

## **EFFECT OF MOBILE MARKETING STRATEGIES ON PERFORMANCE OF DEPOSIT TAKING SACCO'S IN KISUMU COUNTY, KENYA**

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**Abstract:** *The aim of the study was to examine the effect of mobile marketing strategies on performance of deposit taking Sacco's Kisumu County, Kenya. The theory anchoring the variable of the study Unified Theory of Acceptance and Use of Technology. Descriptive design was adopted by the study, the population of this study comprised of 13 Deposit Taking SACCOs in Kisumu County, Kenya registered under SASRA. The unit of observation of the study comprised of 65 Chief Executive Officers, Deputy Chief Executive Officers, Finance Managers, ICT Manager or the equivalent and the Operations manager or the equivalent from each deposit taking SACCO in Kisumu County, Kenya. The study adopted a census survey since the population of the study was small. Pilot study was conducted to test for reliability and validity. Primary data was collected by use of a semi-structured questionnaire. Mean, frequency in addition to standard deviation were the main descriptive statistics to be employed. Multiple linear regression was used to analyze data. Tables and figures were utilized in result presentation. Correlation result indicated that mobile marketing strategies, have a positive relationship with organizational performance. Similarly, regression results indicated that mobile marketing strategies a positive and significant impact on organizational performance. The study recommends deposit-taking SACCOs in Kisumu County to focus on subscriber engagement, allow sending of mobile friendly messages, increase the prospective customers subscribing to the Sacco's products and services via email and short message services, improve the efficiency and effectiveness of marketing campaigns of the Sacco and provide a consistent and better customer experience for members.*

**Keywords:** *Digital Marketing, Mobile Marketing, Organizational Performance*

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### **Introduction**

The Mobile Marketing Association (MMA, 2008) defines mobile marketing as 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. Therefore, mobile marketing helps in increasing the existing network and creates new paths to market the products. The context of marketing strategy applied by mobile marketing composes key feature as ubiquity, personalization, two-way communication, localization, and industry background. The key of marketing decisions under a mobile marketing strategy include marketing communication (advertising and sales promotion), delivery of digital products and services, and customer relationship management (customer service and support). Thus, in this study, the dimension of mobile marketing strategy includes personalized advertising flexibility focus, Sms & MMS marketing, push notifications, immediate customer responsiveness capability, and technology integration management orientation.

Mobile marketing which is one of the elements of Digital marketing from the perspective of Riyad and El-Gohary (2013) can be defined as the usage of digital channels such as the internet, Short Messaging Services to promote, endorse, and market a company's products or services. According to Bala and Verma (2018), there are various digital marketing strategies including social media channels such as Facebook and Twitter, Search Engine Optimization (SEO), email marketing, blogs and websites, and marketing products and services through online personalities and social media influencers. Other digital marketing strategies that can be employed by organisations include video advertisements, sponsoring content on more popular websites and carrying out on-line sales such as flash sales (Kalei, 2020). However, for the purpose of this study, the digital marketing strategies that will be examined are use of mobile marketing strategies.

Digital disruption has presented financial institutions such as SACCOs with various channels for promoting their products and services through the introduction of technological tools and innovative payment and marketing strategies (Arnold & Jeffery, 2016). Among the variety of promotional methods that businesses can utilize digital marketing has become widely predominant. According to Charoensukmongkol and Sasatanun (2017), digital marketing strategies allow companies to target specific customers with specific marketing strategies depending on their age, social status, preferences, and financial capabilities. In addition, digital marketing strategies have enabled marketers to have immediate feedback on advertised products allowing for quick reactions in response to market reception (Kachembere & Choga, 2015).

According to Peterson and Jeong (2010), marketing performance is determined by analysing sales, analysing market share, analysing sales to marketing expenses, and overall financial performance. To this end, SACCOs are required to properly manage their marketing activities while taking appropriate corrective action where necessary (Lagat, Mugo & Otuya, 2013). According to Ernst, Hoyer and Rübssaamen (2010), understanding effects of marketing on performance is important because marketing activities have direct influence on sales and to a large extent the overall performance of the firm. Organizational performance has many dimensions which may be difficult to quantify. For the financial sector, both financial and non-financial indicators have been used to measure performance (Sawalqa & Hamdan, 2011). The financial indicators include sales growth and percentage profit margin. In other sectors such as service industry, employee productivity has been used as a measure of performance. Performance can be measured comparative to other competitors in the industry in terms of product quality, delivery time and inventory management over a given time (Aas & Pedersen, 2011).

