chances of heavy default on payment. However, this affects the value of purchases made using credit cards. For price, interest rate on outstanding balance had the highest mean score (3.08), suggesting that credit card holders consider it very important. For installment users, the interest rate affects the cost of maintaining a loan balance and for the credit card issuers, it is a major determinant of the revenue earned from credit card holders. Since credit card debts are non-secured, default on credit card debt is likely to be higher than debts on other types of loans. Banks trade off this risk by charging a high interest rate. From the findings, the number of outlets that accept the credit was considered as very important by credit card holders interviewed. This is the dimension of place that offers convenience to card holders.

The marketing mix used by a firm is likely to vary depending on its resources, market conditions and changing needs of the customers. According to marketing theory, decisions on marketing mix elements should be made while taking into account the impact on other elements (Low &Kok, 1997). The importance of the elements within the marketing mix may vary from time to time. For credit cards, promotion appears to be crucial because very little is currently known about credit cards. Some of the distribution issues such as bank opening hours and location of outlets may end up being of minimal significance as consumers adopt online methods of communication and service delivery.

4.12.2 The moderating effect of Consumer Demographics on the relationship between Marketing Mix Practices and Credit Card Usage

The second study objective was to determine the moderating effect of Consumer Demographics on the relationship between Marketing Mix Practices and Credit Card Usage. It was hypothesized that Consumer Demographics have no significant moderating effect on the relationship between Marketing Mix Practices and Credit Card Usage. Consumer Demographics variables were age, gender, income, occupation, education, marital status, religion. The moderated multiple regression was used to establish the interaction effect. The study findings revealed that Consumer Demographics have a moderating effect on the relationship between Marketing Mix Practices and Credit Card Usage. Specifically, it is gender that had a moderating effect.

Correlation analysis done to examine the degree of association between Consumer Demographics and Credit Card Usage revealed a weak positive insignificant relationship with occupation (R=.089, p=0.000), gender (R=.068, p=0.000) and religion (R=.062, p=0.000). The correlation was non-significant for income, marital status and age. This suggests that these variables do not affect credit card usage. This is inconsistent with previous studies. Teoh et al (2013) concluded that there was a positive relationship between occupation as well as marital status and credit card spending behavior in Malaysia. Previous studies (Chan (1997; Choi & DeVaney, 1995) found that there was a relationship between income and credit card usage. Age was found to affect the number of credit cards held by Delvin et al (2007). Age and income have been found to influence decision on credit card borrowing and outstanding balance maintained (Shu & Cheng, 2012). Other studies (Lindley et al (1989); Khare et al 2012) have shown that gender affects credit card usage, thereby supporting the finding in this study that gender has a moderating effect on the relationship between marketing mix practices and credit card usage. In these studies, consumer demographics were used as the independent variable and not as a moderating variable as is the case in this study.

4.12.3 The Mediation effect of Consumer Attitudes on the Relationship between Marketing Mix Practices and Credit Card Usage

The third objective was to assess the extent to which Consumer Attitudes affect the relationship between Marketing Mix Practices and Credit Card Usage. The study hypothesized that Consumer Attitudes have no significant mediating effect on the relationship between Marketing Mix Practices and Credit Card Usage. The mediation test did not meet all the four conditions that should be satisfied for a mediation relationship to be considered. The last condition which stipulates that the influence of the predictor variable on the outcome variable ought to be significant in the presence of the mediating variable was not met. The effect of Marketing Mix Practices on Credit Card Usage was significant in the presence of Consumer Attitudes ($R^2=$

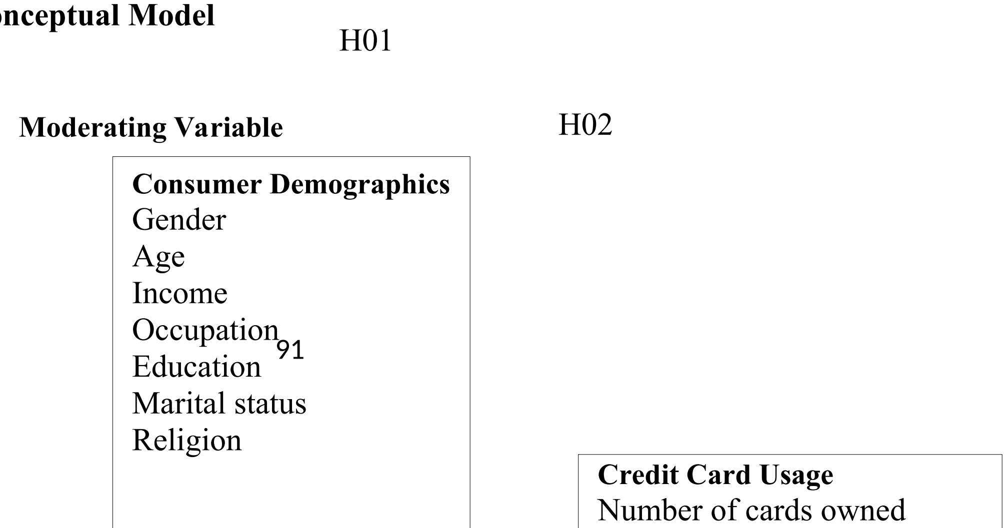
0.739, F= 507.224, p<0.05). Thus the study established that Consumer Attitudes do not mediate the relationship between Marketing Mix Practices and Credit Card Usage.

