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**INFLUENCE OF DIGITAL MARKETING STRATEGIES ON THE COMPETITIVE
ADVANTAGE OF COMMERCIAL BANKS IN KENYA**

GRATIA MBITHE MAKAU

MBA/110314/2018



**A THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS
FOR THE AWARD OF DEGREE OF MASTER OF BUSINESS ADMINISTRATION
OF STRATHMORE UNIVERSITY**

NOVEMBER 2020


DECLARATION

I, the undersigned, declare that this project is my original work and has not been submitted for examination in any other institution.

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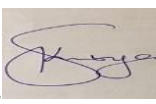
Approval

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

Dr. Stella Nyongesa

Lecturer, Strathmore University



Sign: ... 

Date: ...17th Nov 2020.....

ABSTRACT

The local banking industry has been facing intense competition from various players in the financial industry, such as Saccos, Microfinance firms, and digital lending platforms in competing for customers. Further, increasing changes in the regulatory and business climate have increased the pressure on local banks to enhance their capacity to remain competitive. The emergence of new technologies and digital disruption has presented the commercial banks with new tools that can be adapted to enhance their competitiveness. Despite this, there is scant literature examining the nature of the influence of various digital marketing strategies on the competitive advantage of commercial banks. The research sought to establish the influence of social media marketing, search engine optimization, and e-mail marketing on the competitive advantage of commercial banks in Kenya. The research was grounded on the technology acceptance model and the competitive advantage theory. The study relied on a quantitative research approach using a descriptive research design. The target population of the study was drawn from the 41 commercial banks. The study sampled five respondents; operations manager, chief technology officers, human resource manager, digital marketing managers, and finance managers drawn from the commercial banks. The sample size for the research was 136 respondents. The study used a structured questionnaire to collect data. The study conducted a pretest of the research tool, with 10% of the sample respondents. The collected data were analysed using descriptive statistics, correlation analysis, and regression analysis. The findings of the study were presented graphically and interpreted in line with the research objectives. The study results indicate that most of the banks had deployed the use of social media marketing, e-mail marketing, and interactive websites. The correlation result established there is a positive and significant effect of social media marketing, search engine optimization, and e-mail marketing on the competitive advantage of commercial banks. The regression results showed that digital marketing strategies determined 67.2% of the variations in the competitive advantage of banks. The study concludes that deploying social media marketing, search engine optimization, and e-mail marketing will positively influence the competitive advantage of commercial banks. The research recommends that commercial bank should enhance their investment in new technologies to drive the development of digital-only bank branches and online platforms. The study also recommends that commercial banks should foster their e-mail and social media marketing tools. The main contribution of my study will be to commercial banks since it offers critical knowledge on the effect of specific digital marketing strategies on their institutional competitiveness, which can be essential to their future decision making. The study was also limited by respondents who were unwilling to participate in the research due to fear of their anonymity not being upheld. This was mitigated by producing a letter from the University which indicated that the research was purely for academic purposes.

Keywords: *Social Media Marketing, Search Engine Optimization, Email Marketing, Competitive Advantage*

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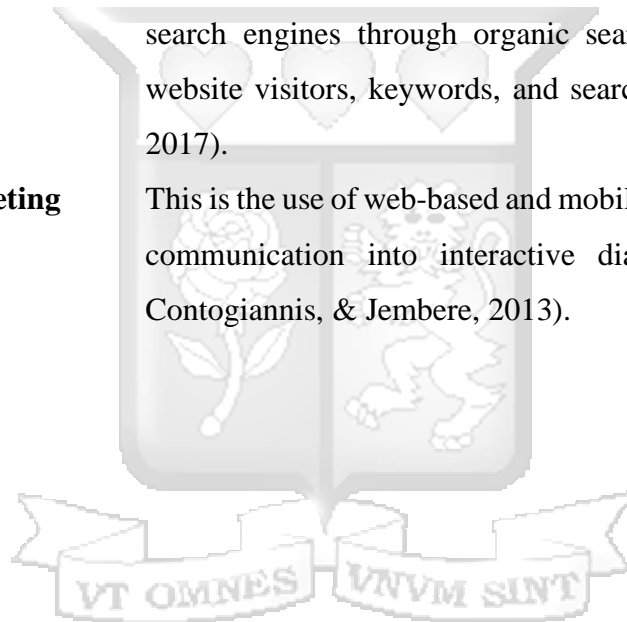
LIST OF ABBREVIATIONS

CBA	Commercial Bank of Africa
CBK	Central Bank of Kenya
ICT	Information Communication Technology
NACOSTI	National Commission for Science Technology and Innovation
SEO	Search Engine Optimization
SME	Small and Medium Enterprises
SMM	Social Media Marketing
TAM	Technology Acceptance Model
VIF	Variance Inflation Factor



OPERATIONAL DEFINITION OF TERMS

- Competitive Advantage** This refers to the firm's ability to stay ahead of the present or potential competition through the adoption of creative and innovative strategies (Chege, 2017).
- Digital Marketing** This is the usage of digital channels such as the internet to promote, endorse, and market a company's products or services (Nanga, 2015).
- Email Marketing** This refers to the act of conveying marketing communication to recipients through electronic channels to existing and new customers (Kwarteng, 2015).
- Search Engine Optimization** This refers to the ranking of an institution's website on search engines through organic search results based on website visitors, keywords, and search queries (Malhotra, 2017).
- Social Media Marketing** This is the use of web-based and mobile technologies to turn communication into interactive dialogue (Chikandiwa, Contogiannis, & Jembere, 2013).



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DEDICATION

I dedicate this research work to my family, who has been instrumental in offering moral support towards making this study a success.



CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Globally, the banking industry has mostly changed, and this can be attributed to the emergence of a rather globalized economy, which has led to the need for monetary unions, better as well as efficient financial services (Arnold & Jeffery, 2016). The advent of new technologies, powered by digitalization and the emergence of the internet, has led to a complete overhaul of how individuals and corporations' access to financial services. Therefore, globalization, coupled with technological advances, has seen the financial industry face increased competition, which has led to the need to come up with different approaches to the way financial services are offered (Sia, Soh, & Weill, 2016).

Over the last five years, there has been a tremendous growth of commercial banks in Kenya that have seen new banks open up and growth of the existing ones locally and internationally (Ndung'u, Otieno, & Rotich, 2016). This has been attributed to a number of factors like the adoption of modern technologies, for instance, information communication technology (ICT) and development of infrastructure facilities that have supported the digitalization of the commercial bank's operations (Kungu, Desta, & Ngui, 2014). Globally, Shirazi (2017) indicates that in the developed world, the innovation within the financial sector has contributed to increased digitalization and the introduction of new technologies in the core operations of the commercial bank. Further, research indicates that customer demands have directed the priority focus of innovation in Asian countries. This was due to a customer-centric approach to service delivery, and it saw innovation being guided by customer preferences and capacity (Barquin & Hv, 2015). Drivers such as demographics, technology, and integration of systems and services were viewed as key to the transformation of financial services and competitive edge in Asian banks (Autant-Bernard, Massard, & Muriel, 2013).

In Kenya, the search for competitive advantage is overarching in the banking sector, with some banks specializing in particular service innovations. Many banks in Kenya are currently capitalizing on investing in technology and system capabilities to be more affordable and provide more convenient products such as internet banking, smartphone, and tablet banking services to enhance service delivery to customers wherever they are (Ndirangu & Nyamongo, 2015). Additionally, due to high competition pressures, the urge to migrate from traditional banking has been on the rise. Innovations such as those available in the ATMs, phone banking,

internet banking, debit card banking, credit card banking, agency banking, smartphone applications are taking place at an overwhelmingly active phase (Muiruri & Ngari, 2014). This sector offers comparable products and services and is considered to be highly lucrative (Kungu, Desta, & Ngui, 2014), AIB Capital Banking Update (2017). The industry had been experiencing ROE averaging 22% and grew impressively at 16% between 2011 and 2015. The sector was also characterized by increased adoption of technology and usage of alternative channels, which helped aggressive banks to tap the unbanked population more efficiently and thus boosting profitability. Further, marketing initiatives to differentiate and create a competitive advantage have increased over the years, especially with the improvement in modern technology (Chege, 2017).

Given that the overall goal of every bank is to achieve and sustain a competitive advantage, the market has become homogenous in its product and service offering leading to a high rate of competitor strategy imitation (Chege & Winter, 2013). Given the complexity of markets and competitive conditions, commercial banks target different markets as a critical strategy to grow their market share and improve financial performance (Sentero, 2013). They have to consistently develop and implement new market strategies well to ensure that they remain competitive (Onaolapo, Salami, & Oyedokun, 2011). Digital marketing strategies have a significant impact on the competitive positioning of an organization, playing a pivotal role in attaining long-term organizational goals, and it is essential to understand their effect on an organization to achieve its goals.

1.1.1 Digital Marketing Strategies

The global business world is faced with increasing competitive pressures; therefore, marketing skills and expert knowledge have become highly valued (West, Ford, & Ibrahim, 2015). For long periods, marketing activities were neglected and handled by only a small department within a big organization, but due to the changes in the international and local business environment, today for most organizations, marketing, and promotional strategies are at the frontline for businesses and the core of the organizational actions (Wyatt, 2010).

According to El-Gohary (2011), digital marketing refers to the usage of digital channels such as the internet to promote, endorse, and market a company's products or services. Kim, Shin and Lee (2009) report that various digital marketing strategies exist, these include: 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; companies can also use other digital marketing strategies such as video

advertisements, sponsoring content on more popular websites and carrying out on-line sales such as flash sales. The current research focused on three broad digital marketing strategies; social media marketing, search engine optimization, and email marketing, which are the most widely adopted within commercial banks (Nanga, 2015).

Arnold and Jeffery (2016) note that digital disruption has presented commercial banks with various channels for promoting their products and services through the introduction of technological tools and innovative payment and marketing strategies. Among the variety of promotional methods that businesses can utilize digital marketing has become widely predominant. Digital marketing strategies allow companies to target specific customers with specific marketing strategies depending on their age, social status, preferences, and financial capabilities (Nanga, 2015). Digital marketing strategies are cheaper and have a wider reach. However, companies face new challenges of creating online content and managing these sites and online interactions with their clients; this requires them to gain new skills and competencies to take full advantage of digital marketing (Kithinji, 2014). Further, digital marketing strategies have enabled marketers to have immediate feedback on advertised products allowing for quick reactions in response to market reception (Kachembere & Choga, 2016).

Social media is the use of web-based and mobile technologies to turn communication into interactive dialogue (Kaplan & Haenlein, 2010). Social media marketing (SMM) is a new trend where organizations adopt tools and approaches for communicating with customers and has become an avenue that marketers can extend their marketing campaigns to a broader range of consumers (Paquette, 2013). It utilizes social networking websites as a marketing tool, with its goal being to help a company increase brand exposure and broaden customer reach (McCann & Barlow, 2015). Makhulo (2014) concludes that social media strategy has enhanced competitive advantage among insurance companies in Kenya because the firms have experienced an expansion in customer base and sales, an improved corporate image, and better customer service, becoming integral in how they operate. Mutero (2014), asserts that with the advent of social media, companies around the world can reach a new frontier of individuals who, a few years ago, could only be accessed via local acquaintanceship.

Jalang'o, (2015) notes that social engine optimization (SEO) is conceptualized as the ranking of an institution's website on search engines through organic search results based on website visitors, keywords and search queries. SEO is key to increasing the visibility of the firm on the search engine as well as spread their brand to many people. Moreover, they can provide chances

for companies to introduce new products and services to make sales and finally bring profit (Amerland, 2013). Berman and Katona, (2012) found out that a positive level of search engine optimization may enhance the search engine ranking quality and thus the satisfactory level of its visitors. Wanjuki (2014) notes that leading banks in Kenya rely on SEO, Website design/development for banks, and Email marketing as a digital marketing strategy that fosters their customer service capabilities.

E-mail is one of the new, innovative strategies facilitating interactive marketing (Wandaka, 2009). E-mail marketing is the act of conveying marketing communication to recipients who primarily request for it (Arnold, 2011), while Ellis-Chadwick and Doherty (2012) define email marketing as information focussed interpersonal marketing practice that takes place in a context of accountability for the privacy of the customers. Email Marketing involves transmitting product information via email to existing and potential customers (Adejoke & Adekemi, 2012). Email marketing is considered the cost-effective favourite method of communication for many people and can be customized for each recipient (El-Gohary, 2011). Al-Rfou (2013) examined internet banking in Jordan commercial banks and notes that increase usage of E-mail marketing has enhanced customer service and satisfaction within the banks.

