Since its inception in 2007, M-PESA has rapidly developed to become one of the most dynamic innovations for delivery of financial services using modern Information and Communications Technology. This innovation makes Kenya a world leader in the use of mobile phones to transfer money. To appreciate its rapid growth, it is important to note that the number of people registered in Kenya using the service regularly has grown. It is in the appreciation of its unique adoption that this study sought to find out what communication strategy, techniques and tools Safaricom used and continues to use in order to persuade new customers to adopt and sustain those already using the service. The study also sought to establish specific social, technological, environmental, and economic needs driving the rapid adoption. Kenya has 32 million mobile phone users who are in a position to reap benefits of such network-based innovations if they were effectively diffused to target audiences. Hence the study was necessary to inform policy. Furthermore many money transfer solutions exist, but they have not witnessed the kind of growth that M-PESA has had. What makes M-PESA unique? The study bridged this gap.

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Martina Mulwa

Integrated Marketing Communication and Technology Adoption
Integrated Marketing Communication and Technology Adoption

The M-pesa Model in Kenya

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BASIC CONCEPTS AND ABBREVIATIONS

Adoption.
This refers to acceptance of an innovation by members of a social system. Characteristics that determine the rate of adoption include relative advantage, compatibility, complexity, triability and observability.

Communication channels.
A communication channel is the means by which messages move from one individual to another.

Diffusion.
This is the process by which an innovation is communicated through certain channels overtime among members of a social system.

Innovation.
An innovation is an idea, practice or object that is perceived as new by an individual or other unit of adoption

Jibambie.
A tariff introduced by Safaricom whereby calling rates were determined by the amount of credit bought. For example for a Ksh 1,000 credit Safaricom to Safaricom calls were Ksh 3 per minute while a credit of 100 Safaricom to Safaricom calls were Ksh 7 per minute.

M-PESA.
A money transfer service introduced by Safaricom in conjunction with Vodafone in Kenya.

Non-personal communication channels.
These are media that carry messages without personal contact or feedback. They include print media, broadcast media and display media.

**Personal communication channels.**

These are communication channels that allow for personal addressing and feedback. They include company sales people, independent experts and word of mouth by consumers or consumer buying guides.

**Promotion tools.**

These include advertising, personal selling, sales promotion and public relations.

**Social system.**

This is a set of interrelated units that are engaged in joint problem solving to accomplish a common goal.

**Sokotele.**

The defunct mobile phone money transfer service introduced by Celtel-Kenya before M-PESA and Zap

**Zap.**

Mobile phone money transfer service by Zain.

**ABBREVIATIONS**

CGAP - Consultative Group to Assist the Poor

MFI - Micro Finance Institutions

DFID - Department of International Development

ICT - Information Communication Technology
IMC - Integrated Marketing Communications

KPLC - Kenya Power and Lighting Company

GSMA - Global Mobile System Association

SIM – Subscriber Identity Module

PIN - Personal Identification Number

NIC - National Industrial Credit

ETR - Electronic Tax Machine

VAT - Value Added Tax
ACKNOWLEDGEMENT

This project would not have been written and completed without Mr. Tom Kwanya who not only served as my supervisor but also refocused my thinking and refined the project. Besides supervising the project online which was very convenient, he encouraged and challenged me throughout the project process. I have learned to pay attention to detail and accept nothing but the best. To my supervisor, special thanks.

To my family: my husband George for his moral and financial support and my two little babies Kylie and Alastair; for their love and patience which enabled me complete this project. I say a special thank you.

I also wish to thank the 2007 M.A. communication class especially Jane Kamau and Benjamin Makau for their support during the whole program. Special thanks also go to Mr. Moses Araya of the school of Journalism for being helpful at all times.
DEDICATION
This project is dedicated to my late father David Mulwa for his relentless effort in ensuring that all his children went to school. Thank you very much father.
CHAPTER ONE