4.12.4 The joint effect of Marketing Mix Practices, Consumer Demographics and Attitudes on Credit Card Usage

The final objective focused on establishing the joint effect of Marketing Mix practices, Consumer Demographics and Attitudes on Credit Card Usage. It was hypothesized that Marketing Mix Practices, Consumer Demographics and Attitudes have no significant joint effect on Credit Card Usage. Multiple regression analysis was used to examine the relationship and it was revealed that the joint effect of Marketing Mix Practices, Consumer Attitudes and gender on Credit Card Usage was positive and statistically significant. The stated hypothesis was thus rejected. This indicates that Credit Card Usage is jointly influenced by Marketing Mix Practices, Consumer Demographics and Attitudes. Therefore, the study submits that strategies developed to increase Credit Card Usage should take into account the three variables.

Pursuant to the results of the study and conclusions drawn, the findings are presented in the modified conceptual model in figure 4.1.

Figure 4.1: Modified Conceptual Model



Marketing mix Practices
Product
Price
Promotion
Place
People
Process
Physical evidence

H04

Types of products bought
Value of purchases
Payment of credit balance
Redemption of reward points
Debt owed

Convenience vs. revolver use

Independent Variable

Consumer Attitudes
Cognitions
Affect
Behaviour

H03

Dependent Variable

le

Source: Current Researcher

Equations for the revised model and summary of hypotheses results are:

H_{O1} : CCU = 0.361 + 0.105X_1 + 0.150X_2 + 0.148X_3 + 0.157X_4 + 0.183X_5 + 0.58X_6 + 0.047X_7

H_{02} : CCU = 0.31 + 0.850X + 0.065M

H_{03} : CCU = 0.266 + 0.785X + 0.146M

H_{04} : CCU = 0.189 + 0.029X + 0.141M + 0.055Z

4.13 Chapter Summary

The chapter presented data analysis and results of the study. It started with the demographic profile of respondents and descriptive statistics. Four hypothesis derived from the objectives were tested. The results established that there is a positive and statistically significant relationship between Marketing Mix Practices and Credit Card Usage. After testing for the moderating effect of Consumer Demographics, it was found that only gender had a moderating effect on the relationship between Marketing Mix Practices and Credit Card Usage. The test of the third hypothesis showed that Consumer Attitudes do not mediate the relationship between

Marketing Mix Practices and Credit Card Usage. The joint effect of Marketing Mix Practices, Consumer Demographics and Attitudes was found to be statistically significant. Finally, the chapter presented a discussion of the results, noting agreement or variance from theory and empirical studies. The next chapter covers the study summary, conclusion and recommendations.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter outlines the summary of main outcomes of the research study, conclusions and recommendations proposed by the researcher. Effort is made to relate the results to the objectives of the study and hypotheses. The theoretical, policy and managerial implications are discussed and this is followed by the main limitations of the study and recommendations for further research.

5.2 Summary

The main objective of this study was to empirically establish the influence of Marketing Mix Practices, Consumer Demographics and Attitudes on Credit Card Usage of commercial bank customers in Nairobi, Kenya. Data was collected from persons in Nairobi who own at least one credit card by use of a structured self-administered questionnaire with five-point Likert-type scale questions. The first objective was to determine the effect of Marketing Practices on Credit Card Usage. On this objective, it was hypothesized that Marketing Practices have no significant influence on Credit Card Usage. The results indicated the presence of a strong significant association between the predictor variables (product, price, promotion, place, people, process and physical evidence) and dependent variable (credit card usage). Therefore, the null hypothesis was rejected and the conclusion was that there is a significant relationship between Marketing Mix Practices and Credit Card Usage. This means that Credit Card Usage can be increased by improving on the marketing effort.

The second objective of the study was to determine the extent to which consumer Demographics influence the relationship between Marketing Mix Practices and Credit Card Usage. From this objective, it was hypothesized that Consumer Demographics have no significant moderating effect on the relationship between Marketing Mix Practices and Credit Card Usage. The outcomes provided satisfactory statistical evidence indicating a moderating effect of Consumer Demographics in the relationship between Marketing Mix Practices and Credit Card Usage. These results imply that gender moderates the relationship between Marketing Mix practices and Credit Card Usage. Therefore, the null hypothesis was rejected, and the conclusion was that the strength of the correlation between Marketing Mix Practices and Credit Card Usage depends on Consumer Demographics.

