

**THE INFLUENCE OF INTERNET PROMOTION ON BRAND EQUITY OF
COMMERCIAL BANKS IN KENYA**

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DECLARATION

I **JOAN NDUKU MBESYA** confirm that this research project was solely undertaken by myself and that no help was provided from other sources as those allowed, and has NOT been submitted for examination in any other university.

Sign: _____

Date: _____

Joan .N. Mbesya

D61/72761/2009

The research project has been submitted for examination with my approval as university supervisor

Sign: _____

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DEDICATION

This research project paper is dedicated to my daughter Michelle Oyugi, whose fervor of life has been my source of strength and inspiration throughout this process. And above all, to the Almighty God, my creator and strong pillar who has given me life with knowledge and understanding to make this happen.

ABSTRACT

This study examines the influence of internet promotion on brand equity of commercial banks in Kenya. Its main objective is to analyze the extent of how internet promotion enhances brand equity of commercial banks within the Kenyan sector. Using a descriptive census study, a population representation of all commercial bank tiers was drawn and a size of 43 was used to represent the entire population. Out of that, 38 responded, giving it an 88.4% respondent rate. The data was analyzed using statistical analysis to evaluate brand development that creates brand equity, whose influence depended on selling price of products, product development and market development evaluation and monitoring. The study also found that, internet promotion perceived to create brand awareness was considered inferior to other factors of promotion. Further into the study, it was revealed that internet promotion is strongly associated to the brand, indicating therefore, internet promotion as an important tool on brand positioning online using tools like search engines, viral strategies, online news releases, online trade publications and many other online strategic platforms that would guide readers to the bank's URL. The influence of brand net-worth was also evaluated and correlated to how a corporate brand is perceived through its listing on the site when a reader peruses through search engines, online publications, banner advertisements and paid online advertising portal sites. Since the influence of internet promotion on brand equity of commercial banks in Kenya has been established as an important factor that cannot be ignored by the management of the commercial banks, it is ultimately important to embrace it as a major influence in achieving high equity net-worth of a brand, and is therefore seen as a drive to achieve a bank's corporate brand growth within the Kenyan banking sector. As a result, recommendations were made; among the major recommendation of the study is that, other researchers to further evaluate other factors that will unify elements affecting brand equity, since internet promotion; which has been largely correlated to success of corporate brand, would not by itself elevate high net-worth of brand equity.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Promotion has since the formative years of marketing as a discipline been recognized as one of the critical functions of marketing (Berkowitz, 2011). Together with the product, price and distribution they are referred to as the 4 Ps of marketing. Promotion consists of the communications arm of the marketing function (Kotler, 2000). Marketers therefore rely on the various tools of promotion known as the elements of the promotional mix to communicate with the other actors. Among many other functions, promotion builds brand equity. Aaker (2009) explains that brand equity comprises of both assets and liabilities that accompany a brand. Keller(1998) notes that there is positive correlation between brand equity and return on capital. This explains why companies attempt to increase the brand equity of its brands. Communication has been noted to play a critical role in the building of brand equity as it determines the incremental value customers attached to products bearing a particular brand name, image, logo, company insignia and any other brand element.

Consumer Based Brand Equity Model (Keller, 1998). The hierarchy of effects model explains the stepwise process that consumers of information go through before it results in a purchase or message acceptance. The resource based view holds that companies derive sustainable competitive advantage from the application of resources that are rare and inimitable (Barney, 1991). According to day (1994) these resources can be converted into dynamic capabilities that are responsive to an organization's environments. Brand equity has been explained as an asset and can therefore be viewed as a resource. The consumer based brand equity model measures

brand equity from the perspective of the consumer. The model is viewed as being superior in that it gives measurement of brand equity a very objective approach.

The commercial banking industry in Kenya is one characterized by intense competition from within the players themselves and from substitute financial products (Ongore & Kusa, 2013). Kenya relative to its size in terms of population and geographical outlay has the highest number of banks per capita. This has forced the players to shift attention from the traditional methods of promotion and embrace emerging communication methods. Partly this shift towards contemporary methods of communication can also be explained by changes that are taking place within the bank's target markets. Releases by the Central Bank of Kenya indicate that nearly all commercial banks in Kenya offer an internet based product and communicate in one form or another to their customers using the internet.

1.1.1 Concept of Promotion

Promotion refers to the communications arm of marketing (Kotler & Armstrong, 2000). It refers to how a company gets customers know what it has for sale but sometimes even addresses the need to build the image of the company. Baker (2012) argues that promotion in marketing is geared towards getting people to understand what the company's product is, what they can use it for, and why they should want it. To be effective, promotional efforts should contain a clear message targeted to a specific audience reached via an appropriate channel. The company's target audience will depend on its objectives. The target audience may consist of those who use or influence the purchase of its product. A critical precursor of any promotional activities should be research to among others determine how the target audience should be reached and how effectiveness of the promotional campaign should be measured at the end of the day (Kotler & Armstrong, 2012).

Aside from the common view that promotion is only driven by desire for higher sales, promotional campaigns may be intended to improve the image of a particular product or the image of the company.(Aaker, 2008). The message must be consistent with your overall marketing image, get your target audience's attention, and elicit the response you desire, whether it is to purchase your product or to form an opinion. The channel selected for message will depend on the behavior of the target market among other considerations. Promotion may involve advertising, public relations, personal selling, and sales promotions.

1.1.2. Internet Promotion

The Internet is one of the many tools that can be applied for purposes of promotion in marketing. Increasingly, businesses are incorporating the Internet into their business-to-business and business to consumer marketing strategies. Use of the Internet as a consumer-oriented marketing tool has become accepted as a standard marketing tool by a vast majority of businesses. Likewise, derivatives of the Internet such as, email, and newsgroups are being widely used for business-to-business marketing programs. Properly understood, it can be harnessed to complement your existing marketing practices, extend operations and create new opportunities. The key to successful marketing over the Internet is applying the strengths of the medium to proven traditional marketing practices in innovative ways. Traditionally the four Ps of marketing, Price, Product, Place, and Promotion, have been considered the cornerstones of a firm's marketing strategy. The use of the Web as a business-to-business or business-to-consumer marketing tool includes what many see as the fifth P of marketing, 'People' and fits within this traditional framework.

Ecommerce as defined by Devandra et.al (2012) is a trade of an organization's products and or services through online network. This has proved to reduce costs of business advertising and as a

result contributing to a company's bottom line. Therefore businesses are adopting the internet for their commercial activities. The easy access of internet globally, has made it effectively convenient to businesses and customers as a means of communication (Rowley, 2001). Thompson (2005) attributes internet growth to opportunity on service delivery and therefore closing in on geographical boundaries that have in the past separated buyers from sellers. The Search Engine Marketing (SEM) is another platform for online advertising that organizations use to promote their products and services. We can as a result, compare internet marketing to traditional marketing.

