

**THE INFLUENCE OF DIGITAL ADVERTISING ON PERFORMANCE OF PRINT
MEDIA COMPANIES IN KENYA**

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UNIVERSITY OF NAIROBI

DECLARATION

This research project is my original work and has not been submitted anywhere for examination in any other university or institute of higher learning.

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This research project has been submitted for examination with my approval as the university supervisor.

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DEDICATION

This research project is dedicated to my family for their encouragement, support and understanding my absence while undertaking my research project.

For this I say thank you all and God bless.

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I wish to thank the Almighty God for giving me wisdom to conduct this study. I also appreciate my supervisor for his guidance in conducting the research, my family for their moral support and the management of Nairobi University for their understanding and support.

TABLE OF CONTENTS

DECLARATION.....	ii
DEDICATION.....	iii
ACKNOWLEDGEMENTS	iv
ABSTRACT.....	ix
CHAPTER ONE :INTRODUCTION	1
1.1 Background of the Study.....	1
1.1.1 Digital Advertising	3
1.1.2 Concept of Performance	4
1.1.3 Print Media in Kenya.....	5
1.2 Research Problem.....	7
1.3 Research Objective.....	10
1.4 Value of the Study.....	10
CHAPTER TWO :LITERATURE REVIEW	11
2.1 Introduction	11
2.2 Theoretical Foundation	11
2.3 The Economics of Advertising.....	13

2.4 Performance of digital and print Advertising Markets.....	14
2.5 Adoption of digital advertising	17
2.5.1 Digital Advertising for Customer Acquisition	17
2.5.2 Brands, Trust and Customer Relationships	20
CHAPTER THREE: RESEARCH METHODOLOGY	22
3.1 Introduction	22
3.2 Research Design	22
3.3 Target Population	23
3.4 Data Collection.....	23
3.5 Data Analysis	23
CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF RESULTS	25
4.1 Introduction	25
4.1.1 Response Rate.....	25
4.2 Adoption of Digital Technologies.....	25
4.2.1 Extent to which digital advertising has affected print media revenues	25
4.2.2 The proportion of digital advertising revenue in the overall business performance	26
4.2.3 Rating the newspaper advertising revenue share.....	26

4.2.4 Key determinants to the reducing newspaper advertising revenue share	27
4.2.5 Impact of digital advertising on organizational performance.....	27
4.2.6 Strategies for improved overall digital performance	28
4.2.7 Digital advertising uptake by the print media companies	30
4.2.8 Challenges of digital advertising	31
4.2.9 Impact of digital advertising on the future performance of the industry	31
4.2.10 Perception on digital advertising in Kenya.....	32
4.2.11 Benefits of digital advertising.....	32
4.2.12 Digital and traditional advertising on customer reach.....	32
4.2.13 Satisfaction with the organization’s adoption of digital platforms.....	33
4.2.14 The frequency of using digital advertising	33
4.2.15 Digital platforms/technologies adopted in its print media activities	34
CHAPTER FIVE SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	35
5.1 Introduction	35
5.2 Summary	35
5.3 Conclusion.....	39

5.4 Recommendations	43
5.5 Areas of further studies	44
REFERENCES.....	46
APPENDICES.....	Error! Bookmark not defined.
APPENDIX 1: LETTER OF INTRODUCTION.....	Error! Bookmark not defined.
APPENDIX II: INTERVIEW GUIDE	57

ABSTRACT

The rise of digital advertising has had a huge impact on traditional print media. Schlosser et al. (1999) defined digital advertising as “any form of commercial content available on the Internet that is designed by businesses to inform consumers about a product or service”. The purpose of the study was to determine the influence of digital advertising on performance of print media in Kenya. The research design employed in this study was a descriptive cross sectional survey design. The target population of this study was all the staff in the advertising department of all the four print media companies in Kenya (Nation Media, Standard Group, MediaMax and Radio Africa). The study used an interview guide for data collection. The study used content analysis for data presentation. The study established that digital advertising significantly affected print media revenues given that most people are moving away from the traditional methods of buying printed newspapers to reading news online, which generated significant revenues for the print media companies, digital advertising uptake by the print media companies was affected by social-cultural, economic and legal factors and that the high cost of acquiring the digital facilities and lack of adequate IT infrastructure in the country were barriers to adoption of digital advertising. The study concludes that digital advertising will have a huge impact on the performance of the print media companies in the next 5 years and that the digital platform is likely to be the next frontier for business competition. The study recommends that the management of the print media companies should increase their investment in digital platforms so as to be in a position to take full advantage of the digital advertising potential.

CHAPTER ONE

INTRODUCTION

Advertising is the area of marketing concerned with the communication of information by the company to the market or the market participants. At the center of marketing is the commercial or private customer with his purchasing decision. The basis of purchasing decisions is information. Advertising tries to communicate this information in such a way that the company positively distinguishes itself from its competitors so that customers are motivated to make the purchase. In the face of the growing diversity and ever increasing interchangeability of products, advertising has evolved into a critical competitive factor in the marketing mix. Berger (2002), defines advertising media in two senses. For him in a narrower sense, advertising media include TV advertising (commercials), radio features, print advertisements, and billboards and advertising letters (direct mail). In a wider sense, today's advertising also includes sponsorship, trade fairs, internet advertising and sales-promoting advertising at the point of sale

1.1 Background of the Study

This study centers around two theories; The resource based theory (Wernerfelt, 2004 & Barney, 2003) focuses on internal strengths and weakness in organizational resources, showing how processes are managed and how the resources are allocated and deployed, all in order to assist in the performance of a company. According to Barney (2003) to successfully implement strategies, resources have to be strategic. The resource based perspective in a contemporary view which includes a company's elements such advertising (Barney, 2003). Diffusion of innovations is a

theory that seeks to explain how, why, and at what rate new ideas and technology spread through cultures Diffusion of Innovation (DOI) Theory, developed by Rogers (1962), is one of the oldest social science theories. It originated in communication to explain how, over time, an idea or product gains momentum and diffuses (or spreads) through a specific population or social system. The end result of this diffusion is that people, as part of a social system, adopt a new idea, behavior, or product. Adoption means that a person does something differently than what they had previously (i.e., purchase or use a new product, acquire and perform a new behavior, etc.). The key to adoption is that the person must perceive the idea, behavior, or product as new or innovative. It is through this that diffusion is possible

Throughout recent history, advertising industry seems to have remained somewhat unchanged despite ample evolution in modes of communication. Looking back as far as 1920, we see that advertising as a percent of gross domestic product (GDP) hovers consistently between about 1% and 3%. This range is even tighter—between roughly 1.25% and 2.50%—within the last sixty years (Kirchhoff, 2011). The 20th century marks a period of continuous evolution in the way people consume media and information. The rise of the Internet and the growth of digital advertising have had profound effects on the advertising industry. Internet advertising has been the fastest-growing marketing platform, with roughly \$26 billion spent in 2010 (up from \$4.6 billion in 1999) (Sheehan and Doherty 2001). The year 2010 marked a major milestone for Internet advertising, as it surpassed newspaper advertising to rise to second place in overall ad revenue by medium (IAB, 2011).