The third objective of the study was to determine the extent to which Consumer Attitudes influence the relationship between Marketing Mix Practices and Credit Card Usage. From this objective, it was hypothesized that Consumer Attitudes have no significant mediating effect on the relationship between Marketing Mix Practices and Credit Card Usage. The findings did not fulfill all the four requirements that ought to be fulfilled for a mediation relationship to be confirmed and thus the researcher failed to reject the null hypothesis. These results imply that the Affective, Cognitive, and Behavioral aspects of consumer attitudes do not mediate the relationship existing between Marketing Mix Practices and Credit Card Usage.

The fourth objective of the study was to establish the joint effect of Marketing Mix practices, Consumer Demographics and Attitudes on Credit Card Usage. It was hypothesized that Marketing Mix Practices, Consumer Demographics and Attitudes have no significant joint influence on Credit Card Usage. Stepwise multiple regression analysis was carried out. In regard to the relationship between Marketing Mix Practices and Credit Card Usage, the model summary revealed that 72% of the variation in Credit Card Usage was accounted for by variations in Marketing Mix Practices. Looking at the influence of Consumer Attitudes on Credit Card usage, it was found that 74% of the variations in credit card usage was elucidated by variations in Consumer Attitudes. Considering the influence of Consumer Demographics on Credit Card Usage, it was indicated that 75% of the variation in credit card usage was explained by variations in Consumer Demographics. These results indicate that the joint effect of Marketing Practices, Consumer Attitudes and gender when regressed on credit card usage was statistically significant at $p < 0.5$. The null hypothesis was thus rejected and the conclusion was that the joint effect of Marketing Mix Practices, Consumer Demographics and Attitudes on Credit Card Usage is statistically significant.

5.3 Conclusion

The study examined the relationship between Marketing Mix Practices and Credit Card Usage of commercial bank customers in Nairobi, Kenya. The findings indicated the presence of a strong significant association between the predictor variable (Marketing practices) and dependent variable (Credit Card Usage). It can thus be concluded that Marketing Mix Practices influence Credit Card Usage. This is supported by earlier studies such as that by Ekerere (2015) whose finding was that a significant relationship existed between Nigerian banks' marketing budgets and their profitability. Teoh et al (2012) in a study of the Malaysian market, found a significant correlation between two marketing variables and credit card holders spending behavior. These are benefits given by the banks and their payment policies. A key benefit banks provide to credit card holders is reward points that can be redeemed in different ways. In this study, it was established that the redemption rate is low and this was attributed mainly to lack of awareness. Consumers make informed decisions if they have adequate knowledge. Further, knowledge about credit cards influences attitudes towards their usage (Ismail et.al, 2014). Having studied debit and credit card usage and satisfaction in Austria, Foscht et al (2009) found that a payment method's features influence its desirability and acceptance. To increase credit card usage by their customers, banks should develop appropriate marketing strategies based on the elements of the extended marketing mix.

The second objective of the study was to determine the extent to which Consumer Demographics influence the relationship between Marketing Mix Practices and Credit Card Usage. Multiple regression analysis was used to determine the interaction effect of Consumer Demographics. The findings reveal that age, occupation, gender, religion, education, marital status do not influence credit card usage. The study by Teoh et al (2012) also found that occupation had no effect on credit card spending behavior in Malaysia. However, findings from that study showed that age, income and marital status influenced credit card holders spending behavior. A study by Delvin et al. (2007) proved that there is a relationship between marital status and credit card usage. This can be explained by the fact that married people tend to have more expenses than the unmarried ones. The regression results showed that the combination of Marketing Mix Practices and gender was positive and significant and this leads to the conclusion that gender moderates the relationship between Marketing Mix Practices and Credit Card Usage. Although the moderating effect was only proved for gender, other demographic variables, as mentioned above, have an effect on credit card usage.

The third objective of the study was to determine the extent to which Consumer Attitudes influence the relationship between Marketing Mix Practices and Credit Card Usage. The mediation test met the first three conditions that should be satisfied for a mediation relationship to be established. However, the fourth condition which stipulates that the influence of the predictor variable on the outcome variable ought to be insignificant in the presence of the mediating variable was not met. Thus the conclusion is that Consumer Attitudes have no significant mediating effect on the relationship between Marketing Mix Practices and Credit Card Usage. This contradicts previous studies (Godwin, 1998) that have attributed growth in credit card use to change in attitudes. An explanation can be found in social psychology studies which have established that attitudes do not always influence behaviour (Ajzen, 1996). A consumer may have a positive attitude towards credit cards, but may use it minimally so as to avoid being heavily indebted. Further, since in this study it was the mediating effect that was tested, there is a possibility of a relationship between attitudes and Credit Card Usage being found if a direct effect is tested.

