

**INFLUENCE OF ELECTRONIC MARKETING STRATEGIES ON THE
PERFORMANCE OF COMMERCIAL BANKS IN KENYA.**

BY

NGUGI ESTHER WAIRIMU

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DECLARATION

This is my original work and has not been presented for a study in any University or college.

Signature.....

Date.....

ESTHER WAIRIMU NGUGI
D61/64203/2011

SUPERVISOR

This project has been submitted for examination with my approval as the University supervisor

Signature.....

Date.....

DR. RAYMOND MUSYOKA
Lecturer University of Nairobi

DEDICATION

This project is dedicated to my mother, my husband and son who have been my key asset to success and supported me emotionally in during the draft of the project. They gave me valuable strength to excel and achieve my goals. I humbly and kindly appreciate their support and prayers that led to the completion of this project within the stipulated timeframe.

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ABSTRACT

Electronic marketing strategies are adopted by modern competitive companies to gain competitive edge in the market in terms of minimizing costs and maximizing profits. Due to changes in the internal and external business environment like; competition, change of consumer buying patterns and globalization, have necessitated companies to integrate their marketing activities with Information Communication Technology to bridge the gap between the company and the customer. These objectives of the study were; to establish electronic marketing strategies adopted by Commercial Banks in Kenya and to establish the relationship between electronic marketing strategies and performance of Commercial Banks in Kenya. Primary data was collected using semi-structured questionnaires; with both close-ended and open-ended questions. Questionnaires were used to collect data and were administered by the researcher. Descriptive statistics was used to analyze data in form of frequencies, percentages, means and standard deviation to summarize the data. Regression and correlation method was used to determine the joint relationship between independent and dependent variables. The study established that some commercial banks adopted electronic marketing on a smaller extent due to the influence of internal and external factors. Therefore, this study recommends timely training of commercial bank staff on electronic marketing practices. Integration of modern technologies in the organization sub-systems for efficiency and effectiveness. Management should allocate enough resources to empower the initiative within the organization thus minimal resistance from employees. The Government of Kenya should formulate and implement policies that support small and large companies to use e-commerce platform to buy and sell their products and services through online thus globalization.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Evolution and strategic direction of marketing strategies in international and local environments has necessitated firms to electronic marketing technologies to gain competitive edge in the market (Bui & Jones, 2006). Fast development of technologies, economic globalization and many other external circumstances stimulate changes in marketing environment. For the company to gain competitive edge in today's market, especially in the electronic market, it has to have a good knowledge of the external environment, especially in technological environment that affects business operations. It is important for the company to know and predict environmental conditions that influence marketing activities. Some of the external factors that influence marketing activities of modern companies include; political, economic, social-cultural, and technological factors (Adam, Mulye, Deans & Palihawadana, 2002).

Today's market grows incredibly fast. New ideas, structures, standards and necessities spread in the way, it happened earlier with all the vogues. Such a rate is determined by a possibility of communicating with the help of technology, not tied to geographic locations and the formation of consumers' continued desire for the newest, best, most stylish, smaller and faster devices (Flavián & Guinalú, 2006). Once a product enters the same market, it passes into the other. Each new future technology is much better than its predecessor. As soon as something new and revolutionary appears on the market, it is immediately being desired by the use of electronic marketing strategies (Dervenoael, Soopramanien, Elms & Hallsworth, 2006).

One of major trends in today's marketing is orientation on exploitation of Internet and social media for promoting of the company and its products (Fillis, Johannson & Wagner, 2004). Industrial and technological convergence, extinction of physical constraints, changes in consumer and retailer needs, competitors that turn up from previously non-market sectors, makes it much more complex of for businesses to survive (Darby, Jones & Madani, 2003). Electronic marketing refers to the application of marketing principles and techniques via electronic media and more specifically the Internet. Electronic marketing is the process of marketing a brand using the Internet. It includes both direct response marketing and indirect marketing elements and uses a range of technologies to help connect businesses to their customers. Electronic marketing encompasses all the activities a business conducts via the worldwide web with the aim of attracting new business, retaining current business and developing its brand identity (Adam, Mulye, Deans & Palihawadana, 2002).

1.1.1 The Concept of E-Marketing

Electronic Marketing can be viewed as a new philosophy and a modern business practice involved with the marketing of goods, services, information and ideas via the Internet and other electronic means. It involves the use of electronic data and applications for planning and executing the conception, distribution and pricing of ideas, goods and services to create exchanges that satisfy individual and organizational goals (Gatticker, Perlusz & Bohmann, 2000). E-marketing is becoming more attractive as firms are utilizing the opportunities the Internet is offering mainly through the wide exposure to their existing and new customers.

E-marketing is essentially a subset of marketing (Fisks, 2009). E-marketing is one aspect of an organizational function and a set of processes for creating, communicating and delivering value to customers, and for managing customer relationships in ways that benefit the organization and its stakeholders using electronic means (Goldsmith & Lafferty, 2002). As

such an aspect, e-Marketing has its own approaches and tools that contribute to the achievement of marketing goals and objectives. Electronic marketing help companies to offer value added products and services in the global market. Benefits of electronic marketing include; speedy access, track able, reaching a wider public, efficient use of buyer time, connecting to specific audiences, no restrictions on content, world-wide showcase, easy to manage, efficient use of technology, modern touch, savings in postal charges, simple to use, and 24/7 availability (Hinson & Sorensen, 2006).

Correct implementations of electronic marketing strategy enable organizations to perform effectively and efficiently all areas of operation. It provide opportunities of maximizing returns on investment, promote stakeholder relations between customers, suppliers, investors, and competitors , increase profits, volume of sales, market share, development of new products, and communication within and outside the organization. E-marketing provides faster exchange of information, but successful employment of information raises the effectiveness and profitability of an organization (Reedy & Zimmerman, 2000).

1.1.2 The Concept of Electronic Marketing Strategies

The internet has revolutionalized business practices of most firms in developing and developed countries thus changing the way organizations approach customers. Traditional approaches of communication are being replaced by modern technologies including social media networks that are enabled by internet connectivity. The internet has changed completely the way individuals and organizations sell and buy products and services. Consumers now use the internet to research and purchase products/services online. Organization now needs online strategies to attract and retain customers.

The electronic marketing strategies applied by competitive organizations include; e-product, e-pricing, e-place and e-promotion strategies. Organizations apply electronic marketing strategies to minimize costs and maximize profits in the long run.

1.1.3 The Concept of Organizational Performance

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs. It involves the ability of an organization to fulfill its mission through sound management, strong governance and a persistent rededication to achieving results. Effective nonprofits are mission-driven, adaptable, customer-focused, entrepreneurial, outcomes oriented and sustainable. Creating flexible, high-performing, learning organizations is the secret to gaining competitive advantage in a world that won't stand still (Pickton & Broderick, 2001).

Organizational performance encompasses accumulated end results of all the organization's work processes and activities. Performance measures can be financial or non-financial. Both measures are used for competitive firms in the dynamic business environment. Financial measures of organizational performance include; return on assets, return on sales, return on equity, return on investment, return on capital employed and sales growth. Non-financial organizational performance measures include; web-performance track variations in traffic-page views, advertising impressions served and unique users.