1.1.2 Competitive Advantage

The level of competition faced by an organization determines its ability to succeed or fail in its business endeavours, determining its level of innovation, organizational culture, image and position in the industry (Porter, 1985). Competitive advantage is the ability to stay ahead of the present or potential competition; it can be done using various strategies either in product making or in marketing the product (Gathua, 2014). A company is said to have a competitive advantage whenever it has the edge over its rivals in attracting and retaining customers and defending against competitive forces (West, Ford, & Ibrahim, 2015). Papulova and Papula (2015) note that a firm has a competitive advantage over its rivals when it offers its customers greater value, either through lower prices or by providing additional benefits and services that justify similar or possibly higher costs. Besides, real competitive advantage implies that companies can satisfy customer needs more efficiently than their competitors.

Mwangi (2013) asserts that firms have a competitive advantage when they create more economic value than their rivals. If a firm can gain more from a particular product than it had invested in, then it has attained a competitive advantage (Aaker & Joachimsthaler, 2012). This may be done by a company developing a product that becomes the industry standard,

developing superior customer service, achieving lower costs than rivals (Gathua, 2014) or having a more convenient geographic location, developing proprietary technology, having the capability to bring new products to market faster than competitors (Mwangi, 2013) or having more significant technological expertise than rivals, developing unique competencies, building a better-known brand name and reputation and providing buyers more value for the money (Freeman, 2010). Competitive advantage can be determined by the firm's competitive scope and the steps it takes to stay ahead of the competition and satisfy their customers.

The current study investigated the competitive advantage of commercial banks based on their cost-effectiveness, service quality, customer satisfaction, technical efficiency, product and service innovation, as well as brand recognition and reputation. The above measures were vital to measure the competitive advantage of commercial banks as they have been widely used among several scholars (Gathua, 2014; Mwangi, 2013; Freeman, 2010), and there is convergence in the constructs. Further, these factors enhance the ability of the firm to attain a competitive advantage, thus ensuring that the firm remains sustainable, which is the main objective of financial institutions.

1.1.3 Commercial Banks in Kenya

Banks in Kenya are governed by the Banking Sector Act, the Companies Act and the Central Bank of Kenya, among other legislative guidelines (CBK, 2013). Increased government support and a favourable business environment have seen the nation's industry rapidly increasing in size and the level of diversification of both products and services (Jalang'o, 2015). This has allowed the country to record a higher level of GDP growth than her immediate neighbours, recording a 23.7% growth in 2008, against Tanzania's 12.3%, and Uganda's 7.2% (Beck, Demirguc-Kut & Levine, 2009). Over the years, growth has been recorded in terms of asset accumulation, deposits, products offering and profitability. Most of these developments has been attributed to increased investment in innovation strategies and technological advancement (Njuki, 2015).

The financial service industry is constantly changing, and technology is playing a big role in the transformation in product development and service offering within the industry (Kelly & Kerr, 2017). Technological advancement and enhanced connectivity have played a key role in disrupting the financial industry, leading to increased innovation within the industry. Increased innovation has been identified as a key driver for increased competitiveness which ensures objectives are met, and customer demands are satisfied (Sarmah & Rahman, 2018). Increased

competitive environments have pushed firms to adopt more innovative strategies to improve service delivery, increase the accessibility of bank services and reduce associated risks to maintain competitiveness (Chen et al., 2017). Banks with requisite capabilities can effectively exploit their resources, integrate their business capabilities and establish competencies to provide customers with competitive and quality services (Sun & Pang, 2017).

With the increasing evolution and assimilation of technologies within the Kenyan banking industry and the implementation of digital transformation processes, research work must be conducted within the Kenyan banks to examine the link between the various digital banking strategies and performance of financial institutions. As of December 2019, 41 operational commercial banks in Kenya are regulated by the Central Bank of Kenya. The increased adoption of digital marketing strategies has been noted to increase firm performance levels. Therefore, it is important to study the impact of each strategy on the competitive advantage of Kenyan banks (Ng'ang' a, 2015). This study, therefore, explored the impact of digital marketing strategies on commercial banks' competitive advantage in Kenya.

1.2 Statement of the Problem

Banks operate in changing environments and the competitive strategies adopted depend on changes in competition, technology and globalization and most importantly, changing customer wants and needs (Chege, 2017). Competition is intense in the banking industry in Kenya, and clients must be given an exceptional service experience and managed well so that they can be loyal to the brand (Kihara, 2015). It was clear and evident that banks in Kenya are facing various challenges during client service delivery and adoption of digital strategies in place to enhance their competitive edge (Kariuki, 2017). Technology is always emerging, and this means that there will always exist technology that can be adopted to enhance bank productivity levels (Kariuki, 2017). However, the literature exploring emerging technologies such as search engine optimization, social media and email marketing and their effect on competitive advantage is still insufficient. This knowledge gap formed one of the critical motivations for the current study.

Chortareas, Girardone, and Ventouri (2011), in research in the Eurozone, note that technological efficiency has contributed to the performance of commercial banks. In a study of the banking sector in Ghana, Kwarteng (2015) indicated that relationship marketing was integral in enhancing the competitive advantage of commercial banks. Mohamud (2017) noted that electronic banking adoption had a positive effect on the customer satisfaction and service

quality of Uganda commercial banks. In a local study, Ochieng (2013) focused on digital banking as a competitive strategy and indicted that to build sustainable competitive advantage in the banking industry requires the adoption of technology and innovation through digital banking. Kariuki (2017) examined the effects of innovation strategy in enhancing competitive advantage among commercial banks and found that market innovation positively enhances the competitiveness of Kenyan banks. Nanga (2015) instead studied the effectiveness of digital marketing strategies and found out that they positively affect the performance of commercial banks.

The above studies point out that the utilization of different digital platforms is critical to the improvement of performance and service quality offerings of commercial banks. It was, therefore, cognizant that none of those mentioned above studies focuses on the effect of digital marketing strategies on competitive advantage among Kenyan banks. This was the basis of this study. In the current market where volatility rates are ever-increasing, it was essential to identify the challenges facing commercial banks and how digital marketing strategies can be applied to improve productivity hence the competitive positioning of commercial banks in Kenya.

1.3 Objective of the Study

The main objective of this study was to determine the influence of digital marketing strategies on the competitive advantage of Commercial Banks in Kenya

1.3.1 Specific Objectives

- i. To establish the effect of social media marketing on the competitive advantage of Commercial Banks in Kenya
- ii. To determine the effect of search engine optimization on the competitive advantage of Commercial Banks in Kenya
- iii. To establish the effect of email marketing on the competitive advantage of Commercial Banks in Kenya

1.4 Research Questions

- i. What is the effect of social media marketing on the competitive advantage of Commercial Banks in Kenya?
- ii. What is the effect of search engine optimization on the competitive advantage of Commercial Banks in Kenya?

- iii. What is the effect of email marketing on the competitive advantage of Commercial Banks in Kenya?

1.5 Significance of the Study

The current business environment is heralded by increased competitiveness and digitalization of banking services and product provision. The present study is anticipated to contribute immensely to practice, policy, and academia. To the management of the commercial banks, the findings of the research will offer critical knowledge on the effect of specific digital marketing strategies on their institutional competitiveness, which can be essential to their future decision making. These results will also provide insights on how the various digital strategies can be vital in supporting better customer experience within the banks. To the regulator, the results can help in sharpening policy formulation geared towards promoting the digitalization of marketing and innovation within the local banking industry. To the CBK, the results can be integral in systematically designing regulations for the adoption of digital marketing strategies as well as creating a conducive environment to support the enhanced adoption of emerging technologies.

The findings will also help to stimulate debate within the Kenya Bankers Association (KBA) on how best to seek strategic alliances with telecommunication firms and other players in the financial sector in implementing emerging digital marketing strategies such as Application Programming Interface - API revolution and other FinTech solutions. Further, with the limited literature on the link between digital marketing strategies and competitive advantage, the current study will contribute to the available scholarly knowledge and act as reference material for future research work.

1.6 Scope of the Study

The present research scope was focused on the operational commercial banks in Kenya and did not consider the two institutions under receivership in the country. The geographical scope of the research was limited to commercial banks operating within Nairobi City County. The contextual scope of the study was limited to an examination of three key digital marketing strategies and how they influence the competitive advantage of commercial banks in Kenya. The theoretical scope of the study was limited to the technology acceptance model and the competitive advantage theory. The study was conducted between January 2020 and July 2020 across commercial banks in Nairobi City County.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The second chapter of the research reviewed the literature underpinning the research themes. The chapter explicitly presents the theories that were grounded in the independent and dependent variables. The chapter further presented a review of the relevant empirical literature, the research gaps, as well as the conceptual framework of the study.

2.2 Theoretical Review

A theoretical review refers to a study of theories that have been formulated to explain, predict, and understand various phenomena. A theory is an organized and systematic set of interrelated statements that specify the nature of relationships between variables (Green, 2014). The current study was anchored on the technology acceptance model and the competitive advantage theory.

2.2.1 Technology Acceptance Model

Basing on the Theory of Reasoned Action, Davis (1986) established the Technology Acceptance Model that deals mainly with the forecast of the suitability of an information system. The aim of this is to forecast the suitability of an instrument and identification of the changes which should be included in the system to make it accepted by the users. This model proposes that the acceptance of a digital information system is solely dependent on two major factors: apparent usefulness and apparent easy usage (Davis, 1993).

Perceived usefulness can be termed as being the extent to which an individual believes that usage of a system fosters the performance. Perceived easy usage is the extent to which an individual believes that the operation of the system is useful (Davis, 1989). Many factorial studies show that perceived importance and perceived easy usage could be seen as two separate measurements (Davis, 1986). According to Davis (1986), perceived ease of usage affects the approach of a person through two significant means: self-effectiveness and instrumentality. Self-effectiveness is a notion created by Bandura (1982) that explain that the more a system has easy usage, the better should be the user's sense of effectiveness. Moreover, an instrument that has ease of usage makes the user feel that they have control over the system (Davis, Bagozzi, & Warshaw, 1989).

This model applies to this study in that, and it assumes that the application of digital strategies is dependent on behavioural aim and the behavioural intention is dependent on the individual

attitude towards the introduction of the system and hence affects the adoption of an innovation. According to the theory proponent, the perceived importance of the various systems is key to its adoption for use. Hence, the theory was integral in this research is examining how the various digital marketing technologies have been adopted within the commercial banks and their appropriateness in generating a competitive advantage for Kenyan banks.

2.2.2 Competitive Advantage Theory

Michael Porter developed the competitive advantage theory in the year (1980). This theory addressed the issue of competitive strategy by developing several theories and models. The current study adopted the Porters generic strategies in examining the competitive advantage of the commercial banks in Kenya. Porter (1980) held that firms could only achieve high returns if their costs are lower than those of competitors, or if they can differentiate their products effectively. Porter's theory identified three bases for competitive advantage that is, cost-strategy, focus strategy, and differentiation strategy (Harberg & Rieple, 2008). This study adopted the three strategies developed by Porter and addressed how best to implement them.

With a low-cost strategy, managers try to gain a competitive advantage by focusing the energy of all departments and functions on driving the organization's costs down below the costs of its rivals (Jones, George, & Charles, & Hill., 2000). According to Porter, organizations pursuing a low-cost strategy can sell a product or service for less than their rivals sell it and yet make a profit because of their lower costs. According to Draft (2008), with a focus strategy, an organization concentrates on a specific regional market or buyer group. The company will use either a differentiation or cost leadership approach, but only for a narrow target market.

Harberg and Rieple, (2008), further allude that the focus strategy depends on there being significant differences between the focus target segment and the rest of the industry. If those differences are not pronounced enough, then a broadly-based competitor can serve the segment as well and probably more cheaply. Concerning differentiation strategy, Draft (2008) further expounds by saying that in an attempt to distinguish the firm's product or services from others in the industry, the organization may use creative advertising, distinctive product features, exceptional service, or new technology to achieve a product perceived as unique.

The Competitive Advantage theory is of importance in the current research in the examination of drivers of competitive advantage of commercial banks. With the increasing challenges facing banks from Sacco institutions, microfinance banks, telecommunication firms, and the increasing customer demand and pressure, there is the need for commercial banks to realign

their innovations and digitalization efforts towards being more cost-effective, focus-centric and different from their competitors. This theory is important in that it enables the researcher to understand and analyze the nature of the competitor, hence enabling the determination of drivers of technological adoption.

2.3 Empirical Literature Review

The review of the empirical literature is essential in this research work as it lays the basis for the various contextual gaps, knowledge gaps, empirical gaps, and methodological gaps that this research work sought to fill. It is presented in line with the research objectives and adopted a funnel approach in the examination of previous empirical studies.

