THE EFFECTS OF TECHNOLOGY ON MARKETING STRATEGIES ADOPTED BY COMMERCIAL BANKS IN KENYA

BY

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION UNIVERSITY OF NAIROBI

2017

DECLARATION

This Research Project is my original work and has not been presented for an academic award in any other University.

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This Research Project has been submitted for examination with my approval as the Student's University Supervisor.

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DEDICATION

I dedicate this research project to my son, Master Andy Johnson, in whose eyes I see the future and my late father, Mr. Francis Nyawanda Aoro, in whose tenacity I get challenged.

ACKNOWLEDGEMENT

The completion of this study would have been impossible without the material and moral support from various people. It is my obligation therefore to extend my gratitude to them. First of all I thank the Almighty God for giving me good health, and guiding me through the entire course.

I am greatly indebted to Prof. Francis. N. Kibera who was my supervisor for his effective supervision, dedication, availability and professional advice. I extend my gratitude to all my lecturers who took me through the MBA programme, therefore enriching my research with knowledge. The various bankers, who were my respondents, deserve my appreciation for their support and willingness for providing the required information during my study. My appreciation finally goes to my classmates, with whom I weathered through the storms, giving each other encouragement and for their positive criticism during the entire course.

ABBREVIATIONS AND ACRONYMS

CRM - Customer Relationship Management

VSAT - Very Small Aperture Technology

SMS - Short Messaging Services

R&D - Research and development

DOI - Diffusion of Innovation

WAN - Wide Area Network

EN - Enterprise Network

USSD - Unstructured Supplementary Services Data

CBK – Central Bank of Kenya

OECD- Organisation for Economic Co-operation and Development

EFTPOS- Electronic funds transfer at point of sale

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ABSTRACT

The impact of technology on marketing has become noticeable over the years. For an organization information is the most precious of modern corporate resources and its exploitation the key to competitive survival, the spotlight falls on marketing. Organizations of all sizes are using various information technology tools and applications in order to become more competitive. The role of technological innovations on efficiency and cost reductions in any given sector is paramount to the successful and profitable service delivery of the sector. In many organizations, a fundamental assumption of much recent research in operations improvement and operations learning has been that technological innovation orientations have a direct bearing on performance improvements. This study aimed to establish the effect of technology on marketing strategies adopted by commercial banks in Kenya. The study employed a cross sectional descriptive design. The target population was the 43 Commercial Banks based on latest available information from Central Bank of Kenya. Both primary and secondary data were used in this study. Primary data was collected by means of a semi- structured questionnaire. Secondary sources were obtained from the financial statement of the selected banks, Kenya Stock Exchange Fact book, Central Bank of Kenya publication. The data was analyzed by use of descriptive statistics such as mean scores, frequencies, and percentages. Statistical Package for Social Sciences (SPSS) was used to aid in quantitative analysis in this study. From the findings, it was established that majority of the Commercial Banks do employ Market strategies to improve Sales Performance. The study found that marketing has become a major function in the banking industry as a result of increased competition brought about by bank consolidation and reforms. In addition, all banks agree on the opinion that marketing strategies influenced by technology have an immense contribution on the sales volumes realized. The study recommended that banks should embark, from time to time on marketing research. Marketing research will bring about innovation, better services for customer and better method of production and processing.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The impact of technology on marketing has become noticeable over the years. In today's world Woldesenbet (2014) says that information flows through technology. For an organization information is the most precious of modern corporate resources and its exploitation the key to competitive survival, the spotlight falls on marketing. A marketing strategy is a coherent and agreed upon process formed with the aim of increased revenue and market share. Broadly speaking, marketing strategies refer to the set of actions designed to meet your business goals. Organizations have to gather, handle and analyse the high amount of information, companies rely on technology. According to Jushua (2010) organizations need to access their marketing strategies in relation to the current technologies. A wide range of technologies are identified including hardware, software and communication technology. It shows that technology has a strong impact on the marketing strategy in terms of collect, handle, interchange, communicate, analyse, personalize and customize information, leading to cost reductions, more effective marketing procedures and improved customer satisfaction.

Several theories have been used to explain the importance of marketing strategies in organizations. In this study, we will focus on innovation diffusion theory and the resource advantage theory. These will form the theoretical foundation and fundamental basis of application of variables and their ensuing relationships. Innovation diffusion theory states that overtime an idea or product gains momentum and diffuses (or spreads) through a specific population or social system. Resource advantage theory states that that firms seek superior financial performance, when combined with the fact that all firms cannot be superior at the same time. Organizations should develop marketing strategies based on their situations and conditions.

Commercial banks are really important in the economy of any given country. Their main functions include providing a safe place for clients to keep their money, facilitating transfer of money from one account to another, offering lending services, offering foreign exchange services, assisting traders dealing in international trade, offering their customers investment services, offering financial advice to their customers (Lerner, 2012). The banks also keep valuable items for customer, offer their customers advice on taxation matters and act as trustees for their clients. Commercial banks need to ensure their clients know they offer these services. Thus come up with marketing strategies which will help to clarify your business's goals, aims, and activities. A good marketing strategy will help the banks maximize the resources at your disposal and prioritize each of your tasks as they arrive. In light of this, the study seeks to answer the question: what is the effect of technology on marketing strategies pursued by commercial banks in Kenya?

1.1.1 The Concept of Technology

Technology is the collection of techniques, skills, methods, and processes used in the production of goods or services or in the accomplishment of objectives, such as scientific investigation (Arthur, 2009). According to Arthur (2009) technology can be the knowledge of techniques, processes, and the like, or it can be embedded in machines to allow for operation without detailed knowledge of their workings. Fisher (1998) notes technology when applied in today's banking environment falls into three specific categories: customer independent (a technology that involves a customer conducting and completing a transaction with a bank entirely independent of any human contact with the institution e.g. ATMs, phone banking and Internet banking); customer assisted (a bank employee will use customer-assisted technology as a resource to complete a transaction such as call centre's customer service officers will use a Customer Relationship Management (CRM) System to understand a customer's profile and provide instant responses to customers' queries on the banking transactions and up-to-date billings (Gutek & Welsh, 2009); and customer transparent Customer technology which represents the real core of bank operations and customers never see it but expect it.

1.1.2 Marketing Strategies

Marketing strategy is the fundamental means of increasing sales and achieving a sustainable competitive advantage (Silva, 2006). Marketing strategy includes all basic, short-term, and long-term activities in the field of marketing that deal with the analysis of the strategic initial situation of company and the formulation evaluation and selection of market oriented strategies and therefore contributing to o the goals of the company and its marketing objective.

Market penetration strategy is also called the concentrated growth strategy because a firm thoroughly develops and exploits its knowledge and expertise in a specific market with known products (Ballowe, 2009). One of the goals is to increase present customers' rate of use. This can be achieved through increasing the size of the purchase, maximising the rate of product obsolescence, finding new users for the product, advertising other uses and offering incentives for increased use. Product development is due to changes in consumer preferences, increasing competition and advances in technology. These can be products that have never been introduced in the market, product innovations on new products or existing products that have been modified and improved. Successful product development strategies are as a result of leveraging three internal elements, technical advantage and experience, marketing savvy and better understanding of the customer (Ungvari, 2009).

According to Wanza (2010) market development strategy for a current product is achieved through new users in new geographic segments, new demographic segments, new institutional segments or new psychographic segments. Finally, Product diversification is a corporate strategy to enter into a new market or industry which the business is not currently in, whilst also creating a new product for that new market. This is the riskiest section as the business has no experience in the new market and does not know if the product is going to be successful (Friedman, 2009).

Ungvari (2009) argues that one facet of marketing development that is critical for market penetration is convincing current customers to buy new products and services that they are not already purchasing. This is a great place to start because these clients already know and use the company's products and services, so a relationship that can be expanded has been established earlier Marketing strategy allows firms to develop a plan that enables them to offer the right product to the right market with the intention of gaining competitive advantage. A marketing strategy provides an overall vision of how to correctly position products in the market place while accounting for both internal and external constraints (Oyewale, 2013).