The foundation of long-term performance is lifetime customer value; the revenue customers generate over their lives, less the cost of acquiring, converting, and retaining them. Web-marketing strategy using the 4w's will result in an increase in efficiency within established marketing functions (Goldsmith & Lafferty, 2002). Second, the technology of e-marketing transforms many marketing strategies resulting in new business models that add customer

value or increase company profitability. Focusing on web performance many e-commerce companies collect data related to cost and usage of their websites, few of them understand, in detail, how well such information measures their sites' performance or how this performance compares with that of competing sites (Adam, Mulye, Deans & Palihawadana, 2002).

1.1.4 The Banking Industry in Kenya

The banking sector in Kenya dating back to 1689 provides financial services to the low-income households and micro and small enterprises thus contribute to poverty alleviation. The Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK, 2012), governs the Banking industry in Kenya. The banking sector was liberalized in 1995 and exchange controls lifted. The CBK, which falls under the Minister for Finance's docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. The CBK publishes information on Kenya's commercial banks and non-banking financial institutions, interest rates and other publications and guidelines. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banks' interests and addresses issues affecting its members (CBK, 2012).

According to the Central Bank of Kenya, there are 43 licensed commercial banks in Kenya. Three of the banks are public financial institutions with majority shareholding being the Government and state corporations. The rest are private financial institutions. Of the private banks, 27 are local commercial banks while 13 are foreign commercial banks. Commercial banks in Kenya play a major role in Kenya.

They contribute to economic growth of the country by making funds available for investors to borrow as well as financial deepening in the country. Commercial banks therefore have a key role in the financial sector and to the whole economy (CBK, 2012).

Due to changing business environment and consumer needs, commercial banks in Kenya are faced by the challenge of attracting and retaining customers. Technology has remained strategic tool of marketing commercial banks services locally and internationally. The extent of adoption of electronic marketing strategies on the performance of commercial banks in Kenya has remained a challenge due to employee resistance to change, inadequate management support through staff training and stiff competition from global firms.

1.2 Research Problem

Due to changing external business environment characterized by globalization and new technologies in marketing of products and services, electronic marketing has become the modern approaches companies are using to attract, retain and maintain customer relations to gain competitive edge in the dynamic business environment (Dervenoael, Soopramanien, Elms & Hallsworth, 2006). Change of consumer tastes and preferences in the market, electronic marketing has become the driving force of competitive companies in the global market. Small and large organizations need to adopt electronic marketing strategies to gain competitive edge against their competitors in the market.

Companies that have successfully implemented electronic marketing strategies have distinguished performance in the market. Some of the benefits include; increased profits, volume of sales, market share quality service delivery to customers without delay, minimal costs of production, marketing and distribution and new product development (Jutla, Bodorik & Dhaliwal, 2002). On the other hand it is evident that electronic marketing

concept is a new concept in developing countries of the world due to various challenges including inadequate infrastructure to support the concept in all sectors of the economy. Financial institutions both in developed and developing countries have to adopt electronic marketing strategies to gain competitive advantage in the changing marketing environment (Hinson & Sorensen, 2006).

Commercial Banks in Kenya are facing stiff competition from international and local players in the financial industry. Electronic marketing strategies have become one of the drivers of their businesses locally and internationally. It is evident that regardless the benefits associated with the adoption of electronic marketing, most of the commercial banks in Kenya are experiencing challenges that has hindered their performance.

A study carried out by Kiprotich (2012) on the relationship of e-commerce practices and performance of microfinance institutions in Kenya, identified that e-commerce is the most effective and efficient marketing strategy of modern firms regardless its challenges of adoption in the organization. Also a study by Ondati (2011) on the influence of technology on the performance of manufacturing in Kenya identified that technology is the only strategy companies can use to enter global markets and outsmart their competitors.

A study by Nyangosi (2008) on E-Banking: An Integration Technology in Kenya shows that majority of banks have introduced internet banking, mobile banking and other e-banking facilities, to enhance delivery channels to their customers. It is however, important that the introduction of these products be accompanied with programs to broaden consumer horizon by enhancing their knowledge in the new and more innovative way of conducting banking business. Not many banks have embraced e-banking but majority have at least one or two

technology based delivery channels. The non adoption of e-banking by banks has been attributed to impaired non-availability of infrastructure and legislation to support e-banking. Another study by Ochieng (2006) on adoption of e-commerce strategies on performance of Commercial Banks in Kenya identified that banks are faced with a number of important questions, for examples how to take full advantage of new technology opportunities and how e-developments change the ways customers interact with the financial.

However, it is evident that from the findings of the previous studies, adoption of electronic marketing still remains a big challenge to Commercial Banks in Kenya. Previous studies that have been carried out did not focus on electronic marketing strategies in relation to performance of Commercial Banks; the studies carried out focused in different sectors and were too general. Therefore, it is for this reason this study seeks to investigate the influence of electronic marketing strategies on the performance of Commercial Banks in Kenya. The study was guided by the following research questions; what is the relationship between electronic marketing strategies and performance of Commercial Banks in Kenya?

1.3 Research Objectives

The research objectives were:

- i. To establish electronic marketing strategies adopted by Commercial Banks in Kenya.
- ii. To establish the relationship between electronic marketing strategies and performance of Commercial Banks in Kenya.

1.4 Significance of the study

The findings of the study will be important to:

Commercial Bank employees in Kenya as it will be able to assess whether the electronic marketing strategies adopted have been beneficial to them or not thus coming up with

appropriate policies to minimize customer costs and maximize profits.

The government will be able to understand how Commercial Banks use electronic marketing strategies to gain competitive edge due to intense competition from local and foreign firms and hence their sustainability. The Government will be in a position to support internet supported initiatives to promote through fiber optic cable initiatives to promote all sectors of the economy. It will be in a position to formulate policies that are aimed at increasing productivity and safeguarding their interests based on quality checks.

The development partners who are usually interested at helping the Commercial Banks to prosper will have an understanding of a wide variety of factors that hinder them hence sustainability and the extent to which the identified factors affect their operations.

To scholars and researchers who would like to debate or carry out more studies on electronic marketing strategies can use the study as well. The study will form a basis upon which further research on the same will be based. The findings will enable the researchers understand the necessary resources which may be required in future related studies. The findings of the study will also be important to other firms, as it will provide information on how they engage with their clients.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter outlines; theoretical foundation of the study, the concept of electronic marketing strategies, organizational performance, electronic marketing strategies and organizational performance, digital media communication channels, e-marketing Strategies and conceptual framework.

2.2 Theoretical Foundation of the Study

The Hierarchy of Effects Model was created in 1961 by Lavidge and Gary. This marketing communication model, suggests that there are six steps from viewing a product advertisement (advert) to product purchase. The job of the advertiser is to encourage the customer to go through the six steps and purchase the product which include; awareness, knowledge, liking, preference and purchase. Customers see many adverts each day but will only remember the brand of a tiny fraction of products. Knowledge of the customer begins when the product is advertised using various communication channels which include; the internet, retail advisors and product packaging. In today's digital world this step has become more important as consumers expect to gather product knowledge at the click of a button. Consumers will quickly move to competitor brands if they do not get the information they want. The advertiser's job is to ensure product information is easily available (Belch and Belch, 2003).

