THE INFLUENCE OF MOBILE MARKETING ON BRAND EQUITY
A CASE STUDY OF SAFARICOM LIMITED

BY

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DECLARATION

This research project is my original work and has not been submitted for examination in any other university.

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

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This work would not have been completed without the support and cooperation of certain people and institutions. It is with gratitude and high esteem that I would like to pass my regards to the project supervisor, Professor Francis Kibera and other lecturers who made their contribution on it, the MBA coordination office at the University of Nairobi and the employees of Safaricom Limited.
DEDICATION

I would like to dedicate this project to my two daughters, Hope and Promise so they may pick up the baton and the zeal to do great work in their days.
ABSTRACT

The use of mobile marketing can provide advertisers with a big opportunity of enhancing consumer exposure to a brand, thus increasing brand awareness. This study investigated mobile marketing practices at Safaricom and how they influence brand equity. The study reviewed literature related to the subject and employed the case study approach. Through its flexibility different aspects of mobile marketing from a unit that practices this form of marketing or hosts such marketers were examined. The study interviewed managers who are directly responsible for making strategic marketing decisions. Primary data was collected by way of interview guide. The interview guide carried both closed and open-ended questions.

The results show that some marketers are confident in mobile as a means of enhancing equity due to the high customer adoption of mobile app and mobile web. Top brands such as Safaricom are spending significant amounts of money on mobile advertising for brand building and for reinforcing the sales push. Mobile phones are making it easier for cross-media messages to get to individuals more that any other connected devices.

As a recommendation more marketing organizations should take to mobile advertising and explore the full length of options such as Mobile apps, mobile display, and mobile video in addition to mobile search. This will increase the monetization of mobile advertising.
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ABBREVIATIONS AND ACRONYMS

CBBE – Consumer Based Brand Equity
CCK – Communications Commission of Kenya
EBIT – Earnings before Interest and Tax
GSM – Global Systems for Mobile communications
KCA – Kenya Communications Act
KPTC – Kenya Posts and Telecommunications Corporation
MMA – Mobile Marketing Association
MSN – Microsoft Network
PC – Portable Computers
SMS – Short Message Service
CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The mobile phone has emerged as an important channel for marketing communications, thus drawing enormous interest from both marketers and consumers (Karjaluoto et al., 2004). According to the International Telecommunications Union (2012), mobile phone users now stand at 6 billion globally. Feature phones form the majority of these phones while smart phones stand at about 1 billion. Therefore, mobile phones present the greatest opportunity of all connected devices (Notebooks, desktops, mobile phones, tablets, and ultramobile Portable Computers) as a marketing platform. The Mobile phone presents several marketing communication vehicles including but not limited to Mobile search, Mobile video, Mobile display and Mobile messaging. One avenue of mobile marketing that has received significant attention is Mobile messaging through the short message service (SMS) marketing. SMS is an application that allows mobile users to send a text message of up to 160 characters between mobile devices (MMA, 2008). Sending short messages is also commonly known as “texting” or “text messaging”. To date, SMS has become the most popular of all mobile applications (Carroll et al., 2007; Salo et al., 2008). In 2010, the number of text messages sent globally reached 6.1 trillion, or about 600,000 text messages are sent every second (International Telecommunication Union, 2010). From the aspect of business, a recent survey found that the percentage of mobile users in major European countries who received SMS advertisement in 2007 approached nearly 100 percent (Metric, 2009).
SMS marketing in Kenya has been growing significantly, thanks to the popularity of the application itself and the high penetration of mobile phones. Communications Commission of Kenya indicates in its Quarter 4 2012 returns that SMS stood at 3.6 billion for the quarter and had grown three-fold from 1billion in the previous quarter. However, its effectiveness is still unclear as many firms use text message advertising only because it is a convenient medium, without considering consumer permission. Kenya environment makes the perfect setting for investigating the potential of SMS marketing in both permission and non-permission-based scenarios.

1.1.1 Mobile Phone Marketing

According to AdSense 2012, Nokia was the leading handset manufacturer in Kenya in February 2011 with approximately 57% market share. This was followed by Samsung with 13% of the market while Chinese handsets made up 6%. Google’s android phones took 4% share as well as Sony Ericsson while Alcatel and Huawei each had a 3% share. Apple’s market share then was at 2% similar to Motorola’s while LG was at 1%. These figures are bound to have changed significantly. Most of these phone manufacturers have a simple distribution system that places mobile airtime providers such as Safaricom, Airtel, Orange and Yu at the center of the chain. Most of the devices are moved through these companies. The other aspect in the supply chain is parallel imports by individuals sourcing handsets from secondary markets such as the Middle East and China.
CCK April 2012 returns placed total number of handsets in the country at 28.08 million. This estimate was based on active SIM cards in the past 3 months and represented 71% market penetration. It is expected that total active subscriptions will reach 39.5 million by 2016 (Business Monitor International, May 2012).

1.1.2 Brand Equity

Brand equity is a highly complex concept that has been defined in many ways. However, the bottom line of most definitions lies in the concept of “added value” given to a product by a brand, which was first proposed by Farquhar (1989). There are two approaches toward interpreting this added value: either as the value of a brand to the firms (financial perspective) or the value of a brand to the customers (consumer-based perspective).

In accordance with the objectives of this study, the researcher has adopted the customer-based perspective due to his strong belief that a brand can only draw strength from a steady supply of loyal customers. However, several definitions of brand equity from this perspective have been advanced. For example, Keller (1993, p. 2) defines brand equity as “the differential effect of brand knowledge on consumers response to the marketing activities of the brand”. His contemplated brand knowledge has two components; brand awareness and brand image. Cobb-Walgren et al. (1995) conceptualizes brand equity from three dimensions; brand awareness, brand associations, and perceived quality. In a more recent study, Kim and Kim (2004) consider brand loyalty, perceived quality, and brand image as the main components of brand equity. Tolba and Hassan (2009) introduce a brand equity model on the basis of the hierarchy of effects model and suggest three
components of brand equity; knowledge equity, attitudinal equity, and relationship equity. Knowledge is in this case equated to awareness.

Brand awareness refers to “the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category” (David Aaker, 1991 P.30). Brand awareness can be characterized by depth and breadth (Janiszewski, and Van Osselaer, 2000). Brand awareness is a prerequisite of brand communications because it is a brand node in a customer's memory to which other information about the brand is able to attach (Aaker, 1991). Without brand awareness, brand image and brand attitudes cannot be formed in a customer's memory (Macdonald and Sharp, 2003). Brand association is defined as “anything linked in memory to a brand” (Aaker, 1991 P.35). Brand association is closely related to brand image, which is consumer perception about a brand as reflected by brand association (Aaker, 1991; Keller, 1993). Brand association and brand image can differ among individuals and do not necessarily reflect what a brand actually is (Sjodin and Torn, 2006). To enhance brand equity, associations should be strong, favorable, and unique (Keller, 1993).

Perceived quality refers to “the customer judgment about a product's overall excellence or superiority” (Zeithaml, 1988 Pg 55). Perceived quality is not the actual quality of the product; it varies among individuals because the criteria that individual consumers use to make judgments about the quality of a product differ (Aaker, 1991). Brand loyalty is the core of brand equity (Ambler, 2004). Conceptual definitions of brand loyalty can be classified into three perspectives: behavioral, attitudinal, or composite (Rundle-Thiele
Behavioral definitions describe brand loyalty as an outcome of repeated purchase behavior, whereas attitudinal definitions evaluate a consumer's level of brand loyalty on the basis of the consumer's intentions to be loyal to the brand (Pappu et al., 2005). Composite definitions measure brand loyalty by both repeated purchase and intention to buy (Boivin, 1986).

