

**SOCIAL MEDIA AS A STRATEGY IN ENHANCING
COMPETITIVE ADVANTAGE OF FIRMS IN THE
INSURANCE INDUSTRY IN KENYA**

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DECLARATION

This project is my own work and that it has not been submitted anywhere for any award. Where other sources of information have been used, they have been acknowledged.

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

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DEDICATION

I dedicate this project to my parents for their encouragement and support throughout my academic journey.

To Kim, for all your support and encouragement.

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ABBREVIATIONS AND ACRONYMS

AKI: Association of Kenyan Insurers

IMC: Integrated Marketing Communications

IRA: Insurance Regulatory Authority

IT: Information Technology

MIP: Medical Insurance Providers

SME: Small to Medium Enterprises

ABSTRACT

Against a backdrop of low uptake levels of insurance and many players, the level of competition in the Insurance sector in Kenya is very high and there is a need for insurance companies to formulate strategies that will enable them to attain a competitive advantage position. Advancements in technology driven tools and devices like applications, computers and hand held devices like tablets and smart phones have expanded our interactions into the World Wide Web. These allow people to get information on the go and have catalyzed the knowledge driven world we now live in and which businesses are seeking to tap into. Insurers must identify the middle ground between using the web to funnel leads to live agents and finding other ways to interact with customers online. Social media provides an avenue for insurance companies to access these clients hence can enhance the competitive advantage of the firm. The study was guided by two objectives: To establish how social media strategies are employed by Insurance companies in Kenya and to establish how social media strategy can enhance competitive advantage among insurance companies in Kenya. A descriptive research design was used since it allowed for the describing of the population with respect to the variables being studied. The population of the study comprised of the 46 member organisations of the Association of Kenya Insurers. Primary data was collected for this study through semi-structured questionnaires administered to the Sales and Marketing Managers. The study found out that all the respondents had work related experience with using social media in their current position with majority using Facebook and Twitter. The study concludes that marketing was the main objective behind social media strategy implementation with social media also used for research and marketing as well as customer care. The study recommends all insurance companies to use social media in order to expand their client base with the marketing departments concentrating on the brand building, advertising and market research aspects of social media while sales should concentrate on the relationship management aspect. Further, company management should play a significant role in the formulation and subsequent implementation of the social media strategy.

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Insurance sales involve the selling of insurance products by insurance companies to other businesses or individual consumers. Insurance cover allows policy holders to transfer the financial impact of possible losses incurred in the future onto the insurer in exchange for payment in the form of premium. For businesses, this protection covers the business itself and its stakeholders against losses and will provide stability to operations when the occurrence of loss does take place (Ashby and Diacon, 1998). Such losses may be in the form of fire, theft, bankruptcy, death, illness and so on, all which have a negative impact on normal operations for individuals and companies.

Dynamic firm capabilities and a resource based approach to management lend a firm a competitive advantage. Dynamic capabilities are the ability of a firm to create new capabilities and renew its resource base from within and outside the firm in order to adapt to a changing business environment (Teece et al, 1997). Peppard et al (2006) found that dynamic capabilities are developed and renewed through continuous internal activities such as in-house innovations, human resource activities, learning activities and external activities with partners through collaborations and acquisitions. On the other hand, a resource based view advocates for a firm to utilize its resources and capabilities in order to generate above normal returns and a sustainable competitive advantage (Barney, 1991).

In Kenya, the popularity of social media as a business tool is heavily seen with a number of small enterprises with no physical location. They use social media platforms such as Facebook to facilitate sales transactions. They do this by creating online photo albums on their business pages and subsequently uploading product

images accompanied with product dimensions and prices. Clients can then view and select items and place their orders either via inbox messages, email or telephone. However, though E-commerce may be facilitated by these platforms, the two terms (Social Media and E-commerce) are not synonymous. Social media is not limited to selling and buying but also encompasses other very important business functions such as customer feedback, reviews by clients, advertising and promotions and so on. Social media provides a platform in which companies can educate clients while providing clients an avenue to voice their opinions (Safko and Brake, 2009). For this reason, social media as a function can and does facilitate E-commerce.

1.1.1 The Concept of Strategy

Strategy is the direction and scope of an organisation over the long term which achieves advantage for the organisation through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations (Johnson and Scholes, 2002). Company Management are the stewards of the business and are charged with the responsibility of ensuring that the company remains profitable into the foreseeable future while protecting the interests of its shareholders. This can only be achieved through appropriate formulation and implementation of strategy. According to Argyris (1985) strategy formulation and implementation include identifying opportunities and threats in the environment, evaluating the strengths and weaknesses of the firm, designing structures, defining roles, hiring appropriate people, and developing appropriate rewards to keep those people motivated to make contributions.

Strategy formulation and implementation takes place at three levels of a business that is corporate, business unit and operational (Stern, 2006). Corporate strategy is the

overall purpose of the business as stated in the mission statement. Top level management and the Board of Directors are charged with developing the corporate strategy and they seek to determine what business the firm is or ought to be in. Business Unit Strategy supports the corporate strategy and being market focused, it entails knowing how a firm can successfully compete in a particular market. Strategic management decisions here relate to the choice of product, gaining a competitive advantage over competitors, exploiting new opportunities for business and so on. Because business units are profit centers, strategic decision making at this level heavily affects the profitability of the firms. Firms at this stage try and position themselves for success well into the future by looking at their current business models against opportunities and threats. Operational strategy guides how the firm will utilise the resources for the actual production of the products. It aims to actualise the corporate and business unit level strategies and focuses on processes, people and other resources.

1.1.2 Social Media Strategy

The social media transformation that is ongoing has impacted on firms' reputation, sales and survival (Kietzmann et al, 2011). This transformation brought on about by advancements in technology driven tools and devices like computers and hand held devices like tablets and smart phones have expanded our social interactions into the World Wide Web via blogs, social networking sites and wikis. These allow people not only to access information on the go but also to share it and have catalyzed the knowledge driven world we now live in. They open up people to friends and acquaintances alike and further to faceless strangers spread across the globe that we are only connected to via the net. These virtual connections taking place on social

sites like Facebook, webinars and online chat forums provoke sharing of thoughts, ideas and opinions.

Drury (2008) defines social media as online resources that people use to share content in various formats including videos, photos and text. Through social media, people share ideas, gossip, news and humour and give their opinions and insight on a broad range of topics. Though initially designed as a means for people to connect with family and friends, business enterprises are continuously seeking ways in which they can profitably tap into the business potential of applications such as Facebook, Twitter, LinkedIn, YouTube, Instagram, Blogs and so on.

No structured definition of the term social media strategy seems to appear in the literature reviewed. However, all definitions of the term strategy point that strategy should be planned for in advance, be deliberate and purposeful. Borrowing from Mintzberg's (1994) definition of strategy and focusing on the plan aspect, social media strategy can be seen as a consciously intended course of action geared towards social media. Lardi and Fuchs (2013) assert that a strategic approach to social media helps companies to take calculated risks and to apply the appropriate due diligence to ensure the company is ready and able to support social media. For any plan to succeed, it must have the full support of the company management and relevant executives. This would come in the form of sufficient staff to implement the strategy, financial resources and a genuine appreciation of the need for the social media strategy itself and a belief that it will succeed.

Wilson et al (2011) identified four approaches to social media strategy which companies can assume. Firstly, the predictive practitioner approach in that companies assign social media responsibilities like customer care to specific units or departments

with measurable outputs - for example they might measure how many client queries were responded to on a particular day. Secondly, the creative experimenter approach can be assumed by companies seeking to learn from customers and employees through social media platform conversations. Thirdly, the social media champion approach is whereby social media is centralized with specific heads managing it across departments and units. From this centralized grouping, social media guidelines are formulated and disseminated across the organisation. The approach also calls for input from external parties like marketing agencies to guide the process. Lastly, a company may assume a social media transformer approach. This approach enables a company to have wider interactions with external stakeholders such as customers and business partners as well employees.