1.0 Introduction
According to the American Marketing Association, Integrated Marketing Communication (IMC), is defined as “a planning process designed to assure that all brand contacts received by a customer or prospect for a product, service, or organization are relevant to that person and consistent over time.” According to Kotler (2003), a sound IMC plan requires a blend of strategic planning, design, and communications ingenuity enabling the marketer to reach through multiple channels in architecting growth for business, brands, and products. The strategy includes facing the ever-increasing growth of competition in the marketplace for dominance of communication channels and businesses need to concentrate on perfecting their IMC plan in an effort to stay on top. He adds that businesses cannot afford to underestimate the importance of marketing to specific target audiences and suggests that in order to drive sales, a complete IMC strategy should be explored and implemented to include public relations, advertising, the Internet and others. It should strategically integrate all elements of IMC and services to present and market organizations with the objective of focusing on the long term value of a customer or consumer so that up-selling, cross-selling and loyalty can be maximized. The main goal, he says, is to strategically integrate marketing communications to more precisely defined segments of customers and consumers so that resources can be focused effectively and waste eliminated.

IMC is therefore a term used to describe a holistic approach to marketing. It aims to ensure consistency of message and the complementary use of media. The concept, according to Kotler (2003), includes online and offline marketing channels. Online marketing channels include any e-marketing campaigns or programs. Offline marketing channels are traditional print (newspaper, magazine), mail order, public relations, industry relations, billboard, radio, and television. IMC programmes are developed using all the elements of the marketing mix i.e. product, price, place, and promotion. Many organizations, he affirms, are today embracing the concept of IMC. Instead of dividing marketing communications into separate groups that rarely communicate, organizations
now integrate all marketing disciplines under one umbrella, thus, making every communication consistent with one message, sharing the same strategy. This allows marketers to execute marketing campaigns more efficiently without jumping through hoops to get approvals for creative content and messaging. According to Quarry (2009)\(^1\), the key to effective integration is the cohesiveness between various marketing messages, and the understanding that marketing is fundamentally a conversation between a company and its prospective customer. It is not one specific marketing campaign or press release; rather, how the blending and execution of such disciplines convey a message synergistically and at every customer touch point. Quarry (2009) asserts that marketing communication involves understanding the lifestyle, attitude and motivation of individual customers and finding a way to reach them with a consistent relevant message. He adds that consistency means trust; a better relationship with ones customers. IMC includes the various tools such as advertising, public relations, personal selling, sales promotion, direct and database marketing, sponsorship, event marketing, social media marketing, and online marketing. Since the purpose of marketing is to generate revenue, increase market share, drive preference to purchase, and/or build brand awareness, marketers need to find ways to do this effectively; and embracing an integrated marketing strategy is the first step. (Kotler et al, 2000).

According to Schultz (2009)\(^2\), several shifts in the advertising and media industry have caused IMC to develop into a primary strategy for marketers. The goal of selecting the elements of proposed IMC is to create a campaign that is effective and consistent across media platforms. Some marketers may want only advertisements with the greatest breadth of appeal (Schultz et al, 1992) the executions that, when combined, provide the greatest number of attention-getting, branded, and motivational moments. Others may only want advertisements with the greatest depth of appeal; the advertisements with the greatest number of attention-getting, branded, and motivational points within each. The aim is to reinforce each other and get the message across the target audience with the desired effect.

\(^1\) Allan Quarry is the president of Quarry integrated communications.
\(^2\) Don E Schultz is a Lecturer at Northwestern University, Medill School of Journalism
According to Schultz et al (1992) IMC is more than the coordination of a company's outgoing message between different media and the consistency of the message throughout. It is an aggressive marketing plan that captures and uses an extensive amount of customer information in setting and tracking marketing strategy. IMC is developed with the customer data base as the basic study concept. This helps to segment and analyze customer buying habits.

The focus of IMC (Schultz et al, 1992) is the consumer and not the product. The strategy seeks to understand what the consumer wants and needs. Understanding the consumer's cost to satisfy the want or need is prioritized. The product price may constitute only one part of the consumer's cost structure. Convenience of the buying experience and the delivery mechanism are all thought out in the design of the IMC strategy. Convenience may include aspects of the physical or virtual location, ease of access, transaction service time and hours of availability. Communication is also a crucial component in achieving success of any innovation. Integration of various media to present a unified message with a feedback mechanism to make the communication two-way is crucial. The number of ways a customer hears (or sees) the same message through the course of the day, each message reinforcing the earlier images becomes a crucial factor in the adoption and continued use of a product.