2.3.1 Social Media Marketing and Competitive Advantage

Social media marketing involves the use of different online-advertisement tools and placement of ads on social networks such as Facebook, Youtube or Instagram and Twitter; through business accounts and profiles where customers and prospective clients can access and interact directly with company representatives. Social media sites have diversified their customer target base and as a result, have revolutionized their interfaces to allow for peer-to-peer interactions where classified business accounts can build relationships with their customers. Parveen, Jaafar, and Ainin (2015) studied the relationship between social media usage and organizational performance among Malaysian social media managers. The research adopted a quantitative research design with senior managers selected from six organizations. The study utilized thematic analysis and findings indicate that social media has been utilized in advertisements and promotion, branding, information search, and building customer relations within the organization. The study further indicates a positive effect of social media on organizational performance. The study focussed on the Malaysian social media market, which is more advanced; this study focused on commercial banks industry in Kenya.

Zhao, Tsai and Wang (2019) conducted a study on improving financial service innovation strategies for enhancing China's banking industry a competitive advantage. The study was focussed on the fintech revolution within the country. The study relied on a qualitative approach with secondary sources of data being employed in the study. The study indicated that the COVID-19 pandemic has resulted in the disruption of the normal way of doing business which has resulted in banks having to establish new practices. The study indicated that fostering communication through employing digital media strategies is expected to foster the competitiveness of Islamic banking institutions. The study does not interrogate how other

digital strategies can influence the competitiveness of banks, which was a focus of the current study.

Malhotra (2017) explored the impact of social networking sites on the financial performance of Indian Banks. The study surveyed the Facebook pages of 47 commercial banks and reviewed panel data of the banks' performance for the period 2012-2014. The collected research data was analyzed using Independent Sample t-test and regression analysis. The findings indicate an insignificant positive relationship between Facebook usage and the financial profitability of commercial banks. The results further show that Facebook usage has also enhanced customer service and loyalty within commercial banks. The study, however, does not incorporate other digital marketing strategies such as email marketing in the examination, which the present study addressed.

Sodikin (2020) investigated competitive advantage among sharia banks. The study used secondary data sources in determining the role played by Ihsan's behaviour in building customer relationships, improving brand image and enhancing digital marketing. Focussing on life during the Covid-19 pandemic, the study sought to determine the role played by shared values in promoting firm objectives and generating competitive advantage. The study found that digital marketing tools fostered effective communication between trading parties, and this had a positive effect on brand performance, which is a source of competitive advantage for Islamic banks. However, the study was based on banks operating under sharia law which has different regulations to commercial banks which this study focusses on.

Chikandiwa, Contogiannis, and Jembere (2013) researched the adoption of social media marketing in South African banks. The study conducted in-depth interviews with select social media experts and 28 managers drawn from the banking sector. The findings indicate that social media is still at an infancy adoption level. However, most commercial banks have set up Facebook and Twitter accounts as tools of reactive customer service and conducting online advertisements. Social media is responsible for boosting brand awareness, promoting new products or services, communicating with a wide range of prospective customers and enables firms to understand customer preferences better. The study, however, does not take into consideration how various digital marketing strategies affect the competitiveness of commercial banks, which the current research sought to examine.

Mesfin (2019) examined the impact of social media on marketing performance: the case of commercial bank of Ethiopia. The study adopted an explanatory research design with

structured questionnaires being utilized in the data collection among 96 personnel working for the commercial bank of Ethiopia. The collected research data were analysed using correlation and regression analysis. The findings of the research indicate that social media usage contributed positively to real-time communication, repeat exposure among customers, and the competitive advantage of commercial banks. Regression results indicate a positive relationship between social media marketing and the market performance effectiveness with the commercial bank of Ethiopia. The study conducted a case study of a Commercial bank of Ethiopia, while current research examined all registered Kenyan banks.

Odongo (2014) investigated the effect of strategic social media marketing competitive advantage a case of electronic industry in Kenya. The study adopted a descriptive research design focusing on 49 electronic firms within Nairobi. The collected data were analysed by the use of both descriptive statistics and correlation tests. The findings indicate that Facebook, Twitter, and YouTube have gained prominence within registered firms as tools of social media marketing. The results indicate that the integration of social media marketing had improved the competitiveness of the firm. The study indicates that social media had improved secure communication and branding strategies. The research was, however, not limited to the banking industry; hence, findings may not be representative in the current context. Besides, the study did not examine the effect of Email marketing and SEO, which the current study addressed.

Njeri (2014) assessed the effect of social media interactions on the financial performance of commercial banks in Kenya. The research applied a descriptive research design that relied on a semi-structured questionnaire with panel data being utilized in measuring the dependent variable of the study. The results of the research indicate that social media interactions offer the banks a platform for marketing and sales of products, development of new product brands, access to real-time customer feedback to enhance banks' understanding of the needs of their customers. The findings of the regression analysis indicate a positive relationship between social media interactions and the financial performance of banks. The study focused on the financial performance of banks. At the same time, the current research examined the competitive advantage of commercial banks to establish the nature of the influence of the three digital marketing strategies on competitive advantage.

2.3.2 Search Engine Optimization and Competitive Advantage

Search engine optimization refers to the optimization of the ranking of a website's search results. It entails ensuring that the website produces the desired result which boosts the firm's

business ranking. The algorithm uses certain keywords to ensure company placement in major search engines (Barquin & Hv, 2015). Alwan and Al-Zubi (2016) examined the determinants of internet banking adoption among customers of commercial banks in Jordan. The study sampled 476 customers from 13 local commercial banks who were utilizing the internet banking services. The collected data were analyzed using factor analysis and regression analysis. The findings of the study show that the adoption of internet banking was premised on the quality of the website and the customer trust of the services. The study further notes that ease of usage and the internet user experience was also critical determinants of internet banking adoption. The study indicates that internet banking is key to fostering the competitive advantage of the bank through better service efficiency and quality. The study was domiciled on commercial banks in Jordan, while current research examined Kenyan commercial banks.

Ahmed, Shahzad, and Shabbir (2013) investigated the exploitation of search engine optimization in Pakistan. The study adopted a qualitative descriptive approach with 15 different case studies reviewed between business to business and business to consumer models. The sample included commercial banks, telco firms, and automotive companies. The results indicate that exploitation of search engine optimization has resulted in increased website usage, better search engine ranking, and increased opportunities for the firms to utilize their interactive websites as a strategic marketing tool. The study, however, fails to examine how SEO has impacted the competitive advantage of the firms.

Chille (2018) studied the impact of digital marketing on business performances in online food marketing and telecommunication industries in Tanzania. The research was descriptive and involved both questionnaires and in-depth interviews in the data collection. The findings of the analysis indicate that digital marketing was a key predictor of business performance. The results indicated that there was no influence on search engine optimization and affiliate marketing on the performance of businesses in Tanzania. The study also notes that a lack of website optimization and search engine ranking limited business performance. The previous study was, however, not focused on food marketing and telecommunication firms; hence, findings may not be replicated in this research.

Kiriro (2015) studied the effect of the adoption of electronic marketing practices on organizational performance of the mobile telephony companies in Kenya. The study adopted a cross-sectional research design focusing on 90 individuals sampled from the three leading telecommunication firms in Kenya. The study further adopted descriptive analysis and

regression analysis in testing the relationship between variables. The results indicate that website marketing has been adopted in the firms in fostering corporate image, internet presence, and sales promotion. The research also notes that search engine marketing has widened the market outreach for the telephony firms. The research was limited to the Telco firms, while current research examined the competitive advantage of commercial banks in Kenya.

Kiiru (2018) conducted an assessment of social media platforms in digital marketing at the Commercial Bank of Africa. The research applied a descriptive research design and sampled 108 personnel members from the bank. The study relied on a structured research instrument. The results establish that viral marketing can positively affect the organization's brand, and search engine marketing enables the organization to target its customers better than traditional marketing. The study indicates that leveraging on digital marketing platforms results in better customer experience, increase customer preference, and purchase intentions of the bank's products and services. The study was, however, limited to a single bank and failed to link search engine optimization to the competitive advantage of the bank.

2.3.3 Email Marketing and Competitive Advantage

Email marketing involves the use of email marketing software to connect to customers through their personal emails (Adejoke & Adekemi, 2012). This type of advertising is dependent on authorization from the customer and can be used as a tool to enhance communication and corporate relationships (Chille, 2018). Shirazi (2017) examined the role of electronic marketing on business performance in Mellat Bank, Iran. The study adopted a descriptive research design with a sample of 226 personnel being selected. The study relied on structured Likert scale questionnaires in the data collection. The results of the structural equation modelling indicate that electronic marketing components, responsiveness, security, and technology had a significant effect on business performance. In contrast, the security of electronic marketing was found to have their highest effect on performance. The study focused on business performance and not the competitive edge of the commercial bank, which the current study focussed on.

Eid and El-Gohary (2013) studied the impact of E-marketing use on small business enterprises' marketing success. The research adopted an exploratory research design with structural equation modelling being utilized in the research. The findings of the analysis indicate that email marketing contributes positively to pre-sale activities, after-sale activities, marketing performance, and marketing effectiveness of small businesses. The study indicates that

successful implementation of e-marketing will result in better firm performance. The research is focussed on Small and Medium enterprises, while the current research focus is on commercial banks.

Aburub (2015) assessed the impact of the adoption of web-based applications on competitive advantage among banks licenced in Jordan. The research assessed the impact of online balance checking and supply chain control and their impact on firm performance. Results showed that the integration of web-based applications into banking services significantly reduces costs incurred, improves customer satisfaction and leads to the better competitive positioning of financial institutions.

Kachembere and Choga (2016) studied the impact of e-marketing on commercial banks in Harare, Zimbabwe. The research relied on secondary data for the period 1994-2014 and relied on semi-structured questionnaires in the data collection process. The results indicate that customers considered the adoption of e-marketing services as key to their customer experience as a result of the perceived usefulness and ease of use. The study further indicates that the adoption of electronic banking initiatives enhanced the reliability of the bank, expansion of the network, and infrastructure. The study, however, did not examine how e-marketing influences the competitive advantage of commercial banks.

Nanga (2015) examined the effectiveness of digital marketing strategies on the performance of commercial banks in Kenya. The research adopted a descriptive cross-sectional research design, and the unit of observation was the 43 commercial banks in Kenya. The study relied on a structured questionnaire to collect primary data. The findings indicate that digital marketing strategies have improved the uptake of bank products by the consumer, lower costs, lower working capital, increased revenue, the increased customer base of the bank, increased market share, and increased web traffic. The results show that the adoption of email marketing has enabled the bank's communication, availing 24-hour services, online technical support, and quick, efficient responses to inquiries. The study examines the digital marketing strategies of commercial banks but fails to expand knowledge on how it can improve competitive advantage in banks.

Mutanu (2017) studied the effect of digital marketing strategies and the marketing performance of the Top 100 Small and Medium Enterprises in Kenya. The study employed a descriptive research design with research data being collected from the Top 100 SME's in Kenya. The study relied on structured questionnaires in the data collection. Findings indicate that digital

marketing strategies have a positive influence on the marketing performance of small and medium firms. The study indicates that the adoption of display adverts on email marketing and blog mailing positively influences market performance. The research focuses on the market performance of SME, while current research tested the competitive advantage of commercial banks in Kenya.

2.4 Summary of Literature and Research Gaps

The review of the previous studies indicated the various contextual gaps, conceptual gaps, and empirical gaps that the current study addressed. Alwan and Al-Zubi (2016) did not conduct their study locally, while Kiiru (2018) failed to take into consideration how email marketing and search engine optimization influence the competitive advantage of commercial banks. Mutanu's (2017) study did not focus on the commercial banking sector, which is the focus of the current study. Nanga (2015) research examined the performance of commercial banks, while current research reviewed the competitive advantage of commercial banks. Njeri (2014) focused on the financial performance of banks, while current research examined the competitive advantage of commercial banks. Odongo (2014) study was not limited to the banking industry; hence findings may not be representative in the current context.

Table 2.1 Summary of Research Gaps

Author	Title	Research Findings	Gap and Focus of Study
Alwan and Al-Zubi (2016)	Determinants of Adoption of internet banking among customers of commercial banks in the Jordan	Adoption of internet banking was premised on the quality of the website and the customer trust of the services	The study was domiciled on commercial banks in Jordan while current research examined the Kenyan commercial banks
Kiiru (2018)	Assessment of social media platforms in digital marketing at Commercial Bank of Africa	The study indicates that leveraging on digital marketing platforms results in better customer experience and increase customer preference	The study reviewed social media platforms and did not interrogate competitive advantage
Mutanu (2017)	Effect of digital marketing	Findings indicate that digital marketing	The research focuses on the market performance

	strategies and strategies have a of SME while current marketing positive influence on the research examined the performance of marketing performance competitive advantage of Top 100 Small of small and medium commercial banks in and Medium firms Kenya Enterprises in Kenya
Nanga (2015)	Effectiveness of digital marketing strategies on the performance of commercial banks in Kenya The findings indicate that digital marketing strategies have improved the uptake of bank products by the consumer and lowered costs The study did not establish if any the effect of digital marketing on the competitive advantage of commercial banks
Njeri (2014)	Effect of social media interactions on the financial performance of commercial banks in Kenya The findings of the regression analysis indicate a positive relationship between social media interactions and financial performance of banks The study did not examine the digital marketing strategies employed within commercial banks which was the focus of the current research
Odongo (2014)	Effect of strategic social media marketing competitive advantage of electronic industry in Kenya The results indicate that the integration of social media marketing had improved the competitiveness of the firm The study was not focussed on banks, thus presenting a methodological gap.