1.1.3 Brand Equity

According to Kotler (2000) brand is a name, term, sign, symbol, or design, or a combination of them intended to identify the goods or services of one seller from among a group of sellers and to differentiate them from those of the competitors. Thus, a brand identifies the seller or manufacturer and enables the manufacturer to cultivate a distinct position in the minds of customers. Under law, the seller is granted exclusive rights to the use of the brand name in perpetuity and to exclude all others from the use of the same brand name. All other assets such as patents and copyrights have expiration dates. It is anomalous for the company to treat a brand only as a name since a brand goes beyond naming the product. The challenge in branding is to develop a deep set of meanings for the brand. Perhaps the most distinctive skill of professional marketers is their ability to create, maintain, protect, and enhance brands (Aaker, 2007). Two principal approaches to branding can be identified as manufacturer branding and private label branding which are also called own label, distributor, retailer, dealer or store brands.

Aaker (1991) defines brand equity is the set of assets and liabilities linked to a brand that add to or subtract from its value to the consumers and business, while Farquhar (1989) defines brand

equity as the monetary value added by the brand to the product. Swait et al (1993) define brand equity as the consumer's implicit valuation of the brand in a market with differentiated brands relative to a market with no brand differentiation. Leuthesser (1988) defines brand equity as the set of associations and behavior 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. Brand equity is therefore according to all definitions above viewed as the incremental benefit that arises as a result of the use of a name, logo, symbol, jingle, tagline or any other brand element. a term most of us are familiar with and probably even use from time to time.

Brand equity is correlated to a brand's value whereby, it creates an immediate positive response from a consumer. For example, when, by just a quick glance, a consumer recognizes an encounter with your brand; it could have been on a highway, or by the road side, and quickly recognizes it by its colors, means that your brand is highly and easily recognizable. This could further be taken a notch higher by a consumer as an immediate recall to your brand is made when a relevant prompt referral is requested for. It could also intently mean that a consumer is willing to pay a premium price for your brand offering. And to sum up the value of brand equity, we can say that, when your brand is recognizable, can be recalled easily and a premium price can be paid, then we can safely state that your brand is a high value brand. In his brand equity model, Aaker (2007) identifies five brand equity components as brand loyalty, brand awareness, perceived quality, brand associations and other proprietary assets. Brand equity can be measured using finance based brand equity and consumer based brand equity.

1.1.4 Commercial Banks in Kenya

Commercial Banks and Mortgage Finance Institutions are licensed and regulated pursuant to the provisions of the Banking Act and the Regulations and Prudential Guidelines issued there under. They are the dominant players in the Kenyan Banking system and closer attention is paid to them while conducting off-site and on-site surveillance to ensure that they are in compliance with the laws and regulations. As at June 2016 there are there were 42 licensed commercial banks and 1 mortgage finance company (Central Bank of Kenya Reports). Out of the 43 institutions, 39 commercial banks and the mortgage finance institution are privately owned while the Kenya Government holds controlling stakes in the remaining three (3) commercial banks. Twenty five (25) of these Thirty nine (39) privately owned banks and the one (1) mortgage finance institution are locally owned while 14 are foreign owned.

Commercial banks in Kenya are classified into three tiers. Six (6) banks make up the top tier i.e tier 1 and collectively control 49.9% of the market. 16 other banks make up Tier 2 is made up of Sixteen (16) and collectively control 41.7% of the market. The last tier, Tier 3 is made up of 21 small banks that control 8.4% of the market.

1.2 Research problem

In marketing, communication falls under promotion. Promotion has been argued to build both brand and corporate image (Kotler & Armstrong, 2000). Communication his reported as the only way companies can build brand equity. Aaker (1994) notes that there is relationship between brand equity and performance. He notes that brands can viewed as high equity net-worth brands or low equity net worth brands. High net-worth brands attract visibility, recall and referrals and therefore reportedly perform better in terms of revenues, profits, return on capital and return on

investments. Baker posits that the traditional elements of the promotional mix are: advertising, personal selling, sales promotion, publicity, public relations and direct marketing. The emergence of e-commerce has however revolutionized the way businesses conduct their affairs including reaching their customers. Internet marketing means that firms have to carry out the entire marketing function using the internet. Essentially, even promotion with the intention of building either the brand's or company image has now focused on the internet.

Banks have a unique challenge when it comes to marketing because they do not offer tangible products for consumers (Cravens, 2000). Promoting a bank requires convincing consumers to trust a bank with their money and make customers feel like they are getting the most value for their money. This is the main challenge in relation to building brand equity for the various bank products. Bank marketing used to consist of some in-branch brochures, print ads and a couple events per year. With the advent of e-marketing which is about social media, shared experiences and interactive digital engagement, Increased competition from other commercial banks and other non banking sources of competition such as M-pesa, efforts by commercial banks to boost their corporate images and images of their brands are likely to multiply many times over. Banks are now using mobile channels, content marketing and personalization, look for visual stories to be extremely effective in their communication and are seeking to increase their personality through multiple channels. Banks will soon move away from thinking in terms of marketing channels and leverage mobile to unify the branch and the online world.

Locally, Nyagechi(2011) studied the perceptions of brand equity of daily newspapers by media buying agencies in Nairobi. The study reports that agencies do consider brand equity before making a commitment with any daily newspaper. Wambugu (2011) examined the measurement of brand equity within the malted beers subsector in Kenya and the findings are consistent with Aaker's elements of brand equity. Wambua (2004) examined the influence of the Consumer Based Brand Equity (CBBE) on the performance of commercial banks in Kenya . Wambua's (2004) study looks at only one measure of

brand equity. This study seeks to answer the question: What is the influence of internet promotion on brand equity of commercial banks in Kenya?

1.3 Research Objectives

The objective of this study is to establish the influence of internet promotion on brand equity of commercial banks in Kenya.

1.4 Value of the Study

This study will be of relevance to players in the commercial banking sector in Kenya and indeed globally because it establishes the association between one of the contemporary developments in business i.e internet marketing with brand equity. From the findings, bank managers will be in a position to develop proper internet promotional strategies.

The study will immensely contribute to theory because it tests the applicability of the resource based view in the development of brand equity. In this study brand equity is seen as a resource.

The point of commonness between the CBBE and the RBV will also be established.

The study will contribute towards the formulation of policy by the policy enforcers in the banking industry in Kenya such as The Central Bank of Kenya and the Treasury.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature related to the study. Contained herein is the theoretical foundation of the study and also a focused discussion of concept relationships.

2.2 Theoretical Foundations

This study is grounded by the Hierarchy of effects model, the resources based view and Aaker's model of brand equity.

2.2.1 Resource Based View (RBV) Theory

This theory combines concepts from organizational economics and strategic management (Barney, 1991). In this theory, the competitive advantage and superior performance of an organization is explained by the distinctiveness of its capabilities (Scholes & Whittington, 2008). However, the resource-based argument is that these sources are increasingly accessible and easy to imitate (Jackson & Schuler, 1995). Being positioned against this view, the RBV explicitly looks for the internal sources of sustained competitive advantage and aims to explain why firms in the same industry might differ in performance (Peteraf & Barney, 2003). RBV proponents argue that simultaneously valuable and non-substitutable resources can be a source of superior performance and may enable the firm to achieve sustained competitive advantage. The RBV of the firm is therefore a suitable approach to understanding the competitive dynamics whereby resources are intangible and tangible assets linked to the firm. However, having resources alone is not sufficient; therefore, RBV theory adds a category of capabilities which result from complex patterns of interactions and coordination between resources (Wong & Karia, 2010).

