"THE USE OF INTERNET MARKETING BY FIRMS IN THE MOTOR INDUSTRY IN KENYA"

BY

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DECLARATION

This Research Project is my original work and has not been presented for a degree in any other University.

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

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DEDICATION

To the most important people in my life: my loving husband Maina and our son, Githinji.

I love you always.

ACKNOWLEGMENT

First, am thankful to the Almighty God, who has seen me through my studies. I would also like to acknowledge my Supervisor Mrs. Margaret Ombok for her dedication and guidance throughout the writing of the project.

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ABBREVIATIONS

KMI	-	Kenya Motor Industry
CKD	-	Completely knocked down kits
4P'S	-	Product, Price, Place and Promotion
IMF	-	International Monetary Fund
LAAM	-	Latin America, Africa and the Middle East
USA	-	United States of America
EAC	-	East Africa Community

ABSTRACT

Kenya's Motor Industry is regaining its impetus after a slump in the 1990's. Studies on Internet Marketing have been conducted by Muthuri (2001), Musembi (2001), Odiko (2003), Nyingi (2003) and covered fields such as Export Marketing in the Internet. From these studies, it is evident that the extent of using Internet Marketing varies with the industry and the product(s) of interest.

Therefore, this study had three objectives. The first objective was to determine the extent to which companies in the Motor Industry in Kenya are using Internet Marketing. The second one was to establish the benefits gained in the use of internet marketing by firms in the motor vehicle industry in Kenya. The third objective was to establish the challenges faced in the use of Internet marketing by firms in the motor vehicle industry in Kenya.

In undertaking the study, all the motor vehicle companies operating in Kenya and are members of Kenya Motor Industry Association are considered. Data was collected using a structured questionnaire, which was dropped to all the fourteen firms of interest in the industry. All the fourteen questionnaires were filled and returned. This being a descriptive study, frequencies, mean scores tabulations and standard deviations are used to analyze the data,

The research findings revealed that motor vehicle companies use Internet marketing to a small extent. It also revealed that of the four key elements of the marketing mix, variables of product were more commonly conducted on the internet than those of Price, Promotion and Place. According to this research, companies derived benefits such as increased awareness, availability and better management of information in using the Internet as a marketing tool. The companies face various challenges in adopting Internet as a marketing tool. The key challenges in adopting Internet marketing are broadly classified as technology, cost, and internet security.

It was suggested that a similar study could be carried out on the second hand car dealers to establish the extent to which they use online marketing. This study would also provide

findings that could be used to generalize the extent of use of internet marketing in the overall Motor Industry.

The study is limited to 14 firms which are members of the Kenya Motor Industry and are dealing in automobiles, comprising of all vehicles including 2-3 wheelers, passenger cars and multi-utility vehicles, light and heavy commercials vehicles.

CHAPTER ONE

INTRODUCTION

1.1 Background

Technological change has been a hallmark of economic development in recent years (Ajayi, 2002). An interesting and vital part of that technical change process has been the rapid evolution of information and communication technology (ICT). It is notable that the world is experiencing an information technology revolution that has drastically changed many aspects of the human life, from education, industry, economy, politics to entertainment (Ajayi, 2002). In addition, unprecedented capabilities of the information technology have dramatically changed the ways in which the public and private sectors operate all over the world. ICT has become a major factor in socio-economic development of every nation (Kelly, 1998).

Ajayi (2002) further adds that with the world becoming a single market place without borders, developing countries with their liberalized economies have been forced to develop or adopt different means of enabling them participate effectively in global trade. The evolution of ICT especially the Internet has made significant changes in the trade environment in the world.

With continued globalization of the world economies, for most enterprises, trade opportunities seem to be endless (Havalder, 2002). The powers of the information age and technology together with the globalization of markets have resulted in traders and consumers being more informed and as a result have become more inquisitive and demanding. The market place has and is still changing radically as a result of the global changes and so has the customer needs and expectations as they expect higher quality and greater customization (Lovelock et al, 1996). This in turn, has caused heightened competition and serious challenges to the survival and profitability of firms (Mbau, 2000). Consequently to achieve better performance, the firms are departing from the traditional commercial strategies and tactics and looking for ways to compete more effectively on the local, regional and global levels (Chaffey et al, 2000). The information superhighway is what many business leaders say will make these visions a reality (Chaffey et al, 2000).

According to Kotler (2003), the digital revolution has placed a new set of capabilities in the hands of consumers and businesses, which has led to substantially new forms of marketing and business. Kotler (2003) further adds that competitive pressures have forced organizations to adopt the marketing orientation, which calls for constant change as market conditions evolve, as a strategy for dealing with market turbulence. The search for competitive advantage has led organizations to reconfigure their operations and by extension their organizations. Firms around the world are now embracing e-commerce in an attempt to gain its enormous benefits.

1.1.1 Internet Marketing

According to Kibera and Waruingi (1998), electronic marketing is a system of business activities designed to pay prices, promote and distribute want satisfying products and services to present and potential consumer segments electronically by means of network connections such as Internet, extranets and intranets. Awad (2003) defines e-marketing as all electronic-based activities that facilitate production of goods and services to satisfy customer demand. Thus, E-marketing is a general term used for a wide array of activities - advertising, customer communications, branding and relationship-building efforts, loyalty and retention programs, and more - all conducted over the Internet (Awad, 2003). E-business, E-commerce are often used interchangeably and even sometimes in place of Internet Marketing. However, these two terminologies and others such as E-banking, E-Money are all elements of Internet Marketing.

The advent of the Internet was heralded by a group of American university researchers from the University of California, Los Angeles, Stanford Research Institute, Barbara, and the University of Utah who were engaged in research on the defense application of computers. The research teams began to explore ways of sharing their data and computational power among themselves. The technical challenge of the team was to enable computers to be connected in a way that would allow the network to continue to function even in the face of military attack (Perine, 2000).

The Internet began in 1969 under the name ARPANET, by Defense Advanced Research Project Agency, as a packet-switched network of communications technology for the US Department of Defense. In 1974 a standard way of addressing and transporting data packets along the 'network of networks', known as the Transmission Control Protocal (TCP) evolved. During this period, technological development in the area of networks and personal computers progressed rapidly resulting in thousands of networks by late 1980s (Kahn, 1999). By mid 1988, the number of computers connecting to the Internet had increased remarkably (Perine, 2000). Over 1.25 million hosts were connected worldwide by the end of 1991, serving between 7.7 and 14.2 million individuals (Quarterman, 1993). During the last several years, the number of Internet users has increased exponentially.

The Internet is currently used as a platform through which services are delivered to businesses and their customers (Huang & Chung, 2003). Electronic commerce has been developing at a rapid pace in the past few years resulting in some great success stories. In some respects, these successes have created an aura and impression for many that achieving such success is common and perhaps even easy to accomplish (Gamble, 1999).

Electronic Marketing has indeed ushered in a revolution in the way companies conduct their businesses. In the case of motor vehicles, model lifecycles are shortening by the day as a result of improving computer technology, the future of middlemen remains a contentious issue and costs are bound to continue decreasing and the traditional marketing elements are no longer the undisputed ways of building brands – to mention just but a few of the changes ((Huang & Chung, 2003).

According to Chaffey et al (2000), there are many threats that companies in the private and public sector alike are faced with in this electronic age. According to the JBIM (2003), these threats include loss of sanctuary, which in essence means that attacks of a company's market can come from anywhere, at anytime and be fueled by an almost infinite number of motivations. The report further discusses the demystified borders or geographical market territories as a threat to companies that are not developed (in terms of Internet marketing) to withstand the 'attacks'. On the other hand the Internet comes with a myriad of benefits which according to the JBIM (2003), may well have outweighed the threats as the market forces continue to fuel interest in the e-commerce.

Ever since the Internet burst into the public realm, it has held aloft the promise of commercial revolution (Spar and Bussgang, 1996). The promise is of a radical new world – a friction-free arena where millions of buyers and sellers complete their transaction cheaply, instantaneously, and anonymously. Cut free from layers of middlemen, companies will, if preferred, be able to sell their products directly to their customers. Consumers will be able to customize products, interact with the companies that supply them, and conduct business from the comfort of their own homes (Spar and Bussgang, 1996). In the same article the author suggests that doing business in cyberspace can be frustrating, confusing, and even unprofitable – but then this article was written nearly a decade ago when the power of the Internet was far from full exploitation. Today the world is experiencing a information and communication technology revolution which has transformed the life of today. Gadgets such as mobile phones and computers are no longer a privilege but necessities to compete in the global village.

1.1.2 Kenya's Motor Industry

The motor industry consists of automaker companies that produce automobiles. According to the International Labour Organization (ILO, 2005), the motor industry can be defined as an industry that manufactures motor vehicles (that is, cars, buses and coaches, light commercial vehicles and heavy trucks) and the parts and accessories of the vehicles that include brakes, gearboxes, axles, road wheels, suspension shock absorbers, radiators, silencers, exhaust pipes, steering boxes, safety belts, airbags among others. However, this study adopts the motor industry definition of Sobti (2003) that indicates the motor industry as an automobile sector comprising of companies manufacturing and (or) marketing all vehicles, including 2-3 wheelers, passenger cars and multi-utility vehicles, light and heavy commercial vehicles.

As outlined by Humphrey and Memedovic (2003), most developing countries from the 1950s onwards, used import substitution industrialization policies to promote the development of their domestic auto industries. By the early 1990s, there were substantial self-contained vehicle industries in Latin America, India, Africa and Asia. Trade liberalization began to change this situation in the 1990s with quantitative restrictions being phased out and tariffs reduced. At the same time, the global production and sales strategies of leading multinational auto companies were also shifting and developing countries were becoming more integral to their plans (Humphrey and Memedovic, 2003).

Table a: **Assembly Plants in Africa**

Country	**Total of assembly plants**	**Total of parts & components plants**
Egypt	4	1
South Africa	5	2
Kenya	3	0
Tunisia	1	0
Nigeria	2	0
Zimbabwe	2	0
Morocco	1	0
Total	**18**	**3**

Source: Tsuge and Bartels (2003), SAIS Working Paper Series WP/06/03 pg 14.