Liking of the product involves customer willingness to buy a product after information search in the market concerning the product on offer. Preference involves consumers being loyal to a particular brand compared to competitor brands. At this stage advertisers will want the consumer to disconnect from rival products and focus on their particular product.

Advertisers will want to highlight their brand's benefits and unique selling points so that the consumer can differentiate it from competitor brands. Conviction to a product is a stage of creating the customer's desire to purchase the product in the market. Advertisers may encourage conviction by allowing consumers to test or sample the product (Buzzell, 2004).

Purchase involves is the final stage that consumers experience in the buying process. The advertiser may want the customer to purchase their product by emphasizing on the benefits of the product to the consumer (Belch and Belch, 2003). This stage needs to be simple and easy, otherwise the customer will get fed up and walk away without a purchase. For example a variety of payment options encourages purchase whilst a complicated and slow website discourages purchases. Companies should identify new ways of increasing purchase habits among consumers. Modern technologies like online purchase and mobile phone technologies should drive competitive companies thus minimizing costs of operation (Alexander and Schouten, 2002).

2.3 The Concept of Electronic Marketing Strategies

Making the marketing objectives successful is the common goal that all companies want to aim at. They all want to enhance the old relationship with customers, create the new ones, increase the sales and become famous in the market. Integration between Internet marketing strategies and traditional marketing can bring the very best result to a company. However, e-marketing strategies solely are also powerful and it can maximize the effectiveness when operating in the Internet environment (Adam, Mulye, Deans & Palihawadana, 2002).

Marketing strategy as a general direction of the company reflects its response based on information from the environment. E-marketing strategy involves using electronic methods and affects traditional marketing in two ways. First, it increases efficiency in established

marketing functions. Second, the technology of e-marketing transforms many marketing strategies resulting in new business models that add customer value and/or increase company profitability (Darby, Jones & Madani, 2003).

Electronic marketing strategy can be viewed as a new modern business practice associated with buying and selling goods, services, information and ideas via the Internet and other electronic means. A review of relevant literature revealed that definitions of electronic marketing vary according to each author's point of view, background and specialization. While Collins, Buhalis & Peters (2003) defines it as: "Achieving marketing objectives through applying digital technologies". It involves the use of electronic data and applications for planning and executing the conception, distribution and pricing of ideas, goods and services to create exchanges that satisfy individual and organizational objectives.

E-marketing strategy can bring many advantages for business such as cost effective, worldwide reach and access, time, space, interactivity, value added and competition. The traditional ways of doing e-marketing are still going on. E-marketing having rising up provides not less convenience for businesses. The cost of conducting business is especially cheaper. It becomes the prominent way for many businesses to choose. E-marketing includes six media communication channels: Search engine marketing, online public relations, On-line partnership, Viral marketing, Opt in e-mail, and Interactive ads (Darby, Jones & Madani, 2003).

E-marketing strategy is one part of the e-business. Those strategies and activities of e-marketing such as market research, product development, advertising, and selling are transferred to a digital environment. Moreover, the activities like introducing a company and

its products, communicating with customers, promoting, and pricing goods or services are also conducted over the Internet or through the digital tools to achieve its marketing objectives (Bui & Jones, 2006).

Many people regard e-marketing strategy similar to Internet marketing. In addition, Internet marketing strategy is similar to online marketing, web marketing, and digital marketing because in general they have many things in common. So, e-marketing can be considered to be similar to other terms (Dervenoael, Soopramanien, Elms & Hallsworth, 2006). Nevertheless, e-marketing has a broader meaning than Internet marketing because it “includes not only those digital media such as web, e-mail and wireless media but also management of digital customer data and electronic customer relationship management systems (E-CRM systems)” (Adam, Mulye, Deans & Palihawadana, 2002).

2.4 Organizational Performance

A key concern of this study is related with the conceptualization and measurement of performance. Overall the literature suggests that it is required a multidimensional scale. One approach that is increasingly relied upon is the aggregation of various performance measures into a single measure of performance (Fillis, Johansson & Wagner, 2004). Firm performance is measured through sales volume, profitability and market share for the current period and perceived satisfaction with these measures when considering the previous year performance (Flavián & Guinalú, 2006).

E-Performance involves identification of current market position in the web is an essential issue. Although many e-commerce companies collect cost and usage data about their Web sites, few of them understand in any detail how well such information measures their sites' performance or how success in attracting, converting and retaining customers compares with

that of competing sites. However, since year 2000 investors have been insisting, if not on profits, at least on objective measures of a site's success in attracting, converting and retaining customers (Fillis, Johannson & Wagner, 2004).

Most measures of e-performance track variations in traffic-page views, advertising impressions served, unique users, and so on. But the foundation of long-term performance is lifetime customer value: the revenue customers generate over their lives, less the cost of acquiring, converting, and retaining them. A recent McKinsey study (Kemmler et al., 2001) shows that while the performance of Internet retailers is improving, most media and content sites are going down. Thus, e-retailer sites are creating significantly more value than content sites.

Marketing performance and success measures used by competitive companies include; financial measures, competitive market measures, consumer behaviour measures, consumer intermediate measures, direct customer measures, innovativeness measures. Standardized measures for E-marketing performance are both needed and necessary (Chaston & Mangles, 2003). E-marketing performance measures include; financial measures, competitive market measures, consumer behaviour measures, e-marketing measures (such as: conversion rate, traffic, visit duration, number of transactions, and number of users).

2.5 Electronic Marketing Strategies and Organizational Performance

Electronic marketing strategies are the world's least expensive and most efficient marketing tool and help companies of all sizes to perform well. It helps them to disseminate sales and marketing messages, create one-to-one relationships, educate prospects, and support existing customers on a worldwide scale". Application of electronic marketing strategies, companies can have many benefits based on those features that the environment of Internet provides;

following are the typical benefits for doing e-marketing to both companies and customers (Darby, Jones & Madani, 2003).

2.5.1 Cost effectiveness

It is said that doing e-marketing is less expensive than doing traditional marketing. Because the new companies who want to do business over the Internet don't need to spend money to open new stores for selling products. In addition, both new and existing companies can reduce some costs for their firms such as the cost of printing the brochures, leaflets, or catalogue for introducing new products to the market (Darby, Jones & Madani, 2003).

Moreover, most of services and communication are done over the Internet, so companies can decrease the number of staff in some departments, as the result they can lower the overhead costs. If companies can sell products directly to customers, they don't need the middle men and can save money for that. Some companies can also cut the cost of warehouse and inventory, because they just need to make an order from the suppliers when there are customers who order the products from their websites (Jutla, Bodorik & Dhaliwal, 2002).

2.5.2 Worldwide reach and access

The age of information technology enables people to access the websites if they have Internet connection, no matter where they live in the world. This feature becomes an advantage for companies who do business online and do e-marketing as such (Jutla, Bodorik & Dhaliwal, 2002). Through that the audience can know the information about companies, their products, making the purchase or creating the contact with one another, and so on. Companies can launch a marketing campaign over the Internet, people from everywhere can see it if they access to the website (Jutla, Bodorik & Dhaliwal, 2002).

Having the website over the Internet can bring the chance for companies to have more potential customers than in offline marketing, because the market now is extended, and also get more chance to increase the sales. Customers can freely stay or leave your sites. It not only provides the chance for companies to have “business to customer” relationship but also open a chance to have new relationships between business and business together (Kotler, Jain & Maesincee, 2000).