In an age of increasing information overload, the consumer has developed a coping mechanism to deal with the amount of information being received. There is increasing evidence that customers and prospects are basing most of their purchasing decisions on what they perceive to be important or true (or what they think is right or correct) rather than on solid, rational, economically derived information. To the consumer, perception is truth. A perception may not be correct, but it is what they know, and what they know is all they need to know. This new "sound bite" approach to gathering marketing information demands that a marketer's statements about products or services must be clear, concise, consistent, and comprehensible through all forms of communication or the consumer will simply ignore them. Any minor inconsistency that does not match the existing "mind map" will be ignored (Schultz et al, 1992).
1.1. Background of the study

Money transfer services provided by various institutions have been available in Kenya for a long time. In a study by MicroSave (2003), three forms of money transfer providers in Kenya were identified. These included the formal sector (e.g. commercial banks, postal corporation, the semi-formal providers (e.g. courier or bus companies) and the informal services (bus conductors or friends). The study cited sending money to support the elderly at home, payment of school fees, payment of bills, purchase of goods and payment of workers as some of the reasons why the service existed. The study also classified the users of money transfer services into large scale and small scale. Large scale users transfer large volumes of money and include government departments, Non Governmental Institutions, farm produce marketing agencies, corporations and cooperatives among others. The small and medium scale users include individuals and entrepreneurs who transfer funds to purchase items, pay school fees, support family or projects in the rural areas or pay debts. However the challenge over time as documented in the study has been availability, effectiveness, efficiency and reliability of the money transfer services (MicroSave 2003).

Prior to the venture into money transfer services by mobile service providers, initially by Celtel’s ‘Sokotele’ which was unsuccessful, money transfer in Kenya had been dominated by financial institutions. Despite the indisputable need to make or receive payments by individuals, public offices, house-holds or even businesses, (MicroSave, 2003) the available financial institutions were not accessible to the majority of Kenyans especially in the rural areas whose income could not support the establishment of a financial base for financial operations. A study by the Consultative Group to Assist the Poor (CGAP) in 2008 on branchless banking in Kenya cited the inadequate infrastructure for reaching out to customers, with only an estimated 20% of adult population having access to formal financial services through banks, Micro finance

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3 The study titled passing the buck-Money transfer systems: The practice and potential for products in Kenya was done by Kamau Kabbucho, Cerstin Sander and Peter Mukwana in May 2003 on behalf of MicroSave. MicroSave was an initiative of Austria/CGAP/DFID/UNDP
4 CGAP technology program is a multi-year learning initiative co-founded by Bill and Belinda Gates Foundation to find and test promising technology solutions to improve access to finance.
institutions (MFIs) and Savings and Credit Cooperatives (SACCOs). Over 80% of the Kenyan adult population was found to be excluded from the traditional financial services.

It is against this backdrop of an excluded viable population in dire need of an affordable and accessible money transfer service that M-PESA money transfer service was launched. As mentioned earlier, “Sokotele” by Celtel now Zain was the first mobile phone money transfer service in Kenya. However it offered nothing new for the least amount then for transfer was Ksh 5000 for a transfer fee of Ksh120, furthermore the concept died even before many Kenyans got to know about it, due to lack of proper planning on how to create awareness of the product, which is the initial step to the adoption of any innovation (Rogers, 2003). Though “Sokotele” was a new concept, it targeted the market already taken care of by the Postal Corporation through Posta-pay and money orders. Rogers (2003) in his Diffusion of Innovations theory, explains that one of the characteristics determining the adoption of an innovation is the relative advantage. This is the degree to which an innovation is perceived as better than the idea it supersedes. Based on this argument, it is evident that “Sokotele” concept did not factor in the target market that lacked in money transfer services. The gap in the money transfer service was to make financial services more accessible to those excluded from existing money transfer services. Traditional money transfer services showcased sophistication which intimidated the poor and illiterate hence excluding them from reasonable use of the services (MicroSave 2003). This exclusion explains why they fell prey to informal money transfer services like transporting the money oneself, through a friend or other unlicensed means which remain unreliable and insecure.