1.1.3 Commercial Banks in Kenya

There has been tremendous growth in the Kenyan banking industry. Changes in the Kenyan economy and Commercial Banks have not been spared from the impact of these changes. The banking sector in Kenya comprises 44 registered Commercial Banks that are licensed by the Central Bank of Kenya. There are various banking laws in Kenya that govern and regulate the way banks are formed, operate and are managed in the country. Some of these laws include but not limited to the appropriation act, banking act, bankruptcy act, Barclays of Kenya limited act, capital markets, Central Bank of Kenya act, central depositories act, cheques act, general loans and stock act among other laws. The laws are divided and partitioned to cover the different aspects in the banking industry. It also enables the government to keep an eye in the way the banks are operated and managed. According to customer surveys that have been carried out on customer satisfaction, clearly indicate that quality service delivery to customers by Commercial Banks in Kenya still has remained a challenge due to inappropriate strategies adopted. Adoption of effective strategies by Commercial Banks in Kenya in managing service quality will enhance organizational performance and market competitiveness.

The Kenyan Banking Sector continued on a growth trajectory with the size of assets standing at KSh. 2.2 trillion, loans & advances worth Ksh. 1.3 trillion, while the deposit base was KSh. 1.7 trillion and profit before tax of Ksh. 53.2 billion as at 30th June 2012. During the same period, the number of bank customer deposit and loan accounts stood at

14,893,628 and 2,051,658 respectively The major forces shaping the structure of the industry and competitive advantage are; increased competition from new market entrants, competition from non-traditional sources like co-operatives and micro-finance institutions, changes in customer tastes, the CBK (amendment) Act 2000 (Donde Bill) and changes in technology (Internet banking, Short Messaging Services (SMS) banking, M- pesa, and Very Small Aperture Technology (VSAT)).

1.2 Research problem

Organizations of all sizes are using various information technology tools and applications in order to become more competitive (Arthur, 2009). The role of technological innovations on efficiency and cost reductions in any given sector is paramount to the successful and profitable service delivery of the sector. In many organizations, a fundamental assumption of much recent research in operations improvement and operations learning has been that technological innovation orientations have a direct bearing on performance improvements. Marketing strategies have also become a significant tool and have remained competitive in the financial environment. Organizations have a bit of a complex nature, their operations and marketing strategies could be significantly enhanced by a well-focused application of technology. Strategic management requires that organizations need to have an effective systems in place to counter unpredictable events that can sustain their operations and minimize the risks involved through innovation orientations. Only those organizations that is able to adapt to the changing environment and adopt new ideas and ways of doing business that can be guaranteed hope of survival. Implementation of technology and marketing strategies would constitute a major change for commercial banks in Kenya. (Watson, 2010).

According Glen and Zumwalt (2012) some of the forces of change that have greatly influenced the performance of commercial banks include mainly technology adoption. There are numerous barriers to innovation in developing nations. The developing countries with low literacy rates and weak higher educational systems often face a great deal of difficulties assimilating new technologies for innovation development as they lack the essential human capital to leverage on technological developments, scientific knowledge and technical skills (Lerner, 2012). There is also inadequate intellectual property rights protection often create a disincentive for banks to engage in innovation development through research and development (R&D), as the economic spin-offs associated with their innovation efforts are diminished very quickly once made available in the public domain. Magutu (2009) argues that the innovation orientations projects often involve high risks, long gestation periods and therefore require huge amounts of financial resources to share risks and costs, and hence restrictive ownership policies on direct investments often hamper private sector or foreign participation in innovation orientations.

Previous studies like that of (Pooja & Singh 2009; Franscesa & Claeys 2010; Batiz-Lazo & Woldesenbet, 2006 & Magutu, 2009) have produced mixed results regarding the impact of technology adoption on bank performance. Pooja and Singh (2009), and Franscesa and Claeys (2010), in their studies concluded that financial innovations had least impact on bank performance, while Batiz-Lazo and Woldesenbet (2006) concluded that innovation had significant contribution to bank performance. It is at the center of such mixed conclusions that created and necessitated the need to carry out a study from a Kenyan context to establish the effect of technology adoption on marketing strategies by commercial banks.

Kenyan commercial banks have continued to deploy huge investments in technology based innovations and training of manpower to handle the new technologies. Although studies have been carried out on the contribution of financial innovation to the effectiveness of the monetary policy; few studies have sought to relate technology adoption and marketing strategies in the banking sector. Franscesa and Claeys (2010) focused on the effects of bank innovations on financial performance of commercial banks in Kenya. The study focused on effects of bank innovations on income of banks, return of assets, bank profitability and customer deposits. The current study seeks to answer the question:- what is the effects of technology on marketing strategies pursued by commercial banks in Kenya?

1.3 Objective of the study

To establish the effect of technology on marketing strategies adopted by commercial banks in Kenya

1.4 Value of the study

This study will enable commercial banks in Kenya and Africa gain knowledge and importance of using technology and implementing various marketing strategies. This study will enable stakeholders understand the innovations that they can replicate in their businesses in order to improve on their marketing strategies. The study findings will also inform them on which innovations have better link to financial performance and hence save on the costs of conducting cost benefit research in their institutions. The study findings will help banks in evaluating the importance of financial innovation on their performance in terms of bolstering profitability. Banks, especially commercial ones, are swiftly becoming more aware of the importance of innovation in this era and this study adds impetus to knowledge on the link between innovation and performance.

This study is of help to the government of Kenya in making policies as it seeks to leverage on technology to grow the financial services sector and enhance financial access and inclusion. One of the key drivers of change in Kenya is information technology and innovations. Through the findings of the study, the government of Kenya will be able to appreciate which areas of innovation to support the banking sector by either waiving taxes or other non-monetary incentives.

This research will also benefit students involved in marketing and technology. It will add value to the existing body of knowledge as it recommends ways for improvement of financial performance by leveraging on technology innovations. Nevertheless, this study serves as a stepping stone for newer research on financial innovation.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews the literature relevant to this study. The theories relevant to the study area are reviewed. It then dwelt on the empirical studies that discuss the link between technological innovation, marketing strategies and performance of commercial banks.

2.2 Theoretical Review

This section explores the various theories and models that can explain the effect of technological innovation on marketing performance of commercial banks. The study focused on contingency theory, disruptive innovation theory and diffusion of innovation theory

2.2.1 Contingency Theory

This research was based on the contingency theory whose proponents are Kast and Rosenzweig (1985) to the study of commercial banks effects of innovation orientation on financial performance. The theory based upon the organismic analogy, views organizations as consisting of a series of interdependent subsystems, each of which has a function to perform within the context of the organization as a whole. This can be related to technology, quality customer service, employee's motivation and marketing strategy that are can be used to as a strategic response to competition by commercial banks. Contingency theory additionally rests upon the open systems view that regards the organization as dependent upon the wider environment. The organization and environment are seen as being in a state of mutual influence and interdependence. The marketing strategy performance decides whether it survives or not, and is determined by the way the organization manages its relationship with the environment.

Contingency theorists Kast and Rosenzweig (1985) suggest that a leaner organizational structure and reduced red tape increase flexibility and facilitate the fit between intra-organizational processes and the environment. Several strategies seem pertinent, notably a cost leadership strategy which enables the organization to increase return on sales, or to increase market share through aggressive costing.

2.2.2 Disruptive Innovation Theory

According to the theory of disruptive innovation by Christensen (1997), the leaders in an industry are displaced by new entrants when the new entrants introduce a disruptive innovation the industry leaders are not able to respond to. The theory predicts that the industry leaders are displaced from the industry and the new entrants take over the market. The Organisation for Economic Co-operation and Development Oslo Manual (2005) defines disruptive innovation as an innovation that has a significant impact on a market and on the economic activity of firms in that market. Any type of innovation can be disruptive. The banking industry in Kenya felt the effects of disruptive innovation from the telecommunication firms offering mobile money transfer notably M-Pesa from Safaricom. MShwari a product of Safaricom and CBA bank, stands out as the biggest disruptive innovation along with Mpesa in Kenya in the last decade. M-Pesa by 2013 had recruited 10.2 million customers. To be able to deal with this challenge banks have engaged in innovation (CBK, 2014). Disruptive theory is relevant in that it explains the type of innovations banks adopt. Technological, marketing and management innovations are disruptive because they do away with traditional banking.