1.1.3 History of Telecommunications Services in Kenya

Telecommunications services were first introduced in Kenya in 1888; ten years after Alexander Bell patented the telephone. Then, the earliest telecommunications connections to the outside world were the submarine cables (laid by the Eastern and South African Telegraph Company in 1888) linking Zanzibar, Mombasa, and Dar es Salaam. This began a long process of expansion of the telecommunications system countrywide, first along the railway line to the present near national network. Up to 1977 telecommunications services in Kenya were managed as part of the East African Community regional network with neighboring Tanzania and Uganda (Institute of Economic Affairs 2002).

In 1977 the Community collapsed, and the Kenya Government established the Kenya Posts and Telecommunications Corporation (KPTC) to run telecommunications services. KPTC did this for twenty-two years on a monopoly basis until 1999 when the Government launched telecommunications sector reform, introducing competition in certain market segments and disbanding KPTC. Global trends in telecommunications industry reform (towards liberalization and privatization), the inability of the
telecommunications monopoly to satisfy demand, and demand for advanced services forced the Government to reform the sector. In 1998 Parliament enacted the Kenya Communications Act (KCA 98) which set out a new framework for the development of telecommunications in a liberalized environment, and at the same time repealed the Kenya Posts and Telecommunications Act of 1977. The basis of these actions was a policy statement of 1997 setting out the Government vision of telecommunications development up to 2015.

By 2002, Kenya had a national teledensity (telephones per hundred people) of 1.01%. This placed it in the 23rd position in Africa. The highest teledensity was with Seychelles with 25% while the lowest stood at 0.03% with the republic of Congo. Kenya’s telephone distribution was inadequate and highly skewed to the urban areas. The country faced enormous challenges in the delivery of the benefits of telecommunications services to the majority of the population, particularly in rural areas. Moreover, poverty and low incomes made telephone services unaffordable to the majority of the population. Kenya, like many other countries, increasingly recognized that an efficient telecommunications sector was a fundamental prerequisite for national competitiveness in the emerging global information society. This context has been greatly changed by liberalization and the advent of mobile telephony.

1.1.4 Safaricom Limited

Safaricom Limited started its global systems for mobile communications (GSM) operations on 16th May of 2002 when it actually became a public company with limited
liabilities and ceased being a private company under the companies Act. The Company had been established on 3rd of April 1997. Safaricom is the leading provider of converged communication solutions comprising voice, video and data products as pointed out in the CCK’s Quarterly Operator returns. Safaricom provides broadband high-speed data to its clientele through its 3G network and has an expansive mobile money transfer service otherwise known as ‘M-Pesa’. The company also has the biggest outlay of SMS services which put it at 80.3% Market share by SMS totaling 3.4billion SMS in the October to December 2012 CCK Quarterly Operator returns. It is considered to be top of the class in the telecommunications industry in Kenya. With a highly competitive and lucrative telecommunications market that Kenya has to offer; it is of utmost importance for the telecommunications companies to take their customers’ satisfaction seriously. Customer satisfaction is a precursor of customer loyalty already underscored in earlier narratives. Safaricom clearly leads the roost in all service areas with a percentage subscription market share of 64.5% and year on year profit return hence an interesting choice for the author who is a subscriber and a shareholder of the firm.

Despite the seemingly unassailable lead, Safaricom is faced with the daunting task of staying ahead in an increasingly volatile and dynamic industry. With over 19 million subscribers Safaricom gained a marginal 1.3% on the third quarter closing the year 2012 with 64.5% share. Competition continued to dig in. Airtel Kenya grew to close the year 2012 with a market share of 16.9% while Essar finished the year with 10.6% market share. Telkom Kenya completed the competitive set of four closing 2012 with 8.1%
market share (CCK Operator Returns December 2012). With its dominant role in the market, Safaricom has had a fair share of benefits until recently when its rivals redefined themselves with Essar putting behind huge marketing spends pursuing the youth with low calling rates and Airtel pulling rates even lower. However, Safaricom’s biggest challenge is going to be the renewal of its current operating license that CCK has put at a cost of over 10 billion. This will divert a significant chunk of investment resources and leave the firm vulnerable to competitive pressures. It could mean a shift from Safaricom for some subscribers especially with a strong product offer from Orange 3G data solution.

1.2 Research Problem

The use of mobile marketing can provide advertisers with a greater ability to enhance consumer exposure to a brand, thus increasing brand awareness. For example, SMS-based push advertising assures high consumer exposure to a brand because messages are likely to reach their target almost every time. After reaching customers, the messages are stored in their mobile phones and can be read at their convenience. Moreover, unlike e-mail, SMS does not have a subject line. Therefore, the message is guaranteed to be opened before being deleted (Rettie et al., 2005). Another advantage of using mobile advertisements to enhance brand awareness is the viral effect. Given that SMS is easy to use and relatively low cost (Doyle, 2001), forwarding messages among friends is a common practice. This is beneficial not only in terms of increased brand awareness but also peer influence (Scharl et al., 2005).
Currently consumers are spending 10% of their media time on mobile devices while the medium only constitutes 1% of total ad spend according to the emarketer 2012 quoted by Business Intelligence 2013 referring to the United States. Television commands 43% of media time and the medium collects 42% of ad spend. Consumers spend 15% of their time on radio and the medium enjoys 11% of ad spend. Print time spend is at 7% yet the medium enjoys 25% of ad spend. A closer look at these statistics show a huge variation in ad spends versus time spends on Mobile indicating that advertisers are not investing commensurate resources in the medium in their brand building efforts. It is therefore important that Telecommunication firms utilize mobile more than they are currently doing to build brand equity.

Despite a growing body of literature on mobile marketing, there is limited understanding of the influence of SMS marketing on branding. Most of the research has focused on consumer attitude toward mobile advertising and antecedents of consumer adoption of mobile services (Hung et al., 2003; Wu and Wang, 2005; Kim et al., 2007). Some studies that investigate the relationship between SMS advertising and branding were developed without a strong theoretical basis, making the results inconclusive and non-comparable (Barwise and Strong, 2002; Rettie et al., 2005). Against this backdrop, this study aims to explore the impact of SMS marketing on brand equity by using the well-known brand equity conceptual framework proposed by Aaker (1991) and extended by Yoo et al. (2000) as the basis for analysis. Specifically, this research examines how the use of SMS advertisements influence consumer perceptions and increase a brand’s equity.
1.3 Research Objective

The objective of this study is to investigate mobile marketing practices at Safaricom and how they influence brand equity.

1.4 Value of the Study

The findings from the study may particularly be useful in providing additional knowledge to existing and future organizations on the influence of mobile marketing on brand equity. This study may also give confidence to marketers as they practice mobile application marketing which is said to be on exponential growth path elsewhere on the globe but finding little use in the developing world (Nielsen Smartphone Analytics 2012). The findings may also provide a useful reference document to stakeholders in the mobile industry in their endeavors to formulate marketing strategy and for academic institutions in identifying this area as an interest in their syllabus development for the field of marketing communications.