The (MicroSave, 2003) study also revealed that there was an unmet demand for efficient, reliable and affordable money transfer services in Kenya. This was signaled by the proliferation of informal money transfer providers; and Micro finance institutions were thought as the alternatives because of their networks. However these institutions did not quite solve the problem as they did not meet money transfer requirements in terms of systems, capacities, floats and liquidity management as later revealed (CGAP, 2008).
The enthusiasm with which the launch of M-PESA money transfer service has been received with is evident in the number of outlets dotting most of the Kenyan towns, estates and market centers today. According to the Safaricom’s 2008/2009 Annual report and May 2009 investor update, M-PESA customers were 6.18 million and Ksh 17.1 billion had been transferred from person to person by March 2009. This is huge by Kenyan standards. Amazing is the fact that even “Mabati kiosks” operate the service; it is designed to facilitate secure, convenient and low cost money transfer service with some shops operating on a 24 hour basis.

The mobile phone and the Safaricom network are key determinants of the functionality of the service. This is because M-PESA is a message backed service, Subscribers must be in a position to receive a message on their phones informing them that they have received money or money has been deposited into their accounts. For non registered customers, the message is the only proof of money received since the virtual account is not enabled. For registered customers one can always check the M-PESA balance by use of the commands on the M-PESA menu and a message confirming the balance at any one time is received by the user. Incase non registered customers delete the M-PESA related messages, the phone is off, or there is no network for some reason and no message is registered, assistance is required from Safaricom support staff in order to be paid from an M-PESA outlet. (Safaricom, 2009)

A legal identification document is used for the registration of customers. After registration a virtual wallet is enabled for them on their Subscriber Identity Module (SIM). The customer can then use simple menu based commands from the SIM to send money to other mobile phones among other services. The security of the system is guaranteed by ensuring that each customer registers a four digit personal identification number (PIN) which is used with every transaction. The transaction messages are all encrypted on transit (Safaricom, 2009).

5 Temporary iron sheet structures
6 The service is secure, convenient and low cost for the customer and not the agent, the temporary structures are risky and money is not secure in such premises
7 An Identity card, Driving License or a Passport
8 A SIM is a smart card chip for use in GSM equipment that makes a mobile station when inserted into a handset.
M-PESA (“pesa” is Kiswahili for “cash”) was introduced in Kenya by Safaricom, Vodafone’s Kenyan partner on the 7th March 2007. The system is managed by the developers Sagentia9 Group and facilitates transactions of between 100 shillings and 35,000 shillings via text message to the desired recipient or someone on a different mobile network, who cashes it at an agent’s outlet by entering a secret code and showing his/her identity. The maximum amount of money the virtual account can hold at a time is 50,000 shillings, but one can transact up to 70,000 shillings in a day. (Safaricom, 2009)

M-PESA operations include cash deposits, transfer of money, withdrawal of money, purchase of airtime, payment of bills and management of the virtual account. M-PESA functions are undertaken by agents on behalf of Safaricom. The agent’s act as cash in/cash out points10, rather like a human ATM. They deposit cash at the Commercial banks (currently Commercial Bank of Africa, Kenya Commercial Bank and Gulf Bank) which have entered into an agreement with Safaricom to provide e-money to agents. Once customers’ deposit money at an outlet, the e-money reduces but cash at hand increases with the same amount, consequently when one withdraws money from an outlet the e-money value goes up with a similar amount. Agents earn a commission11 for each completed transaction.

Sending or receiving money requires efficient, reliable and affordable money transfer services whereby money can be deposited in one location and withdrawn in another in both urban and rural areas (MicroSave 2003). The study (MicroSave 2003) revealed that structural weaknesses in the financial industry in Kenya limited the access to money transfer services especially in rural and for generally for low income people. According to a study by the Department of International Development (DFID) 55% of adult Kenyans had access to mobile phones yet only 19 percent were banked. Therefore there is a huge market that has access to mobile phones but not financial services and M-PESA is helping to fill this gap. In appreciation of the rapid growth in mobile penetration in the