2.2.3 Diffusion of Innovation Theory

Rogers' (1995) Diffusion of Innovation (DOI) theory is a popular model used in information systems research to explain user adoption of new technologies. Rogers defines diffusion as 'the process by which an innovation is communicated through certain channels over time among the members of a social society' (Rogers, 1995). An innovation is an idea or object that is perceived to be new (Rogers, 1995). According to DOI, the rate of diffusion is affected by an innovation's relative advantage, complexity, compatibility, trial ability and observability. Rogers (1995) defines relative advantage as 'the degree to which an innovation is seen as being superior to its predecessor'. Complexity, which is comparable to TAM's perceived ease of use construct, is 'the degree to which an innovation is seen by the potential adopter as being relatively difficult to use and understand'. Compatibility refers to 'the degree to which an innovation is seen to be compatible with existing values, beliefs, experiences and needs of adopters'. Trialability is the 'degree to which an idea can be experimented with on a limited basis'. Finally, observability is the 'degree to which the results of an innovation are visible' (Rogers, 1995).

The diffusion theory is relevant because it explains the reason why banks adopt technical innovations. One of the reasons why banks adopt technical innovations is relevant advantage. This means that banks that adopt technical innovations have relatively better financial advantage than those who do not.

2.3 Banking Technology

2.3.1 Mobile Banking

Mobile banking (m-banking) refers to provision and availment of banking and financial services through the help of mobile telecommunication devices. The scope of offered services may include facilities to conduct bank and stock market transactions, administer accounts and to access customized information. Mobile networks in Kenya offer m-money services in the name of M-pesa by Safaricom, Orange money by Orange, Yu-cash by Essar, and Airtel money by Airtel. Currently the mobile money market size is about 15 million users transferring Kshs. 2 billion daily, of these over 14 million are Mpesa customers. M-money providers have partnered with commercial banks such as Equity Bank, I&M Bank, and Kenya Commercial Bank, Barclays and Co-operative to offer mobile based financial products that aim to reach the unbanked (Agboola, 2006).

2.3.2 Branch Networking

Networking of branches is the computerization and inter-connecting of geographically scattered stand-alone bank branches, into one unified system in the form of a Wide Area Network (WAN) or Enterprise Network (EN); for the creating and sharing of consolidated customer information/records (Abor, 2005).It offers quicker rate of interbranch transactions as the consequence of distance and time are eliminated. Hence, there is more productivity per time period. Also, with the several networked branches serving the customer populace as one system, there is simulated division of labour among bank branches with its associated positive impact on productivity among the branches.

Furthermore, as it curtails customer travel distance to bank branches it offers more time for customers' productive activities

2.3.3 Electronic Funds Transfer at Point of Sale Terminals

An Electronic Funds Transfer at the Point of Sale is an on-line system that allows customers to transfer funds instantaneously from their bank accounts to merchant accounts when making purchases (at purchase points). A point of sale uses a debit card to activate an Electronic Fund Transfer Process (Chorafas, 1988).Increased banking productivity results from the use of electronic funds transfer at point of sale to service customers shopping payment 18 requirements instead of clerical duties in handling cheques and cash withdrawals for shopping. Furthermore, the system continues after banking hours, hence continual productivity for the bank even after banking hours. It also saves customers time and energy in getting to bank branches or ATMs for cash withdrawals which can be harnessed into other productive activities. As the importance of innovation in developing countries increases, so does the need for research on the subject.

2.3.4 Internet Banking

Internet banking (e-banking) is the use of internet and telecommunication networks to deliver a wide range of value added products and services to bank customers (Steven, 2002) through the use of a system that allows individuals to perform banking activities at home or from their offices or over the internet. Some online banks are traditional banks which also offer online banking, while others are online only and have no physical presence. Online banking through traditional banks enables customers to perform all routine transactions, such as account transfers, balance inquiries, bill payments, and stop-payment requests, and some even offer online loan applications. Customers can access account information at any time, day or night, and this can be done from anywhere. Internet banking has improved banking efficiency in rendering services to customers. Financial institutions in Kenya cannot ignore information systems since they play an important role in their operations because customers are conscious of technological advancements and demand higher quality services.

2.4 Technology and Marketing Strategies

The efficient and successful business operates in an environment characterized by information, dynamism, and globalization, driving it to be flexible and react quickly to changes in the market. According to Woldesenbet (2014), the impact of technology on marketing is dramatic. The industrial countries of today represent a growing information society which is based on technology. For an organisation "information is the most precious of modern corporate resources and its exploitation the key to competitive survival, the spotlight falls on marketing" (Mazur, 2014,p18). To gather, handle and analyse the high amount of information, companies rely on technology. 1.5 billion pounds are invested on marketing related IT applications just in the UK (Mazar, 2014), which makes 15 percent of the total amount spent on IT, and this percentage is still increasing. A wide range of technologies could be identified including hardware, software and communication technology. It could be shown that technology has a strong impact on the marketing strategy in terms of collect, handle, interchange, communicate, analyse, personalize and customize information, leading to cost reductions, more effective marketing procedures and improved customer satisfaction.

It is important to understand the concept of marketing strategy to comprehend the impact of technology on marketing strategy. This is necessary since there is a lack of clarity in literature as some scholars identifies targeting, segmentation, positioning, and differentiation as marketing strategies. In the same breadth, other scholars identify marketing mix elements or the 4-Ps mix including product, pricing, promotion, and place as marketing strategies. These accounts of marketing strategy fail to differentiate between marketing strategy and marketing management. Marketing strategies are segmentation, differentiation, targeting, and positioning. According to El-Ansary (2016), marketing strategy is the taxonomy of marketing strategy formulation and implementation processes. It is defined as the "integration of segmentation, targeting, differentiation, and positioning strategies designed to create, communicate, and deliver an offer to a target market (El-Ansary, 2016 p36)." The involvement of technology in marketing strategy leads to improved communication, better product content, and connection in a market between consumers, company, and competitors. Technology like the internet builds brands with better content that connect with consumers and give a company competitive advantage over competitors. Brands that can connect with the market communicate better in context, and connects by increasing followers, connections and likes in the market.

Marketing strategy involves the identification of the optimal market share, maintain, and reduce the market share, and the creation of competitive marketing strategies. Marketing strategies are implemented and formulated directly to the activities of competitors. Marketing strategy processes are designed to offer positive customer experience, offer customer value, satisfaction to achieve royalty through effective marketing communication and delivery processes. Marketing strategy strive to achieve maximum positive outcomes from this positive customer experience entailing higher financial outcomes. Therefore, given this broad definition of marketing strategy, this research identifies the key factors in strategy technology impacts. “The use of the internet as a medium, and the World Wide Web as an evolving technology has made it less costly and allowed marketers to get information- both of low quality and high quality- more quickly and easily than ever before” (McDonald & Adam, 2013, p51).

Marketers have traditional used survey, observation, and experimental research, but with the advent of technology like mail, personal and telephone interviews, and electronic networks have increased their marketing research capabilities. The convergence of media and Transmission Control Protocol/Internet Protocol technology, and including cellphones, television, and touch-screen responses assist marketers to collect data from the market and from their stores (McDonald & Adam, 2013). The technologies collect data on visitors to the company’s websites, purchases, inquiries, and competitors. The technologies synchronize data from various sources to determine the changes in market and consumer demands from inquiries, comments on blogs, and online comments on social media sites.

