

**APPLICATION OF MOBILE MARKETING IN COMMERCIAL
BANKS IN MOMBASA COUNTY, KENYA**

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DECLARATION

This is my original work and has not been submitted in any University for the award of any degree.

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This research project report has been submitted for examination with our approval as the University supervisors.

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DEDICATION

I dedicate this work to my family and all those who supported me in the completion of this project.

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I wish to express my sincere appreciation to my family for their understanding and support during the period of this study.

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ABSTRACT

One of the major challenges in the banking industry is the dynamic competitive environment in which banks operate. This has compelled commercial banks to adopt marketing methods that are consistent with the evolving customer behavior. Although commercial banks use various mobile enabled applications such as mobile banking the extent of application of mobile marketing is not known. The objective of this research was to determine the application of mobile marketing in commercial banks in Mombasa County, Kenya. The study was modeled on a descriptive cross - sectional design. The population of the study consisted of thirty four commercial banks in Mombasa County. No sampling was done, as a census of all the commercial banks operating in Mombasa County, Kenya was considered. Primary data was collected using semi-structured questionnaires. The questionnaires were personally administered by the researcher to the commercial banks' marketing managers or equivalent. Based on the findings, it can be concluded that majority of the commercial banks do apply mobile marketing in all their marketing activities. It also concluded that customer attitudes towards mobile marketing and the characteristics inherent in the mobile phone are important factors that affect the application of mobile marketing. The study recommends that the banks should invest in techniques of optimizing the use of the mobile marketing so as to reap maximum benefits from the huge potential of mobile marketing.

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ABBREVIATIONS AND ACRONYMS

ITU – International Telecommunication Union.

MMA – Mobile Marketing Association.

CCK – Communications Commission of Kenya

CBK – Central Bank of Kenya

KBA – Kenya Bankers Association

ATM – Automated Teller Machines

ICT - Information and Telecommunication Technology

SMS - Short Message Service

MMS – Multi-media Service

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

There is an explosion worldwide in the use of handheld electronic communication devices such as mobile phones, digital music players, and handheld Internet access devices. As the number of such devices is multiplying, subscriptions to services offered through these devices are expanding. Mobile-cellular penetration rates stand at 96% globally; 128% in developed countries and 89% in developing countries (International Telecommunication Union, 2013). The high global penetration of mobile communication devices is an indicator of the high potential of mobile marketing. International market research institutes also consider mobile marketing as a highly promising marketing instrument that will continue to gain importance (Wohlfahrt, 2002).

The theoretical basis for this study is derived from the technology acceptance model theory advanced by Davis in 1980. The theory is an information systems theory that explains how users accept and use a technology. The theory suggests that the perceived usefulness and perceived ease-of-use are the two key factors that determine the adoption of any technology. The theory was adopted because it helps in providing a possible explanation for the huge number of adopters of mobile devices and the related services and the need for marketing professionals to continuously adjust their strategy and tactics to efficiently match their consumers' evolving behavior and habits. This theory cuts across all marketing initiatives of all organizations operating in the current environment where the adoption of modern technology including mobile devices is inevitable for the

existence of any organization. This study will be modeled in the postulates of the technology acceptance theory because banks like all other organizations have to adapt to the changes in customer behavior.

The adoption of mobile phones even in low income earners in Kenya has witnessed explosive growth. There are over 30 million mobile phone subscribers in Kenya according to Communication Commission of Kenya, (CCK) 2013. This widespread adoption of mobile phones in Kenya has made it a vital means of communication and in some cases the only means of communication. Kenyan banks have not been left behind in using the mobile phone as a marketing tool. Owing to increased competition, banks over the last few years have adopted mobile enabled services such as mobile banking aimed at providing more value to its customers in their strive to remain competitive in the market.

1.1.1 Concept of mobile marketing

Shankar and Balasubramanian (2009) define mobile marketing as “the two-way or multi-way communication and promotion of an offer between a firm and its customers using a mobile medium, device or technology”. According to Mobile Marketing Association (MMA), 2012, mobile marketing is a set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through and with any mobile device or network. ‘Set of practices’, according to MMA includes activities, institutions, processes, industry players, standards, advertising and media, direct response, promotions, relationship management, customer services, loyalty, social marketing, and all the many faces and facets of marketing. To ‘engage’, means to

start relationships, acquire, generate activity, and stimulate social interaction with organization and community members. Furthermore, engagement can be initiated by the consumer or by the marketer.

Mobile marketing differentiates itself advantageously from other marketing mediums like TV, radio and newspapers through its highly interactive nature and additionally from the Web because mobile marketing provides a continuous access to the consumer “anytime and anywhere” thereby making it one of the most dynamic, effective and personal mediums for marketing (MMA, 2012) . Mobile marketing can incorporate various forms of mobile practices and technology such as mobile SMS, mobile internet, voice, mobile email or Bluetooth and concepts like mobile advertising, SMS marketing, mobile advergaming and location-based marketing.

1.1.2 Banking Industry in Kenya

The banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya (CBK) Act and the various prudential guidelines issued by CBK. The banking sector was liberalized in 1995 and exchange controls lifted. The CBK, which falls under the Minister for Finance docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. According to CBK, 2013 as at the end of 2012, the sector had 43 commercial banks, 1 mortgage finance company, and 6 deposit taking microfinance institutions, 5 representative offices of foreign banks, 111 foreign exchange bureaus and 2 credit reference bureaus. The banks have come together under the Kenya

Bankers Association (KBA), which serves as a lobby for the banking sector's interests. The KBA serves a forum to address issues affecting members.