RBV maintains that resources and capabilities are often synergistic in nature and can be more valuable when they are applied in a combined manner. RBV tenets prescribe that resources and capabilities, for instance bundle of resources need to be valuable, rare, inimitable and organizationally utilizable, for example a firm has complementary resources to leverage and maximize capabilities to drive sustainable competitive advantage (Paulraj, 2011). The study will adopt this theory because brand equity can be viewed as on the firm's intangible resources.

2.2.2 Hierarchy of effects model

This theory was created by Robert Lavidge J and Gary A. Steiner (1961). This model guides advertisers and indeed those charged with the responsibility of communication in the organization to ensure that a customer understands and takes steps through the hierarchy to purchase the product. The model consists of six steps of the purchase behavior: The first step is the 'awareness' stage, where the customer gets to know about a product for the first time through an advertisement. The second behavior is 'knowledge', where a customer gathers more information about a product. This is followed by the third step known as 'liking', where, using the information gathered, a customer develops the emotional connection to a product.

The fourth step is 'preference', whereby, a customer at this stage may recognize and like more than one product of similar brand, and therefore, it is crucial for a marketer at this stage to ensure the customer chooses the intended product of purchase as opposed to the competitor's. The fifth step covers 'conviction', where a marketer is expected to build desire to the customer through creative marketing to convince the customer. And finally, the sixth and the last step is 'purchase' where, a customer, having being convinced throughout the process, goes ahead and make a binding decision of product purchase.

The six step hierarchy model was further grouped into three stages of consumer behavior by Robert Lavidge J and Gary A. Steiner (1961). This consisted of: “Cognitive”, which refers to ‘thinking’ where a consumer becomes aware and gathers information about a product. Another behavior group is “Affective”, which refers to ‘feeling’ whereby, a consumer develops a positive emotional attachment towards a product and develops conviction towards it. And finally, “Conative”, which relates to ‘behavior’, whereby a consumer takes action into purchasing the product brand.

2.2.3 Customer-Based Brand Equity

The basic premise with customer-based brand equity is that the power of a brand lies in the minds of consumers and what they have experienced and learned about the brand over time. The advantage of conceptualizing brand equity from the consumer’s perspective is that it enables managers to consider specifically how their marketing program improves the value of their brands. Though the eventual goal of many marketing programs is to increase sales, it is first necessary to establish knowledge structures for the brand so that consumers respond favorably to marketing activity for the brand. According to Keller (1993) customer-based brand equity can be defined as the differential effect that brand knowledge has on consumer response to the marketing of that brand. The three critical points arising from this definition are: differential effect, brand knowledge and consumer response.

First, brand equity arises as a result of differences in consumer responses. If no differences occur, then the brand can essentially be classified as a commodity or generic version of the product (Aaker, 2007). Second, these differences in response are a result of consumers’ knowledge about the brand. Thus, although strongly influenced by the marketing activity of the firm, brand equity ultimately depends on what resides in the minds of consumers. Third, the

differential response by consumers that makes up the brand equity is reflected in perceptions, preferences, and behavior related to all aspects of the marketing of a brand (Keller, 1998). Conceptualizing brand equity from the consumer's perspective is useful because it suggests both specific guidelines for marketing strategies and tactics and areas where research can be useful in assisting managerial decision making.

Positive customer-based brand equity has been reported to have many advantages like long term revenues, customers' willingness to seek out for themselves new channels of distribution, the ability of firms to command higher prices and the effectiveness of marketing communications (Keller, 2003; Yoo & Donthu, 2001). Although Aaker's (1991) and Keller's (1993) conceptualization of brand equity are different they both define brand equity from customer perspective. Yoo and Donthu (2001) conceptualized brand equity in a manner similar to both Aaker and Keller.

2.3 Dimensions of Brand Equity

Aaker's (1992) model proposes five dimensions of brand equity namely: brand loyalty, brand name awareness, perceived brand quality, brand associations in addition to perceived quality, and lastly other proprietary brand assets.

2.3.1 Loyalty

Loyalty in a brand has been defined as a customer level of behavior towards that brand. Brand equity is largely created by brand loyalty (Yasin et al 2007). Hallowell (1996) views the term 'loyalty' as an attitude. Aaker (1992) emphasizes that; loyalty is more of a behavior as opposed to an attitude. Aaker goes further to consider brand loyalty as an important element of brand equity because it is more inclined towards profit in the medium to long term. He argues that, the

health of a brand is pretty much determined on how organizations manage brand equity and as a result, loyalty is considered an effective way of managing it. Keller (2009) is in agreement with Aaker's view of loyalty, but proceeds to explain that, loyalty cannot alone manage brand equity, but a holistic perspective from a consumer's total spending in a specific product group, is a high indicator to loyalty.

2.3.2 Brand Awareness

According to Aaker (1992), brand awareness is strongly associated and linked to the success of a brand. Keller (1993) cites two levels of brand awareness; recognition and recall. Brand recognition creates familiarity, substance and commitment to a brand (Aaker, 1992). Macdonald & Sharp (2000) argue that, the behavior of consumer's recognition to a brand leading to purchase is attributed to a high registration of brand familiarity. The recall level has been argued as an aspect to further contribute a consumer's decision when determining which brand they consider and select (Aaker 1992). And as a result, (Macdonald & Sharp 2000) conclude stating that, brand awareness is vital for affecting behavior when a consumer is in the purchasing process.

2.3.3 Perceived Quality

Aaker (1992) explained that, to provide a consumer with a definite reason to purchase a product, the perceived quality must emanate value by bringing out the brand through the following; creating a clear attraction to the consumer, generating a basis for line extensions and correlating with a high price. In other words, perceived quality is valued when consumers relate to a brand's superiority and differentiation against other competing brands (Yasin et al 2007). In contrast, Keller (2001) views perceived quality from two dimensions; performance and judgment. He goes ahead and emphasizes that, for a brand to have its meaning; it must have highly performed in a

consumer's mind, in comparison to its competitors. And therefore, performance is microscopically viewed to relate aspects such as characteristics, features, product reliability, style, design and price; elements that a consumer considers when creating perception towards that particular product. Keller (2001) further builds on to how a brand performs by explaining that, the performance is built through participation in activities like advertising, experience and even word-of-mouth. On the other hand, judgment is made basically on how a consumer considers a brand's superiority.

