

**EFFECTIVENESS OF DIGITAL MARKETING STRATEGIES ON
PERFORMANCE OF COMMERCIAL BANKS IN KENYA**

BY

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DECLARATION

This research project is my original work and has not been presented for the award of degree in any other university or institution for any other purpose.

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

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DEDICATION

This piece of work is dedicated to my dear and loving husband David Njoroge Kanjau, my parents Mr & Mrs Kanjau and Mr & Mrs Ng'ang'a. It was your support and encouragement that made my study a success.

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The process of this master's project writing has been a wonderful learning experience in my academic life. It was filled with challenges and rewards. The completion of my present study leads to a new beginning and a step forward in my endeavors.

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ABSTRACT

In a competitive business environment, organizations try to reach their customers in the best possible way and this requires these firms to develop strategies that will create customer satisfaction, value and loyalty. The ability of commercial bank operators to respond rapidly and appropriately to the environmental challenges depends largely on the information systems management to reflect hopes, dreams and realities of real business situation.

A substantial portion of business operator's responsibility lies in his creative abilities driven by new knowledge and information. Digital marketing strategies therefore, plays a crucial role in helping commercial banks to design and deliver new products and services with unique features and redirecting and redesigning their business processes to meet current changes. The objective of the study was to determine the effectiveness of digital marketing strategies on the Performance of commercial banks in Kenya. The research design was descriptive cross sectional survey. The population of the study comprised of all the 43 commercial banks operating in Kenya. The study used primary data that were collected through self-administered questionnaires. The data was analyzed by the use of descriptive statistics. The regression analysis was used to assess the effects of digital marketing strategies and performance. The study found out that digital marketing platforms used by the commercial banks were mobile apps strategy, social media, website design/development, online advertising, display advertising and email marketing. Marketing communication strategy was found to have enabled commercial banks to communicate with international customers, avail customers a 24 hour service platform, availability of online technical support, quick response of inquires, increase efficiency, reduce cost of communication, improve product and price information. The study found out that transaction strategy enabled the commercial banks to customize promotion, flexible pricing, maintain lower inventory level, lower cost of transaction, reduction on procurement and reduction errors. Digital marketing distribution enabled customers to track transactions, reduce waiting time to receive product for digital product/ services, lower cost of delivery for digital product /services and reduce the number of customer service representatives. The study found out that digital marketing strategies improved the performance of commercial banks as it enhanced uptake of bank products by the consumer, lower costs, lower working capital, increased revenue, increased customer base of the bank, increased market share, increased web traffic, lower fixed capital, accelerate cash flows, reduce revenue volatility and reduce risk. The regression analysis established that marketing communication strategy, transaction strategy and distribution strategy jointly influences the performance of commercial banks.

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ABBREVIATIONS AND ACRONYMS

CBK - Central Bank of Kenya

ICT - Information Communication Technology

TAM - Technology Acceptance Model

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In a competitive business environment, organizations try to reach their customers in the best possible way and this requires these firms to develop strategies that will create customer satisfaction, value and loyalty (Hugh and Elizabeth, 2006). Increasing usage of digital media by consumers and the tendency of more potential users joining the digital age, more companies are using digital marketing to reach their target markets. Indeed by the end of 2013, the numbers of Internet users around the world were over 2.5 billion and this vast information traffic will continue to double every 1 - 1.5 years (Kaynar and Amichai-Hamburger, 2014). Digital Marketing is the practice of promoting products and services using digital distribution channels and the ubiquitous nature of the Internet and its wide global access has made it an extremely effective mode of communication between businesses and customers (Rowley, 2011). The growth of Internet technology has enormous potential as it reduces the costs of product and service delivery and extends geographical boundaries in bringing buyers and sellers together. The Internet also allows small businesses to access markets and to maintain a presence that helps them to compete against the big players in the industry.

The banking industry in Kenya has in the recent past witnessed drastic changes and one profound change has been the adoption of information technology in their operations due to the demanding customers that have tended to limit their visits to the physical bank branches. According to the Central Bank of Kenya 2014 annual report, all commercial banks operating in Kenya have adopted one form of internet banking or another due to the shifting nature of the customers and

also because many of the customers tend to prefer to transact with their mobile phones. Banks have found it difficult to cope with increasingly competition by relying on the old marketing strategies and with their customer base being technology savvy over time, there has been need to employ a medium that will reach most of these customers. Consequently, majority of the Kenyan commercial banks have embraced internet banking as a medium of serving their customers.

The Technology Acceptance Model (TAM) is an information systems theory that models how users come to accept and use a technology (Wikipedia) and how organizations need to adapt their operations to how the same customers migrate to. Broadly, technology acceptance model posits that the intensity of an individual's intention to use technology can be explained jointly by his or her perception about the technology's usefulness and attitude towards the technology use (Chau & Hu, 2001). The model suggests that when users are presented with a new technology, a number of factors influence their decision about how and when they will use it, notably: Perceived usefulness (PU) and Perceived ease-of-use (PEOU) (Davis, 1989). Technology Acceptance Model follows the thread of belief-intention-behavior (Ajzen, 1991). TAM was developed in the setting of information system (IS) usage within organizational boundaries, where availability of technological resources, training, IS experience, and the expertise of users are homogenous to some extent; whereas, in a tax-filing setting, not everyone has an equal opportunity or adequate expertise to use information system (Fu, et. al., 2004).

1.1.1 Concept of Digital Marketing Strategies

Internet marketing for digital products and services is one of the most significant developments in the information systems industry. The growth of digital marketing has presented a unique challenge for both marketing and information system managers. The growth of Internet technology has enormous potential as it reduces the costs of product and service delivery and

extends geographical boundaries in bringing buyers and sellers together. Further, the Internet is used for advertising for example the spread of information by e-mail, banners, splash display and viral marketing or partnership advertising (Bandyopadhyay, 2002). Sharma and Sheth (2004) explain that the Internet revolution changed the behavior of customers and sellers since it provides new exchange platforms and communication channels.

Mobile, the Internet, e-mail, and video are a few channels that are increasingly trending and there is need to have knowledge about these techniques since buyers use the Internet as a source to find suppliers on a global level (Leek et al., 2008). Companies have explored digital-marketing vehicles such as video ads, sponsored content and online promotions. Web sites have been overhauled, and microsites for specific products or promotions have multiplied. Since digital products and services, such as graphics and on-line banking, can be delivered via the Internet, they are naturally considered information-oriented products or services. Porter and Millar (2005) mention the strategic importance of new technology as an opportunity to gain competitive advantages. The Internet has created a large opportunity to share and communicate data through electronic movement of information. Companies use it both internally in organization to facilitate business purposes (Bandyopadhyay, 2002). Marketers that use the Internet in their marketing strategy to affect the efficiency and effectiveness in the companies' processes also gain an advantage compared to companies using the traditional transactional approaches. Buyers on the Internet follow a buying process just as for offline purchases. They search for information, evaluate options and make a buying decision.