### **Deposit Taking SACCOs in Kisumu County, Kenya**

SACCO stands for Savings and Credit Cooperative which is a special type of cooperative offering financial services with major focus on mobilization of funds and provision of affordable credit to its members who are both the owners and user (SASRA, 2019). SACCOs offer payment services and products that enable both household and firms to participate in the wide economy, by availing channels of investments such a savings, advancement of loans and risk management. By availing means of breaking the vicious cycle of poverty and for the national growth and development, they enable nationals to participate in the national building process. In Kenya, the Sacco industry is part of the cooperative sector which has impacted on lives of many disadvantaged Kenyans over the years. The sector is categorized into financial and non-financial cooperatives. Non-financial cooperatives deal with the marketing of member's produce and services such as dairy, livestock coffee, tea, handicrafts and many more similar cooperatives. On the other hand, financial cooperatives comprise housing and investment cooperatives (SASRA 2015).

The Sacco sub sector can be described as two-tiered given the range of financial services to members and regulatory regime. Non-Deposit taking SACCOs provide a limited range of savings and credit products. On the other hand, the deposit taking SACCOs besides the basic savings and credit products, also provide basic banking services (demand deposits, payments services and channels such as quasi banking services commonly known as automated teller machines, Front Office Services Activity (FOSA).

### **Problem Statement**

SACCOs play a significant role in growth of the economy as they facilitate mobilization of savings thus ensuring financial inclusion. However, the performance of this sector continues to trail other sub-sectors in the financial sector. For instance, SASRA SACCO Supervision Annual Report (2020) indicated that there is concern over the ever-growing amounts of non-remitted deductions which some employers continue to owe to Deposit Taking SACCOs. This is despite the impressive comparative growth recorded by the SACCOs. According to the report, the total amount of non-remitted funds as at 2020 was Kshs 5.04b compared to Kshs 3.87b in the previous financial period. Thus, NPL ratio increased to 8.39% in 2020 from 6.15% recorded in 2019.

SASRA SACCO Supervision Annual Report, 2020 also revealed that there are perennial delays in refunding member deposits resulting to members exiting their respective SACCOs. SACCOs also make it difficult for exiting members unlike when they are joining. Impediments that make exit from SACCOs tedious only serve to drive away potential members who do not hesitate to invest their funds in the many other available alternative financial institutions. Digital marketing will come in handy to assist SACCOs in easy disbursement of funds. Despite recording impressive growth in profitability and market share, deposit-taking SACCO sector still trails commercial banking which continues to be the dominant segment of the deposit-taking financial sector of the economy in terms of total assets, total deposits, as well as gross loans and advances (SASRA, 2020). This study therefore sought to assess the Effect of mobile marketing strategies on performance of deposit taking Sacco's in Kisumu County, Kenya.

### **Objective of the Study**

To assess the Effect of mobile marketing strategies on performance of deposit taking Sacco's in Kisumu County, Kenya.

### **Theoretical Foundation of the research**

#### **Unified Theory of Acceptance and Use of Technology**

The Unified Theory of Acceptance and Use of Technology the proponents (Venkatesh, Moris, Davis & Davis 2003), proposes that in adopting technology, the users are guided by performance and effort expectancies. According to this theory adoption of innovation is influenced by four key factors namely: effort expectancy, performance expectancy, social influence and facilitating conditions. Unified Theory of Acceptance and Use of Technology model is therefore adopted in this study to explain the importance of using mobile marketing strategies to improve marketing performance of Saccos.