1.1.3 Competitive Advantage

Various factors make up the environment with each posing a different threat or opportunity in terms of impact on business operations. In particular, competition plays a huge role in determining the success or failure of businesses since as competing firms, each company eats into the market share of its rival. A company must thus know where it stands against its competitors and arm itself accordingly in order to capitalize on the opportunities available and thwart any threats that come its way (Jain, 1999). In order to attract and retain clients, companies must tailor make a customer focused value delivery system that meets their client needs as well as delivers superior service to them (Manning, 1997). Components of this system would include products, processes and people.

Besanko et al (2000) define competitive advantage as when a firm earns a higher rate of economic profit than the average rate of economic profit of competing firms within

the same market. A firm will have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy (Barney, 1991). Porter (1985) proposed that a firm pursue either a low-cost or differentiation strategy to achieve sustainable competitive advantage. If an organisation applies the cost leadership approach they would need to become the lowest-cost producer in their respective industry. This would involve managing all costs (both production costs and overheads). Porter (1985) stated that this strategy is appropriate where a business has a high market share relative to its competitors and has been able to reduce costs because of economies of scale. The differential strategy calls for differentiating a product or service from the competitor's products or services in the product form, the brand image, features, technology, customer service, pricing or distribution channels.

Porter (1990) identified three conditions for the sustainability of competitive advantage. Firstly a hierarchy of source of advantage must exist. This would involve ranking on the basis of durability and imitability of the source of advantage. For example, lower advantage sources like low overheads and production costs may be easily imitated as compared to higher advantages like brand image and customer service. The second condition would be a large number of distinct sources of advantage as it becomes harder for competing firms to imitate. Finally, firms should aim to constantly improve and upgrade their current advantages to prevent the competition from catching up and possibly surpassing them. Sustainable competitive advantage will allow the maintenance and improvement of the company's competitive position in the market. Further, it enables a business to survive against its competition over a long period of time.

1.1.4 Insurance Industry in Kenya

According to the Association of Kenya Insurers (AKI, 2012) report, at the end of 2012, there were 46 operating insurance companies in Kenya, 170 licensed insurance brokers, 24 medical insurance providers (MIPs) and 4,862 insurance agents and numerous other players. The penetration of insurance in Kenya was also estimated at 3.16%. According to the AKI (2012), Insurance premiums in Africa for Life policies was about USD 50 Billion while for Non Life Policies it was USD 22 Billion, representing 1.9% and 1.1% of the world's market share respectively. Of this, Kenya accounted for USD 436 Million for Life Insurance and USD 855 Million for Non Life Insurance. These figures prove that the potential for growth of the insurance sector in Sub Saharan Africa relative to the world is high and efforts need to be made to tap this.

According to AKI (2012), initiatives such as improved regulatory framework, innovative products, adoption of alternative distribution channels, enhanced public education and use of technology have contributed to the improved insurance penetration level in Kenya compared to previous years. The Insurance Regulatory Authority (2012), assessment report on staff skills and competency levels in insurance companies in Kenya found among others, a need for Insurance companies in Kenya to invest in employee skills to include among others communication, marketing and public relations. They further narrowed down to social media marketing and E-commerce as areas for staff to be trained on in order to improve performance of the sector.

1.2 Research Problem

Naude and Holland (2004) asserted that marketing as it is now is at the information marketing stage. In this stage, they propose that marketing becomes predominantly an information handling problem in that companies' marketing success hinges on the successful acquirement, analysis and use of information. The most successful marketing organisations in this era will be those that make the most effective use of IT tools in developing their marketing strategy. According to Bowler (2013), insurers must identify the middle ground between using the web to funnel leads to live agents, and finding other ways to interact with customers online. Day and Wensley (1988) as cited by Hoffmann (2000) suggest that preferred access to customers enables a company to secure a sustainable advantage. Social media provides an avenue for insurance companies to access these clients hence can enhance the competitive advantage of the firm.

The number of insurance companies in Kenya has risen significantly from a paltry 15 in the 1970s to more than 45 in the past decade. This is in part due to the liberalization of the industry, and collapse of the Kenya National Insurance (Gitau, 2013). Against a backdrop of low uptake levels of insurance (AKI, 2012) and many players, the level of competition is very high and thus there is a need for insurance companies in Kenya to formulate strategies that will enable them to attain a competitive advantage position.

A lot has been said by different researchers and authors on the role of social media in the Kenyan context and separately on insurance companies in Kenya. Njagi (2012) focused on the importance of social media in competitive strategy in customer care but limited his study to the Telecommunications industry. Kibe (2013) carried out a

research on social media as a strategy for enhancing competitiveness among online SMES in Nairobi but did not take into account insurance companies. Masha (2012) undertook a study on the marketing strategies used by insurance companies in Nairobi but didn't take into consideration social media as a marketing tool. Muriuki (2013) studied marketing insurance strategies employed in the insurance sector in Nairobi but limited the study to insurance agencies and did not take into account social media as a tool. Gichuru (2010) focused on the challenges faced by life insurance companies in implementation of marketing strategies to gain competitive advantage in Kenya in exclusion of social media and limited the study to life insurance companies.

All the studies reviewed did not focus on how on how insurance companies in Kenya can use social media as a strategy to enhance competitive advantage. The research set out to fill this gap and address the gap existing. The study addressed the following research questions: How are social media strategies employed by Insurance companies in Kenya? What is the impact of social media strategy on competitive advantage among Insurance companies in Kenya?

1.3 Research Objectives

The study was guided by the following objectives:

- i. To establish how social media strategies are employed by Insurance companies in Kenya.
- ii. To establish how social media strategy can enhance competitive advantage among insurance companies in Kenya.

1.4 Value of the Study

From the literature reviewed, this research was the first of its kind to study social media as a strategy in enhancing competitive advantage in the insurance industry in Kenya. The findings of this study will contribute to the existing body of knowledge enabling other researchers undertaking similar studies to have relevant literature for their own studies. In addition, the research gaps that were identified through this study will also inform other studies to come.

The findings will assist regulatory and professional bodies such as AKI and IRA to assess adoption of social media as a strategy and identify areas in which they can come in and strengthen its adoption in the industry. This is in line with the recommendations of the IRA (2012) that there is a need for Insurance companies in Kenya to invest in social media skills.

The final research paper will also be shared with respondents of the companies involved which will allow them to gauge their own performance against the industry. This will assist the firms in their day to day social media operations and guide them towards improving their existing social media strategies. The paper will offer useful insight and suggestions on how both Kenyan and International insurance practitioners can use social media as a strategy for enhancing competitive advantage and eventual growth of their firms.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter discusses literature relevant to the study. The chapter covers the concepts of strategy and competitive advantage, social media strategy and finally depicts the relationship between strategy and competitive advantage among companies in the insurance sector.

2.2 Theoretical Foundation

The study is founded on the theories of resource based view of management and dynamic capability of firms to generate competitive advantage for the firm. Long term strategy lies on resources and capabilities of the firm because firstly they provide the basic direction for strategy and secondly because they are the primary source of profit for the firm (Grant, 1991). Oliver (1997) defines resources as input factors controlled and used by firms to develop and implement their strategies while capabilities are capacities to coordinate and deploy resources to perform tasks. These resources include assets (both tangible and intangible), capabilities, information and knowledge and so on. If a firm can successfully tap into its resources while being adequately dynamic in its capabilities, it will be able to build a competitive advantage.