2.5 Conceptual Framework

A conceptual framework is a diagrammatic representation of variables or constructs that are used to map and guide the research process (Cooper & Schindler, 2014). The conceptual

framework presents the conceptualization of the link between digital marketing strategies on the competitive advantage of commercial banks in Kenya.

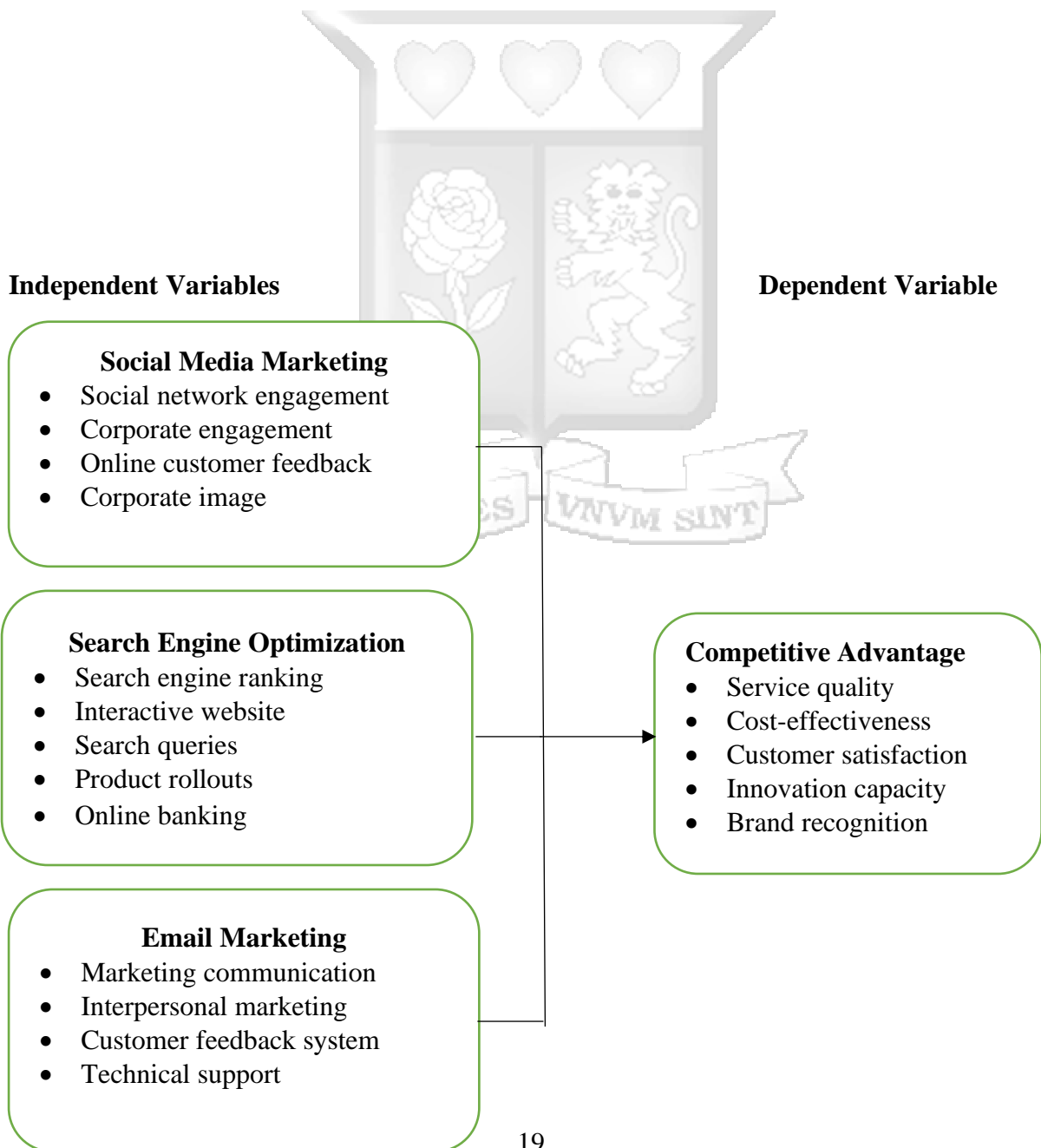


Figure 2.1 Conceptual Framework

Source: Researcher (2020)

The above conceptual framework hypothesizes the interaction between digital marketing strategies on the competitive advantage of commercial banks in Kenya. The digital marketing strategies encompass; social media marketing, search engine optimization, and email marketing. The competitive advantage of the research was assessed using; technical efficiency, service quality, cost-effectiveness, customer satisfaction, innovation capacity, and brand recognition.



Table 2.2 Operationalization of Research Variables

Variable	Type of variable	Indicators	Data collection tool	Data analysis	Relevant Literature
Social Media Marketing	Independent	<ul style="list-style-type: none"> • Social network engagement • Corporate engagement • Online customer feedback • Corporate image • Blogs advertisements 	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis	(Chikandiwa, Contogiannis, & Jembere, 2013); (Kiiru, 2018).
Search Engine Optimization	Independent	<ul style="list-style-type: none"> • Search engine ranking • Interactive website • Search queries • Product rollouts • Online banking 	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis	(Amerland, 2013); (Parveen, Jaafar, & Ainin, 2015)
Email Marketing	Independent	<ul style="list-style-type: none"> • Marketing communication • Interpersonal marketing • Customer feedback system • Technical support • Transactional messaging 	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis	(Chille, 2018); (Kachembere & Choga, 2016)
Competitive Advantage	Independent	<ul style="list-style-type: none"> • Technical efficiency • Service quality 	Structured questionnaire; 5-point Likert scale	Descriptive analysis and	Papulova and Papula (2015); (West, Ford, & Ibrahim, 2015)

		<ul style="list-style-type: none">• Cost-effectiveness• Customer satisfaction• Innovation capacity• Brand recognition		inferential analysis	
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Source: Researcher (2020)



2.6 Chapter Summary

The review of the technology acceptance model shows that the commercial bank's deployment of digital marketing strategies is based on the apparent usefulness and apparent easy usage of the various strategies adopted by the institutions. The model has indicated that the utilization of these various strategies is instrumental in enhancing the service provision and competitiveness of the commercial banks. The review of various empirical studies has indicated that several studies have been conducted focusing on different digital strategies which have shown a positive relationship. The studies, however, have mostly not been focussed on commercial banks in Kenya and have not taken into account aspects such as search engine optimization, email marketing and social media marketing hence the need for the current research which filled this empirical gap. These studies were important since they formed the basis of this study and provided direction. The studies were, however, not conducted within the Kenyan commercial bank industry, and none of them focused on the three digital marketing strategies which the current study seeks to examine. The researchers solved this gap by seeking to examine the influence of digital marketing strategies on the competitive advantage of Commercial Banks in Kenya.



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The third chapter of the research presents the research blueprint that was adopted in solving the research problem. The chapter highlighted the design that was applied in the study, the target population, the sampling design, and the data collection instruments. The chapter also presented the data collection procedures, the data analysis, and presentation as well as the ethical considerations that were utilized in the research.

3.2 Research Philosophy

Research philosophy is a system of beliefs that encompass the researcher before, during and after carrying out research (Bryman, 2012). It includes the process of selection of a research strategy, problem formulation, methods of data collection, analysis and presentation (Bryman & Bell, 2015). McKenzie and Knipe (2006), concede that the research philosophy determines the methods adopted in data collection and analysis. Through the research philosophy, the researcher was able to identify the strengths and weaknesses of each possible strategy. This study adopted the positivism research philosophy, which allows for observations and inferences to be made without interfering with the subject (Creswell, 2014).

3.2.1 Research Design

A research design is a plan or a structure of investigation which is conceived to help a researcher to obtain answers to research questions. It can also be referred to as a plan to be followed for data collection, measurement, and analysis (Cooper & Schindler, 2014). The research design helps to integrate the different components of a study in a coherent, logical and acceptable way, which helps in ensuring the study effectively addresses the research problem under review (Creswell, 2014). The research adopted a descriptive cross-sectional research design in explaining the relationship between digital marketing strategies on the competitive advantage of commercial banks in Kenya.

A cross-sectional research design aims to generate data that describes the characteristics of the research item. The main aim of the descriptive research design is to reveal an accurate profile of the phenomenon under study (Shajahan, 2009). With the cross-sectional research design, data collection is usually structured, and the current study utilized a quantitative approach in the data collection. The cross-sectional design approach allowed the study to identify the association between the three digital marketing strategies and the competitive advantage of

Commercial Banks in Kenya by focussing on a particular period. This study was conducted between March-June 2020.

3.3 Population and Sampling

3.3.1 Target Population

Cooper and Schindler (2014) describe the target population as a complete enumeration of all the elements in consideration. The target population for this study was all commercial banks in Kenya which stood at 41 as at January 2020 (Central Bank of Kenya, 2020). The study targetted the bank personnel as the research respondents. The unit of observation was the Digital Manager, Finance Manager, Chief Technology Officer, Operations Manager and Human Resource Manager and hence the 205-population size. The personnel were selected for the study as they are deemed to have the requisite knowledge on the digital marketing strategies and their influence on the competitive advantage of Commercial Banks in Kenya.

3.3.2 Sampling Design and Sample Size

According to Cooper and Schindler (2014), a sample design is a plan for obtaining a sample from a given population. Sampling helps to boost the accuracy of results because it enables the researcher to focus on a specific group of people as opposed to focusing on the entire target population. The sampling frame refers to the collection of source information from which the sample is drawn (Sekaran & Bougie, 2016). The sampling frame consists of all items from which the sample is to be drawn. The sample frame for the study was the 41 commercial banks that are registered by the Central Bank of Kenya. A sampling technique refers to the identification of the process through which a sample was selected. A sample is a subset of the target population that is used to answer the research questions (Sekaran & Bougie, 2016). The study utilized convenience random sampling in selecting the respondents of the research. The study conducted a census survey of all the staff members (Digital Manager Finance Manager, Operations Manager, Chief Technology Officers, and Human Resource Manager) who were chosen from the 41 commercial banks in Kenya. The sample size for this study was calculated using the Yamane formula;

n =sample size,

N = population size

e =level of precision.

$$n = \frac{N}{1 + N(e)^2}$$

$$\frac{205}{1 + 205 (0.05)^2} = 136$$

The sample respondents for the study were 136 respondents.

3.4 Data Collection Instruments

According to Sekaran and Bougie (2016), data collection methods include interviews, observations, and questionnaires. Interviews involve the researcher asking or interrogating the respondents to obtain information on the issues of interest, and it is suitable for exploratory studies. On the other hand, a questionnaire is a written set of questions formulated by the researcher to which respondents record their responses (Cooper & Schindler, 2014). Primary data was collected using structured research questionnaires with a 5-point Likert Scale being utilized in the development of the questionnaire. The first section of the instrument contained background information, and Part B contained statements on the independent variable. At the same time, the third part had statements on the dependent variable of the study.

3.5 Data Collection Procedures

The research procedures outlined how the pilot study was carried out, the results of the reliability and validity tests from the pilot study, how the research instruments were administered, and the ethical considerations made by the researcher (Shajahan, 2009). The pilot study was conducted after approval of the research proposal and the research instrument by the researcher's supervisors. The researcher also obtained a permit to research from the National Commission for Science, Technology, and Innovation (NACOSTI). The research adopted a drop and picked method in the data collection process. Due to Covid-19 restrictions and guidelines being placed across the county; where not possible to safely collect research data; the study applied Google forms in the data collection process. It helped to enhance the efficiency in the data collection and enabled the respondents to fill in the questionnaires at a convenient time. This was achieved by visiting their known offices from different branches and requesting for the specific respondents that were targeted.

3.6 Research Quality

The study conducted pilot tests, with 10% of the research respondents to support the reliability and validity tests.

3.6.1 Reliability Tests

Reliability refers to the consistency of a measure of a concept; thus, the characteristic of consistency of a measure which gives the same results when conducted on several occasions (Bryman & Bell, 2015). Reliability is also known as internal consistency and provides an estimate of the equivalence of sets of items from the same tests. In this research, reliability was measured using Cronbach's alpha, which has been used widely to measure the reliability of research instruments. Sekaran and Bougie (2016) highlighted that Cronbach's alpha coefficient is a good measure of reliability, and Alpha values of above 0.7 are considered adequate for the main research study. The study conducted a pilot test with ten commercial bank staff members. The reliability scores were as follows; social media marketing (.715), email marketing (.740), search engine optimization (.710), and competitive advantage (.840). This shows that all the values were above 0.7; hence the research instrument was adopted for the main study.