2.5.3 Time

People can get access into your companies’ website all the time in 24 hours a day and 7 days of the week. E-marketing has the advantage that it has auto responders, email, and frequently asked question (FAQ). It helps to save time for both customers who look for the answers in some common questions and time of the staff of companies. Companies’ staff instead can use the time intended for answering the same questions for doing other things, so they can work more efficiently (Jutla, Bodorik & Dhaliwal, 2002).

2.5.4 Space

Companies have an unlimited space on the Internet to store information about their companies as well as the products and other necessary information, such as reports, video, and advertising banner, news, financial information and so on. The monthly money to host a website is cheap and companies can store as much information as they want (Jutla, Bodorik & Dhaliwal, 2002).

2.5.5 Interactivity

Marketing on the Internet can create more interactivity between companies and customers. People can give feedback about products and services by posting comment on the sites. They can ask questions and get the answers quickly or immediately from companies’ staffs or from other visitors. Through a website people can focus on the specific information they

want to see, rather than the general information from the television which advertises about companies and products. Companies can also conduct surveys on their websites to know more about their customers as well as the prospects (Jutla, Bodorik & Dhaliwal, 2002).

If the website has a community chat, it can see the response from customers about the products they have bought. Customers can give feedback about products' quality as well as services of companies, below product descriptions. It is a good base for those who want to buy the similar products from companies later, and also provides a good chance for companies to have more sales if their products and services make customers satisfied. In online marketing customers can compare the products and prices between different companies before making a purchase decision (Gatticker, Perlusz & Bohmann, 2000).

2.5.6 Value added and competition

Updating information in traditional marketing can be costly. However, in e-marketing information can be updated frequently as much as companies want without any cost. They can introduce new products, new offers to customers by writing information, post the digital pictures, videos on their websites, and so on. Companies can add value to customers by sending e-mails to them about the new products if they wish, or when there is the time for discounting the cost of delivery, or offer better price if they buy online, etc. Internet provides the equal competitive environment for all companies, no matter how big or small they are, because what customers interest more than companies' size are the good products with the attractive prices (Fisks, 2009).

2.6 Digital Media Communication Channels

Digital media communications channels and the proper use of these techniques together with a good website can help companies to draw the traffic as well as achieving the e-

marketing objectives they have set up (Jutla, Bodorik & Dhaliwal, 2002).

2.6.1 Search engine marketing (SEM)

Search engine marketing (SEM) is an important channel of e-marketing. It includes three main techniques such as Search engine optimization (SEO), Paid per Click (PPC) and Trusted feeds which includes Paid-for-inclusion. These elements of search engine marketing can help companies to increase their visibility on the search engine as well as spread their names to many people. Moreover, they can provide the chances for companies to introduce new products and services to make the sales and finally bring profits (Jutla, Bodorik & Dhaliwal, 2002).

2.6.2 Online public relations (Online PR)

In order to understand the online PR, it's good to start with the traditional PR. Public relation is one marketing communication channel with the purpose to create, promote, maintain the goodwill, favorable image, and reputation for organization, brand, etc. toward different stake-holders. The stakeholder is sometimes called public or target audience. They are investors, suppliers, customers, employees, and so on. The goal of public relations is usually gained by the influence of the different media (Jutla, Bodorik & Dhaliwal, 2002).

Online public relations is “all forms of online publishing activity which involve building links to a website or delivering information about a company or its brands excludes search, affiliates, advertising etc.” The purpose of online PR in general is similar to traditional public relations. Its main objectives are to enhance the awareness as well as “maximizing favorable mentions of your company, brands, products or websites on third party web sites which are likely to be visited by your target audience (Hoffman & Novak, 1996).

2.6.3 Online partnerships

Online partnerships can take many forms. The best known methods are affiliate marketing, sponsorship, co-branding, link building and widget marketing. “Affiliate marketing is a commission based arrangement where the merchant pays a percentage or a fixed commission to the referring site (affiliate publisher) for each lead or sale delivered” Online sponsorship is “the linking of a brand with related content or con-text for the purpose of creating brand awareness and strengthening brand appeal in a form that is clearly distinguishable from a banner, button, or other standardized ad unit” (Goldsmith & Lafferty, 2002).

The sponsorship usually happens between two companies that are unrelated to each other. A company sponsors for the activity or events of other organizations. The material support here can vary from products, services and money. Indeed, the “sponsorship occurs through advertisers paying for an association with a diverse range of things, from personalities, sporting events, charity support, consumer or trade events to print columns and reports” (Goldsmith & Lafferty, 2002).

2.6.4 Interactive ads Strategy

Online interactive advertising is the “use of online display ads such as banners and rich media ads to achieve brand awareness and encourage click-through to a target site”. The goal of online interactive advertising is also similar to the goals of traditional marketing (Fisks, 2009). A company uses those techniques as the ways to promote its new products or services to the potential customers. Some techniques used in interactive advertising are banner ads, skyscrapers, e-mail ads, pop-up ads, site sponsorships, rich media video & audio, PPC search engine ads, keyword search or paid listings.

Traditional interactive advertising includes television advertising and classified ads (a small and short advertisement usually appears in newspapers, magazines, and on-line periodicals, etc.) (Hinson & Sorensen, 2006).

2.6.5 Opt-in e-mail Strategy

Opt-in e-mail is a kind of advertisement by e-mail. A company obtains the e-mail addresses of online audiences and sends e-mail to them when they agree to receive it. The e-mail is only sent when online audiences clearly subscribe to receive the news or information that they are interested in. They usually fill in the electronic form to sign up. After that, they are sometimes asked to confirm their email addresses once again to activate it. The content of this email usually made with the commerce and promotion purpose, sometimes it delivers only news. In online market there are some companies which collect the email addresses of online audiences through their sign up in websites or banner ads (Hinson & Sorensen, 2006).

2.6.6 Online viral marketing Strategy

Viral marketing, buzz marketing and word of mouth are similar to each other. Nowadays this channel is frequently used in both online and offline marketing. Online viral marketing is a type of online word of mouth marketing. It is a clever idea to do e-marketing. Online viral marketing is various in contents, techniques and ways of delivering. The strategy is used to encourage people to pass the messages to others on the Internet.

By taking advantage of online social networks like e-mail, instant messages, chat rooms, etc. the messages are transmitted from one to another. It effects like a virus, it makes rapid transmission and multiplication. Online viral marketing can make the messages spread quickly to a lot of people and this is the reason why they use the word “viral” to call it. The

message is usually made with promotion purpose. It introduces new services, products or simply lets people know about some certain information (Kotler, Jain & Maesincee, 2000).

2.7 E-Marketing Strategies

The internet is changing the way individuals and organizations sell and buy products and services. Consumers now use the internet to research and purchase products/services online. Organization now needs online strategies to attract and retain customers. The e-marketing mix considers the elements of presenting the marketing mix online. The electronic marketing strategies applied by competitive organizations include-product, e-pricing, e-place and e-promotion strategies (Gatticker, Perlusz & Bohmann, 2000).