9 Software support group for M-PESA operations
10 Customers make their deposits at the agent outlets and withdraw money sent to them from the same outlets
11 The commission earned ranges between Ksh 10 for the least category of deposits to Ksh 40 for the highest category of deposits and between Ksh 15 for the least category of withdrawal to Ksh 70 for the highest category of withdrawal.
remote areas the Equity Bank Chief Executive Officer (CEO) Dr. James Mwangi while launching the bank’s mobile phone banking admitted that the mobile phone had laid a strong base for reaching out to those excluded from traditional financial services. He added that the growth of mobile phone solutions in rural Kenya and regionally showed that a well designed service could go a long way in serving not only the un-banked but the underserved customers in remote areas. He added that the mobile phone had spawned innovations that had taken financial services to the masses much faster than conventional banks would have ever done.

1.2 Statement of the problem
Since its inception in 2007, M-PESA has rapidly developed to become one of the most dynamic innovations for delivery of financial services using modern Information and Communications Technology (ICT). The innovation won the best mobile money service award at a GSMA global mobile awards gala dinner in Barcelona – Spain in February 2009. This innovation makes Kenya a world leader in the use of mobile phones to transfer money. To appreciate its rapid growth in popularity, it is important to note that the number of people registered in Kenya using the M-PESA service regularly has grown rapidly. The pioneer money transfer service in Kenya Sokotele did not achieve much, Zap initiated by Zain after M-PESA though cheaper and “much more than a money transfer service” is struggling to penetrate the market. Un-published studies done on “The adoption and usage of M-PESA”, by Olga Morawczynski12, focused on the rapid adoption of the innovation, looking at the innovation per-se and not the diffusion of information on the innovation. The researcher is of the view that Zap and M-PESA are similar technological inventions what is different is the adoption pattern.

It is in the appreciation of the unique adoption of the money transfer service (M-PESA) that this study sought to find out what communication strategy, techniques and tools Safaricom used and continues to use in order to persuade new customers to adopt and sustain those already using the service. Was it using superior IMC strategies that Zain, its

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12 Olga is a PhD candidate in the discipline of Science and Technology Studies (STS) at the University of Edinburg.
competitor, was un-able to implement? The study also sought to establish specific social,
technological, environmental, and economic needs driving the rapid adoption.

1.3. Goal Statement
The objective of the research was to establish the role of IMC in the adoption of Safaricom mobile phone money transfer services in Kenya.

1.3.1. Project Objectives
The specific objectives of the study were to:

- Ascertain IMC strategies and techniques that have been used with M-PESA:-
- Demonstrate the linkage between IMC strategies used and the success in adoption-:
- Identify any challenges M-PESA’s IMC strategies face: and
- Recommend any strategies that would facilitate an effective adoption of money transfer innovations such as M-PESA.

1.3.2. Research Questions
The research sought to answer the following questions:

- What are the IMC strategies that have been used in the diffusion of M-PESA?
- What are the IMC techniques that have been used and with what effect?
- Can the success of the adoption of M-PESA in Kenya be attributed to the IMC strategies used and to what extent?
- How do the IMC strategies applied by Safaricom compare with those applied by Zain?
- What challenges do the IMC strategies used in the diffusion of information on M-PESA face in striving to effectively reach the intended publics?
- In regard to the findings therefore, what does the study recommend?
1.4. Hypothesis of the study
Safaricom has used superior IMC strategies that have enabled it to capture more M-PESA clients than its competitors.

1.5. Significance of the Study
Kenya has 18.16 million mobile phone users of which 13.36 million use Safaricom, 3 million use Zain, 1 million use Orange while 800,000 use Essar. Kenyans are in a position to reap benefits of such network-based innovations if they effectively understood what services are being offered and how they are differentiated from each other.

Furthermore many money transfer solutions exist, but they have not witnessed the kind of growth that M-PESA has had. “Sokotele” failed the postal corporation Posta pay is struggling and so is Zap. What makes M-PESA unique? While studies have been done on the technical specifications and provisions of M-PESA, none so far has investigated the use of its IMC strategy. The study sought to bridge this gap.

The study investigated the use of IMC strategies with the adoption of M-PESA and recommended effective use and implementation of IMC strategies in the adoption of innovations. The study highlighted challenges faced in the diffusion of information that hindered customer adoption and recommended ways in which they could be overcome.

