MARKET PENETRATION STRATEGIES USED BY FOOTBALL BETTING FIRMS IN KENYA

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DECLARATION

I, the undersigned hereby affirm that this project is my original work and has not been previously presented in part or in totality to any other institution of learning for the award of any degree or examination.

Signed ………………………………………… Date …………………………………

Registration number: **D65/75738/2014**

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

Signed ………………………………………… Date …………………………………

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DEDICATION

To God Almighty, from whom all good things come.

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ABSTRACT

This study was conducted to establish the market penetration strategies used by football betting firms in Kenya. A descriptive census study was done on the 12 licensed and registered betting firms in Kenya. Data was collected and analyzed using descriptive statistics. The study confirmed that football was the most common type of sport betting among the firms and that the firms had adopted a number of market penetration strategies to thrive in an environment characterized by high competition often beyond their influence. The study revealed that under the market penetration strategy of increasing service usage, sourcing new customers and enhancing website features for ease of navigation were the most widely used tactics. To secure dominance in growth markets, majority of the respondents rely on the tactics of identifying new demographics and geographic expansion. With regard to growing market share, football betting firms in Kenya majorly resort to social media campaigns as well as traditional media advertising and product innovations. The study also found out that to drive out competition in saturated markets, betting firms majorly employed a combination of superior positioning and expanding the market share by targeting competitors' customers. The study made contributions to policy formulation especially with regard to establishing a regulatory framework as well as contributions to academic theory and practice. The research also gave rise a number of avenues for further research. The researcher recommends the replication this study in different contexts with regard to other types of sport betting and the assimilation of secondary data in complimenting the primary data.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

A firm's external environment is constantly changing owing to factors beyond its control and influence. Competitive pressure prompts firms to enter into markets by offering a variety of products aimed at growing its market share using a combination of strategies. Over the next five years, growth in the football betting market will be driven by emerging economies. To thrive, football betting firms will have to implement market penetration strategies. Market penetration entails growing products and services in the existing markets. Market penetration measures enable firms to know what percentage of all possible sales is represented by actual sales.

This study is anchored in two theories namely diffusion of innovation and the Ansoff's matrix. The diffusion of innovation theory was developed and popularized by Everett Rogers. The theory sets out to explain the details of the speed at which new ideas are spread. It identifies different adopters categories which include; the early adopters, the early majority, the innovators, the laggards and the late majority. The Ansoff's matrix, developed by H. Igor Ansoff .The theory proposes four alternative strategic choices for firms seeking industry growth. The alternatives include product development, market penetration, diversification and market development.

According to a PwC (2014) report on gambling in Africa, the Kenyan gaming industry generated revenues in excess of Ksh1.98 billion in last year with a projected growth that will see it top Ksh7.5b by 2018.The accelerated growth of the internet and mobile devices has made football betting the newest phenomenon in local sports and it has now become a household name among millions of Kenyans. Attracted by this huge profit potential in the gambling industry, betting firms have set up shop in Kenya in a bid to compete for a slice of the market. In just three years, this budding industry has witnessed the launch of 12 betting firms. The number is expected to increase even further as Kenya's betting industry continues to grow.

1.1.1 Concept of Market Penetration

Market penetration is a strategy for growth advanced by Ansoff's Matrix. It involves firms expanding their sales of existing products in existing markets. It encompasses growing existing markets with existing product offerings. It refers to the activity of growing the market share of an offering that is currently in the firm's portfolio by manipulating the marketing mix elements. Its four main objectives include; increasing usage by existing customers, increasing the market share of current products offerings, driving out competitors to restructure mature markets by and dominating growth markets.

Kotler (2000),advanced that achieving market penetration is driven by existing customers purchasing products more frequently, curving out rival competitor's customers and convincing potential customers do not constitute the current customer base to purchase the firms products. This strategy is regularly employed in the early stages of the growth since it revolves around creating more instances for customers to purchase products or services. This strategy carries the lowest amount of risk as it leverages on the firm's existing resources and capabilities. The four approaches are available to a firm when executing this strategy include ; driving out competitors increasing a product's market share, dominating growth markets and increasing existing customer usage.

1.1.2 Market Penetration Strategies

Market penetration strategies refer to affording more occasions for customers to buy products or services. Ansoff (1990) posits that penetration as the process of growing the market share of an existing product through tactics such as advertising and sales promotion. As a strategic option, it is the nexus between a firm marketing strategy and its overall strategic direction. As hitherto discussed, the strategy presents four alternatives growth strategies which include diversification that is achieved through introducing new products to new markets, seeking market penetration by selling existing products in the existing market, launching new products for present markets and developing the market by introducing new markets for the current product portfolio.

According to Lancaster (1988), market penetration is built around expanding sales of existing products in existing markets. Kotler (2000) describes this as a case where products remain unchanged and no new segments are pursued. Instead, the firm concentrates on enhancing its existing internal competencies as well as building new ones which would enable it to push further into the existing markets. This approach is employed by firms in a bid to grow sales without departing from the initial strategy (Ansoff, 1957). Singh & Boughton (2003) observe that penetrating new markets presents new occasions for achieving intensive growth.

Market penetration strategies are achieved through a combination of the marketing mix elements. Alternatives include; Price adjustments; lowering prices aids firms in generating higher sales volume and attracting consumers relative to prices charged by competitors. Kotler et.al (2008) posits that pricing strategies are grouped pricing strategies into eight different perspectives. They include; strategies for pricing both established and new products, leasing pricing strategy, price flexibility, bundling pricing strategy, pricing strategy to build market share product-line pricing strategy and price leadership strategy. Hinged on the aforementioned perspectives firms can adopt either of the following pricing strategies; penetration pricing, premium pricing, break even pricing, psychographic pricing, geographic pricing and segmented pricing.