2.7.1 E-product Strategies

Consumers walk into a shop and see a product they like, assess and touch it. Online, this immediate tangibility disappears. E-commerce sales are increasing at extremely high rates since this strategy by competitive organizations (Goldsmith & Lafferty, 2002). This strategy gives customers clear online facts about the product they are purchasing. The buyer knows immediately about product features, the facts, not sales persons assumptions. The buying process is also customized for returning visitors, making repeat purchases easier. Organizations can also offer immediately ancillary products along with the main purchase. The product can also be customized to consumers needs. www.nike.com offer customized trainers to users online. Users can design and see their trainers online before they order (Goldsmith & Lafferty, 2002).

2.7.2 E-price strategies

Traditionally pricing was about finding about costs, discovering how much consumers are willing to pay, taking account competition pricing then setting your price. The internet has made pricing very competitive (Goldsmith & Lafferty, 2002). Many costs like store costs,

staff cost have disappeared for complete online stores, placing price pressures on traditional retailers. The internet gives consumers the power to shop around for the best deal at a click of a button.

Website compares products from different websites informing consumers of where the best deal is. Such easy access to information helps to maintain prices within the online world. The growth of online auctions also helps consumers to dictate price. E-pricing can also easily reward loyal customers. Technology allows repeat visitors to be tracked, easily allowing loyalty incentives to be targeted towards them. Payment is also easy, PayPal, or online credit cards use allows for easy payments (Kotler, Jain & Maesincee, 2000).

2.7.3 E-place strategies

Consumers can purchase direct from manufacturers cutting out retailers totally. The challenge for online retailers is to ensure that the product is delivered to the consumer within a reasonable time. Location is important within the place strategy. Online location can refer to where links are placed on other websites. Placing a link on www.google.com home page would generate high consumer traffic for a company. Knowing the customer and knowing where they visit should help a company understand where to place online links and advertisements to attract and retain customers (Gatticker, Perlusz & Bohmann, 2000).

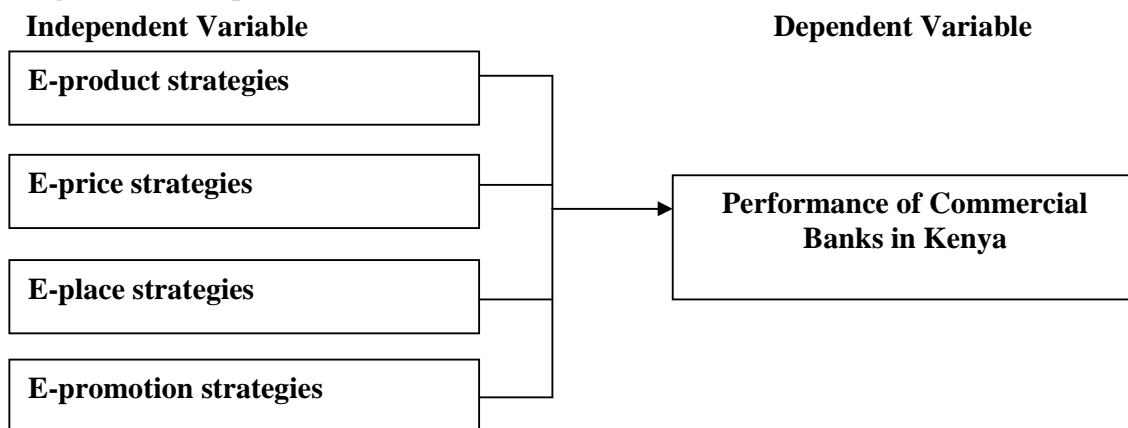
2.7.4 E-promotion strategies

Promoting products and service online is concerned with having a recognizable domain name towards e-promotion. Organization successfully positioned their brands on the online world without physical space. Most organizations in the competitive market have some form of webpage used in most advertisements. Placing banner advertisements on other WebPages is a common form of e-promotion. Banner ads must be placed where potential customers

browse (Fisks, 2009).

Web public relations (WPR) are another approach to promoting online messages. News worthy stories based on product or service launches can be placed on the company's webpage, or WPR articles sent to review sites for consumers to read. Direct email is a popular and common form of e-promotions, although slowly becoming the most hated by many consumers (Siliņš, 2007). Organizations can send e-leaflets to hundreds and thousands of respondents, hoping a small percentage will reply. E-promotion includes; Banner promotions, Web public relations (WPR).

Figure: 1 Conceptual Framework



Source: (Author, 2013)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research design and methodology that was used in the study. It describes the population to be studied and the sampling design that was used. It also discusses the data collection and analysis techniques.

3.2 Research Design

A research design is a framework that guides a researcher to know what to do in the whole of the research process. The researcher used descriptive research design. Descriptive research design involves observing and describing the behavior of a subject without influencing it in any way. Descriptive research answers research questions who, what, where, when and how of the problem (Saunders, Lewis & Thornhill, 2009). Thus, descriptive research design was selected because it enables the researcher to collect appropriate respondent opinions analyze and interpret them in relation to the problem under investigation thus making accurate decisions.

3.3 Target Population of the Study

The target population in statistics is the specific population about which information is desired. A population is a well-defined or set of people, services, elements, and events, group of things or households that are being investigated. The study population consisted of 43 Commercial Banks operating in Kenya. The study was a census where all the 43 Commercial Banks operating in Kenya and licensed by Central Bank of Kenya were used to determine electronic marketing strategies on the performance of Commercial Banks in Kenya.

3.4 Data Collection

The study relied on both primary data and secondary data sources. Primary data was collected using semi-structured questionnaires; with both close-ended and open-ended questions. Questionnaire are advantageous as they collect information that is not directly observable, are less costly, using less time as instruments of data collection and useful in obtaining objective data . Commercial Bank marketing managers were the respondents in the study. Questionnaires were administered by the researcher during working hours.

3.5 Data Analysis

The data collected in the research was edited, coded and entries made into statistical software. This involved converting quantitative (nominal and ordinal data) into numerical codes. Descriptive statistics was then run which consisted of frequencies, percentages, means and standard deviation to summarize the data. The study adopted regressions and correlation data analysis method to establish the relationship between variables of interest. Regression and correlation method was used to determine the joint relationship between independent and dependent variables.

CHAPTER FOUR: DATA PRESENTATION AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter presents the output of data analysis. The presentations are in form of tables and statements. The presentation is according to the objectives of the study and the hypotheses generated.

4.2 Academic Level of Respondents

The study sought and obtained details about the academic level of the respondents for purposes of understanding their role in the variables of study. Details of the respondents and their academic level are shown in table 4.1 below;

Table 4.1 Academic Level of Respondents

Academic Level of Respondents	Frequency	Percentage (%)
Masters Degree	1	2.6
First Degree	21	50.2
0-Level	5	9.2
Diploma	11	27.3
A-Level	6	11.4
Total	43	100

Source: Research data

As shown in Table 4.1, 50% of the respondents were degree holders working in the banks. 27% of them were diploma holders. 11% of them were A-level holders. 9% of them were O-level holders and 3% of them were post-graduate holders.

4.3 Period Employees Worked in the Bank

Respondents were asked to indicate the period they had worked in the bank. The findings are summarized in Table 4.2;

Table 4.2 Period Employees Worked in the Bank

Duration	Frequency	Percentage (%)
6-10 years	21	50.2
11-15 years	1	2.6
16-19 year	5	9.2
Less than 5 years	11	27.3
20 and above years	6	11.4
Total	43	100

Source: Research data

As shown in Table 4.2, 50% of the respondents had worked in their banks for a period of 6-10 years. 27% of them had worked for less than 5 years. 11% of them had worked for a period of 20 years and above. 9% of them had worked between 16-19 years. 2% of them had worked for a period of 11-15 years.