The fourth objective of the study was to establish whether Marketing Mix Practices, Consumer Demographics and Attitudes have a significant joint influence on Credit Card Usage. The results indicate that the joint effect of Marketing Mix Practices, Consumer attitudes and gender when regressed on credit card usage was statistically significant at $p < 0.5$. Banks should identify the key elements in the marketing mix that are important to their customers and ensure that they meet their expectations. Data on demographics should be used to categorize customers so as to tailor decisions to the different categories. Research should be done to find out consumer attitudes on various credit card features and efforts be made to influence these favourably.

5.4 Recommendations

The study makes several recommendations from the findings realized. First, the study concluded that Marketing Practices have a positive influence on Credit Card Usage. All the marketing mix variables, that is, product, price, promotion, place, people, process and physical evidence had a positive effect on Credit Card Usage. It is therefore recommended that banks should endeveour to develop appropriate marketing strategies so as to entice people to acquire credit cards and use them. Responses on credit card use revealed that most credit card holders had one card and that majority of them acquired the cards from their banks. Therefore, in their efforts to increase credit card ownership and usage, banks should concentrate more on their current customers. The study found that the main reason for low redemption of reward points was lack of awareness. This implies that banks have not communicated adequately and thus they need to use different methods of promotion to ensure that card holders have knowledge on the key aspects of the credit card offer. Customers should be given adequate information when they are issued with a credit card. Since knowledge about credit cards affects attitudes towards credit card usage, banks should use various methods to increase consumer knowledge and consequently improve attitudes.

The study found that credit card holders generally limit the value of credit card purchases. For banks to increase revenue from the credit card business they have to encourage acquisition of credit cards by their customers who do not have any. In addition, there should be promotion efforts to encourage usage. This is because some people only use their credit cards when they are short of finance. There is a tendency for credit card holders to control their credit card usage. This could because of the fear that reaching high levels of outstanding balance would lead to financial difficulties. Koparal and Calik (2014) revealed that majority of credit card holders in Turkey did not reach the maximum limit of their cards. Therefore, to increase earnings from credit cards, banks should endeavour to increase the number of people who own credit cards and encourage their usage. Since banks maintain customer data bases, they can use individual credit card holders spending history, to determine level of usage. Using this information, they can send customized messages to the inactive users through email or short message service (SMS).

The price decision considered most important was interest rate on outstanding balance. This is expected as it a major cost that credit card users incur and if not well managed, may lead to serious consequences. The banks charge an interest rate that cushions them from the risk of non-payment of outstanding balance by some credit card holders. Revolvers who do not default on payment can be encouraged by being charged a discounted interest. Revenue from the credit card service does not just come from the interest fee. If credit card users believe that they are getting good value from using their cards, they may not mind paying premium prices. Thus the banks should ensure that their credit card offer is perceived favourably. The annual fee and commission paid by merchants also contribute to the revenue. Although credit card users can operate with minimal visits to bank outlets, maintaining an appealing and organized work environment is important. This is because physical evidence portrays the quality of service expected and can attract non customers.

The correlation analysis done to examine the degree of association between consumer demographics and credit card usage revealed a weak, positive insignificant relationship for occupation, gender and religion. The correlations were statistically insignificant for age, income and marital status. This suggests that these factors do not affect Credit Card Usage. However, the moderated multiple regression showed that gender moderates the relationship between Marketing Practices and Credit Card Usage. Thus banks need to carry out research to identify the differences between males and females with respect to credit card use. The information derived should then be considered during marketing planning.

5.5Implications of the Study

The findings of this study have implication s on marketing theory and practice as well as policy issues as discussed below.

5.5.1 Implications to theory

The findings from the study lead to a conclusion that there is a positive relationship between Marketing Mix Practices and Credit Card Usage. Each of the marketing variables that is, product, price, promotion, place, physical evidence, people, process, was found to have an effect on Credit Card Usage. This supports the use of the extended marketing mix in the banking industry to gain competitive advantage by attracting and retaining customers.

The study builds on service marketing knowledge by confirming that banks can apply the marketing mix elements to increase usage of their products and hence financial performance. The marketing function is thus critical to improving the performance of banks. The empirical evidence presented in this study revealed that there is a relationship between Credit Card Usage and Marketing Mix Practices, Consumer demographics and Attitudes. These findings could contribute to a research interest on the role of marketing in the banking sector and the service industry in general.

5.5.2 Policy Implications

The government of Kenya recognizes the crucial role of the financial sector in delivering the envisioned 10% Gross Domestic Product (GDP) growth rate per annum (Government of Kenya, Vision 2030). Banks can play their part in the sector by increasing both access to their services and level of usage. From the study, it is evident that Marketing Mix Practices have a direct and positive effect on Credit Card Usage.

The policy makers in institutions that regulate financial institutions may contribute towards improved performance by developing policies that support and encourage good marketing practice. The key players in the sector such as Central Bank of Kenya, Kenya Bankers association may liaise with Kenya School of Monetary Studies to offer training to banks, taking into account the weaknesses identified in this study.