1.1.1 Digital Advertising

Advertising is the method used by businesses, companies and other organizations to promote their goods and services to the public (Becker & Murphy, 1993). The ultimate aim of advertising is to increase sales by showing these goods and services in a positive light. According to Becker and Murphy, (1993), "Advertising consists of all the activities involved in presenting to an audience a non-personal, sponsor-identified, paid-for message about a product or organization." According to American Marketing Association "advertising is any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor".

In regard to digital advertising, there are different definitions, such as Schlosser et al. (1999), who defined internet advertising as "any form of commercial content available on the Internet that is designed by businesses to inform consumers about a product or service", and Ha (2008), who states "deliberate messages placed on third-party websites including search engines and directories available through Internet access". However, we believe these definitions did not explain the real personalized and customized nature of this medium. For this reason, we use the following definition: "Internet advertising is an Internet-based process by which advertisers communicate, interact with and persuade online users in order to position a brand, which allows a company to promote both consumer awareness and preference in a customized and personalized way, and to decrease the time needed to make a buying decision" (Hanafizadeh and Behboudi, 2012).

Recent years have witnessed a growing interest in examining the process and influence of digital advertising. With the rapid progress in computer-based business, many firms have made the internet part of their advertising media mix to take advantage of online technologies (Calisir, 2003). The internet has become a popular advertising platform because marketers found that the internet has greater flexibility and control over advertising content (Damanpour, 1991). In addition, estimates show that the number of registered web sites reached 200 million in 2011 (itproportal.com, 2011), and the number of internet users throughout the world was about two billion, 800 million of whom are Asian (Sheehan and Doherty 2001).

Internationally, digital advertising has taken a greater share of advertising budgets at the expense of traditional media, a trend that is most pronounced in the US, the UK and the Nordic countries. Within digital advertising, there are three broad categories: Search, which is dominated by Google and which has shown growth despite reductions in overall advertising budgets because of the global recession Display, which covers a range of different formats and where traditional media companies such as newspapers and broadcasters with online properties draw most of their online revenues Classifieds, which includes sites that advertise property, recruitment, motoring and other forms of advertising that used to be the preserve of traditional media .

1.1.2 Concept of Performance

Performance of a business over a specified period of time, expressed in terms of overall profits and losses during that time (La Porta, Lopez-de-Silanes, Shleifer, & Vishny, 2002). It is therefore measuring the results of a firm's policies and operations in monetary terms. Profit

making is the fundamental dimension for an enterprise to sustain, perform and grow to maximize wealth. The performance of a company is the result of its overall strategy, innovation, quality, market position and long term view. Hence, organizations are constantly seeking new and improved products, processes, and organizational structures that will reduce their costs of production, better satisfaction of the customer demands, and greater profits. Finance is the life blood of any organization; improvements in the financial sector will have positive direct ramifications throughout the economy.

The capability of a firm to create and sustain organizational wealth depends on the competitive effectiveness of its value chain that in turn, is determined by the firm's relationships with clients, shareholders, employees and other stakeholders (Kotter & Heskett, 1999). Therefore, financial performance of an organisation is of utmost importance in determining its success. According to Helen and Keasey (1999) periodic measurement of firm performance is conducted for several reasons: it helps investors to formulate their expectations concerning the future earning potential of firms; it supplies a plausible feedback on how well the company has achieved its goals; it furnishes the basis of an adequate bonus plan that gives incentives to achieve the firm's goals and rewards the results of proper decisions.

1.1.3 Print Media in Kenya

Newspapers in Kenya are recognized for their originality and credibility as news providers. Most newspapers are published by media conglomerates that also have broadcasting and online platforms. The key circulating papers are; The Daily Nation, The standard, the star and the

people. Those print media with the highest readership include, hierarchically, the Daily Nation, the East African Standard, and Taifo Leo, with the latter enjoying more popularity in different regions of the country (Bowen, 2010) . The two largest papers are the Daily Nation and the Standard a 2011 study released by the Kenya Media Programme showed market shares of the top ten newspapers ranging from 42.5 percent to 1.3 percent. (Kenya Media Programme. “Baseline Survey on Citizen’s Perception of the Media Report.” September 2011)

The largest newspaper by daily circulation is the Daily Nation, followed by the Standard, Taifa Leo, The Star, Business Daily, and The People. While circulation is low in Kenya, with figures in 2010, for example, indicating that only 320,000 newspapers were bought daily, the readership is significantly higher given the fact that about 10 people share a newspaper daily. This is supported by findings by Ipsos-Synovate that says Kenya’s daily print readership stands at slightly over 3 million while the weekend figure is slightly over 6 million (Ipsos-Synovate, KARF Audience Survey 2012 .) Weekly newspapers like Saturday Nation, Sunday Nation, the Standard on Saturday, the Standard on Sunday, The East African, as well as Citizen Express all have a wide readership because of its often sensationalist coverage of political and other issues.

Print media has fundamentally remained the same in Kenya since the invention of the printing press. Traditional print media survived and even flourished in the radio and television age, as users favoured the benefits of convenience, physical delivery format, flexibility and reach. The proliferation of tablets and smartphones has provided the tipping point for online readership through “anytime, anywhere” access (Hildebrandt & Klapper, 2001). The effect of the new

media on conventional media is still manageable. Newspapers in particular are not as hard hit as Kenyans still prefer to get their news through the print newspaper, radio and television.

As Kaye and Johnson (2004), found, while there are clearly significant shifts taking place within the print industry, particularly around attempts to monetize online content and find alternative sources of revenue to replace falling advertising revenues from print, the decline of the industry is overstated. News organizations are going through a process of change and adaptation. In addition, findings show that the narrative of newspapers being in continuous decline, and does not take into account regional variations and the fact that in many emerging countries, print newspaper sales are robust and growing. In Kenya, though there is a drop in readership and a subsequent drop in the circulation of newspapers, there are still some newspapers like the Daily Nation and the Standard which have grown dramatically.

1.2 Research Problem

The rise of digital advertising, or online advertising has had a huge impact on traditional print media. The newspaper industry in particular is under increasing pressure to compete in this age of new communication technologies as advertisers move from print to online. This pressure can be seen through the increase in online advertising and the decline in print advertising. Newspapers have responded to the loss in advertising revenue in different ways from converging with digital mediums to create non-news sites to win back business lost to other classified advertising platforms, offering online sites with packages for print and online advertising or through cutting jobs, closing or merging with other newspapers. Through identifying the impact

that online advertising has had on the newspaper industry it is apparent that in an effort to stay profitable, it is imperative for newspapers to embrace convergence to gain shares in the increasing online advertising expenditure (Thong, 1999).

The abundance of research investigating the impact of digital advertising on traditional media sales has generated two major meta-analyses. The first, Assmus, Farley and Lehmann (1984), came well before the common use of the web channel, and analyzes the results of 128 studies. They find an average short-term elasticity of 0.22 and an average carryover effect of 0.46. Recently, Sethuraman, Tellis, and Briesch (2011) cover the 25 years following Assmus et al. (1994). Using a larger sample of 751 estimates they focus on advertising from print, TV and “aggregate” media to find an average short-term elasticity of 0.12. They find that elasticities are lower in mature markets and conclude that the decrease in the effectiveness of advertising over the past 25 years is due to “increased competition, ad clutter, the advent of the Internet as an alternate information source.” However there are currently no research done in Kenya on the digital advertising adoption and the performance of print media companies.