2.5 Empirical review

Recent literature has a narrow focus and ignores internet banking almost entirely; it equates internet money with the substitution of currency with internet gadget. For instance Freedman (2000) suggests that internet banking and internet money consists of three devices; access devices, stored value cards, and network money. Internet banking is simply the access to new devices and is therefore ignored. Internet money is the sum of stored value (smart cards) and network money (value stored on computer hard drives). Santomero and Seater (1996), Prinz (1999) and Shy and Tarkka (2002) present models that identify conditions under which alternative payments substitute for currency. Most of these models indicate that there is at least a possibility for internet substitutes for currency to emerge and flourish on a wide scale depending on the characteristics of the various technology and those of the potential users. Friedman (1999), intimated that internet banking presents the possibility that an entire alternative payment system not under the control of the Central Bank may arise. Today computers make it at least possible to bypass the payment system altogether, instead using direct bilateral clearing and settlement (Friedman, 1999).

Agboola (2001) studied the impact of computer automation on the banking services in Lagos and discovered that Electronic Banking has tremendously improved the services of some banks to their customers in Lagos. The study was however restricted to the commercial nerve center of Nigeria and concentrated on only six banks. He made a comparative analysis between the old and new generation banks and discovered variation in the rate of adoption of the automated devices. Shirley and Sushanta (2006) studied the impact of information technology on the banking industry and analyzed both theoretically and empirically how information technology related spending can affect bank profits via competition in financial services that are offered by the banks. IT related products are internet banking, electronic payments, security investments, information exchanges (Berger, 2003). Using a panel of 68 US banks for a period of over 20 years to estimate the impact of IT on profitability of banks, they found out that though IT might lead to cost saving, higher IT spending can create network effects lowering bank profits.

The ICT products in use in the banking industry in many developing and developed include Automated Teller Machine, Smart Cards, Telephone Banking, MICR, Electronic 20 Funds Transfer, Electronic Data Interchange, Electronic Home and Office Banking (Agboola, 2002). According to Yasuharu (2003), implementation of information technology and communication networking has brought revolution in the functioning of the banks and the financial institutions. It is argued that dramatic structural changes are in store for financial services industry as a result of the Internet revolution; others see a continuation of trends already under way. Information and Communication Technology has provided self-service facilities (automated customer service machines) from where prospective customers can complete their account opening documents direct online. It assists customers to validate their account numbers and receive instruction on when and how to receive their cheque books, credit and debit cards (Agboola, 2004).

Gakure and Ngumi (2013) did a study to determine whether bank innovations influence profitability of commercial banks in Kenya and concluded that bank innovations had a statistically significant influence on bank profitability. This means that the combined effect of the bank innovations in this research is statistically significant in explaining the profits of commercial banks in Kenya. Banks in Kenya have achieved more than a decade of boosting their earning capability and controlling costs through adoption of innovations like the mobile banking, internet banking and recently the agency banking. Kihumba (2008) analyzed the reason for innovation and financial performance of 43 banks between 2000 and 2007, how each factor caused innovation in the Kenyan market and how innovation has increased annual revenue, business volume, and customers' turnover and reduced costs of operation, facilitated expansion of market share and geographical coverage of the bank. He found that, some financial institutions do innovate to utilize their excess capacity and to maximize their revenues within existing capacity.

Ngugi and Karina (2013) investigated the effect of technological innovation strategies on performance of commercial banks in Kenya, they found that innovation strategies such as product repositioning, product replacement and process innovation strategies such as conformance to regulations and reduction of costs contributed to the bank's profitability. However, most research about innovation focused on manufacturing industries though increasing attention has been paid to innovation in service industries recently (Gallouj, 2002; Howells & Tether, 2004; Miles, 2004).

The aim of the banks should be to retain the existing customers and acquire the new customers. In order to add value to the services offered, the banking industry has to efficiently and effectively utilize the technology with an eye on the cost of product and the services offered. To win the customers, the modern banking should integrate technology and deploy marketing strategies that would enable banks to maximize profits through customer satisfaction. In market with fierce competition providing the customers with value addition is the only way to achieve complete sustained customer satisfaction With the emerging wave of information driven economy, the banking industry in Kenya has inevitably found itself unable to resist technological indulgence. This has led to a boom in development of mobile banking laying down a strong base for low cost banking, and growth of mobile phone use in rural Kenya. Standard Chartered Bank in 2009 launched its mobile banking in seven markets in Africa.

In the Kenyan market it offers a number of services on a unique, user-friendly platform called Unstructured Supplementary Services Data (USSD) and is only available on GSM carrier networks which enable customers to access banking in real time, anywhere in the world, through their mobile phones. The platform is a convenient menu-driven application that is not dependent on specific customer handsets and does not need to be downloaded. Barclays bank's m-banking platform is known as 'hello money'. It allows customers to carry their bank in their mobile and access banking services anytime/anywhere on the move. Unlike other players in the sector this is all for free. Co-operative bank pioneered mobile banking way back in 2004 by enabling customers to access their accounts and transact using their mobile phones. It offers services such as balance enquiries, mini-statements, SMS alerts on credit and debit transactions to an account, pay utility bills and funds transfer. Equity bank on the other hand has its own m-banking platform known as Eazzy 24/7 offering services similar to those of co-operative bank.

2.6 Chapter Summary

This section presents the summary of the studies conducted by various authors and the focus of current study presenting the research gap

Table 2. 1: Chapter Summary

Author and Year	**Topic of study**	**Area of study**	**Findings**	**Focus of Current Study**
Freedman (2000)	Monetary Policy Implementation: Past, Present and Future-''Will Electronic Money Lead to the Eventual Demise of Central Banking?''	Monetary Policy and Implementation	Internet banking and internet money consists of three devices; access devices, stored value cards, and network money	The current study focuses on the effect of technology on marketing strategies which this study does not cover.
Agboola (2001) Agboola (2006).	Impact of computer automation on the banking services in Lagos Information and Communication Technology (ICT) in Banking operations in Nigeria	Computer automation Information Technology	Electronic Banking has tremendously improved the services of some banks to their customers in Lagos. Technology has been discovered to be the main driving force of competition in the banking industry	The current study focuses on the effect of technology on marketing strategies which this study does not cover. focuses on the influence of technology on the banking industry without addressing marketing strategies This study

Shirley and Sushanta (2006)	Impact of information technology on the banking industry	Information technology	IT might lead to cost saving, higher IT spending can create network effects lowering bank profits.	This study focuses on the influence of technology on the banking industry without addressing marketing strategies
Gakure and Ngumi (2013)	Whether bank innovations influence profitability of commercial banks in Kenya	Innovations	Bank innovations had a statistically significant influence on bank profitability	This study focuses on bank innovations and profitability without marketing strategies.
Kihumba (2008)	Innovation and financial performance	Innovation and financial performance	Financial institutions do innovate to utilize their excess capacity and to maximize their revenues within existing capacity	This study focuses on bank innovations and performance
Ngugi and Karina (2013)	Effect of technological innovation strategies on performance of commercial banks in Kenya	Technological Innovation	Innovation strategies such as product repositioning, product replacement and process innovation strategies such as conformance to regulations and reduction of costs contributed to the bank's profitability.	This study focuses on technological strategies innovations and performance

Source: Research, 2017

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presented the research methodology that was used to carry out the survey, what informed the selection of the research design, the target population, sampling method used, data collection instrument and how data was analyzed, interpreted and presented.

3.2 Research Design

Research design refers to the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in the procedure (Ungvari, 2009).). This study employed a cross sectional descriptive design. This design refers to a set of methods and procedures that describe variables. It involved gathering data that describe events and then organizes, tabulates, depicts, and describes the data. Descriptive studies portray the variables by answering who, what, and how questions (Watson, 2010). A descriptive survey research is a research design that attempts to show the status quo of study items (Sekaran 2006; Cooper and Schindler, 2006).