4.4 Longevity of the Bank Operation

Respondents were asked to indicate the period the bank had operated in the Kenyan markets. The findings are summarized in Table 4.3;

Table 4.3 Longevity of the Bank Operation

Duration	Frequency	Percentage (%)
11-15 years	10.3	25.4
6-10 years	10.4	25.1
Less than 5 years	8	20.1
16-19 years	10.2	25.3
20 and above years	5	5.00
Total	43	100

Source: Research data

As shown in Table 4.3, respondents said that the bank had operated in the Kenyan market for a period of 6-15 years. 25% of them indicated that they had operated for a period between 16-19 years and some (5%) said they had operated for over 20 years.

4.5 Bank Customer Base

Respondents were asked to indicate the period the bank had operated in the Kenyan markets. The findings are summarized in Table 4.3;

Table 4.4 Bank Customer Base

Bank Customer Base	Frequency	Percentage (%)
1,000,000 and above	13.3	27.4
Less 100,000	11.4	25.1
500,000-1,000,000	10.2	18.1
100,000-500,000	9.2	25.3
Total	43	100

Source: Research data

The researcher sought to know the commercial bank customer base as described in Table 4.4, 27% of the commercial banks were having a customer base of above 1,000,000. 25% of them were having less 100,000. 25% of them were having 100,000-500,000 customer base. 18% were having 500,000-1,000,000 customers.

4.6 E-marketing Strategies

The study sought and obtained details about the E-marketing strategies that were used by commercial banks. Details of the respondents and E-marketing strategies used by banks are shown in table 4.5 below;

Table 4.5 E-marketing Strategies

E-marketing Strategies	N	Min	Max	Mean	Std Deviation
Product promotion via online catalogs	43	2	5	4.08	.882
Online transaction processing	43	2	5	4.08	.882
Electronic bills of lading processing	43	2	5	3.24	.943
Online collaborative work interaction	43	2	5	3.24	.915
Online Sales promotion and advertising	43	1	5	3.24	.935
Online goods or services trading	43	2	5	3.24	1.137
Online catalogs	43	2	5	3.11	1.034
Online accounts settlement		2	5	3.11	1.034
Online digital content delivery	43	2	5	3.66	.878
E-manufacturing management	43	2	5	3.66	.878
E-Inventory management	43	2	5	3.66	.878
Online sourcing	43	2	5	3.66	.878
Online public procurement	43	2	5	3.66	.878
Online Customer support	43	2	5	3.66	.878
Online post-sales service.	43	2	5	3.66	.878
Valid N (list wise)	43				

Source: Research data

As indicated in Table 4.5, respondents indicated that, product promotion via online catalogs and online transaction processing were e-marketing strategies that were used by the bank with a mean of (4.08). This was the drive of banks to minimize operational costs using modern technologies. As indicated in literature, both new and existing companies can

reduce some costs for their firms such as the cost of printing the brochures, leaflets, or catalogue for introducing new products to the market. Most of services and communication are done over the Internet, so companies can decrease the number of staff in some departments, as the result they can lower the overhead costs (Darby, Jones & Madani, 2003).

As indicated in Table 4.5 electronic bills of lading processing, online collaborative work interaction, online sales promotion and advertising and online goods or services trading were e- marketing strategies used by commercial banks with a mean of (3.4). They applied the strategies in order to have worldwide access of customers, provide services to customers all the time and have wider connectivity with the market. As indicated in literature, the age of information technology enables people to access the websites if they have Internet connection, no matter where they live in the world. Through that the audience can know the information about companies, their products, making the purchase or creating the contact with one another. Companies can launch a marketing campaign over the Internet, people from everywhere can see it if they access to the website (Jutla, Bodorik & Dhaliwal, 2002). Marketing on the Internet can create more interactivity between companies and customers. People can give feedback about products and services by posting comment on the sites. Through a website people can focus on the specific information they want to see, rather than the general information from the television which advertises about companies and products. (Jutla, Bodorik & Dhaliwal, 2002).

Online catalogs and online accounts settlement were e-marketing strategies used with a mean of (3.11). This was due to the ability of the bank to keep in touch with customers using digital communication channels and search engine marketing. As evident in literature,

digital media communications channels and the proper use of these techniques together with a good website can help companies to draw the traffic as well as achieving the e-marketing objectives they have set up (Jutla, Bodorik & Dhaliwal, 2002). Search engine marketing (SEM) is an important channel of e-marketing. It includes three main techniques such as Search engine optimization (SEO), Paid per Click (PPC) and Trusted feeds which includes Paid-for-inclusion. These elements of search engine marketing can help companies to increase their visibility on the search engine as well as spread their names to many people (Jutla, Bodorik & Dhaliwal, 2002).

As indicated in Table 4.5 online digital content delivery, e-manufacturing management, e-inventory management online sourcing online public procurement, online customer support and online post-sales service were e-marketing strategies used by the bank with a mean of (3.66) as they provide opportunities of online public relations, online partnerships, interactive ads strategy, opt-in e-mail strategy and online viral marketing strategy. As evident in literature public relation is one marketing communication channel with the purpose to create, promote, maintain the goodwill, favorable image, and reputation for organization, brand, etc. toward different stake-holders. The goal of public relations is usually gained by the influence of the different media (Jutla, Bodorik & Dhaliwal, 2002).

The purpose of online PR is to enhance the awareness as well as “maximizing favorable mentions of your company, brands, products or websites on third party web sites which are likely to be visited by your target audience (Hoffman & Novak, 1996).

Online partnerships can take many forms. The best known methods are affiliate marketing, sponsorship, co-branding, link building and widget marketing. “Affiliate marketing is a commission based arrangement where the merchant pays a percentage or a fixed

commission to the referring site (affiliate publisher) for each lead or sale delivered” Online sponsorship is “the linking of a brand with related content or con-text for the purpose of creating brand awareness and strengthening brand appeal in a form that is clearly distinguishable from a banner, button, or other standardized ad unit” (Goldsmith & Lafferty, 2002).

The goal of online interactive advertising is also similar to the goals of traditional marketing (Fisks, 2009). A company uses those techniques as the ways to promote its new products or services to the potential customers. Some techniques used in interactive advertising are banner ads, skyscrapers, e-mail ads, pop-up ads, site sponsorships, rich media video & audio, PPC search engine ads, keyword search or paid listings (Hinson & Sorensen, 2006).

A company obtains the e-mail ad-dresses of online audiences and sends e-mail to them when they agree to receive it. The e-mail is only sent when online audiences clearly subscribe to receive the news or information that they are interested in (Hinson & Sorensen, 2006). Online viral marketing is a type of online word of mouth marketing. It is a clever idea to do e-marketing. Online viral marketing is various in contents, techniques and ways of delivering. The strategy is used to encourage people to pass the messages to others on the Internet. By taking advantage of online social networks like e-mail, instant messages and chat rooms (Hinson & Sorensen, 2006).