Increased distribution networks; Firms augment market penetration by increasing the methods it through which they make the service accessible to buyers at the right place, time and quantities. Distribution strategies available to firms include; intensive, selective and exclusive distribution.Product improvement; product is used to generate new interest in a deteriorating product. Firms have often used the new and improved claim to lure customers in an attempt to improve the perception of quality. Increased promotion; Kotler (2008) postulates that promotion as the activities that relay a product’s features and benefits and sway customers into purchase a product or service. Firms may opt to increase market penetration through exerting greater promotional efforts.

1.1.3 Concept of Betting

Betting is the activity of wagering of money to win a prize. Collins (2003) postulated that gambling is an activity through which parties risk something valuable referred to as a stake with the expectation of winning a more valuable prize. Betting, gambling, gaming and wagering are terms which are often used synonymously, gambling being regarded as embracing all the above forms of the activity. For gambling scholars and practitioners, the activity consists of risking something one possesses in the hope of obtaining something better (Mutuku, 2013).

Sports betting entail predicting a sports event outcome and placing a bet on the event. The principal aim is the prospect of winning additional money. A firm that provides sports betting services is referred to as a bookie, bookmaker, sports book or a betting agency. Football betting basically consists of the elements of chance and a consideration paid in exchange for the opportunity to win a prize by correctly predicting the outcome of a match. The gambler may choose between the different outcomes, which are specific to football. The result of a soccer game can be one of three outcomes; winning, losing or drawing.

1.1.4 The Betting Industry in Kenya

Gambling in Kenya was illegal in 1966 prior to the enactment of the Betting, Lotteries and Gaming Act. In 1966, a board was created to act as a regulator of the industry. Prior to its creation, the industry was directly regulated by the Kenya police through whom all lotteries, casinos and betting groups applied for licenses. In 1967, the Jockey Club of Kenya was tasked with the responsibility of controlling betting and gaming premises, providing for the levying and recovery of betting taxes, authorizing lotteries and public prize competition and curbing illegal gambling on behalf of the government.

Currently, the regulatory framework for sports betting resides in the Betting, Lotteries and Gaming Act of 1966 which founds the Betting Control and Licensing Board. The authority is mandated with the responsibility of licensing premises that house the activity of betting and the collection of taxes arising from betting. The fastest growing form of gambling is online gambling, a betting landscape that was not previously anticipated by the regulatory framework.

Football is the most common form of sports betting in Kenya. Other types of betting include; Casino-style card games such as blackjack and hearts, dice games such as craps, electronic games such as poker and keno, betting on sporting events such as football, lottery tickets such as lotto and pambazuka national lottery and raffle tickets such as the Kenya charity sweepstake. There are 12 betting firms licensed to operate in Kenya by the betting, licensing and control board of Kenya. They include; Betin, Sportpesa, Betika, Betyetu, mCheza,Eazibet, BetPawa, Justbet, EliteBet,Lucky2U, Betway and Kenya Sports Bet.

1.2 Research Problem

The betting industry is currently at its growth stage. Owing to the huge profit potential firms have rapidly entered the marketplace creating a highly competitive environment as each firm competes for a share of the market. To achieve the goal of increased market share by growing their current offerings and to handle the pressures brought about by changes within and without the firm's environment, firms have to implement market penetration strategies. Such is the growth in influence of this emerging industry that the National Assembly in August 2016 convened a committee to investigate the activities the betting industry in Kenya worth billions. In just three years after the introduction of the first betting firm in 2012, this budding industry has witnessed the launch of 11 additional betting firms. This study therefore seeks to establish market penetration strategies used by betting firms in Kenya.

Numerous studies have been done in the area of gambling. Internationally, while studying the trends in the casino gambling globally over the period of next five years, PwC (2014), reported that global casino gaming revenue is projected to grow at an annual rate of 9.2 percent during the next five years, rising to $183 billion in 2015 from $118 billion in 2010. Reilly et.al (2014) while studying global online betting trends found out that online betting is the fastest rising form of gambling globally with college students as the main proponents.

Locally, Kiragu (2000), studied the proliferation of casinos in Kenya and found out that since the inception of the legal framework for regulating the betting industry in Kenya, approximately 30 casinos have been registered. He further puts forward that the local literature seems to contain little information about the operation of this sector. Another study by Otieno (2005) on the gaming industry with particular reference to Mombasa found out that the continued expansion of gaming jurisdictions and the use of new marketing techniques is amplifying the uptake of gambling both locally and internationally.

While studying the influence of unemployment on youth gambling in Nairobi, Wanjohi (2012), found that high unemployment levels among the youth is contributing towards gambling among the youths in Nairobi meaning that they perceive gambling as a source of generating income and spending their time. Additionally, the ease of access and availability of gambling premises, contributes to the increase in the number of the youth who frequent them. Mutuku (2013) studied the regulatory regime governing the casino industry in Kenya argues that the government must embrace and provide for the licensing and regulation of new forms of gaming such as online betting which were not anticipated by the current legislation.

Although scholars recognize the growing influence of gambling and football betting, much emphasis, as depicted by previous researchers, has focused on the area of casinos and general gambling in Africa as a continent, this study seeks to establish the drivers of market penetration with regard to football betting in the Kenyan context. It will be guided by the following study question, what are the marketing strategies used by football betting firms in Kenya?

1.3 Research Objective

The objective of the study was to establish the factors driving market penetration among football betting firms in Nairobi, Kenya.

1.4 Value of the Study

The recommendations of this study contribute to managerial practice, policy and academic theory. With regard to academic theory, the findings greatly augment the existing body of knowledge on service characteristics and diffusion of innovation. The study offers a general overview to scholars considering future research in the realm of football betting. The recommendations of this study will also serve to bridge the existing gap of knowledge with regard to the factors behind the growth of the football betting industry in Kenya.