### **Empirical Literature Review**

#### **Mobile Marketing Strategies and Organizational Performance**

According to Ahonen, (2010) mobile communication arena has switched to SMS messaging. SMS may be used to create an interactive reveal with the clients. SMS are broadly used everywhere, such as in libraries to inform readers approximately the due date issuing of ticket inside the commuter bus or educating public. People

simply want to ship an SMS based totally at the commands, then they will acquire a price tag and the cash might be introduced to their mobile’s monthly bills. This system will make the trading charge emerge as easier and assist to cast off cash.

An examination by Heinonen and Strandvik (2003), demonstrated that portable phones appear to be more prominent individual than conventional email channels. This elevates requirements for importance and promoting correspondence messages. A purchaser anticipates that messages should be private and of over-the-top intrigue and this influences the mistake increasingly after they to get undesired messages. Portable promoting and publishing may furthermore even advance over the line of caution and attack customers' security due to private idea of the versatile device.

Kapule (2013) examined on the perceived effectiveness of mobile marketing in Nairobi. Even although this take a look at turned into not in particular cantered on millennial in Nairobi, the findings were to customise cell commercials for one of a kind client audiences based totally on demographics like past behaviour and pursuits. This makes the cellular enjoy higher for the patron as the advertising and marketing effort is more likely to healthy them given their profiles. It additionally determined out that relevance, costs, intrusive nature, permissions and other reasons like security and compatibility has been the key in shaping customer perceptions. The more relevant the cell marketing effort is, the less the price concerned for the patron to engage with the commercial, the much less intrusive it is, the greater at ease it's miles and the greater compatible the layout is with their cellular phones, then the perceptions could be nice. Mibei (2013) expostulates in his study that application of mobile marketing in business banks in Mombasa County Kenya however, have lodged on the employer side without searching at the customer aspect. In terms of patron attitudes, it however referred to as certainly customer perceptions towards cell marketing and the characteristics inherent within the mobile cell phone affected the marketing strategy inside the banking industry.

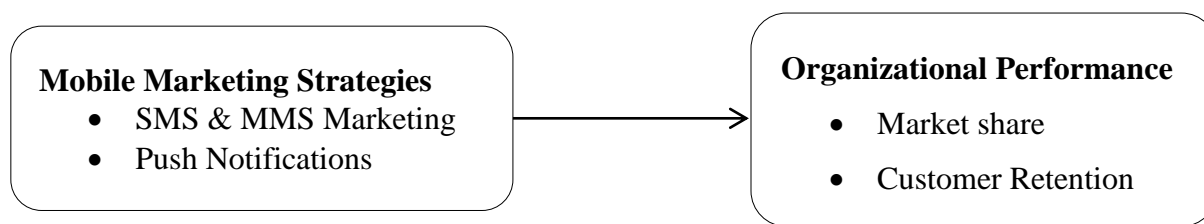
**Conceptual Frame Work**

Figure 1 below shows the visual depiction of the theorized relation of variables

Figure 1: A Conceptual Model showing Mobile Marketing Strategies and Organizational Performance

**Independent**

**Dependent**



**Source Researchers (2022)**

A conceptual framework provides a link between the predictor and outcome variables in a study presented in a figure format. Figure 1 shows the conceptual framework for this study. The summary of variables are; independent variable is represented by Mobile marketing strategies, SMS & MMS marketing. While the dependent variable is Organizational performance: Market share and Customer retention.

**Research Methodology**

Descriptive research design was therefore adopted in this study. According to Moser and Korstjens (2018) the justification for such a design is its ability to explain the problem in question and helps to collect information meant to address the question.

**Population of the study.**

The population of this study comprised of 13 Deposit Taking SACCOs in Kisumu County, Kenya registered under SASRA which formed the study’s unit of analysis. The unit of observation of the study comprised of 65 Chief Executive Officers, Deputy Chief Executive Officers, Finance Managers, ICT Manager or the equivalent and the Operations manager or the equivalent from each deposit taking SACCO in Kisumu County, Kenya. The study used a census since the population of 13 Deposit Taking SACCOs in Kisumu County was small.

**Data Collection**

Questionnaires were used to collect primary data from the respondents. The primary data was gathered by use of semi-structured questionnaires and captured through a 5-point Likert scale type. Likert scale questionnaires were distributed to respondents.