2.3.4 Brand Associations

(Aaker 1991. 1992) strongly relates brand associations to brand equity. Accordingly, brand association carries with it elements that define it, giving meaning against how a customer benefits from a product on its uses, classification against competitors and the countries in which the product is used. Simply, a consumer uses brand association elements to process, plan and retrieve information from their mind, therefore guiding them on purchase decisions. Keller (2001) covers a range of brand associations such as user imagery and a heritage of experience; feelings. In explaining imagery, brand associations can be revealed through a customer's direct or indirect experience and contact with the brand during its revelation process which is normally depicted in advertising or word of mouth.

2.3.5 Proprietary Assets

These are intangible assets that confer some competitive advantage to the company. They include patents and intellectual property rights, relations with trade partners or even an airline's landing slots. The more proprietary rights a brand has accumulated, the greater the brand's competitive edge in those fields. Proprietary assets sometimes are practices that the company has

perfected over time and the management is of the opinion that these practices may not be easily copied by competitors.

2.4 Internet Promotion and Brand Equity

(Belch & Belch 2009) define promotion as a sales objective initiative to promote an idea through persuasion and different forms of communication channels. Promotion has also been long recognized to be part of FOUR elements in marketing mix which include; Advertising, Sales promotion, Public relations, and Personal selling.

The internet can be defined as a web of networks that allows computers to communicate with each other globally. In relation to marketing, the internet provides a platform of possibilities for organizations to showcase their products and services through the World Wide Web. (Ellsworth & Ellsworth 1996). Internet marketing has a set of names that bring it closer to modern understanding of the term; digital marketing, web marketing, online marketing, search marketing or e-marketing. To best describe online advertising, marketers use tools such as promotion coupons, contests, sweepstakes online and further use the internet to conduct direct marketing, personal selling and Public Relations activities effectively and efficiently (Belch & Belch 2009). (Chaffey 2009) simply defined internet marketing as a means of achieving marketing objectives using digital technologies. To make it more elaborate, an organization would basically use the website as a platform to promote its products and or services using tools such as search engine optimization, social media, email marketing, online interactive advertising and possibly web partnership with other sites for maximum exposure. And therefore, as a result, brand building feeds into these online activities, focusing it to draw customers' attention towards the organization's brand.

On promotion, consumers' level of confidence on a product is determined by high spending attribute towards a product of choice. Perception in this case, comes to play and this as a result has positive effects, not only on brand equity, but to loyalty, awareness, perceived quality and brand image. Further down the line, the relationship between perceived quality and spending on marketing communications is documented by Milgrom and Roberts (1986), Kirmani and Wright (1989), Aaker and Jacobson (1994).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter contains the research design, the population, data collection and data analysis. While making decisions on all these, the researcher was guided by the objectives of the study and the resources available.

3.2 Research Design

The researcher used a descriptive census study design. A descriptive design enables collection of information on how, when, what and other descriptive variables relating to the phenomena. Census studies are usually recommended when the members of the population are not many. If the researcher's opinion is that the size of the population is such that a census is possible, then it may not be advisable to sample (Hall, 2010).

3.3 Population of the Study

The population of this study consists of all commercial banks in operation in Kenya. There were Forty two (42) commercial banks in Kenya as at June 2016 (Central Bank Reports). The commercial banks are categorized into three tiers: Tier 1 consists of the largest banks, Tier two consists of the medium sized banks and Tier 3 consists of the small banks. All the forty two banks will be involved in this study.

3.4 Data Collection

Both primary and secondary data was collected. Primary data was collected by use of a questionnaire. The questionnaire has been constructed using input from previous related studies and also from literature review. Five (5) point Likert Scaling is used for ranking purposes in the

instrument. The respondents were either the Business Development managers or Marketing Directors. These persons were considered well placed to provide the information required. Secondary data was collected from company records and other industry sources.

3.5 Data Analysis

Data collected was coded in preparation for statistical manipulation. Data was summarized and presented using tables, bar graphs and pie charts. Further statistical measurement was done using means, standard deviation and variance. These methods of statistical analysis are considered sufficient due to the nature of the questions.

CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the study based on the data collected. The General information includes the response rate, the number of years the bank has been in operation and branches the banks have in Kenya as well as ownership of the banks, thereafter use of brand development to create brand equity, use of internet promotion to create brand equity, use of internet promotion to create brand awareness, use of internet promotion to create brand association and use of internet promotion to create perceived quality are evaluated.

4.2 General Information

4.2.1 Response Rate

Table 4.2.1 Response Rate

Designation of Commercial Banks	Sample Size	Response	Response Rate (%)
Tier one	6	3	7.90
Tier two	16	15	39.50
Tier three	21	20	52.60
Total	43	38	100

Table 4.2.1 indicates the response rate, and it is evident that from a sample size of 43 there was 38 responses thereby yielding a response rate of 88.40%. Figure 4.2.1 illustrates the percentage representation of the three tiers that the samples were drawn from.

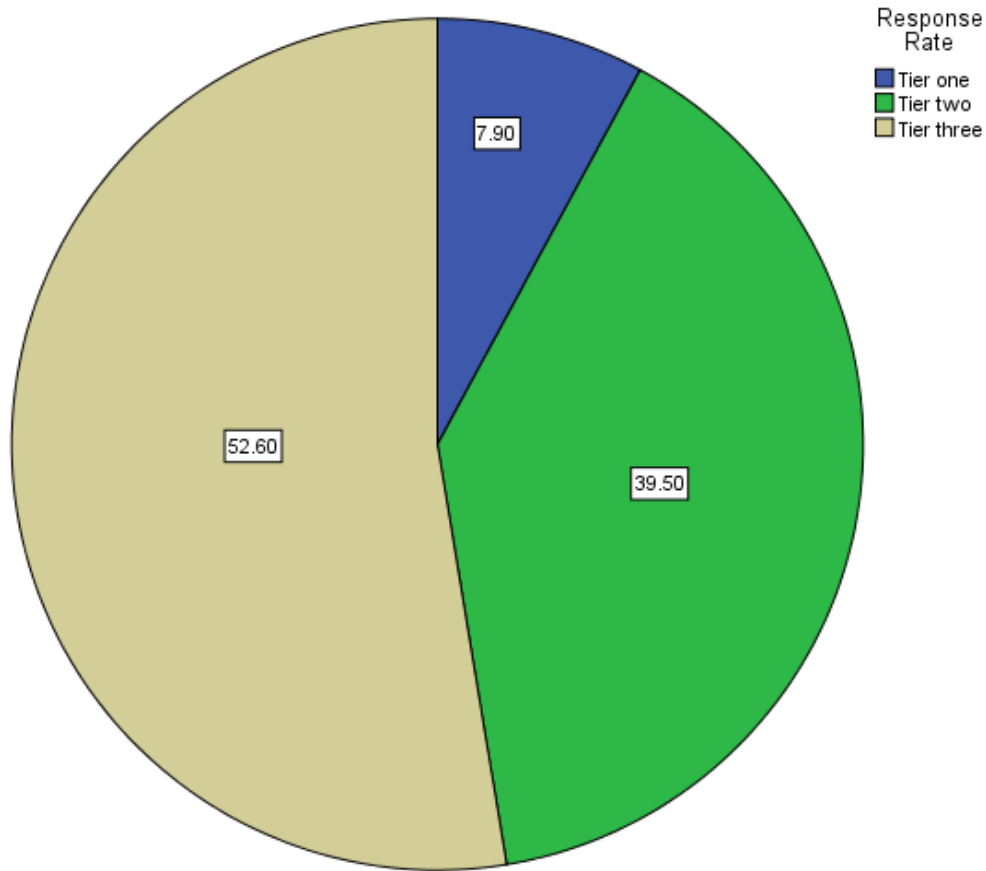


Figure 4.2.1 Response Rate

The findings, as indicated in Figure 4.2.2 below shows that none of the respondents indicated less than 5 years in operation, however 5.26% of the respondents indicated that the banks have been in operation between 5 and 10 years while 15.79% indicated 10 to 20 years, 18.42% 20 to 30 years and 60.53% 30 and above. It can be noted that the majority of the respondents were of the view that the majority of the banks have been in operation for more than 30 years