During the early 1970's the Kenyan motor industry recorded rapid growth and enjoyed protection by the government from outside competition. It was determined by the main market players and was a sellers' market with massive volume sales and high profit margins. The CKD plants were developed in this area and the highest sale of 18,677 units in the formal sector was recorded in 1978 (Business in Africa, 2004).

The March 2004 edition of the Business in Africa magazine indicates that Kenya's formal motor trade in general, and its motor industry in particular, has been affected negatively over the past three decades by unfavorable policies; first by foreign exchange restrictions that kept Completely Knocked Down (CKD) supplies well below market demand and liberalization that allowed an import (and dumping) free-for-all, then by a deluge of used vehicle imports that enjoyed massive tax advantages through both anomalous policy and a deep economic slump. Throughout the industry has had to work in an environment of radical informal sector trading and in a dilapidated infrastructure (Business in Africa, 2004).

Following pressure from World Bank and IMF to liberalize the economy, Kenya opened up the market to competition during the period 1992-1994. This saw a marked increase in the importation and sale of reconditioned units (Kenya Motor Industry Report, 2004). This also marked the beginning of the penetration of Korean makes (low capital cost vehicles) such as Daewoo, down-rated Nissan trucks among others. The period 1995-1997 saw a decline in the total sales from the formal sector compared to an increase in the sales of used vehicles. The assemblers at the time faced the threat of closure as the sale of commercial vehicles, which they assembled, fell drastically (Business in Africa, 2004).

The years 1998 to 2000 characterized by negative economic growth saw a decline in formal sector sales to an all time low of 5,865 units in the year 2000. The years after 2000 the motor industry was boosted by the entry of financial institutions willing to finance new vehicles purchases at fairly stable interest rates. A comparison of the imports of second hand units and the formal sector unit sales is shown in Table 2 below. Notably, the formal and informal sectors registered a slump in the year 2000 before registering growth in the subsequent years. However, the informal sector has a higher number of units (above 80,000) compared to below 7,000 units of the formal sector in the years 2001-02.

Table b: **Quantities of motor vehicle units imported and newly assembled**

Year	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**
Imported units (Nos)	23,960	21,220	47,898	10,796	82,773	78,034

Assembled units	11,026	9,345	8,090	5,865	6,331	6,926

Source: Economic Survey, 2004 and General Motors, 2005.

In a study conducted by Allen and Fjermestad (2001), the authors assert that almost every company has to rethink its strategies due to the changes the ICT brings. For some the implications are obvious, but for others they are not. This statement is also qualified by KPMG's Global Automotive Survey (2003) which suggests that the revolution in the industry will be spurred primarily by advances in ICT among other advances. From the Table above, it is evident that the formal motor vehicle industry has to readjust itself in order to realize higher sales as compared to the directly imported units.

In the speech "Becoming the Best" delivered by the General Motors (GM) Vice President for Latin America, Africa and the Middle East (LAAM), Darkes, identified the Internet as an area of unequalled potential for General Motors East Africa (GMEA). The UNCTAD report (2002) also indicated that developing countries could increase their performance in international trade through the use of e-marketing. Kelly (1998) emphasizes that the traditional concept of marketing is no longer adequate to meet the increased demands of customers and the ever-changing competitive environment.

1.2 Statement of the Problem

Kenya's motor vehicle industry is regaining its impetus after a slump in the 1990s. Despite this, the formal sector has recorded lower trends of growth in terms of units sold compared to the number of second hand units imported to the country (Economic Survey, 2004). Worth noting is the fact that the trade of second hand vehicles is mostly conducted via the Internet (KMI, 2004). This trade has blossomed over the years to high levels resulting in the setting up of specific trading websites for the second hand units. Examples of these trade sites on the Internet include www.magari.com; www.autoworldintl.com; and www.autorec.co.jp amongst others. This brings into question whether the adoption of the Internet in marketing of the formal sector motor vehicle units would result in an increase in trading opportunities and thus increased sales.

Studies on Internet Marketing in Kenya have been done by Muthuri (2001), Musembi (2001), Odiko (2003), Nyingi (2003) and covered the fields of Export Marketing in the Internet, Factors influencing adoption of e-commerce in the retail industry, E-business in International business engagement and E-marketing practices in the Tourism industry in Kenya respectively. From these studies, it is evident that the use of Internet marketing varies with the industry and the product of interest. Worth noting is that the studies highlighted institutions that invested in Internet marketing stood to benefit more as compared to those that did not. Internet marketing created borderless markets allowing the institutions to market their products globally. As indicated by Spar and Bussgang (1996), Internet marketing reduces the marketing costs of companies by enabling the buyers and sellers complete their transactions cheaply, instantaneously, and anonymously. Rettie (2002) indicates that companies that adopt Internet marketing have increased sales as a result of expansion in markets, reduced costs in marketing communication tools, better management of marketing information and improved feedback mechanism from customers. However, the mentioned studies on Internet marketing in Kenya covered sectors that are distinct from the Motor Industry and therefore their findings may not be generalized.

This research envisages Internet marketing as the future of the motor vehicle industry in Kenya in the wake of globalization of the world economies. The study considers the fundamental role of automobile marketing within the dynamics of e-commerce. It is evident that the traditional concept of marketing is no longer adequate to meet the increased demands of customers and the ever-changing competitive environment (Kelly, 1998). Despite the expanding role of the Internet in our world today, it is however not known as to whether firms in the Motor Industry in Kenya have adopted Internet Marketing. The author has not known of any study conducted to address the use of Internet Marketing by firms in the Motor Industry in Kenya. Therefore, the study answers to the following questions:

i) To what extent do firms in the motor industry in Kenya use Internet marketing?

ii) What benefits do firms in Kenya's Motor Industry derive from the use of Internet marketing?

iii) What challenges do firms in Kenya's Motor Industry face in adopting Internet marketing?

1.3 Objectives of the Study

The objectives of the study were:

i) To determine the extent to which companies in the motor vehicle industry in Kenya are using Internet marketing.

ii) To establish the benefits gained in the use of Internet marketing by firms in the motor vehicle industry in Kenya.

iii) To establish the challenges faced in the use of Internet marketing by firms in the motor vehicle industry in Kenya.

1.4 Importance of the Study

The results of this study may be important to the following:

i) Motor vehicle companies in Kenya as they may be able to adopt Internet marketing in order to compete in the global arena.

ii) The government of Kenya – the Ministries of Planning, Information and Trade, as this may be used to develop an Internet policy document that will support initiatives for revamping the economy.

iii) Promotional companies as this may be used in developing Internet strategies and Internet marketing programs.

iv) Scholars and researchers in various disciplines as source of reference and basis for further research.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This section reviews literature that is relevant to the study. The literature distinguishes Internet marketing from traditional marketing as marketing strategies that encompass information and communication technology to support modern marketing concept. The section further outlines the processes involved in Internet marketing, its benefits and the challenges it faces in marketing of products.

2.2 Internet Marketing

Marketing has two distinct meanings in terms of modern management practice: It is understood as the range of specialist marketing functions carried out within many organizations such as market research, brand/product management, public relations and customer service. It is also seen as an approach or concept that can be used as the guiding philosophy for all functions and activities of an organization. Such Philosophy encompasses all aspects of a business. Business strategy is guided by an organization's market and competitor focus and everyone in an organization should be required to have a customer focus in their job (Chaffey et al, 2000).

Marketing encompasses activities traditionally seen as the sole domain of accountants, production, human resources management and information technology. Increasingly such functions are being reoriented, evidenced by the importance of initiatives such as Total Quality Management (TQM), Business Process Reengineering (BPR), Just In Time (JIT) and supply chain management (Chaffey et al, 2000). Internet can be applied by companies as an integral part of the modern marketing concept.

According to Chaffey et al (2000), Internet marketing can be defined as the use of the Internet and related digital technologies to achieve marketing objectives and support modern marketing concept. These technologies include the Internet media and other digital media such as cable and satellite together with the hardware and software which enables its operation and use. The term 'electronic commerce or e-commerce' is often used in a similar context to Internet marketing and has become a standard term recognized for business transactions conducted on the Internet. It encompasses a range of business activities such as selling online, online bill payments, home shopping/banking and improving market efficiency dealings with suppliers and clients (Hoffman and Novak, 1997). Zwass (1998) extends the meaning of e-commerce to incorporate 'sharing business information and maintaining business relationships' over the Internet.

According to Kotler (2001), Internet marketing is a sponsored website that describes the products and services offered by sellers and allow buyers to search for information, identify what they need and place orders using credit card. Kotlers definition is no different from many others except in asserting that payment is by credit card. Although credit cards are the main mode of payment it is important to note that not all Internet transactions are completed online. For example business enterprises may order goods from their suppliers online and make payments at a later date either by cheque, bank transfers etc.

The Internet revolution has been represented by many authors as the sole ingredient of the 'new economy'. However a heavy reliance on connecting networks can be risky when communications is only a means for achieving larger objectives not the end itself. On the other hand there are revolutionary features of today's business environment that truly distinguish the new economy of the technological age. Kelly (1998) argues that 'This new economy represents a tectonic upheaval in our commonwealth, a more turbulent reordering than mere digital hardware has produced, we have seen only the beginnings of the anxiety, loss, excitement, and gains that many people will experience as our world shifts to a new highly technical planetary economy.

Thus Internet marketing of goods entails the incorporation of all the 4P's (Product, Price, Promotion, Place/Distribution) of marketing and in the case of offering services the 7P's (Product, Price, Promotion, Place, People, Physical evidence and Process). In essence it is the application of all the fundamental principles of marketing via the web. Unlike the mainstream marketing, Internet marketing is entirely web-based as opposed to the traditional media.

2.3 Internet Marketing Process

Internet marketing is an increasingly important part of today's trading cycles. Companies advertise services, take and place orders, and communicate with each other around the world over the Internet regardless of their geographical boundaries. To accommodate this market and address the new technology, companies need to make some decisions regarding product, price, promotion and distribution. In addition to the traditional 4P's the marketing mix includes people, physical evidence and process (Zeithmaml and Bitner, 1996).