5.5.3 Implications for Practitioners

The findings of the study have confirmed that implementation of the extended marketing mix affects Credit Card Usage. The mix is made up of product, price, promotion, place, people, physical evidence and process. Respondents were asked to state how important various dimensions of these elements are to them and the extent to which they feel their banks are addressing them. The findings on these aspects will increase the understanding of bank managers on consumer expectations and the extent to which these expectations are being met through the marketing activities in place. They will thus strive to focus attention on those aspects that consumers consider important. In addition, the knowledge from the study can help the marketing managers to articulate the importance of marketing in the business so as to be assured of top management support for the marketing function. For marketers serving in other sectors of the service industry, the findings serve as a reminder that the 4Ps of marketing do not suffice and that attention must also be given to people, process and physical evidence.

5.6Limitations of the study

One of the limitations is the cross sectional research design that was used in the study. This design was used because it provides time and cost savings which were constraints faced in the study. The design was limited in measuring long term influence of Marketing Practices, Consumer Demographics and Attitudes on Credit Card Usage. However, the study generated useful insights on the credit card market that can be used to make decisions to shape the future.

Secondly, the study focused only on credit cards issued by banks and left out charge cards which also allow purchases on credit, only that they are limited to purchasing from the specific companies that have issued them. The findings of the study are not reflective of the charge cards since they were not included in the study.

To overcome time and cost constraints, the research focused only on credit card holders in Nairobi, leaving out those in other parts of the country. The survey was conducted by interviewing credit card holders from all parts of Nairobi by seeking their views on the constructs under study. The sample was drawn from bank customers and since Nairobi region leads in bank usage, picking credit card holders in Nairobi did not bias the findings.

The final limitation was that the study focused on bank customers who own credit cards, as the source of information, leaving out non credit card holders. Although involving bank customers who are non-credit card holders would have been more inclusive, the research objectives were met by surveying credit card holders as their feedback was based on experience.

5.7Suggestions for Future Research

While the limitations mentioned above can be addressed by future studies, there are other research possibilities that can be deduced from this study. The conceptual framework had marketing Mix practices as the independent variable, Consumer Demographics and Attitudes as the moderating and mediating variable respectively. Studies can be undertaken using demographics as the independent variable. These may exhaustively reveal the influence of the specific demographic variables on credit card usage. Studies on credit card usage maybe done with consumer attitudes as the independent variable .In addition, studies to determine factors that influence attitudes towards credit card usage would be valuable to institutions that issue credit cards.

Since most consumers that own credit cards also have debit cards, future studies that compare rate of usage between the two types of cards need to be done. Credit cards are a form of short term credit and so it would be interesting to compare the attitudes of credit card holders and non-credit card holders towards short term credit. Some credit card holders hardly use their credit cards and these are referred to as inactive holders. Studies comparing active and inactive credit card holders would provide useful information for participants in the credit card market. The uptake and usage of credit cards may be affected by environmental factors. A comparison of the credit card market in Kenya can thus be made with those in other developing countries so that lessons can be learnt from other countries' experiences.

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APPENDICES

APPENDIX 1: INTRODUCTORY LETTER

UNIVERSITY OF NAIROBI
COLLEGE OF HUMANITIES & SOCIAL SCIENCES
SCHOOL OF BUSINESS

Telephone: 4184160-5 Ext 215
Telegrams: "Varsity" Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, KENYA

12th October, 2016

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

INTRODUCTORY LETTER FOR RESEARCH
KERRE DORCAS ACHIENG – REGISTRATION NO. D80/60302/2010

The above named is a registered PhD candidate at the University of Nairobi, School of Business. She is conducting research on ***"Marketing Practices, Consumer Demographics' and Attitudes on Usage of Credit Cards by Customers of Commercial Banks in Nairobi, Kenya.".***

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the research project. The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your co-operation will be highly appreciated.

Thank you.

ASSOCIATE DEAN
Graduate Business Studies
School of Business (UON)
NAIROBI

Dr. Mary Kinoti
Associate Dean, Graduate Business Studies
School Of Business

APPENDIX 2: QUESTIONNAIRE

HOW MARKETING PRACTICES, CONSUMER DEMOGRAPHICS AND ATTITUDES INFLUENCE CREDIT CARD USAGE IN KENYA

This questionnaire is designed to collect data on credit card usage in Kenya with respect to marketing practices, consumer demographics and attitudes. The data will be used for academic purposes only and will be treated with strict confidence. I kindly request you to take a few minutes of your time to respond to the questions/statements presented in the questionnaire.

SECTION A: CONSUMER DEMOGRAPHICS

Please provide the following information about yourself by ticking in the appropriate space.