4.2.2 Years the Banks have in Operation

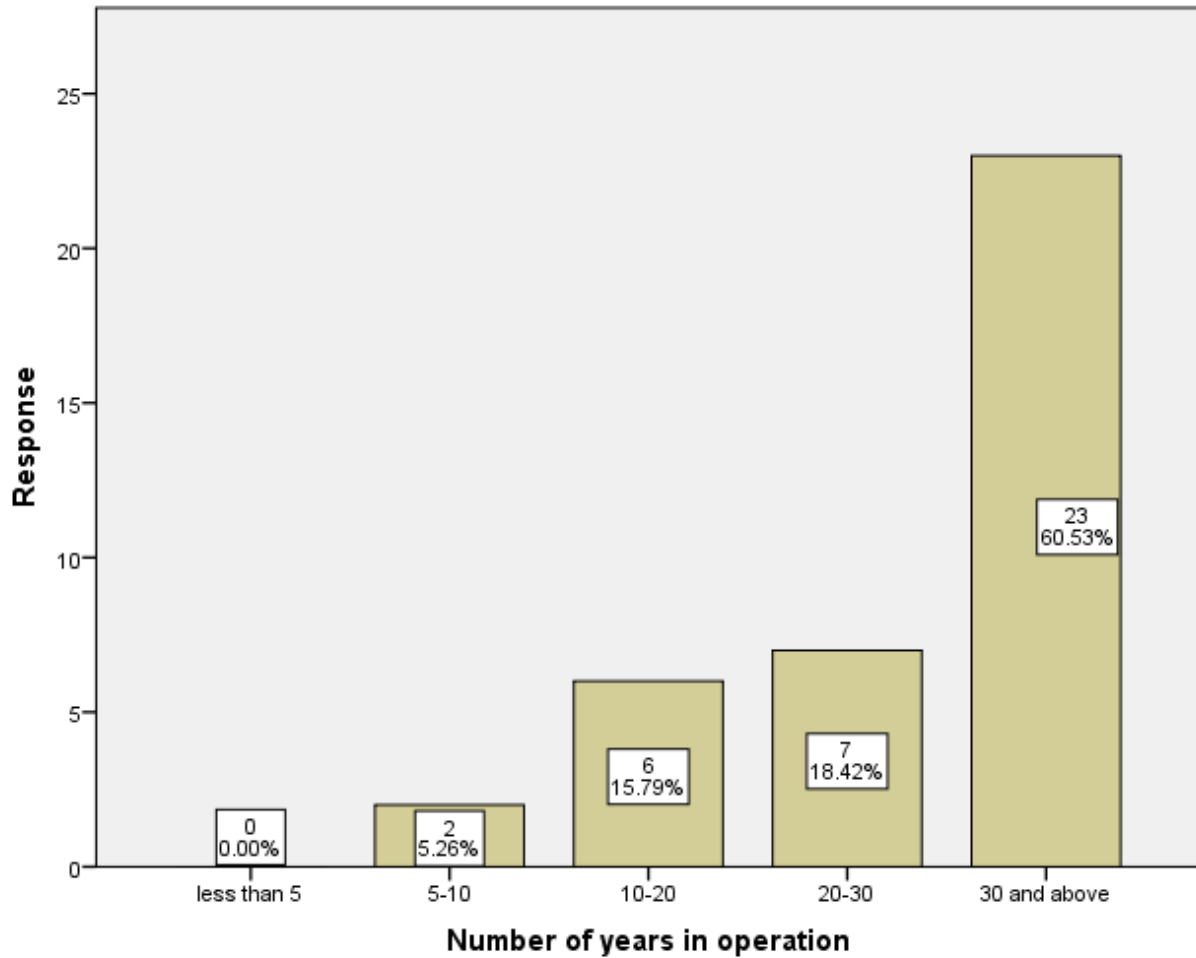


Figure 4.2.2 Number of Years the Banks have been in Operation

Figure 4.2.3 below indicates the number of branches the banks have in Kenya, and it can be seen that 5.26% of the respondents indicated less than 5 branches, 15.79% indicated 5 to 10 branches, 21.05% indicated 20 to 30 branches and 31.58% indicated more than 30 branches. Majority of the respondents however indicated 30 and above branches