Scholars, students and other researchers may also find the study helpful to identify further areas of research built on the findings of this research. The study may be a source of reference material for future researchers on other related topics; it may also help other academicians who undertake the same topic in their studies. The study may also highlight other important relationships that require further research.

Findings from this study will be useful to government when formulating policy regarding mobile marketing and the use of mobile devices. From its findings, government will be
able to understand how mobile applications will augment its youth development programmes in areas of sports, music and fashion. The government will be able to draw a clearer picture of the industry and its potential earnings and address gaps that may exist in current policy.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature relating to the concept of mobile marketing practices, brand equity and dimensions of brand equity.

2.2 Theoretical Underpinning

According to the E-Marketing theory, buying and selling of goods and services online is a reality and is replacing the traditional marketplace. Consumers research products online and make purchases. Therefore, organizations need online strategies to attract and retain customers. This recasts the traditional marketing mix to an online e-product, e-price, e-place and e-promotion elements. Under e-products, tangibility disappears but is replaced by other advantages such as accessible online product facts, customized buying process for repeat customers, immediate ancillary products coming along with main purchases. The internet has made pricing very competitive. Many costs i.e. store costs, staff cost have disappeared for complete online stores. The internet gives consumers the power to shop around for the best deal at a click of a button. The growth of online auctions also helps consumers to dictate price. One of the biggest changes to the marketing mix is online purchasing. Consumers can purchase direct from manufacturers cutting out retailers totally. Having a recognizable domain name is the first stage towards e-promotion. Most organizations today have some form of webpage used in most if not all advertisements. Placing banner advertisements on other webpages is a common form of e-promotion.
In discussing the concept of customer equity, (Zeithaml and Lemon, 2004) suggested that ‘brand equity’ is a product-focused concept and should be viewed as a component of an all-embracing concept of ‘customer equity’, whereas Vargo and Lusch suggested that brand equity, along with customer equity and network equity, are the three main ‘off-balance sheet’ assets that will increasingly determine the market value of an organization. Thus, while it is not explicitly stated, Vargo and Lusch recognized that within the service-dominant logic, the service brand is an important ‘off-balance sheet’ asset (Brodie, Glynn, and Van Durme, 2002).

According to the brand equity theory (Keller and Lahmann 2003), brand market performance is the direct antecedent of a firm’s financial performance. The impact of consumer-based brand equity (CBBE) on a firm’s financials is through market performance. Through the brand equity theory, they concluded that companies that do achieve a perceived, relative product quality advantage will generate better financial returns due to stronger customer loyalty, more repeat purchases, and less vulnerability to price wars.

2.3 Mobile Marketing Practices

The advancement in wireless internet and mobile computing brought about the boom of intelligent location-based services, which can actively push location-dependent information to mobile users according to their predefined interest (Chen et al., 2003). Thus, apart from the normal text messages that traditionally go into the inbox of mobile phones, the advent of push notifications and other ‘alert features with screen display’ of
mobile phones, marketers are able to get the attention of customers as and when they want it. According to the definition given by the Mobile Marketing Association, “Mobile Marketing is a set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network.” Mobile Marketing can generally utilize two types of strategies: push and pull.

With about 7 billion people living in our world (Associated Press, 2011) today and hundreds of millions of them interconnected via social media channels like Facebook, Twitter, LinkedIn, Yahoo, and a host of others, companies are now able to capture chunks of customers spread across the globe (Econsultancy, 2008). This is fuelled by the rapid increase in development of innovative technology and continued drive to lower costs. “One of the strengths of marketing is the way it constantly adapts and responds to changing conditions” (Hub, 2005). The international Telecommunication Union (cited in InMobi, 2011) pointed out that India and China collectively added about 300 million new mobile subscriptions in 2010. Perhaps it might be tasking, if not impossible to find some other item gaining similar level of penetrations and spread into the global market according to P.T. Chen, Husieh, et al. (2009) referring to the mobile phone as an ‘indispensable implement’. It could be interesting to note that over 1.3 billion handsets were sold in 2010 (InMobi, 2011). In Kenya, mobile penetration is about 80% drawn on the population estimate of 40million given by the Economic Survey 2012.
2.4 Mobile Marketing Strategies

Marketing efforts are usually targeted at determining what products and services are of interest to customers, and coming up with ways to get them to buy them (Kotler and Armstrong, 2001). Today, companies attempt to identify the customer, discover the customer’s needs, satisfy them, and keep the customers (Hub, 2005). It is noteworthy that marketing strategies have changed over the years with respect to the changing tastes and preferences of customers (Kotler and Armstrong, 2001). Thus, since customer needs will still continue to witness more and more changes, marketing strategies will keep improving (Hub, 2005).

Marketing strategy has evolved from the production orientation where firms focused on producing as many units of products as possible to the product orientation where the focus was on the quality of product being offered. Then from the product orientation to the selling orientation where there was little concern for what the customer wants, rather the focus was on selling what the company produced. Later, companies adopted the marketing orientation which required that they identify what customers’ needs and wants were and develop the products and services to satisfy those needs and use mass media to make the offers known to them (Learn Marketing, 2011).

2.4.1 Short Message Service Marketing

Short Message Service has now become an integral part of many firms' marketing mix and is effectively used in various applications, such as advertising, games, coupons, and information services. For example, Estee Lauder promoted its new product by inviting
consumers to receive free samples using SMS coupons sent to their mobile phones (Kim and Jun, 2008). McDonald offered quizzes and competitions via SMS to raise brand awareness and increase sales among young consumers (Kavassalis et al., 2003). In Kenya, many firms have pushed SMS to Kenyans passing different messages to their targets. For instance, the Independent Electoral and Boundaries Commission used SMS to pass voter registration calls, voting education and manage post-poll anxiety. Many retailers have now adopted text messaging as a regular channel for customer service, such as promotional updates and for tracking orders (Shankar et al., 2010).

When designing an SMS campaign, there are several types of messages available to reach consumers, each defined by its unique features. These include personalized, interactive, or even plain messages with no added features. Personalized mobile advertising refers to the tailoring of promotional messages sent to mobile devices based on a combination of user parameters, such as demographic profile, preference, context, and content (Xu, 2007). Personalization offers a wide array of benefits for marketers, including maintaining customer relationships (Kannan et al., 2001), influencing consumer attitudes toward an ad (Xu, 2007), improving a company's marketing performance (Vesanen, 2007), and increasing campaign response rates (Barutcu, 2007).

2.4.2 Mobile Web
The mobile web affords the Smartphone or tablet computer users the opportunity to connect through a wireless network to the internet using internet-connected applications (Rabin and McCathieNevile, 2008). This among others ended the restrictions of
customers to having to wait till they get back to office or their home before they can weigh their options (Jaokar and Fish, 2006) thus, right on the go, options can be weighed and decisions taken which can constitute a threat to competitors.

Apart from becoming informed, customers also want to take actions at the instance of the need as they want seamless access to the entire range of products (Srinivasan et al., 2002), and since it is practically impossible to have stores located on every street, providing customers with online access to almost everything they would find in the physical store would go a long way in creating value for the customer thus leading to loyalty (Srinivasan et al., 2002). Statistics show that about 500 million people accessed mobile internet across the world in 2009, and by 2014 the number is projected to be about one billion (InMobi, 2011). Back here in Kenya, CCK indicates that the mobile internet market subscriptions closed 2012 at 9.4 million and mobile constituted 99% of the total internet subscriptions. The addiction to mobile web is on the increase as even in US for example, a quarter of those that use mobile web don’t use the regular desktop to access the web (InMobi, 2011). But Mobile web is still restricted to web search and display. Search takes 49%, display cobbles up 42% and messaging scrambles the balance 9% (emarketer September 2012).