Although the banking sector in Kenya has experienced problems over the last 25 years, with 37 banking institutions collapsing between 1986 and 1998 ([Kithinji and Waweru, 2007](#); [Ngugi, 2001](#)), there has been a continued growth in performance over the past years, with the banking sector collectively registering impressive performance. The Sector registered improved performance with the size of assets standing at Ksh. 2.4 trillion, loans & advances amounting to Ksh. 1.4 trillion, while the deposit base stood at Ksh. 1.8 trillion and profit before tax of Ksh. 28.2 billion as at 31st March 2013. During the same period, the number of bank customer deposit and loan accounts stood at 17.3 million and 2.3 million respectively (CBK, 2013).

Players in the banking industry in Kenya have experienced increased competition over the last few years resulting from increased innovations among the players and new entrants into the market. Many banks consider technology as a route for service quality improvement, while others consider it as a cost-effective expansion strategy ([Nellis *et al.*, 2000](#)). Whatever the underlying strategy, nobody questions the importance of understanding the patterns of technology adoption by bank customers. Moreover, it is more fundamental to assess to what extent and most importantly, for which customers technology-driven service delivery systems (from ATMs to telephone, home and Internet banking) can meet real customer needs, proving an effective way to achieve differentiation through service delivery systems.

Developments in information technology have an enormous effect on the banking sector, creating continually ever more flexible payment methods and user-friendly banking services. Since the 1980s major technology-enhanced products and services from automated teller machines (ATMs) to e-banking have become available everywhere 24/7 ([Liao and Cheung, 2002](#)). Banks have an overwhelmingly dominant position in developing-economy financial systems, like Kenya, and are extremely important engines of growth ([King and Levine, 1993](#)). As financial markets are usually under-developed, banks in developing economies are typically the most important source of finance for the majority of firms (Arum and Turner, 2002). Banks in developing economies have a major role in the payment system and are the main depository for the economy's savings.

The adoption and diffusion of Information and Telecommunication Technology (ICT) in Kenya and the continent as a whole is growing as evidenced by the upsurge in mobile markets and emerging innovative application in e-banking, e-business, telemedicine (e-health), e-learning, e-government, e-democracy, e-agriculture, e-procurement and more. The continent is also joining the league of ICT producing countries and Africa is witnessing increased capacity for consumption. While the problems being reported on the development of ICT in Africa might have not completely disappeared, the current challenges are definitely different. For example, the problem is no longer about access to modern ICT devices but the continent is now being confronted with the effect of the adoption and utilization of ICT ([Levine, 1997](#)).

Mombasa is the second largest city in the country with its economy mainly driven by tourism and port activities. The County has the presence of all the banks operating in the

country. Most of the major banks have at least two branches in the county with the smaller banks having one branch. There has been growth in branch network expansion by commercial banks in the country in the past few years. Mombasa County recorded the second highest number of new branches with a total of nine branches (CBK Annual Report, 2012). This expansion of branches improves accessibility of banking services to the population in Mombasa County. The banking industry in Mombasa County is expected to expand further with the introduction of county governments as the County explores new channels of revenue creation.

1.2 Research Problem

Marketing professionals continuously adjust their strategy and tactics to efficiently match their consumers' evolving behavior and habits. Innovative businesses that have successfully integrated e-commerce in their marketing activities now see mobile marketing as the next exciting opportunity that will enable them to reach their consumers through a new communication channel. Reductions in data charges coupled with the growing penetration of so-called "smart" devices, have led to a situation in which the mobile phone is emerging as an ideal business tool enabling firms to complement other business channels (Clarke, 2001; Heng-Sheng and Gururajan, 2005).

Banks have an overwhelmingly dominant position in developing-economy financial systems, like Kenya, and are extremely important engines of growth ([King and Levine, 1993](#)). Due to recent developments in the mobile technology, increased penetration rates and inherent characteristics of the mobile devices, the mobile channel has morphed into

an ultimate marketing vehicle, which enables business entities to establish a pervasive electronic presence alongside their customers anytime, anywhere (Shankar et al., 2010). Kenyan banks have also made significant strides in the adoption of mobile technology. The banks over the last few years have adopted the use of mobile technology that have not only enhanced service delivery to their customers but also enable the banks to remain competitive in the market.

Empirical literature shows studies that have been done on mobile marketing. For instance; Nysveen, Pedersen, and Thorbjornsen (2005), studied the effects of mobile channel additions on consumer-brand relationship dimensions and found that SMS channel additions are perceived as complements to the brands' main channel, whereas MMS channel additions today primarily are perceived as supplementary channels. Merisavo, Vesanen, Arponen, and Kajal (2006) examined the effectiveness of mobile advertising in sales of mobile services and found that there is a significant increase in sales to customers who were exposed to mobile advertising compared to those who were not exposed. Hairong and Stoller (2007) on the other hand examined the effectiveness of mobile web advertising through a field experiment and found that exposure to mobile advertising increases brand recall, brand association, and purchase intent.

A number of studies have already looked into the adoption of various mobile enabled applications by banks and other institutions that have enhanced their service delivery to their customers. Ayuma and Munyoki (2013) focused on e-commerce strategy and performance of commercial banks in Kenya. Ndungu and Okiro (2013) focused on the impact of mobile and internet banking on performance of financial institutions in Kenya.

None of these studies have focused on the use of mobile marketing by commercial banks in their marketing activities. This study therefore is intended to fill this research gap to help understand the application of mobile marketing in Kenyan banks by answering the following research question: is mobile marketing applied in commercial banks operating in Mombasa County, Kenya?

1.3 Research objectives

The overall objective of this study is to establish the application of mobile marketing in commercial banks operating in Mombasa County, Kenya. The specific objectives are to:

1. Determine the extent of application of mobile marketing by commercial banks in Mombasa County.
2. Establish factors influencing application of mobile marketing in commercial banks in Mombasa County.