Gilaninia, Syed, Amiri, Mousavian, (2011) noted that digital banking will become the standard by 2015 especially in developed countries. It suggests that traditional banking is facing its steepest challenge in over a generation. It is believed that a new tipping point has been reached

with digital at its fulcrum. The study showed that close to 69% of bank customers already use online services to purchase financial products thus indicating a continuous growing trend of which banks must keep pace. The study further revealed that most customers were willing to pay a little bit more for digital services that offered them convenience and added value. With the advent of multiple players offering financial services, banks are finding it more difficult to stay competitive and relevant.

1.1.2 Organizational Performance

Every organization exists to achieve a particular goal. Organizational performance is the final achievement of an organization and contains a few things, such as the existence of certain targets, has a period of time in achieving these targets and the realization of efficiency and effectiveness (Gibson *et al.*, 2010). Thus, organizational performance refers to ability of an enterprise to achieve such objectives as high profit, quality product, large market share, good financial results, and survival at pre-determined time using relevant strategy for action (Koontz and Donnell, 2003). Performance provides the basis for an organization to assess how well it is progressing towards predetermined objectives, identify areas of strength and weakness and decide on the future initiatives with the goal of how to initiate performance improvement (Vanweele, 2006).

Organizational performance includes multiple activities that help in establishing the goals of the organization, and monitor the progress towards the target (Johnson *et al.*, 2006). Hopkins and Hopkins (2007) used three measures in the financial performance of banks, namely, profits (or net income), return on investment and return on shareholder equity (ROE). Deposit growth is another measure which is unique to banking and related financial services industries. It is measured as the deposit percentage change in consumer deposits from one year to another.

Rowley (2011) used both financial and non financial indicators. The financial indicators were a percentage growth in sales, labeled as sales growth and percentage profit margin labeled as profitability. They used public image and goodwill, quality of services and efficiency of operations as the non financial indicator.

Mishra (2008) noted that other studies especially in the service sector have measured performance based on employee productivity. This is an important performance criterion in banks because human labor costs are high and is calculated as the logarithm of net income per employee per year. This measure reflects employee efforts disassociated from variations in product and capital markets. Qualitative measures can be considered under outcomes which have affective (satisfaction, commitment, turnover, role conflict and group social integration), cognitive (innovation, range of perspective, number and quality of ideas) symbolic (behavior of lower level employees) and communication (communication with group members) consequences. Comparative performance can be measured in terms of an organization's current performance relative to other organizations in its industry in terms of product quality, employee morale, on time delivery, inventory management and employee productivity (Kates and Matthew, 2013).

1.1.3 Commercial Banks in Kenya

Kenya's financial landscape has considerably changed over the period 2006-2013 and the financial sector has grown in assets, deposits, profitability and products offering. The growth has been mainly underpinned by an industry wide branch network expansion strategy both in Kenya and in East Africa community region as well as automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional 'off-the-shelf' products. Among these innovations include moving from the traditional decentralized banking to

one branch banking that has been enabled by integration of various business functions (PWC, 2012). The banking sector was liberalized in 1995 and exchange controls lifted. According to CBK (2015) there were forty three commercial banks, fifteen micro finance institutions and one hundred and nine foreign exchange bureaus. Over the last few years, the banking sector in Kenya has continued to grow in assets, deposits, profitability and products offering. The CBK (2015) emphasizes that the banking institutions will need to cope continuously with changing business environment and a continuous flood of new requirement via a robust Information and Communications Technology (ICT) platform, while staying sufficiently agile.

The CBK annual supervision report emphasizes that the financial institutions will need to cope continuously with changing business environment and a continuous flood of new requirements via a robust ICT platform, while staying sufficiently agile. Consumers will continue to demand individualized services, and to demand them faster than ever (CBK, 2014). The banking industry in Kenya has found it necessary to embrace business integration as one way of responding to the changing needs of the customers. Contemporary customers have become more informed and require efficient and faster service delivery than before. Nyaoke (2007) indicates that there are some challenges that are encountered by the banking industry in Kenya such as money laundering, but such kind of challenges are easily overcome once banks embrace integration since various departments are able to share real time information.

Wang, et al. (2009) observed that it is increasingly becoming important to offer value added interactive location based services to customers in order to maintain a competitive edge especially in the retail segment of the market. Internet, mobile and agency banking are key drivers of this transformation, not only having significant consequences to the internal functions of banks but also the banks' interactions with their customers (Yang, 2009). Financial

transactions are changing in step with new technologies as it is predicted that more people will seek convenience and avoid the traditional banking forms like visiting branches. Technology and customer behavior will definitely define the future of banking services.

1.2 Research Problem

In today's challenging business environment, business must create strategies in order to grow beyond its known scope. The ability of commercial bank operators to respond rapidly and appropriately to the environmental challenges depends largely on the information systems management to reflect hopes, dreams and realities of real business situation. A substantial portion of business operator's responsibility lies in his creative abilities driven by new knowledge and information. Digital marketing strategies therefore, plays a crucial role in helping commercial banks to design and deliver new products and services with unique features and redirecting and redesigning their business processes to meet current changes (Laudon and Laudon, 2010). The old pushed advertising approach is no longer highly effective with digital media and in the process; marketers are in the process of finding ways to pull consumers to their websites and into a relationship. Marketers are joining consumers online, in their social networks, search engines, and other favorite stomping grounds (Simmons 2011) since it has become necessary for marketers to find ways to create a unified experience across all the channels and exploring how consumers use them to interact with the bank. The growth of the digital marketing among various firms and the gap between strategic adoptions of digital marketing by the banks mean there is a gap on how banks adopt digital marketing. There is a need for critical thinking by banking sector about how different devices for digital marketing are actually suited to different attitudes.

The Kenyan banking industry has continued to grow both in terms of new local and foreign entrants, customer and deposit base, regionalization and increased scrutiny from the regulators specifically the Central Bank of Kenya. With this growth has come the need for the banks to explore other avenues from which their performance can be increased. A few factors seem to affect the speed of growth such as cost advantage, sustainability, trust, privacy and security on the Internet (Sharma & Sheth, 2004). Geyskens et al. (2002) argue in their article that companies that are investing in channels on the Internet show positive net-present-value investments. Eriksson, Kerem, and Nilsson (2010) researched on marketing within internet banking in Latvia: possibilities and challenges in commercial banks. The study established that rapid development of information and communication technologies created possibilities for banks to expend their activities also in electronic environment. Banks used technological base for development and implementation of Internet banking – bank's product that provides possibility for customers to access their accounts and also acquire other bank products.

A study by Irungu (2013) indicated that banking industry is faced with a rapidly changing competitive landscape that is putting pressure on the relevance and future profitability of the traditional retail banks. Another study by Wangeshi (2012) found that e-banking has a big influence on the growth of customer base for the banking institutions in Kenya, through enhancing banking services accessibility to a larger population in the country. The past five years (2009 -2013) has seen an increase in the entry of non-traditional banking players; rapid technological advancement in the devices that are used by clients; and changes in consumer needs and behaviour with regard to the delivery of bank services in key segments and their expectations of their financial services provider. However, as can be evidenced from the above studies, the effectiveness of digital marketing strategies as a source of competitiveness for the

Kenyan banks has not been successfully been researched on. This study therefore attempts to answer the question; what is the influence of digital marketing strategies on performance of commercial banks in Kenya?