3.3 Population of the Study

The target population was the 43 Commercial Banks based on latest available information from Central Bank of Kenya (Appendix I). The study focused on all 43 commercial banks which are fully registered by CBK as at 31 June 2017. This study used census sampling method. A census is a study of every unit, everyone or everything, in a population. It is known as a complete enumeration, which means a complete count. In this regard, all 43 commercial banks were studied.

3.4 Data Collection

Both primary and secondary data were used in this study. Primary data was collected by means of a semi- structured questionnaire. The questionnaires were self-administered via the use of email, drop and pick later method to the respective sales managers and customer relations managers or equivalent of various banks. The questionnaire allowed greater uniformity in the way questions were asked, ensuring greater compatibility in the responses. The structured questions were in form of a five point Likert scale, whereby respondents were required to indicate their views on a scale of 1 to 5. The respondents view regarding what competitive advantage technology presents in commercial banks in Kenya sought after by this study.

In order to situate the study theoretically and produce the conceptual framework the secondary sources was obtained from the financial statement of the selected banks, Kenya Stock Exchange Fact book, Central Bank of Kenya publication. Some of the secondary data will be sourced for the study are: Incomes and Profit figures of the banks, Operating Expenses of the banks, Deposit base of the banks and Total credit to the private sector among others.

3.5 Data analysis

The data was analyzed by use of descriptive statistics such as mean scores, frequencies, and percentages. Statistical Package for Social Sciences (SPSS) was used to aid in quantitative analysis in this study. The researcher examined the completed questionnaires.

The information for each item on the questionnaire were processed and reported through a descriptive statistics. This was accomplished by use of frequencies. The results will be presented in tables and figures. Content analysis is the best method of analyzing the open-ended questions because of its flexibility and allows for objective, systematic and quantitative description of the content of communication.

3.6 Chapter Summary

The study applied descriptive survey research design. The target population was the 43 Commercial Banks. Both primary and secondary data were used in this study. Primary data was collected by means of a semi- structured questionnaire. The data was analyzed by use of descriptive statistics such as mean scores, frequencies, and percentages. The results will be presented in tables and figures.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis of primary data collected through questionnaire. The descriptive analysis helps the study to describe the relevant aspects of the phenomena under consideration and provide detailed information about each relevant variable. Data analyzed was presented in tables and figures.

The study targeted a sample size of 43 respondents from which 40 filled in and returned the questionnaires making a response rate of 93.02 %. This response rate was satisfactory to make conclusions for the study as it acted as a representative. According to Mugenda and Mugenda (1999), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was excellent

4.2 Respondent Profile

The study sought to analyze the following demographic information: gender, age range, employment level, level of education as well as years of service.

4.2.1 Gender Distribution

Respondents were requested to indicate their gender. The results are as presented on the Figure 4.1 below.

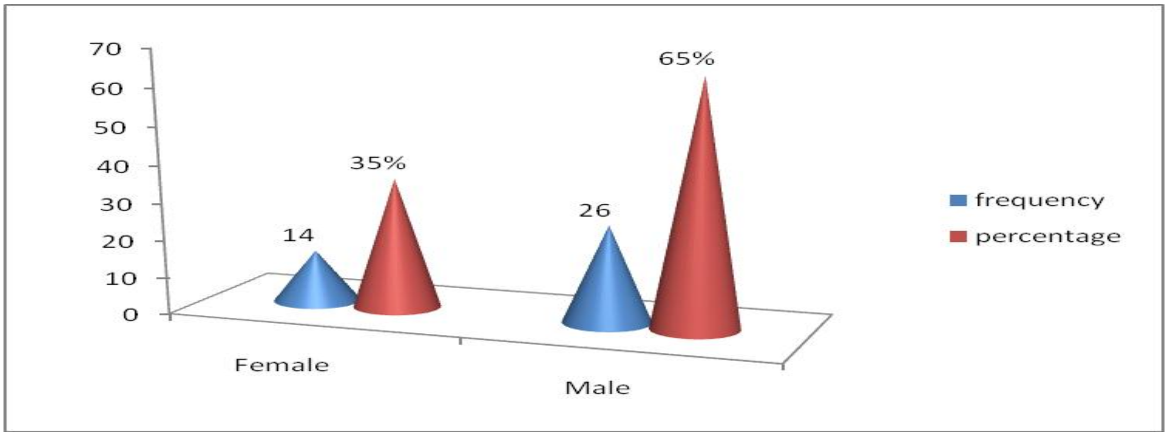

Figure 4.1: Gender Distribution

Source: primary data

Based on the findings 65% were male while 35% were female. This indicates that respondents were fairly distributed according to gender.

4.2.2 Age Range

The researcher sought to examine respondents age categories. The results were presented on the table 4.2 below.

Table 2. 2 : Age Categories

Age range	Frequency	percentage
20 to 29	11	27.5
30 to 39	12	30
40 to 49	9	22.5
50 and above	8	20
Total	40	100

Source: primary data

From the findings, majority (30%) were aged between 30 and 39, 27.5%were aged between 20 and 29 years, 22.5% were aged between 40 to 49 year while only 20% were 50 years and above

4.2.3 Employment Level

Further the respondents were requested to indicate their employment levels. The findings were as shown in Figure 4.2 below.

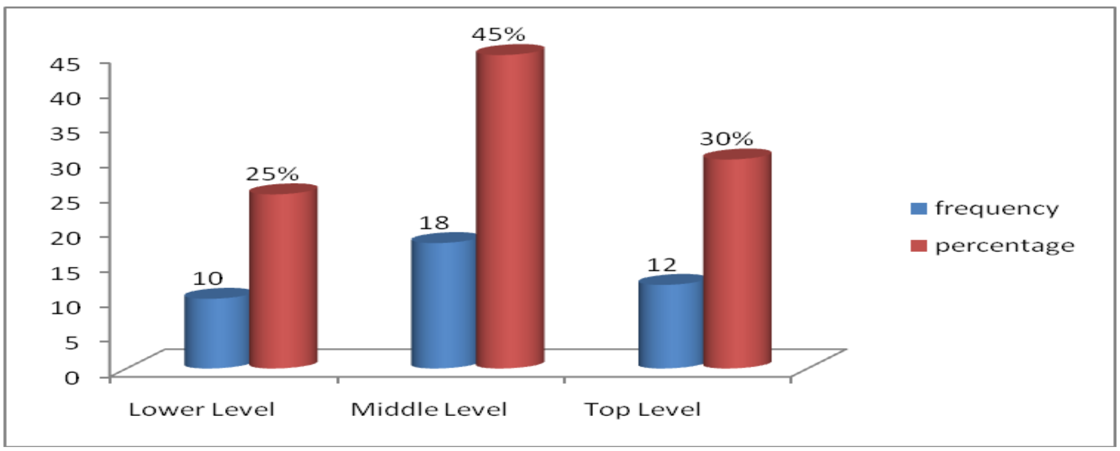

Figure 4. 2: Employment Level
Source: primary data

45% of the respondents were of middle level, 30% of the respondents were o0f top levels while only 25% were of low level. This implies that respondents were fairly distributed in terms of education level.

4.2.4 Level of Education

Education levels of the respondents were also examined. The results are as tabulated in table Table 4.3 below.

Table 4.3: Level of Education

Level Of Education	Frequency	Percentage
Secondary	2	5
diploma	10	25
degree	18	45
Others	10	25
Total	40	100

Source: primary data

Based on the findings 45% of the respondents were of degree level. 25% were above degree level, 25% had diplomas while only 5% had secondary education.

4.2.5 Years of service in the organization

The study further sought to know the distribution of the respondents in terms of Years of service in the organization. The results were tabulated in Table 4. 4 below

Table 4. 4: Years of service in the organization

Years	Frequency	Percentage
0 to 10	9	22.5
11 to 20	12	30
21 to 30	11	27.5
31 and above	8	20

Source: primary data

From the findings, majority (30%) had worked in the banking sector for 11 to 20 years 27.5% had worked for 21 to 30 years, 22.5% had worked for less than 10 years while only 20% had worked for more than 30 years in the banking industry.