The policy makers especially in the government gain knowledge on the role played by football betting in the economy of the country. The insights generated also aid the betting licensing and control board of Kenya in developing a framework to regulate online betting. The study provides management; especially marketing managers with vital knowledge that guides them in formulating and implementing value creating institutional strategies with regard to leveraging on the unique platform attributes to gain competitive advantage and enhance customer experience. It also helps companies that intend to set up operations in Kenya in understanding the Kenyan betting landscape.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter outlines the scholarly material reviewed in the subject area of market penetration and football betting. It aims at acknowledging previous studies done on the subject as well as establishing existing gaps in the current body of knowledge.

2.2 Theoretical Foundation of the Study

The theoretical review analyzes existing frameworks and theories that will be used to do the research. The models analyzed here include Roger's innovations diffusion theory and Ansoff's matrix.

2.2.1 Innovations Diffusion Theory

The spread of football betting is a classic example of the types and phases of diffusion of innovations theory. This theory was advanced by Everett Rodgers in 1962. According to Jen & Annette (2002), diffusion relates to the process through which an innovation is trickles down to the social system members through certain channels over time. Innovation adoption occurs when an organization transforms a thought into an actual practice (Dearing, 2009). The adoption rate is the speed at which members belonging to a certain social system take up and accept an innovation. It is arrived at as s function of the duration of time required for a certain proportion of members to espouse an innovation as prescribed adopter category the individual belongs to.

At a point in the adoption curve, the innovation is bound to reach the critical mass. This diffusion of innovations model aids firms in comprehending buyer adoption and engagement with new offerings over time. The model is especially useful to firms when launching a new service. Innovation adoption occurs when an organization transforms a thought into an actual practice (Dearing, 2009). Successful firms adopt innovations for diverse reasons including necessity, competition, and the uniqueness of an idea (Rogers, 2004).

Football betting is at its budding stage. The industry in Kenya is growing at an incredible pace. Though it existed prior to introduction of football betting firms in the year 2012, it was relatively dormant and only a limited number of customers were aware of its existence and use. The internet saw the coming into fruition of online betting. This marked a new era for the betting industry as the process was aided by ubiquity and instantaneity. Utterback & Abernathy (1975) posited that there are two types of innovations; product innovations, centered on the market itself and consumer needs and process innovations, focused on the company itself as it seeks to improve efficiency of operations. While incremental innovations are typically internal improvements, radical innovations provide firms with something new and different from any process previously used by the organization (Marvel & Lumpkin, 2007). The ability to innovate may also reposition the organization among others within the same industry (Lanzolla & Suarez, 2012).

Betting companied in the Kenyan marketplace continually innovate, employing both process and product innovation. To further flourish, these firms adopt both incremental and radical innovations by bringing in new products to keep up with the competitive demands. Wolfe (1994) grouped adopters into five categories: the early adopters, the early majority, innovators, laggards and finally the late majority. Innovators comprise a small percent of the adoption groups and rarely face immediate mimicking because of how far ahead this group is in relation to other organizations. They are, according to Redmond (2003), willing to break with tradition and habit in order to take on the innovation. They are naturally opinion leaders amongst the social system and can help increase the rate of adoption (Rogers, 2003). Early majority adopters interact with peers and move slowly to adopt, preferably after watching all earlier users and opinion leaders gain success (Dearing, 2009).

The late majority adopters face peer pressure to adopt. Finally, laggards adopt innovative practices well after others no longer consider the innovation useful in the organizational field, losing significant economic ground in the process (Rogers, 2003). Each innovation passes through the stages from knowledge when customers learn about existence of a product or service and gain comprehension of its functions; persuasion, where customers the form of a favorable attitude to it; decision during which a commitment is made to its adoption and reinforcement which reduces dissonance.

The speed and degree of each innovation is influenced by several factors. They include relative advantage which relates to the level at which a new idea is thought of as preferable to the idea it comes after ; compatibility; the proportion to which the new idea is aligned to the needs espoused by the adopter ;complexity, the level at which a new idea come off as difficult to comprehend and put to use; trialbility, the proportion to which the new idea may be tested and experimented with on a prescribed time fame; and observability which relates to the proportion of results of the new idea that are observable and noticeable to others (Rogers, 1995). Football betting is quickly being assimilated into the Kenyan culture with the youth in Kenya leading the charge. This has seen a number of them exhibiting tendencies associated with problem gambling by going as far as using school fees to place bets on matches and committing suicide.

2.2.2 Ansoff's Matrix

The Ansoff matrix is corporate growth strategy developed by H. Igor Ansoff in the Ansoff Matrix. This tool ensures that the firm's marketing strategy is in keeping with general strategic path of the firm. The matrix presents four alternatives growth option which comprises of; market development, diversification, product development and market penetration. Market development encompasses offering products that constitute the current product portfolio to new markets. Its main aim is to attract potential customers to purchase the products by employing a different strategy (Ansoff, & McDonell 1990)

According to Proctor (2000).This strategy is often employed when maturity in current markets is achieved, compelling firms to find new markets for current offerings. Alternatives include leveraging an existing offering by offering the product in new geographical regions, adopting different pricing strategies, making product alterations and distributing it through additional channels. Firms using the market development eventually acquire additional customers as well as increase sales turnover.Product development; through product development firms seek to offer a newfangled product to their current market. Porac & Mishina (2004) advanced that product extension and market developments invariably affect the firm's growth as a result of devoting more resources to achieve the options herein.

Ansoff (1957) put forward that in effect, firms develop new offerings to substitute the present products in a bid to augment market share in relation to competitor firms. Lynch (2009) postulates that product development decisions should be anchored on the firm's endeavors to utilize its excess capacity and protect market share by introducing innovative products. Market penetration; through market penetration, firms seek to grow its market share within prevailing industries through selling more products to current customers or by sourcing new customers within the markets it operates in. Hooley et. al. (2004) advanced that the decision to deepen penetration in the market bears the lowest risk as utilizes existing resources that are already in a firm's possession. Further, Pleshko & Larry (2008) adds that this is the safest growth option is because firms gains more usage from already existing customers.