1.4 Value of the study

The findings of the study will add to the literature on mobile marketing especially in Kenya. Further, the findings will prompt other researchers to conduct further studies on this area. The high penetration rate of the mobile phones in Kenya and its applications acts as a pointer to the need of more research in this area.

The mobile and its applications is increasingly becoming an important tool for all businesses in the Kenyan economy. The findings will help the government to foster a favorable environment for the mobile marketing through its regulatory framework.

The findings will provide information for practical application for banks and other organizations to utilize mobile marketing to enhance their marketing activities. Due to the overwhelming adoption of mobile phones in Kenya, it is critical that banks exploit mobile marketing as a great opportunity for maintaining and attracting new customers so as to remain competitive in the industry.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents literature review on; theoretical foundation of the study, applications of mobile marketing, mobile marketing practices, factors influencing customer acceptance of mobile marketing, empirical studies on mobile marketing and end up with a summary.

2.2 Theoretical foundation of the study

The theory of reasoned action (TRA), proposed by Fishbein and Ajzen (1994) is a well-established model that has been used broadly to predict and explain human behavior in various domains. Technical acceptance Model (TAM) was derived from TRA; it has been tested and extended and has been adopted for this study. The original TAM consisted of perceived ease of use, perceived usefulness, attitude toward using technology, behavioral intention to use, and actual system use. Perceived use and perceived ease-of-use are the two most important determinants for technology use.

Further studies show that perceived usefulness and perceived ease of use all directly influence the actual usage through behavioral intention to use which is consistent with work of Venkatesh and Davis (1996). The most important determinant for behavioral intention to use mobile devices is portability. This is supported by Plouffe et al. (2001). In their study, the constructs of perceived characteristics of mobile technology explained a high consistency with TAM. The findings suggest that mobile communication providers

and organizations should improve their compatibility with various user requirements, past experience, lifestyle and beliefs in order to fulfill customer expectations.

2.3 Applications of mobile marketing

The success of mobile information and communication devices such as Apple's iPhone has focused attention towards the use of mobile devices for marketing communications. Furthermore, the current financial crisis across the globe has led to even greater expectations for growth in mobile advertising and marketing as companies turn to this medium to save advertising costs (Geng, 2009). Specific consumer segments such as the teen market are using mobile phones increasingly as single-source communication devices (Gong and Li, 2008; Sangwan and Pau, 2005) that allow greater access to social circles, mobile-based content, and information. Accordingly, brands have also begun to tap aggressively into mobile platforms around the world in order to reach specific consumer segments such as teens and young adults.

The media landscape has undergone an immense transformation over the past decade (Mangold and Faulds, 2009). Social media, i.e. social networks or micro blogs, are increasingly replacing traditional media, and the buzz about these new marketing opportunities seems unlimited. In 2008, companies invested more than 1.54 billion dollars for the implementation and support of social media communications. This growth in social media seems unlimited so far (Trusov *et al.* 2009), as the investments in social media are expected to increase to more than three billion dollars per year by 2013 (Kozinets *et al.*, 2010).

Social media has established itself as a mass phenomenon with a wide demographic distribution: 75 percent of the US internet users use social media (Miller, 2009). The viral diffusion of information through social media has a far greater capacity to reach the public than other media such as TV, radio, and print advertisements (Keller, 2009). Consumers are turning away from traditional media such as TV, radio, or magazines and are increasingly using social media to search for information (Mangold and Faulds, 2009). They regard social media as a more trustworthy source of information than the traditional instruments of marketing communications used by companies (Foux, 2006). According to a study conducted by Nielsen (2009), 70 percent of internet users trust the evaluations of consumers on social media platforms.

2.4 Mobile Marketing Practices

Bolton and Saxena-Iyer (2009) asserts that in order to satisfy customer needs profitably, given consumer attitudes and behaviors and their differences across segments with regard to the mobile, marketers engage in a number of interactive services; these practices include: basic mobile applications, mobile website creation and maintenance, mobile advertising, mobile couponing and mobile social network management.

2.4.1 Basic Mobile Applications

The basic applications of the mobile can be broadly classified as audio and visual. Within audio, the primary components are voice conversations and music. Within visual, the main components are text, data, picture, and video. Different mobile devices offer one or

more of these basic applications. [Barnes and Scornavacca \(2004\)](#) note that the majority of mobile marketing to date is SMS-based and uses simple, push-based practices.

Nysveen et al. (2005) show that for the three different brands they surveyed, there were positive effects of mobile channel short message service/multi-media service (SMS/MMS) usage on brand satisfaction, marketing investments in direct and indirect relationships, and traditional channel usage. Their results suggest that (SMS/MMS) additions are perceived as complementary (supplementary) to the marketer's traditional channel.

2.4.2 Mobile website creation and maintenance

Creating and maintaining a robust mobile website is important to enable consumers to search, compare and use it as a channel for transactions. Hairong and Stoller (2007) examined the effectiveness of mobile web advertising through a field experiment and found that exposure to mobile advertising increases brand recall, brand association, and purchase intent. Developing a true mobile-friendly website is important in order to ensure that there is good optimization of the mobile site. This is important because mobile search engines are designed to deliver mobile sites.

Error messages can also appear for sites that do not render well on mobile devices. Search engines do not like to deliver sites that produce error messages. This means that people doing a mobile search and coming across your desktop site on their mobile will limit your mobile site if they get an error when they click in. And the more sites that the

mobile users click into that are not easy to use on their mobile, the longer it will take for the mobile web to be widely used. If the search process is not easy then people will stay away.