Management pursuing a Resource based view approach need to identify, develop and deploy key resources in order to maximise returns since not all assets of the firm possess the potential to yield a sustainable competitive advantage (Fahy and Smithee, 1999). According to Barney (1991) these key resources must meet four conditions of namely value, rareness, inimitability and non-substitutability in order to create an advantageous position. Barney (1991) further defines a valuable resource as that

which allows the firm to conceive of or implement strategies that improve its efficiency and effectiveness by meeting the needs of customers.

Dynamic capabilities concern the creation of future resources and are necessary in order to deal with the changing environment (Teece et al, 1997). Firms with good dynamic capabilities will have management that is strategic in nature and achieves the value enhancing orchestration of assets inside, between, and amongst enterprises and other institutions within the business ecosystem (Gathungu and Mwangi, 2012). Teece (2007) argues that if a firm possesses resources/competences but lacks dynamic capabilities, it has a chance to make a competitive return (and possibly even a supra-competitive return) for a short period; but it cannot sustain supra-competitive returns for the long term except due to chance. Dynamic capabilities have lent value to the resource based view arguments as they transform what is essentially a static view into one that can encompass competitive advantage in a changing context (Barney, 1991).

A knowledge based view is the foundation of the resource based perspective since privately held information is a basic source of advantage in competition (Conner and Prahalad, 1996). Competent IT human resources, a reusable IT infrastructure and a strong IT Business Management relationship partnering when combined create capabilities and allow firms to be both agile and effective thus providing sustained competitive advantage (Ross et al, 1995). Pervaje (1993) found that social media can be used to enhance existing resources and capabilities of the firm. According to Gordon (1999) firms should pursue the relationship marketing model as it places focus on customers, relationships and interaction over time, rather than on markets and products. Such interactions with clients can take place online through social

media thus strengthening the customer loyalty base and enhancing the brand image of the firm which in turn builds its competitive advantage.

2.3 Social Media Strategy

Rapp et al. (2012) define social media as the technological component of the communication, transaction and relationship building functions of a business which leverages the network of customers and prospects to promote value co-creation. This definition brings out the business aspects of social media that is, its ability to facilitate a two way sharing of information between customer and seller and trade (actual buying and selling of products). Social media is changing the way people communicate and share information globally. The advancement of internet based messages generated via social media, according to Mangold and Faulds (2009), has played a major role in influencing aspects of consumer behaviour including awareness, information acquisition, opinions, attitudes, purchase behaviour and post purchase communication and evaluation.

In order to yield maximum returns, companies must shift the way they approach social media currently from a simple marketing tool to incorporate it into the business strategy (Viswanathan and Olson, 1992). A strategic approach to social media helps companies to take calculated risks and to apply the appropriate due diligence to ensure the company is ready and able to support social media (Lardi and Fuchs, 2013). This approach is necessary since any strategic change impacts all aspects of a company including people, culture, processes and technology. For this reason, company management plays a significant role in the formulation and subsequent implementation of a social media strategy since they are charged with the responsibility of setting the strategic direction of the firm. Company management

should ensure that all departments and or units rally behind the social media strategy and roles assigned to different members of staff in order to yield the best returns.

Since social media is primarily customer oriented, marketing and sales departments should take integrative ownership in the implementation of any social media strategy with some functions also being assigned to the Communications and Public Relations departments (Viswanathan and Olson, 1992). For example, the marketing department should concentrate on the brand building, advertising and market research aspects of social media while sales should concentrate on the relationship management (Rapp et al, 2012). Understanding the clients' needs is a very important step in the social media strategy formulation since it will determine which media suits them best - would a simple blog suffice or would the business rather use Facebook, Twitter or YouTube. These messages evoke different reactions from different clients and thus companies must know who their target audience is and ensure they take this into consideration when formulating the strategy. Without this understanding, the social media efforts will not attract customers and deliver on its objectives.

Saravanakumar and SuganthaLakshmi (2012) identified three ways in which social media can be used. Firstly, social media can be used to create a buzz. A business may opt to stir interest in people for their products before the product launch into the market. This allows them to gauge the extent of potential sales and even secure some advance orders. Secondly, social media can be used as a tool for learning from customers. With increasing customer expectations, customers want a forum to voice concerns (Poleretzky, 1999). Clients can give reviews and insights on the products that a company is selling which can go a long way in improving the product performance and even challenge firms to come up with innovative products. Lastly,

companies can use social media as a tool for targeting customers. Companies can use some of the profiling features available on social media to target specific ages, locations, genders and so on in their sales and promotions efforts.

However it's not just enough that the platforms should be created, companies must further ensure that the social media platforms are regularly updated. According to Srinivasan et al (2002), lack of interactivity is a problem for a majority of web sites. They state, "They are often hard to navigate, provide insufficient product information, and answer inquiries via e-mail only after a delay of a day or two." Social media sites like Facebook however expose businesses to the possible wrath of potential clients when their queries go unanswered. Unlike face to face interactions where negative feedback can reach a handful of people, social media has the potential to many (Poleretzky, 1999). The reverse applies; positive feedback can reach many ultimately leading to a boost in the company profile translating to potential sales. This make or break potential social media has over businesses lends it its strategic aspect.

According to Gitau (2013), there is need for insurance companies together with the umbrella bodies (AKI and IRA) to build public confidence in the sector. Mangold and Faulds (2009) proposed that social media be considered as a component of the promotional mix and therefore be incorporated as an integral part of the organisation's Integrated Marketing Communications (IMC) strategy. Social media potentially provides an avenue towards building this confidence by allowing the public to interact with insurance businesses online. From this interaction they stand to gain an appreciation for the products which can enable insurance companies to attract and influence customer purchases as well as go a long way towards ensuring client retention.

Viale and Souche (2012) identified four steps to be followed by insurance companies when developing their social media strategy. For starters, companies must clearly spell out their vision and in doing so formulate a two to five year strategic plan of social media issues related to business strategy, organisation and governance. The business would break down the vision into objectives while at the same time analyze their existing capabilities. Such capabilities would include staff skills, technology and financial resources. Secondly, the firm must develop metrics which will be used to identify any gaps between existing capabilities and best practices against the future needs. As previously mentioned, firms must truly have an understanding of their strengths and weaknesses versus the opportunities and threats they may face. The third step would involve creating an organisational and governance structure with defined and clear reporting lines and controls. Responsibilities should be divided at this point to relevant departments and roles assigned. The final step would be selecting the appropriate technology (platform) and designing a blueprint for an integrated social media solution.

2.4 Competitive Advantage

The business environment has always been dynamic and complex posing various threats and opportunities to firms. Barney (1991) maintained that a firm will obtain sustainable competitive advantages over her competitors by implementing strategies that exploit their internal strengths, only if they can respond to environmental opportunities and at the same time neutralizing external threats and overcoming internal weaknesses. Strengths of a company may include its unmatched access to customers, superior skills among others while a threat could be in the form of competitors. Strengths can eventually translate to a source of competitive advantage if tapped into. However, in order to sustain competitive advantage, firms are required to

erect barriers against the competition. A successful barrier must be sustainable and must cost the competition more to overcome than it costs the firm to defend (Besanko et al, 2000).

According to Porter (1998) competition determines the appropriateness of a firm's activities that can contribute to its performance. Jain (1999) further says that to outperform competitors and to grow despite them, a company must understand why competition prevails, why firms attack, and how firms respond. For these reasons, during strategy formulation, a company must not only look at its own position but also that of its competitors.

2.5 Strategy and Competitive Advantage

According to Porter (1998) competition determines the appropriateness of a firm's activities that can contribute to its performance. Jain (1999) further says that to outperform competitors and to grow despite them, a company must understand why competition prevails, why firms attack, and how firms respond. For these reasons, during strategy formulation, a company must not only look at its own position but also that of its competitors. The firm with the better strategy is likely to be the victor in a competitive market. This victory will be expressed in the form of higher market share and higher profitability relative to competition.