4.2.3 Branches the Banks have in Kenya

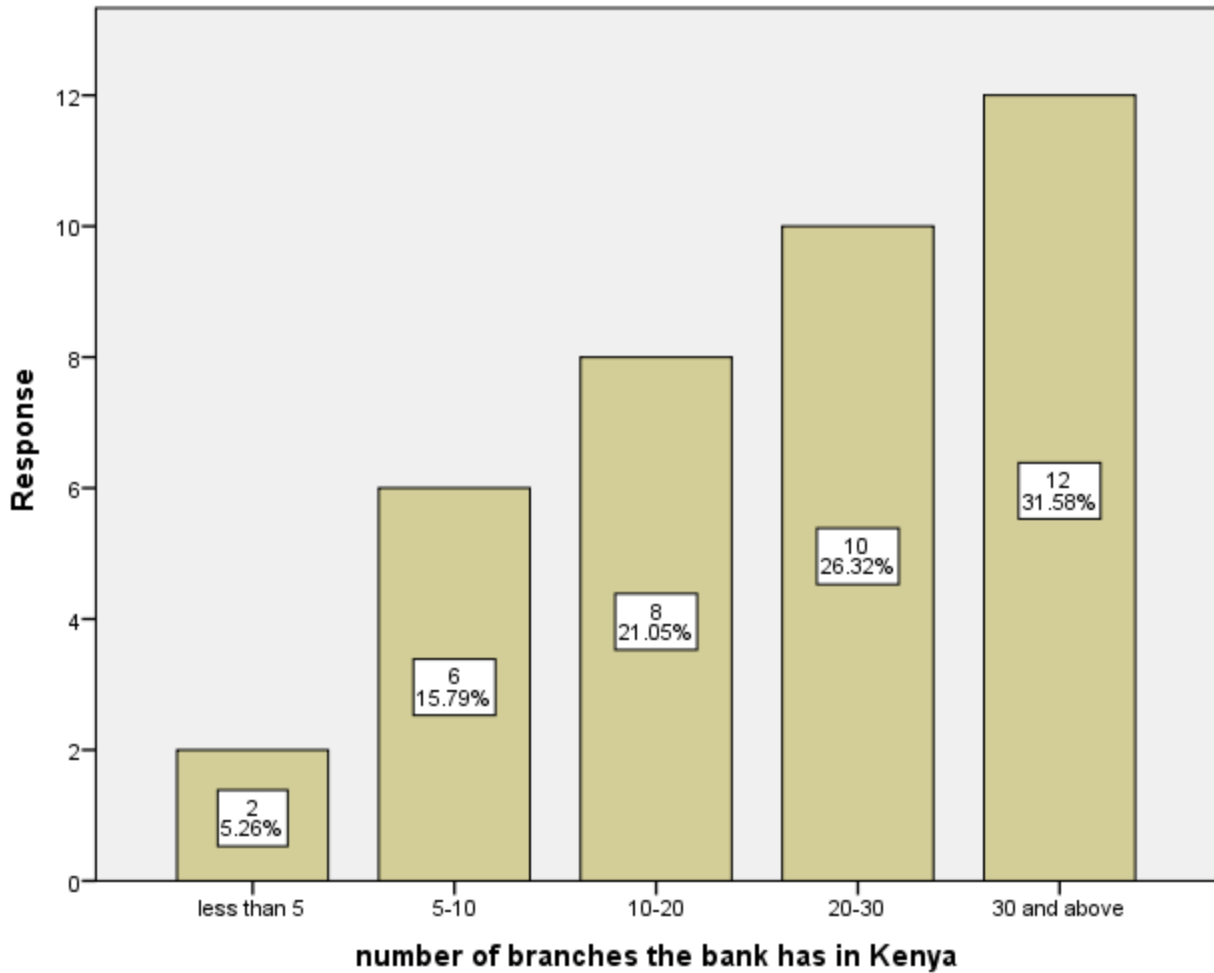


Figure 4.2.3 Number of Branches the Banks have in Kenya

Figure 4.2.4 indicates Bank Ownership. The bank ownership levels indicate that 7.89% of the respondents indicated that the banks are wholly locally owned while 13.16% indicated wholly foreign owned, 18.42% indicated locally owned with foreign ownership, 21.05% wholly government owned and 39.47% indicated partly government partly privately owned. The majority of the respondents however indicated that the banks are partly government and partly privately owned.

4.2.4 Ownership of the Bank

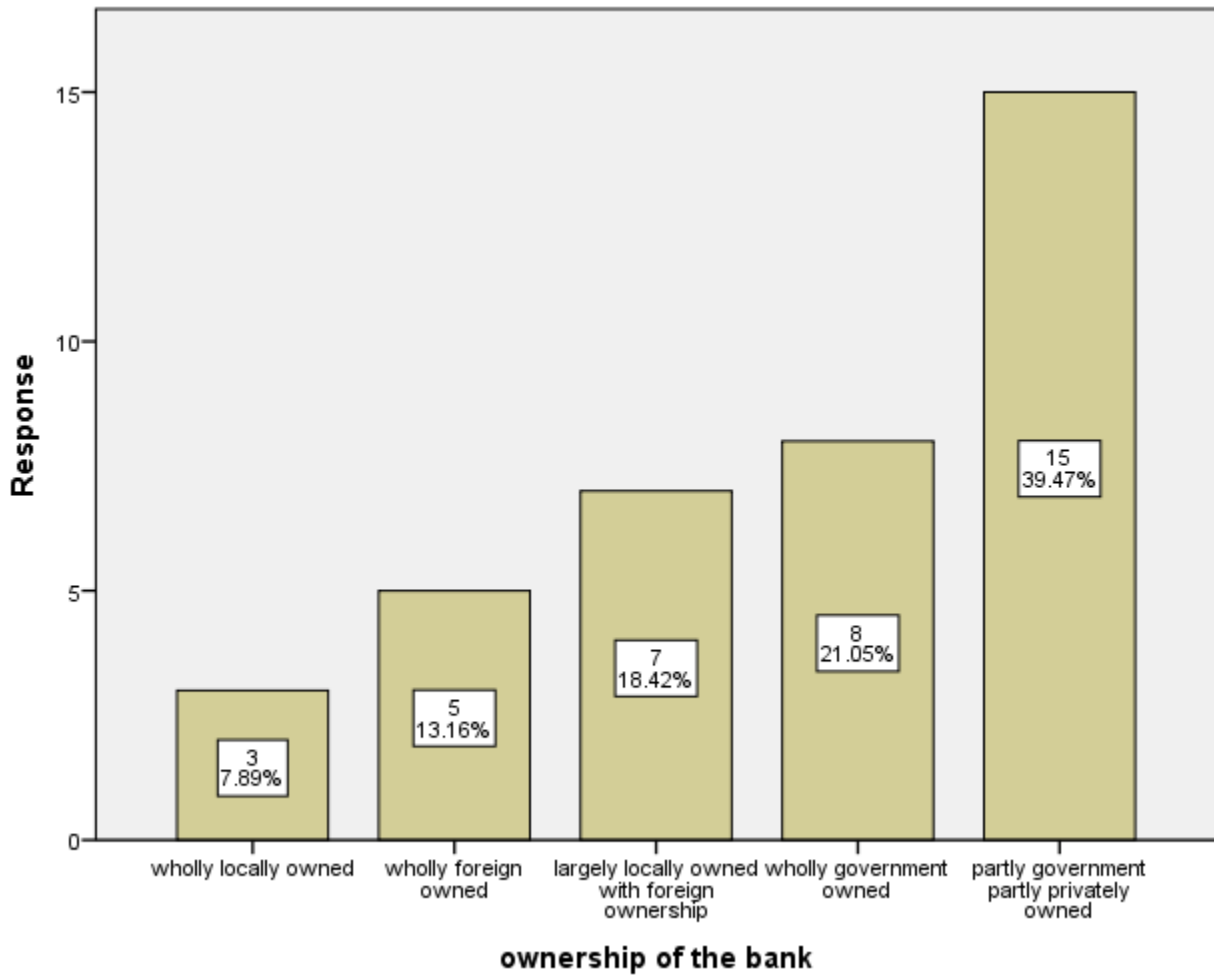


Figure 4.2.4 Bank Ownership

Table 4.3 below indicates data on use of brand development to create brand equity. Majority of the respondent indicated that the following factors are important for the creation of brand equity selling price of our products is considered critical (3.71), development of new products is very important (3.55), monitoring market development is important to us (4.05), development of brand image means a lot to our bank (3.87), we adjust more on corporate image than brand image (3.50), we believe brand image develops naturally and we don't have to do anything about it (3.89), we believe in investing in brand development (3.92)