2.4.3. Mobile Applications

A Mobile Application is an essential tool for brand awareness in the sense that it offers services on the same platform as the mobile phone. This is taking over the marketplace due to the fact that it increases the competitiveness of the brand hosting the application
service since it eliminates the cost that the customer would have incurred in moving from one end of the town to the other by solving their need in split second through a few taps on the mobile phone. This creates unquantifiable value for the customer (Bellman et.al, 2011). The likes of Apple have not only changed the conduct of business, but they have also revolutionized the globe (WebMD Inc, 2011). Millions of mobile applications are released and updated daily (Apple Inc., 2011), and it would only be smart for any company to plug into this trend. There are over 1 million applications on both the Android and IPhone operating systems (Apple, Google, Flurry new reports 2013).

These mobile applications are software developed for small low - power hand-held devices (in this context the mobile phones) which are sometimes preinstalled by the manufacturer of the mobile phone and other times downloaded by the user (Holzer and Ondrus, 2009). Some of these apps are developed in open source communities, while others are developed in-house by the owners (Canessa et al., 2010). Apps are the order of the day for most Smartphone users as they provide quick, direct, and easy access to the platform of the chosen service provider (Christ, 2011). For example, at the convenience of lying in bed, transactions can be carried out expeditiously. The beauty of apps is the one-tap access to many functions (Apple Inc, 2011). Mobile applications are therefore gaining increasing popularity these days (Lam et al., 2003). It is estimated that app downloads will hit 55 billion by end of this year and people will spend more time on apps than on mobile web (Nielsen Smartphone Analytics 2013).
2.5 Brand Equity

The official Marketing Science definition of brand equity is ‘the set of associations and behaviour on the part of a brand’s customers, channel members and Parent Corporation that permits the brand to earn greater volume or greater margins than it could without the brand name (Leuthesser, 1988 and quoted by Jean-Noel Kapferer 2004 P.13). The mention of ‘margins ’ refers to gross margin but Kapferer 2004 stretches this to brand financial value which is measured at the level of earnings before interest and tax (EBIT). Aaker (1991) views brand equity as a multidimensional concept comprising of perceived quality, brand loyalty, brand awareness, brand association and other propriety assets. According to him, Brand loyalty can be compared to the level of devotion a consumer has to a brand. On the other hand, Brand awareness is the ability of a potential buyer to identify a brand among a product category. Perceived quality deals with the consumer’s perception of the brands total quality or superiority. Brand association is anything that is connected to a consumer’s memory regarding the brand. The other proprietary brand assets refer to patents, logos, registered trademarks and identities.

It is important to underscore three levels of analysis of brand equity with a key realization that a brand is a strong idea supported by a profitable economic equation. There is no equity without financial outcomes. The three levels of analysis are: Brand assets; sources of influence of the brand(awareness, image, patents), Brand strength; these are the brand equity outcomes captured by behavioral competitive indicators like market share, market leadership, loyalty rates; and Brand value; which is the ability of the brands to deliver profits.(Kapferer 2004).
2.5.1 Brand Awareness

Brand awareness can be referred to as the degree of consumers’ familiarity with a brand. Aaker (1991) and Keller (1993) stated that brand awareness is a vital element of brand equity. According to Rossiter and Percy (1987), brand awareness is the ability of consumers to distinguish a brand amongst other brands. Keller (1993) conceptualized brand awareness as comprising of brand recall and brand recognition. Keller (1993, p. 3) argued that “brand recognition may be more important to the extent that product decisions are made in the store and no one buys what they do not know”. Rossiter et al (1991) noted that brand attitude and intention to purchase a product can only be developed through brand awareness.

Many researchers have seen brand awareness as an element that plays a vital role in consumer’s choice of brand. In Lin and Chang (2003), the result of their study established that brand awareness had the most powerful influence on consumers purchase decisions. Hoye and Brown (1990) as cited by Lin and Chang (2003) their study examined the importance of brand awareness in consumers decision making process and found out that brand awareness was a primary factor. Also Jiang (2004) found out in his study that brand recognition influences consumer’s choice.

2.5.2 Brand Loyalty

According to Aaker (1991, p39), brand loyalty is “the attachment that a customer has to a brand”. Yoo and Donthun (2001) also referred to brand loyalty as the tendency to be
loyal to a brand and this can be shown by the intention of the consumer to buy the brand as a foremost choice. Oliver (1999, p. 34) also defined brand loyalty as “deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetition of same-brand or same brand-set purchasing, despite the potential of situational influence and marketing efforts to cause switching”.

According to Chaudhuri and Holbrooks (2001), attitudinal loyalty can be referred to as the extent of dispositional promises with respect to some particular advantages connected with the brand while behavioral loyalty has to do with the intention to repeat a purchase. Although, the definition of behavioral brand loyalty deals with consumer’s sincere loyalty to a brand as shown in purchase choice, the definition based on attitudinal perspective stress consumer intention to be loyal to the brand. It is presumed that consumers understanding of quality will be associated with their brand loyalty. As the more loyal a consumer to a brand, the more he/she is presumed to see the brand as a superior quality and vice versa. The more favorable associations the consumers have towards a brand, the more their loyalty and vice versa.

**2.5.3 Brand Image**

Engel Blackwell and Miniard (1993, P.78) referred to brand image as the combined effect of brand association or consumers perception of the “brands tangible and intangible association”. Keller (1993, P.34) sees brand image as an association or perception consumers form as a result of their memory concerning a product. According to Low and
Lamb (2000 p.352), brand image can also be referred to as the emotional perception or reason that consumers place to a particular brand.

Keller (1993) propounded that brand image is an important element of brand equity. Krishnan (1996) found out that brands with high equity are prone to more positive brand associations than those with low equity. Also Lassar et al (1995) found out that brands with high brand image rating always have higher brand equity and premium price. Conclusively, Kwon (1990) reported that positive brand image is mostly likely associated with preferred brands. According to Keller (1993), favorable, unique and strong associations are assumed to provide a positive brand image which will create a bias in the mind of consumers thereby increasing the brand equity.

2.5.4 Perceived Quality

According to Aaker (1996) and Keller (1993,1998), perceived quality is a core dimension of customer- based brand equity as it relates to the willingness to pay a premium price, brand choice and brand purchase intention. Low and Lamb Jr (2000) referred to perceived quality as the perception of superiority of a brand when compared to alternative brands in the competitive set. Zeithamal (1998) defined perceived quality as consumer’s judgment about the whole product superiority or excellence. According to Szymanski and Henard (2001), one of the antecedents of satisfaction is perceived quality. Like brand association, perceived quality provide consumers with value and gives them reason to differentiate a brand from another.
This is the customer’s perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives. It is a perception by customers and thus differs from several related concepts such as actual or objective quality, product based quality, manufacturing quality (Aaker, 1996). Perceived quality cannot necessarily be objectively determined in part because it is a perception and also because judgments about what is important to customers is involved, Aaker (1996). Customers differ in their personalities, needs and preferences. Perceived quality differs from satisfaction and attitude and it is intangible.