E-commerce is challenging some of the basic principles of transacting business. The implications and effects of these developments on the well established business discipline of 'marketing' might be even more significant. Extant literature has identified numerous strategic frameworks to help organizations market themselves on the Internet (Kalakota and Whinstone, 1997; Rayport and Svioka, 1994). However, many of these stratagems represent new versions of familiar themes in the marketing process. What is clear about these developments is that some of the basic principles of marketing are being called to question. In particular decision making along the Marketing Mix.

2.3.1 Price

On-line pricing strategies vary from off-line strategies for many companies. Traditionally, pricing considered the costs, what consumers were willing to pay and existing competition. However Klein and Quelch (1996) suggest the Internet will lead to increased price competition and the standardization of prices across borders. Further, the increased ability to compare prices across all suppliers using the Net will lead to increased price competition. Added to that, the price of providing Internet-based services often contains few marginal costs. Many costs such as store costs and staff costs have disappeared for complete online stores placing pressures on traditional marketers. This in turn suggests that the price of a product or a service will approach its marginal cost as competition intensifies. Rayport and Svioka (1994), state that organizations will have to employ new pricing models when using the Internet. They indicate that the ability of technology to offer services at a cheaper cost could make it difficult to determine the appropriate price for a consumer.

There are two extreme viewpoints about how the Internet affects pricing (Baker et al. (2001). The first view is that decreased prices are inevitable for commodities. The Internet increases customer knowledge through increased price transparency since it becomes much quicker to compare quoted prices by visiting supplier web sites. Even more significant is the use of price comparison sites by consumers. Sites such as Kelkoo (www.kelkoo.com) and Barclaycard Shopsmart (www.shopsmart.com) give a single location that empowers the consumer to quickly find out the best price from a range of suppliers for a range of products.

The second view is that although price transparency is a great theory, the actual practice by consumers is quite different. Research summarized by Baker et al (2001) has indicated that many online purchasers do no not perform extensive research before purchasing. For example, it is estimated that 89% purchase books from first site and only 10% of online shoppers are aggressive bargain hunters. Turning to price comparison sites, these tend to have lower awareness amongst consumers. They rely on information on established brands and successful Internet retail brands. What about selling on the Web for a discount? Is this discounted price available within the firm's normal distribution chain? If not, there may be problems. One way to avoid this situation is to display a product's price based on the buyer's location (Sterne, 1996).

According to Ehmke et al (2004), e-price refers to the charge for the final product or service that is provided via the Net. The e-price reflects the appropriate position of the product in the market. The price covers the cost per item and includes a profit margin. Ehmke et al (2004) further presents eight strategies that are commonly employed in the setting of e-price of a product. These strategies as highlighted by Ehmke et al (2004) are namely: Cost plus which is an additional standard percentage of profit above the cost of producing a product is considered. The fixed and variable costs are an important part of the pricing method; Value based that involves setting the e-price with consideration of the buyer's perception of value; the buyer's perception depends on all the aspects of the product including non price factors such as quality, healthfulness and prestige; the competitive strategy is based on prices charged by competing firms for competing products; going rate strategy whereby the e-price charged is the common or going-rate in the marketplace. This is because in some markets, the firms may have little or no control over the market price. Skimming which involves the introduction of a product at a high price for affluent consumers. Later, the price is decreased as the market becomes saturated. The discount strategy is based on a reduction in the advertised price. A coupon is an example of a discounted price. Loss leader – this is based on selling at a price lower than the cost of production to attract customers to the online store to buy other products. Psychological – this aspect considers e-pricing based on a price that looks better, for example, Kshs 199 per kilo instead of Kshs 200 per kilo. These methods form a basis for the construction of the e-price. In addition, other issues under e-price to be considered include the payment method, trade discounts and credit terms (Ehmke et al, 2004).

According to Nyingi's study (2003), at least 61.9 % of the interviewed firms allowed price negotiations to be conducted through the Internet to a large extent. Majority of the tourist firms (76.1 %) communicated their prices to the customers through the Internet. This indicated that the Internet played in the marketing mix.

2.3.2 Product

A Product is a bundle of benefits that satisfies the needs of organizations or consumers and for which they are willing to exchange money or other items for value (Strauss and El-Ansary, 2003). According to Ehmke et al (2004), a product is the element of the marketing mix that involves researching customers' needs and developing appropriate products. This includes the online options for varying the core product: the fundamental features of the product to meet the users' needs and the extended product, the additional features and benefits beyond the core product. Ehmke et al (2004) further indicates that apart from the physical product itself, other elements associated with the product include quality, features, options, services, warranties, packaging and brand name. The term product includes items such as tangible goods, services, ideas, people and places. All of these can be marketed on the Internet.

Products may also be classified by the purpose for which they are purchased. Businesses sell products to consumers in the business-to-consumer (B2C) market, and consumers sell products to one another in the consumer-to-consumer (C2C) market. Industrial products are sold in the operation of an organization, as components for manufacture into final product, or for resale (B2B) market (Strauss and El-Ansary, 2003).

The implications of the Internet for products are diverse and considerable. They enhance the augmented product (after-sales service) and many new products exist only because of the Internet. Using Ansoff's (1984) Product Market Expansion Grid, all the main business growth opportunities and strategies are being developed and used. Ansoff's model can be augmented by additional frameworks to identify the impact the Net has on the product. These include the discussion of the transaction where the actual product has been replaced by information about the product (Rayport and Svioka, 1994). Evans and Wurster (1999) discuss the method of navigation that has brought down the cost of collecting and disseminating information about consumers and products. Here, consumers rely on product suppliers and retailers to support them in their search, and allow the providers to use the consumers' cost-of-search, as a competitive advantage.

As a Web page is seen in several countries, the new challenge facing companies is the management of a global brand and corporate name or logo. Consumers may become confused if a company and its subsidiaries have different Web sites each communicating a different format, image, message, and content. Therefore, a company should define clearly its policies about branding on the Internet. One example is 3M which has one site for its entire product line, has a focused corporate identity and firm control over the marketing actions of its divisions and subsidiaries. Other companies with a single brand name, which facilitate tighter co-ordination around the globe, have allowed their subsidiaries to create their own Web pages. Developing one site for each brand, while costly, should be considered when the brands have distinct images within markets (Quelch and Klein, 1996).

Ehmke et al (2004) outlines factors that are considered when offering the product to consumers online. These include: the product's appearance, function, and support that make up what the customer is actually purchasing. The specific needs of the consumers that the product bundle addresses which form the needs of a particular market are an important consideration when offering the product to consumers. For cxample, a luxury product should create just the right image for "customers who have everything," while many basic products must be positioned for price conscious consumers. Other important aspects of product may include an appropriate product range, design, warranties, or a brand name. The product bundle is expected to fit with the business strengths and weaknesses while at the same time providing an acceptable risk/return tradeoff. Ehmke et al (2004) concludes that extensive knowledge of the target market and competitors will allow presentation of products that appeal to consumers.

Nyingi (2003) indicates that at least 47.6 % of the firms interviewed in the survey of marketing practices in the tourism industry in Kenya used the Internet to a large extent to develop new and market the products through the Internet. Product demonstrations were also conducted on the Internet especially on the firms' websites.

2.3.3 Place

According to Allen and Fjermestad (2001), the Place element of the marketing mix traditionally refers to how the product is distributed to customers. It is about getting the products to the consumer and thus includes the distribution channels. The Net offers a direct distribution and delivery method for many information, software, entertainment and financial service products. Traditionally, trading organizations have gone to considerable trouble to avoid direct competition, often developing unique distribution channels to gain competitive advantage e.g. car sales. However collaboration or Web-based communities are one of the tough realities of future trading and marketing online. Given the size of the marketplace the Internet will have a major effect on place in the marketing mix (Allen and Fjermestad, 2001). The purchase decision can be transacted anywhere where there is a connection with the Net as well as witnessing the major growth of a network's utility based on Metcalf's Law (Klein and Quelch, 1996). A further interesting facet, identified by Gosh (1998), is that the Internet allows companies to bypass parts of the value chain that traditional suppliers have historically relied on for competitive advantage.

If sale forces are organized by territory, a firm needs to adopt some new sales policies because territory is senseless in Internet. So, one might contemplatc to close a deal and take the order by a firm's Web site and then send it to a distributor or dealer closest to the customer. Or one could include the distributors' list on the Web site. Thus, the Web page promotes the firm's products as well as shows where they can be acquired (Sterne, 1996). If the sales are performed through a distribution chain, a company could be competing with them by selling directly via the Internet. Therefore, one needs to find a way to work with them that allows a company to trade directly without cutting distributors out of any business (Sterne, 1996).

Ehmke et al (2004), outlines that the product itself will greatly influence its distribution. Normally, businesses that create or assemble a product have two options: selling directly to consumers (B2C) or selling to a vendor (B2B). B2C is the direct sale of the products to the final consumers. This involves the posting of goods on the Net for their perusal and selection before placing their respective orders and final physical delivery or download over the Net. B2B involves the distribution of the products through wider distribution channels (resellers). Ehmke et al (2004) further indicates that the coverage in distribution of the product is an important factor. When offering products online, coverage becomes borderless since the products are accessed worldwide. As a result effective and efficient mechanisms have to be in place to ensure delivery of the products. The product itself will determine how best to distribute it.

Companies already marketing in foreign markets will face a more aggressive and diverse competition abroad, since the Internet reduces the cost of entry, diminishes the competitive advantage of economies of scales, and makes it easier for small companies to compete worldwide (Quelch and Klein, 1996). Thus, it is essential to anticipate these changes in the market so adequate strategies will be in place to meet competition and position the firm in its foreign market(s) adequately before new competitors arrive.

2.3.4 Promotion

The Promotion element of the marketing mix refers to how marketing communications are used to inform customers and other stakeholders about an organization and its products. The Internet offers a new, additional marketing communications channel by which to inform customers of the benefits of a product and assist them in the buying decision. The Internet can be used to supplement the range of promotional activities such as advertising, sales promotion, PR and Direct Marketing (Chaffey et al, 2000). Promotion encompasses all the various ways a company undertakes to communicate its product's merits and to persuade target customers to purchase the products (Kotler, 1991). Ehmke et al (2004) indicates that the purpose of promotion is to get people to understand what the company's product is, what it is for, and why they should want it. The promotion design is dictated by the target audience or market. The essence of promotion is to elicit a response from the target population in terms of purchases or opinions.