1.3 Research Objective

The objective of the study was to establish the effectiveness of digital marketing strategies on the performance of commercial banks in Kenya.

1.4 Value of the Study

This study contributes to the research on the strategies of digital marketing, in the light of global competitive challenges. In particular, it contributes to the rising body of research on how banks in different regions of the world cope with the increasingly competitive global market and strategies they use to not only maintain and improve their competitive positions, but also acquire new market share regionally and internationally.

The management and staff of the various commercial banks in Kenya will find this study an invaluable source of material in developing and harnessing their competitive strategies in the present evolving and dynamic business environment. This study will provide insight on some of the challenges that may be faced in the development and implementation of strategies and how they can avoid them.

The government and regulators of the industry will also find invaluable information in how digital marketing strategies can be adopted and as a result put in place policies that will guide and encourage other organizations within and without the industry in implementing their strategies in an ethical manner.

The policy makers could use the results of the study to identify and bridge up gaps in the existing marketing strategies. This would help in improving the performance of the commercial banks and this increases their competitive advantage.

The findings of this study are expected to contribute to research and practice, by elaborating the strategies that are pursued by the companies in order to be competitive in the industry. The study may also add to the existing body of knowledge by stimulating new areas for further research through the findings and subsequent recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter is structured based on the research objectives. It reviews the relevant literature available that focuses on the theoretical framework, effectiveness of digital marketing strategies and the effect of digital marketing strategies on performance.

2.2 Theoretical Foundation of the Study

There are different theories on digital marketing, each identifying own paradigm and concept about the digital marketing. The study is greatly interested with marketing theories that identify its relationship with the growth of digital marketing and its impact in the banking sector. Highlighted below are some of such theories which include;

2.2.1 The Porter's five forces perspective

The theoretical perspective views competitive advantage as a position of superior performance that a firm achieves through offering cost advantages or benefit advantages (Porter, 1980). This model attributes competitive advantage to the external environmental factors that a firm must respond to such as erecting barriers of entry to competitors, product differentiation, capital requirements, and buyer switching costs (Lado *et al.*, 2002). The theory says that competition within an industry is determined by five forces namely; rivalry of industry competitors, threat of new entrants, bargaining power of buyers, bargaining power of suppliers, and the threat of substitute products (Porter, 1980). The theory further says that basing on the strengths or weaknesses of industry players, the competitive position of individual firms is partly determined, the rest of the external threats notwithstanding. Secondly, prospective new entrants to the

industry, the bargaining power of buyers, the bargaining power of suppliers, and threat of substitute products, altogether have a potential of reducing considerably the competitiveness of organizations in the marketplace.

Industry structure determines who will capture the value, but a firm is not a complete prisoner of industry structure - firms can influence the five forces through their own strategies. The five forces framework highlights what is important, and directs managers toward those aspects most important to long-term advantage. In this framework, gaining competitive advantage is determined primarily by responding effectively to industry-specific requirements. The five forces model constitutes a very useful way of thinking about and analyzing the nature of competition within an industry. However, the model presents a static picture of competition which slights the role of innovation and de-emphasizes the significance of individual company differences while overemphasizing the importance of industry and strategic group structure as determinants of company profit rates (Ghemawat *et al.*, 2009).

2.2.2 The Technology Acceptance Model (TAM)

The TAM Model was advanced by Davis (1986) and specifically addresses the determinants of computer acceptance among end users. TAM theorizes that an individual's behavioral intention to use a system is affected by two beliefs: perceived usefulness and perceived ease of use. Perceived usefulness is the extent to which a person believes that using the system will improve his or her job performance while perceived ease of use is the extent to which a person believes that using the system will be free from error (Venkatesh and Davis, 2010). TAM posits that both beliefs are of primary relevance to computer acceptance behaviors.

The goal of TAM is to provide an explanation of the determinants of computer acceptance that is in general capable of explaining user behavior across a broad range of end-user computing technologies and user populations, while at the same time being both parsimonious and theoretically justified. But because it incorporates findings accumulated from over a decade of IS research, it may be especially well suited for modeling computer acceptance (Welch, & Worthington, 2010). TAM posits that the intensity of an individual's intention to use a technology can be explained jointly by his or her perception about the technology's usefulness and attitude towards the technology use. Rowley (2011) state that technology should be both easy to learn and easy to use; this implies that perceived ease of use is expected to have a positive influence on users' perception of credibility and intention of using internet marketing.

2.3 Effectiveness of Digital Marketing Strategies

The growth of digital marketing depends on effectively adapting to change, improving customer insights, then turning them into improvements in customer experience and service. It also depends on engaging and building communities with target customers, improving the effectiveness of marketing to be heard and remembered, and adding creative channels to communicate value propositions (Shabgoo, Gilaninia, and Mousavian, 2011). It certainly depends on the quality of employees, their training, and their ability to operate as a team.

2.3.1 Digital Marketing and Competitive Advantage

Financial institutions have been in the process of significant transformation. The force behind the transformation of these institutions is innovation in information technology. Information and communication technology is at the Centre of this global change curve of digital marketing (Mirhoseini, 2010). Change has long been the only constant in a world filled with technological innovations and adaptations. Marketers have grown accustomed to learning how to use new

tools. Navigating new channels is part of everyday life. Rules are defined and then discarded when they become obsolete (Mishra, 2008).

The ability to adapt the company's digital marketing strategy to fit the current marketplace is a mandatory skill. Today's change is different from past evolutions. Adapting marketing strategies won't keep the company competitive. The digital marketing model has to be reworked from the ground up. Anything less will put your company in the position of playing catch up to the leaders, catching up is close to impossible because success requires interdepartmental cooperation. For some companies, the corporate culture has to be changed to make departments work together (Mauro, & Tschoegl, 2008). New digital marketing technologies like social media, mobile, and analytics are advancing rapidly on the economic landscape. These innovations are used widely by consumers and employees alike. Lee (2009) noted that executives in every industry – from media to electronics to paint manufacturing – face a bewildering array of new digital opportunities. They are paying attention, but they have few signposts to guide them. Digital maturity matters. It matters in every industry, and the approaches that digitally mature companies use can be adopted by any company that has the leadership drive to do so.

2.3.2 Digital Marketing and Customer Service

Modern digital marketing facilitates consumer-oriented marketing and market segmentation. Market segmentation facilitates formation of marketing-mix which is more specific and useful for achieving marketing objectives. Segment-wise approach is better and effective as compared to integrated approach for the whole market, it facilitates introduction of suitable marketing mix: Market segmentation enables a producer to understand the needs of consumers, their behavior and expectations as information is collected segment-wise in an accurate manner Such information is purposefully usable (Clark and Dorie, 2012). The key objective of an

organization's marketing efforts is to develop satisfying relationships with customers that benefit both the customer and the organization. These efforts lead marketing to serve an important role within most organizations and within society. Modern marketing is a very new concept that needs companies and marketers pay attention to it. Until now, the roles of modern digital marketing and its application have won more attention (Kates and Matthew, 2013).