2.5.5 Brand Associations

A brand association is anything “connected to a brand by memory”. The underlying value of a brand name is often based upon specific associations linked to it, whether positive or negative (Aaker, 1991). Brand associations can be created by linking the brand to a node or information in memory that conveys meaning to consumers, (Keller, 1998). Thus MacDonald could be linked to characters such as Ronald MacDonald, a consumer segment such as kids, a feeling such as having fun, a symbol such as Golden Arches, a lifestyle such as hurried, an object such as a car or an activity such as going to a movie theatre next to a MacDonald’s (Aaker, 1991).

A brand association not only exists but also has a level of strength. A link to the brand will be stronger when it is based on many experiences or exposures to the brand’s communications. It will also be stronger when reported by a network of other links for example not just kids in advertisements but links like birthday parties, games,
MacDonald Toys, (Aaker, 1991). Associations can be organized into groups that have meanings for example kids cluster, a service cluster, and a type of food cluster. There might also be more visual images and mental pictures that come to mind when a name is mentioned.

2.5.6 Other Propriety Brand Assets

These are patents, trademarks and channel relationships. Brand Assets will be most valuable if they inhibit or prevent competitors from eroding customer base and loyalty. Trademarks will protect brand equity from competitors who might want to confuse customers by using the same name, symbol or package. A patent is strong and relevant to customer choice, and can prevent direct competition. A distribution channel can be controlled by a brand because of a history of brand performance, Aaker (1991).

To be relevant, assets must be tied to the brand. If a distribution network is the basis for brand equity, it needs to be based on brand rather than on the firm. A firm cannot simply access the shelf space by replacing one brand with another. If the value of a patent can easily be transferred to another brand name, its contribution to brand equity will be low. Similarly, if a set of store locations can be exploited using another brand name, they will not contribute to brand equity, Aaker (1991). The other propriety brand assets should be distinct and not able to be shared by another brand in order to protect the manufacturer from those who want to duplicate the brand and cash in on their ideas. This research will concentrate on proprietary assets because they are the only ones that can be measured when consumers are used as respondents.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter looks at the methodology that was used for this study. Specifically, it covers the research design, sample design, data collection methods and data analysis.

3.2 Research Design

The case study method was used for this study. This is because it provided the flexibility with which to examine different aspects of mobile marketing from a unit that practices this form of marketing or hosts such marketers. In the end, it enabled the researcher to provide a narrative that has minimal bias and gives reliable data. The researcher conducted an in-depth investigation of the influence of mobile marketing on brand equity at Safaricom limited. Yin (1984, P.23) defines the case study research method “as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used. The case study placed emphasis on the context of mobile marketing at Safaricom and its relationship with the Safaricom brand relying on both qualitative and quantitative data.
3.3 Study Population

At Safaricom the researcher interviewed the General Manager of Marketing, Product Managers, Marketing Communications Manager, Marketing Strategy and Product Development Managers and Business Development Manager who are directly responsible for making strategic marketing decisions. This caliber of marketing officers was identified for the interview at all major Safaricom offices.

3.4 Data Collection

The researcher collected primary data by way of questionnaire. The questionnaire carried both closed and open-ended questions. The questions sought to bring out responses regarding strategic practices by the company and insights into media consumption behavior of customers. The questions were structured so as to allow machine processing.

3.5 Data Analysis

Most analysis used qualitative tools and utilized qualitative descriptors above quantification. This was in line with content analysis techniques. However, some of the analysis, though descriptive, made use of numerical and graphical approaches. The numerical tools that were employed are the mean and standard deviation. In case of categorical data, frequency and percentages were employed but not so as to lead to projection.
CHAPTER FOUR: DATA ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter provides an analysis of data collected from the field. The results have been presented in tables, figures and content delivery to highlight the major findings. They are also presented sequentially according to the research questions of the study. Mean scores and standard deviations have been used to analyze the data collected. The raw data was coded, evaluated and tabulated to depict clearly the results of our investigation on mobile marketing practices at Safaricom and how they influence brand equity. Questionnaires were distributed to the respondents who included the General Manager of Marketing, Product Managers, Marketing Communications Manager, Marketing Strategy Manager, Product Development Managers and Business Development Managers who are directly responsible for making strategic marketing decisions.

4.2 Demographic Characteristics

4.2.1 Distribution of Age Group

The respondents were asked to disclose their age. The Figure 4.1 shows the study results.
The results presented in figure above show that a large proportion of 40% the respondents were aged over 40 years. This was followed by a significant percentage 35% that were aged from 30-40 years while 25% of the respondents were aged between 20-30 years. The age composition shows that most of the respondents were aged above 40 years and therefore had rich experiences and could appreciate the importance of the study.

4.2.2 Gender Distribution

The respondents were asked to show their gender, this was expected to guide the researcher on the conclusions regarding the degree of congruence of responses with the gender characteristics. Figure 4.2 below shows the study finding.
The results in the figure 4.2 show that majority of the respondents were males at 63% while females were 37% implying that most of the workers were male.

### 4.2.3 Academic background

The respondents were asked to indicate their academic background. Figure 4.3 shows the study findings.
Figure 4.3: Academic background

The results show that majority of the respondents had attained education up to the postgraduate level, 40% of the respondents had attained education up to the degree level while 10% had attained up to a diploma.

4.2.4 Length of Service

The respondents were asked to indicate the number of years worked in the firm. Figure 4.5 below shows the results of the study.
The results show that majority of the respondents had worked for Safaricom for over 7 years, 30% had worked for 5 to 7 years, 20% had worked for 3 to 5 years while 14% had worked for less than 3 years.

4.3 Mobile Phones Information

4.3.1 Number of mobile handsets available on the Safaricom network

The respondents were asked to indicate the Number of mobile handsets available on the Safaricom network.
The results show that majority 35% of the respondents indicated that there were 2 to 3 million available. 30% indicated there were Less than 2 million, 25% indicated there were over 4 million while 10% of the respondents did not know the number of handsets available on the Safaricom network.

4.3.2 Available Smart Phones

The respondents were asked to indicate the available Smartphone’s at Safaricom.
The results show that majority of the respondents indicated that over 15% of the phones available in their outlets were smart phones. 30% indicated 10-15% of the phones available in their outlets were smart phones, 15% indicated there were 5-10% smart phones available while 10% indicated less than 5% of the phones available in their outlets were smart phones.

### 4.3.3 Feature Phones available

The respondents were asked to indicate the number of feature phones available in their outlets.
Results show that majority 50% of the respondents indicated that 50-70% of the phones available were feature phones, 30% indicated that less than 40% of the phones available were feature phones while 20% indicated over 70% of the phones available were feature phones.