Table 3.1 Reliability Results

Variable	Cronbach's Alpha	N of Items
Competitive Advantage	.840	5
Social Media Marketing	.715	7
Search Engine Optimization	.710	6
Email Marketing	.740	5

3.6.2 Validity Tests

The ability of a research instrument to be a true measure of what it claims to measure or the ability to gain meaning out of what the tool was supposed to measure is referred to as validity (Bryman, 2012). In this research, validity was measured in two forms; content and face validity. Face validity was performed to evaluate the outlay of the tool. In contrast, content validity was assessed through an assessment of the research instrument to ensure that all the research variables have been considered in the study instrument. Content validity was estimated by approaching individuals of subject matter experts (SMEs- drawn from commercial banks in Kenya) and supervisors to review the questionnaire items.

3.7 Data Analysis and Presentation

The quantitative data analysis was done using Statistical Package for the Social Sciences (SPSS). Descriptive and inferential statistical analyses were used in the study in the analysis. The descriptive statistics that were adopted in the research include means, standard deviation, percentages, and frequency of response. In contrast, inferential statistics included a test of

correlations, the ANOVA tests, and regression analysis to obtain the relationship between the variables of the study. Presentations of the study results were done using tables and figures with a detailed interpretation of the findings. The study adopted quantitative techniques in the analysis since the data used in the research was from a quantitative research instrument. The estimation techniques further allowed for the drawing of inferences and conclusions central to this study. The study adopted the following regression model;

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where;

Y = Dependent variable (competitive advantage of commercial banks)

α = the model intercept

β_{1-3} = Coefficient of independent variables

X_1 – social media marketing

X_2 – search engine optimization

X_3 – email marketing

ε = Error Term

3.7.1 Diagnostic Tests

The research adopted the normality test (skewness and kurtosis) and collinearity tests (VIF - Variance inflation factor and Tolerance values) to test for linear regression assumptions.

3.7.1.1 Normality Tests

The normality test was conducted using the Skewness test and Kurtosis test, where Kurtosis was demonstrated based on three distributions; smallest or flattest peak, medium peak, and peak (leptokurtic) (Cooper & Schindler, 2014). Any skewness value between -2 to 0 indicated that there would be no excessive skewness in that data. Kurtosis was used to measure the level of data pickiness based on the normal distribution of data. Any kurtosis value between -1 to +2 would indicate that there was no excessive skewness in the data (Bryman & Bell, 2015). This ensured that the collected data is statistically viable for regression testing.

The study relied on Kurtosis and Skewness to determine the normal distribution in the data set, and results are presented below.

Table 3.2 Normality Results

	N Statistic	Skewness		Kurtosis	
		Statistic	Std. Error	Statistic	Std. Error
Social Media Marketing	117	-.812	.224	.399	.444
Search Engine Optimization	117	-.769	.224	.102	.444
Email Marketing	117	-1.363	.224	1.897	.444
Competitive Advantage	117	-.899	.224	.410	.444

As a rule of thumb skewness value should be between -2 to 0 indicated that there would be no excessive skewness in that data while the kurtosis value should be between -1 to +2 would indicate that there was no excessive skewness in the data. The above results indicate that the Skewness statistics for all the variables were between -2 and 0, while the Kurtosis was between -1 and +2. This indicates that the research data was normally distributed and meets the threshold for regression testing.

3.7.1.2 Collinearity Tests

Multicollinearity was tested using variance inflation factors (VIF). According to Lather (2004), VIF assesses how much the variance of an estimated regression coefficient increases if the predictors are correlated. If the VIF measure is equal to or less than one (1) or above ten (10), there is multicollinearity among factors. This means the correct measure of VIF should be above one and less than 10. Further, a tolerance value of above 0.1 indicates there are no collinearity issues in the data set (Oakshott, 2014).

The collinearity analysis sought to examine if there is any linear association between the independent variables.

Table 3.3 Collinearity Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Social Media Marketing	.379	2.640
	Search Engine Optimization	.438	2.281
	Email Marketing	.719	1.391

a. Dependent Variable: Competitive Advantage

The above table indicates that all the VIF values were below 10 and the Tolerance value were above 0.1. This indicates that there was no collinearity problems within the independent variables as outline by the following; social media marketing (VIF = 2.640, T-Value = .379>0.1), search engine optimization (VIF = 2.281, T-Value = .438>0.1) and email marketing (VIF = 1.391, T-Value = .719>0.1).

3.8 Ethical Considerations

Research ethics refers to the appropriateness of the researcher's behaviour regarding the rights of those who become the subject of the research project or those who are affected by it (Sekaran & Bougie, 2016). The researcher addressed the following ethical issues: participant's consent, confidentiality, and anonymity through the research process and the reporting. The study ensured that all the respondents had signed the consent form before undertaking the research. The study also ensured that Strathmore University issues the ethical approval certificate before undertaking the research work. Further, a research permit by NACOSTI was sought before collecting data from the field. The study also ensured that the anonymity of the respondents is maintained throughout the course of the research by not seeking their identities in the research instrument. The collected research data was securely protected using cloud platforms and only accessed for academic purposes and with authorization from the researcher. Ethical approval was sort from the ethical review board, as shown through the attached letter in appendix IV.



CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter presents the findings that are drawn from the analysis of the collected data. The research findings are presented in the following sections; background information, descriptive results, diagnostic tests, and inferential results.

4.2 Background Information

The background information contains the response rate and the demographic information of the study respondents.

4.2.1 Response Rate

The study sample size was 136 managers drawn from the 41 operational commercial banks in Kenya. The study collected data between April and May 2020. The research was able to obtain an 86% (n=117) response rate, with only 14% of the sample participants not taking part in the research. Bryman (2012) suggested that a response of above 60% is considered adequate for statistical analysis. Hence the responses obtained in this research were deemed sufficient.

4.2.2 Demographic Information

The study sought information on the demographic profile of the study participants, and the results are shown in Table 4.1 below.

Table 4.1 Demographic Profile of Respondents

Characteristics	Grouping	Frequency	Percentage
Age of the respondent	25-35 years	53	45.3%
	36-45 years	48	41%
	46-55 years	11	9.4%
	56 years and above	5	4.3%
	Total		117
Gender of respondent	Male	63	53.8%
	Female	54	46.2%

	Total	117	100%
Education of respondent	Diploma	6	5.1%
	Graduate	76	65%
	Postgraduate	35	29.9%
	Total	117	100%
Marital Status	Married	62	53%
	Single	46	39.3%
	Widowed	9	7.7%
	Total	117	100%

Source: Research Data (2020)

The results showed that most of the participants, 45.3%, were aged between 25-35 years, while 41% of the respondents were aged 36-45 years. The results imply that majority of participants were between the ages of 25-35, which is considered the most productive age and are expected to be tech-savvy and deployment of digital marketing strategies.

The research further showed that the majority of the respondents, 53.8% were male employees. The study results demonstrated that 65% of the participants had attained a graduate-level education, while 39.9% had attained a postgraduate education. These results show that the minimum education qualification required for the majority of the participants in the study is a bachelor 's degree.

4.2.3 Position in the Organization

The study examined the position held by the respondents within the commercial bank, and the findings showed that most of the respondents, 42% were digital managers, 31% were operational managers, 15% were human resource managers, while 9% were chief technology officers. The results show a larger percentage of digital managers participants as compared to other positions in the various commercial banks. This was ideal for the study since digital

managers directly handle digital marketing strategies and would provide more accurate information.

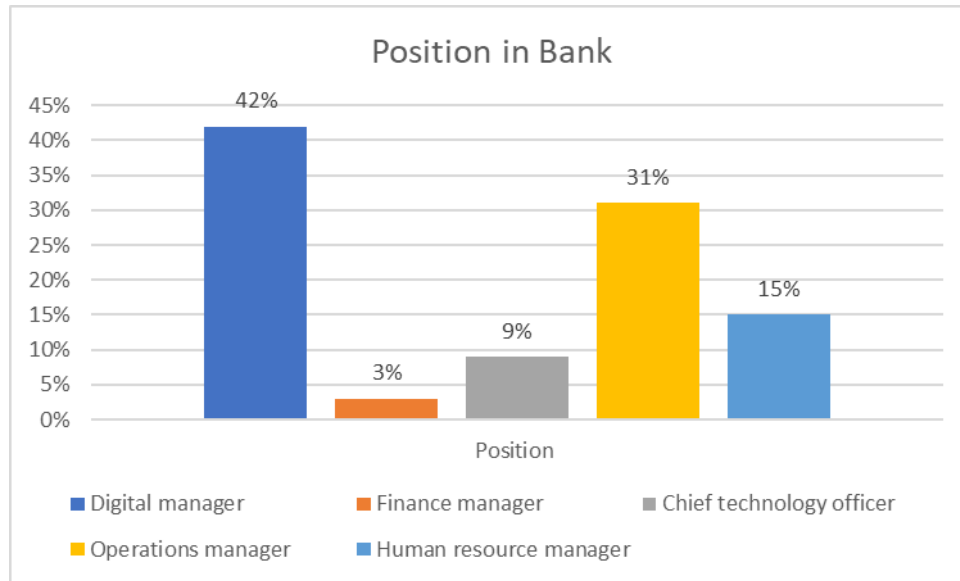


Figure 4.1 Position in the Bank

4.2.4 Length of Service

The study examined the number of years that the participants have been working within the commercial banks, and the findings are presented below.

Table 4.2 Number of Years Working

	Frequency	Percent
Less than 2	13	11.1
2-4 years	30	25.6
Over five years	74	63.2
Total	117	100.0

Source: Research Data (2020)

The results indicate that the majority of the participants, 63% had worked within the banking industry for more than five years, 26% had worked for 2-4 years. In contrast, only 11% had worked for less than two years. The relatively larger population of participants with more than five years' work experience in their respective institutions enhance the validity of the findings as they have more knowledge of various institutional strategies and procedures. This means that they would also provide information based on their own experiences regarding the competitiveness of the firm.

4.3 Descriptive Results

The study aimed to establish the influence of digital marketing strategies on the competitive advantage of Commercial Banks in Kenya. The study results were presented using means and standard deviation in line with the objectives of the research.

4.3.1 Digital Marketing Strategies

The study sought to explore the extent of usage of various digital marketing strategies (tools) within the commercial banks. The results indicate that 93% of the participating institutions were using social media marketing, 87% were utilizing email marketing, and 71% were utilizing search engine optimizations. In contrast, 76% of the institutions were utilizing interactive websites. These findings were beneficial to the study since they show that the targeted population was familiar with the study variables and increased the accuracy of the information provided.

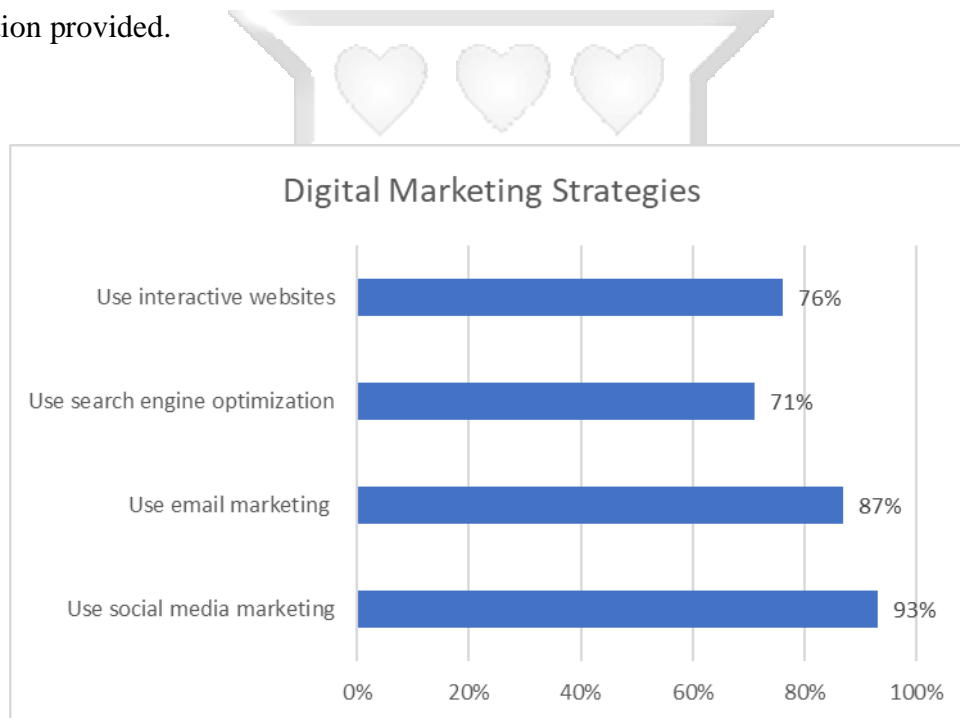


Figure 4.2 Use of Digital Marketing Strategies

Source: Research Data (2020)

4.3.2 Social Media Marketing

The first variable of the study examined the level of social media marketing within the commercial banks. The results are shown in the table below. The respondents were presented with a 5-point Likert scale questionnaire and the responses obtained were tabulated and analyzed using the following key: mean >4.20 = strong agreement, $3.50-4.19$ = agreement, $2.50-3.49$ = disagreement, $1.50-2.49$ = strongly disagree and less than 1.49 = neither agree nor disagree.