Bickman and Rog (2008) state that, banking through digital channels has been growing rapidly around the world, first with online banking and now with mobile banking. The characteristics of the evolution in developing and developed countries are slightly different because of the lower level of Internet use and slower speed of Internet access in developing markets, but the overall trend toward greater use of digital channels for banking is similar. With increasing use of digital channels banks need to evolve their sales and marketing efforts from broad based brand and branch focused campaigns to include more effective digital marketing. Multichannel integration of sales and marketing is the ultimate objective. This change of focus is complicated by the rise of social media, and the fact that the nature of interaction with customers in digital channels is not the same as it has been in traditional channels.

2.3.3 Digital Marketing and Growth

The customer base is the group of customers who repeatedly purchase the goods or services of a business. These customers are a main source of revenue for a company. The customer base may be considered the business's target market, where customer behaviors are well understood through market research or past experiences (Rafaeli, 2010). A study by Novak & Hoffman (2011) indicated that the rapid growth of digital channels in the recent past has been one of the strongest and most significant trends in the banking industry in reaching a bigger customer base. Subsequently digital marketing is revolutionizing how retail financial services companies

operate. Underpinning this of course is the growing access to the Internet, and the proliferation of mobile phones. Digital channels are also producing significantly more data which can be used to profile customers, understand their needs, and target them in smaller and smaller segments with the appropriate offers.

Clark and Dorie (2012) noted that banks need to take digital developments seriously because new competitors have been set up from the outset as online businesses and see analytics as an essential core capability. Banks in developed countries have largely been successful at moving transactions away from branches to other channels. The dynamics are slightly different in developing countries where in some cases more branches are needed, but the longer term trend will be the same. With fewer customers visiting branches, banks have to come up with better ways of marketing through digital channels. The technologies and practices are there to be exploited. According to Kates & Matthew (2013) digital marketing is more of a challenge for established banks operating in a more regulated environment. Many banks are therefore still at very early stages in terms of digital marketing capability – offline or online – but there are examples of banks who now have all the pieces in place to be leaders in digital marketing. This includes among other things having a real time single view of the customer, advanced use of analytics like predictive analysis, and the ability to deliver offers to customers in real time in multiple channels (Welch, & Worthington, 2010). Mcmillan & Schumaker (2011) noted that digital adoption helps provide cost-effective, consistent personalized customer messaging as compared to traditional marketing such as print, television, direct mail and so on.

2.4 Effect of Digital Marketing Strategies on Performance

The advent of digital marketing offers organizations a new frontier of opportunities and challenges. Organizations need to understand the drivers that influence the adoption of digital marketing to allow them create solutions and plans to attract consumers to their products and services, hence enable them gain a greater representation in the global industry market (Ghobakhloo *et al.*, 2011). Digital marketing therefore allows organizations a fighting chance for success in the use of local and internal markets. Internet as a marketing tool provides significant opportunities for companies to seek and adopt innovative practices in order to address the increasing demands of consumers (Rafaeli, 2010). Better supply chain management has been achieved and a reduced cost of transaction. The internet allows for fewer data entry errors creating time savings and lower labor costs.

The key use of digital marketing is its ability to enable the banks reach and interact with its current clients as well as potential. It does not need to be expensive to reach online customers effectively (Kates & Matthew, 2013). This also allows them improve their products and services from the feedback given. Performance of banks is paramount for their success today. Success of business is gained through increased sales and acquisition of a market share from other competing firms. Internet marketing allows banks to formulate strategies that can enable them enhance their performance. Evans (2009) noted that digital marketing enables a direct reaction from users towards the advertising companies (Perez-Latre 2009). It can even be 'one-to-one communication'. Moreover, direct actions (purchasing actions) by users are possible which is in particular attractive for companies with e-commerce activities. Another crucial aspect is the costs for digital marketing. Especially in comparison to newspapers, digital marketing represents a

cheaper method ad rates for online marketing are lower than for newspaper advertising (Perez-Latre 2009).

Branding is important in the adoption of digital marketing purposes as well as the availability of adequate security procedures in one's site; this is because any online research and purchasing decisions are made solely based on trust. Inadequate security measures, expertise and financial means to guard against un-authorized access to confidential information by employees and from outsiders and hackers pose a hindrance to digital marketing adoption (Khan, 2007). Mcmillan & Schumaker (2011) noted that digital marketing allows organizations to have better control and feedback from their input as it brought about the capability to compile statistics regarding the viewing of the posted adverts on daily as well as hourly basis. It enables one to view the exposure time of the client on an advert hence track the effectiveness of the advert. Marketers today are able to identify and satisfy consumer needs and preferences through monitoring of websites visitations either on email, online surveys and chat rooms. Internet provides an opportunity to the businesses to get immediate and impulsive responses of the consumers through the marketing surveys and polls conducted online or via email.

Wind & Rangaswamy (2011) noted that one of the most valuable benefits of using digital marketing is its capacity to offer consumers a personalized relationship personalization has also been shown to increase the level of loyalty a consumer holds toward a retailer. Online recommendations are one way to personalize a relationship. Online recommendations range from personal reviews from other customers to personalized recommendations provided by recommender engines or systems. Recommender systems are information sources that provide personalized information to consumers (Ansari, Essegai, & Kohli 2010). These systems use an information filtering technique in order to formulate product recommendations that are most

likely to be of interest to the user. Marketers will benefit from providing recommendations to online consumers, especially if the source is providing personalized recommendations. Consumers focus more on the recommendation source itself than on the type of website on which the recommendation appears (Senecal and Nantel 2004). According to Senecal and Nantel (2004), people who consult online product reviews purchased the recommended products twice as often as people who do not consult reviews.

Online consumer reviews provide a trusted source of product information for consumers and therefore a potentially valuable sales asset. Since online peer reviews can be very beneficial to a company, marketers should determine what motivates consumers to write these reviews. Today's digital generation, are more than willing to write reviews and provide consumer-generated product information (Perez-Latre 2009). In a study by Chevalier and Mayzlin (2006), a good book review led to an increase in sales on the website containing the review. Online peer reviews are especially beneficial since subjects in the study were more prone to read an actual review rather than just reading summary statistics. Extremely negative reviews had a greater impact than extremely positive reviews. This finding also came out in a study regarding the impact of consumer product reviews on attitude toward the brand. Extremely negative reviews had a stronger influence on attitude toward the brand than extremely positive product reviews. The study also found that even a moderate amount of negativity negated the effect of extremely positive reviews (Lee, Rodgers, & Kim 2009).

Gummeson, (2008) 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. In their empirical study on the adoption of advanced

Internet based marketing operations by Swedish firms, Bengtsson et al. (2007) explain that basic use of the Internet includes online presentation of the firm, its products and services and simple information exchange via email.