Where promotion is concerned El-Ansary and Frost (2003), argue that firms that are truly customer driven will build One to One technologies into every corner of their firm and will liken their networks to many other networks. Internet is a powerful way to start and strengthen relationships with customers. The development of a company's webpage is a common form of promotion that has been adopted. The placing of banners on other webpages has also become a common form of e-promotion. Other forms of e-promotion include web public relations in terms of emails, online newsletters and catalogues, search engines and advertising networks. However, online marketers must be increasingly clever to design and deliver brand messages that capture and hold audience attention – because on the Internet, users are in control. They can delete unwanted incoming e-mail and impatiently click away when Web sites don't quickly deliver desired information or products. Also, the Internet allows consumers to widely disseminate their own attitudes and brand experiences via e-mail and Web postings, shifting the balance of control over brand images from companies to consumers. Marketing communications (MarCom) tools that use technology to provide convenience, in conjunction with value-added product experiences, are the keys to capturing attention and winning long-term customer relationships. And as a bonus technology lowers cost. According to Forrester Research, companies spend about $33 to serve a customer over phone, $9.9 through e-mail, and $1.17 using automated Web-based support.

Traditional sources of consumer information can be used to develop distinct promotions designed for specific customers. Klein and Quelch (1996) maintain that branding will continue to be a significant factor in Internet marketing. Kane (1999) has shown in a recent survey that 46 % of new online shoppers prefer to buy form suppliers they had previously bought from off-line. Further, 34 % of repeat online shoppers preferred familiar off-line store sites. According to Nyingi (2003), nearly 52.3 % of the Kenyan tourism firms used the Internet to a large extent for promotional activities in order to reach their clientele.

2.3.5 People

The People element of the marketing mix refers to how an organization's staff interact with customers and other stakeholders during sales and pre and post sales. Smith and Chaffey (2001) suggest that online, part of the consideration for the people element of the mix is the consideration of the tactics by which people can be replaced or automated. Some of the options include: auto responders that automatically generate a response when a company e-mails an organization, or submits an online form. E-mail notification that is automatically generated by a company's systems to update customers on the status of their order, for example, order received, item now in stock, order dispatched. Callback facility in which customers fill in their phone number on a form and specify a convenient time to be contacted. Dialing from a representative in the call centre occurs automatically at the appointed time and the company pays which is popular. Frequently Asked Questions (FAQ) for these, the art is in compiling and categorizing the questions so customers can easily find (a) the question and (b) a helpful answer. On site search engines that assist customers find what they're looking for quickly are popular when available. Site maps are a related feature.

2.3.6 Physical evidence

Smith and Chaffey (2001) indicate that in an online context, physical evidence refers to customers' experience of the company through the web site and associated support. Consumers' online look at certain aspects of the web page, and just like a physical shop, may or may not visit it again. Some of these aspects include: the ease of ordering, product selection, product information, price, the website performance (ease of navigation, appearance, etc), on-time delivery, product presentation, customer support and privacy.

2.3.7 Process

The Process element of the marketing mix refers to the methods and procedures companies use to achieve all marketing functions such as research, product development, promotion, sales and customer service. The restructuring of the organization and channel structures described for the product, price, place and promotion all require new processes Smith and Chaffey (2001).

The seven P's, that is, product, price, place, promotion, people, physical evidence and process all work together in the e-marketing mix. Often, the decisions on one element will influence the choices available in others. Selecting an effective e-marketing mix for a company's product takes time and careful considerations to enable the company operate on a profitable level. Ehmke et al (2004) further indicates that a good e-marketing mix has the right product at the right price, offered in the right place and promoted in the right way with consideration of the dynamism of the market.

2.4 Benefits of Internet Marketing

The use of Internet marketing in the business world presents an array of benefits to be enjoyed by the producers or marketers of products. Rettie (2002) outlines that these benefits can be seen in four perspectives namely, market penetration, market development, product development and diversification.

In terms of market penetration, Internet marketing can be used to sell more existing products into existing markets. This is achieved through online advertising to increase awareness of products and the profile of a company amongst potential customers in an existing market. On market development, the Net can be used to sell into new markets, taking advantage of the low cost of advertising internationally without the necessity for a supporting sales infrastructure in the customers' country. However, this requires an individual company overcoming the barriers to becoming an exporter or operating in a greater number of countries. Product development is concerned with the development of new products and services that are delivered via the Net. These are typically information products such as market reports which can be purchased using electronic commerce. The diversification aspect of Internet marketing focuses on the development of new products that are sold into new markets (Rettie, 2002).

According to Rettie (2002), the tangible benefits to the producer include cost reductions, increased sales from expansion into new markets, reduced time in customer service, reduced printing and distribution costs of marketing communication tools. Increased sales are achieved through increased awareness of brands and products in addition to the measure that support online purchasing. Internet marketing also reduces the cost of conducting market research as search engines, online questionnaires amongst other Internet tools ease the process of finding a range of market information (Rettie, 2002). The intangible benefits to the producer can be observed in the enhanced brand, improved and rapid responsive marketing communications, improved customer service, identifying new partners while supporting existing ones, better management of marketing information and improved feedback mechanism from customers on products.

The marketing literature suggests that exemplary online shopping experiences can lead to greater customer loyalty and hence, secure future revenues (Fornell, 1992; Rust et al., 1994). Better online customer experiences could potentially reduce the cost of future customer transactions and new customer acquisition, decrease price elasticity of demand, and minimize the likelihood that customers will defect if quality falters (Anderson et al., 1994). This therefore creates a sustainable long-term advantage. The competitive advantage stems from reputation created by building trust and relationships with customers.

Rettie (2002) concludes that the benefits of Internet marketing can be summarized using the six ‘Cs’. These are: Cost reduction that is achieved through reducing the need for sales and marketing enquiries to be handled by telephone operators and the reduced need for printing and distributing marketing communications material, which is instead published on the web site. Capability, in which the Internet provides new opportunities for new products and services and for exploiting new markets. Competitive advantage as a company is able to introduce new capabilities before its competitors and thus achieve an advantage until its competitors have the same capability. Communications improvement with customers, staff, suppliers and distributors. Control as the Internet provides better marketing research through tracking of customer behaviour and the way in which staff deliver services. Customer service improvement that is provided by interactive queries of databases containing, for example, stock availability or customer service questions.

2.5 Challenges in Internet Marketing

This international presence of the Net creates several new challenges or obstacles because the Internet has expanded the firm's business reach to several new potential markets worldwide, where cultural, legal, economic and social systems differ from country to country. The main problems in this new environment are as follows:

2.5.1 Economic Challenges

The economic systems of countries differ greatly with developed countries having efficient economies as opposed to Third world countries’ economies. Rabe (2001) and Singh et al (2001) indicate that economic barriers present the largest challenge to Internet marketing especially in the developing countries. Physical infrastructure especially availability and accessibility of telecommunication systems impede the ability of producer firms in developing countries to participate in global e-commerce relationships. Many rural areas do not have telephone lines to be able to use this technology. The personal computer (PC) penetration is arguably still low in developing countries as the unit cost is still considered as high. In the USA the use of Internet is growing at a fast pace considering that in 1995 more personal computers were sold into homes than new color televisions in 1995 and in the same year in the USA more e-mail was sent in this country than mail delivered by the US Postal Service (Greene, 1996). This is not the same for other countries, especially developing countries, where it is not affordable yet to have PCs. In European countries, such as France the rate of Internet-connected computers is 4 per 1,000 residents, in Germany it is 8, and in Britain it is 12; all of them are lower than the US rate of 31 per 1,000 (Coleman, 1997). Hence, in developing countries the potential target market would be limited to industrial customers or to the wealthiest segment of the population for some time.

In addition the cost of using the Internet together with the cost of required equipments further aggravates this issue especially in developing countries. Toops (1996) argues that although Western Europe has adequate technology, it still lags behind the USA in services and pricing. As a result the pricing of Internet services in European countries may still be high. Therefore, companies will have to wait until most countries invest in better telecommunication infrastructures with low usage costs before they can take full advantage of the opportunities the Internet offers for global commerce.

Much of the consumer world still pays by cash, rather than credit. The lack of ability or interest to execute credit transactions is an enormous barrier to e-commerce. Credit cards are the most useful tool as a way of payment by Internet. However, its use and popularity are not equal across nations, for example: In the USA, credit cards are widely accepted and easy to obtain. About 18 per cent of bills are paid by them. In Germany, there is a cultural-bound problem in the use of credit cards. Cash has long been the king, only one percent of their purchases is paid by credit cards (Herbig, 1997). In Japan, the most common credit card issued by the Japan Credit Bank is not very acceptable worldwide (Herbig, 1997). In Chile, there are two types of credit cards. One of them, the most common, is for buying goods or services domestically only. The other one is valid for international purchases. In China, since China's yuan is not fully convertible, credit cards are given only to people who can use foreign currency (Herbig, 1997). Since the use of credit cards as a means of payment is not universally available in all countries around the world, a company should develop other means to receive payment. Third world countries are also faced with low credit card availability that further hinders trade via the Net.

One of the most common worries with creating efficient and trustworthy on-line commerce concerns the security of financial transactions which occur over the network. Credit cards provide the most obvious answer. Yet an unencrypted message containing the card number could be viewed by an unscrupulous system operator as it passes by an encapsulated package. Thus, there is certainly a relative risk involved in these types of transactions (Notess, 1995). Nevertheless, as experience shows, the probability of this is low because of the vast amount of information flowing over the network and the general lack of time available to system administrators. But, as long as consumers doubt the safety of the transfer, there is a problem for selling on-line. Although e-marketing represents a major e-commerce venue, security remains an issue. In a survey conducted by Forrester research 53 % of online merchants cited security as the main reason consumers do not buy from their web sites (Rettie, 2002). However most online e-marketing experts say that current encryption technology and the limited liability incurred by credit card users for stolen card numbers make it safe to conduct transaction online.