Table 4.3 Descriptives for Social Media Marketing

	N	Sum	Mean	Std. Deviation
Our commercial bank has fostered corporate engagement through the use of social networks	117	473.00	4.0427	.86496
Our commercial bank has improved social network engagement within the institution	117	487.00	4.1624	.83001
Our commercial bank has improved in the online customer feedback	117	476.00	4.0684	.96245
Our commercial bank has witnessed improvement in the corporate image	117	441.00	3.7692	1.22745
Our bankrolls out advertisements using social media channels	117	454.00	3.8803	1.19743

Source: Research Data (2020)

The study results indicate agreement among participants mean= 4.1624 that the commercial bank has improved social network engagement within the institution. The standard deviation of .83001 indicates a moderate variation in the responses. The findings show an agreement that the commercial bank has improved in the online customer feedback as denoted by mean = 4.0684. The findings further indicate agreement (mean = 3.7692) that the commercial bank has witnessed improvement in the corporate image. The study results further show that commercial banks bankroll out advertisements using social media channels, as shown by the mean of 3.8803.

4.3.3 Search Engine Optimization

The second variable of the study examined the level of search engine optimization within the commercial banks. The results are shown in the table below. The respondents were presented with a 5-point Likert scale questionnaire and the responses obtained were tabulated and analyzed using the following key: mean >4.20 = strong agreement, 3.50-4.19 = agreement, 2.50-3.49 = disagreement, 1.50-2.49 = strongly disagree and less than 1.49 = neither agree nor disagree.

Table 4.4 Descriptives for Search Engine Optimization

	N	Sum	Mean	Std. Deviation
Our bank regularly reviews its search engine ranking through increasing traffic to the company websites	117	391.00	3.3419	1.35927
Our bank has a well-developed interactive website to enhance service provision	117	441.00	3.7692	1.00331
Our bank effectively handles queries and complaints through online platforms	117	465.00	3.9744	1.19237
Our bank has increased rollout of bank products through affiliate and search engine marketing	117	400.00	3.4188	1.28814
Our bank has increased provision of the bank's services through online banking platforms	117	480.00	4.1026	.78108

Source: Research Data (2020)

The study results indicate agreement (mean = 4.1026) that the bank has increased the provision of the bank's services through online banking platforms. The study respondents were also in agreement that the bank effectively handles queries and complaints through online platforms (mean = 3.9744). The research findings showed disagreement (mean = 3.3419) that the bank regularly reviews its search engine ranking through increasing traffic to the company websites. The study results also noted disagreement among respondents that the bank has increased rollout of bank products through affiliate and search engine marketing (mean = 3.4188).

4.3.4 Email Marketing

The third variable of the study examined the level of email marketing within the commercial banks. The results are shown in the table below. The respondents were presented with a 5-point Likert scale questionnaire and the responses obtained were tabulated and analyzed using the following key: mean >4.20 = strong agreement, 3.50-4.19 = agreement, 2.50-3.49 = disagreement, 1.50-2.49 = strongly disagree and less than 1.49 = neither agree nor disagree.

Table 4.5 Descriptives for Email Marketing

	N	Sum	Mean	Std. Deviation
Our bank has enhanced its marketing communication through the utilization of Emails	117	484.00	4.1368	.58584
Our bank has improved customer feedback management through Emails	117	454.00	3.8803	1.09986
Our bank offers technical supports to customers through the utilization of Emails	117	464.00	3.9658	1.03334
Our bank has increased engagement and interpersonal marketing through the utilization of electronic marketing	117	462.00	3.9487	1.03262
Our bank has improved transactional messaging through the adoption of Email marketing	117	447.00	3.8205	.97038

Source: Research Data (2020)

The findings indicated agreement among respondents that the bank has enhanced its marketing communication through the utilization of Emails (mean = 4.1368, SD = .58584), noting minimal variation in responses. The study indicates agreement that the bank offers technical supports to customers through the utilization of Emails (mean = 3.9658). The results showed agreement among respondents (mean = 3.9487), indicating that the bank has increased engagement and interpersonal marketing through the utilization of electronic marketing. The respondents were also in agreement that the bank has improved transactional messaging through the adoption of Email marketing (mean = 3.8205, SD = .97308), showing moderate variation in responses obtained.

4.3.5 Competitive Advantage

The dependent variable of the study examined the level of competitive advantage within the commercial banks. The results are shown in the table below. The respondents were presented with a 5-point Likert scale questionnaire and the responses obtained were tabulated and analyzed using the following key: mean >4.20 = strong agreement, 3.50-4.19 = agreement, 2.50-3.49 = disagreement, 1.50-2.49 = strongly disagree and less than 1.49 = neither agree nor disagree.

Table 4.6 Descriptives for Competitive Advantage

	N	Sum	Mean	Std. Deviation
Our bank has achieved enhanced employee efficiency in service provision	117	430.00	3.6752	1.22354
Our bank improved service quality in the provision of the bank's services	117	497.00	4.2479	.58584
Our bank has been able to foster cost-effectiveness in its operations	117	456.00	3.8974	.88459
Our bank has an improvement in the customer satisfaction index within the bank	117	449.00	3.8376	1.21028
Our bank has an increase in the innovation capacity	117	470.00	4.0171	1.05031
Our bank has witnessed an improvement in brand recognition	117	472.00	4.0342	1.12136
Our bank has been able to enhance technology-driven product development	117	491.00	4.1966	.86343

Source: Research Data (2020)

The study notes strong agreement (mean = 4.2479) that the commercial bank improved service quality in the provision of the services. The results further showed agreement that the bank has been able to enhance technology-driven product development (mean = 4.1966, SD = .86343) with moderate deviation in responses. The results further indicate agreement that the bank has an increase in the innovation capacity (mean = 4.0171). The study findings further showed agreement (mean = 3.6752) that the bank has achieved enhanced employee efficiency in service provision.

4.4 Correlation Analysis

The study sought to establish the type of effect between the independent variables and the competitive advantage within commercial banks. The study utilized the Pearson correlation analysis technique.

Table 4.7 Correlation Results

Social Media Marketing	Search Engine Optimization	Email Marketing	Competitive Advantage

Social Media Marketing	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	117			
Search Engine Optimization	Pearson Correlation	.749**	1		
	Sig. (2-tailed)	.000			
	N	117	117		
Email Marketing	Pearson Correlation	.530**	.409**	1	
	Sig. (2-tailed)	.000	.000		
	N	117	117	117	
Competitive Advantage	Pearson Correlation	.732**	.682**	.652**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	117	117	117	117

** . Correlation is significant at the 0.01 level (2-tailed).

The first study objective sought to establish the effect of social media marketing on competitive advantage banks in Kenya. The findings established that social media marketing had a strong positive and significant effect on the level of competitive advantage ($R = .732$, $Sig = .000 < .05$).

The second objective sought to establish the effect of search engine optimization on competitive advantage banks in Kenya. The findings showed that search engine optimization had a strong positive and significant effect on the level of competitive advantage ($R = .682$, $Sig = .000 < .05$).

The third objective sought to establish the effect of email marketing on competitive advantage banks in Kenya. The results demonstrated that email marketing had a strong positive and significant effect on the level of competitive advantage ($P = .652$, $Sig = .000 < .05$).

4.5 Regression Analysis

The study employed simple linear regression to estimate the strength of the relationship between the independent variables and the dependent variable of the study. The results are presented in line with the objectives of the research.

4.5.1 Regression Results Social Media Marketing and Competitive Advantage

The researcher analyzed the relationship between social media marketing and the competitive advantage of commercial banks in Kenya.

Table 4.8 Regression for Social Media Marketing and Competitive Advantage

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.732 ^a	.536	.532	3.41542

a. Predictors: (Constant), Social Media Marketing

The findings of the study indicated a $R^2 = .536$, which implies that social media marketing determines 53.6% of the changes in the competitive advantage of Kenyan commercial banks.

Table 4.9 ANOVA for Social Media Marketing and Competitive Advantage

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1552.481	1	1552.481	133.088	.000 ^b
	Residual	1341.485	115	11.665		
	Total	2893.966	116			

a. Dependent Variable: Competitive Advantage

b. Predictors: (Constant), Social Media Marketing

The ANOVA analysis yielded a F-value = 133.088 > 1.96, Sig = .000 < .05). This implies that there is a statistically significant and positive relationship between social media marketing and competitive advantage of commercial banks.

Table 4.10 Regression Coefficient for Social Media Marketing and Competitive Advantage

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	7.626	1.786		4.270	.000
Social Media Marketing	1.018	.088	.732	11.536	.000

a. Dependent Variable: Competitive Advantage

$$Y = 7.626 + 1.018 X_1 + 1.018$$

The constant = 7.626 is statistically significant since the p-value = .000<.05. The beta coefficient for social media marketing ($\beta_1 = 1.018$) is statistically significant since the p-value = .000<.05. This implies that a unit change in social media marketing will yield a 1.018 change in the competitive advantage of commercial banks.

4.5.2 Regression Results Search Engine Optimization and Competitive Advantage

The second objective examined the relationship between search engine optimization and the competitive advantage of commercial banks in Kenya.

Table 4.11 Regression for Search Engine Optimization and Competitive Advantage

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.682 ^a	.466	.461	3.66648

a. Predictors: (Constant), Search Engine Optimization

The results of the research showed a $R^2 = .466$, which implies that 46.6% of the changes in the competitive advantage of Kenyan commercial banks are as a result of the level of search engine optimization.

Table 4.12 ANOVA for Search Engine Optimization and Competitive Advantage

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1348.015	1	1348.015	100.276	.000 ^b
	Residual	1545.951	115	13.443		
	Total	2893.966	116			

a. Dependent Variable: Competitive Advantage

b. Predictors: (Constant), Search Engine Optimization

The results of the ANOVA analysis yielded a F-value = 100.276>1.96, Sig = .000<.05). This implies that there is a statistically significant and positive relationship between search engine optimization and competitive advantage of commercial banks.

Table 4.13 Regression Coefficient for Search Engine Optimization and Competitive Advantage

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
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	B	Std. Error	Beta		
1 (Constant)	13.026	1.524		8.547	.000
Search Engine Optimization	.800	.080	.682	10.014	.000

a. Dependent Variable: Competitive Advantage

$$Y = 13.026 + .800X_2 + 1.524$$

The regression results yielded constant = 13.026, which is statistically significant since the p-value = .000 < .05. The beta coefficient for search engine optimization ($\beta_2 = .800$) is statistically significant since the p-value = .000 < .05. This implies that a unit change in search engine optimization will yield a .800 change in the competitive advantage of commercial banks.

4.5.3 Regression Results Email Marketing and Competitive Advantage

The study examined the relationship between Email marketing and the competitive advantage of commercial banks in Kenya.

Table 4.14 Regression for Email Marketing and Competitive Advantage

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.652 ^a	.426	.421	3.80199

a. Predictors: (Constant), Email Marketing

The results of the regression showed a $R^2 = .426$, which implies that the Email marketing determines 42.6% of the changes in the competitive advantage of Kenyan commercial banks.

Table 4.15 ANOVA for Email Marketing and Competitive Advantage

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1231.627	1	1231.627	85.203	.000 ^b
	Residual	1662.339	115	14.455		
	Total	2893.966	116			

a. Dependent Variable: Competitive Advantage

b. Predictors: (Constant), Email Marketing

The ANOVA analysis showed a F-value = 85.023 > 1.96, Sig = .000 < .05). This implies that there is a statistically significant and positive relationship between Email marketing and competitive advantage of commercial banks.