Print newspapers generate their revenue from advertising and circulation with advertising being the most dominant source of the two. On average, 80 percent of daily newspaper’s revenue and 90 percent of weekly newspaper’s revenue is from advertising (Thong, 1999). As advertising is what sustains all newspapers, the newspaper industry is finding itself under increasing pressure to compete in the digital age. This pressure has been mostly due to the rise of online advertising. Online advertising has created a new source of competition for newspapers as they begin to see

their advertisers are following their target audiences to the Internet and taking money that traditionally has gone to newspapers and using it for online advertising.

The changes in the entertainment and media sector in Kenya are profoundly affecting four groups of stakeholders: consumers, advertisers, content creators and digital distributors. The role of the Entertainment and media industry is shifting from a model in which it controlled everything – from the creation of the content through to its Distribution– to one in which it must provide connected consumers not just with great content, but also with great digital experiences. There are clear signs that when companies innovate in an agile manner and harness technologies that enable them to gain deep insight into consumer tastes and behaviors, they can start to define a successful, multiplatform future that will drive revenues and margins. This underlines the extent to which constant digital innovation, including new thinking and approaches to business models and collaborations, is now a basic imperative for being and staying in the entertainment and media game. Print media in Kenya is no exemption to the adoption and utilization of current developments and use of digital platforms, but this still remains a challenge.

This study therefore, sought to fill the gap by carrying out a research on the influence of digital advertising on the performance of print media companies in Kenya by answering the following research question: how has digital advertising affected the performance of print media companies in Kenya?

1.3 Research Objective

To determine the influence of digital advertising on performance of print media companies in Kenya.

1.4 Value of the Study

The study would be important to the management of print media companies in Kenya as it would provide an insight on the effects of adopting digital advertising and its impact performance of print media thereby enabling them align their strategies in order to remain competitive and relevant in the future.

The results of this study would provide information to policy makers who can use the research data to establish the best policies to use in order to enhance digital advertising adoption, other stakeholders in the print media companies can use the findings to come up with strategies that would aid in adopting digital advertising and thus improve on the performance of the organisations. They can use the data to know the extent of adoption of digital technology in Kenya and can find ways to bridge the existing gap.

The research results would also be important to scholars and researchers as it will add to the existing pool of knowledge. Further, this study is also significant in that, academically it would add to the existing knowledge on the influence of adopting digital advertising on performance of print media thus forming part of academic reference.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter introduces, discusses and reviews some of the literature based on the research topic. The chapter also discusses the various variables on the influence of digital advertising on performance of print media companies in Kenya. The review basically was by use of various theoretical works, books, discussions from journals and articles.

2.2 Theoretical Foundation

This study applied the resource-based theory and the diffusion of innovation theory.

The resource based theory (Wernerfelt, 2004 & Barney, 2003) focuses on internal strengths and weakness in organizational resources, showing how processes are managed and how the resources are allocated and deployed, all in order to assist in the performance of a company. According to Barney (2003) to successfully implement strategies, resources have to be strategic. The resource based perspective in a contemporary view includes a company's elements such advertising (Barney, 2003). The RBV suggests that the resources possessed by a firm are the primary determinants of its performance, and these may contribute to a sustainable competitive advantage of the firm (e.g., Hoffer & Schendel, 1978; Wenerfelt, 1984). According to Barney (1991), the concept of resources includes all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of

and implement strategies that improve its efficiency and effectiveness (Barney, 1991; Daft, 1983). According to Montgomery (2004) the resource-based perspective therefore means that there is a certain focus on resources owned by the company or by its partners; and the various resources (and capabilities) that can explain company performance and long term growth or decline. The resource-based perspective aims to give a picture of a company resource before and during decision-making processes and business strategies in company. It also aims to describe potential need for changes in company organization (in systems and structures) in order to be able to implement business strategies. The perspective also has a certain focus on management, its limited access to information and its capability to work efficiently and effectively with business strategy (Montgomery, 2004). Finally the resource-based perspective emphasizes that firms have to demonstrate how to alter (in a dynamic way) the ingredients (resources and capabilities) in order to realize their full potential.

Diffusion is the “process by which an innovation is communicated through certain channels over a period of time among the members of a social system”. An innovation is “an idea, practice, or object that is perceived to be new by an individual or other unit of adoption”. “Communication is a process in which participants create and share information with one another to reach a mutual understanding” (Rogers, 1962). The Innovation-Decision Process Model suggests that the adoption of an innovation is not a single act, but a process that occurs over time. Potential adopters go through five stages when interacting with an innovation. The first stage is “Knowledge” in which potential adopters find out about an innovation and gain a basic understanding of what it is and how it works. The second stage is “Persuasion” in which

potential adopters form a positive or negative impression of the innovation. It is only in the third stage, “Decision”, that the innovation is actually adopted or rejected. The fourth stage, “Implementation”, occurs when the innovation is actually used. In the fifth stage, “Confirmation”, the adopter seeks information about the innovation and either continues or discontinues use of the innovation.

2.3 The Economics of Advertising

Many researchers have dealt with the economic analysis of advertising for several decades. The very beginning works of the economic theory of advertising include Marshall (1890), Marshall (1919), and Chamberlin (1933). Later works followed by Telser (1968) and Schmalensee (1972). For a contemporary survey Bagwell (2007). In connection with the question why consumers react on advertising, three different viewpoints have developed (Bagwell 2007): advertising is informative, advertising is persuasive, and advertising is complementary.

Informative advertising informs the consumers about products and their characteristics and, thus, improves the decision situation of the consumers by making them aware of facts that they otherwise might overlook. Consequently, informative advertising rest on the assumption of imperfect information on the side of the consumers and tends to heal related inefficiencies by helping consumers to obtain direct and/or indirect information on the products in question. It tends to enhance competition because of the higher market transparency that it generates (Telser 1968). Persuasive advertising, on the other hand, is viewed by Grossman and Shapiro (1984) to influence and alter consumers’ preferences and, thus, creating ‘artificial’ product differentiation

and brand loyalty. This type of advertising is often assessed to create negative competition and warfare effects since those ads distort tastes and create wants (Becker & Murphy 1993), Complementary advertising views the product and its advertising as complements. It conjectures that consumers may have preferences that can be obtained from purchasing a product only in connection with an advertising campaign rendering the product prestigious (or ‘cool’) for the respective social peer group of the consumers. Although this type of advertising does not primarily contain information in the sense of ‘matter-of-fact’-information, it also does not influence or change consumer’s tastes and preferences. Instead, they are usually rather emotional and image-focused. While in practice many advertisements mix these three elements (Koh & Leung 1992), their distinction is particularly valuable from an analytical perspective. A good example would be a print advertisement from a grocery store that advertises a certain promotional offer.