4.3 Use of Brand Development to Create Brand Equity

Table 4.3 Use of Brand Development to Create Brand Equity

	N	Minimum	Maximum	Mean	Std. Deviation
Selling price of our products is considered critical	38	1	5	3.71	1.228
Development of new products is very important	38	1	5	3.55	1.267
Monitoring market development is important to us	38	1	5	4.05	1.089
Development of brand image means a lot to our bank	38	1	5	3.87	1.189
We adjust more on corporate image than brand image	38	1	5	3.50	1.289
We believe brand image develops naturally and we don't have to do anything about it	38	1	5	3.89	1.158
We believe in investing in brand development	38	1	5	3.92	1.100
Valid N (listwise)	38				

Table 4.4 indicates data on use of internet promotion to create brand equity. Majority of the respondents viewed the following factors has important in the creation of brand equity advertising on mass media (3.97), use of CEO speeches (3.92), corporate sponsorships (4.29), internet promotion (3.95), participation in exhibitions (3.92), company sales people (3.84)

Table 4.4 Use of Internet Promotion to Create Brand Equity

	N	Minimum	Maximum	Mean	Std. Deviation
Advertising on mass media	38	1	5	3.97	1.078
Use of CEO speeches	38	1	5	3.92	1.124
Corporate sponsorships	38	1	5	4.29	.956
Internet promotion	38	1	5	3.95	1.089
Participation in exhibitions	38	1	5	3.92	1.171
Company sales people	38	1	5	3.84	1.305
Valid N (listwise)	38				

Table 4.5 indicates data on the use of internet promotion to create brand awareness. And except for viral strategies, where majority respondents were not sure, the rest of the factors were considered important by majority of the respondents in creation of brand awareness: Search Engines (3.50), Linking strategies (3.37), Viral strategies (2.74), Online news releases (3.89), Chart rooms (4.37), Online trade publications (3.63), Redirecting readers to a URL using auto responders such as e-mail to send back more information (3.84), E-Mail Publishing (getting visitors to sign for free newsletter) (3.53), E-mail list (employees in the industry conversing on

current issues (3.76), Banner Advertisement (graphic advertisement that usually appears on a webpage) (3.76), Use of paid listing in portal sites (3.55).

4.5 Use of Internet Promotion to Create Brand Awareness

Table 4.5 Use of Internet Promotion to Create Brand Awareness

	N	Minimum	Maximum	Mean	Std. Deviation
Search Engines	38	1	5	3.50	1.202
Linking strategies	38	1	5	3.37	1.217
Viral strategies	38	1	5	2.74	1.131
Online news releases	38	1	5	3.89	1.110
Chat rooms	38	3	5	4.37	.675
Online trade publications	38	1	5	3.63	1.217
Redirecting readers to a URL using auto responders such as e-mail to send back more information	38	1	5	3.84	1.220
E-Mail Publishing (getting visitors to sign for free news letter)	38	1	5	3.53	1.059
E-mail list (employees in the industry conversing on current issues)	38	1	5	3.76	1.149
Banner Advertisement (graphic advertisement that usually appears on a webpage)	38	1	5	3.76	1.051
Use of paid listing in portal sites	38	1	5	3.55	1.083
Valid N (listwise)	38				

Table 4.6 below indicates data on the use of internet promotion to create brand association. It can be seen that majority of the respondents indicated that Search Engines (mean 4.11) was an important factor in creation of brand association, similarly the respondents held the same view on the following factors: Linking strategies (3.74), Viral strategies (3.74), Online news releases (3.66), Chart rooms (3.76), Online trade publications (3.74), Redirecting readers to a URL using auto responders such as e-mail to send back more information (3.71), E-Mail Publishing (getting visitors to sign for free newsletter) (4.11), E-mail list (employees in the industry conversing on current issues (4.16), Banner Advertisement (graphic advertisement that usually appears on a webpage) (3.87), Use of paid listing in portal sites (3.95).

4.6 Use of Internet Promotion to Create Brand Association

Table 4.6 use of internet promotion to create brand association

	N	Minimum	Maximum	Mean	Std. Deviation
Search Engines	38	2	5	4.11	.764
Linking strategies	38	2	5	3.74	.950
Viral strategies	38	1	5	3.74	1.057
Online news releases	38	1	5	3.66	1.214
Chart rooms	38	1	5	3.76	1.125
Online trade publications	38	1	5	3.74	1.201
Redirecting readers to a URL using auto responders such as e-mail to send back more information	38	1	5	3.71	1.271
E-Mail Publishing (getting visitors to sign for free newsletter)	38	2	5	4.11	.953

-mail list (employees in the industry conversing on current issues)	38	2	5	4.16	.855
Banner Advertisement graphic advertisement that usually appears on a webpage)	38	1	5	3.87	1.189
Use of paid listing in portal sites	38	1	5	3.95	1.114
Valid N (listwise)	38				

4.7 Use of Internet Promotion to Create Perceived Quality

Table 4.7 Use of internet promotion to create perceived quality

	N	Minimum	Maximum	Mean	Std. Deviation
Search Engines	38	2	5	3.92	.882
Linking strategies	38	1	5	3.68	1.165
Viral strategies	38	1	5	3.68	.989
Online news releases	38	2	5	3.95	.928
Chat rooms	38	1	5	3.84	1.175
Online trade publications	38	1	5	3.71	1.206
Redirecting readers to a URL using auto responders such as e-mail to send back more information	38	1	5	3.84	1.103
E-Mail Publishing (getting visitors to sign for free newsletter)	31	1	5	3.77	1.087
E-mail list (employees in the industry conversing on current issues)	38	1	5	3.58	1.154

Banner Advertisement (graphic advertisement that usually appears on a webpage) (3.82), Use of paid listing in portal sites	38	1	5	3.82	1.062
Use of paid listing in portal sites	38	1	5	3.82	1.087
Valid N (listwise)	31				

Table 4.7 above indicates the use of internet promotion to create perceived quality. And it can be noted that Search Engines (mean 3.92) was considered by the majority as important, similarly the rest of the factors that follow were also considered important; Linking strategies (3.68), Viral strategies (3.68), Online news releases (3.95), Chat rooms (3.84), Online trade publications (3.71), Redirecting readers to a URL using auto responders such as e-mail to send back more information (3.84), E-Mail Publishing (getting visitors to sign for free newsletter) (3.77), E-mail list (employees in the industry conversing on current issues (3.58), Banner Advertisement (graphic advertisement that usually appears on a webpage) (3.82), Use of paid listing in portal sites (3.82). it can be concluded that internet promotion was an important factor in creation of perceived quality.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The objective of this study was to establish the influence of internet promotion on brand equity of commercial banks in Kenya. This chapter presents the findings, conclusions and recommendations.

5.2 Summary of Findings

The findings of the study show that most of the commercial banks had been in operation for more than 30 years, and had more than 30 branches, and had also ownership structure that included part ownership by the government and part ownership by private investors. The commercial banks therefore had a lot of experience in the market they were operating in and as such were in a position to provide substantive information to the study.