Table 4.16 Regression Coefficient for Email Marketing and Competitive Advantage

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	9.701	2.003		4.842	.000
Email Marketing	.922	.100	.652	9.231	.000

a. Dependent Variable: Competitive Advantage

$$Y = 9.701 + .922X_3 + 2.003$$

The regression results yielded constant = 9.701, which is statistically significant since the p-value = .000 < .05. The beta coefficient for email marketing ($\beta_3 = .922$) is statistically significant since the p-value = .000 < .05. This implies that a unit change in email marketing will yield a .922 change in the competitive advantage of commercial banks

4.5.4 Regression for Digital Marketing Strategies and Competitive Advantage

The study adopted a regression analysis to determine the magnitude of the influence of digital marketing strategies on the competitive advantage of commercial banks in Kenya.

Table 4.17 Regression Analysis for Digital Marketing Strategies and Competitive Advantage

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.820 ^a	.672	.663	2.89924

a. Predictors: (Constant), Email Marketing, Search Engine Optimization, Social Media Marketing

The above result indicates a coefficient of determination ($R^2 = .672$). This implies that holding other factors constant 67.2% of the variations in the competitive advantage of Kenyan banks can be determined by the digital marketing strategies being employed (email marketing, search engine optimization, social media marketing).

The study sought to identify the statistical significance of the regression model adopted, and the ANOVA results are as shown below.

Table 4.18 ANOVA Analysis for Digital Marketing Strategies and Competitive Advantage

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1944.132	3	648.044	77.097	.000 ^b
	Residual	949.834	113	8.406		
	Total	2893.966	116			

a. Dependent Variable: Competitive Advantage

b. Predictors: (Constant), Email Marketing, Search Engine Optimization, Social Media Marketing

The statistical significance tests take into consideration the f-value and the significance value of the study results. The findings showed that (F-value = 77.097 > 1.96, Sig = .000 < .05). This implies that there is a statistically significant and positive relationship between digital marketing strategies and competitive advantage of commercial banks.

Table 4.19 Regression Coefficients for Digital Marketing Strategies and Competitive Advantage

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.513	1.735		1.448	.150
	Social Media Marketing	.444	.122	.319	3.646	.000
	Search Engine Optimization	.346	.095	.295	3.626	.000
	Email Marketing	.512	.090	.363	5.706	.000

a. Dependent Variable: Competitive Advantage

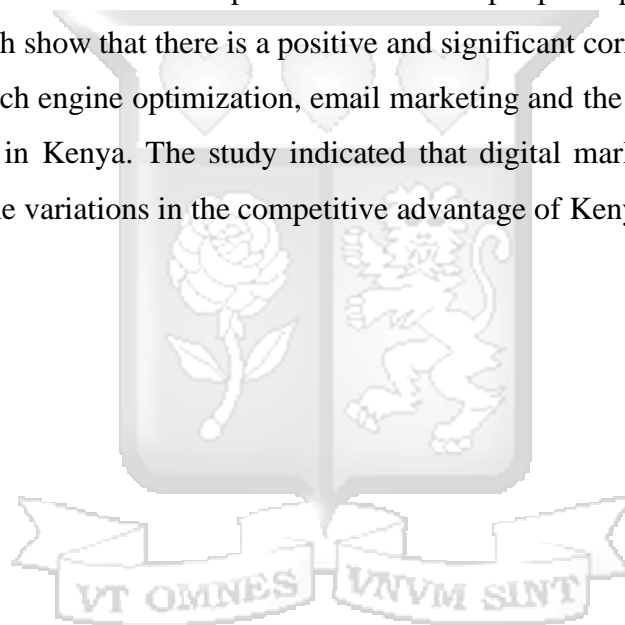
The resultant regression equation becomes;

$$Y = 2.513 + .444X_1 + .347X_2 + .512X_3 + 1.735$$

The constant = 2.513 is not statistically significant since the p-value = .150 > .05. The beta coefficient for social media marketing ($\beta_1 = .444$) is statistically significant since the p-value = .000 < .05. This implies that a unit change in social media marketing will yield a .444 change in the competitive advantage of commercial banks. The beta coefficient for search engine optimization ($\beta_2 = .346$) is statistically significant since the p-value = .000 < .05. This implies that a unit change in search engine optimization will yield a .346 change in the competitive advantage of commercial banks. The beta coefficient for email marketing ($\beta_3 = .512$) is statistically significant since the p-value = .000 < .05. This implies that a unit change in email marketing will yield a .512 change in the competitive advantage of commercial banks.

4.6 Chapter Summary

The study was able to obtain a 86% response from the sample participants of the study. The findings of the research show that there is a positive and significant correlation between social media marketing, search engine optimization, email marketing and the competitive advantage of commercial banks in Kenya. The study indicated that digital marketing strategies could determine 67.2% of the variations in the competitive advantage of Kenyan banks.



CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the summary and discussion of the results of the research. The chapter further presents the conclusions of the study and the recommendations drawn in line with study results. The chapter further presented areas for further research.

5.2 Summary

There has been growing competition within the banking industry as a result of the high concentration in banking institutions as well as other financial industry players such as digital lenders and telecommunication firms. With this commercial bank have been undertaking various digitalization efforts geared towards fostering their competitive edge. The available empirical studies on the influence of digital marketing strategies and competitive advantage are quite minimal; hence this study sought to fill this empirical gap. The study specifically examined how social media marketing, search engine optimization, and email marketing influence the competitive advantage of commercial banks in Kenya.

The study was informed by both the technology acceptance model and the competitive advantage theory. The TAM informs how banking institutions incorporate various digital strategies in their internal operations while the competitive advantage theory informs how banks realign their innovations and digitalization efforts towards being more cost-effective, focus-centric, and different from their competitors. The research was grounded on a quantitative descriptive research design being employed in the study. The unit of observation of the current study was the digital manager, operations manager, chief technology officers, human resource manager, and the finance manager within the commercial banks in Kenya. The study utilized structured questionnaires in the data collection process. The study used both descriptive and inferential statistics in the analysis of the collected data.

The study was able to garner an 86% response rate from the sample participants. The results further indicate that majority of the study participants were digital managers, operational managers, and human resource managers within the bank. The study findings also show that the majority of the participants had worked within the industry for more than five years. The findings showed that most of the banks had deployed social media marketing and email marketing as the main digital marketing strategies. The correlation results indicated that social media marketing, email marketing, and search engine optimization have a positive and significant effect on the competitive advantage of commercial banks.

5.3 Discussion of Results

This section presents the discussion of the study findings based on each variable.

5.3.1 Social Media Marketing and Competitive Advantage

The findings established that social media marketing had a strong positive and significant effect on the level of competitive advantage. Parveen, Jaafar, and Ainin (2015) also found out that social media marketing is key to fostering the performance of commercial banks. Similar results were observed by Mesfin (2019), who revealed that social media usage was key to a competitive advantage within commercial banks. Nanga (2015) held similar observations that digital marketing strategies have a significant effect on the performance of commercial banks in Kenya. Chille (2018) also found out that digital marketing was a significant predictor of business performance.

The research demonstrated agreement among participants that the commercial banks have fostered usage of social media in running their corporate engagements. Contrary to these results, Chikandiwa, Contogiannis, and Jembere (2013) revealed that social media adoption is quite low, and this generally has limited customer engagement. The study also indicates that the banks are leveraging on social networks to drive engagement within the bank. Parveen, Jaafar, and Ainin (2015) suggested that building customer relationships have been possible as a result of improved utilization of social media networks. The study participants also showed agreement that commercial banks have improved online customer feedback, which has been key to a better corporate image. Malhotra (2017), in their study, found out that the utilization of social networking sites has helped drive customer engagement, service provision, and loyalty within commercial banks. The research further indicated agreement among respondents that the bank-rolls out advertisements through social media channels. Mesfin's (2019) results also showed that the utilization of social media marketing has helped in creating exposure for new products as well as enhancing customer engagement. Njeri (2014) found out that social media interaction has helped commercial banks drive marketing and sales of new products as well as foster customer feedback.

5.3.2 Search Engine Optimization and Competitive Advantage

The findings showed that search engine optimization had a strong positive and significant effect on the level of competitive advantage. The findings are in line with empirical results by Ahmed, Shahzad, and Shabbir (2013), who showed that search engine optimization has been integral to improving user experience and banking service provision. Concerning search engine

optimization, the participants agreed that the bank had increased the provision of the bank's services through online banking platforms. The results agree with Ahmed, Shahzad, and Shabbir (2013), who found out that exploiting search engine optimization has improved web traffic within the bank and enhanced opportunities for interactive marketing. The study also shows the agreement that the bank effectively handles queries and complaints through online platforms. The study results demonstrated that most banks have a well-developed interactive website to enhance service provision. Alwan and Al-Zubi (2016), in their study, also found out that the utilization of internet banking tools has enhanced service efficiency and quality service provision in commercial banks. Kiriro (2015) also viewed website marketing as a key tool for enhancing corporate image, online institution presence, and sales promotion.

The findings showed disagreement among participants that the bank regularly reviews its search engine ranking through increasing traffic to the company websites. The respondents also disagreed on whether the bank has increased the rollout of bank products through affiliate and search engine marketing. Chille (2018) found out that poor execution of search engine optimization has limited the bank's capacity to leverage website optimization, web marketing, and search engine ranking. Contrary to the above results, Kiiru (2018) found out that leveraging on search engine marketing can help drive customer traffic, improve customer preferences, experience, and purchase intentions.

5.3.3 Email Marketing and Competitive Advantage

The study results demonstrated that email marketing had a strong positive and significant effect on the level of competitive advantage. Shirazi (2017) also held similar views that electronic marketing has a positive and significant effect on business performance. Eid and El-Gohary (2013) found out that email marketing was key to enhancing marketing effectiveness and the success of commercial banks.

Regarding email marketing, the responses indicate agreement that banks have fostered marketing communication through the utilization of Emails. The study also showed agreement that banks offer offers technical supports to customers through the utilization of Emails. Eid and El-Gohary (2013) showed that e-marketing had been integral in driving marketing effectiveness within businesses. Kachembere and Choga's (2016) study also revealed that e-marketing services had fostered customer experience, expansion of banks network, and provision of banking services. The findings note there are increased engagement and interpersonal marketing through the utilization of electronic marketing. The research further showed that the bank has improved customer feedback management through Emails.

Similarly, Nanga (2015) found out that utilization of digital marketing has been essential in driving banking communication, offering online technical support, provision of bank services, and increasing the customer base. The study also indicates that commercial banks have improved transactional messaging through the adoption of Email marketing. Mutanu (2017) showed that email marketing has helped in deploying online adverts and market performance within Kenyan firms.

5.4 Conclusions

The study concludes there is a positive and significant relationship between digital marketing strategies and the competitive advantage of commercial banks in Kenya. The research concludes there is a statistically significant and positive relationship between social media marketing and competitive advantage of commercial banks. The study reveals that enhancing customer engagement, conducting social media advertisements, and corporate communication is essential to the competitiveness of the bank.

The study further concluded there is a significant and positive relationship between search engine optimization and competitive advantage of commercial banks. The study concludes that developing an interactive website, handling customer complaints through online platforms, and offering bank services online is key to a competitive advantage.

The study concluded there is a statistically significant and positive relationship between Email marketing and competitive advantage of commercial banks. The research suggests that marketing communication, technical support, increased engagement, and transactional messaging through emails are integral to a competitive advantage within commercial banks in Kenya.

5.5 Recommendations

The ability of a bank to remain relevant in the highly competitive and rapidly changing environment means that commercial banks should develop digital marketing strategies for enhancing competitive advantage. This can be achieved through the commercial banks re-evaluating their policies to guide the banks in deploying the various digital strategies in line with market demands. With the increasing usage of the internet in the country, it is pivotal for commercial banks to review their online banking platforms and invest further in the development of digital-only bank branches. This will enable the banks to meet a larger market share, improve customer access to services, and drive service quality.

With regard to social media marketing, the research recommends that commercial banks should leverage the seamless communication offered through various social networks to interact with their customers. Furthermore, commercial banks can rely on social media networks to foster corporate engagement and rollout of new products in the market. The study also recommends that commercial banks should deploy social media marketing services that are focussed on the customer needs to ensure there is a competitive edge.

Concerning the level of search engine optimization, commercial banks should deploy interactive platforms that can allow customers to access various services. The study further recommends that commercial banks should rely on online banking platforms to develop digital products that can help the competitiveness of the banking institution. The study also recommends that banks should seek collaboration with tech firms that can help in designing search engine marketing tools and undertake affiliate marketing, which can drive web traffic and ranking of the bank's website.

With regard to email marketing, the study recommends that commercial banks should develop a customer-tailored marketing strategy. This will help in improving the quality of marketing communication and customer engagement. The research recommends that commercial banks should leverage on electronic marketing to offer customers transactional messaging and technical support, which can be key to better service quality.