Diversification; it involves offering new products in new markets. It also necessitates structural changes in the firm, different from its past experiences (Ansoff, 1957). According to Kotler & Keller (2011), firms have to consistently identify new occasions that might be useful for their development. Market penetration through diversification strategy presents the most risky choice because it involves entering into new markets the firm had not operated in before. According to Lynch (2009), this strategy is sought in times of market saturation and limited profits to improve profitability and enhance customer loyalty.

2.3 Strategies for Market Penetration

Market penetration strategies available to a firm include; increased product usage among existing users; this strategy encourages customers to purchase products frequently and in larger quantities at every buying encounter (Kotler, 2008).The tactics of this strategy are all aimed at tying customers the firm's product or service portfolio by making it problematic for to switch to the competition. Achieving more frequent usage by customers is boosted by ever evolving technologies that encourage firms to offer more reasons for consumers to use the product or service.

Fruitful market penetration strategies largely depend on understanding of the market and competitor action. This can be achieved through tactics such as value addition to the current offering; putting in place loyalty schemes and making alterations to the product that promote more frequent usage. Securing dominance in growth markets; this relates to occupying a superior position in the market. Dominance can be grouped into four categories. They include market leaders, market challengers, market followers and market nichers. Market leaders are dominant players in the industry. Dominance refers to the situation where a firm has a large share of a market usually above 40%. Under this strategy, firms have a variety of options including identifying new demographics for products, such as another age group and seeking alternative revenue streams.

Increasing the market share of current products; according to Kotler et.al (2008) market share strategy is defined as a pattern of activities and plans employed by a firm to achieve a desired market share objective for instance to grow market share, hold and maintain share, harvest or divest share from the market. According to Varadarajan (1990), market share can be conceptualized and measured in terms of; unit of measure such as unit sales, product definition such brands and positioning; the market definition such as the geographic area; the time horizon in terms of short or long term and the competitive frame of reference.

The market share strategy embraced depends on the firm's objectives, size, available resources and industry position all of which determine the competitive position it occupies. This strategy can be realized by manipulating the marketing mix elements namely, product, price and promotion. Restructuring mature markets by forcing out competitors; this requires intensified promotional activities blended with pricing strategies intended present the market unattractive for the competition to continue operating in. Savrul et.al (2013) advanced that customers' frequency and quantity of purchase can be improved if a firm can form strong relations with customers. This emanates from the fact that existing customers' recommend a firms offering to their vicinity invariably acquiring new customers with no cost. Predatory pricing is at the heart of this strategy. Through this strategy a product sets a very low price, with the aim of driving out competitors who cannot sustain such as price level eventually creating entry barriers

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research methodology that was used for the study. Specifically it describes the choice research design, population of the study, validity and reliability of the research instrument data collection methods and analysis employed in the study.

3.2 Research Design

The study used a descriptive census research design in establishing the factors driving market penetration by betting firms in Kenya. Burns & Grove (2003) define a descriptive research design as a method aimed at providing a picture of the situation as it naturally occurs. Zikmund (2003) advances that surveys offer a quick and accurate means of evaluating information surrounding a population. According to Kothari (2004), a census design involves complete enumeration of all items in the population. The study therefore sought to capture data on all the licensed and registered betting firms in Kenya.

3.3 Population of Study

Population refers to the all subjects under study. Being a census survey, the study made use of the entire population as opposed to a sample to aid in answering the research questions of interest. The population of study therefore included all football betting firms in Kenya. According to the Betting, Licensing and Control Board of Kenya, there are 12 licensed and registered betting firms as of September 2016.The study adopted a census design of all the 12 registered betting firms in Kenya.

3.4 Data Collection

The study utilized primary data obtained from the field. The data was obtained using semi-structured questionnaires that were divided into two parts comprising of background information and market penetration strategies. The questionnaire was personally delivered to the respondents and where possible filled while the researcher waited. In instances where such an arrangement was not possible, the questionnaire was sent to the respondents via email.

The respondents comprised of Marketing Managers or their equivalents. This is because they are presumed to possess a deep understanding of market penetration and would thus be well placed to provide reliable information.

3.5 Reliability and Validity

Reliability and validity are key indicators of the quality of any research instrument. Reliability of the research instrument was enhanced by conducting a pilot tested using a sample of 5 marketing managers who did not constitute the population of the study. The sample was conveniently selected. They were asked to evaluate the statements for relevance and clarity. Further, the Cronbach's Alpha coefficient was used to enhance consistency. The Cronbach's alpha coefficient ranges from zero meaning no consistency to one meaning complete consistency. Nunally (1978) puts forward that as a general rule; a reliability coefficient of 0.7 is statistically suitable for the study. This was the standard used in this study.

Validity denotes how a collection instrument measures what it purports to measure. The researcher undertook to ensure face and construct validity. Face validity ensures that the data collection instrument assesses the intended construct under study. Face validity was enhanced by giving the draft questionnaire to selected persons who possess expert knowledge in realm of research to ascertain the items suitability and appropriateness of the questions. Construct validity ensures that the measure is in effect measure what it aims at measuring. The researcher improved construct validity by pre-testing the questionnaire on a section of the population of study. The appropriate changes and modifications were incorporated to ensure clarity and relevance of the questionnaire.

3.6 Data analysis

Data analysis is the process of evaluating the relevant information that will aid decision making. To reduce bias and enhance accuracy and uniformity, the raw data collected was initially cleaned and sorted to identify inconsistencies. The data was then coded and be keyed into the Statistical Package for Social Sciences (SPSS) computer software for analysis to generate descriptive statistics such as means, percentages, frequency distributions and standard deviation to obtain an in depth understanding of market penetration strategies

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter details an analysis of the findings and discussion of the outcomes obtained from the field responses grounded in the objectives that guide the study. The objective of the study was to determine the market penetration strategies used by football betting firms in Kenya. The raw data was edited to ensure completeness, accuracy and uniformity and analysis conducted using descriptive statistics to generate means and standard deviation.