2.4 Performance of digital and print Advertising Markets

Digital advertising started in 1994, consequently digital and traditional advertising have been competing for advertising money for several years now. In the meantime, the digital advertising market has moved from a buyer’s towards a seller’s market (Bruner 2005). In 2000 online/digital advertising accounted for just 5 per cent of the advertising revenue share whereas newspapers held 28 per cent (Koh & Leung, 1992). Within only 15 years the newspaper advertising revenue share in the US is estimated to be down to 9 per cent resulting in online/digital advertising overtaking newspapers with an estimated share of up to 20 percent and indeed, the IAB Internet Advertising Revenue Report (2011) and the recent report on The State of the News Media 2011

revealed that in 2010 Internet Advertising Revenues (US\$ 26.0 billion) surpassed those of newspapers (\$ 22.8 billion). Whereas online advertising revenues grew by another 13.9 per cent from 2009 to 2010 newspaper advertising revenues decreased by 6.3 per cent in the same time (Kaloki, 2008). In Germany, a similar development took place. With respect to gross advertising spending, online advertising spending for the first time surpassed newspaper advertising spending in 2010 (Spiegel Online, 2011). 19.2 per cent (+2.7 percentage points compared to 2009) of the gross advertising spending are now spent on the internet – therewith ranking second place before television (39.1 per cent in 2010, +1.3 per centage points compared to 2009) whereas only 19.0 per cent (-2.4 per centage points compared to 2009) are spent on newspapers (Spiegel Online, 2011)

Along with these rather simplistic figures, the existing literature identifies a general substitution trend of offline advertising (including print newspapers advertising) by online advertising. Typically, two explanations are offered for this phenomenon a reader's demand-side effect (e.g. Berte & De Bens 2008,) an advertising demand-side effect (e.g. Bergemann & Bonatti 2010, Silk et al. 2001). The reader's demand-side effect refers to the decreasing demand for printed newspapers on the reader markets driving down the demand for advertising space. Due to the two-sidedness of media markets , indirect network externalities between the readers' and the advertising market create self-reinforcing effects between decreasing circulation and decreasing advertising figures. Decreasing circulation figures on the reader side cause advertisers to re-allocate (parts of their) advertising expenditures from print to online since they faced decreasing numbers of eyeballs to reach over the newspaper. Thus, the advertisers' willingness to pay is

influenced by the reader side (Bagwell 2007). Note that this effect might also be rooted in online substitution, however, on the readers' market: the decreasing demand for printed newspapers is partly caused by the availability of online news sites. The advertising demand-side effect directly reflects substitution tendencies on the advertising markets, i.e. the advertisers taking advantage of the benefits online advertising offers compared to traditional offline media. In particular, advertising on the internet offers multimedia possibilities. By having more information on users (e.g. sites visited, ads clicked on, and user characteristics) it is possible to better reach the companies' target group and thus reduce scattering losses. Consequently and compared to other traditional mass media types, online advertising seems to be better capable of efficiently matching audience and advertisers (Evans 2009).

In addition to this, innovative advertising formats like social media advertising for instance *Facebook*, *Twitter* enable companies to get in direct contact with users. Compared to the up to then purely one-sided communication within traditional mass media, online advertising enables a direct reaction from users towards the advertising companies (Pérez-Latre 2009). It can even be 'one-to-one communication' (Evans, 2009). Moreover, direct actions (e.g. purchasing actions) by users are possible which is in particular attractive for companies with e-commerce activities. Another crucial aspect is the costs for online advertising. Especially in comparison to newspapers, advertising on the internet represents a cheaper method ad rates for online advertising are lower than for newspaper advertising (Pérez-Latre 2009). In close connection with cost aspects online advertising offers more flexibility regarding the payment models.

2.5 Adoption of digital advertising

In the context of the digital, customer acquisition depends both on the growth in Internet penetration and usage (Kaye & Johnson, 2003) and on how the Internet then influences the adoption and diffusion of other products and services (Evans, 2009). Emmanouilides and Hammond (2000), used logistic regression to explore four successive waves of survey data on Internet users. They found that the main predictors of active or continued use of the Internet were: first time users (very early adopters were the most likely to be active users, but this relationship was curvilinear, with middle adopters more likely than other groups not to have used the Internet in the previous month); location of use, particularly at home; and the use of specific services, such as information services. The main predictors of frequent or heavy Internet use were: use of email for business purposes; time since first use of the Internet; and location of use (either uses at work or use at home with two or more other people). Emmanouilides and Hammond (2000), found that education, convenience orientation, experience orientation, channel knowledge, perceived distribution utility, and perceived accessibility were robust predictors of the extent to which an Internet user was a frequent online buyer.

2.5.1 Digital Advertising for Customer Acquisition

For most established businesses, the Web's main role is either to reduce costs or to add value for existing customers, but it also has a potential role in customer acquisition, and in the case of a Web start-up, this role is crucial. Both large corporate companies and Web start-ups see driving traffic to the site as one of the most important as well as the most difficult determinants of the

site's success (Silk, Klein & Berndt, 2001). A few Web start-ups, such as Amazon and, in Britain, Lastminute.com, have been extremely successful at generating free publicity. Others have been adept at so-called viral marketing (i.e. electronic word-of-mouth), the classic case being Hotmail: anyone with a free e-mail account has a motive to encourage their friends to set one up too. More generally, however, Evans, (2009), found that, although Free Traffic Builders (FTBs: search engines, directories, news groups, listservs, bulletin boards, and chat rooms) offer free online promotion, none of these had much impact in generating traffic.

Web start-ups have therefore had to spend heavily on traditional media. The scale of their marketing expenditure relative to their revenue is one of the main causes of failure among start-ups, especially business-to-consumer (B2C) dotcoms in a business-to-business (B2B) context, Koh, and Leung, (1992) found that mentioning or simulating the website in print ads significantly increased site traffic. The ability of popular search engines to locate specific marketing/management phrases were modeled by, Evans, (2009). They concluded that, in addition to the size of the search engine (i.e. total number of pages indexed), the sophistication of the manner in which the engine searched (depth of search, ability to follow frame links and image maps, and ability to monitor the frequency with which a page's content changes) also affected the probability that a given engine could be located.

Early researchers (Hoffman et al., 1995; Rust & Oliver, 1994) predicted that consumers might abandon their traditionally passive role and actively seek out advertisements of relevance to them. It has also been suggested that a decrease in consumers' search costs, coupled with technology to enable consumers to filter and block unwanted advertisements, plus the ability of

advertisers to offer targeted rewards for viewing ads, may lead to an ‘unbundling’ of advertising and content (Langford, 2000). Several studies have looked at managers’ perceptions of the Internet as an advertising medium Laseter, Houston, Chung, Byrne, Turner & Devendran, (2000) found that, while advertisers were generally keen to use the Web to communicate product information, they were concerned about security/privacy, and uncertain how to measure the effectiveness of online advertising.