Matikiti, Afolabi and Smith (2012) in a study on usage of internet marketing in the hospitality sector found that the hospitality sector in South Africa had been making use of internet marketing techniques, with many hotels developing websites for marketing purposes. Given the well-recognized value of Internet marketing in the hospitality industry, the impact of Internet marketing on the profitability of the hospitality sector in South Africa was examined to establish factors which influence Internet marketing usage. Outcomes of this research indicated that the use of Internet marketing positively influenced business profitability and those factors such as technological competence, managerial support, level of star grading and alliances significantly influenced Internet marketing usage in the hospitality sector.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter discusses the methodology, which was used in the study in order to achieve the research objectives. The areas covered include research design, population of the study, data collection procedures and data analysis.

3.2 Research Design

A research design is a strategic blueprint for the collection, measurement and analysis of data whose choice is dependent on the stage to which knowledge about the research topic has advanced (Sekaran & Bougie, 2010). The study adopted a descriptive cross sectional survey design. A survey is was deemed appropriate as it enabled the researcher to collect data by obtaining opinions, attitudes, behaviors, beliefs or answers from selected respondents in order to understand the group or population represented. A descriptive cross sectional study is concerned with determining the frequency with which something occurs or the relationship between variables (Bryman and Bell, 2003). Thus, this approach was appropriate for this study, since the study was intended to collect detailed information through descriptions and was useful for identifying variables.

Descriptive cross sectional research has the advantage that the subject is observed in a completely natural and unchanged natural environment and that it allowed respondents to respond in their time frame (Cooper and Schindler, 2003). Sekaran & Bougie (2010) noted that a descriptive survey seeks to obtain information that describes existing phenomena by asking

questions relating to individual perceptions and attitudes. A descriptive cross sectional study was undertaken in order to ascertain and be able to describe the characteristics of the variable of interest in a situation.

3.3 Population of the Study

Population is the complete group of individuals or companies that the researcher wishes to investigate (Sekaran & Bougie, 2010). It is defined in terms of availability of elements, time frame, geographical boundaries and topic of interest. The population of the study comprised of all the commercial banks operating in Kenya. According to Central Bank of Kenya (2014) there are 43 commercial banks operating in Kenya and all of them participated hence the study was a census.

3.4 Data Collection

The study used primary data which was collected using semi structured questionnaire. The questionnaire consisted of both open and closed-ended questions. Open ended questions allowed the respondents to answer questions in the way they want and closed questions help the respondents to respond quickly. Walliman (2011) notes that use of questionnaire ensured confidentiality was upheld, saves on time and was very easy to administer. The respondents were marketing managers in all the commercial banks in Kenya since they are in direct communication with the customers and have in-depth knowledge on the banks approach to adoption and implementation of digital marketing strategies.

3.5 Data Analysis

Once the data was collected, the questionnaires were edited for accuracy, consistency and completeness. However, before final analysis was performed, data was cleaned to eliminate

discrepancies and thereafter, classified on the basis of similarity and then tabulated. The data collected was analyzed using descriptive statistics (measures of central tendency and measures of variance).

Data was analyzed using statistical package for social sciences based on the questionnaires. In particular mean scores, standard deviations, percentages and frequency distribution was used to summarize the responses and to show the magnitude of similarities and differences. Results were presented in tables and charts. A regression model was done to establish the relationship between digital marketing strategies and performance of commercial banks in Kenya.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This section presents the research findings, data analysis, presentation and interpretation of the findings. The data presented includes response rate, background information of the respondents and a presentation of findings against each individual objectives of the study. The data analyzed and presentation was based on the responses to the items in the questionnaires and interview done. Descriptive statistics are also used in analyzing the findings of this research project. A total of 43 questionnaires were issued out and only 33 were returned. This represented a response rate of 77%.

4.2 Demographic Characteristics

The researcher analyzed the background of the respondent using demographic and general knowledge perception to understand the view of workers for bank's operations. In the questionnaire; educational qualification, length of service with the bank, duration of commercial bank operation as well as the number of employees in the bank. The respondent's responses are as below.

4.2.1 Level of Education

The level of education the one has determines how they understand and responds to different opinions. The results are presented in Table 4.1.

Table 4.1: Level of Education

Level of education	Frequency	Percent
Post graduate	13	39.4
University	15	45.5
Tertiary college	5	15.1
Total	33	100.0

The findings in table 4.1 show that majority of the respondents 68.4% had attained university education level, 26.30% had attained post graduate qualification and only 5.30% had attained tertiary qualification. This implies that over 94% of the respondents had university education and this means that, they are knowledgeable enough to understand and answer the questions in the questionnaires appropriately.

4.2.2 Length of Continuous Service

This indicates the duration of continuous service that the respondents had worked at the institutions. The number of years one has worked within an organization gives understanding about the inner workings of the institution.

Table 4.2: Length of Continuous Service

Years	Frequency	Percent
Less than 5	13	39.4
5 – 10	15	45.5
Over 10	5	15.1
Total	33	100.0

The findings in Table 4.2 indicates that 45.5% of the respondents have been working in the commercial banks for a period of between 5 and 10 years, 39.4% of the respondents indicated that they have worked in their respective banks for less than 5 years while 15.1% of the respondents indicated the duration of service as over 10 years. This shows that majority of the respondents have worked at their respective banks for a period of 5 or more years and have enough understanding of the bank's working and operations.

4.2.3 Duration of Commercial Bank Operation

The duration of bank operation in Kenya was important for the study as this helps the bank to understand the local market dynamics thus adopting appropriate marketing strategies. The results were presented in Table 4.3.

Table 4.3: Duration of Commercial Bank Operation

Years	Frequency	percentage
6 – 10	6	18.2
16 – 20	10	30.3
Over 25	17	51.5
Total	33	100.0

The results in Table 4.3 indicates that 51.5% of the respondents said that commercial banks have been in operation for over 25 years, 30.3% of the respondents indicated that the banks have been in operation for a period of between 16 and 20 years while 18.2% of the respondents said that the companies have operated for a period of between 6 and 10 years. The results indicate that majority of the commercial banks have been in operation in Kenya for more than 10 years and

therefore they understand the local market trends and the need of effective marketing strategies in order to have competitive advantage over other banks.

4.2.3 Number of employees

The number of employees in the banks indicates the size of banks in terms of the branches and overall operations. The results are presented in Table 4.4.

Table 4.4 : Number of Employee

Years	Frequency	percentage
100 – 499	10	30.3
Above 500	23	69.7
Total	33	100.0

The results in Table 4.4 indicate that 69.7% of the banks have more than 500 employees while 30.3% of the banks have between 100 and 499 employees. The results indicate that the banks have employed many employees and this can be attributed to the size and number of branches the bank has and therefore in order to improve its performance the banks have to ensure that the marketing of its products and services influence the customers behaviour to adopt the banks products.