In the last few years, the vast majority of payments to Internet marketing and advertising were made by telephone, fax, or the US postal service, called "snail mail" in Internet lingo (Gelormine, 1995). However, as security features have been developed the number of purchases using credit cards has been increasing. As Angell says "Credit cards are the transactional lifeblood of today's customer-merchant relationship, so it is no wonder that 90 % of the people who shop on-line use credit cards for their purchases" (Angell, 1996). Among these security features which allow merchants to send encrypted or encoded messages through the Internet are: NCSA's Mosaic software, the secure transaction capability built into the Netscape browser and server, and the unified standard from Visa and MasterCard called Secure Electronic Transactions (SET) which promises to bring the full force of credit and debit card transactions to the Internet by the end of 1996 (Angell, 1996). In a further development, electronic money will allow online commerce between business and individuals that do not or cannot accept credit cards (Gelormine, 1995).

Another security problem is about authentication; when customers place orders via e-mail, it is impossible to tell if they really are who they say they are (Resnick, 1994). However, software has been developed that reads a "digital ID" can help companies handle this problem in cyberspace.

On the World Wide Web, duplication is an inherent part of the system. When somebody links a company's webpage, a copy of it has been made on one's computer. Hence, it is very easy to replicate, copy or "steal" words, graphs, software, or a full presentation from a webpage. Although the mode of making copies has changed by Internet, the law has not changed. Companies still have to take legal action to protect them, and they still have to prove harm to use those legal actions. Thus, while it may be easy to copy on the Internet, it is illegal (Sterne, 1996).

2.5.2 Social Challenges

Studies show that the level of personal information and concern with privacy varies across countries. An attempt to define whether the three relevant value dimensions of Hofstede (power distance, uncertainty avoidance, and individualism) influence the level of personal information privacy concern in a society, did not reveal any significant relationship between the overall level of information privacy concern and any of the three value dimensions (Milberg *et al.,* 1995). Another study examined the consumer privacy issue in England and the USA over the past 33 years. A major cross-cultural difference was that Americans have expressed more concern about interactional privacy issues such as intrusions into individuals' lives through the receipt of direct mail and telephone solicitations. The British have been primarily concerned with informational privacy issues, such as the collection and exchange of information about the individual (Petrison and Wang, 1995).

Although among cultures "privacy" has different meanings and importance, one must be aware that in the Internet community there is a general agreement that it should not be used for such marketing purposes as direct advertising and mailing (Gattiker *et al.*, 1996). Privacy is a growing concern among developed countries for example USA Telephone Consumer Privacy Protection Act of 1992 (TCPPA) prohibits unsolicited facsimile advertisements while the European Directive on the Protection of Personal Data restricts data to be used only for the purpose for which it was acquired unless the subject provides the organization with explicit permission. Other countries such as Germany prohibit comparative advertising while France has strict language requirements. The UK also has specific statutes covering advertising for investment opportunities, credit facilities and the provision of financial information, in addition to self-regulatory guidelines. Lastly, other countries, such as those that have adopted versions of the European International Code of Advertising Practice of the International Chamber of Commerce (the ICC Code), may regulate the "decency" of a particular advertisement (Lewis and Feldman, 1996).

In any event, a marketer will be able to take advantage of the global reach of the Internet by paying attention to other countries' laws. A reasonable approach is to pick the key overseas markets for the brand and clear the advertising and promotion in those countries (Lewis and Feldman, 1996). It is therefore important to understand well the laws on privacy and advertising in a specific society and thus develop the appropriate marketing approach.

Culture and sensitivity to cultural differences plays a critical role in successful international business, and just as much so international e-business. Understanding how the Web fits into a country's culture is necessary to forming successful customer relations. Sites targeting foreign consumers, businesses or even governments should appear friendly to them, which likely requires translating the site into the local languages (Shannon 2000). Different languages and cultural platforms compound the complexity of doing e-business overseas, but a bigger barrier may well be the attitude and culture of business and government entities, which must lead consumers to learn what to expect from e-business.

Since the Internet has its roots in the USA, it has grown as a predominantly English-speaking medium. The more the Internet becomes a widespread vehicle of global communication, the more those who do not speak English may be at a disadvantage. Therefore, in an international setting language can be a barrier to expand business to foreign markets. To overcome the obstacle of language, companies are building their Web pages based on multi-language options. This means that it is possible for the customer or receiver to choose a language by clicking on an icon (Shannon 2000). Thus, if a firm is expanding internationally its local business by the Internet, it needs to think in a more global way (Sterne, 1996).

Other barriers to trade such as a limited skills base, the weakness of regulatory regimes, as well as inadequate transportation and distribution networks, further limit the capacity of firms in developing countries to benefit from the implementation of e-commerce (Nielson and Morris 2001). Consequently, the establishment of a public Internet-based e-commerce environment that succeeds in helping developing country producer firms to gain access to electronic markets requires the provision of complementary services that reduce the transaction costs associated with negotiating and fulfilling contracts and with ensuring contract terms between trading parties are met. Moreover, these e-commerce services must be readily accessible at prices that are affordable to user firms.

2.6 Summary

From the foregoing literature, it is worth noting that Internet is the present and future marketing tool for businesses. For firms to succeed in their marketing capabilities, they will have to adopt Internet marketing in addition to their traditional models of marketing. Although the challenges to Internet marketing are many and involve large investments especially in developing countries, the accrued benefits far outstrip the challenges. On the global level, many companies are successfully using this new medium to market their products or services, promote their philosophy, and increase awareness of their brand(s) all over the world. They have adapted their sales effort in such a way as not to offend the ad-resistant Internet community, they have accommodated cultural differences into their Web pages, and modified their organizational structures for the Internet marketing's age.

Therefore Kenyan companies stand to gain more in terms of wider market outreach and reduced costs. It is thus necessary to observe if these challenges are present in the Kenyan motor industry and what benefits arise from adoption of Internet marketing.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

This was a descriptive study aimed at determining whether firms in the Motor Industry in Kenya have adopted Internet Marketing and to what extent. According to Cooper (1996), a descriptive study is concerned with finding out who, what, where and how of a phenomenon, which is the concern of this study. Nyingi (2000) and Wanjoga (2002) used descriptive studies in related studies successfully.

3.2 Population of Study

According to a list obtained from Kenya Motor Industry 2005 there are 25 registered members. They include firms dealing in automobile components and spare parts. This list is provided in the Appendix IV. For this study however, the firms of interest are those assembling and (or) marketing automobiles defined as firms dealing in all vehicles, including 2-3 wheelers, passenger cars and multi-utility vehicles, light and heavy commercial vehicles. Out of the listed KMI members, eleven firms are dealing in first moving automobile components or offering services while the firms of interest are dealing in consumer durables. Therefore the population of interest comprised 14 firms and owing to the small size of this population a census study was conducted.

3.3 Data collection

Primary data was collected using a structured questionnaire, which was dropped to all the fourteen firms of interest in the industry. The questionnaire was addressed to one respondent from each firm who was the Marketing Manager or the equivalent.

The questionnaire was divided into three parts. Part A consisted of general information while part B had questions on the extent to which companies in the Motor Vehicle Industry are using Internet Marketing. Part C was on challenges and benefits of using Internet Marketing.

3.4 Operationalizing dimensions of using Internet Marketing

In order to operationalize the target adoption variables, the factors were defined as shown in Appendix I. The questionnaire used Likert scale to measure the extent to which firms in the Motor Industry in Kenya use Internet Marketing.

3.5 Data Analysis

This being a descriptive study, descriptive statistics was used to analyze the data. Data in Part A was analyzed using frequency tables, while data in Part B and C of the questionnaire was analyzed using frequencies, mean scores tabulations and standard deviation. The data was presented on tables and graphs.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

This Chapter contains the summaries of data findings together with their possible interpretations by use of percentages, frequencies, and mean scores. The first section analyses demographic information of the respondents, while the second section analyses the extent to which firms in the motor industry are using Internet marketing. The last section of this study analyses the benefits and challenges experienced in the use of Internet marketing. Data analysis was guided by the objectives presented in chapter one and summarized using frequencies, percentages, mean and standard deviation scores.

A total of 14 questionnaires were distributed to the 14 firms whose details are appended at the end of this paper. All questionnaires were completed and returned; hence 100% response rate.

4.2 Demographic Characteristics

The demographic information considered in the study included the number of different vehicle makes of the respondents, the range of products, the geographical markets for the products, as well as the countries of export.

4.2.1 Number of vehicle makes sold

The respondents were asked to indicate the number of different makes of vehicles that they sell as well as the range of products in those makes. The findings are summarized below:

Table 1: Number of Vehicle Makes Sold

Number	Frequency	Percentage
1-3 Makes	9	64.3
4-6 Makes	3	21.4
Above 10 Makes	2	14.3
Total	**14**	**100.0**

Source: Response data

According to the findings shown in Table 1 64.3% of the companies in the Motor industry sell between one and three different makes of vehicles, 21.4% sell between four and six different makes and only 14.3% sell more than 10 different makes.

4.2.2 Class of vehicles offered

The respondents were asked to indicate the classes of vehicles which they sell. The results are summarized in the table below

Table 2: Class of vehicles offered

Class	Frequency	Percentage
2-3 Wheelers, Saloons, Sports Utility Vehicles	6	42.9
Pickups, Light Commercial Trucks	3	21.4
Heavy Commercial, Farm Machinery, Buses	3	21.4
All Ranges	2	14.3
Total	**14**	**100.0**

Source: Response data

From the findings on table 2 above 42.9% of firms in the Motor vehicle industry sell three classes of vehicles i.e. 2 to 3 wheelers, Saloon cars and Sports Utility vehicles. Firms selling Pick ups and Light commercial trucks account for 21.4% while those dealing in Heavy commercial, Farm machinery and buses also account for 21.4% of the total firms in the Motor Vehicle industry.

4.2.3 The markets in which the firms sell their vehicles

Respondents were asked to indicate the markets in which they sell their vehicles. The markets were classified as domestic (Kenya) and Export.