2.4.3 Mobile advertising

Marketers also use the mobile medium to advertise their image and products. For customers who have opted-in to receive marketing messages, retailers send periodic messages. Retailers typically do image advertising through static pictures or video and do product advertising by highlighting new products or products with special offers. Haghirian and Inoue (2007) investigated antecedents of Japanese consumer attitudes toward mobile advertising and found that informativeness and credibility of advertising message have the greatest impact on consumers' attitude towards advertising on the mobile internet.

2.4.4 Mobile couponing

Retailers are increasingly using mobile couponing as a key marketing tactic. Mobile coupons are gaining rapid consumer acceptance and are providing retailers with high returns on investment (ROI) (Dickinger and Kleijnen, 2008). Typically, a retailer invites consumers through other media (e.g., in-store, print media, outdoor media) to send a text message to the retailer, asking for mobile coupons. The retailer then sends the coupons to those who had responded. Mobile coupons can then be redeemed at the retailer's stores at the time of purchase.

This couponing tactic is generally effective because consumers self-select the offering. Moreover, the returns are directly measurable. Because the costs of such a couponing tactic are modest, the net returns tend to be high as well. Importantly, the marketers get to expand their database of customers who can be targeted for future offers.

2.4.5 Mobile social network management

Marketers create, facilitate, or manage their own social networks with their customers. They use these user networks to “listen-in” as well as to influence customers. They could use social network theory to target key customers for persuasive communication. Social network theory posits that the location and strength of the relationships among actors in a social network more strongly influence the action and behavior of actors than do individual traits (Barnes, 2012).

In the context of mobile marketing, a deep understanding of the nodes, the inter-relationships within the network of mobile device users, and network segmentation can help marketers develop a better targeting strategy. This theory suggests that by understanding the online and offline social structures of actors in relevant networks, retailers can formulate suitable promotional strategies for their customers. One such strategy is the use of substantial mobile promotional offers directed at actors with sizeable social capital as these actors tend to serve as the nodes in their networks. For example, Ford and its dealers invited 40 influential bloggers to test drive three Ford

models, Ford Flex, Ford Fusion, and Lincoln MKS, during spring 2010 and share their experiences on their BlogSpot and at TheFordStory.com (Communication World, 2010).

2.5 Factors influencing customer acceptance of mobile marketing

Since customer value is what every business entity ultimately seeks, there is a need to understand which elements and unique features of the mobile medium provides value from the consumers' perspective. Mobile values are based on distinctive features of mobile devices, such as "always with the user" and "always on" and "always connected". It is found that usefulness is not the top concern for mobile consumers; instead mobile services are used primarily for convenience (Kim, Chan, & Gupta, 2007; Mahatanankoon, Wen & Lim, 2005). Empirical studies suggest that both utilitarian value (Bauer et al., 2007; Kleijnen, Ruyter, & Wetzels, 2007) and hedonic value contribute to consumer adoption of mobile marketing.

It is found that the influence of hedonic value is stronger when compared to utilitarian value in building attitudes towards mobile technology in general (Bruner & Kumar, 2005), and especially among mobile users with low trust of mobile technology and low internet experience (Park, 2006). The hedonic value of the mobile internet is found to correlate negatively with the importance of service cost, and positively with use convenience and information quality, while the utilitarian value is found to positively correlate with the importance of service cost and connection stability (Park, 2006).

In another study, Kim and Hwang (2006) identified socio-economic status and maturity (measured by age and education) as antecedents to consumers' value tendency, and

examined the relationships between mobile consumers' value tendency and their perceptions on service quality. Results of the study showed that mobile users of lower maturity level are more likely to have hedonic tendencies than those of a higher maturity level, who in contrast exhibit more utilitarian tendencies. Mobile users' hedonic tendency is found to be positively associated with perceptions on service quality. More importantly, the mobile users who have a higher level of utilitarian tendency are found to have more negative perceptions on service quality.

It has been argued that the acceptance of a mobile marketing message is likely to be influenced by consumers' personal predispositions, tendencies, attitudes and individual-level perceptions (Bhatti, 2007; Hsu, Lu, & Hsu, 2008). Mobile consumers may differ from one another in their motivation to use the mobile. A segment of consumers may seek prompt satiation of their members' desires and because a mobile marketing offer provides an opportunity to gratify one's needs on the spot, the segment members respond to such offers.

Other segments based on Maslow's motivation theory can also explain differences in the adoption of mobile devices among consumers (Maslow, 1943). Consistent with Maslow (1943), at one end of the spectrum, a segment of consumers who live in underdeveloped regions such as parts of Africa may be using the mobile medium to communicate for fulfillment of subsistence or physiological needs such hunger and thirst. At the other end of the spectrum, another segment could be using the mobile medium to satisfy self-actualization needs through intelligent video games. Yet another segment may be using mobile devices primarily for networking with friends.

2.6 Empirical Studies on mobile marketing

The mobile phone is one of a handful of consumer products to have gained global acceptance within a relatively short period of time ([Barnes and Scornavacca, 2004](#)). For marketers, the widespread adoption of mobile phones represents a huge marketing opportunity to reach and serve consumers anytime, anywhere ([Grant and O'Donohoe, 2007](#); [Roach, 2009](#); [Barutçu, 2007](#)).

Mobile marketing is still in its early stages, and mobile marketing practices will likely go through fundamental changes as the technology continues to evolve ([Karjaluoto *et al.* 2008](#)). Research on mobile marketing is also in its early stages, but the literature is growing. Prior research has focused on themes such as mobile phone consumption ([Andrews *et al.* 2005](#)), consumer perceptions and attitudes towards mobile marketing ([Karjaluoto and Alatalo 2007](#); [Grant and O'Donohoe 2007](#)), consumer responsiveness ([Heinonen and Strandvik 2007](#)), the role of permission ([Barnes and Scornavacca 2004](#)), and adopter segments and cultural influences on adoption ([De Marez *et al.* 2007](#); [Muk 2007](#)). Moreover, the literature to date is based on mobile marketing practices using the classic mobile phone, with its very limited capability, compared to today's smart phones, which have almost unlimited potential. As [Barnes and Scornavacca \(2004\)](#) note, the majority of mobile marketing to date is SMS-based and uses simple, push-based practices.