Leong et al (1998) reported that website managers perceived the Web to be a cost effective means of advertising, well-suited for conveying information, precipitating action, and creating brand/product image, awareness and objectives. However, it was seen as ineffective for stimulating emotions or getting attention. If we turn to users’ perceptions, Ducoffe (1996) studied the attitudes of 318 business users to Web advertising and reported that it was perceived as more informative than valuable or entertaining. Respondents were asked to rank seven media in terms of their value as a source of advertising. The Web was placed near the bottom overall. However, Schlosser et al (1999) found wide variation among Internet users’ attitudes towards Internet advertising equal numbers of respondents liked, disliked, and felt neutral towards it. Enjoyment of looking at web adverts contributed more than the informativeness or utility of the ad towards consumer attitudes towards web advertising. This finding was mirrored by the responses of a demographically weighted-to-match sample who answered questions on advertising in general, showing that the reported perceptions of Internet advertising were not just a reflection of the demographics of Internet users.

2.5.2 Brands, Trust and Customer Relationships

In the context of the Internet, “the brand is the experience and the experience is the brand” (Dayal et al., 2000). Both for a web start-up, once it has successfully acquired some customers, and even more for a major established brand, the key goal of digital marketing is to use the Web (usually in combination with a wide range of other channels and activities) to build a positive long-term relationship with the customer. Steinfield et al (1995) argued that electronic networks can be used either to support transactional marketplaces or to strengthen commercial relationships (Steinfield et al., 1995).

Their review of the literature suggests that the latter relational (‘electronic hierarchies’) approach is more prevalent. Their research examines the theoretical rationales behind these competing approaches and presents some evidence to show the conditions under which electronic marketplaces or electronic hierarchies are likely to prevail. Their conclusions are supported by Bauer et al (1999), who focused on the contribution the Internet can make to relationship marketing, and especially to commitment, satisfaction and trust. Hoffman et al (1999) argued that part of consumers’ lack of trust arises from their perceived lack of control over web businesses’ access to their personal information during the online navigation process. The dimensions of this concern include both environment control and control over the secondary use of information. The proposed solution is to allow a radical shift in the balance of power towards more cooperative interaction between a business and its customers.

Similarly Bauer et al (1999), argued that the outlays to acquire a customer are often considerably higher for e-tailers than for traditional channels, but that repeat customers are more loyal, increasing their spend over time and contributing to further customer acquisition through positive recommendation (via email, etc). In Bauer et al (1999), words, “loyalty is not won with technology. It is won through the delivery of a consistently superior customer experience”. Part of their argument is that the Internet, like all database relationship marketing channels, enables marketers to target resources on their most profitable customers and prospects. This argument is similar to that of Peppers and Rogers (1997) who proposed the ultimate segmentation approach; reducing the market to what is sometimes called ‘segments of one’. Peppers and Rogers(1997) themselves dislike this term, however, since they see one-to-one marketing as fundamentally different from even the most targeted ‘push’ marketing, being based on an ongoing dialogue between the supplier and customer). A reasonable hypothesis is that consumers are willing to disclose personal information and to have that information subsequently used to create customer profiles for business use, if they also perceive there to be fair procedures in place to protect individual privacy. Support for this hypothesis was found by Chang, (2000). They concluded that privacy concerns need not hold back the development of consumer e-commerce, provided that firms observe procedural fairness.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a discussion of the outline of the research methodology that was used in this study. It focuses on the research design, data collection methods and comes to a conclusion with the data analysis and data presentation methods that were used in this study.

3.2 Research Design

This study employed a descriptive cross sectional survey design. The design was used to gather information on a population at a single point in time. This study was about determining the influence of digital advertising on performance of print media companies in Kenya. It is therefore justified that a cross-sectional surveys was most suited in this study. Cross sectional survey are based on a single examination of a cross-section of population at one point in time. Additionally, high reliability is easy to obtain by presenting all subjects with a standardized stimulus which ensures that observer subjectivity is greatly eliminated (Mugenda and Mugenda, 1999). In this type of research study, either the entire population or a subset thereof is selected, and from these individuals, data are collected to help answer research questions of interest (Kothari, 2004).

3.3 Study Population

The study's main focus was all the staff in the advertising department of all the four (Nation Media, Standard Group, MediaMax and Radio Africa) print media companies in Kenya where the study respondents were the management staff (Senior Management, Middle Management and Advertising account Managers) in all the print media companies in Kenya.

3.4 Data Collection

Primary data was collected using an interview guide which was administered to 3 Managers in every company. The interviews were conducted by the researcher on digital advertising adoption and the performance of print media companies. The interview guide had unstructured questions which were used so as to encourage the respondent to give an in-depth response without feeling held back in revealing of any information. With unstructured questions, a respondent's response may give an insight to his feelings, background, hidden motivation, interests and decisions and give as much information as possible without holding back.

3.5 Data Analysis

The study used content analysis for data presentation. Mugenda and Mugenda (2003) define content analysis as a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends. The data was obtained from the various management team members belonging to different departments; it was compared against each other in order to get more revelation on digital advertising adoption

and the performance of print media companies. Analysis of data collected was compared with the theoretical approaches and documentations cited in the literature review.

CHAPTER FOUR

DATA ANALYSIS INTERPRETATIONS

4.1 Introduction

The objective of this study was to determine the influence of digital advertising on performance of print media companies in Kenya. Primary data was collected from twelve representatives of four media houses in Kenya who included Senior Managers, Middle Managers and Advertising Account Managers. The data was analyzed by making inferences from the views expressed by the various managers interviewed by the researcher. The findings were presented in the order of the questions as shown in the interview guide.

4.1.1 Response Rate

The study targeted to sample 12 respondents in collecting data. From the study, 10 out of 12 sampled respondents filled in and returned the questionnaire contributing to 83%.

4.2 Adoption of Digital Technologies

4.2.1 Extent to which digital advertising has affected print media revenues

The study sought to establish the extent to which digital advertising has affected print media revenues. According to the findings, the interviewees indicated that digital advertising significantly affected print media revenues given that most people are moving away from the traditional methods of buying printed newspapers to reading news online. As such the print

media are experiencing declining revenues from sales of printed newspapers and hence the need to shift to digital advertising so as to tap on the rapidly increasing internet using audience.

4.2.2 The proportion of digital advertising revenue in the overall business performance

The study sought to establish to what percentage did digital advertising revenue account for in the overall business performance. From the study findings, the interviewees indicated that digital advertising revenue accounted for about 25% to 45% of the overall business revenue performance. The interviewees were in agreement that digital advertising generated significant revenues for the print media companies and as such merited serious consideration from the management of the print media companies as a major revenue source if the print media companies were to maintain or further grow their profit margins. The significant revenue contribution of digital advertising was attributed to the increasing number of people in Kenya who have access to and use the Internet for various purposes on a daily basis.

4.2.3 Rating the newspaper advertising revenue share

The study sought to determine how the respondents would rate the newspaper advertising revenue share in the past 5 years. From the study findings, the interviewees indicated that the newspaper advertising revenue share had dropped by 15% to 20% over the last 5 years. This sharp decline in the newspaper advertising revenue share has had a significant negative impact on the business performance of the print media companies in Kenya necessitating the shift to digital advertising.