4.2 Test of Reliability and Validity

Reliability and validity tests are key indicators of the quality of the data collection instrument. Kothari (2004), advances that a data collection instrument is dependable if it provides consistent results.

Table 4.1 Test of Reliability and Validity

Measure	Items	Cronbach's Alpha	Interpretation
Increasing usage among existing customers	16	0.698	Reliable
Securing dominance in growth markets	12	0.746	Reliable
Increasing market share	15	0.717	Reliable
Driving out competitors in saturated markets	14	0.724	Reliable
Overall score	**57**	**0.726**	**Reliable**

Source: Researcher 2016

The findings from table 4.1 show that all the items under study using the instrument of collection were reliable. This because they attained an alpha score of at least 0.7.Nunnaly (1978) states that if the value of the coefficient is too low, either too few items were used or the items used had very little in common. He recommended a value of 0.7 and above as the most adequate show of internal consistency. The recommendations of Nunnaly (1978) were therefore met in this study.

Validity speaks to the proportion to which the instrument of collection measures what it is expected to measure (Kothari 2004). A preliminary version of the questionnaire was discussed with the supervisor before piloting with the aim of improving its validity. Modifications such as restructuring the questionnaire were made based on the inputs and data collected using the questionnaire.

4.3 Response Rate

A total of 12 questionnaires were disseminated to the 12 registered betting firms. Of those distributed, 10 were duly completed and returned, indicating a response rate of 83%.Although there is no consensus among scholars on acceptable response rate, Fowler (1984), posits that a response rate of 60% is representative.83% is therefore deemed sufficient and considers appropriate.

4.4 Background Information

The study sought to establish information on the respondents relating to their current position and years worked in the firm and the most common type of betting in the firms that they worked for.

4.4.1 Current Position in the Firm

In the study, current position in the firm relates to the job position that the respondents held at the time of the study. The target respondents were marketing managers of the betting firm or their equivalents.

Table 4.2 Current position of respondents

Position	Frequency	Percentage
Marketing managers	8	80
Business Development Managers	1	10
Customer Service Managers	1	10
Total	10	100

Source: Researcher 2016

The results show that 80% of the respondents were marketing managers while 10% were customer service managers and 10% were business development managers. This showed that a majority of the respondents were marketing managers.

4.4.2 Tenure in the Firm

The study aimed at establishing the duration of time that the respondents had been employed at the firm in their current positions. The results show that 80% of respondents had served in their current positions for one year while only 20% of the respondents had served in their position for two years. This is because football betting had only just recently blossomed in Kenyan market and was growing with most firms having been operation in the industry for no more than two years.

4.4.3 Most Common Type of Sport Betting

The study was conducted with the objective of determining the market penetration strategies used by football betting firms in Kenya. The study aimed at establishing the most common type of sport betting across all the registered and licensed betting firms. Results as indicated that football was the most common type of sport betting with a recording of 100% from all the respondents.

4.4.4 Market Position of the Firm

The study interrogated the current market positions of the firms in the market. Market position ranks firms based on an individual firm's sales volume relative to the sales volume of its competitors operating in the same industry

Table 4.3: Market position of the firm

Position	Frequency	Percentage	Cumulative percentage
Market Leader	2	20	20
Market Follower	5	50	70
Market Challenger	2	20	90
Market Nicher	1	10	100
Total	**10**	**100**	

Source: Researcher 2016

The results indicated that 20% of the firms were market leaders while 50% were market followers, 20 % market challengers and only 10% were market nichers. This is because the two market leaders were the pioneers of football betting in Kenya and therefore reap the benefits of first mover advantage.

4.4.5 Measurement of Effectiveness of Market Penetration Strategies

The study examined the measurement of the effectiveness of market penetration strategies of the football betting firms. According to Ansoff (1957), the four main strategic choices under this strategy include; increasing usage among existing customers, increasing market share, securing dominance in growth markets and driving out competitors in saturated markets.

Table 4.4: Measurement of effectiveness of Market Penetration Strategies

Measure	Frequency	Percentage
Increased service usage	8	80
Market share	7	70
Dominance in growth markets	3	30
Driving out competitors	1	10

Source: Researcher 2016

Based on table 4.5, increased usage was the most employed measure of effectiveness of market penetration strategies at 80%; followed by market share at 70%.Dominance in growth markets had the least representation with 30% and 10% respectively. Most of the firms majorly employed the measures of increased service usage and market share because the betting industry is at its growth stage is witnessing massive growth as evidenced by the numerous firms entering the market.

4.5 Market Penetration Strategies

The study espoused the objective of determining the market penetration strategies used by football betting firms in Kenya. This section covers and in-depth analysis of the marketing strategies used by football betting firms in Kenya. This was achieved through the likert scale that rated the tactics under each of the market penetration strategies on a scale of 1-5 where 5-to a very large extent ,4-to a large extent,3-to a moderate extent,2-to a small extent and 1-to a very small extent.

4.5.1 Increasing usage among existing customers

In this study, increasing usage entails getting current consumers to use the service. As such, the current study sought to establish what tactics firms employed to achieve this strategy. Respondents were asked to evaluate various tactics regarding increased usage from their own perspective using a scale of 1-5 where 5-to a very large extent ,4-to a large extent,3-to a moderate extent,2-to a small extent and 1-to a very small extent.