The mobile platform has been heralded as the next frontier for modern business creating entirely new paradigms for interactive marketing initiatives (Kerckhove, 2002). Shankar

and Balasubramanian (2009) assert that Mobile marketing is becoming increasingly important in consumer markets. The results of Hans H. Bauer, Tina Reichardt, and Stuart (2005) in their study of driving consumer acceptance of mobile marketing, underline the importance of precisely embodying mobile marketing messages and campaigns according to consumer entertainment and information requirements. Only if mobile marketing messages are designed creatively and are entertaining, or if they provide a high information value, will consumers develop a positive attitude towards mobile marketing leading to the behavioral intention to use mobile marketing services. Whether the focus of marketing effort should be on entertaining or informational messages should be decided depending on the overall communication strategy for the individual product or service, taking into account the desired integration of communication efforts.

Marketers should definitely be advised against using impersonalized mass messages for communicating advertising content. These types of messages offer neither information nor entertainment value and are most likely to evoke negative reactions from consumers. Gemma and Roach (2009) on the study of consumer perceptions of mobile phone marketing revealed that a consumer's perception of two of the three innovation attributes tested (relative advantage and compatibility) were significantly associated with their acceptance (or adoption) of marketing messages sent via their mobile phone. However, a slightly weaker relationship between a consumer's level of involvement with their mobile phone and their adoption of mobile phone marketing was found.

Ajax, and Azhar (2012) on the study, "Innovative mobile marketing via smartphones: Are consumers ready?" found that successful engagement of customers in mobile marketing requires that marketers focus their strategies and tactics around value creation; getting customers to engage with their brand in an authentic way; and respecting customers' shopping style, that is, engaging customers the way they want to be engaged. Marketers must listen to their customers and develop appropriate strategies rather than simply adapting existing marketing strategies.

[Heinonen and Strandvik \(2007\)](#) found that gender differences did not influence consumers' experience with mobile media versus other types of media. However, age was found to be a key differentiator in that younger consumers are more responsive to digital media. [Barutcu \(2007\)](#) found no differences in internet and mobile advertising and coupon usage based on gender, age, income, or education. Nevertheless, he did find that younger, more educated consumers have more positive attitudes than older and less educated consumers with respect to mobile entertainment. [Megdadi and Nusair \(2011\)](#) found positive relationships between attitudes towards mobile marketing and mobile advertising, discount coupons, and entertainment. Attitudes towards mobile shopping were negative and insignificant.

[Grant and O'Donohoe \(2007\)](#) also noted that young consumers' resistance to mobile marketing is influenced by a lack of trust, fears of intrusion, and annoyance. In a similar vein, [Barnes and Scornavacca \(2004\)](#) found that brand trust, permission, and control exercised by wireless application service providers are three variables that influence mobile marketing. [Jayawardhena et al. \(2009\)](#) found that institutional trust is the most

influential variable in mobile marketing, but personal trust and control were more important for men than women. [Muk \(2007\)](#) determined that whereas social influence motivates young Taiwanese consumers to adopt SMS advertising, being able to try SMS advertising has a greater influence on young American consumers.

[Karjaluoto and Alatalo \(2007\)](#) reported that credibility, context, and subjective norms had substantial influence on consumers' acceptance of mobile marketing. Looking at consumer-based drivers and innovation-based drivers, [Bauer et al. \(2005\)](#) reported that consumer-based drivers are not significant for mobile marketing but innovation-based drivers are. Moreover, information and entertainment are important positive influences and perceived risk is an important negative influence. [Sultan et al. \(2009\)](#) and [Karjaluoto et al. \(2008\)](#) reported similar findings with respect to information, entertainment, and perceived risks. [Mort and Drennan \(2005\)](#) found that consumers use m-services based on benefits, innovators are more likely to use m-services, and interpersonal influences are positively related to intention to use m-services.

2.7 Summary

Mobile marketing is increasingly becoming an important marketing method. The huge number of adopters of mobile devices and related services indicates a growing mass audience of mobile electronic communication and promotion, an emerging mobile lifestyle, a popular channel for delivering mobile electronic services, and a mass market for executing mobile transactions. Communication to this audience can be delivered in the form of text, audio or video. Consumers can not only receive information from firms

but also initiate interactions, actively sending requests or information to firms. Studies have shown that various businesses and customers are engaged in mobile marketing through various techniques. Different consumer segments have varied adoption levels of mobile marketing. Mobile marketing is continuing to evolve as various developers continuously innovate different applications that enhance the mobile experience.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology that was used in gathering the data, analyzing the data and reporting the results. Here the researcher aimed at explaining the methods and tools used to collect and analyze data to get proper information related to the subject under study. The chapter consists of research design, population, data collection and finally data analysis.

3.2 Research design

According to Mcmillan and Schumaker (2001), a research design is a plan for selecting subjects, research sites and data collection procedures to answer the research questions. It is the conceptual framework within which research is conducted and constitutes the blueprint for the collection of data and the analysis thereof of the collected data. It is important to highlight the two main methods when investigating and collecting data – quantitative and qualitative. The main focus of this study is quantitative. However some qualitative approach will be used in order to gain a better understanding and possibly enable a better and more insightful interpretation of the results from the quantitative study. The goal was to provide a clear understanding of the application of mobile marketing in commercial banks in Mombasa County, Kenya.