Strategy describes the goal-directed actions a firm intends to take in its quest to gain and sustain competitive advantage (Rothaermel, 2012). This assertion supports that of Drucker (1994) that a firm's strategy expresses the plan it will use to gain and sustain competitive advantage. Porter (1985) further states that competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition. A strategy reflects a company's awareness of how, where and

when it should compete and for what purposes it should compete. This awareness calls for an assessment of the firm's strengths and weaknesses against the opportunities and threats that they are facing primarily through a SWOT analysis. If a firm doesn't match its strategy to these, it will likely fail and lead to inferior performance.

Barney (1991) maintained that a firm will obtain sustainable competitive advantages over her competitors by implementing strategies that exploit their internal strengths, only if they can respond to environmental opportunities and at the same time neutralizing external threats and overcoming internal weaknesses. Strengths of a company may include its unmatched access to customers, superior skills among others while a threat could be in the form of competitors. Strengths can eventually translate to a source of competitive advantage if tapped into. However, in order to sustain competitive advantage, firms are required to erect barriers against the competition. A successful barrier must be sustainable and must cost the competition more to overcome than it costs the firm to defend (Besanko et al, 2000).

The firm that possesses competitive advantage provides superior value to customers at a competitive price or acceptable value at a lower price (Rothaermel, 2012). Further, Rothaermel (2012) identified that operational effectiveness, marketing skills, and other functional expertise, along with best practices, contribute to a unique strategic position, but by themselves are not a substitute for strategy. Rather than focusing on copying a competitor, the key to successful strategy is to combine a set of activities to stake out a unique position in an industry. The differential strategy as proposed by Porter (1985) calls for creating a unique position by differentiating a product or service from a competitor's products through brand image and customer service and

so on. Treacy and Wiersema (1995) offer a framework for gaining competitive advantage through customer intimacy. Customer intimacy implying the continuous tailoring of products and services to fit client needs. Customer intimacy being heavily rooted in relationship marketing calls for investing heavily in personnel who can listen to the clients and solve any of their product problems that may arise.

An implemented strategy provides an avenue for which a company can ensure customer intimacy is attained. Social media strategy for example, has the ability to resolve customer issues in real time, mitigate crises, and provide real time pricing offers to attract and influence customer purchases (Rapp et al, 2012). Ulrich and Lake (1991) assert that a company must manage its people in order to gain competitive advantage. A business must adapt to changing client needs and in the process establish internal structures and processes in order to create organisation specific capabilities. The long term success and survival of the firm is heavily dependent on the proper execution of the business strategy. Simply having a strategy does not give a business a competitive advantage, rather the quality and flexibility of a business strategy makes all the difference (Rothaermel, 2012).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research methodology that was applied. Specifically it touches on the research design, population and sample, data collection methods and data analysis methods that were used during the study.

3.2 Research Design

A descriptive research design was used since it allowed the describing the population with respect to the variables being studied (Jupp, 2006). With a descriptive research design, the study allowed for description of insurance companies in Kenya in regards to social media strategy and competitive advantage.

The descriptive research design method was preferable since it allowed for description of the characteristics of insurance companies, determination of the proportion of firms who adopt social media strategies, making of predictions as to the rate of adoption of social media strategy into the future and finally determine the relationship between the variables such as between social media strategy and competitive advantage.

3.3 Population of Study

The population of the study comprised of the 46 member organisations of the Association of Kenya Insurers. A census of the entire population was conducted due to its small size and the nature of the data to be collected. Further, a census was deemed appropriate since only one person in each insurance firm (Sales and Marketing Manager) was the respondent of the questionnaires.

3.4 Data collection

Primary data was collected for this study. The data was obtained through semi-structured questionnaires. Three methods were used to administer the questionnaire; the first involved the drop and pick later method for firms within the vicinity of Nairobi. The second method employed the use of email for firms that are out of Nairobi. The third involved personal interviews if the respondent was available themselves for such interview and if any clarifications on the previously distributed questionnaires are deemed necessary.

The questionnaires were administered to the Sales and Marketing Managers. These individuals are best placed to provide data concerning the use and management of social media strategy in their respective firms. The questionnaire was divided into two sections. The first section collected data about the firm and respondent and the second section covered the extent of use of social media strategy.

3.5 Data Analysis

The collected data was first edited and cleaned for possible errors and omissions. Thereafter, it was coded and entered into Statistical Package for Social Sciences (SPSS) for statistical analysis. A mix of descriptive statistics was used to organize and present the data. Data in the first section was analyzed using frequencies and percentages while that in the second section was analyzed using frequencies, percentages, mean standard deviation and correlation analysis. The results were presented using frequency tables.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The study findings are presented on social media as a strategy in enhancing competitive advantage of firms in the insurance industry in Kenya. The data was gathered exclusively from the questionnaire as the research instrument. The questionnaires were designed in line with the objectives of the study.

4.2 Response Rate

The study targeted 46 respondents in collecting data with regard to social media as a strategy in enhancing competitive advantage of firms in the insurance industry. From the study, 35 sample respondents filled-in and returned the questionnaires making a response rate of 76.1%. According to Mugenda and Mugenda (1999) a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and above is excellent; therefore, this response rate is adequate for analysis and reporting.

4.3 General Information

The study sought to find out the general information of the respondents. This included position in the company, department, gender, age, duration of employment in company and type of Insurance the company fell under.

4.3.1 Position of the Respondent in Company

The respondents were asked to indicate their position in the organization. The findings are indicated in Table 4.1.

Table 4. 1: Position of the Respondent in Company

	Frequency	Percentage
Senior Manager	5	14.3
Manager	12	34.3
Supervisor	16	45.7
Employee	2	5.7
Total	35.0	100.0

Source: Research Data, 2014

From table 4.1, 45.7% of the respondents were supervisors, 34.3% of the respondents were managers, 14.3% of the respondents were senior managers and 5.7% of the respondents were employees. This shows that all the respondents were familiar with social media strategies employed in the organizations.

4.3.2 Department of the Respondents

The study sought to find out the department the respondents worked in. The findings are indicated in Table 4.2.

Table 4. 2: Department of the respondents

	Frequency	Percentage
Sales	8	22.9
Marketing	7	20.0
Customer Service	11	31.4
Public Relations	6	17.1
Communications	3	8.6
Total	35.0	100.0

Source: Research Data, 2014

From table 4.2, 31.4% of the respondents were in Customer Service, 22.9% of the respondents were in Sales, 20.0% of the respondents were in Marketing, 17.1% of the respondents were in Public relations and 8.6% of the respondents were in the

Communications departments. This indicates that all the departments identified in the questionnaire were engaged in social media strategy.

4.3.3 Gender of the Respondents

It was important for the study to determine the gender of the respondents. The findings are illustrated in Table 4.3.

Table 4. 3: Gender of the respondents

	Frequency	Percentage
Male	20	57
Female	15	43
Total	35	100

Source: Research Data, 2014

According to table 4.3, 57% of the respondents were male and 43% of the respondents were female. This indicates that the study practiced gender equality.

4.3.4 Age of the Respondents

The respondents were asked to indicate their age. The findings are indicated in Table 4.4.

Table 4. 4: Age of the Respondents

	Frequency	Percentage
20-30	10	28.6
31-40	17	48.6
41-50	6	17.1
51-60	2	5.7
Total	35.0	100.0

Source: Research Data, 2014

From table 4.4, 48.6% of the respondents were aged 31-40 years, 28.6% of the respondents were aged 20-30 years, 17.1% of the respondents were aged 41-50 years

and 5.7% of the respondents were aged 51-60 years. This shows that the insurance employees were young and energetic thus could easily adopt and use social media.

4.3.5 Duration of employment in company

The study sought to find out the duration of employment in the company. The findings are indicated in Table 4.5.