Table 4.5: Increasing usage among existing customers

Measure	Number	Mean	Standard deviation
Loyalty schemes	10	4.60	0.699
Improving and adding new betting features	10	4.00	1.054
Minimizing dissonance through customer service	10	4.80	0.632
Targeted advertising	10	4.30	0.675
Introducing complimentary offerings	10	3.30	1.059
Price reductions and discounts	10	4.78	0.441
Sourcing new customers	10	5.00	0.000
Enhancing website features for ease of navigation	10	4.70	0.483
Customer retention strategies	10	4.60	0.699
High bonus payouts	10	3.70	1.418
Increasing online mobile site usage	10	4.90	0.316
Developing mobile applications	10	4.67	0.500
Reducing betting price charges	10	4.78	0.441
Introducing varieties of sports betting	10	3.11	1.616
Encouraging offline betting through text messages	10	4.00	1.054

Source: Researcher 2016

Based on the results in table 4.6 sourcing new customers was the highest tactic used in increasing service usage among existing customers with a mean of 5.00. Increasing online mobile site usage also recorded a high mean of 4.90 and a standard deviation of 0.316. This is because the betting industry in Kenya is at its growth stage. More and more customers are adopting the new form of gambling and therefore firms have to continually source for these new customers to drive their market penetration strategies.

Mobile phone penetration in Kenya is very high with mobile usage contributing the highest number of new internet users. Betting firms have to continually improve the access of their websites via mobile phone and hand held devices to drive their growth strategies. Loyalty schemes were the least employed tactics recording a mean of 3.30. Introducing complimentary offerings recorded the lowest mean of 3.30 and standard deviation of 1.059 because at this stage of the product life cycle, adoption of betting is still growing and therefore the market is not ready for complimentary offerings.

4.5.2. Securing Dominance in Growth Markets

In this study, securing dominance in growth markets entails succeeding in opportunities that emerge within the market. As such, the current study sought to establish what tactics firms employed to achieve this strategy. Respondents were asked to evaluate various tactics regarding securing dominance in growth markets from their own perspective using a scale of 1-5 where 5- to a very large extent ,4-to a large extent,3-to a moderate extent,2-to a small extent and 1-to a very small extent.

Based on table 4.7, focusing on the youth markets is the most widely used tactic to secure dominance in growth markets among football betting firms with a mean of 4.90 and a standard deviation of 0.316.Regional geographic expansion also scored highly with a mean of 4.80 and a standard deviation of 0.422. This is because the younger population of Kenya forms the largest percentage of customers of betting firms. As such, betting firms have to continually attract and align with them to achieve market penetration. Geographic expansion enables betting firms to serve customers that do not currently exist in their customer base. Global geographic expansion is the least employed tactic with a mean of 2.5 and a standard deviation of 1.179. This is because a majority of firms operating in the Kenyan market are local firms that have not achieved the capacity to expand into global markets yet.

Table 4.6: Securing dominance in growth markets

Measure	Number	Mean	Standard deviation
Identifying new demographics	10	4.70	0.483
Exploring cost efficiencies and economies of scale	10	4.30	0.823
Continuous technological innovations	10	4.67	0.500
Being the first mover	10	3.50	1.179
Effective positioning	10	4.60	0.699
Diversification	10	3.00	1.323
Regional geographic expansion	10	4.80	0.422
Monitoring trends in the marketplace	10	4.40	0.843
Focus on youth markets	10	4.90	0.316
Continuous market research	10	3.90	0.316
Segmentation	10	4.60	0.699
Global geographic expansion	10	2.50	1.179

Source: Researcher 2016

4.5.3 Increasing Market Share

In this study, increasing market share entails growing individual customer base in comparison to that of the total customer base. As such, the current study sought to establish what tactics firms employed to achieve this strategy. Respondents were asked to evaluate various tactics regarding increasing market share from their own perspective using a scale of 1-5 where 5-to a very large extent ,4-to a large extent,3-to a moderate extent,2-to a small extent and 1-to a very small extent.

Based on table 4.8, social media campaigns is the most used tactic under increasing market share with a mean of 5.00. This is because social media has redefined how customers associate with each other and with the organizations that endeavor to meet and exceed their needs. Modern day consumers converge on social media and it behooves betting firms to use such platforms to engage them. Responsiveness to customer feedback and customer relationship management also recorded high means of 4.80 and 4.78 respectively and standard deviations of 0.422 and 0.441 respectively. Introducing competing brands such as lotteries was the least used tactic with a mean of 2.70.This is because customers are at the heart of the service industry and as such to achieve high market share, firms have to listen to them and keep up with their changing tastes and preferences. Introducing competing brands such as lotteries recorded the lowest mean because betting firms in Kenya are mostly occupied with driving the market share of the initial offering.

Table 4.7: Increasing market share

Measure	Number	Mean	Standard deviation
Traditional media advertising	10	4.90	0.316
Publicity and public relations	10	4.30	0.675
Sponsorships	10	2.50	1.179
Event marketing	10	3.11	1.616
Increasing the number of betting options	10	4.40	0.843
Introducing competing brands such as lotteries	10	2.70	1.160
Penetration pricing	10	4.56	0.726
Product innovations	10	4.67	0.500
Social media campaigns	10	5.00	0.000
Encouraging customers to spend more	10	4.40	0.843
Premium pricing	10	3.00	1.323
Customer relationship management	10	4.80	0.422
Extensive countrywide agent distribution	10	2.40	1.350
Responsiveness to customer feedback	10	4.78	0.441
Publicity and public relations	10	4.40	0.843
Social responsiveness	10	4.00	1.054

Source: Researcher 2016

4.5.4 Restructuring the Market to Drive-Out Competition

In this study, restructuring the market to drive out competition entails adapting to mature or saturated markets and responding with strategies to make operations within the market unfavorable for competitors. As such, the current study sought to establish what tactics firms employed to achieve this strategy.