4.3 Digital Marketing Strategies

Digital marketing of products and services is one of the most significant developments in the information systems industry. The use of digital marketing strategies was undertaken in order to determine the strategies that are mostly adopted by the banks in order to improve their sales in a five point Likert scale. The range was ‘Not at all (1)’ to ‘very great extent’ (5). The scores of not at all and small extent have been taken to represent a variable which had mean score of 0 to 2.5

on the continuous Likert scale. The scores of ‘moderate extent’ have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale and the score of both great extent and very great extent have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale. A standard deviation of >0.9 implies a significant difference on the impact of the variable among respondents.

4.3.1 Digital Marketing Platforms

The respondents were requested to indicate the digital marketing platforms that have been used by the commercial banks. The results were presented in Table 4.5.

Table 4.5: Digital Marketing Strategies

Digital marketing strategies	Mean	Std. Deviation
Website design /development for banks	3.8421	.8983
Email marketing for banks	3.4211	.7213
Display advertising for banks	3.5846	.9173
Mobile apps for banks	3.8947	1.0485
Social media	3.8783	1.1672
Online advertising	3.5989	.8698

The results in Table 4.5 shows that banks use mobile apps strategy with a mean score of 3.8947, social media with a mean of 3.8783, website design/development for banks with a mean score of 3.8421, online advertising with a mean of 3.5989 and display adverting for banks and email marketing with a mean score of 3.5846 and 3.4211 respectively. From the findings it can be concluded that the banks have adopted several marketing platforms that will influence the perception of customers to improve competitiveness, grow rapidly, and attract customers due to

emergence of new banks and competition between them. Sharma and Sheth (2004) noted that companies have explored digital-marketing vehicles such as video ads, sponsored content and online promotions. Web sites have been overhauled, and micro sites for specific products or promotions have multiplied. Since digital products and services, such as graphics and on-line banking, can be delivered via the Internet, they are naturally considered information-oriented products or services.

4.3.2 Marketing Communication Strategies

The use of marketing communication strategies is meant to ensure that the services of the commercial banks are readily available whenever the customers intend to use. The result on the usage of communication strategy by the banks is as in Table 4.6.

Table 4.6: Marketing Communication Strategies

Marketing Communication Strategies	Mean	Std. Deviation
Improved product information	3.8947	.65784
Result in improved price information	3.5737	.77233
There is availability of service	3.8421	.89834
Reduce cost of communication	4.0526	.97032
Result in quick response of inquires	4.1053	.93659
It enables customer to have online technical support	4.1579	.95819
Result in increased efficiency	4.0176	1.05409
Availability of service, 24 hours a day,7 days a week	4.1893	1.06787
Internet marketing adoption will allow the bank to communicate with international customers	4.3158	.74927

The findings in Table 4.6 suggest that marketing communication by the commercial banks has resulted in communication with international customers (mean = 4.3158); availability of service, 24 hours services (mean = 4.1893); enables customer to have online technical support (mean = 4.1579); result in quick response of inquires (mean = 4.1053); increased efficiency (mean = 4.0176); reduces cost of communication (mean = 4.0526); improves product information (mean = 3.8947); availability of service (mean = 3.8421) and improved price information (mean = 3.5737).

The results indicate that marketing communication enables the bank customers to transact with the bank easily thus increasing the banks competitiveness through convenience, reliability and efficiency. The results of the study was found to be consistent with the findings of Eriksson, Kerem, and Nilsson (2010) who established that rapid development of information and communication technologies created possibilities for banks to expend their activities also in electronic environment. Banks used technological base for development and implementation of Internet banking – bank’s product that provides possibility for customers to access their accounts and also acquire other bank products.

4.3.3 Transaction strategy

The competitive banking industry has seen the commercial banks adopt transaction strategies in order to be competitive in the digital marketing.

Table 4.7: Transaction strategy

Transaction strategy	Mean	Std. Deviation
Digital marketing reduces human errors	3.4579	.8983
There is reduction on procurement	3.5182	.9642
It enables the bank to maintain lower inventory level	3.5789	1.1698
It enables the bank to customize promotion	3.8947	.9941
It results in flexible pricing	3.6316	1.0116
Lower cost of transaction is achieved through digital marketing	3.5263	1.0733

The results in Table 4.7 indicates transaction strategy has enabled commercial banks to customize promotion (mean = 3.8947); results in flexible pricing (mean = 3.6316); enables the bank to maintain lower inventory level (mean = 3.5789); lower cost of transaction is achieved through digital marketing (mean = 3.5263); reduction on procurement (mean = 3.5182) and reduction errors (mean = 3.4579). From the results, transaction strategy enabled the commercial banks to customize promotion, flexible pricing, maintain lower inventory level, lower cost of transaction, reduction on procurement and reduction errors. These findings were same as Rafaeli (2010) findings that digital marketing allows organizations a fighting chance for success in the use of local and internal markets. Internet as a marketing tool provides significant opportunities for companies to seek and adopt innovative practices in order to address the increasing demands of consumers. Better supply chain management has been achieved and a reduced cost of transaction. The internet allows for fewer data entry errors creating time savings and lower labor costs.

4.3.4 Distribution strategies

Distribution strategy provides the commercial banks on customers with convenience on ensuring that the product is available where and when needed. The principle of accessibility addresses the key area of goods and service distribution.

Table 4.8: Distribution strategies

Distribution strategies	Mean	Std. Deviation
Reduced waiting time to receive product for digital product/ services	3.9531	.9176
Lower cost of delivery for digital product /services	3.7895	.9176
Allow customers to track transactions	4.1579	.8983
It enables the bank reduce the number of customer service representatives	3.5211	1.3045

The results in Table 4.8 shows the role of distribution strategies it allows customers to track transactions (mean = 4.1579); reduce waiting time to receive product for digital product/ services (mean = 3.9531); lower cost of delivery for digital product /services (mean = 3.7895) and that it enables the bank reduce the number of customer service representatives (Mean = 3.4211). From the results, the digital distribution enables the customers to access information in real-time and track their transactions thus enabling the bank to be competitive in the market. Wind and Rangaswamy (2011) noted that one of the most valuable benefits of using digital marketing is its capacity to offer consumers a personalized relationship personalization has also been shown to increase the level of loyalty a consumer holds toward a retailer.

4.5 Performance Indicators

Digital marketing strategies are important to the long-term viability of a company as it can help to create a competitive advantage over other organizations. Digital marketing strategies have a considerable impact on performance by producing an improved market position that conveys competitive advantage and superior performance.

4.5.1 Effect of Digital Marketing Strategies on performance

The respondents were requested to indicate the effect of digital marketing strategies on performance as it enables the commercial banks to know whether the digital strategies they have undertaken has enabled the banks to achieve its objectives.