Table 4. 5: Duration of employment in company

	Frequency	Percentage
0-5 years	8	22.9
6-10 years	17	48.6
11-15 years	5	14.3
16-20 years	3	8.6
Above 20 years	2	5.7
Total	35.0	100.0

Source: Research Data, 2014

According to table 4.5, 48.6% had worked in the company for 6-10 years, 22.9% had worked in the company for 0-5 years, 14.3% had worked in the company for 11-15 years, 8.6% had worked in the company for 16-20 years and 5.7% had worked in the company for above 20 years. This indicates that the respondents had been in their respective companies long enough to know how social media was used by the company.

4.3.6 Work Related Experience

The study sought to find out if the respondent had work related experience with using social media in the current position. The findings are indicated in Table 4.6.

Table 4. 6: If the respondent had work related experience with using social media in their current position

	Frequency	Percentage
Yes	35	100.0
No	0	-
Total	35	100.0

Source: Research Data, 2014

According to table 4.6, all the respondents had work related experience with using social media in the current position showing that they were familiar with social media and had at one point or another used it at work.

4.4 Types of services offered by Insurance companies

The respondents were asked to indicate the types of services the firms offered to the market. The findings are indicated in Table 4.7.

Table 4. 7: Types of Services offered by the Insurance companies

	Frequency	Percentage
General Insurance	5	14.3
Life Assurance	5	14.3
Medical Insurance	8	22.9
Motor vehicle Insurance	4	11.4
Education	5	14.3
Reinsurance	3	8.6
Savings and Investment	3	8.6
Pensions	2	5.7
Total	35.0	100.0

Source: Research Data, 2014

From table 4.7, 22.9% of the companies were in Medical Insurance, 14.3% of the companies were in Education, General Insurance and Life Assurance and 8.6% of the companies were in Reinsurance and Savings and Investment and finally 5.7% of the

companies were in Pensions. This shows that the companies studied dealt with different types of insurances.

4.5 Social Media Strategies Employed

Social media has changed the way people communicate and share information globally. From the study, social media was used for communication, transaction and relationship building in insurance companies.

4.5.1 Social Media Platforms Used

The respondents were asked to indicate the social media platforms they were currently using. The findings are illustrated in Table 4.8.

Table 4. 8: Social media platforms which the respondent was currently using

	Frequency	Percentage
Facebook	19	54.3
Twitter	7	20
LinkedIn	4	11.4
YouTube	3	8.6
Instagram	1	2.9
Blogs	1	2.9
Total	35	100

Source: Research Data, 2014

From table 4.8, 54.3% of the respondents were currently using Facebook, 20% of the respondents were currently using Twitter, 11.4% of the respondents were currently using LinkedIn, 8.6% of the respondents were currently using YouTube, 2.9% of the respondents were currently using Instagram and 2.9% of the respondents were currently using Blogs. This shows that Facebook and Twitter were accessed and used by most insurance companies in Kenya. This was in line with Asur and Huberman (2010) findings which indicate that Twitter and Facebook platforms were the most used by businesses and individuals.

4.5.2 Extent of Social Media Platforms Usage

The study sought to find out the extent that social media platforms were used in the organization. The findings are indicated in Table 4.9.

Table 4. 9: Extent that social media platforms were used in the organization

	Mean	Stdev
Facebook	4.7	0.4
Twitter	4.6	0.1
Instagram	3.8	0.7
YouTube	2.4	0.1
LinkedIn	4.2	0.2

Source: Research Data, 2014

According to table 4.9, the organization used Facebook and Twitter to a very large extent as shown by a mean of 4.7 and 4.6 respectively followed by LinkedIn and Instagram to a large extent as shown by a mean of 4.2 and 3.8 respectively and finally YouTube to a minimal extent as shown by a mean of 2.4. This further supports Asur and Huberman (2010) findings which indicate that Twitter and Facebook platforms were the most used by businesses and individuals.

4.5.3 Documented Social Media Strategy

The study sought to find out the whether there was a documented social media strategy in place. The findings are indicated in Table 4.10.

Table 4. 10: Whether there was a documented social media strategy in place

	Frequency	Percentage
Yes	33	94
No	2	6
Total	35	100

Source: Research Data, 2014

According to table 4.10, 94% of the respondents indicated that there was a documented social media strategy in place while 6% indicated that there was no documented social media strategy in place. This is an indication that there existed clear rules on social media strategy in the companies. This is in line with the study of Lardi and Fuchs, (2013) who state that a strategic approach to social media helps companies to take calculated risks and to apply the appropriate due diligence to ensure the company is ready and able to support social media.

4.5.4 Awareness of Social Media Strategy

The respondents were asked to indicate if staff members were aware of existence of the social media strategy. The findings are illustrated in Table 4.11.

Table 4. 11: If staff members were aware of existence of social media strategy

	Frequency	Percentage
Yes	33	94
No	2	6
Total	35	100

Source: Research Data, 2014

From table 4.11, 94% of the respondents indicated that staff members were aware of its existence while 6% of the respondents indicated that staff members were not aware of its existence. This shows that social media as a strategy was of keen interest to the companies and the same was communicated to employees.

4.5.5 Person in charge of social media strategy

The respondents were asked to indicate the person charged with ensuring that the social media strategy was adhered to. The findings are illustrated in Table 4.12.

Table 4. 12: Person in charge of ensuring social media strategy was adhered to

	Frequency	Percentage
Department Head	12	34.3
Central committee	10	28.6
Line Manager	13	37.1
Total	35	100.0

Source: Research Data, 2014

According to table 4.12, 37.1% of the respondents indicated that the person charged with ensuring social media strategy was adhered to was the Line Manager, followed by the Department Head with 34.3% and finally 28.6% of the respondents indicated that Central Committee was responsible. This shows that the organizations had a clear rule of who and how the social media platform should be maintained. This is in agreement with Rapp et al, (2012) who clearly indicates that for a social media strategy to succeed clear roles must be assigned to staff and company management should take lead in ensuring that it succeeds.

4.5.6 Departments Involved in Social Media Strategy Formulation and Implementation

The study sought to find out the departments that took a lead in social media strategy formulation and implementation. The findings are indicated in Table 4.13.

Table 4. 13: Departments that took a lead in social media strategy formulation and implementation

	Frequency	Percentage
Sales	3	8.6
Customer Service	7	20.0
Marketing	25	71.4
Total	35	100.0

Source: Research Data, 2014

According to table 4.13, 71.4% of the respondents indicated the Marketing department took lead in social media strategy, 20.0% of the respondents indicated that Customer Service took lead and 8.6% of the respondents indicated that the Sales department took lead in social media strategy formulation and implementation. This shows that social media was used in the insurance companies primarily as a marketing and client relationship tool. This is in line with the study of Viswanathan and Olson, (1992) who stated that since social media is primarily customer oriented, marketing and sales departments should take integrative ownership in the implementation of any social media strategy.

4.5.7 Involvement of Staff Members in the Social Media Strategy Formulation

The study sought to find out the extent that internal staff members are involved in the social media strategy formulation. The findings are indicated in Table 4.14.

Table 4. 14: Extent that internal staff members are involved in the social media strategy formulation

	Frequency	Percentage
Very Large Extent	2	5.7
Large Extent	5	14.3
Moderate Extent	27	77.1
Minimal Extent	1	2.9
Total	35	100.0

Source: Research Data, 2014

According to table 4.14, 77.1% of the respondents indicated that internal staff members are involved in the social media strategy formulation to a moderate extent, 14.3% of the respondents indicated that internal staff members are involved in the social media strategy formulation to a large extent, 5.7% of the respondents indicated that internal staff members are involved in the social media strategy formulation to a

very large extent, 2.9% of the respondents indicated that internal staff members are involved in the social media strategy formulation to a minimal extent. This shows that the internal staff members were involved in the strategic process of coming up with the social media strategy. Company management should ensure that all departments and or units rally behind the social media strategy and roles assigned to different members of staff in order to yield the best returns (Lardi and Fuchs, 2013).