4.2.4 Key determinants to the reducing newspaper advertising revenue share

The study sought to determine the key determinants that are contributing to the reducing newspaper advertising revenue share among the print media companies in Kenya. From the study findings, the interviewees indicated that the significant decline in the newspaper advertising revenue share over the last 5 years has been occasioned by the increase in the use of the digital communication platform such as the internet based products such as the social networking sites, mainly, the Facebook and Twitter.

In addition, the interviewees attributed the decline to increasing preference for the use of mass media over the print media by majority of the firms and persons in their advertising. The interviewees noted that the number of firms and individuals using the newspaper for advertising their products and services had continually declined over the last 5 years as most of them opted for the internet based advertising as a more convenient and cheaper advertising media.

4.2.5 Impact of digital advertising on organizational performance

The study sought to establish the impact that the respondents perceived digital advertising to have on the performance of their organization in the next 5 years. According to the findings, the interviewees indicated that they perceived that digital advertising would have a huge impact on the performance of their organizations in the next 5 years. The interviewees were of the opinion that the digital platform was the next frontier of business competition owing to its numerous benefits.

As more and more people shift from the traditional means of obtaining news (such as the printed newspapers) to the emerging digital means (such as reading the e-papers on the internet), the print media companies were likely to experience declining revenues from the sale of the printed newspapers and increasing revenues from the digital advertising platform. Thus, the interviewees argued that the only way out for the print media companies was the full adoption of the digital advertising to mitigate declining revenues from the traditional revenue sources.

4.2.6 Strategies for improved overall digital performance

The study sought to establish the strategies that the print media companies were putting in place so as to improve the overall digital performance. According to the findings, the interviewees noted that the print media companies are looking to innovate to improve user stickiness and also increase the monetization potential of the digital offering. Some of the strategies being implemented include digital-first strategy (breaking news on digital platforms), leveraging social media for news sourcing and dissemination, user generated content, user groups and forums, localization and personalization of content.

Further, the interviewees noted that the Mobile and tablet usage, which has provided the tipping point for digital news media consumption, is currently the focus of digital news strategy. The print media houses are looking for ways to improve user experience through innovative presentation, interactivity, localization, personalization while retaining the quality of the content. The hope is to increase customer stickiness and also leverage on the mobile platform through a combination of ad-supported apps, freemium models or subscription based/ paid apps.

The interviewees also indicated that there are strategies focusing on achieving efficient scale production advantages and being able to produce at a lower cost than the competitors gives a company cost-leadership. This often means minimizing costs in research and development, service, sales and administration and focusing on just the production and the production cost.

The interviewees also indicated that companies that adopt a strategic position by differentiation are able to create a product, service or offer that is, industry wide, considered to be unique. The uniqueness in the differentiation strategy makes it possible to sell at a higher price and consequently to produce at a higher cost. This uniqueness does not necessarily come from creating a product that is unique but can come from anywhere in the value chain. Consequently, a successful differentiation can arise from other primary or support activities than the core activities in the company. Therefore, even though the actual product is a commodity product, support activities can make the final product differ substantially from its competitors.

In achieving the strategy of cost-leadership, a competitor-centered approach is often adopted, since benchmarking competitors is an important factor. Differentiation and focus often comes from a customer-centered approach where the customers' needs are in focus when creating the appropriate services and activities and a non-price competition is possible since competition is mainly performed by product quality and perception of benefit to the customer. Differentiation most often implies a narrow product line that could become a problem for the company if the buyers need for the differentiating factor decreases.

Some media companies have a strategy of reduced costs by avoiding time-consuming tasks, improving coordination between activities, opportunities for differentiation of products and assuring supply. To gain end-user contact by integration is a way for a new product to penetrate a mature market since it is possible to show the products superiority.

4.2.7 Digital advertising uptake by the print media companies

The study sought to establish the factors that the respondents would attribute to digital advertising uptake by their organizations with respect to gross advertising spending. According to the findings, the interviewees indicated that more people are reading newspapers than ever before thanks to the multi-mediums in which it is available. This has prompted the publishers to find more ways to match that growth with revenues from other avenues, such as, the digital platform. The interviewees indicated that technologies are determined by various forces which include social-cultural forces, economic forces and legal forces. Social – cultural factors such as age, beliefs and societal norms; economic factors such as the people’s income levels and the legal factors such as the laws governing the media industry have significant influence on the digital advertising uptake by the print media companies.

In addition, latest advances in information and communication technologies (ICTs) have continued to be a major factor that is catapulting modern society to a high technology one. With cutting edge and far-reaching developments in science and technology in the late twentieth century, Ipad, ipods, new video games, cellular phones, electronic banking, and satellite television are just a few of the ICT innovations that have taken our modern life by storm. No

doubt, this wave of new media technologies within the fabric of today's globalised village has continued to pressure everyone to adopt ICTs as the whole world is being shrunk into one small entity and computing, telecommunications, broadcast and print media continue to converge on common digital-based techniques.

4.2.8 Challenges of digital advertising

The study sought to establish the challenges relating to digital advertising that the print media companies are experiencing and their impact on their performance. According to the findings, the interviewees indicated that the print media companies are experiencing a wide range of challenges in relation to the adoption and use of digital advertising. The challenges they identified include: the high cost of acquiring the digital facilities, lack of adequate IT infrastructure in the country, differing user expectations, lack of regulatory legal framework on the use of digital platforms, the consumer being spoilt for choice given the availability of vast amount of contents in the internet and the dynamic nature of IT which requires constant review of the digital tools for necessary upgrading.

4.2.9 Impact of digital advertising on the future performance of the industry

The study sought to establish how the respondents saw the digital advertising affecting the future performance of the industry. According to the findings, the interviewees were of the opinion that digital advertising would significantly transform the print media industry as the print media houses continually adopt the digital based products to drive their sales and reducing their reliance on the traditional printed based newspapers. The digital advertising will have major impacts on

the industry through its various innovations such as the use of social media and other internet based services such as subscription based news products.

4.2.10 Perception on digital advertising in Kenya

The study sought to determine the respondents' perception on digital advertising in Kenya. From the study findings, the interviewees indicated that the print media houses had made great efforts to adopt digital advertising and had achieved remarkable progress despite the various challenges. The interviewees indicated that digital advertising in Kenya had grown tremendously as various firms continue to invest on various digital advertising platforms. They would therefore rate the adoption of digital advertising as good.

4.2.11 Benefits of digital advertising

The study sought to determine the respondents' perception on digital advertising in Kenya. From the study findings, the interviewees indicated that the benefits attributable to digital advertising included: increased speeds in information dissemination, closer proximity to their audience, increased flexibility in news dissemination, increased audiences and quick feedbacks on the quality of contents delivered by the media houses.

4.2.12 Digital and traditional advertising on customer reach

The study sought to determine the respondents' opinion on how they would compare digital and traditional advertising with respect to customer reach. From the study findings, the interviewees

indicated that digital advertising had a wider customer reach than traditional advertising. This is as a result of the boundary-less nature of the internet and the dynamic nature of IT.