The study evaluated the use of brand development to create brand equity, and it was found that creation of brand equity had important dependents that included selling price products, which was considered a critical element in creation of brand equity, development of new products and monitoring market development of brand image were also other factors that were important. The commercial banks also considered corporate image more important than brand image, and believe brand image developed naturally although it was important to invest in brand development.

Internet promotion was considered an important factor in the creation of brand equity, and it was noted that a number of channels, which included equity advertising on mass media, use of CEO speeches, corporate sponsorships, internet promotion, participation in exhibitions and company

sales people were applied at different points in time by the banks, however most the banks viewed corporate sponsorship a more important approach compared to others.

On the use of internet promotion to create brand awareness, viral strategies were considered less important compared to other factors that include search engines, linking strategies, online news releases, chat rooms, online trade publications, pointing readers to the banks' URL using auto responder e-mail address, e-mail publishing, such as getting visitors to sign for free newsletter, e-mail discussion lists, banner advertisement and use of paid listing in portal sites

The use of internet promotion was also an important factor in the creation of brand association. Factors that were important in the creation of brand association included search engines, linking strategies, viral strategies, online news releases, chat rooms, online trade publications, pointing readers to the banks' URL using auto responder e-mail address, e-mail publishing, e-mail discussion lists, banner advertisement, and use of paid listing in portal sites.

Finally, the use of internet promotion was also seen as an important factor creation of perceived quality. And search engines, viral strategies, online news releases, chat rooms, online trade publications, pointing readers to the banks' URL using auto responder e-mail address, e-mail publishing, e-mail discussion lists, banner advertisement, use of paid listing in portal sites were all important factors the influenced the net worth of brands.

5.3 Conclusion

It has been found that commercial banks in Kenya use brand development to create brand equity, commercial banks also use internet promotion to create brand equity, and they not only also use internet promotion to create brand awareness, but also use to create brand association. And perceived. Although the degree of influence internet promotion has on these factors may vary the general conclusion that can be drawn is that the influence of internet promotion on brand equity

of commercial banks in Kenya is an important factor that cannot be ignored by the management, and those that do so may not achieve high equity net-worth of their brands, and ultimately the achievement of their goals.

5.4 Recommendations

This study set out to establish the influence of internet promotion on brand equity of commercial banks in Kenya, although the study largely achieved this singular objective, it should not be presumed that internet promotion by itself can lead to a higher net worth of commercial banks in Kenya, other factors may also have statistically significant correlation to the net-worth of a brand. Therefore, this study recommends that other researchers evaluate other plausible factors to enable the community of researchers arrive at unifying factors affecting brand equity. And therefore a further research can be pursued on the influence of mobile promotion on brand equity in commercial banks in Kenya. And this is because, an important part of internet promotion in banks today incorporate the mobile phone, and will therefore be an important factor to evaluate how it will affect brand equity when complemented with internet promotion. This can be an additional factor to evaluate how banks can leverage on higher net worth through internet and mobile promotion combined.

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APPENDICES

APPENDIX 1: QUESTIONNAIRE

Section A: Bank Demographics

1. Name of bank
2. Number of years in operation
 - less than 5 years
 - 5-10 years
 - 11-20 years
 - 20-30 years
 - over 30 years
3. How many branches does your bank have in Kenya?
 - less than 5 branches
 - 50-10 branches
 - 110-20 branches
4. Who is the ownership of the bank?
 - Wholly locally owned
 - Wholly foreign owned
 - Largely locally owned with foreign ownership
 - Wholly government owned
 - Partly government partly privately owned

Section B

1.To what extent do you agree with the following statements on a scale of 5 = Very important,

1=Not at all important

Selling the price of our products is considered critical					
Development of new products is very important					
Monitoring market development is important to use					
Development of brand image means a lot of our bank					
We unjst more on corporate image than brand image					
We believe brand image develops naturally and we don't have to do anything about it					
We believe in investing in brand development					

USE OF PROMOTION TO CREATE BRAND EQUITY

To what extent do you rely on the following method(s) of promotion to build your brand image / brand Equity? Rank on a scale 5= very important, 1 = Not all important

	5	4	3	2	1
Advertising on mass media					
Use of CEO speeches					
Corporate sponsorships					
Internet promotion					
Participation in exhibitions					
Company sales people					

USE OF INTERNET PROMOTION TO CREATE BRAND AWARENESS

To what extent do you use the following tools of internet promotion in your bank to create Brand Awareness on a scale of 5=To a very large extent, 1= Not used at all

	5	4	3	2	1
Search Engines					

Linking strategies					
Viral strategies					
Online news releases					
Chart rooms					
Online trade publications					
Pointing readers to your URL using auto responder e-mail address for more information					
E-Mail Publishing (getting visitors to sign for free news letter)					
E-mail discussion lists (people in an industry carry on a conversation about various current issues)					
Banner Advertisement (linked graphic advertisement that appear at the top of a commercial webpage)					
Use of paid listing in portal sites					

USE OF INTERNET PROMOTION TO CREATE BRAND LOYALTY

To what extent do you use the following tools of internet promotion in your bank to create Brand Loyalty on a scale of 5=To a very large extent, 1= Not used at all

	5	4	3	2	1
Search Engines					
Linking strategies					

Viral strategies					
Online news releases					
Chart rooms					
Online trade publications					
Pointing readers to your URL using auto responder e-mail address for more information					
E-Mail Publishing (getting visitors to sign for free news letter)					
E-mail discussion lists (people in an industry carry on a conversation about various current issues)					
Banner Advertisement (linked graphic advertisement that appear at the top of a commercial webpage)					
Use of paid listing in portal sites					

USE OF INTERNET PROMOTION TO CREATE BRAND ASSOCIATION

To what extent do you use the following tools of internet promotion in your bank to create Brand Association on a scale of 5=To a very large extent, 1= Not used at all

	5	4	3	2	1
Search Engines					
Linking strategies					
Viral strategies					

Online news releases					
Chart rooms					
Online trade publications					
Pointing readers to your URL using auto responder e-mail address for more information					
E-Mail Publishing (getting visitors to sign for free news letter)					
E-mail discussion lists (people in an industry carry on a conversation about various current issues)					
Banner Advertisement (linked graphic advertisement that appear at the top of a commercial webpage)					
Use of paid listing in portal sites					

USE OF INTERNET PROMOTION TO CREATE PERCEIVED QUALITY

To what extent do you use the following tools of internet promotion in your bank to influence Perceived Quality on a scale of 5=To a very large extent, 1= Not used at all

	5	4	3	2	1
Search Engines					
Linking strategies					
Viral strategies					
Online news releases					

Chart rooms					
Online trade publications					
Pointing readers to your URL using auto responder e-mail address for more information					
E-Mail Publishing (getting visitors to sign for free news letter)					
E-mail discussion lists (people in an industry carry on a conversation about various current issues)					
Banner Advertisement (linked graphic advertisement that appear at the top of a commercial webpage)					
Use of paid listing in portal sites					