4.5.8 Involvement of Stake Holders in the Social Media Strategy Formulation

The study sought to find out the extent that external stake holders are involved in the social media strategy formulation. The findings are indicated in Table 4.15.

Table 4. 15: Extent that external stake holders are involved in the social media strategy formulation

	Mean	Stdev
Business partners (e.g. Insurance Agencies)	4.4	0.8
Customers	1.2	0.3
Independent Marketing Agencies	3.8	0.1
Independent Public Relations Agencies	4.0	0.2
Shareholders	3.1	0.7

Source: Research Data, 2014

According to table 4.15, business partners, independent public relations agencies and independent marketing agencies were to a large extent involved in the social media strategy formulation as shown by a mean of 4.4, 4.0 and 3.8 respectively. In addition, shareholders were to a moderate extent involved in the social media strategy formulation as shown by a mean of 3.1. Moreover, customers were not at all involved in the social media strategy formulation as shown by a mean of 1.2. This shows that the stake holders were fully aware of the need of using social media in the company.

4.5.9 Involvement of Staff Members in the Social Media Strategy Implementation

The respondents were asked to indicate the extent that internal staff members were involved in the social media strategy implementation. The findings are illustrated in Table 4.16.

Table 4. 16: Extent that internal staff members are involved in the social media strategy implementation

	Frequency	Percentage
Very large extent	10	28.6
Large extent	20	57.1
Moderate extent	4	11.4
Minimal extent	1	2.9
Total	35	100

Source: Research Data, 2014

From table 4.16, 57.1% of the respondents indicated that internal staff members were involved in the social media strategy implementation to a large extent, 28.6% of the respondents indicated that internal staff members were involved in the social media strategy implementation to a very large extent, 11.4% of the respondents indicated that internal staff members were involved in the social media strategy implementation to a moderate extent and 2.9% of the respondents indicated that internal staff members were involved in the social media strategy implementation to a minimal extent. This shows that the internal staff members were familiar and able to actualize the social media strategy that had been set.

4.5.10 Involvement of Stake Holders in the Social Media Strategy Implementation

The respondents were asked to indicate the extent that stakeholders are involved in the social media strategy implementation. The findings are illustrated in Table 4.17.

Table 4. 17: Extent that stakeholders are involved in the social media strategy implementation

	Mean	Stdev
Business partners (e.g. Insurance Agencies)	3.6	0.1
Customers	1.7	0.3
Independent Marketing Agencies	4.2	0.4
Independent Public Relations Agencies	3.8	0.1
Shareholders	1.9	0.6

Source: Research Data, 2014

From table 4.17, independent marketing agencies, business partners and independent public relations agencies were to a large extent involved in the social media strategy implementation as shown by a mean of 4.2, 4.3.8 and 3.6 respectively. In addition, shareholders and customers were to a minimal extent involved in the social media strategy implementation as shown by a mean of 1.9 and 1.7 respectively. This shows that the stakeholders were familiar with the social media use in the organization.

4.6 Factors influencing adoption of Social Media

The study sought to find out the factors that inhibit or enhance adoption of social media strategy in the organization. The findings are indicated in Table 4.18.

Table 4. 18: Factors that inhibit or enhance adoption of social media strategy in the organization

	Mean	Stdev
Management	2.8	0.2
Regulatory authority (e.g. IRA)	2.6	0.1
Financial Resources	2.1	0.4
Staff skills in social media	2.7	0.6
Number of Staff members	2.1	0.8
The nature of Insurance product itself	2.4	0.1
Technology	2.9	0.5

Source: Research Data, 2014

According to table 4.18, technology, management, staff skills in social media and regulatory authority (e.g. IRA) were the factors that impacted on the adoption of social media strategy in the organization as shown by a mean of 2.9, 2.8, 2.7 and 2.6 respectively. In addition, the nature of insurance product itself, number of staff members and financial resources were the factors that inhibited adoption of social media strategy in the organization as shown by a mean of 2.4, 2.1 and 2.1 respectively. To succeed, businesses should analyze their existing capabilities including staff skills, technology and financial resources (Viale and Souche, 2012).

4.7 Social Media Strategy and Competitive Advantage

A firm can obtain sustainable competitive advantages over her competitors by implementing strategies that exploit their internal strengths, only if they can respond to environmental opportunities and at the same time neutralizing external threats and overcoming internal weaknesses.

4.7.1 Usage of Social Media

The study sought to find out the extent of use of social media within the organization.

The findings are indicated in Table 4.19.

Table 4. 19: Extent of use social media within the organization

	Mean	Stdev
Employee to Employee Communication	1.3	0.9
Customer care	4.2	0.3
Research and Marketing	4.6	0.5

Source: Research Data, 2014

According to table 4.19, social media was used within the organization for research and marketing to a very large extent as shown by a mean of 4.6. In addition, social media was used within the organization for customer care to a large extent as shown by a mean of 4.2. Further, social media was not at all used within the organization for employee to employee communication as shown by a mean of 1.3. This shows that social media was primarily used in external interactions with clients rather than within the organisation and among employees.

4.7.2 Social Media Strategy and new customers acquisitions

The respondents were asked to indicate whether social media marketing had enabled the business to acquire more clients. The findings are illustrated in Table 4.20.

Table 4. 20: Whether social media marketing had enabled the business to acquire more clients

	Frequency	Percentage
Yes	30	86
No	5	14
Total	35	100

Source: Research Data, 2014

According to table 4.20, 86% of the respondents indicated that social media marketing had enabled the business to acquire more clients while 14% of the respondents indicated that social media marketing had not enabled the business to acquire more clients. Companies can use social media as a tool for targeting customers. Companies can use some of the profiling features available on social media to target specific ages, locations, genders and so on in their sales and promotions efforts (Poleretzky, 1999).

4.7.3 Social Media Strategy and Social Media Targets

The study sought to find out how respondents measured use of social media in achieving targets. The findings are indicated in Table 4.21.

Table 4. 21: How respondents measured use of social media in achieving targets

	Frequency	Percentage
Number of Hits	5	14.3
Number of fans/likes	20	57.1
Clients surveys	10	28.6
Total	35	100.0

Source: Research Data, 2014

From table 4.21, 57.1% of the respondents indicated that they measured use of social media in achieving targets by number of fans/likes, 28.6% of the respondents indicated that they measured use of social media in achieving targets by clients surveys and 14.3% of the respondents indicated that they measured use of social media in achieving targets by number of hits.

4.7.4 Effects of Social Media on Competitive Advantage

The respondents were asked to indicate their agreement level on social media statements. The findings are illustrated in Table 4.22.

Table 4. 22: Agreement level on social media statements

	Mean	Stdev
Social Media has enhanced client relationships and our clients seem happier	4.7	0.1
Our business clients have reduced the extent to which they reach us on email and telephone preferring to contact us on our social media platforms.	4.2	0.5
The number of business referrals have increased since we started using social media	4.1	0.2
Social media has enhanced our corporate image	3.8	0.8
Social Media has allowed us to reduce our advertising expenses	4.8	0.1
Since we implemented our social media strategy, the number of followers on our social media platforms has increased	4.9	0.3
I can see a distinct increase in sales figures since we implemented our social media strategy	3.6	0.1

Source: Research Data, 2014

According to table 4.22, the respondents strongly agreed that since they implemented the social media strategy, the number of followers on the social media platforms had increased, the advertising expenses had reduced and social media had enhanced client relationships and their clients seemed happier as shown by a mean of 4.9, 4.8 and 4.7 respectively. In addition, the respondents agreed that social media had reduced the extent to which clients reached them on email and telephone preferring to contact them on their social media platforms, the number of business referrals had increased since they started using social media social media, they had experienced enhanced

corporate image and there was a distinct increase in sales figures since they implemented the social media strategy as shown by a mean of 4.2, 4.1, 3.8 and 3.6 respectively. This means that since implementing the social media strategy, the businesses have experienced an increase in sales, better customer service and customer satisfaction, reduced costs in advertising and a better corporate image. This ties in well with Porter (1990) and Mahoney (1995) assertions that competitive advantage based on higher advantage sources like brand image and customer loyalty is more sustainable.