The study adopted a descriptive survey design. Welman and Kruger (2001) define survey as an attempt to collect data from an identified population in order to establish the current

status of the population in respect to one or more variables. There are often many variables that correlate with each other and mutually influence one another.

3.3 Population of the study

A population is defined as the total collection of elements about which we wish to make some inferences (Cooper and Schindler, 2003). Target population in statistics is the specific population about which information is desired. According to Ngechu (2004), a population is a well defined or set of people, services, elements, events, group of things or households that are being investigated.

The population for this study comprised all the 34 commercial banks in Mombasa County, according to KBA listing October 2011. This is the same listing adopted by CBK and therefore is credible and up to date. Appendix II indicates all the commercial banks in Mombasa County.

3.4 Data collection

The study adopted primary data collection sources. Self-administered questionnaire designed specifically for the study was the key data collection instrument. A questionnaire is a collection of items to which respondents are expected to react, usually in writing Oso (2009). Its purpose was to collect information over a short period of time. It was used since the respondents are literate. Also, information required could easily be described in writing. The questionnaire consisted of both open and closed questions and

had three parts. The first part sought to establish the demographic information of the respondents while the second and third parts sought answers to the research questions.

A letter requesting for participation in the study was sent to target the sales managers in the commercial banks in Mombasa County. This is because the sales managers are very conversant with the subject matter of the study given that they are involved in the day to day marketing activities in the banks. A follow up call was made after confirming participation as well as booking appointments to deliver the questionnaires. The questionnaires were dropped and picked later from the sales managers.

3.5 Data analysis

Retrieved questionnaires were first edited then coded to facilitate statistical analysis. Data collected on all the objects were purely quantitative and it was analyzed by descriptive statistics. Quantitative approach through the use of frequency distribution, mean scores and standard deviations were used in statistical analysis of the data. This was done by tallying up responses, computing percentages of variations in response as well as describing and interpreting the data in line with the study objectives.

Statistical Package for Social Sciences (SPSS) was used to help in analysis of the study data. The data was coded to enable the responses to be grouped into various categories. Study results were presented in form of frequency distribution. The data was then summarized according to the study's objectives.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the data analysis, findings and discussion of the study in line with the research objectives. The study raised two specific objectives; to determine the extent of application of mobile marketing by commercial banks in Mombasa County and to establish factors influencing application of mobile marketing in commercial banks in Mombasa County.

The study targeted a total of 34 respondents out of which 26 responded and returned their questionnaires contributing to 76.5% response rate. This response rate was excellent and representative and conforms to Mugenda and Mugenda, (1999) stipulation, that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good, a response rate of 70% and over is excellent.

4.2 Demographic information

The respondents were asked to state the duration that they had served at the bank in their current position and the findings are presented in Table 4.1.

Table 4.1: Duration of service in the bank

Duration	Frequency	Percent
1-5 years	9	34.6
6-10 years	14	53.8
11-15 years	3	11.6
Total	26	100.0

Source: Research data (2013)

The response presented in Table 4.1 shows that majority of the respondents (53.8%) had served at their position for a period of 6-10 years, 34.6% of the respondents had served for a period of between 1-5 years and 11.6% had served between 11-15 years.

4.3 Extent of application of mobile marketing in commercial banks in Mombasa County

The study in this section sought to establish the use of the mobile phone for marketing purposes.

Table 4.2 Use of mobile phones for sales purposes

	Yes/No	Frequency	Percent
Use of mobile phone by sales managers to contact customers	Yes	23	88.4
	No	3	11.6
Use of mobile phone by customers to contact sales managers	Yes	20	76.9
	No	6	23.1
Provision of mobile devices and calling cards by the organization	Yes	21	80.8
	No	5	19.2

Source: Research data (2013)

From the findings presented in Table 4.2, 88.4% of the respondents use the mobile phone to contact customers for sales purposes while 11.6% do not use the mobile phone to contact customers for sales purposes. On the use of the mobile phone by customers to contact sales persons, 76.9% of the respondents had a positive response while 23.1% had a negative response. Finally 80.8% of the respondents are provided for mobile devices and calling cards by their organization while 19.2% of the respondents are not provided for the same by their organization.

The respondents were asked the common mobile practices that they use most frequently in their day to day marketing activities. The findings are shown in Table 4.3.

Table 4.3 Common Mobile practices used most frequently

	Frequency	Percent
Voice calls	18	69.2
Short Message Service	6	23.2
E-mail	1	3.8
Social media e.g. face book	1	3.8
Total	26	100.0

Source: Research data (2013)

The response presented in Table 4.3 shows that majority of the respondents, 69.2% use voice calls, 23.2% use short message service and both e-mail and social media have an equal percentage of 3.8% of the respondents.

The respondents were requested to indicate the extent to which the bank uses mobile marketing for specific marketing practices. The findings are shown in Table 4.4.

Table 4.4: Extent of application of mobile marketing for specific marketing activities

	Mean	Standard deviation
Introduction of new products	1.8647	.85489
Promotion/offers	1.7353	.89811
Review of terms of existing products	1.7638	.87161
After sales service	2.0328	.77121
Handling of customer complaints	2.0588	.77621

Source: Research data (2013)

From the results of the study presented in Table 4.4, the majority of the respondents reported that to a very large extent the banks uses mobile marketing for promotion/offers as shown by a mean score of 1.7353, review of terms for an existing product as shown by a mean score of 1.7638, introduction of new products as shown by a mean score of 1.8647, after sales service as shown by a mean score of 2.0328 and handling of customer complaints by a mean score of 2.0588.