4.4 Customer Mobile Usage Behavior

4.4.1 Customer usage behaviour of mobile services

The respondents were asked to indicate current customer usage behaviour of mobile services on the Safaricom network.
**Table 4.1: Customer usage behavior of mobile services**

<table>
<thead>
<tr>
<th>Description of daily usage behavior</th>
<th>N</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voice calls on and off-net</td>
<td>10</td>
<td>4.6658</td>
<td>0.6653</td>
</tr>
<tr>
<td>Sms messages on and off-net</td>
<td>10</td>
<td>4.5029</td>
<td>0.8688</td>
</tr>
<tr>
<td>Mobile search</td>
<td>10</td>
<td>3.0517</td>
<td>0.7541</td>
</tr>
<tr>
<td>Mobile display</td>
<td>10</td>
<td>3.2154</td>
<td>0.6857</td>
</tr>
<tr>
<td>Mobile video</td>
<td>10</td>
<td>2.1357</td>
<td>0.6648</td>
</tr>
<tr>
<td>Mobile social i.e Facebook, Twitter</td>
<td>10</td>
<td>4.7544</td>
<td>0.7548</td>
</tr>
<tr>
<td>Other mobile applications from the Safaricom appstore</td>
<td>10</td>
<td>4.2651</td>
<td>0.3271</td>
</tr>
</tbody>
</table>

The results show that majority of the respondents indicated that the customer used some features to a very great extent these include; Mobile social i.e Facebook, Twitter $m=4.7544$, Voice calls on and off-net $m=4.6658$, Sms messages on and off-net $m=4.5029$. The results show that the respondents indicated the behaviour was to a great extent on Other mobile applications from the Safaricom appstore $m=4.2651$. The respondents indicated to a moderate extent on the following features; Mobile display $m=3.2154$, Mobile search $m=3.0517$. The respondents indicated to a less extent that Mobile video was used $m=2.1357$. 
4.4.2 How Smartphone customers use their mobile devices

Accessing content and information remains the dominant Smartphone activity, with weather, news and sports being the most popular content; the appetite for app downloading remains strong. Majority of the Smartphone users use it to download apps.

Smartphone users use their apps to access their messages, make calls and access their social media accounts easily, and more importantly, with much more scope for personalization. An additional factor that needs to be considered is the advances that are being made in the Internet speeds that are being offered to users. With better data plans and more bandwidth being released day by day, it can be said that the scope for smart phones and for wearable technology is limitless. The amount of web usage has gone up, with users accessing social media, multimedia streaming sites and searches over the Internet more and more.

4.4.3 Usage of Feature Phone

The majority of the respondents indicated the feature phone is used mostly to make or receive calls. Slightly fewer of the respondents indicated it used for text messaging. Others indicated that it used for browsing through the internet. Consumers use an average of three functions on their mobile phone. Majority of users of the feature phone all report using their phone for social purposes. Social interaction signifies that they are aware of the existence of others, as well as implies active engagement between two or more parties. It is mostly demonstrated in some form of communication, both verbal and non-verbal.
Feature phone usage can be defined as any application of the phone as a tool, including talking, text messaging, game playing or the sheer accessibility of the instrument. Originally the phone served as a tool for business management. Now, cell phones serve as a tool for social connection, in other words, managing social relationships.

4.4.4 Most Popular Mobile applications with Safaricom subscribers

The respondents indicated that games continue to be the most popular category of apps for both feature phone and Smartphone users alike. Sixty-one percent of Smartphone owners and 52% of feature phone owners report using a game app in the past 30 days. Weather apps are the next most popular category.

But while all categories of applications are more popular on Smartphone’s than on feature phones, the difference is more pronounced in categories such as Maps/Navigation, where more computing power, larger screens and touch interfaces deliver a more satisfying experience. When it comes to the popularity of individual apps, Facebook reigns supreme on all Smartphone operating systems. The most used apps are popular among users of all operating systems, although there area few minor differences: Twitter is among the top five only on the BlackBerry, perhaps because the device’s keyboard is optimized for typing. And while YouTube is popular on Android and Windows Mobile, it doesn’t make the top five on the iPhone or BlackBerry operating systems. Naturally, iPod/ iTunes is popular only among iPhone users.
The respondents indicated the emergence of category champions with a significant lead over the competition. Facebook is the leading social networking app, the Weather Channel is the top weather app, Google Maps dominates Maps/Navigation and Pandora is the most popular Music app.

4.4.5 Mobile Applications usage

The respondents were asked to rate the mobile application depending on the usage by customers.

**Table 4.2: Applications usage**

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMS Applications</td>
<td>10</td>
<td>3.9807</td>
<td>0.8765</td>
</tr>
<tr>
<td>Mobile Money Application</td>
<td>10</td>
<td>4.2765</td>
<td>0.6654</td>
</tr>
<tr>
<td>Games and Sports Applications</td>
<td>10</td>
<td>4.7356</td>
<td>0.3324</td>
</tr>
<tr>
<td>Social Media Applications</td>
<td>10</td>
<td>4.6764</td>
<td>0.6657</td>
</tr>
<tr>
<td>Other independent Publisher Apps</td>
<td>10</td>
<td>3.8765</td>
<td>0.8756</td>
</tr>
</tbody>
</table>

The results show that majority of the respondents indicated that Games and Sports Applications and Social Media Applications were rated to a very great extent with means of 4.7356 and 4.6764 respectively. Other applications were rated to a great extent in the
following order, Mobile Money Application m=4.2765, SMS Applications m=3.9807 and 
other independent Publisher Applications m=3.8765.

4.5 Channel Utilization Strategy

4.5.1 Communication channels

The respondents were asked to rate the following communication channels in terms of 
utilisation by Safaricom in building their brand.

Table 4.3 Communication channels

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>TV</td>
<td>10</td>
<td>4.7532</td>
<td>0.8865</td>
</tr>
<tr>
<td>Radio</td>
<td>10</td>
<td>4.0987</td>
<td>0.8101</td>
</tr>
<tr>
<td>Print</td>
<td>10</td>
<td>3.6752</td>
<td>0.3261</td>
</tr>
<tr>
<td>Mobile</td>
<td>10</td>
<td>4.5673</td>
<td>0.9517</td>
</tr>
<tr>
<td>Digital (desktop)</td>
<td>10</td>
<td>3.3424</td>
<td>0.5628</td>
</tr>
</tbody>
</table>

Majority of the respondents indicated that TV was used at a very great extent m=4.7532 
followed by mobile m=4.5673. Radio and Print were rated at a great extent with means of 
4.0987 and 3.6752. Digital (desktop) was rated at a moderate extent m=3.3424.

4.5.2 Percentage split in advertising dollar spends on the channels

The respondents were asked to indicate the % split in advertising dollar spends on the 
channels
The results show that majority of the respondents indicated that tv had majority of the shares that is 40% followed by mobile adverts that was rated at 25%, radio was rated at 20% print at 10% while digital desktop was rated at 5%.

4.5.3 The Influence of Mobile Search on buying behavior for products

Mobile search advertising is the paid listings that a consumer sees after entering a mobile search query. These paid listings show up because an advertiser is paying money to be ranked that highly for those phrases. When a searcher clicks on one of those listings, the advertiser is charged the cost-per-click price for that ranking, so hopefully the searcher will convert into a sale for that advertiser.
Web search engines have achieved a great success during the last decade. There have been tens of different search engines on the Internet today. Among them, Google, Yahoo! and MSN are the most famous ones. They have been used as important tools for various information retrieval tasks and have become a part of everyday life for many people. At the same time, we have seen an explosive growth of small Internet devices such as handheld computers, Pocket PCs and Smartphone’s that have been used to leverage the capabilities of the web and provided users with ubiquitous access to information than ever before. Though most users still perform web search using desktop computers, it is expected that more and more people will also search the web when they are on the move. For example, one might want to find information related to the speaker at a conference, or need to learn more about a tourist site while he/she only have a Smart Phone with him.