4.8 Correlation between Social Media strategy and Competitive Advantage

Table 4. 23: Correlation Matrix

		Facebook	Twitter	LinkedIn	YouTube	Instagram
Social Media has enhanced client relationships and our clients seem happier	Pearson Correlation	0.626	0.541	0.123	0.361	0.115
	Sig. (2-tailed)	0.019	0.023	0.019	0.027	0.016
Our business clients have reduced the extent to which they reach us on email and telephone preferring to contact us on our social media platforms.	Pearson Correlation	0.542	0.439	0.194	0.374	0.127
	Sig. (2-tailed)	0.018	0.018	0.018	0.024	0.054
The number of business referrals have increased since we started using social media	Pearson Correlation	0.745	0.394	0.283	0.256	0.117
	Sig. (2-tailed)	0.067	0.028	0.019	0.016	0.031

		Facebook	Twitter	LinkedIn	YouTube	Instagram
Social media has enhanced our corporate image	Pearson Correlation	0.527	0.491	0.385	0.384	0.162
	Sig. (2-tailed)	0.042	0.032	0.019	0.028	0.019
Social Media has allowed us to reduce our advertising expenses	Pearson Correlation	0.457	0.614	0.126	0.518	0.128
	Sig. (2-tailed)	0.035	0.029	0.015	0.037	0.029
Since we implemented our social media strategy, the number of followers on our social media platforms has increased	Pearson Correlation	0.492	0.417	0.134	0.368	0.153
	Sig. (2-tailed)	0.017	0.032	0.025	0.047	0.019
I can see a distinct increase in sales figures since we implemented our social media strategy	Pearson Correlation	0.512	0.494	0.231	0.385	0.129
	Sig. (2-tailed)	0.016	0.041	0.036	0.017	0.026

Source: Research Data, 2014

Pearson's correlations analysis was then conducted at 95% confidence interval and 5% confidence level 2-tailed. From table 4.23, it was clear that there was a positive correlation between extent to which Facebook was used and the increase in number of business referrals since they started using social media as shown by a correlation figure of 0.745 and it was also clear that there was a positive correlation between extent to which Twitter was used and reduction in advertising expenses with a correlation figure of 0.614. In addition, it was also clear that there was also a positive correlation between extent to which LinkedIn was used and social media having

enhanced corporate image with a correlation value of 0.385, it was also clear that there was a positive correlation between extent to which YouTube was used and social media having allowed them to reduce their advertising expenses with a correlation value of 0.518 and it was also clear that there was a positive correlation between extent to which Instagram was used and social media having enhanced their corporate image with a correlation value of 0.162. These results show that there was positive correlation between extent to which social media was used and competitive advantage.

4.9 Discussion

The objectives of this study were firstly to establish how social media strategies are employed by Insurance companies in Kenya and secondly to establish how social media strategy can enhance competitive advantage among insurance companies in Kenya.

The study found that for 94% of the respondents there was a documented social media strategy in place and 94% of the respondents communicated that staff were aware of its existence. A strategic approach to social media helps companies to achieve their social media objectives (Lardi and Fuchs, 2013) while its success hinges on the support received from both company management and staff (Rapp et al, 2012). This staff support can be in the form of inclusion during social media strategy formulation and or implementation. From the study, 77.1% of the respondents indicated that internal staff members are involved in the social media strategy formulation while 57.1% indicated that staff were involved during social media strategy implementation. Company management should ensure that all departments and or units rally behind the social media strategy and roles assigned to different members of staff in order to

yield the best returns (Lardi and Fuchs, 2013).

Technology, management, staff skills in social media and regulatory authority were the factors that impacted the most heavily on the adoption of social media strategy in the organization having a mean of 2.9, 2.8, 2.7 and 2.6 respectively. Viale and Souche, 2012, recommend that businesses should analyze their existing capabilities including staff skills, technology and financial resources before and during social media strategy formulation and implementation. This will ensure that they have the necessary resources to support that social media strategy and catalyse its success as the factors can either enhance or inhibit the adoption of the strategy. From the study, social media was used within the organization for research and marketing to a very large extent shown by a mean of 4.6. Findings of research feed company decisions and marketing strategies. From the information gathered, companies can then use some of the profiling features available on social media to target specific ages, locations, and genders and so on in their sales and promotions efforts (Poleretzky, 1999).

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings and it also gives the conclusions, recommendations and areas of further research in line with the objectives of the study. The study had two objectives, firstly to establish how social media strategies are employed by Insurance companies in Kenya and secondly to establish how social media strategy can enhance competitive advantage among insurance companies in Kenya.

5.2 Summary of the findings

This study sought to find out how insurance companies in Kenya can use social media as a strategy to enhance competitive advantage. The respondents were primarily supervisors in the customer service department. The respondents were primarily male aged 31-40 years with 6-10 years of employment. The study found out that the marketing department took lead in social media strategy implementation and formulation with social media being used within the organization for research and marketing and customer care to a large extent. The study found out that Facebook and Twitter platforms are the most utilized by the insurance companies studied with Facebook being updated with information everyday while Twitter and LinkedIn every other day. Further, there was a well documented social media strategy in place which was well known by staff members and which the line manager and department heads were charged with ensuring it was implemented.

The study found that the marketing department took lead in social media strategy implementation and formulation with social media primarily used within the

organization for research and marketing and customer care to a large extent. Internal staff members were involved in the social media strategy formulation to a moderate extent but were involved in the social media strategy implementation to a large extent. Business Partners, Independent Public Relations Agencies and Independent Marketing Agencies were to a large extent involved in the social media strategy formulation. Independent Marketing Agencies, Business Partners and Independent Public Relations Agencies were to a large extent involved in the social media strategy implementation. Technology, management, staff social media skills and the regulatory authority were the factors that enhanced adoption of social media strategy.

Social media marketing had enabled the businesses to expand their client base which was measured by the increase in number of fans/likes. Further, since they implemented the social media strategy, the number of followers on the social media platforms had increased. In addition, social media had enhanced client relationships, clients seemed happier, the number of customers had increased and the company sales had risen.

5.3 Conclusion

This study sought to find out how insurance companies in Kenya can use social media as a strategy to enhance competitive advantage. From the findings, insurance companies use social media with most of them using Facebook and Twitter and formulate and implement their social media strategies. Line managers were charged with responsibility to ensure the social media strategies were implemented. Further, because staff members are moderately involved in the formulation of the social media strategy, they are more aware of it and thus contribute to the success of the same.

Social media strategies have influenced customer service, corporate image, sales and have led to a reduction in advertising expenses.

The study concludes that social media strategy has enhanced competitive advantage among insurance companies in Kenya because the firms have experienced an expansion in customer base and sales, an improved corporate image and better customer service all of which form the intangible assets of the firm. From the findings, organisations that use social media seem to have a competitive edge over their competitors who may not be online.