4.4 Factors influencing application of mobile marketing in commercial banks in Mombasa County.

The study in this section sought to establish the factors affecting application of mobile marketing in commercial banks in Mombasa County. The respondents were asked to indicate the extent to which they agreed with a number of customer attitudes towards mobile marketing which could affect mobile marketing.

Table 4.5 Customer attitudes which may influence application of mobile marketing

	Mean	Std Dev
I prefer the use of the mobile phone as a medium of communication compared to other mediums	1.6765	.68404
I am willing to provide my mobile contacts to sales persons	2.0882	.99598
I prefer to receive information only for the products i inquire about	1.5882	.65679
I trust the mobile marketing information from the sales persons	1.7647	.81868
I am willing to contact the sales persons for service inquiry	1.8235	.99911

Source: Research data (2013)

From the results of the study presented in Table 4.5, the majority of the respondents indicated that they strongly agree that customers prefer to receive marketing information for the products they have inquired about as shown by a mean score of 1.5882, customers prefer the use of the mobile phone as a medium of communication as indicated by a mean score of 1.6765, customers trust the mobile marketing information that they receive from sales persons as indicated by a mean score of 1.7647, customers are willing to contact the sales people for service inquiry as indicated by a mean score of 1.8235 and finally customers are willing to provide their contacts to sales persons as indicated by a mean score of 2.0882. The study also wanted to establish the extent to which the characteristics of the mobile phone influence the application of mobile marketing. The findings are as shown in Table 4.6.

Table 4.6: Extent to which the characteristics of the mobile phone influence the application of mobile marketing

	Mean	Std Dev
Accessible to the majority of the Kenyan population	1.5010	.74874
Fairly affordable service charges	1.1176	.32703
Personal compared to other mass media e.g. television	1.2059	.41043
Portability	1.1016	.31684
Allows for interactive communication	1.5634	.73486

Source: Research data (2013)

The results presented in Table 4.6 shows that majority of the respondents agree to a very large extent that portability of the mobile phone ranks as its preferred characteristic as shown by the mean score of 1.1016, is fairly affordable as shown by a mean score of 1.1176, is personal compared to other mediums as shown by a mean score of 1.2059, is accessible to the majority of Kenyans as indicated by a mean score of 1.5010 and finally allows for interactive communication as indicated by a mean score of 1.5634.

4.5 Discussion

Mobile marketing, which involves two or multi-way communication and promotion of an offer between a firm and its customers using a mobile medium, device, or technology, is growing in importance in the marketing environment. It has the potential to change the paradigm of marketing from one based on consumers entering the marketer's environment to marketers entering the consumer's environment through anytime, anywhere mobile devices (Shankar, 2010). In line with this the study found that mobile marketing has become very important for marketing with a high percentage of sales managers using their mobile phones to contact their customers and a high percentage of customers also contacting the banks through the mobile phone. The study also revealed that the management in the banks appreciates the importance of mobile marketing by facilitating its use through provision of the mobile gadgets and also catering for expense incurred as tariff charges.

Bolton and Saxena-Iyer (2009) asserts that in order satisfy customer needs profitably, given consumer attitudes and behaviors and their differences across segments with regard to the mobile, marketers engage in a number of interactive services, these practices include: basic mobile applications, mobile website creation and maintenance, mobile advertising, mobile couponing and mobile social network management. The study revealed that the commonly used service is voice calls and text messages with a small proportion making use of the other services. The study also revealed that commercial banks in Mombasa to a great extent applies mobile marketing to all its marketing

activities i.e. introduction of new products, promotions, review of terms of existing products, after sales service and handling of customer complaints.

Reichardt and Stuart (2005) in their study of driving consumer acceptance of mobile marketing, underline the importance of precisely embodying mobile marketing messages and campaigns according to consumer entertainment and information requirements. Only if mobile marketing messages are designed creatively and are entertaining, or if they provide a high information value, will consumers develop a positive attitude towards mobile marketing leading to the behavioral intention to use mobile marketing services. This is in line with the study which has shown that to very large extent customers prefer to be contacted only on the products that they have expressed an interest in. This requires the marketers to be able to know their customer needs so as to give their customers what they require.

The mobility and the personal nature of the mobile device distinguish it from other electronic devices such as the television (TV) and the personal computer (PC) and other channels, with important implications to marketers. Unlike TV and PC, mobile device is a constant companion to the consumer Shankar, (2010). In line with this the study established that the portability of the mobile phone is responsible to a very large extent to its preference as a marketing tool. The other characteristics of the mobile phone are also highly significant for marketing purposes.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings, conclusion drawn from the findings and recommendation made. The conclusions and the recommendations drawn, focus on the purpose of the study.

5.2 Summary

The objectives of the study were to establish the extent of application of mobile marketing in commercial banks in Mombasa County and to determine the factors affecting the application of mobile marketing in the aforementioned banks. The study found that the banks appreciate the potential of mobile marketing and employs mobile marketing in all its marketing activities. Most of the banks provide mobile phones to the sales person that facilitates mobile marketing.

The study also showed that the banks make use of the basic mobile applications to a large extent for marketing purposes. All marketing activities are conducted with the aid of mobile marketing to a small or a great extent. The customers also initiate the interaction by getting in touch with the sales people.

The study also revealed that customers prefer to be contacted only for the products that they are interested in. The study also established that customer attitudes towards mobile marketing are important for the successful use of the mobile for marketing activities. The

study also revealed that the characteristics inherent in the mobile phone make it important for marketing with portability being the most important characteristic.

5.3 Conclusion

From the findings the study concludes that the banks are applying mobile marketing for its marketing activities. The marketing activities studied proved that the majority of marketing activities i.e. promotions, review of terms of existing products, introduction of new products, after sales service and handling of customer complaints are conducted with the help of the mobile phone. These activities encompass all marketing activities for any organization including the banks thus mobile marketing is taking over every aspect of marketing.