Table 3: Markets

Markets	Frequency	Percent
Domestic Market	5	35.7
Export Market	0	0
Both Markets	9	64.3
Total	**14**	**100.0**

Source: Response data

The findings on table 3 show that 64.3% of the firms sell their vehicles in both the domestic and export market. Five firms sell their products to the domestic market only while none of the firms sells exclusively to the export market.

4.2.3.1 The main countries of export

The respondents who indicated that they the sold in export markets were asked to list the countries.

Table 4: Countries of export

Countries	Frequency	Percent
Kenya	5	35.7
East African Community	8	57.1
Other African Countries	1	7.1
All of Africa and World Wide	0	0
Total	14	100.0

Source: Response data

Out of the 14 firms interviewed 57.1% (8 firms) export their vehicles to the East African community. One firm's exports to other countries while five sell to the domestic market only.

4.3 Use of Internet Marketing

This section is aimed at determining the extent to which firms in the Motor Industry use Internet Marketing. The 4P's in the marketing mix i.e. Product, Distribution, Pricing and Promotion were measured in a five-point Likert scale, where respondents were required to rate the extent to which they agree or disagree with functions which were expected in the use of Internet marketing.

The scores of 'No Extent' and Small Extent have been taken to represent a variable which is exhibited to a small extent (S.E) by the firms; equivalent to mean score 0 to 2.5 on the continuous likert scale; $0 \leq S.E < 2.5$.

The scores 'To Some Extent' have been taken to represent a variable that is used to a 'Moderate Extent' (M.E) by the firms (equivalent to a mean score of 2.5 to 3.5 on the continuous likert scale: $2.5 \leq M.E < 3.5$).

The scores of both 'Large Extent' and 'Very Large Extent have been taken to represent a variable which is used to a Large Extent (L.E) by the firms; equivalent to a mean score of 3.5 to 5 on a continuous Likert scale; $3.5 \leq L.E < 5.0$.

4.3.1 Use of Internet Marketing

Marketing can be broadly classified as online for those firms using the Net to market and offline for those firms using the conventional marketing channels. The respondents were asked to indicate whether they used Internet as a marketing tool.

Table 5: Use of Internet marketing

Marketing Channel	Frequency	Percent
Both Offline and Online Marketing	10	71.4
Offline Marketing only	3	21.4
None of the Above	1	7.1
Online Marketing Only	0	0
Total	**14**	**100.0**

Source: Response data

71.4% of the firms indicated that they use both offline and online marketing channels. Three of the firms use only Offline while one of the firms did not respond to the question. This shows that majority of the firms in the Motor industry used the Internet as a marketing channel.

4.3.2 Company Website

One of the key features as a minimum requirement of adopting Internet marketing is having a company website. The firms were asked to indicate whether they had websites.

Table 6: Company Website

Company Website	Frequency	Percent
Owns company website	10	71.4
No Company Website	3	21.4
Null	1	7.1
Total	**14**	**100.0**

Source: Response data

From the above findings 71.4% of the firms in the Motor Industry have company websites, 21.4% do not have websites while 1 firm did not respond to the question.

4.3.3 Online Marketing Mix

On a scale of 1 to 5 the research sought to establish the extent to which firms in the Motor industry undertook variables of the marketing mix online.

Internet marketing process requires that companies make decisions along the marketing mix. These decisions differ from some of the basic principles of transacting business offline. The research therefore sought to find out the extent to which companies in the vehicle industry used online marketing mix. The findings of the research are summarized in the tables below:

4.3.3.1 Online Product

A Product is a bundle of benefits that satisfies the needs of organizations or consumers and for which they are willing to exchange money or other items for value. A product is the element of the marketing mix that involves researching customers' needs and developing appropriate solutions for the needs. This includes the online options for varying the core product: the fundamental features of the product to meet the users' needs and the extended product, the additional features and benefits beyond the core product. Respondents were asked indicate the extent to which variables of the product were provided online.

Table 7: Online Product

Product description	Mean Score	Std. Deviation
Vehicle Models	3.71	1.590
Vehicle feature benefits	3.64	1.393
Vehicle Sizes (Dimensions)	3.57	1.555
Vehicle Colours	3.50	1.557
Vehicle Designs	3.36	1.336
Vehicle Specifications	3.29	1.437
Augmented Vehicle Offers	2.43	1.505

Source: Response data

To a large extent firms listed models of vehicle they sold on the Internet, gave the feature benefit analysis, the vehicle engine sizes and vehicle colours. The standard deviations were above 1.5 suggesting significant variance in opinions of the respondents. On the other hand to a moderate extent firms showed vehicle designs online (3.36) or gave vehicle specifications (3.29). The standard deviation was lower that 1.5 indicating a convergence of opinions. To a low extent firms gave online augmented vehicle offer (2.43). The standard deviation of 1.505 showed significant variance in opinions of the firms.

4.3.3.2 Online Distribution

The Place element of the marketing mix is about getting the products to the consumer and thus involves distribution channels. The Net offers a direct distribution and delivery method for many information, software, entertainment and financial service products.

Traditionally, trading organizations have gone to considerable trouble to develop unique distribution channels to gain competitive advantage e.g. car sales. However collaboration or Web-based communities are one of the realities of marketing online. The Internet has enlarged the market place.

Table 8: Online Distribution

Online Distribution Variables	Mean Score	Std. Deviation
Process Order	3.00	1.519
Deliver Vehicle Docs	2.71	1.939
Invoice Online	2.71	1.858
Solicit Vehicle Orders	2.57	1.651
Pay Online	2.00	1.569

Source: Response data

The findings in table 8 above show that to a moderate extent firms process vehicle orders online (3.00), Deliver vehicle documents (2.71), process Invoices (2.71), and solicit for orders (2.57). To a small extent firms receive payment online (2.0). The opinions of the respondents showed significant variance.

4.3.3.3 Online Pricing

Online pricing strategies differ from offline strategies. The Internet will lead to increased price competition and the standardization of prices across borders. Respondents were asked to give the extent to which they undertook key online pricing variables as illustrated in table 9.

Table 9: Online Pricing

Pricing Variables	Mean Score	Std. Deviation
Explain Pricing Online	1.79	1.311
Publish Prices Online	1.64	1.151
Publish Online Price comparisons	1.64	0.842
Offer Discounts Online	1.50	1.092

Source: Response data

To a small extent firms explain their pricing method online (1.79), publish online price lists (1.64), publish Price comparisons (1.64) and Offer discounts online (1.50). The standard deviations indicate no major variations on the responses.

4.3.3.4 Online Promotion

As a key element of the marketing mix, promotion refers to how marketing communications are used to inform customers and other stakeholders. The research looked into the four promotional elements; Advertising, sales promotion, Public Relations and Direct Marketing by firms in the Motor industry and the extent to which firms conducted these elements on the Internet.

Table 10: Online Advertising

Advertising	Mean Score	Std. Deviation
Place Vehicle Ads on Internet	2.14	1.231
Run Online Special Offers	1.50	0.760
Hold Contests (promotions) online	1.29	0.469

Source: Response data

To a small extent firms in the industry Place vehicle advertisements on the Internct (2.14), Advertise special offers online (1.50) and hold online contests (1.29). The standard deviations on the table above showed no significant variance in responses.

Table 10.1: Online Public Relations

Public Relations	Mean Score	Std. Deviation
Online News Realases	2.07	0.829
OL Product Launch	1.71	0.726

Source: Response data

To a small extent firms had online New Releases (2.07) and Online Product Launches (1.71) according to the research findings on table 10.1. The standard deviations indicate no significant variances in responses from the firms.

Table 10.2: Directing Marketing

Direct Marketing	Mean Score	Std. Deviation
Supply Usage & Service Manuals	2.69	1.601
Online Vehicle Catalogues	2.43	1.697
Contact Customer Online	2.43	1.742
Track Sales Online	2.21	1.718
Online customer follow-up	2.14	1.562
Internet Customer database	2.00	1.359
Prospect Vehicle Customers Online	1.93	1.542
Close Sales Online	1.71	1.139
Online Price changes	1.71	1.139
Negotiate Online	1.57	1.089
Handle objections Online	1.57	1.222
Carry out Pre-approach Online	1.50	1.019
Online sales Presentations	1.36	0.633

Source: Response data

To a moderate extent firms supplied Usage and Service manuals Online (2.69). To a small extent firms provided online vehicle catalogues (2.43), Contacted customers (2.43), did Sales tracking (2.21), Customer follow-ups (2.14), maintained Internet customer database (2.00), prospected online (1.93), closed sales online (1.71), advised price changes online (1.71), negotiated online (1.57), handled objections online (1.57), carried out Pre-approach online (1.50) and made sales presentations online (1.36).

4.4 Benefits of Internet Marketing

The use of Internet marketing presents an array of benefits to be enjoyed by marketers of products and services (Rettie, 2002). Motor vehicle companies were asked to identify the benefits they realized as a result of using Internet Marketing and data is presented using frequency table.

Table 11: Benefits of Internet Marketing

Benefit	Frequency	Percentage
Increased External Awareness	11	79%
Increased Internal Awareness	10	71%
Provided Information easily	8	57%
Better Management of Marketing Information	8	57%
Improved Customer Relations	7	50%
Improved Customer Service	6	43%
Improved Market Research	6	43%
Increased Sales Volumes	5	36%
Increased Market Share	5	36%
Increased Profits	4	29%
Reduced Costs	3	21%

Source: Response data

The findings of the research revealed that most firms realized increased external awareness (79%) and Increased internal awareness (71%). 57% of the firms indicated information provision and better management of marketing information as one the benefits of Internet marketing. Some firms also indicated benefits of improved customer relations 50%, improved customer service 43%, improved market research 43%, Increased sales volumes and market share 36% each, increased profits 29% and reduced costs 21%. This shows that most firms realized benefits from the use of Internet marketing.

4.5 Challenges of Internet Marketing

The international presence of the Net creates new challenges or obstacles which are broadly classified as economic challenges and social challenges. The respondents were asked to rank the challenges that their firms faced in using Internet marketing. The challenges were broadly classified as Technological, cost related, Internet Security, Computer literacy and Government Policies. Data was analyzed, ranked and presented in a frequency table below.