The small form factors of mobile devices make the user interactions very inconvenient. Small devices usually do not have a keyboard or a mouse. It is therefore quite difficult to perform complex tasks, such as entering a long paragraph of text. Additionally, because of the small screen size, web browsing is like seeing a mountain in a distance from a telescope. It requires the user to manually scroll the window to find the content of interest and position the window properly for reading information. Context information is also helpful for adapting the web search results. The contexts include location, personal profiles, time of day, schedule, and browsing history, etc. Since the users are “mobile”, the location information is often considered more important than the others.
4.6 Influence of Mobile Channels on brand equity

4.6.1 Extent to which mobile as a channel supports brand building

The respondents were asked to indicate the extent to which mobile as a channel support brand building.

Figure 4.9: Extent of mobile advert in support of brands

![Bar chart showing the extent of mobile advertisements in support of brands.]

The results show that majority of the respondents 46% indicated it supported to large extent, 30% indicated an average extent, 14% indicated a low extent while 10% indicated no extent.

4.6.2 The Level of influence of Mobile Short Message Service

The respondents were asked to indicate the level of influence the Mobile SMS has on the brand.
The results show that majority 50% of the respondents indicated that there was a high influence, 30% indicated there was medium influence, 15% indicated low influence while 5% indicated there was no influence.

4.6.3 Factors that show the Influence of mobile channels

The respondents were asked to rate factors that show the influence the mobile adverts.
Table 4.4: Factors that show the influence of mobile channels

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMS is useful in generating quick customer response rates</td>
<td>10</td>
<td>4.2341</td>
<td>0.4637</td>
</tr>
<tr>
<td>SMS is effective in generating repeat purchases from users</td>
<td>10</td>
<td>3.8756</td>
<td>0.3452</td>
</tr>
<tr>
<td>SMS is a quick builder of brand awareness</td>
<td>10</td>
<td>4.6754</td>
<td>0.7752</td>
</tr>
<tr>
<td>SMS gives the best return on advertising investment</td>
<td>10</td>
<td>4.3098</td>
<td>0.6739</td>
</tr>
<tr>
<td>SMS messages cannot be ignored</td>
<td>10</td>
<td>3.0987</td>
<td>0.6583</td>
</tr>
</tbody>
</table>

The results show that majority of the respondents indicated that the most likely influence of SMS is in the building of brand awareness $m=4.6754$, this was followed by SMS gives the best return on advertising investment $m=4.3098$ and SMS is useful in generating quick customer response rates $m=4.2341$, then SMS is effective in generating repeat purchases from users $m=3.8756$. SMS messages cannot be ignored had a small influence $m=3.0987$.

4.6.4 Challenges of using Short Message Service to promote a product or brand

Mobile advertising is advancing rapidly and many of the issues that slowed progress in early years have been addressed, for example constraints imposed by network and mobile phone limitations have radically improved through developments in, respectively, mobile
broadband and Smartphone’s. However, mobile advertising still faces challenges that need to be addressed by all stakeholders in industry if it is to reach its fullest potential. We presented marketers with a list of the key challenges and asked them to prioritize their levels of concern. Respondents expressed concern across all parameters although privacy issues, device fragmentation, lack of standardized metrics and lack of agency expertise in mobile are seen as the biggest challenges, Limited opportunity for creativity is also seen as a challenge, which is partly a reflection of the fact that many in the sample do not use creative agencies for mobile advertising.

Consumer privacy is clearly seen by the sample as a concern for mobile advertising, but when asked to expand on the subject many only reiterated the fact that it is an issue and that action was needed to address it, although most were unable to say what, precisely needed to be done. Others simply said they were not able to elaborate: “don’t know”, “no comment”, and “no idea”. There were also very few comments specifically on privacy issues and targeting based on the use of customer data. This all shows that more education, guidance and best practices are needed in this sensitive and confusing area.

The respondents indicated that the potential of mobile devices is growing throughout the country. However, the ownership of these devices does not guarantee that the consumers will readily accept mobile advertising. Clearly, consumer’s privacy concerns are an important issue to be taken into account. High levels of enthusiasm for SMS advertising and the consumers consent to receive the message
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of findings as discussed in chapter four and interpretations of the data analysis, conclusions and recommendations based on the findings.

5.2 Summary

Advances in mobile technology have enabled a wide range of applications to be developed that can be used by people on the move. The use of SMS marketing can provide advertisers with a greater ability to enhance consumer exposure to a brand, thus increasing brand awareness. For example, SMS-based push advertising assures high consumer exposure to a brand because messages are likely to reach their target almost every time. After reaching customers, the messages are stored in their mobile phones and can be read at their convenience.

Moreover, unlike e-mail, SMS does not have a subject line. Therefore, the message is guaranteed to be opened before being deleted. Another advantage of using mobile ads to enhance brand awareness is the viral effect. Given that SMS is easy to use and relatively low cost, forwarding messages among friends is a common practice. This is beneficial not only in terms of increased brand awareness but also peer influence.

The unique characteristics of SMS marketing help increase customers’ positive experiences with the brand, which could result in strong, favorable, and unique brand associations. For example, mobile coupons enable customers to interact with the brand
more conveniently, because they need not worry about carrying or losing physical coupons.

In its simplest form, a Smartphone is a mobile phone with built-in, add-on applications and Internet (3G network) access. However, because of its capability to handle a great amount of applications and functions at the same time the concept of a Smartphone slowly transitioned into definitions of a handheld computer. The great differences between the available brands and models on the market today are the operating systems platform. Because of the ability to download application or apps, Smartphone users are able to personalize contents of Smartphone according to specific needs. Hence, the Smartphone becomes more than a device for sending and receiving text messages and calls as it consists of various ways to interact with other users in a more personalized manner, compared to the traditional mobile phones.

Due to an increase in demand in the Smartphone industry, mobile phone manufacturers have increased the varieties of Smartphone products in the market. This massive growth in Smartphone sales has resulted in aggressive industry competition, both in terms of handsets sold and in terms of which Smartphone operating systems. The market is fast moving and technology in this industry changes rapidly, product life cycles are short; and the combined aspects of manufacturers/platform providers (like Android, Windows Phone, etc)/ network operators makes the connections between different brands and products evident.
Consumers form perceptions about the emotional and functional features of a brand from advertising and other information sources. Perceptions originate from objective sources such as consumer reports or more subjective sources as advertising or personal experiences. Overall, the perceptions contribute to the meaning of value that the brand adds to the consumer. Several brands may have the visibility and credibility to be considered, but to be selected the brand has to be preferred to others. It usually means beating the competition in at least one of the dimensions that define the product category and by being at least as good as the other compared brands in the rest of the dimensions. High brand equity generates greater brand preference, and this translates into higher purchase intentions.

Mobile advertising is advancing rapidly and many of the issues that slowed progress in early years have been addressed, for example constraints imposed by network and mobile phone limitations have radically improved through developments in, respectively, mobile broadband and Smartphone’s. However, mobile advertising still faces challenges that need to be addressed by all stakeholders in industry if it is to reach its fullest potential. Respondents expressed concern across all parameters although privacy issues, device fragmentation, lack of standardized metrics and lack of agency expertise in mobile are seen as the biggest challenges. Limited opportunity for creativity is also seen as a challenge, which is partly a reflection of the fact that many in the sample do not use creative agencies for mobile advertising,
5.3 Conclusion

The consumer adoption of mobile apps and the increasing mobile Web traffic have given mobile advertising a seat at the table. Safaricom and other top brands are using mobile ads for branding and as a direct response medium, finally understanding that mobile needs to be in the plans for marketers to stay relevant.