Table 4.9: Performance Indicators

Performance indicators	Mean	Std. Deviation
Increased revenue	3.6824	.9612
Accelerated cash flows	3.4158	1.1081
Reduce revenue volatility	3.3105	1.0316
Lower costs	3.7789	1.2163
Lower working capital	3.7263	1.1722
Lower fixed capital	3.4684	1.0116
Reduced risk	3.2105	1.0841
Increased market share	3.6211	.9612
Increase in web traffic	3.5863	1.0733
Enhanced uptake of bank products by the consumer	3.9421	1.1186
Increase customer base of the bank	3.6316	1.1647

From the results in Table 4.9, the respondents were in agreement that digital marketing strategies that have been undertaken resulted in enhanced uptake of bank products by the consumer (mean = 3.9421); lower costs (mean = 3.7789); lower working capital (mean = 3.7263); increased revenue (3.6824); increased customer base of the bank (mean = 3.6316); increased market share (mean = 3.6211); increased web traffic (mean = 3.5863); lower fixed capital (mean = 3.4684); accelerated cash flows (mean = 3.4158); reduced revenue volatility (mean = 3.3105) and reduced risk (mean = 3.2105). From the findings, digital marketing strategies adopted by the commercial banks have resulted in improved overall performance through increased uptake of bank products, revenue, customer base of the bank and web traffic while at the same time reducing costs, working capital, fixed capital and reduced revenue volatility. This was found to be consistent with Acharya, Kagan, and Lingam (2012) study which found out that digital marketing is used as a marketing tool to attract and retain customers, expand market reach, and improve service quality, the extent and the intensity of banking products and services offered online is likely to have a significant impact on the bank's overall performance.

4.6 Relationship between Digital Marketing Strategies and Performance

The relationship between digital marketing strategies (marketing communication, transaction and distribution) and commercial banks performance was tested by using linear regression analysis. The following show the model summary and coefficients of regression.

Table 4.10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.913 ^a	.834	.751	.45348

a. Predictors: (Constant), marketing communication, transaction and distribution

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (commercial banks performance) that is explained by all the three independent variables (marketing communication, transaction and distribution). The three independent variables that were studied, explain only 83.4% of the commercial banks performance as represented by the adjusted R squared. This therefore means that other factors not studied in this research contribute 16.6% of the commercial banks performance. Therefore, further research should be conducted to investigate the other factors (16.6%) that influence commercial banks performance.

Table 4.11: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.308	1.342		1.623	.357
	Marketing communication	.731	.156	.210	3.532	.0285
	Transaction	.785	.322	.067	3.542	.0202
	Distribution	.620	.245	.148	3.458	.0249

The equation

$(Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon)$ becomes:

$$Y = 1.308 + 0.731X_1 + 0.785X_2 + 0.620X_3$$

The regression equation above has established that taking all factors into account (marketing communication, transaction and distribution) constant at zero, commercial banks performance will be 1.308. The findings presented also shows that taking all other independent variables at zero, a unit increase in marketing communication will lead to a 0.731 increase in commercial banks performance; a unit increase in transaction strategy will lead to a 0.785 increase of commercial banks performance and a unit increase in distribution strategy will lead to a 0.620 increase in commercial banks performance. This infers that communication contribute most to commercial banks performance followed by transaction strategy then while distribution strategy contributed the little to commercial banks performance.

The regression results indicate that marketing communication, transaction and distribution strategy influences the performance of commercial banks positively and this was consistent with Ansari, Koenigsberg and Stahl (2011) study which found out that banks in all size categories using digital marketing were generally more profitable and tended to rely less heavily on traditional marketing activities in comparison to non-digital marketing banks.

4.7 Discussion

An organization which is competing in fast changing markets with fast changing technology must make things happen, it must adapt to the changing technology and if it does not adapt it risks being overtaken by competitors. In order to be competitive in the market, the commercial banks were found to be using different marketing platforms which include mobile apps strategy, social media, website design/development, online advertising, display advertising and email marketing. Carter et al. (2007) noted that with the emergence and continued development of new technology and the internet, banks can now choose from a plethora of tools for promoting their market share. These new digital marketing tactics are giving banks the chance to expand their marketing efforts like never before by reaching out to larger audiences, creating more relevant and engaging content, and pinpointing exactly what customers want from their firms.

The key objective of an organization's digital marketing efforts is to develop satisfying relationships with customers that benefit both the customer and the organization. These efforts lead digital marketing to serve an important role within most organizations and within society. The study established that digital marketing distribution enabled customers to track transactions, reduce waiting time to receive product for digital product/ services, lower cost of delivery for digital product /services and reduce the number of customer service representatives. Wind and Rangaswamy (2011) noted that one of the most valuable benefits of using digital marketing is its capacity to offer consumers a personalized relationship. Personalization has also been shown to increase the level of loyalty a consumer holds toward a retailer.

The study found out that the usage of digital marketing has enabled commercial banks to enhance uptake of bank products by the consumer, lower costs, lower working capital, increased revenue, increased customer base of the bank, increased market share, increased web traffic, lower fixed capital, accelerate cash flows, reduce revenue volatility and reduce risk. This was found to be consistent with Acharya, Kagan, and Lingam (2012) study which found out that digital marketing is used as a marketing tool to attract and retain customers, expand market reach, and improve service quality, the extent and the intensity of banking products and services offered online is likely to have a significant impact on the bank's overall performance.

CHAPTER FIVE

SUMMARY, CONCLUSION, LIMITATIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes and discusses the findings in relation to the research problem and research objectives. The chapter is thus outlined into summary of the findings, conclusions, recommendations, limitations of the study and suggestions for further research.

5.2 Summary of Findings

Marketing always has been very important function within every contemporary company. Since banks have resources and savvy to conduct marketing activities they always try to use latest and state of the art tools for that. The analysis found that the commercial banks use different strategies to achieve their customer service to grow its digital marketing and offer better customer service. The study established that the banks use mobile apps strategy, social media, website design/development, online advertising, display advertising and email marketing.

Organizations will continue to invest in Information Technology in the hope that it will improve their business process and increase their productivity. However, for technologies to improve productivity, they must be accepted by intended users. The study found out that the commercial banks have been using digital marketing communication and it has enabled the commercial banks to communicate with international customers, avail 24 hour service platform to the customers, availability of online technical support, quick response of inquires, increase efficiency, reduce cost of communication, improve product and price information. Commercial banks in Kenya face unique competitive strategic challenges arising principally from their operations. They all offer similar products and services and the only way for one to get an edge

is to be innovative and differentiate their products and services. The use of digital marketing by the commercial banks has seen a reduction in print and television advertising of the banks products and this has been attributed to digital marketing. This as at the same time see the bank maintain lower inventory level, lower cost of transaction, reduction on procurement and reduction errors.

The distribution of the bank services has a great impact on the perception of the customers and thus the use of digital marketing has seen the commercial banks reduce waiting time to receive product for digital product/ services, lower cost of delivery for digital product /services and reduce the number of customer service representatives. The study found out that the banks performance was affected by digital marketing as it enhanced uptake of bank products by the consumer, lower costs, lower working capital, increased revenue, increased customer base of the bank, increased market share, increased web traffic, lower fixed capital, accelerate cash flows, reduce revenue volatility and reduce risk.