4.3 Technology and Marketing Strategies

According to the findings 86% respondents agreed that bank employ marketing strategies in order to improve sales performance.

4.3.1 Product strategy

In addition respondents were asked to indicate the extent to which technology affect the marketing strategies of commercial banks in a scale of 5 where; 5=Strongly Agree, 4=Agree, 3=Not Sure, 2=Disagree and 1=Strongly Disagree. The findings are shown in table 4. 5

Table 4. 5: Product strategy

Product strategy	**Mean score**	**SD**	**CV%**
Sales Volume is high as a result of product innovation	4.11	0.18	4.38
Sales Volume is high as a result of product innovation	4.11	0.18	4.38
Product innovation has improved development index	4.02	0.19	4.73
Penetration levels has increased because of product innovation	4.12	0.17	4.13
Product innovation has led to innovation & Creativity	4.02	0.11	2.74
Cost management has been achieved due to product innovation	3.942	0.18	4.57
Product innovation has improved company‘s Pre – Tax Profits	3.78	0.19	5.03
product innovation has guaranteed customer satisfaction	4.00	0.17	4.25
Average mean score	**4.00**		

Source: primary data

Base on the findings respondents agreed that product strategy affected the performance of the bank. This is concluded due to available average mean of 4.00. other findings included: Sales Volume is high as a result of product innovation, Product innovation has improved development index, Penetration levels has increased because of product innovation, Product innovation has led to innovation & Creativity, Cost management has been achieved due to product innovation, Product innovation has improved company‘s Pre – Tax Profits ant that product innovation has guaranteed customer satisfaction.

According to the findings product has two parts, namely business and customer product. A product can be a good or as service. When considering product as a marketing element, issues such as brand, quality, design and packaging are very important. A firm must devise strategies to boost demand for its product in order to succeed in the market. The brand should be acceptable to the customer; the quality should be high so that loyalty of the buyer can be won through satisfaction.

Brooksbank et all (1992) using model studies of Chinese firms in Hongkong found a significant correlation between performance of the product and reputation of companies or brand. Quality characteristics of a product include information regarding usage, importance of product to different customers and its ability to make a difference. Research proofs that there is a relationship between product qualities with customer loyalty (Youn & Kijewski, 1997). The relationship is positive between brand, quality and design. Similar to advertising, product activity (e.g., innovations, changes in form, etc) enhances a brand's perceived quality, increases purchase likelihood and builds equity (Berger, Draganska, & Simonson 2007).

4.3.2 Pricing strategy

Respondents were also asked to indicate the extent to which pricing affect the marketing strategies of commercial banks in a scale of 5 where; 5=Strongly Agree, 4=Agree, 3=Not Sure, 2=Disagree and 1=Strongly Disagree. The findings are shown in table 4.6

Table 4. 6: Pricing strategy

Pricing strategy	**mean score**	**SD**	**CV%**
The company‘s prices are fair thus Market Share is big	3.45	0.11	3.19
Fair prices charged on products and services have increased the company‘s Sales Volume	4.00	0.01	0.25
Fair prices charged on products and services have increased Development Index	4.03	0.08	1.99
Fair prices charged on products and services have increased Penetration Levels	4.01	0.09	2.24
Fair prices charged on products and services have increased Innovation & Creativity	3.91	0.06	1.53
Fair prices charged on products and services have increased Cost Management	3.99	0.13	3.26
Fair prices charged on products and services have increased Pre – Tax Profits	4.45	0.18	4.04
Fair prices charged on products and services have increased Customer Satisfaction	3.95	0.21	3.19
Average mean score	**3.54**		

Source: primary data

An average mean of 3.54 is a very clear indication that pricing as a marketing strategy influences the performance of the bank at a great extent. They indicated that the firm offers variety of products and services which are specific to the demands and tastes of specific customers. The findings further revealed that a suitable price is one that will cover the costs (fixed and variable) and leave the proprietor with a reasonable profit. The industry is profit making and highly competitive. Therefore, very small changes in price may translate into significant volumes of sale and also higher profits.

The main element of this is the amount a customer pays for a product. This amount determines the level of profit for a company and consequently its survival. Charging price has a profound impact on marketing strategy, price elasticity of the product which then affects demand and sales. The price should therefore be set to compliment other elements of to marketing mix Business. Marketers are also advised to be aware of the customer perceived value when setting price for the product. Pricing strategies are: market skimming, market penetration and neutral pricing. Reference value, and differential value must be taken into account. Price changes have inverse relationship with sales (demand) for a normal good and other things assumed. Pricing include: discount, allowance and credit. Research indicates that there is a positive relation between suitable prices with customer loyalty. It must be remembered that customers who are loyal to a brand or firm will always be less price sensitive.

These findings are in line with other findings that discounting policies are typically found to decrease price elasticities (make them more negative) by focusing consumers' attention to price-oriented cues (Boulding et al. 1994; Mela, Gupta, and Lehmann 1997; Papatla and Krishnamurthi 1996; Pauwels et al. 2002).Wairachu (2000) found out that companies were becoming flexible on payment terms as indicated by extension of credit limit and period. According to Isaboke (2003) most companies follow the strategy of matching competitor prices more often than price skimming strategy. Price skimming is a pricing strategy in which a marketer sets a relatively high price for a product or service at first, and then lowers the price over time

4.3.3 Place strategy

Further respondents were asked to indicate the extent to which placement affect the marketing strategies of commercial banks in a scale of 5 where; 5=Strongly Agree, 4=Agree, 3=Not Sure, 2=Disagree and 1=Strongly Disagree. The findings are shown in table 4.7

Table 4. 7: Placement strategy

Placement strategy	**Mean score**	**SD**	**CV%**
Our products are made available at the right time	4.11	0.09	2.19
Our products are made available in the right place and in the right quantity.	4.00	0.06	1.50
Increases in the breadth of distribution has led to higher base sales as the wider availability facilitates consumers' ability to find the brand	3.65	0.08	2.19
Our customers benefit from a well-managed and effective distribution network	4.16	0.11	2.64
Ease of accessibility of products and services ensures that our customers are flexible and perceives the purchase as easy.	4.11	0.10	2.43

The product made available at a convenient location must be in adequate quantities and steadily supplied	3.85	0.06	1.56
distribution channels innovation have led to increased Market Share	3.96	0.11	2.78
distribution channels innovation have led to increased Sales Volume	4.22	0.13	3.08
distribution channels innovation have led to increased Penetration Levels	3.963	0.08	2.02
distribution channels innovation have led to increased Pre – Tax Profits	4.19	0.10	2.39
distribution channels innovation have led to increased Customer Satisfaction	4.85	0.07	1.44
Use of modern distribution channels have led to increased Cost Management	3.66	0.21	5.74
Average mean score	**4.06**		

Source: primary data

According to the finding the respondents indicated that placement at a great extent affected the performance of the commercial banks. This is as revealed be an average mean of 4.06. The study established that Banks need to decide on the place of purchase or where and how to distribute the product to the customer. Consumer would be satisfied if products are made available at the right time, in the right place and in the right quantity. Bank marketers need to strategically locate themselves so that customers can easily access them whether in town or out of town. Distribution breadth (the percent of distribution that carries a brand) can affect brand performance, but as with product, theoretical and empirical evidence for these effects are limited. Increases in the breadth of distribution lead to higher base sales as the wider availability facilitates consumers' ability to find the brand.

The study showed that distribution plays a central role in building new brands. Product innovation is also likely to have considerable effects as it is a core source of differential advantage. In addition there need of companies to ensure accessibility of their products and services by establishment of convenience stores to ensure convenience and ease. Ease of accessibility of products and services ensures customers are flexible and perceives the purchase as easy. This wholesomely affects sales and in turn the market shares of the company.