1. Gender: Male [ ] Female [ ]

2. Age: 18 – 25 [ ] 26 – 35 [ ] 36 – 45 [ ] 46 – 55 [ ] > 55 [ ]

3. Marital status: Single [ ] Married [ ] Separated [ ] Widowed [ ]

   Divorced [ ]

4. Highest level of formal education: Certificate [ ] Diploma [ ] Undergraduate [ ] Masters [ ] PhD [ ]

5. Main Occupation: Medical Doctor [ ] Legal practice [ ] Trade [ ] Banking [ ] Teacher/Lecturer [ ] Finance/Accounts [ ] Engineering [ ] Architect [ ] Clergy [ ] Journalism [ ] Marketing [ ] Farming [ ] Artisan [ ] Human Resource Management [ ] Other [ ] Specify……………………

6. Personal Monthly income in Kshs.

   UptoKsh 20,000 [ ] 20,001 - 50,000 [ ] 50,001 - 100,000 [ ] 100,000 - 150,000 [ ] 150,001 - 200,000 [ ] Above 200,000 [ ]

7. The bank (s) that issued your credit card (s):

Barclays Bank	[ ]	Chase Bank	[ ]	CFC Stanbic Bank	[ ]
CBA	[ ]	Cooperative Bank	[ ]	Diamond Trust	[ ]
Ecobank	[ ]	Equity	[ ]	I & M Bank	[ ]
KCB	[ ]	NBK	[ ]	NIC Bank	[ ]
Post Bank	[ ]	Prime Bank	[ ]	Standard Chartered	[ ]

8. What is your religion?

   Christian [ ] Muslim [ ] Hindu [ ]
   Buddhism [ ] Other [ ] Specify…………………..

SECTION B: MARKETING PRACTICES

9) Listed below are statements regarding marketing practices with respect to credit cards. Please indicate the extent to which you consider them important by ticking the relevant box for each statement.

1= Not important 2= slightly important 3= moderately important 4= Very important 5= extremely important

		Not important **[1]**	Slightly important **[2]**	Moderately important **[3]**	Very important **[4]**	Extremely important **[5]**
Product						
	Requirements for application					
	Application approval period					
	Installment payment plan					
	Interest free repayment period					
	Credit card limit					
	Minimum payment allowed					
	Privacy of customer credit information					
Price						
	Joining fee					
	Annual fee					
	Interest rate on credit balance					
	Over limit fee					
	Late payment fee					
	Cash advance fee					
	Supplementary card annual fee					
Promotion						
	Annual fee waiver					
	Advertising					
	Reward points for using card					
	Brochures with card information					
	Discounts for selected purchases					
	Sales people roles					
	Online communication					
	SMS messages					
	Email communication					

		Not important [1]	Slightly important [2]	Moderately important [3]	Very important [4]	Extremely important [5]
Place						
	Number of bank outlets					
	Location of outlets					
	Opening hours of bank					
	Services available online					
	Number of outlets that accept the card.					
People						
	Courtesy of employees					
	Knowledge of employees					
	Confidence instilled by employee behavior					
	Appearance of employees					
	Handling of customer complaints by employees					
Process						
	Ease of bill payment					
	Timeliness of monthly statement					
	Complaints handling process					
	Process of handling enquiries					
	Redemption of reward points					
	Time taken to process credit card application.					
Physical Evidence						
	Appealing physical facilities					
	Modern equipment					
	General ambience of the bank					
	Comfortable bank layout					
	Materials associated with the service					

10) Below are statements that describe your opinion about marketing practices of banks that have issued you with credit cards. Please indicate the extent to which you agree with the following statements by ticking the relevant box.

1. Not at all 2. To a small extent 3. To a moderate extent

4. To a large extent 5. To a very large extent

		Not at all [1]	To a small extent [2]	To a moderate extent [3]	To a large extent [4]	To a very large extent [5]

Product						
	Requirements for application are easy to meet					
	Application approval period is short					
	Installment payment plans are friendly					
	The interest free repayment period is adequate					
	The credit card limit is reasonable					
	Minimum payment allowed is reasonable					
	Privacy of customer credit information is maintained					
Price						
	The joining fee is reasonable					
	The annual fee is reasonable					
	The interest fee charged on the credit balance is reasonable					
	The over limit fee is reasonable					
	The late payment fee is reasonable					
	The cash advance fee is reasonable					
	The supplementary card annual fee is reasonable					
Promotion						
	Once in a while I get an annual fee waiver					
	Advertising for credit cards is adequate					
	Reward points offered are attractive					
	Brochures with credit card information are available					

		Not at all **[1]**	To a small extent **[2]**	To a moderate extent **[3]**	To a large extent **[4]**	To a very large extent **[5]**
	Once in a while I get discounts for selected purchases done using my credit card					

	Interactions with sales people are useful					
	I can get adequate information online					
	I receive useful information through SMS.					
	I receive useful information through email					
Place						
	The bank has an adequate number of outlets					
	The outlets are conveniently located					
	The opening hours are convenient					
	There are several services available online					
	There are many outlets that accept the credit card for payment.					
People						
	Employees at the bank are consistently courteous					
	Employees have knowledge to answer queries on credit cards					
	The behaviour of the employees instills confidence on me					
	The appearance of employees is appropriate					
	The employees' handling of customer complaints is satisfactory.					