4.7 Performance Measurements

The respondents were asked to indicate performance measures their banks used. Details of the respondents and performance measures used by banks are shown in table 4.6;

Table 4.6 Performance Measurements

Performance Measurements	N	Min	Max	Mean	Std Deviation
Reduced costs of production	43	1	5	4.00	.900
Increased customer satisfaction	43	2	5	4.00	.921
Increased market share	43	2	4	3.10	.841
Increased profitability	43	2	5	3.10	.844
Introduction of new products	43	1	4	3.11	.789
Increased Job Satisfaction	43	2	5	3.11	.894
Minimal customer complaints	43	2	5	2.68	.789
ICT integration in customer service delivery	43	2	4	2.68	.852
Increased Departmental synergy	43	2	5	2.68	.878
Expansion into new markets	43	1	4	2.68	.882
Improved employee performance	43	2	4	2.54	1.040
Increased return on investments	43	2	5	2.54	1.040
Increased Cross functional trainings	43	1	4	2.54	1.030
Low Employee turn over	43	2	5	2.54	1.040
Valid N (list wise)	43				

Source: Primary data

As indicated in Table 4.6, respondents indicated that e-marketing strategies enabled commercial banks to perform in the market thus competitive edge based on reduced costs of production and increase customer satisfaction with a mean of (4.00). Increased market share and profitability were ranked second with a mean of (3.10). Introduction of new products and increased job satisfactions were ranked third measures of performance with a mean of (3.11).

Minimal customer complaints, ICT integration in customer service delivery, increased departmental synergy, expansion into new markets were measures of performance that were ranked fourth with commercial banks with a mean of (2.68). Finally, respondents indicated that improved employee performance, increased return on investments, cross functional trainings and low employee turnover were measures of commercial bank performance with a mean of (3.54)

4.8 Relationship between electronic marketing strategies and performance of commercial banks

This section answers objective two of the study. The relationship between electronic marketing strategies and performance of commercial banks was investigated using E-product strategies, E-price strategies, E-place strategies and E-promotion strategies as dimensions for Commercial Bank Performance.

Table 4.7: Pearson’s Correlation analysis

	1	2	3	4
E-product strategies,	1			
E-price strategies	0.217*	1		
E-place strategies	0.301**	0.502*	1	
E-promotion strategies	0.294**	0.091*	0.291**	1
Reporting	0.276**	0.389**	0.299**	0.179**

** $\sigma=0.01$ (correlation is significant at 0.01 level (2-tailed))

* $\sigma=0.05$ (Correlation is significant at 0.05 level (2-tailed))

The correlation table presents the relationship between dimensions of Commercial Bank Performance measured by E-product strategies, E-price strategies, E-place strategies, E-promotion strategies and Reporting. The results show that all the dimensions relate positively. Specifically, E-price strategies, E-place strategies, E-promotion strategies and

reporting ($r = 0.294, p < 0.01$; $r = 0.338, p < 0.01$; $r = 0.276, p < 0.01$) respectively. These suggest that the e-marketing strategies relates positively with commercial bank performance.

4.9 E-marketing strategies and commercial bank performance

Table 4.7 above shows that the e-marketing strategies is positively related to E-promotion strategies with $r = 0.294$ and standard error, $p < 0.01$, E-place strategies is positively related with commercial bank performance with $r = 0.301$ and standard error, $p < 0.01$, and E-price strategies is positively related to commercial bank performance reporting with $r = 0.217$ and $p < 0.01$. This suggests that the e-marketing strategies are related with commercial bank performance and therefore hypothesis one (***H1***), *there is a relationship between the e-marketing strategies and the performance of commercial banks in Kenya is accepted.*

CHAPTER FIVE: SUMMARY FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter summarizes the major findings of this study. This study sought to find out the influence of electronic marketing strategies on the performance of commercial banks in Kenya. In addition, this chapter provides a direction for further studies and also gives some recommendations for policy making by the relevant authorities. Questionnaires were used to gather primary data. The questionnaires comprised of both closed and open-ended questions and were strictly administered by the researcher. Both primary and secondary information was used to determine the results findings of the study.

5.2 Summary and Findings

To gain competitive edge in the dynamic business environment, large and small firms should adopt e-marketing strategies for survival. To achieve objectives like profit maximization, offsetting costs of operations, business survival and gaining competitive advantage in the market, e-product strategy, e-pricing e-strategy, e-promotion e-strategy, e-distribution strategy are drivers of the dynamic market.

The study established that, to a certain extent most commercial banks applied electronic marketing strategies with an aim of reaching customers globally and cutting down operational costs. Some of the electronic marketing strategies that they adopted include; Product promotion via online catalogs, online transaction processing, electronic bills of lading processing, online collaborative work interaction, online sales promotion and advertising, online goods or services trading and online catalogs.

The study established that some commercial banks adopted electronic marketing on a smaller extent due to technological challenge of the internal systems, staff, and inadequate management support. Some of these electronic strategies include; online accounts settlement, online digital content delivery, e-manufacturing management, e-inventory management, online sourcing, online public procurement, online customer support and online post-sales service. It was also established that resistance by employees to accept new technologies in customer service was a major challenge.

The study established that electronic marketing strategies have contributed to improved performance of commercial banks in terms of; reduced costs of production, increased customer satisfaction, increased market share, profitability, introduction of new products and increased job satisfaction. Therefore, technology is the driver of competitive companies in the dynamic marketing environment. The study established that, there is a relationship between the e-marketing strategies and the performance of commercial banks in Kenya. The influence of e-product, e-pricing, e-promotion and e-distribution contribute to improved performance of commercial banks in Kenya

5.3 Discussions

E-marketing has remained the driver of competitive companies in local and international markets. (Fisks, 2009). It help companies to outsmart their competitors by creating, communicating and delivering value to customers, and for managing customer relationships in ways that benefit the organization and its stakeholders using electronic means (Goldsmith & Lafferty, 2002).

E-marketing has its own approaches and tools that contribute to the achievement of marketing goals and objectives. It help companies to offer value added products and services in the domestic and global market. Benefits of electronic marketing are; speedy

access, track able, reaching a wider public, efficient use of buyer time, connecting to specific audiences, no restrictions on content, world-wide showcase, easy to manage, efficient use of technology, modern touch, savings in postal charges, simple to use, and 24/7 availability (Hinson & Sorensen, 2006).

Effective implementations of electronic marketing strategy enable organizations to perform effectively and efficiently all areas of operation. It provide opportunities of maximizing returns on investment, promote stakeholder relations between customers, suppliers, investors, and competitors , increase profits, volume of sales, market share, development of new products, and communication within and outside the organization. It also provides faster exchange of information between the company and the customer (Reedy & Zimmerman, 2000).

5.4 Conclusions

The findings indicate that commercial banks endeavor to achieve some competitive advantage over their competitors in such a stormy environment by using different e-marketing strategies which include; e-product strategy, e-pricing strategy, e-promotion strategy and e-distribution strategy. It is concluded that if a proper mechanism is put in place with regard to investment in e-marketing strategies by commercial banks operating in Kenya, commercial banks will gain competitive advantage in the market thus contributing to social economic developments in Kenya. Training of commercial bank staff, capital advancement and in reasonable terms, good business operating environment and good business practices, the banking industry will contribute to social economic developments of the Kenyan people.