Table 12: Challenges of Internet Marketing

Challenges	Frequency	Percentage
Technology	7	50%
Cost	7	50%
Internet Security	7	50%
Computer Literacy	4	29%
Government Policy	1	7%

Source: Response data

Most companies indicated technology, cost and Internet security (50% each) as the main challenges they experienced. 29% of the firms also indicated the challenge of computer literacy and 7% government policy. This shows that most firms face challenges in Internet marketing.

CHAPTER FIVE

DISCUSSIONS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings of the study as well as conclusions made from analysis of data in Chapter Four. The study sought to determine the extent to which companies in the Motor Vehicle Industry in Kenya were using Internet marketing. The second objective was to establish the benefits gained in the use of Internet marketing by firms in the Motor vehicle industry. Lastly the study sought to establish the challenges faced in the use of Internet marketing by firms in the motor vehicle industry in Kenya. Having analyzed the data, the discussion of findings, conclusion and recommendations are presented in this chapter.

5.2 Discussion

The motor industry operates in a dynamic and highly competitive environment and therefore firms in this industry have to continuously re-invent themselves for survival. Increased level of awareness and sophistication of the customer means that the Vehicle firms adopt marketing tools and channels in order to survive (Chanon, 1980; Marsh 1988). Today the Internet has broken the geographical borders and hence increasing competition for local motor firms. Foreign firms no longer have to set up offices in the new geographic market in order to sell there.

Although the Internet is relatively underdeveloped in the developing world, Electronic Marketing has indeed ushered in a revolution in the way companies conduct their businesses. Specifically the auto industry, model lifecycles are shortening by the day as a result of improving computer technology, the future of middlemen remains a contentious issue and costs are bound to continue decreasing. At the same time, the traditional marketing elements are no longer the undisputed ways of building brands (Huang & Chung, 2003).

From the study, it was established that 10 out of 14 firms in the Motor Industry use Internet marketing as a tool in their organizations. Most companies dealt in a wide range of products and of different makes. The products naturally appeal to different categories of consumers who can be reached using various communication media. Nine of the companies serve the domestic market as well as the export market. With growing need to consolidate strength in trade by developing countries in Africa, new markets have emerged for Motor Vehicle companies in Kenya. Therefore geographical boarders are expanding creating new opportunities and challenges for companies. From the findings of this research vehicle most companies exported within the East African Community (57.1%) and further into the Common Markets for Eastern and Southern Africa region (7.1%). Naturally these two trading blocs offer a myriad of advantages for member countries such as duty wavers for vehicles built using up to 40% local content.

This research looked at Offline and Online Marketing as the two main marketing channels that companies in the motor industry can employ in their marketing strategies. According to the findings of this research 71.4% of the companies in this sector use both Online and offline marketing mediums. These firms also had company websites, which this research holds as an important step in adopting Internet marketing. Having a website enables a company to break geographical barriers and access a large audience across the globe. According to the JBIM (2003) company's website means that they can market from anywhere, anytime without necessarily setting up physical offices.

A characteristic of Internet marketing is that it introduced a new way in which companies can use the Marketing Mix to achieve their set goals (Chaffey et al, 2000). Ehmke et al (2004) explains that the term product includes items such as tangible goods, services, ideas, people and places, all of which can be marketed on the Internet. The implications of the Internet involve the replacement of the actual product by information about the product (Rayport and Svioka, 1994). Companies in Motor industry to a large extent provided various aspects of the product information online. The consumers are expected to experience and understand the product online. As a result these firms faced the challenge of providing all relevant information online to satisfy customer inquiries of a given motor vehicle. The information ranged from vehicle images to features, colours, designs, size and models. In offering their products online most companies provided vehicle designs, vehicle specifications to a moderate extent, while most firms provided augmented vehicle offers to a small extent.

According to Allen and Fjermestad (2001), the Net offers a direct distribution and delivery method for many types of products. Traditionally, organizations have gone to considerable trouble to avoid direct competition, often developing unique distribution channels to gain competitive advantage. However web based communities are one of the tough realities trading and marketing online. The study revealed that most companies in the Motor Vehicle Industry used online distribution to a moderate extent as part of their marketing strategies. Given the size of the Internet marketplace the Internet will have a major effect on place in the marketing mix (Allen and Fjermestad, 2001). The findings of this research shows that firms in the motor industry in Kenya today, have not appreciated what Allen and Fjermestad fathom. Conclusively these firms are still using traditional distribution strategies. The authors emphasize that territory will be senseless on the Internet. To a small extent firms used online payment (mean score 2.00)

Online pricing strategies vary from offline pricing strategies for most companies. The study revealed to small extent that firms explained pricing methods online, Published online price lists, offered discounts online and published online price comparisons. According to Klein and Quelch (1999), the Internet will lead to increased price competition and the standardization of prices across borders. At the same time it will reduce marginal costs by eliminating such costs as staff costs and store costs. Ultimately this will place pressures on traditional marketers. Vehicle companies in Kenya will have to embrace this truth in order to compete effectively in the Net market place.

The research established that a majority of companies in the motor Industry to a small extent conducted online promotion mix; Sales promotion, Public Relations/Publicity, Advertising and Direct Marketing. The promotion design is dictated by the target audience or market and the essence is to elicit a response from the target population in terms of purchases or opinions. The firms target audience on the Internet remains highly undefined, competition unknown and appropriate strategies undeveloped.

To a small extent firms had online publicity element of promotion. El-Ansary and Frost (2003), argue that firms that are truly customer driven will build One on One technologies into every corner of their firm and will liken their networks to many other networks.

The study revealed that online advertising among Motor Vehicle companies remains under utilized is only done to a small extent. Online marketers must be increasingly clever to design and deliver brand messages that capture and hold audience attention, because on the Internet the users are in control (El-Ansary and Frost, 2003). They (the audience) can quickly click away when websites don't quickly deliver desired information or products. The development of a company's webpage is a common form of promotion that has been adopted. The placing of banners on other webpages has also become a common e-promotion.

Various studies have revealed that there are a myriad of benefits to be derived from Internet Marketing. This study found that most firms the motor vehicle industry in Kenya realized benefits from using online marketing. The study established that 79% enjoyed increased external awareness, 71% increased internal awareness, 57% better management of marketing information sales as well as provision of information. Rettie (2002) outlines that the benefits can be seen in four perspectives namely, market penetration, market development, product development and diversification. There are both tangible benefits such as cost reduction and intangible benefits such as enhanced brand. Fornell, (1992) and Rust et al (1994) suggest that exemplary online shopping experiences can lead to greater customer loyalty hence, secure future revenues.

While using Internet Marketing, companies in the motor Industry encounter various challenges. This study found that half of the companies reported technological challenges as their biggest hurdle; i.e. complexity of use, lack of skilled knowledge, use of outdated software & hardware, and Inefficiencies of Internet Service Providers (ISP's). The study revealed that the 50% found cost and Internet security as a major challenge in the use of Internet Marketing. The study also showed 29% of the companies' found computer literacy a challenge. Government policy was ranked as the least of challenges in the use of Internet Marketing by Motor Vehicle Companies in Kenya.

5.2 Conclusion

Globalization has changed the way companies do their business today. The Internet has especially created a global village and eliminated borders or territories for most companies. Evidently companies such as used vehicle dealers with no offices in Kenya can and have conducted business as though they had well established dealerships in the country. As a result, Motor vehicle companies in Kenya have faced stiff competition from many quarters of the globe and especially the Middle East and Asia.

The use of Internet has been found to help reach larger markets effectively and efficiently. This study reveals that Motor Vehicle Companies in Kenya have embraced Internet marketing to a small extent. The study found that firms in the Motor Industry derived benefits from adapting Internet Marketing. The benefits derived include key metric variables in this sector such as Sales volumes, Market share and increased profits. The study also revealed that there are four key challenges that firms face in the use of Internet Marketing; technological challenges, cost, security and computer literacy levels within the target market. Conclusively the benefits are directly linked to the companies' objectives and in the longterm will outweigh the challenges. These organizations will therefore have to embrace the Internet concept in order to compete in the global arena.

5.3 Recommendations

The study reveals that companies have adopted Internet marketing to a small extent. Motor vehicle companies should move from traditional Marketing mediums and adapt online marketing as an important tool in their strategies. The East African Community creates a large market with a combined population of 100million people. Kenyan Motor vehicle companies should leverage on this huge market to grow sales and expand business. Today Kenya has three Vehicle Assembly plants ranking it third after South Africa and Egypt. It is also the only country Assembling new vehicles in East and

Central Africa. Therefore Motor Vehicle Companies should use Internet strategy to reach this large population and exploit existing opportunities in the regional integration.

LIMITATIONS OF THE STUDY

The study was limited to 14 firms which are members of the Kenya Motor Industry and are dealing in automobiles, comprising of all vehicles including 2-3 wheelers, passanger cars and multi-utility vehicles, light and heavy commercials vehicles.

SUGGESTIONS FOR FURTHER RESEARCH

A study could be carried out on the secondhand Motor Vehicle Companies in Kenya. This will enablc in making a conclusion on the extent to which the entire Motor vehicle industry uses Internet Marketing.