		Not at all **[1]**	To a small extent **[2]**	To a moderate extent **[3]**	To a large extent **[4]**	To a very large extent **[5]**
Process						
	The bill payment process is friendly					
	Monthly statements are timely					

	Complaints are handled promptly					
	Enquiries are dealt with promptly					
	Reward points are easy to redeem					
	Time taken to process credit card application is short					
Physical evidence						
	The bank has appealing physical facilities					
	The bank has modern equipment					
	The general ambience of the bank is ideal					
	The bank has a comfortable layout					
	Materials associated with the service are visually appealing.					

SECTION C: ATTITUDES TOWARD CREDIT CARDS

11) Listed below are statements regarding attitudes towards credit cards. Please indicate the extent to which you agree with the statements by ticking the box that reflects your attitude.

1. Not at all 2. To a small extent 3. To a moderate extent 4. To a large extent
5. To a very large extent

		Not at all **[1]**	To a small extent **[2]**	To a moderate extent **[3]**	To a large extent **[4]**	To a very large extent **[5]**
Affective aspects						
	I prefer to use a credit card regularly					
	My credit card makes me happy					
	I like using credit cards					

	I love to have a credit card					
	My credit card improves my status					
	Owning a credit card improves financial security					
Cognitive aspects						
	I think it is unwise to use credit cards					
	Heavy use of credit cards results in heavy debt					
	The cost of using credit cards is high					
	Since I use credit cards, my debt rises every day					
	It is wrong for people to try to own things they cannot afford					
	People should try to live within their means					
	People who borrow money to buy things only create problems for themselves					
	People lose control over their expenses when they pay with credit cards					
	I have a better control over my expenses when I pay with cash than when I buy on credit					
	Maintaining the credit card costs lots of money					

		Not at all [1]	To a small extent [2]	To a moderate extent [3]	To a large extent [4]	To a very large extent [5]
	Having a credit card is good because one can buy and pay later					
	It is necessary to have a credit card when you travel overseas					
	It is safer to use credit card payments compared to other payments					

	It is more convenient to use credit card than cash payment					
	Using a credit card means you do not have to worry about carrying too much cash with you.					
Behavioral aspects						
	I always prefer to buy things on credit					
	I use my credit card for emergencies					
	I occasionally use a credit card only for specific purposes					
	I rarely use a credit card and prefer to make payments through cash					
	I am planning to apply for another credit card					

SECTION D: CREDIT CARD USAGE

Please provide the following information about your credit card usage

12) Do you bank with the bank that has issued your credit card (s)? Yes [ ] No [ ]

13) How many credit cards do you own? One [ ] Two [ ] Three [ ]
Four [ ] Greater than four [ ]

14) For how long have you owned a credit card?
Less than one year [ ] 1– 4 years [ ] 5 – 8 years [ ]
9 – 14 years [ ] More than 14 years [ ]

15) What is the total value of credit card payments in Kshs. you make in a year?
Less than 50,000 [ ] 50,000 – 100,000 [ ]
101,000 - 200,000 [ ] 201,000 – 300,000 [ ]
Greater than 300,000 [ ]

16) Please state the extent to which you agree with the following statements

	Not at all **[1]**	To a small extent **[2]**	To a moderate extent **[3]**	To a large extent **[4]**	To a very large extent **[5]**

I am aware of the reward points scheme					
I use my credit card regularly					
I make the monthly required payments on schedule					
I pay my entire credit balance within the month					
I always pay just the minimum balance expected					
I always have a credit balance					
I use my credit card to pay for unexpected expenses that come up.					
I sometimes use my credit card to pay for things I cannot afford					

17) Have you ever redeemed your reward points? Yes [ ] No [ ]

18) What reason would you give for no/low redemption of reward points by some credit card holders?

Not aware of reward points [ ] Not aware of redemption process [ ]

Redemption process is too involving [ ] Never earned sufficient points [ ]

Redemption benefits are not attractive [ ]

20. Below is a list of products/services. For each one of them, rate the extent to which you use a credit card for the transaction.

	Not at all **[1]**	To a small extent **[2]**	To a moderate extent **[3]**	To a large extent **[4]**	To a very large extent **[5]**
Groceries					
Utilities					
Petrol					
Entertainment					
Clothing and shoes					