Respondents were asked to evaluate various tactics regarding restructuring the market to drive-out competition from their own perspective using a scale of 1-5 where 5-to a very large extent ,4-to a large extent,3-to a moderate extent,2-to a small extent and 1-to a very small extent

Based on the results from table 4.9, superior positioning and aggressive promotional activities recorded the highest means of 4.80 and 4.60 respectively and standard deviations of 0.632 and 0.699 respectively. This is because the football betting industry in Kenya is highly differentiated and so to push out competition; firms have to continuously engage customers. Mergers and acquisitions was the least used tactic with a mean of 1.000.This is because the betting industry in Kenya is at its growth stage and firms have only been in operation for periods of less than three years and therefore mergers and acquisitions are not a present reality.

Table 4.8: Restructuring the market to drive-out competition

Measure	Number	Mean	Standard deviation
Aggressive promotional activities	10	4.60	0.699
Targeting competitors' customers	10	4.40	0.843
Heavy discounting	10	4.30	0.675
Intensive differentiation	10	3.10	0.316
Mergers and acquisitions	10	1.00	0.000
Service line extensions	10	2.40	1.350
Introducing alternative products	10	3.90	0.316
Superior positioning	10	4.80	0.632
Disruptive technological advancements	10	2.70	1.160
Poaching competitor employees	10	3.70	1.418
Industry partnerships	10	4.00	1.054
Continuous training of employees	10	3.11	1.616
Predatory pricing	10	2.40	1.350
Consistent promotional offers	10	4.40	0.843

Source: Researcher 2016

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the major findings resulting from this study. It also outlines recommendations to theory, practice and policy as well as the conclusions. The chapter also details the limitations encountered in the study and areas for hereafter research.

5.2 Summary of Findings

The study's singular objective was to establish the marketing strategies used by football betting firms in Kenya. Majority of the respondents indicated that football betting was the most common type of sport betting among their customers. Most of the betting firms were classified as market followers who in a bid to thrive in the face of unprecedented pace of change and stiff competition have had to come up with strategies to achieve market penetration. The study also revealed that increased service usage by customers and market share growth were the most widely used measures of market penetration.

The research findings established that under the market penetration strategy of increasing service usage, sourcing new customers and enhancing website features for ease of navigation were the most widely used tactics. To secure dominance in growth markets, majority of the respondents rely on the tactics of identifying new demographics and geographic expansion. With regard to growing market share, football betting firms in Kenya majorly resort to social media campaigns as well as traditional media advertising and product innovations. The study also found out that to drive out competition in saturated markets, betting firms majorly employed a combination of superior positioning and expanding the market share by targeting competitors' customers.

5.3 Conclusion

A number of conclusions can be arrived at, based on the findings of the research. The study also found out that football is the most common type of sport betting. The study results support the premise that betting in Kenya is at its growth stages and therefore firms are heavily investing in market penetration strategies to grow market share and increase service usage amongst existing customers. This is because the betting industry in Kenya is at its budding stage and the last three years have seen the launch of 12 betting firms. Going forward, the industry is projected to expand, attracting even more players, both local and international into the betting arena.

The study revealed that all firms utilize the tactic of social media campaigns to drive market share growth. In future, social media will be an important driver of growth especially with regard to online betting. This will be especially significant because of its high levels of mobile usage industry. Additionally, the youth market which makes up the bulk of the new demographic target market for sports betting firms in Kenya congregates in such social platforms therefore providing a unique channel to engage them. To increase usage among existing customers, firms are continuously identifying potential customers and converting them to actual consumers of the service. This is more so the case with mobile usage. Mobile phones and hand held devices are the new frontiers to increase service usage since customers can conveniently access the betting websites via such devices conveniently and from any location. This new platform has also been boosted by the growing level of acceptance of technology and mobile penetration in Kenya.

With regard to restructuring market to drive out competition, most of the betting firms intensified promotional activities and aimed at achieving superior positioning. This is because the betting industry is becoming highly differentiated and firms that fail to act by putting in place promotional strategies will be driven out of business as they will no longer be seen as relevant in the eyes of consumers. The study also revealed that as part of the market penetration strategy to secure dominance in growth markets, betting firms are pursuing geographic expansion to broaden their reach. In future, owing to the ubiquity of websites, the ability to transcend geographical boundaries, firms will have to seek growth through international markets. As a result, the betting industry in Kenya will increasingly become highly internationalized as firms pursue growth.

5.4 Limitations of the Study

Like any other research, this study had a few of limitations. The population was limited to football betting. Sport betting encompasses a wide range of sporting events such as cricket, rugby, golf and swimming. The researcher also gained a firsthand experience of obtaining data from government institutions such as the BCLB. Further, the study heavily relied on primary data to establish the market penetration strategies used by football betting firms in Kenya and the study therefore suffers from limitations of singularly employing primary data as there is no triangulation to validate the findings.

5.5 Recommendations

Following the discussion of finds, the study makes a number of recommendations and bears implications to theory, policy and practice.

5.5.1 Recommendations on Academic Theory

There is inadequate literature in the field of football betting in the Kenyan context. The study augments the existing body of knowledge on diffusion of innovations, more specifically to the adoption of football betting in Kenya. Further, the study provides insights on the application of market penetration strategies such as market share growth and increasing usage in the context of the football betting industry.

5.5.2 Recommendations on Policy

The current regulatory framework encapsulated in the Betting, Lotteries and Gaming Act of 1966 (Cap 131 Laws of Kenya), which establishes the Betting Control and Licensing Board (BCLB) did not anticipate the proliferation of online football betting. This has given rise to widespread legal uncertainty with regard to the application of the law. This is an opportunity for policy makers especially in government to amend the existing framework to accommodate new forms of football gambling as well as to generate tax revenues from the budding industry.

5.5.3 Recommendations on Practice

For marketing managers, it would be critical to appreciate the growing influence of online sports betting. Findings from this study can be used formulate marketing strategies. To satisfy and exceed the needs and wants in the marketplace, it is essential for betting firms to consider making their offerings available online especially through mobile websites accessible through mobile devices. Further, the study provides useful insights on the effective tactics to achieve market penetration for firms intending to set up operations in Kenya.