4.2.13 Satisfaction with the organization's adoption of digital platforms

The study sought to determine the respondent's level of satisfaction with the way their organization was adopting the digital platforms. From the study findings, most of the interviewees were satisfied with the way their company had adopted digital platforms. It was noted that the technological advancements in printing have been rapid, printing houses have bought new technology with greater capacity at the same time as much of the old printing equipment is left working side by side with new presses. Over time, the total printing capacity has been expanded in Kenyan media houses, and there have been continuous price reductions on print.

4.2.14 the frequency of using digital advertising

The study sought to determine the respondents' opinion on how frequent their organization should place their adverts on the digital platforms. From the study findings, the interviewees were of the opinion that it is better to advertise regularly in small spaces than to have a one-time expensive advertising extravaganza. The interviewees indicated that regular advertising was critical in building up awareness and breaking through the consumer's selection process. Regular advertising in the digital platforms was an impetus to consumer action and thus helped in reaching out to new consumers.

4.2.15 Digital platforms/technologies adopted in its print media activities

The study sought to establish the digital advertising platforms adopted by the respondent's organization. From the study findings, the interviewees indicated that the Internet was the main digital platform adopted by the media companies as the digital advertising platform. The internet is the communications platform on which digital media content can be delivered to a wide variety of devices, including desktop computers, wireless laptops, smartphones and other mobile devices. Over the past few decades, the growth of digital media, the rise of the Internet and the proliferation of mobile devices have combined to burst open the very meaning of mass media in several ways.

The interviewees further noted that the two most common digital printing technologies used today in our media houses are electrophotography, also known as xerography and inkjet. These two technologies differ in many ways as electrophotography is based on toner transfer via a charged drum that carries the image onto the substrate, which is heated to get the image to stick. In inkjet the image is sprayed with ink from nozzles directly onto the substrate. This means that in inkjet no image carrier is needed and that the print can be produced without any contact with the substrate.

The study indicated that that other facilities of the new Information and Communication Technologies have given birth to the components of Computer-Assisted Reporting (CAR) which are commercial online databases, CD-ROM, Electronic Bulletin Boards (BBS), Electronic morgue, in-house topical databases, electronic public records and the Intranets.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of findings, conclusion and recommendations of the study in line with the objective of the study. The research sought to establish the influence of digital advertising on performance of print media companies in Kenya.

5.2 Summary

The study established that the digital advertising significantly affected print media revenues given that most people are moving away from the traditional methods of buying printed newspapers to reading news online. This implies that the print media organizations have to embrace the digital advertising platform for them to maintain or even further increase their profit margins.

The study found out that digital advertising revenue accounted for about 25% to 45% of the overall business revenue performance. This implies that digital advertising generated significant revenues for the print media companies and as such merited serious consideration from the management of the print media companies as a major revenue source if the print media companies were to maintain or further grow their profit margins.

The study also established that the newspaper advertising revenue share had dropped by 15% to 20% over the last 5 years. This implies that adoption of the digital advertising by the print media firms was critical in order to compensate for the declining newspaper advertising revenue share.

From the findings, it was established that the significant decline in the newspaper advertising revenue share over the last 5 years among the print media companies has been occasioned by the increase in the use of the digital communication platform such as the internet based products such as the social networking sites, mainly, the Facebook and Twitter and also by the increasing preference for the use of mass media over the print media by majority of the firms and persons in their advertising. This depicts that the traditional printed newspaper advertising is on the decline as firms and individuals tap on the digital platform for their products and services advertising.

The study also established that majority of the interviewees perceived that digital advertising would have a huge impact on the performance of their organizations in the next 5 years. Thus, they viewed the digital platform as the next frontier for business competition owing to its numerous benefits.

The study also found out that the print media companies are looking to innovate to improve user stickiness and also increase the monetization potential of the digital offering. The interviewees identified some of the strategies being implemented as including; digital-first strategy (breaking news on digital platforms), leveraging social media for news sourcing and dissemination, user generated content, user groups and forums, localization and personalization of content. Thus, the

print media houses were implementing various strategies in order to take full advantage of the digital advertising potential.

The study also found out that more people are reading newspapers than ever before thanks to the multi-mediums in which it is available. This has prompted the publishers to find more ways to match that growth with revenues from other avenues, such as, the digital platform. In addition, they noted that social – cultural factors such as age, beliefs and societal norms; economic factors such as the people’s income levels and the legal factors such as the laws governing the media industry have significant influence on the digital advertising uptake by the print media companies. This implies that digital advertising uptake by the print media companies were affected by various factors among them social-cultural, economic and legal factors.

The study also established that the print media companies faced numerous challenges in their quest to adopt digital advertising. The common challenges identified included; the high cost of acquiring the digital facilities, lack of adequate IT infrastructure in the country, differing user expectations, lack of regulatory legal framework on the use of digital platforms, the consumer being spoilt for choice given the availability of vast amount of contents in the internet and the dynamic nature of IT which requires constant review of the digital tools for necessary upgrading. Thus, successful adoption of digital advertising faced serious hurdles that needed to be addressed.

The study also found out that the majority of the interviewees were of the opinion that digital advertising would significantly transform the print media industry as the print media houses

continually adopt the digital based products to drive their sales and reducing their reliance on the traditional printed based newspapers. Thus, digital advertising platform is expected to have major impacts on the industry through its various innovations such as the use of social media and other internet based services such as subscription based news products.

The study also found out that majority of the interviewees indicated that the print media houses had made great efforts in the adoption of digital advertising and had achieved remarkable progress despite the various challenges. This implies that there has been tremendous growth in the adoption of digital advertising among the media players in Kenya, putting the industry as a whole on an upward growth trajectory with regards to embracing the digital era.

The study also revealed that some of the benefits attributable to digital advertising included: increased speeds in information dissemination, closer proximity and interaction with the audience, increased flexibility in news dissemination, increased audiences and quick feedbacks on the quality of contents delivered by the media houses.

The study also revealed that majority of the interviewees indicated that digital advertising had a wider customer reach than traditional advertising. This is as a result of the boundary-less nature of the internet and the dynamic nature of IT. Thus, digital advertising afforded the print media houses access to a greater audience and especially the youths who actively participate in the social media forums.

The study also found out that most of the interviewees were satisfied with the way their company had adopted digital platforms. They noted that technological advancements in printing have been rapid and the printing houses have invested in new technology with greater capacity, leading to expanded total printing capacity among the media houses.

The study further reveals that majority of the interviewees were of the opinion that it was better for the print media companies to advertise regularly in small spaces than to have a one-time expensive advertising extravaganza. Thus, regular advertising was critical in building up awareness and breaking through the consumer's selection process. In addition, regular advertising in the digital platforms was an impetus to consumer action and thus helped in reaching out to new consumers.

The study established that the Internet was the main digital platform adopted by the media companies as the digital advertising platform. This is because the internet provides a communication platform on which digital media content can be delivered to a wide variety of devices, including desktop computers, wireless laptops, smartphones and other mobile devices. Thus, the growth of digital media, the rise of the Internet and the proliferation of mobile devices have combined to burst open the very meaning of mass media in several ways.