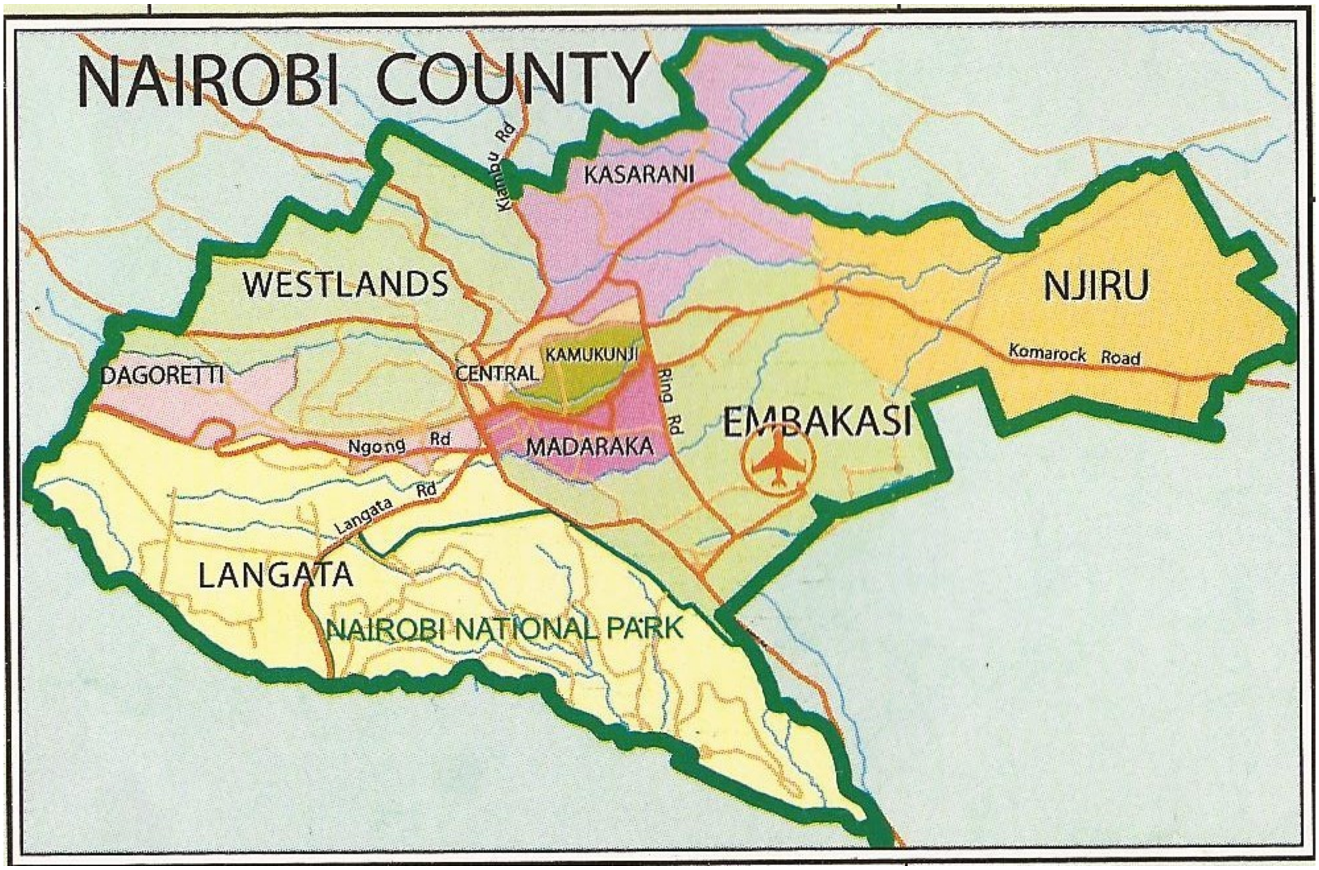
Personal grooming					
Books and magazines					
Furniture and appliances					
Medical services					
Cash Advance					

THANK YOU VERY MUCH FOR YOUR COOPERATION.

APPENDIX 3: LIST OF CREDIT CARD ISSUING BANKS

1. Barclays Bank of Kenya
2. Chase Bank
3. CFC Stanbic Bank
4. Commercial Bank of Africa
5. Cooperative Bank of Kenya
6. Diamond Trust Bank
7. Ecobank
8. Equity Bank
9. Investments and Mortgages (I & M) Bank
10. Kenya Commercial Bank
11. National Bank of Kenya
12. NIC Bank
13. Post Bank of Kenya
14. Prime Bank
15. Standard Chartered Bank

APPENDIX 4: MAP OF NAIROBI CITY COUNTY



APPENDIX 5: LIST OF SHOPPING MALLS IN NAIROBI

1. Capital Centre – Mombasa road
2. Comesa Mall – Eastleigh
3. The Crossroads Mall – Karen
4. Galleria Mall – Langata road
5. Garden City – Kasarani
6. The Gift Mall
7. The Green house Mall – Ngong road
8. Highwayy Mall – Mombasa road
9. The Junction – Dagoretti
10. Karen Shopping Centre – Dagoretti
11. The Mall – Westlands
12. Mountain Mall – Kasarani
13. Nakumatt Lifestyle
14. The Point – Buruburu
15. Prestige Plaza – Ngong road
16. Sarit Centre - Westlands
17. T-Mall – Nairobi West
18. Taj Shopping Mall – Embakasi
19. Thika Road Mall – Roysambu
20. The Village Market – Gigiri
21. West gate – Westlands
22. Yaya Centre – Kilimani
23. The Hub – Karen

Source – Project Gutenberg