**Reliability Analysis**

A pilot study was done to determine the validity and reliability of the research instrument. To prevent bias, the main study did not include the pilot study's subjects during the main data collection exercise.

*Table 1: Reliability Test Results*

Scale	Cronbach's Alpha	Number of Items	Comment
Mobile marketing strategy	0.765	8	Reliable
Organization Performance	0.803	9	Reliable

**Source: Pilot Data, 2022**

The study used the recommended Cronbach's Alpha value of 0.7 to assess the internal consistency of the items of the seven questionnaires that were submitted to pilot testing in order to ensure the instrument's reliability. All the study's variables had alpha coefficient values higher than 0.7 (>0.7), as shown in Table 1.

**Response Rate**

Out of the target of 65 questionnaires a total of 60 were returned. This translated into an overall response rate of 92.31 percent. According to Batty, Gale, Kivimäki, Deary, and Bell (2020), a response rate of greater than 55% is adequate for statistical analysis of the collected data. The response rate is in line with their recommendations.

**Descriptive statistics**

The study's objective was to determine how Mobile Marketing Strategies influence the performance of deposit-taking Saccos in Kisumu County, Kenya. *Table 2* displays the average responses on a Likert scale of 1 to 5 for the various Mobile Marketing Strategies assertions.

*Table 2: Descriptive Results on Mobile Marketing Strategies*

<b>Statement</b>	<b>Mean</b>	<b>Std Dev.</b>
Mobile marketing Increase return on equity	2.63	1.28
Mobile marketing has facilitated reduction in operating costs	2.88	1.35
Mobile marketing helps in improving marketing and business strategy	2.90	1.31
Use of Mobile marketing has increased sales volumes	3.10	1.41
Mobile marketing provides a platform for interactive experience with the customers	2.98	1.44
Mobile marketing serves as a medium between Sacco and customers	2.75	1.41
Mobile marketing has facilitated in building more business relation	2.83	1.52
Mobile marketing provides flexibility and ability to adjust customer’s needs and wants	2.47	1.41
<b>Average</b>	<b>2.82</b>	<b>1.39</b>

**Source: Research Data (2022)**

The results of the study showed that majority of the respondents (mean=2.63, Std Dev=1.28) disagreed that mobile marketing has increased return on equity, has facilitated reduction in operating costs (mean=2.88, Std Dev=1.35) and it helped in improving marketing and business strategy (mean=2.9, Std Dev=1.31). On the other hand, majority of the participants of this study were neutral with regard to the statement that use of mobile marketing has increased sales volumes. However, on whether mobile marketing provides a platform for interactive experience with the customers majority of respondents disagreed (mean=2.98, Std Dev=1.44) which was also the case on the assertion that mobile marketing serves as an appropriate medium between Sacco and customers (mean=2.75, Std Dev=1.41). On the same note, majority of respondents disagreed that mobile marketing has facilitated in building more business relation (mean=2.83, Std Dev=1.52) and that it provides flexibility and ability to adjust customer’s needs and wants (mean=2.47, Std Dev=1.41). The majority of respondents disagreed with most of the statements about mobile marketing techniques on average, as indicated by a mean of 2.82, which indicates poor adoption of the strategies to enhance organizational performance.

**Performance of deposit-taking SACCOs**

Performance of deposit-taking Saccos in Kisumu County, Kenya was this study’s dependent variable. *Table 3* shows the average replies on various metrics of organization performance based on a Likert scale of 1-5.

*Table 3: Descriptive Results on Performance of deposit-taking SACCOs*

<b>Performance Metric</b>	<b>Mean</b>	<b>Std Dev.</b>
Increased Revenue	2.42	1.39
Increased Market Share	2.82	1.46
Improved Customer retention	2.72	1.38
More Customer Acquisition	2.58	1.37

Increased Profitability	2.75	1.53
More Sales	2.82	1.44
Higher Demand for Products	2.53	1.38
New Market Acquisition	2.57	1.52
Higher Prices	2.73	1.47
<b>Average</b>	<b>2.66</b>	<b>1.44</b>