From the findings, it was established that the performance of commercial banks is affected by the electronic marketing strategies selected by the bank. There is a rapid development in technology and hence banks are not being left behind in the adoption of new technology, due to either pressure from customers, stiff competition or change in technology. The banks performance is affected by electronic marketing strategies selected. The banks which have adopted the electronic marketing strategies, the performance is improved, banks which have not yet adopted the electronic marketing strategies are struggling in the performance. The banking sector should embrace electronic marketing strategy in order to survive in the rapidly changing markets.

5.5 Recommendations

The study established that some commercial banks adopted electronic marketing on a smaller extent due to the influence of internal and external factors. Therefore, this study recommends timely training of commercial bank staff on electronic marketing practices. Integration of modern technologies in the organization sub-systems for efficiency and effectiveness. Management should allocate enough resources to empower the initiative within the organization thus minimal resistance from employees. The Government of Kenya should formulate and implement policies that support small and large companies to use e-commerce platform to buy and sell their products and services through online thus globalization.

Policy makers should regulate and provide or develop policies that will facilitate easy adoption of e-marketing in the banking sector. The policy makers should implement policies that will protect and attract more banks to adopt e-marketing strategy in order to improve economic performance not only of banks but of the country as a whole. The study confined itself to commercial banks in Kenya. This research therefore should be replicated in all other

financial institutions especially microfinance institutions, savings banks and the results be compared so as to establish whether there is consistency in the performance of all financial institutions as a result of e-marketing.

5.6 Limitations of the Study

Getting accurate information from the respondents was one of the major challenges since some of the workers were threatened that the information may be used against them by the management in the terms of performance hence insecurity of their jobs. The challenge was minimized by assuring the respondents of confidentiality of the information they gave. Most of the respondents were unwilling to give the information due to negative perception of the study. The challenge was minimized by giving incentives to respondents in order to get positive response and accurate information.

The staffs of commercial banks were usually very busy and therefore they required a lot of time in order to fill in the questionnaires. The challenge was overcome by giving the respondents the questionnaires at the right time. Inadequate financial resources affected the results of the study. Accommodation and stationary costs delayed the exercise but early preparation and support from well-wishers and development partners made the study a reality. This study was based on a sample limited to commercial banks in Kenya. The study did not cover other financial institutions operating in the country and therefore it would not be prudent to say that there exist correlation of performance and electronic marketing strategy within financial institutions and thus the findings may not be a thorough reflection of the sector as a whole.

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APPENDICES

Appendix I: Introductory Letter

**C/o University of Nairobi,
P.O Box 30197-00100
Nairobi.
Kenya.**

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

REF: MASTER OF BUSINESS ADMINISTRATION RESEARCH STUDY

I am a student pursuing a post graduate degree in Master of Business Administration (MBA) at the University of Nairobi. In partial fulfillment of the requirements for the award of the MBA degree, I am required to carry out a research and submit a management proposal project. The topic of my research is; **“Influence of electronic marketing strategies on the performance of commercial banks in Kenya”**

I kindly request you to spare your minutes out of busy schedule to fill the attached questionnaire. Please rest assured that any information (data) you provide will be treated with high confidentiality and used for academic purpose only.

Yours Faithfully,

Esther W. Ngugi

Appendix II: Questionnaire

SECTION: A DEMOGRAPHIC PROFILE OF RESPONDENTS

Please supply the required data by filling in the blanks where space is provided or by ticking [√] against the most appropriate answer.

Name of the bank

1. Academic level

- 0-Level []
- A-Level []
- Diploma []
- First Degree []
- Masters Degree []

2. How long have you worked in this organization?

- Less than 5 years []
- 6-10 years []
- 11-15 years []
- 16-19 years []
- 20 and above years []

3. How long has the bank been operating in Kenya?

- Less than 5 years []
- 6-10 years []
- 11-15 years []
- 16-19 years []
- 20 and above years []

4. What is your customer base?

- Less 100,000 []
- 100,000-500,000 []
- 500,000-1,000,000 []
- 1,000,000 and above []

SECTION B: E-MARKETING STRATEGIES

6. To what extent does your business apply the following E-marketing strategies?

E-MARKETING STRATEGIES	To Very Large Extent [5]	To a Large Extent [4]	To a moderate Extent [3]	To a small Extent [2]	Not At all [1]
Online goods or services trading					
Online catalogs					
Online Sales promotion and advertising					
Online digital content delivery					
Online transaction processing					
Electronic bills of lading processing					
Online collaborative work interaction					
E-manufacturing management					
Online accounts settlement					
Online sourcing					
Online public procurement					
E-Inventory management					
Online Customer support					
Online post-sales service.					
Product promotion via online catalogs					

SECTION: C PERFORMANCE MEASUREMENTS

To what extent are the following performance indicators influenced by E-marketing strategies in the banking sector in Kenya?

Performance Measures	Very Great Extent [5]	Great Extent [4]	Moderate Extent [3]	Little Extent [2]	No Extent [1]
a) Increased market share	[]	[]	[]	[]	[]
b) Increased profitability	[]	[]	[]	[]	[]
c) Reduced costs of production	[]	[]	[]	[]	[]
d) Increased customer satisfaction	[]	[]	[]	[]	[]
e) Introduction of new products	[]	[]	[]	[]	[]
f) Improved employee performance	[]	[]	[]	[]	[]
g) Expansion into new markets	[]	[]	[]	[]	[]
h) Increased return on investments	[]	[]	[]	[]	[]
i) ICT integration in customer service delivery	[]	[]	[]	[]	[]
j) Increased Departmental synergy	[]	[]	[]	[]	[]
k) Increased Cross functional trainings	[]	[]	[]	[]	[]
l) Minimal customer complaints	[]	[]	[]	[]	[]
m) Increased Job Satisfaction	[]	[]	[]	[]	[]
n) Low Employee turn over	[]	[]	[]	[]	[]

Thank You for Your Positive Response

Appendix III: List of Licensed Commercial Banks in Kenya

1. ABC Bank (Kenya)
2. Bank of Africa
3. Bank of Baroda
4. Bank of India
5. Barclays Bank
6. CFC Stanbic Bank
7. Chase Bank (Kenya)
8. Citibank
9. Commercial Bank of Africa
10. Consolidated Bank of Kenya
11. Cooperative Bank of Kenya
12. Credit Bank
13. Development Bank of Kenya
14. Diamond Trust Bank
15. Dubai Bank Kenya
16. Ecobank
17. Equatorial Commercial Bank
18. Equity Bank
19. Family Bank
20. Fidelity Commercial Bank Limited
21. Fina Bank
22. First Community Bank
23. Giro Commercial Bank
24. Guardian Bank
25. Gulf African Bank
26. Habib Bank
27. Habib Bank AG Zurich
28. I&M Bank
29. Imperial Bank Kenya
30. Jamii Bora Bank
31. Kenya Commercial Bank
32. K-Rep Bank
33. Middle East Bank Kenya
34. National Bank of Kenya
35. NIC Bank
36. Oriental Commercial Bank
37. Paramount Universal Bank
38. Prime Bank (Kenya)
39. Standard Chartered Kenya
40. Trans National Bank Kenya
41. United Bank for Africa
42. Victoria Commercial Bank
43. Housing Finance

Source: Central Bank of Kenya Report (2010)