5.3 Conclusion

The study concludes digital advertising significantly affects the print media revenues given that most people are moving away from the traditional methods of buying printed newspapers to

reading news online and as such the print media organizations have to embrace the digital advertising platform for them to maintain or even further increase their profit margins.

The study also concludes that digital advertising generates significant revenues for the print media companies and as such merits serious consideration from the management of the print media companies as a major revenue source if the print media companies were to maintain or further grow their profit margins.

The study also concludes that the print media's newspaper advertising revenue share has been on the decline over the past 5 years and hence the adoption of the digital advertising by the print media firms was critical so as to compensate for the declining newspaper advertising revenue share.

The study further concludes that the increase in the use of the digital communication platform such as the internet based products such as the social networking sites, mainly, the facebook and twitter as well as the increasing preference for the use of mass media over the print media by majority of the firms and persons in their advertising are the major factors behind the significant decline in the newspaper advertising revenue share over the past 5 years.

The study also concludes that digital advertising will have a huge impact on the performance of the print media companies in the next 5 years and that the digital platform is likely to be the next frontier for business competition owing to its numerous benefits.

The study also concludes that the print media companies were implementing various strategies such as; digital-first strategy (breaking news on digital platforms), leveraging social media for news sourcing and dissemination, user generated content, user groups and forums, localization and personalization of content in order to take full advantage of the digital advertising potential.

The study further concludes that digital advertising uptake by the print media companies' in Kenya was affected by various factors among them social-cultural, economic and legal factors. Thus, social – cultural factors such as age, beliefs and societal norms; economic factors such as the people's income levels and the legal factors such as the laws governing the media industry have significant influence on the digital advertising uptake by the print media companies.

The study also concludes that print media companies in Kenya face numerous challenges in their quest to adopt digital advertising among them being; the high cost of acquiring the digital facilities, lack of adequate IT infrastructure in the country, differing user expectations, lack of regulatory legal framework on the use of digital platforms, the consumer being spoilt for choice given the availability of vast amount of contents in the internet and the dynamic nature of IT which requires constant review of the digital tools for necessary upgrading..

The study also concludes that the digital advertising platform is expected to have major impacts on the industry through its various innovations such as the use of social media and other internet based services such as subscription based news products. Thus, digital advertising was expected to significantly transform the print media industry as the print media houses continually adopt

the digital based products to drive their sales and reducing their reliance on the traditional printed based newspapers.

The study also concludes that majority of the print media houses had made great efforts in the adoption of digital advertising and had achieved remarkable progress despite the various challenges. Thus, there has been tremendous growth in the adoption of digital advertising among the media players in Kenya, putting the industry as a whole on an upward growth trajectory with regards to embracing the digital era.

The study further concludes that digital advertising provided numerous benefits to the print media houses among them being; increased speeds in information dissemination, closer proximity and interaction with the audience, increased flexibility in news dissemination, increased audiences and quick feedbacks on the quality of contents delivered by the media houses.

The study concludes that digital advertising had a wider customer reach than traditional advertising. Thus, digital advertising afforded the print media houses access to a greater audience and especially the youths who actively participate in the social media forums.

The study concludes that technological advancements in printing have been rapid and the printing houses have invested in new technology with greater capacity, leading to expanded total printing capacity among the media houses. As such, most of the interviewees were satisfied with the way their company had adopted digital platforms.

The study concludes that regular advertising was critical for the print media houses in building up awareness and breaking through the consumer's selection process. In addition, regular advertising in the digital platforms provided an impetus to consumer action and thus helped in reaching out to new consumers. Hence, it was more helpful for the print media companies to advertise regularly in digital platforms than to have a one-time expensive advertising extravaganza.

The study also concludes that the Internet is the main digital platform adopted by the media companies as the digital advertising platform as it provides a communication platform on which digital media content can be delivered to a wide variety of devices, including desktop computers, wireless laptops, smartphones and other mobile devices.

5.4 Recommendations

Given that digital advertising significantly affects the print media revenues as more people shift from the traditional methods of buying printed newspapers to reading e-papers, the study recommends that the management of the print media companies should increase their investment in digital platforms so as to be in a position to take full advantage of the digital advertising potential.

Given that the print media's newspaper advertising revenue share has been on the decline over the past 5 years, the study recommends the adoption of the digital advertising by the print media firms as an important measure to compensate for the declining newspaper advertising revenue share.

The study further recommends the use of digital communication platforms such as the internet based products (such as the social networking sites, mainly, the facebook, whatsapp and twitter) to increase the print media visibility and the probability of increased customer base.

Given that social-cultural, economic and legal factors affected digital advertising uptake by the print media companies' in Kenya, the study recommends that the management of the print media companies have to consider the existing economic and legal framework as well as the social-cultural norms of their target clientele in order to ensure that their implementation of digital advertising is in accordance with the applicable laws and in tandem with their clientele's economic and social-cultural aspects.

Given that the high cost of acquiring the digital facilities and the lack of adequate IT infrastructure in the country were some of the major challenges to the adoption of digital advertising in Kenya, the study recommends that the government through the relevant ministries has to increase its investment in laying of the fibre optic cable so as to provide the necessary IT infrastructure that would reduce the costs associated with the adoption of the digital advertising platforms by the print media companies and other players in Kenya.

5.5 Areas of further studies

Since this study explored the influence of digital advertising on performance of print media companies in Kenya, the study recommends that similar studies should be done in other industries other than the print media industry in Kenya such as the manufacturing and financial

services industries for comparison purposes and to allow for generalization of findings on the influence of adopting digital advertising on the performance of companies in Kenya.

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APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

Dear Sir/Madam,

I am an MBA student from Nairobi University currently pursuing a project in the same field titles; *THE INFLUENCE OF DIGITAL ADVERTISING ON PERFORMANCE OF PRINT MEDIA COMPANIES IN KENYA*: The interview guide contains questions relating to your attitudes and perceptions. The interview guide will take less than 10 minutes of your time. The data from the study will be used solely for the purpose of academic research. Thank you for your participation.

Yours Faithfully

.....

Constance Nyamamu

APPENDIX II: INTERVIEW GUIDE

1. To what extent has digital advertising affected print media revenues?
2. What percentage does digital advertising revenue account for in the overall business performance?
3. Kindly rate the Newspaper advertising revenue share in the past 5 years.
4. Based on your answer to the above question, list the key determinants.
5. What impact do you see digital advertising having on the performance of your organization in the next 5 years?
6. What strategies is your organization putting in place to improve overall digital performance?
7. With respect to gross advertising spending, what factors would you attribute to digital advertising uptake by your organization?
8. What challenges relating to digital advertising are you experiencing and what is its impact on performance?
9. How do you see digital advertising affecting the future performance of this industry?
10. What is your perception on digital advertising in Kenya with respect to your organization's performance?
11. What benefits does digital advertising provide to the print media companies?

12. How would you compare digital and traditional advertising on customer reach?

13. What is your level of satisfaction with the way your organization is adopting the digital platforms?

14. How frequent should the company's adverts be placed on the digital platforms?

15. What are the digital advertising platforms adopted by your organization?

THANK YOU FOR YOUR PARTICIPATION