5.4 Recommendations for policy and practice

The study recommends that companies should shift the way they approach social media currently from a simple marketing tool to incorporate it into the business strategy with the marketing department taking the lead in social media strategy. This is because as per the study, this approach has proved successful as it resulted into an expanded client base and higher sales. In order to yield the best results, company management must ensure that all units and departments support the strategy and should involve the staff members at both formulation and implementation phases. Companies must invest in equipping their employees with the necessary social media skills and this should be supported with the proper technology. Further, companies should expand their social media usage to include blogs as these can be used as an avenue to educate their clients better since social media platforms like Facebook tend to be geared towards shorter messages and as such may fall short where greater content is necessary. The study also recommends that the regulatory authorities like IRA and AKI invest in programs and workshops geared towards social media

targeting member organisations. This will go a long way in improving industry performance.

5.5 Limitations of the Study

Collecting the data proved to be a challenge given that respondents were engaged in their normal day to day duties. Due to limitation in time, financial resources and the research not being customer focused, it was hard to confirm some of the information gathered for example that the clients were happier since the companies implemented their social media strategy. In addition, there was hesitation by respondents to give accurate information since some of them were uncertain if the information would be used against them by the management or would somehow leak to competing firms. The challenge was minimized by assuring the respondents of confidentiality of the information they gave.

5.6 Recommendation for Further Research

The study recommends further study on social media as a strategy in enhancing competitive advantage of firms in the service industry in Kenya. In addition studies can be undertaken to explore factors that have made insurance companies adopt social media strategies and how these have improved their performance. From a customer perspective, further studies should be conducted on the impact that social media messages have on them from both the corporation perception (brand image) as well as on demand for the insurance products.

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APPENDICES

Appendix I: Questionnaire

Section A: GENERAL INFORMATION

1. Name of respondent (Optional) _____
2. Name of Company (Optional) _____
3. Position in Company
 Senior Manager Manager Supervisor Employee
4. Please indicate which department you fall under:
 Sales Marketing Customer Service
 Public Relations Communications Other (specify)

5. Gender Male Female
6. Age: 20-30 31-40 41-50 51-60 Above 60
7. Duration of employment in company (in years): 0-5 6-10 11-15
 16-20 Above 20
8. Do you have work related experience with using social media in your current position?
 Yes No
9. Which of the following types of Insurance services does your company provide:
 General Insurance Motor vehicle Insurance Savings and Investment
 Life Assurance Education Pensions
 Medical Insurance Reinsurance

Section B: EXTENT OF SOCIAL MEDIA USAGE

1. Which platforms are you currently using in your position?
 Facebook Twitter Instagram
 LinkedIn YouTube Blogs

Other (specify) _____

2. To what extent are the following Social Media platforms used in your organisation?

Social Media Platform	To Very Large Extent [5]	To a Large Extent[4]	To a moderate Extent[3]	To a minimal Extent[2]	Not At all[1]
Facebook					
Twitter					
Instagram					
YouTube					
LinkedIn					

3. Is there a documented social media strategy in place? Yes No

4. Are staff members aware of existence of the social media strategy? Yes No

5. If Yes in (3) above who is charged with ensuring that it is adhered to?

Department Head Central committee CEO

Line Manager No one

6. Which departments take a lead in social media strategy formulation and implementation?

Sales Customer Service Marketing

Public Relations Communications Other _____

7. To what extent are internal staff members involved in the social media strategy formulation?

Very Large Extent Large Extent Moderate Extent Minimal Extent Not at all

8. To what extent are the following external stake holders involved in the social media strategy formulation.

Stakeholder	To Very Large Extent [5]	To a Large Extent[4]	To a moderate Extent[3]	To a minimal Extent[2]	Not At all[1]
Business partners (e.g. Insurance Agencies)					

Customers					
Independent Marketing Agencies					
Independent Public Relations Agencies					
Shareholders					

9. To what extent are internal staff members involved in the social media strategy implementation?

Very Large Extent Large Extent Moderate Extent Minimal Extent Not at all

10. To what extent are stakeholders involved in the social media strategy implementation

Stakeholder	To Very Large Extent [5]	To Large Extent[4]	To moderate Extent[3]	To minimal Extent[2]	Not At all[1]
Business partners (e.g. Insurance Agencies)					
Customers					
Independent Marketing Agencies					
Independent Public Relations Agencies					
Shareholders					

11. Which factors inhibit or enhance adoption of social media strategy in your organisation. (Tick as appropriate)

Factor	Inhibits	Enhances	Not at all	Additional Comments
Management				
Regulatory authority (e.g. IRA)				
Financial Resources				

Staff skills in social media				
Number of Staff members				
The nature of Insurance product itself				
Technology				

12. What extent do you use social media within your organization?

Level of usage (most - least)	To Very Large Extent [5]	To a Large Extent[4]	To a moderate Extent[3]	To a minimal Extent[2]	Not At all[1]
Employee to Employee Communication					
Customer care					
Research and Marketing					
Other					

13. In your own opinion, has social media marketing enabled your business to acquire more clients?

Yes [] No []

If Yes above, what in your view are the difficulties associated with social media marketing?

.....

14. How do you measure your use of social media in achieving your social media targets?

- a. Number of Hits b. Number of fans/likes c. Clients surveys d. Other

Please indicate the extent to which the statements are true. (1 - Strongly disagree, 2 - Somewhat disagree, 3 – Neutral, 4 - Somewhat agree, 5 -Strongly agree

	5	4	3	2	1
Since we started using social media, we have opened ourselves to online attacks from clients					
Social Media has enhanced client relationships and our clients seem happier					
Our clients have reduced the extent to which they reach us on email and telephone preferring to contact us on our social media platforms.					
The number of business referrals have increased since we started using social media					
Social media has enhanced our corporate image					
Social Media has allowed us to reduce our advertising expenses					
We rarely have anything interesting to update on our social media sites					
Since we implemented our social media strategy, the number of followers on our social media platforms has increased					
We can see a distinct increase in sales figures since we implemented our social media strategy					

Appendix II: List of Insurance Companies in Kenya

1	AAR Insurance Company Ltd
2	Africa Merchant Assurance Ltd
3	AIG Kenya Insurance Company Ltd
4	APA Insurance Company Ltd
5	British American Insurance Company Ltd
6	Cannon Assurance Company Ltd
7	Capex Life Assurance Company Ltd
8	CFC Life Assurance Ltd
9	CIC General Insurance Company Ltd
10	CIC Life Assurance Company Ltd
11	Corporate Insurance Company Ltd
12	Directline Assurance Company Ltd
13	Fidelity Shield Insurance Company Ltd
14	First Assurance Company Ltd
15	GA Kenya Insurance Company Ltd
16	Gateway Insurance Company Ltd
17	Geminia Insurance Company Ltd
18	Heritage Insurance Company Ltd
19	ICEA Lion General Insurance Company
20	ICEALION Life Assurance Company
21	Intra Africa Assurance Company Ltd
22	Invesco Assurance Company Ltd
23	Jubilee Insurance Company Ltd
24	Kenindia Assurance Company Ltd
25	Kenya Orient Insurance Company Ltd
26	Kenyan Alliance Insurance Company Ltd
27	Madison Insurance Company Ltd
28	Mayfair Insurance Company Ltd
29	Saham Assurance Company Ltd
30	Metropolitan Life Assurance Company Ltd
31	The Monarch Insurance Company Ltd

32	Occidental Insurance Company Ltd
33	Old Mutual Life Assurance Company Ltd
34	Pacis Insurance Company Ltd
35	Pan Africa Life Assurance Company Ltd
36	Phoenix of E. A. Assurance Company Ltd
37	Pioneer Life Assurance Company Ltd
38	Real Insurance Company Ltd
39	Resolution Insurance Co. Ltd
40	Shield Assurance Company Ltd
41	Takaful Insurance of Africa Ltd
42	Tausi Assurance Company Ltd
43	Trident Insurance Company Ltd
44	UAP Insurance Company Ltd
45	UAP Life Assurance Company Ltd
46	Xplico Insurance Company Ltd

Source: AKI (2012)