The study also recommends the regulator to foster partnerships with known telecommunication firms and other players in the advertising sector in implementing emerging digital marketing strategies. These partnerships will bring about the enhanced production for both industry players. The study also recommends that the CBK design regulations for the adoption of digital marketing strategies as well as creating a conducive environment to support the enhanced adoption of emerging technologies. The study findings will also be instrumental to academia as a source material for future research work. The study will guide future scholars in their study on the competitiveness of Kenyan commercial banks and how digital marketing strategies can be deployed within the banking industry.

5.6 Limitations of the study

The study experienced the following limitations;

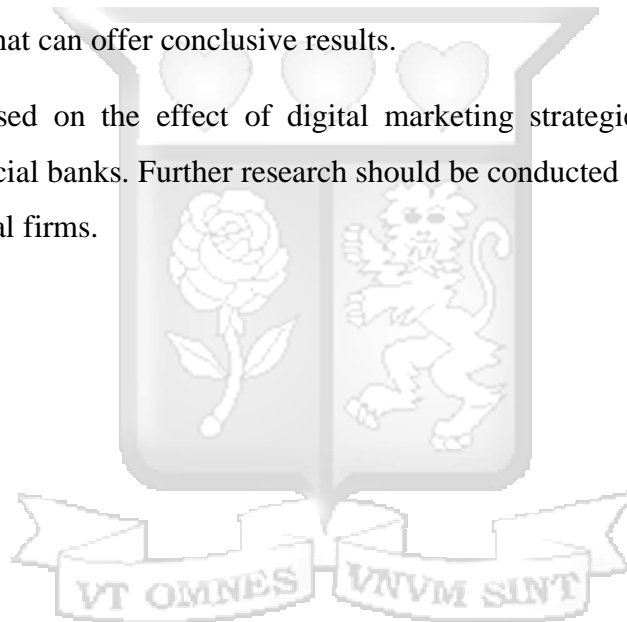
- i. Respondents were unwilling to participate in the research due to fear of their anonymity not being upheld.

- ii. Some firms were uncomfortable providing accurate information for fear of providing sensitive information to their competitors. This was mitigated by producing a letter from the University which indicated that the research was purely for academic purposes.
- iii. The study was further limited by the COVID-19 public restrictions, which affected the data collection process since most of the bank staff members were not within their offices.

5.7 Areas for Further Research

The study only focussed on three digital marketing strategies and their effect on the competitive advantage of commercial banks. To ensure the comprehensiveness of the study findings, this research suggests that further research work should be conducted, incorporating more digital marketing strategies that can offer conclusive results.

The study only focused on the effect of digital marketing strategies on the competitive advantage of commercial banks. Further research should be conducted on different industries, including non-financial firms.



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APPENDICES

Appendix I: Introduction Letter

Ole Sangale Rd, Macaraka Estate,
P.O Box 59857 00200, Nairobi, Kenya,
Cell: +254 703 414/6/7, Twitter: @SBSKenya
Email: info@sbs.ac.ke or visit www.sbs.strathmore.edu



Wednesday, March 18, 2020

To whom it may concern.

RE: FACILITATION OF RESEARCH – GRATIA MBITHE MAKAU

This is to introduce Gratia Mbithe Makau who is an MBA student at Strathmore University Business School, admission number MBA/110314/18. As part of our MBA Program, Gratia is expected to do applied research and to undertake a project. This is in partial fulfilment of the requirements of the MBA course. To this effect, she would like to request for appropriate data from your organization.

Gratia is undertaking a research paper on "*Influence Of Digital Marketing Strategies On The Competitive Advantage Of Commercial Banks In Kenya.*" The information obtained from your organization shall be treated confidentially and shall be used for academic purposes only.

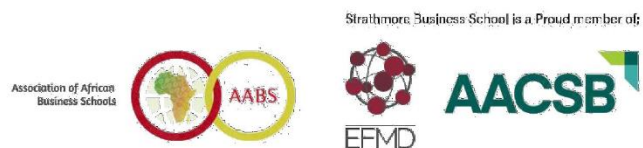
Our MBA seeks to establish links with industry, and one of these ways is by directing our research to areas that would be of direct use to industry. We would be glad to share the findings with you after the research, and we trust that you will find them of great interest and of practical value to your organization.

We appreciate your support and we shall be willing to provide any further information if required.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Caroline Tiara".

Caroline Tiara,
Manager – MBA Programs.



Appendix II: Research Questionnaire

This questionnaire is an attempt to assess the “influence of digital marketing strategies on the competitive advantage of Commercial Banks in Kenya”. Please answer the questions honestly and diligently following the instructions given. The answers you give was used for the research purpose only, and your identity was treated with uttermost confidentially.

PART A: GENERAL INFORMATION

1) Age Bracket

25-35 years

36 – 45 years

46 – 55 years

56 years and above

2) Gender

Male

Female

3) Education Level

O- Level

Diploma

Graduate

Postgraduate

4) Marital Status

Married

Single

Widowed

5) Your position in the organization

Digital Manager

Finance Manager

Chief Technology Officer

Operations Manager

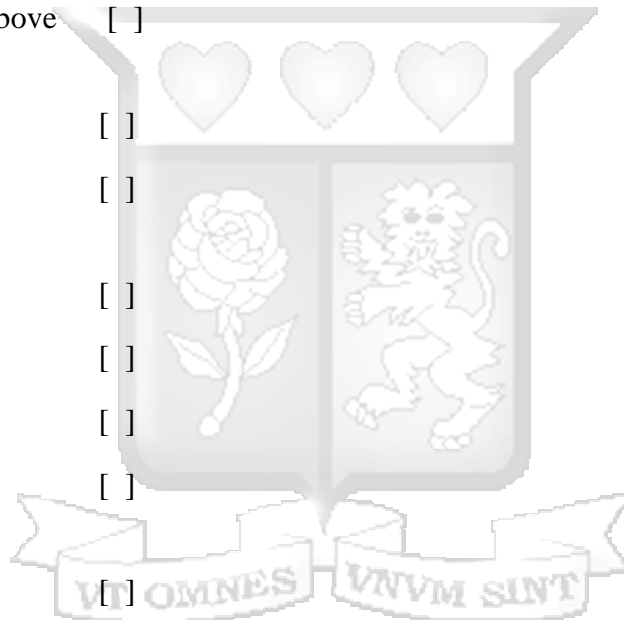
Human Resource Manager

6) Number of years working in the banking industry?

Less than 2

2-4

Over 5



PART B: DIGITAL MARKETING STRATEGIES

7) Which of the following digital marketing strategies are being utilized within your commercial bank?

- Social Media Marketing ()
- Email Marketing ()
- Search Engine Optimization ()
- Interactive Websites ()

Kindly answer the following questions based on your agreement with the following statements in regard to the level of social media marketing in your commercial bank. The scale level ranges from 1 – 5

5= strongly agree 4= Agree 3= Disagree 2= Strongly Disagree 1= Neither Agree nor Disagree

Social Media Marketing

No	Social media marketing of commercial banks	5	4	3	2	1
8)	Our commercial bank has fostered corporate engagement through use of social networks					
9)	Our commercial bank has improved social network engagement within the institution					
10)	Our commercial bank has improvement in the online customer feedback					
11)	Our commercial bank has witnessed improvement in the corporate image					
12)	Our bank rolls out advertisements using social media channels					

SEARCH ENGINE OPTIMIZATION

Kindly answer the following questions based on your agreement with the following statements in regard to the level of search engine optimization in your commercial bank. The scale level ranges from 1 – 5

5= strongly agree 4= Agree 3= Disagree 2= Strongly Disagree 1= Neither Agree nor Disagree

No	Search engine optimization of commercial banks	5	4	3	2	1
13)	Our bank regularly reviews its search engine ranking through increasing traffic to the company websites					
14)	Our bank has a well-developed interactive website to enhance service provision					
15)	Our bank effectively handles queries and complaints through online platforms					
16)	Our bank has increased rollout of bank products through affiliate and search engine marketing					
17)	Our bank has increased provision of the bank's services through online banking platforms					

EMAIL MARKETING

Kindly answer the following questions based on your agreement with the following statements in regard to the level of email marketing within your commercial bank. The scale level ranges from 1 – 5

5= strongly agree 4= Agree 3= Disagree 2= Strongly Disagree 1= Neither Agree nor Disagree

No	Email marketing of commercial banks	5	4	3	2	1
18)	Our bank has enhanced its marketing communication through utilization of Emails					
19)	Our bank has improved customer feedback management through Emails					
20)	Our bank offers technical supports to customers through utilization of Emails					
21)	Our bank has increased engagement and interpersonal marketing through utilization of electronic marketing					

22)	Our bank has improved transactional messaging through adoption of Email marketing					
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PART C: COMPETITIVE ADVANTAGE OF COMMERCIAL BANKS


Kindly answer the following questions based on your agreement with the following statements in regard to the level of competitive advantage within your commercial bank. The scale level ranges from 1 – 5

5= strongly agree 4= Agree 3= Disagree 2= Strongly Disagree 1= Neither Agree nor Disagree

No	Competitive advantage of commercial banks	5	4	3	2	1
23)	Our bank has achieved enhanced employee efficiency in service provision					
24)	Our bank improved service quality in the provision of the bank’s services					
25)	Our bank has been able to foster cost effectiveness in its operations					
26)	Our bank has an improvement in the customer satisfaction index within the bank					
27)	Our bank has an increase in the innovation capacity					
28)	Our bank has witnessed an improvement in the brand recognition					
29)	Our bank has been able to enhance technology-driven product development					

Thank you for your Time in Filling this Research Questionnaire

Appendix III: NACOSTI Permit

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: 392566	Date of Issue: 09/April/2020
RESEARCH LICENSE	
	
This is to Certify that Miss.. Gratia Mbithe Makau of Strathmore University, has been licensed to conduct research in Nairobi on the topic: INFLUENCE OF DIGITAL MARKETING STRATEGIES ON THE COMPETITIVE ADVANTAGE OF COMMERCIAL BANKS IN KENYA for the period ending : 09/April/2021.	
License No: NACOSTI/P/20/4756	
392566 Applicant Identification Number	 Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
	Verification QR Code 
NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.	

Appendix IV: Ethics Research Approval



Strathmore
UNIVERSITY

7th April 2020

Mrs Makau, Gratia
mbithe.makau@strathmore.edu

Dear Mrs Makau,

RE: Influence of Digital Marketing Strategy on The Competitive Advantage of Commercial Banks in Kenya


This is to inform you that SU-IERC has reviewed and **approved** your above research proposal. Your application approval number is **SU-IERC0761/20**. The approval period is **7th April 2020 to 6th April 2021**.

This approval is subject to compliance with the following requirements:

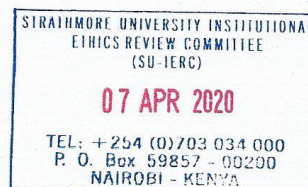
- i. Only approved documents including (informed consents, study instruments, MTA) will be used
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-IERC.
- iii. Death and life threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-IERC within 72 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-IERC within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days upon completion of the study to SU-IERC.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://oris.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely,


Dr Virginia Gichuru,
Secretary; SU-IERC

Cc: Prof Fred Were,
Chairperson; SU-IERC



Ole Sangale Rd, Madaraka Estate. PO Box 59857-00200, Nairobi, Kenya. Tel +254 (0)703 034000
Email info@strathmore.edu www.strathmore.edu

Appendix V: List of Commercial Banks

1. ABSA Bank Kenya Plc
2. African Banking Corporation Limited
3. Bank of Africa Kenya Limited
4. Bank of Baroda (K) Limited
5. Bank of India
6. Charterhouse Bank Limited
7. Chase Bank (K) Limited
8. Citibank N.A Kenya
9. Consolidated Bank of Kenya Limited
10. Co-operative Bank of Kenya Limited
11. Credit Bank Limited
12. Development Bank of Kenya Limited
13. Diamond Trust Bank Kenya Limited
14. DIB Bank Kenya Limited
15. Ecobank Kenya Limited
16. Equity Bank Kenya Limited
17. Family Bank Limited
18. First Community Bank Limited
19. Guaranty Trust Bank (K) Ltd
20. Guardian Bank Limited
21. Gulf African Bank Limited
22. Habib Bank A.G Zurich
23. I & M Bank Limited
24. Imperial Bank Limited
25. Jamii Bora Bank Limited
26. KCB Bank Kenya Limited
27. Mayfair Bank Limited
28. Middle East Bank (K) Limited
29. M-Oriental Bank Limited
30. National Bank of Kenya Limited
31. NCBA Bank Kenya PLC
32. Paramount Bank Limited
33. Prime Bank Limited



34. SBM Bank Kenya Limited
35. Sidian Bank Limited
36. Spire Bank Ltd
37. Stanbic Bank Kenya Limited
38. Standard Chartered Bank Kenya Limited
39. Trans-national Bank Limited
40. UBA Kenya Bank Limited
41. Victoria Commercial Bank Limited

Source: Central Bank of Kenya (2020)