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APPENDICES

Appendix I: Operationalizing Factors Affecting the Use of Internet Marketing

Elements of Marketing Mix	Expanded Dimension	Relevant Issues	Relevant Questions
Product		- Detailed Product features - Product Designs - Product appearance - Models/Online product range - Function, and augmentation	8 (i)
Price		- Price lists of vehicles - Online pricing strategies - Comparative Price/Competitor - Negotiation and discounting online - Explaining reasons for given prices	8 (iii)
Place		- Soliciting orders online - Processing orders online	

		- Short online value chain - Delivery of documents online - Invoicing online - Making payments online	**8 (ii)**

Promotion	**Advertising**	- Placing adverts of vehicles on the Internet	8 (iv)
	Sales Promotion	- Putting vehicle offers on the Internet - Running contests on the Internet	8 (iv)
	Personal Selling	- Tracking sales - Conducting pre-approach online - Prospecting online - Making Sales presentations on the Internet - Negotiating online - Handling objections on the Internet	8 (iv)
	Publicity	- Providing usage and service manuals online - Online customer follow-up	8 (iv)
	Direct Selling	- News on new vehicles on the Internet - Delivering news on price	8 (iv)

		changes online - Announcing new product launches online - Providing online catalogues - Maintaining Internet customer database - Contacting individual customers online	

Appendix II: Letter of Introduction

Emily K. Ntara
C/0 MBA Office,
Faculty of Commerce, UoN,
P.O. BOX 30197
NAIROBI

April 5, 2006

Dear Respondent,

I am a postgraduate student in the University of Nairobi, pursuing a Master's degree in Business Administration. I am undertaking a marketing research project in partial fulfillment of the academic requirements on the topic The Use of Internet Marketing in the Motor Industry in Kenya. Your esteemed company has been selected to form part of this study. I will be very grateful if you would spare some time to respond to the questions listed on the attached questionnaire as truthfully as possible.

Your response will be treated with confidence. Even where respondents have given their names, these names will not appear in the final report. The findings of this research can be availed to you upon completion of the research.

Your assistance and co-operation will be highly appreciated.

Yours Faithfully,	Mrs Margaret Ombok
Emily K. Ntara	Lecturer, Dept of Business Administration
MBA Student	**Project Supervisor**

Appendix III: Questionnaire

The main objective of this questionnaire is to collect data on the extent of use of Internet marketing in the Kenyan motor vehicle industry together with the challenges and benefits experienced by the firms in the industry while adopting this technique of marketing. This research is performed independently and the gathered data will be treated confidentially and used to draw broad conclusions only. Your support by filing in this questionnaire objectively will be highly appreciated. Please tick where applicable.

Date: ....

SECTION A: GENERAL INFORMATION

(This section requires you to give general information regarding your firm. Please tick (√) or fill in where appropriate).

1. Name of your organization

____

2. Position/Title of respondent _______________________________

3. How many makes of vehicles does the organization sell?

1 – 3 vehicles	[ ]	4 – 6 vehicles	[ ]
7 – 9 vehicles	[ ]	Above 10 vehicles	[ ]

4. What range of products does the organization offer?

2 – 3 wheelers	[ ]	Heavy commercial trucks	[ ]
Saloons	[ ]	Farm machinery	[ ]
Sport utility vehicles	[ ]	Mini – medium buses	[ ]
Pick-ups	[ ]	Large buses	[ ]

Light commercial trucks [ ]

5. a) In terms of markets, which markets do you sell your vehicles?

Domestic market (Kenya)	[ ]	Export (International/Regional)	[ ]

b) If the organization markets its vehicles internationally, please list the countries.

i) ______________________________

ii) ______________________________

iii) ______________________________

iv) ______________________________

v) ______________________________

SECTION B: EXTENT OF USE ON INTERNET AS A MARKETING TOOL

6. What kind of marketing medium does the organization use?

Offline marketing (e.g. media)	[ ]
Online marketing (Internet)	[ ]
Both	[ ]

7. Does the organization have a website? Yes [ ] No [ ]

8. Indicate the extent to which your firm undertakes the following activities online. On a scale of 1 to 5 where: 5 – Very Large extent, 4 – Large Extent, 3 – Moderate Extent, 2 – Small Extent, 1 – To No Extent

(i) Product

	5	4	3	2	1
Providing vehicle features	[ ]	[ ]	[ ]	[ ]	[ ]
Showing vehicle designs	[ ]	[ ]	[ ]	[ ]	[ ]
Explaining vehicle feature benefits	[ ]	[ ]	[ ]	[ ]	[ ]
Information on vehicle colours	[ ]	[ ]	[ ]	[ ]	[ ]
Information on vehicle sizes	[ ]	[ ]	[ ]	[ ]	[ ]
Showing vehicle models	[ ]	[ ]	[ ]	[ ]	[ ]
Information on augmented vehicles offers	[ ]	[ ]	[ ]	[ ]	[ ]

(ii) Distribution

	5	4	3	2	1
Soliciting vehicle orders	[ ]	[ ]	[ ]	[ ]	[ ]
Processing Orders	[ ]	[ ]	[ ]	[ ]	[ ]
Delivering of vehicle documents	[ ]	[ ]	[ ]	[ ]	[ ]
Invoicing online	[ ]	[ ]	[ ]	[ ]	[ ]
Making Payments online	[ ]	[ ]	[ ]	[ ]	[ ]

(iii)Pricing

	5	4	3	2	1
Explaining pricing methods online	[ ]	[ ]	[ ]	[ ]	[ ]
Publishing online price lists	[ ]	[ ]	[ ]	[ ]	[ ]
Offering discounts online	[ ]	[ ]	[ ]	[ ]	[ ]
Publishing online price comparisons	[ ]	[ ]	[ ]	[ ]	[ ]

(iv)Promotion

	5	4	3	2	1
Placing vehicle ads on the Internet	[ ]	[ ]	[ ]	[ ]	[ ]
Running vehicle special offers online	[ ]	[ ]	[ ]	[ ]	[ ]
Holding contests online	[ ]	[ ]	[ ]	[ ]	[ ]
Tracking Sales online	[ ]	[ ]	[ ]	[ ]	[ ]
Carrying out Pre-approach online	[ ]	[ ]	[ ]	[ ]	[ ]
Prospecting for vehicle customers online	[ ]	[ ]	[ ]	[ ]	[ ]
Conduction online sales presentations	[ ]	[ ]	[ ]	[ ]	[ ]
Negotiating online	[ ]	[ ]	[ ]	[ ]	[ ]
Handling objections online	[ ]	[ ]	[ ]	[ ]	[ ]
Closing sales online	[ ]	[ ]	[ ]	[ ]	[ ]
Carrying out online customer follow-up	[ ]	[ ]	[ ]	[ ]	[ ]
Supplying usage and service manuals	[ ]	[ ]	[ ]	[ ]	[ ]
Online news releases on new vehicles	[ ]	[ ]	[ ]	[ ]	[ ]
Online announcements of price changes	[ ]	[ ]	[ ]	[ ]	[ ]
Announcing product launches online	[ ]	[ ]	[ ]	[ ]	[ ]
Providing online vehicle catalogues	[ ]	[ ]	[ ]	[ ]	[ ]
Maintaining Internet customer database	[ ]	[ ]	[ ]	[ ]	[ ]
Contacting individual customers online	[ ]	[ ]	[ ]	[ ]	[ ]

SECTION C: BENEFITS OF USING THE INTERNET AS A MARKETING TOOL

9. What benefits has the organization realized as a result of using the Internet as a marketing tool for the organization?

Increased sales volume	[ ]
Increased market share	[ ]
Increased profits	[ ]
Increased awareness	[ ]
Provided information	[ ]
Reduced costs	[ ]
Improved customer service	[ ]
Improved customer relationships	[ ]
Increased international awareness	[ ]
Improved market research	[ ]
Better management of marketing information	[ ]

Other *(please specify)*

____

____

____

____

SECTION D: CHALLENGES EXPERIENCED IN THE USE OF INTERNET AS A MARKETING TOOL

10. On a Scale of 1 to 11, please rank the following challenges that the organization faces while using the Internet in its marketing activities. The value 1 represents the greatest challenge while the value 11 represents the least challenge faced.

High Accessibility cost	[ ]
Lack of privacy	[ ]
Insecurity (information abuse)	[ ]
Insecurity (payments)	[ ]
Low Internet connections	[ ]
Low interest from users	[ ]
Complexity of use	[ ]
Lack of skilled knowledge	[ ]
Use of outdated software & computers	[ ]
Inefficiencies of ISP's	[ ]
Lack of Government support	[ ]

Other *(please specify)*

____

____

____

____

11. What methods does the organization use to address these challenges? *(please list)*

____

____

____

____

THANK YOU FOR YOUR CO-OPERATION

Appendix IV: List of Firms

Kenya Motor Industry

Member List – Population of interest

No.	MEMBER COMPANY	Contact Person	Position
1	Amazon Motors Ltd	Elizabeth Ngugi	Administrator
2	Audi Kenya	Mrs. Shazia Viran	Marketing Manager
3	Car & General (K) Ltd	Mr. Vijay Gidoomal	Managing Director
4	CMC Motors Group	Mr. Martyn Forster	Managing Director
5	D. T. Dobie (K) Ltd	Mr. Zarak Khan	Managing Director
6	General Motors (K) Ltd	Mr. Bill Lay	Managing Director
7	Kenya Coach Industries Ltd	Mr. Sokhi Sarwan	Managing Director
8	Kenya Grange Vehichle Ind. Ltd	Mr. Julius Ngure	Sales & Marketing
9	Marshalls EA Ltd	Mr. Amool Nathwani	Managing Director
10	Mashariki Motors Ltd	Mr. J.T. Maganga	Finance Director
11	Ryce Motors Ltd	Mr. V. N. Srinivas	Managing Director
12	Simba Colt Motors (K) Ltd	Mr. Alnashir Popat	Managing Director
13	Subaru Kenya	Mr. R. Sridharan	Managing Director
14	Toyota East Africa	Mr. Tomonori Umehara	Managing Director

Other Members of KMI

No.	MEMBER COMPANY	Contact Person	Position
1	CFC Bank	Mr. Moses Karanu	Manager - Hire Purchase
2	Chloride Exide Kenya Ltd	Mr. Guy Jack	Managing Director
3	Firestone EA Ltd	Dr. S.K Chatterji	Managing Director
4	Church Orr	Bella Kiima	Marketing Manager
5	NIC Bank	Edna Kihara	Head of Asset Finance

6	Nyanza Petroleum Dealers	Mr. Sandeep Shah	Managing Director
7	Oriel Limited	Mr. Amaar Slatch	Marketing Manager
8	Amity Equipment Repairs Ltd	Mr. Dinesh Patel	Managing Director
9	Stenorette Radio Services	Mr. P. Patel	Director
10	Total Kenya Ltd	Lillian Gakunju	Communications Coordinator
11	Auto Prestige Motors and Accessories Ltd	Mr. P.S. Bhogal	Managing Director