Another attractive aspect of mobile advertising is the potential for high engagement and personalization. Every mobile device is linked to an individual and is always on hand, meaning that connected devices are accessible through all the hours of the media day and have great immediacy. Mobile is a communication channel and as such is highly interactive and is effective in adding interactivity to other media that are not interactive in themselves. Mobile also presents opportunities for better alignment of the advertising message with its intended audience.

5.4 Recommendations of the Study

The results of this study indicate that text messaging is an effective instrument for Safaricom in creation of brand awareness. Safaricom management should therefore consider integrating such promotions as part of their marketing strategy. Text messaging should be used primarily as a reminder, and for updates or confirmations, rather than for comprehensive marketing campaigns, with a focus on improving the efficiency of business processes or quality of service. For example, SMS can be used to confirm a customer’s food or catering service order made via the company’s web site or the telephone.
5.5 Limitation of the Study

The researcher encountered un-cooperative respondents who do not understand the significance of the research and the researcher explained to them the importance of this study and the way the results would assist their working lives in the organization. The study was carried out over a short time.

5.6 Suggestion for Further Research

The study suggests a further research to be done on the effect of mobile video on advertising effectiveness. This is because an important part of organization’s marketing activities refers to designing and implementation of appropriate advertising programs in order to introduce company’s products and services to target markets and influence consumers. Even though appropriate advertising programs can lead to favorable results such as higher profit driven by higher levels of sales, such programs are costly. If an advertisement fulfills its goal, the company benefits from its cost effectiveness.
REFERENCES


Cooper, D. J. (1996), *Internal Marketing: Your companies’ next stage of growth*, New York, the Harsworth press Inc.


Appendix I: Questionnaire

We would like to request for your time to complete this Questionnaire as accurately as you can.

It is estimated to take 20 minutes maximum. All information provided through this questionnaire will be kept confidential and used for academic purposes.

Section A: General information

1. Please indicate your age in the relevant bracket: 15 – 20yrs ( ) 21 – 30yrs ( ) 31 – 40yrs ( ) above 41yrs ( ).
2. Please indicate your gender in the relevant bracket: Male ( ) Female ( ).
3. Please indicate your level of education: Primary ( ) Secondary ( ) Tertiary ( ) University ( ).
4. Which Department do you work in? ..............................................
5. How long have you been working in your present capacity?
   Less than 3 years ( ) 3 to 5 years ( ) 6 to 7 years ( ) Over 7 years ( )
6. How long have you worked for the Safaricom Ltd?
   Up to 1 year. ( ) 2 – 3 years. ( ) 4 – 5 years. ( ) above 5 years. ( )
7. How many mobile handsets are there on the Safaricom network today?
   Less than 2 million ( ) 2 to 3 million ( ) over 4 million ( ) don’t know ( )
8. What percentage of the phones mentioned above are smartphones?
Less than 5% ( ) 5 – 10% ( ) 11 – 15% ( ) Over 15% ( ) don’t know ( )

9. What percentage of the phones are feature phones?

Less than 40% ( ) 50 – 70% ( ) Over 70% ( ). Don’t Know ( )

Section B: Customer Mobile Usage Behaviour

10. The current customer usage behaviour of mobile services on the Safaricom network.

Rank by placing a tick in the appropriate place. 1= Least extent, 2= Low extent, 3= Neutral, 4= Moderate extent and 5= Great extent

<table>
<thead>
<tr>
<th>Description of daily usage behavior</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voice calls on and off-net</td>
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<tr>
<td>Sms messages on and off-net</td>
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<tr>
<td>Mobile search</td>
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<tr>
<td>Mobile display</td>
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<tr>
<td>Mobile video</td>
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<tr>
<td>Mobile social i.e Facebook, Twitter</td>
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<tr>
<td>Other mobile applications from the</td>
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<tr>
<td>Safaricom appstore</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Other ( specify)</td>
<td></td>
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</tbody>
</table>

11. Other than calling, how do smartphone customers use their mobile devices?
12. How does the feature phone customer use his/her mobile device?

13. What are some of the most popular mobile applications with Safaricom subscribers today?

14. Please rank these applications(s) on the basis of usage by Safaricom subscribers today in order of importance (1 – 5) where 1 is mostly used and 5 is least used.

<table>
<thead>
<tr>
<th>Description</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMS Applications</td>
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<tr>
<td>Mobile Money Application</td>
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<tr>
<td>Games and Sports Applications</td>
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<tr>
<td>Social Media Applications</td>
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<tr>
<td>Other independent Publisher Applications</td>
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</table>

**Section C: Channel Utilization Strategy**

15. Please rank these communication channels in terms of utilisation by Safaricom in building their brand on a scale of 1 – 10 where 10 is most used and 1 is least used.
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<th>Description</th>
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<th>2</th>
<th>3</th>
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<th>5</th>
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</thead>
<tbody>
<tr>
<td>TV</td>
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<td>Radio</td>
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<td>Print</td>
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<td>Mobile</td>
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<tr>
<td>Digital (desktop).</td>
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</tbody>
</table>

16. What types of mobile advertising do you do for your brand?

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

17. What is the % split in advertising dollar spends on the channels below.

   TV ( % of total) Radio ( % of total) Print ( % of total) Mobile ( % of total).

18. How does Mobile Search influence buying behavior for products?

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

19. What dollar value would you put on the free promotional SMS you send out to Safaricom customers to promote your products? ……………………………

Section D: Influence of Mobile Channels on brand equity

20. To what extend does mobile as a channel support your brand building efforts?

   A large extend ( ) An average extend ( ) Low extend ( ) No extend ( )
21. What level of influence does Mobile SMS have on the Safaricom brand?

High influence ( ) Medium influence ( ) Low influence ( ) No influence ( )

22. Please rate the parameters below on a scale of 1 to 5 where 1 is most likely and 5 least likely.

<table>
<thead>
<tr>
<th>Description</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMS is useful in generating quick customer response rates</td>
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<tr>
<td>SMS is effective in generating repeat purchases from users</td>
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<tr>
<td>SMS is a quick builder of brand awareness</td>
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<tr>
<td>SMS gives the best return on advertising investment</td>
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<tr>
<td>SMS messages cannot be ignored</td>
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</tbody>
</table>

23. What are some of the challenges of using SMS to promote a product or brand?

................................................................................................................................................................
................................................................................................................................................................

Thank you for the time you have taken in completing this questionnaire.
Appendix II: Letter of Introduction

BOX 4732 – 00100,

Nairobi

Dear Sir/Madam,

I’m an MBA student from the University of Nairobi, School of business.

I’m undertaking research leading to the production of a project on the subject of Mobile Marketing and its influence on brand equity.

I would be grateful if you would volunteer to assist in this project by completing an interview guide which covers certain aspects of this topic. No more than 20 minutes would be required for the exercise.

Be assured that any information provided will be treated in the strictest confidence and none of the participants will be individually identifiable in the resulting project or report. You are, of course, free to discontinue participation at any time or decline to answer particular questions.

Any enquiries you may have concerning this project should be directed to me at the address given above or by telephone 0721 96 37 97.

Thank you for your attention and assistance.

Yours Sincerely,

Christian Masika

MBA Student

University of Nairobi, School of Business
Appendix III: List of Telecommunication Firms

1. SAFARICOM LIMITED

2. AIRTEL COMMUNICATIONS LIMITED

3. ESSAR COMMUNICATIONS LIMITED

4. TELKOM - ORANGE LIMITED