5.3 Conclusion

Knowledge customer and understanding of goods is principle most important. If businesses want to remain active in the field and maintain their position in today's competitive market, they should use digital marketing. The study therefore concluded that the commercial banks should also choose the methods of digital marketing in a way that is critically important to their goals and anticipations.. Likewise through networks new information diffuse opportunities become available through new ideas, access to information and access to more or better resources. Further the study concluded that management emphasize more on digital marketing as a way of

influence customer loyalty in organization services hence effective performance of the organization to a great extent.

Digital marketing has become integral part of business and everyday life. Its importance will only grow and it also means that sophistication of digital marketing solutions and particularly sophistication of available solutions for conducting marketing activities also will grow. Understanding of marketing possibilities within digital marketing allows increasing efficiency of bank marketing and also maintaining competitive advantages. The study also concludes that most organization use digital marketing as a promotional campaign where it helps to identify exactly how, when, and where digital marketing influences consumers hence helping executives to craft marketing strategies that take advantage of digital marketing unique ability to engage with customers. Consequently, the study concluded that keeping customers engaged with digital marketing helps the commercial banks enhance uptake of bank products by the consumer, lower costs, lower working capital, increased revenue, increased customer base of the bank, increased market share to a great extent.

5.4 Limitations of the Study

The study used key informants from commercial banks which put constraints on the generalizability of the results to other firms and other country contexts. The sample selection may also limit the generalization of results to the overall population. The narrow and specific focus of this study means the results are limited to commercial banks only which may not translate to other industry and national contexts.

Another limitation is that as with other research that uses questionnaire as the instrument to collect data, there may be a problem of social desirability. Some respondents may have the tendency to exaggerate or provide responses deemed to be desirable by others, instead of giving honest responses.

5.5 Recommendations

The study established that the commercial banks were using digital marketing to compete and improve their performance. It is recommended that the banks that have not been using digital marketing to a large extent should do so in order to be competitive and enhance organizational performance since through information technology innovation is born through ideas and relevant information. Likewise the study recommends that nowadays without adoption of digital marketing, organization could not perform as per expectations due to competition in the market thus it's a vital tool for competitive advantages. Additionally, the study recommended that promotional campaign should be emphasized more on digital marketing since the age group in those sites constitutes the people with interest in tasting the new brands of the product or services and they can only access the information online as they look for their preferences.

Commercial banks that absorbed the information they get from the customers excels in their performance particularly in sales volumes which in return contributes to more profit. Consequently, the study recommended that feedback information from the customers should be strictly accessed so as to sort out the information that aims at improving the organization performance since some of the information that may stream in to the bank may be provided by the competitors to mislead the bank hence failure to realization of the bank goal.

The study found out that there has been an uptake on the use of digital marketing by the customers and therefore in order to serve its customers well in case of difficulties or problems, the commercial banks customer service personnel (customer experience executives) should be very well trained on how to use digital marketing strategies to ensure customer service is above the traditional standards.

5.6 Suggestion for further research

This study investigated on the effect of digital marketing on performance of commercial banks in Kenya. The study suggests that further research to be done on factors affecting adoption of digital marketing. The study also suggests that further study be done on the same study focusing on other sector other than commercial banks in order to give real situation that reflects both positive and negative side of digital marketing.

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APPENDIX I: QUESTIONNAIRE

Section A: Demographic Characteristics of Respondents

1. Name of the commercial bank (Optional).....

2. What is your highest level of education qualification?

a) Post graduate level ()

b) University ()

c) Tertiary College ()

d) Secondary ()

3. Length of continuous service with the commercial bank?

a) Less than five years ()

b) 5-10 years ()

c) Over 10 years ()

4. How long has your commercial bank been in operation in Kenya?

a) Under 5 years () b) 6 – 10 years ()

c) 11 – 15 years () d) 16 – 20 years ()

e) Over 25 years ()

5. How many employees are there in your bank?

a) Less than 100 ()

b) 100 – 499 ()

c) Above 500 ()

Section B: Digital Marketing Strategies

6. To what extent has your bank used the following digital marketing platforms? Use 1-Not at all, 2-Small extent, 3-Moderate extent, 4-Great extent and 5-Very great extent.

Digital marketing platforms	1	2	3	4	5
Website design/development for bank					
Email marketing for banks					
Display advertising for banks					
Mobile apps for banks					
Social media					
Online advertising					

7. To what extent do you agree with the following statements on the usage of digital marketing by your bank? Use 1-Strongly disagree, 2-Disagree, 3-Moderate extent, 4-Agree and 5-Strongly disagree.

Marketing Communication strategy	1	2	3	4	5
There is improved product information					
It results in improved price information					
There is availability of service					
It reduces cost of communication					
It results in quick response of inquiries					
It enables customers to have online technical support					

It results in increased efficiency					
Availability of service, 24 hours a day, 7 days a week					
Internet marketing adoption will allow the bank to communicate with international customers					
Transaction Strategy					
Digital marketing reduces human errors					
There is reduction on procurement cycle time					
It enables the bank to maintain lower inventory level					
It enables the bank to customize promotion					
It results in flexible pricing					
Lower cost of transaction is achieved through digital marketing					
Distribution strategy					
Reduced waiting time to receive product for digital products/services					
Lower cost of delivery for digital products/services					
Allow customers to track transactions					
It enables the bank reduce the number of customer service representatives					

8. To what extent has digital marketing affected the following performance measures in your bank? Use 1-Not at all, 2-Small extent, 3-Moderate extent, 4-Great extent and 5-Very great extent.

Performance indicators	1	2	3	4	5
Increased revenue					
Accelerated cash flows					
Reduced revenue volatility					
Lower costs					
Lower working capital					
Lower fixed capital					
Reduced risk					
Increased market share					
Increase in web traffic					
Enhanced uptake of bank products by the consumer					
Increases customer base of the bank					

Appendix II: List of Commercial Banks in Kenya

1. ABC Bank
2. Bank of Africa
3. Bank of Baroda
4. Bank of India
5. Barclays Bank Kenya
6. CfC Stanbic Holdings
7. Chase Bank Kenya
8. Citibank
9. Commercial Bank of Africa
10. Consolidated Bank of Kenya
11. Cooperative Bank of Kenya
12. Credit Bank
13. Development Bank of Kenya
14. Diamond Trust Bank
15. Dubai Bank Kenya
16. Ecobank Kenya
17. Equatorial Commercial Bank

18. Equity Bank
19. Family Bank
20. Fidelity Commercial Bank Limited
21. First Community Bank
22. Giro Commercial Bank
23. Guaranty Trust Bank Kenya
24. Guardian Bank
25. Gulf African Bank
26. Habib Bank
27. Habib Bank AG Zurich
28. Housing Finance Company of Kenya
29. I&M Bank
30. Imperial Bank Kenya
31. Jamii Bora Bank
32. Kenya Commercial Bank
33. K-Rep Bank
34. Middle East Bank Kenya

- 35. National Bank of Kenya
- 36. NIC Bank
- 37. Oriental Commercial Bank
- 38. Paramount Universal Bank
- 39. Prime Bank (Kenya)
- 40. Standard Chartered Kenya
- 41. Trans National Bank Kenya
- 42. United Bank for Africa
- 43. Victoria Commercial Bank