5.6 Suggestions for Further Research

The study gave rise to new potential research avenues. There is need to replicate this study in different contexts with regard to other types of sport betting. This can be done to accommodate other forms of betting such as rugby and swimming. The study also mainly relied on primary data. Future research could utilize secondary data resources to compliment the primary data gathered especially relevant journal entries that depict the latest thinking and trends in the realm of sports betting.

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APPENDIX I

LETTER OF INTRODUCTION

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MSC (MARKETING) PROGRAMME

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14 September 2016

TO WHOM IT MAY CONCERN

RE: MICHAEL NDERO KIRAGU – D65/75738/2014

This is to confirm that the above named is a bona fide student in the Master of Science in (Marketing) degree program in this University.

He has successfully completely his Part I (Coursework) and he is embarking on Part II (Research Project).

Any assistance accorded to him will be highly appreciated.

For **DR. FLORENCE MUINDI**
MSC. MARKETING CORDINATOR
SCHOOL OF BUSINESS

APPENDIX II

QUESTIONNAIRE

INTRODUCTION

I am a student pursuing a MSc. in marketing course at the University of Nairobi. Part of my coursework entails conducting a research study titled: Market penetration strategies used by football betting firms in Kenya. This questionnaire is part of a study aimed at collecting data on the marketing strategies adopted by the firms. Please fill in the responses appropriately and where possible fill in as many responses as you find relevant. Any information given will be accorded utmost confidentiality and will singularly be utilized for this of this study's purpose.

PART A: BACKGROUND INFORMATION

1. What is the name of the betting firm?

……………………………………………………………………………………………………..

2. What is your current position in the firm?

……………………………………………………………………………………………………..

3. How many years have you worked with the firm?

…………………………………………………………………………………………………….

4. What is the most common type of sport betting among your customers?

……………………………………………………………………………………………………..

PART B: MARKET PENETRATION STRATEGIES

5. Which category best describes the current market position of the firm?

    - Market leader [ ]
    - Market follower [ ]

- Market challenger [ ]
- Market Nicher [ ]

6. How do you measure the effectiveness of the firm's market penetration strategies?

- Increased service usage [ ]
- Market share [ ]
- Dominance of growth markets [ ]
- Driving out competitors [ ]

Listed below are the probable market penetration strategies that your firm has adopted. Please indicate the extent of usage as per the guided scales.

7. To what extent do you use the following tactics to increase usage among existing customers? Please indicate on scale of 1-5 where; 1- Very small extent; 2- To a small extent; 3- To moderate extent; 4- To a large extent; 5- To a very large extent

Statement	**1**	**2**	**3**	**4**	**5**
Loyalty schemes					
Improving and adding new features					
Minimizing dissonance through improved customer service					
Targeted advertising					
Introducing complimentary offerings					
Price reductions and discounts					

Sourcing new customers					
Enhancing website features for ease of navigation					
Customer retention strategies					
High bonus payouts					
Increasing online mobile site usage					
Developing mobile applications					
Reducing betting price charges					
Introducing varieties of sports betting					
Encouraging offline betting through text messages					

8. To what extent do you use the following tactics to you secure dominance in growth markets? Please indicate on scale of 1-5 where; 1- Very small extent; 2- To a small extent; 3- To moderate extent; 4- To a large extent; 5- To a very large extent

Statement	**1**	**2**	**3**	**4**	**5**
Identifying new demographics					
Exploring cost efficiencies					
Continuous technological innovations					
Being the first mover					
Effective positioning					
Diversification					
Geographic expansion					

Monitoring trends in the marketplace					
Focus on youth markets					
Continuous market research					
Segmentation					
Global geographic expansion					

9. To what extent do you use the following tactics to increase the market share of current products? Please indicate on scale of 1-5 where; 1- Very small extent; 2- To a small extent; 3- To moderate extent; 4- To a large extent; 5- To a very large extent

Statement	**1**	**2**	**3**	**4**	**5**
Traditional media Advertising					
Publicity and public relations					
Sponsorships					
Event marketing					
Increasing the number of betting options					
Introducing competing brands such as lotteries					
Penetration pricing					
Product innovations					
Social media campaigns					
Encouraging customers to spend more					

Premium pricing					
Customer relationship management					
Extensive countrywide agent distribution					
Responsiveness to customer feedback					
Publicity and public relations					
Social responsiveness					

10. To what extent do you use the following tactics to drive out competitors? Please indicate on scale of 1-5 where; 1- Very small extent; 2- To a small extent; 3- To moderate extent; 4- To a large extent; 5- To a very large extent

Statement	**1**	**2**	**3**	**4**	**5**
Aggressive promotional activities					
Expanding market share by targeting a competitors' customers					
Heavy discounting and price cutting					
Intensive differentiation					
Mergers and acquisitions					
Product line extensions					
Introducing alternative products					
Superior positioning					
Disruptive technological advancements					

Poaching competitor employees					
Industry partnerships					
Continuous training of employees					
Predatory pricing					
Consistent promotional offers					

YOUR CONTRIBUTION IS HIGHLY APPRECIATED

APPENDIX III

LIST OF LICENSED AND REGISTERED BETTING FIRMS IN KENYA

No.	**Name of betting firm**	**Year established**
1.	Betin	2012
2.	Sportpesa	2013
3.	BetPawa	2014
4.	Lucky2u	2014
5.	Betyetu	2015
6.	Eazibet	2015
7.	EliteBet	2015
8.	mCheza	2016
9.	Justbet	2016
10.	Betway	2015
11.	Kenya sports bet	2013
12.	Betika	2016

Source: Betting Licensing and Control Board of Kenya September, 2016