**Source: Research Data (2022)**

The study's findings revealed that the majority of respondents disagreed that the organization has increased its revenue (mean=2.42, Std Dev=1.39) and that it has increased its market share (mean=2.82, Std Dev=1.46). Similarly, majority of the respondents disagreed that their respective Saccos had improved in client retention (mean=2.72, Std Dev=1.38) and had acquired more clients (mean=2.58, Std Dev=1.37). On whether the Sacco had recorded increased profitability over a 5-year period, majority of the respondents disagreed (mean=2.75, Std Dev=1.53). With regard to improved sales, majority of the respondents (mean=2.82, Std Dev=1.44) disagreed. The study's findings also indicated that the majority of respondents disagreed that the organization had recorded higher demand for products (mean=2.53, Std Dev=1.38) and acquired new markets (mean=2.57, Std Dev=1.52). On the last organization performance metric of higher prices for products and services, majority of the respondents disagreed (mean=273, Std Dev=1.47). The results imply that majority of this study's respondents disagreed that the performance of deposit-taking Saccos in Kisumu County, Kenya had improved. This reflects the performance challenges of these organization as highlighted in the statement of the problem whereby deposit-taking SACCO sector generally still trails commercial banking which continues to be the dominant segment of the deposit-taking financial sector of the economy in terms of total assets, total deposits, as well as gross loans and advances. SACCOs have heavily investing in digital technology over the last decade but performance still lagging behind.

**Inferential Statistics**

*Table 4: Effect of Mobile Marketing Strategies on Performance of deposit-taking SACCOs*

<b>Model summary</b>					
<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>		
.660	0.436	0.395	0.320284		
<b>ANOVA</b>					
	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	4.355	4	1.089	10.613	0.000
Residual	5.642	55	0.103		
Total	9.997	59			
<b>Coefficients <sup>a</sup></b>					

	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
(Constant)	0.421	0.548		0.769	0.445
Mobile Marketing Strategies	0.358	0.089	0.427	4.018	0.000

a Dependent Variable: Performance of deposit-taking SACCOs

**Source:** Field Data (2022)

a Dependent Variable: Performance of deposit-taking SACCOs

b Predictors: (Constant), Mobile Marketing Strategies

*Table 4* demonstrates that the organizational performance of deposit-taking SACCOs in Kisumu County is significantly positively correlated with mobile marketing strategies. This is demonstrated by a combined Pearson correlation of 0.66. According to the results, increasing the use of mobile marketing boosts deposit-taking SACCOs' performance in Kisumu County. The R-square of the model indicates that the variable can explain up to 43.6 percent of the variation in organizational performance of deposit-taking SACCOs in Kisumu County.

The F statistic confirmed the significance of the regression model with a p-value of 0.000, which is less than 0.05. This is corroborated by the F calculated statistic of 10.613, which is higher than the F (4, 55) critical value of 2.54. According to the overall model significance, mobile marketing strategies is relevant variable in estimating changes in organization performance of deposit-taking SACCOs in Kisumu County.

The fact that the beta value of 0.358 and the p-value of 0.000 which is less 0.05 demonstrates that mobile marketing strategies positively and significantly influence organizational performance of deposit-taking SACCOs in Kisumu County. The results show that enhancing mobile marketing techniques would greatly enhance the organizational performance of deposit-taking SACCOs in Kisumu County. This aligns with the findings of the study by Kapule (2013) who established that relevance, costs, permissions and other reasons like security and compatibility has been the key in shaping application of mobile marketing to enhance organizational performance.

**Conclusion**

This study concludes that mobile marketing strategies positively and significantly improve organization performance of deposit-taking Saccos in Kisumu County. Mobile marketing has potential to increase the return on equity, facilitate reduction in operating costs aid in improving marketing and business strategy, increase sales volumes, provide a platform for interactive experience with the customers, serve as a medium between Sacco and customers and facilitate building more business relation.

**Recommendation**

This study recommend that deposit-taking SACCOs in Kisumu County focus on mobile marketing strategies which have potential to increase the return on equity, to focus on subscriber engagement, allow sending of mobile friendly messages, increase the prospective customers subscribing to the Sacco's products and services via email and short message services, improve the efficiency and effectiveness of marketing campaigns of the Sacco and provide a consistent and better customer experience for members.



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