Kevin et al (2009) posited that customers benefit from a well managed and effective distribution network. Research by Ferdons and Towfique (2008) indicated a significant relationship between distribution (place) and customer satisfaction. However, other studies (Sin, 2000) stated that there was no significant correlation between performances of companies with distribution channels. Distribution in the context of this study refers to location of the service stations relative to customers (motorists). The study therefore assumes a direct relationship between location and sales performance for automotive fuels in Nakuru Town. Location matters in this industry also involve provision of adequate parking space, service bays, washrooms, restaurant service and convenient stores.

4.3.4 Promotion strategy

Finally, respondents were asked to indicate the extent to which promotion affect the marketing strategies of commercial banks in a scale of 5 where; 5=Strongly Agree, 4=Agree, 3=Not Sure, 2=Disagree and 1=Strongly Disagree. The findings are shown in table 4.8

Table 4. 8: Promotion strategy

Promotion strategy	Mean score	SD	CV%
Promotion marketing strategy is crucial in awakening and stimulating customer demand for a service	3.93	0.11	2.80
Word of mouth has the potential to attract customers to a bank and draw customers away from a bank.	389	0.18	0.05
Customer relationship marketing can help to develop loyalty between a financial institution and a targeted customer base.	4.01	0.19	4.74
To enhance sales performance, commercial banks should use social media to interact with customers.	3.79	0.17	4.49
Adoption of internet marketing enables banks to build relations with customers and prospects through regular, low-cost personalized communication.	4.11	0.11	2.68
Internet marketing enables banks keep customers updated 24hrs.	4.23	0.18	4.26
The Internet provides an important platform for building relationships with customers and increasing customer retention levels.	4.86	0.19	3.91
Financial institutions should have manageable market segments in order to improve on marketing efficiency,	4.34	0.17	3.92

sales and service delivery.			
Use of traditional media like radio, television, newspapers and magazines and notifications keep customers informed about issues surrounding banking sector.	4.10	0.11	2.68
Sales Volume is high as a result of product promotion	3.89	0.18	4.63
Market Share is high as a result of product promotion	4.11	0.19	4.62
Sales Volume is high as a result of product promotion	4.14	0.17	4.11
Development Index is high as a result of product promotion	3.98	0.11	2.76
Penetration Levels is high as a result of product promotion	4.10	0.18	4.39
Innovation & Creativity is high as a result of product promotion	4.41	0.19	4.31
Cost Management is high as a result of product promotion	3.69	0.17	4.61
Average mean score	**4.10**		

Source: primary data

Based on the findings an average mean of 4.10 implies that promotion as a marketing strategy affects the performance of banks at a great extent too. Based on the findings promotion involves a variety of activities undertaken by a firm to communicate the merits of its products and to persuade target consumes to purchase it. The study also revealed that promotion includes activities like advertising, sales promotion, personal selling and publicity. Many of the promotional activities take place at the site.

The findings contradicts a Research by Gaski and Etzed (1996) which proved there is no relation between promotion and customer satisfaction. A study in India found out that confusing advertisement led to dissatisfaction of the customer (Vadarajan, 1990). Other studies however, have recommended an integrated marketing communication (IMC) as a more effective method of promotion. This includes a mix of promotional elements like advertising, public relation, merchandise promotion and personal selling. (Boone and Kurte, 2007).

4.4 Chapter Summary

The response rate was over 50% suggesting the ease with which the data was obtained. The demographics covered were sales managers and customer relationship managers because of the relevance of their experience and information to the study requirements, and majority of employees had served in the various banks between 11 and 20 years, long enough to have in-depth understanding of banking.

Majority of Banks employ marketing strategies to deliver sterling sales performance. Well over 80% of the respondents had indicated that banks employ effective, timely and efficient marketing strategy programmes that enhance sales performance. These strategies appear to cut across all the Commercial banks.

From the findings, it has been established that majority of the Commercial Banks do employ Market strategies to improve Sales Performance. Some of the strategies established are personal selling, relationship marketing, internet marketing through social platform, internal marketing, advertising, pricing strategy and market segmentation. This view is supported by Khromer (2002), who argues that marketing relates positively to some performance indicators including sales performance, business unit performance, profitability and both product development and product management performance.

Base on the findings respondents agreed that product strategy affected the performance of the bank. This is concluded due to available average mean of 3.9980. other findings included: Sales Volume is high as a result of product innovation, Product innovation has improved development index, Penetration levels has increased because of product innovation, Product innovation has led to innovation & Creativity, Cost management has been achieved due to product innovation, Product innovation has improved company‘s Pre – Tax Profits ant that product innovation has guaranteed customer satisfaction. An average mean of 3.543 is a very clear indication that pricing as a marketing strategy influences the performance of the bank at a great extent. They indicated that the firm offers variety of products and services which are specific to the demands and tastes of specific customers.

According to the finding the respondents indicated that placement at a great extent affected the performance of the commercial banks. This is as revealed be an average mean of 4.061. The study established that Banks need to decide on the place of purchase or where and how to distribute the product to the customer. Consumer would be satisfied if products are made available at the right time, in the right place and in the right quantity. Bank marketers need to strategically locate themselves so that customers can easily access them whether in town or out of town. Distribution breadth (the percent of distribution that carries a brand) can affect brand performance, but as with product, theoretical and empirical evidence for these effects are limited. Increases in the breadth of distribution lead to higher base sales as the wider availability facilitates consumers' ability to find the brand. Based on the findings an average mean of 3.693 implies that promotion as a marketing strategy affects the performance of banks at a great extent too. Based on the findings promotion involves a variety of activities undertaken by a firm to communicate the merits of its products and to persuade target consumes to purchase it. The study also revealed that promotion includes activities like advertising, sales promotion, personal selling and publicity. Many of the promotional activities take place at the site.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary and conclusion of the research findings. It further explains the implications of the study as well as relating them to existing literature. Moreover, it outlines the recommendations that should be considered in light of marketing strategies and how they will affect sales performance.

5.2 Summary

According to the findings respondents were fairly distributed in terms of gender, age range, employment level, level of education as well years of service. This helped to eliminate elements of biased results in the study.

From the findings, it has been established that majority of the Commercial Banks do employ Market strategies to improve Sales Performance. Some of the strategies established are personal selling, relationship marketing, internet marketing through social platform, internal marketing, advertising, pricing strategy and market segmentation.

The study revealed that marketing has become a major function in the banking industry as a result of increased competition brought about by bank consolidation and reforms. Indeed, marketing strategies affect sales performance among commercial banks in Kenya. Irrespective of the duration of existence, or the number of branches they have, all banks shared the same sentiments that marketing has an impact on the sales volumes realized.

All banks agree on the opinion that marketing strategies influenced by technology have an immense contribution on the sales volumes realized. Irrespective of the number of employees, all banks agree on the opinion that marketing strategies have an immense contribution on the sales performance experienced by the different banks. The findings in this study show an overall significance of the marketing variables adopted, although not much effect is seen when a marketing variable is compared with bank performance in isolation of other variables. This helps to conclude that the marketing strategies techniques must be adequately combined in order to bring about improved performance in sales. For example, if a bank should engage in promotional activities without adequate knowledge of the market, the aim of marketing will be defeated.

5.3 Conclusion

The study found out that technology was statistically significant in affecting the firm's performance; therefore, the research concludes that technology is an important resource in influencing companies' performance especially in marketing. Banks should therefore keep updating their technological systems so as to cope with the changing customer needs for better performance.

Marketing strategies, 4Ps of marketing element and firm resources are important for banks to survive. Although this research confirmed the role of marketing strategies, 4Ps of marketing element and firm resources as the important aspect of organizational strategy, additional research is needed to refine the understanding of this critical dimension.

Kenyan banks offer different products including loans and other financial services/products. Bank accounts overview personal current account etc. The study revealed that marketing has become a major function in the banking industry as a result of increased competition brought about by bank consolidation and reforms. Indeed, marketing strategies affect sales performance among commercial banks in Kenya. Irrespective of the duration of existence, or the number of branches they have, all banks shared the same sentiments that marketing has an impact on the sales volumes realized. All banks agree on the opinion that marketing strategies have an immense contribution on the sales volumes realized. Irrespective of the number of employees, all banks agree on the opinion that marketing strategies have an immense contribution on the sales performance experienced by the different banks.