The findings also conclude that customer attitudes towards mobile marketing are important for the success of mobile marketing. The banks therefore have a crucial responsibility of ensuring that customers are satisfied with the use of mobile marketing. It is evident that customers prefer to be contacted on what they are interested in.

Finally the findings conclude that the characteristics of the mobile phone render it the ultimate marketing tool. Portability among the other characteristics is unrivaled by the other mediums of communication.

5.4 Recommendation for policy and practice

Since mobile marketing has the potential to revolutionize the marketing practice, the study recommends that banks should invest more in ensuring that they optimize their use of mobile marketing. Further the banks should ensure that they target their customers accurately so as to ensure that the marketing activities are channeled to the appropriate customers for better results.

5.5 Limitations of the study

In undertaking this study a number of challenges were faced. There was bureaucracy in getting approval to respond to questionnaires with some banks insisting that permission be sought from the Chief Executive Officer or Human Resource Manager. This led to delays in obtaining the required responses for data analysis in time. Most of the respondents were busy throughout and had to continuously be reminded to provide the required information.

5.6 Suggestions for further study

The study has investigated the application of mobile marketing in commercial banks in Mombasa County, Kenya. The study therefore recommends that further research be done on applications of mobile marketing in other financial institutions. This is because different institutions have different marketing activities and thus allow for comparison.

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APPENDICES

Appendix I – QUESTIONNAIRE

Application of mobile marketing in commercial banks in Mombasa County, Kenya.

This questionnaire is designed to know your experience related to the use of mobile marketing. This survey is part of my master's degree project and your kind support is crucial for the successful completion of this research. Please take a few minutes to complete this questionnaire. Your responses will be completely anonymous and will be used for academic purposes only. Thank you very much for your time and assistance.

SECTION A

General information:

1. What is the name of your bank? -----
2. What is your job title? -----
3. For how long have you worked as a sales person in your current work place of work?

(Please indicate with a tick (✓) the appropriate answer.)

Less than one year	<input type="checkbox"/>	1-5 years	<input type="checkbox"/>
6-10 years	<input type="checkbox"/>	11-15 years	<input type="checkbox"/>
16 years and above	<input type="checkbox"/>		

SECTION B

(Please indicate with a tick (✓) the appropriate answer.)

Extent of application of mobile marketing in commercial banks.

1. Do you use your mobile phone to contact your customers? Yes () No ()
2. Do customers contact you through your mobile phone? Yes () No ()
3. Do you seek permission from your customers to contact them through the mobile phone? Yes () No ()
4. Does your employer provide you with mobile devices and calling cards? Yes () No ()
5. Which of these common mobile practices do you use most frequently?

Voice calls	
Short message service (SMS)	
E-mail	
Social media e.g. face book	

6. Please indicate the extent to which your organization uses mobile marketing for the following marketing practices; on a scale of 1-5 where; **(5 – to a very large extent, 4 – to a large extent, 3- to a moderate extent, 2 – to a small extent 1 – to no extent.)**

No	Marketing Practices	5	4	3	2	1
1	Introduction of new products					
2	Promotions/offers					
3	Review of terms of existing products					
4	After sales service					
5	Handling of customer complaints					

SECTION C

Factors influencing the application of mobile marketing in commercial banks in Mombasa County.

1. In the table below are customer perspectives which may influence the application of mobile marketing. **Please indicate with a tick (√) the extent to which you agree with the following statements based on your experience with various customers.**

Description of customer perspective on mobile marketing	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
i. I prefer the use of mobile phone as a medium of communication compared to other mediums.					
ii. I am willing to provide my mobile contacts to sales persons					
iii. I prefer to receive information only for products that I inquire about.					
iv. I trust the mobile marketing information from sales person					
v. I am willing to contact sales persons for service inquiry					

3. Please indicate with a tick (✓) the extent to which the following characteristics of the mobile phone as a medium of communication influence the application of mobile marketing; on a scale of 1 – 5 where; (5- to a very large extent, 4 – to a large extent, 3- to a moderate extent, 2 – to a small extent, 1 – to no extent.)

No	Characteristics of the mobile phone	5	4	3	2	1
1	Accessible to the majority of the population in Kenya					
2	Relatively affordable service charges					
3	Personal compared to other mass media e.g. television					
4	Portability					
5	Allows for interactive communication					

APPENDIX II: LIST OF COMMERCIAL BANKS IN MOMBASA COUNTY,

KENYA.

1. AFRICAN BANKING CORPORATION
2. BANK OF AFRICA
3. BANK OF BARODA
4. BANK OF INDIA
5. BARCLAYS BANK
6. CFC STANBIC
7. CHASE BANK
8. CITI GROUP
9. COMMERCIAL BANK OF AFRICA
10. CONSOLIDATED BANK
11. CO-OPERATIVE BANK
12. DIAMOND TRUST BANK
13. DUBAI BANK
14. EQUITORIAL COMMERCIAL BANK
15. EQUITY BANK

16. FAMILY BANK
17. FIDELITY COMMERCIAL BANK
18. FINA BANK
19. FIRST COMMUNITY BANK
20. GIRO BANK
21. GUARDIAN BANK
22. GULF AFRICAN BANK
23. HABIB BANK ZURICH
24. HABIB BANK LTD
25. IMPERIAL BANK
26. INVESTMENT & MORTGAGE BANK
27. KENYA COMMERCIAL BANK
28. K – REP BANK
29. MIDDLE EAST BANK
30. NATIONAL BANK
31. NIC BANK
32. TRANS – NATIONAL BANK
33. PRIME BANK
34. STANDARD CHARTERED BANK