The findings in this study show an overall significance of the marketing variables adopted, although not much effect is seen when a marketing variable is compared with bank performance in isolation of other variables. This helps to conclude that the marketing strategies techniques must be adequately combined in order to bring about improved performance in sales. For example, if a bank should engage in promotional activities without adequate knowledge of the market, the aim of marketing will be defeated.

5.4 Recommendation

In view of the above discussion and findings, the following recommendations will be useful to banks in the process of marketing their services for better delivery of services to their customers which will in turn increase performance through patronage and customer loyalty. Banks should embark, from time to time on marketing research. This is because effective marketing strategies are a product of marketing research. Thus, good and adequate marketing mix is a product of effective marketing research too. Marketing research will bring about innovation, better services for customer and better method of production and processing. With the cost of acquiring new retail, small business or commercial customers being five to ten times the cost of retaining an existing one, and with the average spend of a repeat customer being 50-100% more than a new one, bank marketers need to remember that the most efficient investment of marketing funds is to market to customers that already bank with them. In adopting marketing strategies, banks should also compare different company's strategies and access the success and the failure of such strategies in the industry.

Marketing managers in banks is that the effective use of marketing strategies, 4Ps of marketing elements and firm resources could help them gain competitive advantage and achieve superior performance. Although Kenya's economy is undergoing a transition from planning economy to market one, banks should direct their efforts at creating differential advantage, implementing innovation and building good relationship with clients and government. Increasingly, banks that have marketing resources and skills and effectively implement marketing resources and skills and effectively implement marketing strategies are more likely to achieve success in the market.

5.5 Limitations of the Study

Most of the target respondents were in busy management positions, as others were actively involved in field operations. This posed a great challenge to the researcher in collecting data. This was handled by using secondary means of questionnaire delivery, use of email. Some respondents did not return the questionnaires on time. As a result, the researcher had to follow up on the respondents to ascertain that all questionnaires were returned within the timeframe of the research. During the allocated data collection timeframe, there were heavy rains in the target area posing a great challenge in accessing respondents. This was handled by using electronic means to retrieve back scans of filled questionnaires using emails.

5.6 Suggestions for Futures Research

Future research is also needed to determine other measures of banks performance and integrate them in a research from other aspects of entrepreneurial skills such as financial management, communication, motivation of others, vision, and self-motivation. With these, firms can make more appropriate strategy in winning the competition with other firms. For further research, researchers can extend this study on other industries such as manufacturing, constructions, agricultures and telecommunications.

Research that could shed more light on how the correlation between sales departments and other bank departments affect sales performance. This is key because as policies are formed, they will be considering all factors that contribute to the success of sales departments. For instance, sales departments depend on finance departments to approve budgets for marketing outreach programs. Therefore, the effectiveness of the marketing strategies will depend with the support from finance department. As a result, research should be done to find out exactly how each banks department affect sales activities.

There is a need to do more research on other factors that affect sales performance which could be used alongside marketing strategies that could contribute to even more sales performance in banking industry. For instance, research could be carried out on factors or policies that could be put in place to improve the performance of sales personnel. This is vital in banking industry as the efforts and willingness of sales personnel to work hard has a direct impact on the delivery of their services; improving sales performance.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

PART A: Background Information

Please tick whichever is appropriate (x) in the space provided

1. Your Gender

Female [ ]

Male [ ]

2. Indicate your age category:

20 – 29 [ ]   30 – 39 [ ]

40 – 49 [ ]   50 – 60 [ ]

3. Employment Level

Lower Level [ ]

Middle Level [ ]

Top Level [ ]

4. Level of Education?

Secondary Certificate [ ]   Diploma [ ]

Degree [ ]   Others [ ]

5. Years of service in the organization

0 – 10 yrs [ ]   11 – 20 yrs [ ]

21 – 30 yrs [ ]   over 30 yrs [ ]

PART B: TECHNOLOGY AND MARKETING STRATEGIES

6. Does this bank employ marketing strategies in order to improve sales performance?
   Yes ( ) No ( )

7. If yes kindly indicate them ....
   …………………………………………………………………………………………

8. How does technology affect the marketing strategies of commercial banks? Please put a tick (√) in one of the boxes using the rating scale; SA=Strongly Agree (5), A=Agree (4), NS=Not Sure (3), D=Disagree (2) and SD=Strongly Disagree (1).

	1	2	3	4	5
Product					
Sales Volume is high as a result of product innovation					
Product innovation has improved development index					
Penetration levels has increased because of product innovation					
Product innovation has led to innovation & Creativity					
Cost management has been achieved due to product innovation					
Product innovation has improved company‘s Pre – Tax Profits					
product innovation has guaranteed customer satisfaction					
Pricing					
The company‘s prices are fair thus Market Share is big					

Fair prices charged on products and services have increased the company‘s Sales Volume					
Fair prices charged on products and services have increased Development Index					
Fair prices charged on products and services have increased Penetration Levels					
Fair prices charged on products and services have increased Innovation & Creativity					
Fair prices charged on products and services have increased Cost Management					
Fair prices charged on products and services have increased Pre – Tax Profits					
Fair prices charged on products and services have increased Customer Satisfaction					
Placement					
Our products are made available at the right time					
Our products are made available in the right place and in the right quantity.					
Increases in the breadth of distribution has led to higher base sales as the wider availability facilitates consumers' ability to find the brand					
Our customers benefit from a well managed and effective distribution network					
Ease of accessibility of products and services ensures that our customers are flexible and perceives the purchase as easy.					
The product made available at a convenient location must be in adequate quantities and steadily supplied					

distribution channels innovation have led to increased Market Share					
distribution channels innovation have led to increased Sales Volume					
distribution channels innovation have led to increased Development Index					
distribution channels innovation have led to increased Penetration Levels					
distribution channels innovation have led to increased Innovation & Creativity					
distribution channels innovation have led to increased Pre – Tax Profits					
distribution channels innovation have led to increased Customer Satisfaction					
Use of modern distribution channels have led to increased Cost Management					
Promotion					
Promotion marketing strategy is crucial in awakening and stimulating customer demand for a service					
Word of mouth has the potential to attract customers to a bank and draw customers away from a bank.					
Financial institutions should focus on relationship marketing as it emphasizes long-term relationship building with customers					
Customer relationship marketing can help to develop loyalty between a financial institution and a targeted customer base.					
To enhance sales performance, commercial banks should use social media to interact with customers.					
Adoption of internet marketing enables banks to build					

relations with customers and prospects through regular, low-cost personalized communication.					
Internet marketing enables banks keep customers updated 24hrs.					
The Internet provides an important platform for building relationships with customers and increasing customer retention levels.					
Financial institutions should have manageable market segments in order to improve on marketing efficiency, sales and service delivery.					
Use of traditional media like radio, television, newspapers and magazines and notifications keep customers informed about issues surrounding banking sector.					
Sales Volume is high as a result of product promotion					
Market Share is high as a result of product promotion					
Sales Volume is high as a result of product promotion					
Development Index is high as a result of product promotion					
Penetration Levels is high as a result of product promotion					
Innovation & Creativity is high as a result of product promotion					
Cost Management is high as a result of product promotion					

9. Indicate other ways through which marketing strategies enhance sales performance in banking industry

……………………………………………………………………………………………………

Thank you for your time

APPENDIXII: LISTOF COMMERCIAL BANKS AS AT 31ST JUNE 2017

S.No	NAME
1.	ABC Bank (Kenya)
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 Ltd
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
37.	NIC Bank
38.	Oriental Commercial Bank
39.	Paramount Universal Bank
40.	Prime Bank (Kenya)
41.	Standard Chartered Kenya
42.	Trans National Bank Kenya
43.	United Bank for Africa
44.	Victoria Commercial Bank

Source: (CBK, 2017)