1.6. Theoretical Framework
The theoretical basis informing the study was based on the Information Processing Theory by George Miller and the Theory of Planned Behavior by Martin Fishbein and others.

1.6.1. Information Processing Theory
According to Miller (1956), information processing refers to the way individuals handle information at their disposal. The theory suggests that ‘people are active learners who can control and manipulate information, and devise strategies to deal with certain situations. Miller (1956) visualized information moving through a series of steps (processes) from the time it is received to the point of output. According to the theory, the human mind is a
system that processes information through the application of logical rules and strategies. When an individual perceives, encodes, represents and stores information from the environment in his mind, or retrieves that information, he is actually thinking. Miller’s (1956) concept follows that, ‘like the computer, the human mind takes in information, performs operations on it to change its form and content, stores and locates it and generates responses to it. Thus, processing involves gathering and representing information, or encoding; holding information or retention; and getting at the information when needed, i.e. retrieval. Information processing theorists approach learning primarily through a study of memory (short, sensory and long term). The initial processing of information depends on the external stimulus available to a person. External stimulus has been variedly described as, among others, the sum total of communication obtained from the immediate ambient with which an organism/human interacts. It is either intentional or unintentional. A class assignment presented by University of Nairobi M.A class 2007 revealed that advertisers ensured that their products specs were brought to the attention of prospective buyers in the catchiest manner in order to draw their attention through any of the senses.

Skinner, (1938), ‘the external environment of an individual remains the single most important determinant of his/ her behavior.’ This interaction takes place virtually everywhere; it generates an attitude in a person-depending on which culture or past experience an individual has had. A response is therefore elicited either conditionally or unconditionally. External stimulus has a major impact on the information processing. The external stimulus provides the sensory memory with the materials to work on (process). These stimuli gain access to the sensory memory ready for either initial processing or even to be forgotten depending on its degree of importance. Depending on an individual’s culture or past experience, familiar stimuli may not necessarily need to be reinforced to produce a positive response. External stimuli also have a bearing in a person’s attitude development or change. Messages intended to generate a desired behavior in targeted persons or groups of persons may result to attitude that has been influenced from the previous undesirable behavior or totally newly developed. There is the element of serendipity in external stimuli, the attitude that examines the mismatch in the stimuli to
determine whether it is an error to be corrected or novel to be preserved. Depending on the past experience this attitude determines a mismatch and immediately generates a response. Though it may be unintentional the external stimulus more often than not is sought. Individuals tend to seek familiar stimulus with which they have had a lasting positive experience.

Baran, and Davis, (2003:254) classify Information Processing theory among the active audience theories which focus on assessing ‘what people do with the media rather than what media does to people’ (p.254). Communication is purposeful and it is often necessary to retrieve stored information. The human mind is equipped to do this through memory. Memories may be stored through deliberate memorization (voluntary memory) or may result from non-mnemonic activity (involuntary memory). Through repeated reading, rehearsal, elaboration and other techniques, they voluntarily commit the information to memory. Messages like “Brighter days with KPLC” then again M-PESA” may automatically be imprinted in memory without conscious effort due to use of sublimal technique. It is important for communicators to understand their audiences, figure out how to retain their attention. Advertising communicators also focus on creating novelty, surprise or distinctiveness in order to get noticed.

Miller (1956) explains that when information is attended to and moves from the sensory register to the short term memory, it can be retained for several seconds to one minute without rehearsal, but on average, information is likely to be retained, unrehearsed, for about eighteen seconds. The concept of short term memory is important to communicators since the short term memory can be viewed as a brief holding area, necessary but not sufficient. It is not sufficient for messages to merely have gained the recipient’s attention and successfully transitioned form the sensory register to the short term memory. If nothing further is done, the message will be lost in about 18 seconds. Through rehearsal; information can be stored in the short term memory for up to 20 minutes. Simple memorization does not, however, lead to learning, although it may lead to storage of information in the short term memory. As Miller (1956) suggested, human beings can handle a limited number of units of information at a go. For better retention, it
is important for a source to point out the most important information through organization of few words that focus on the meaning and connecting messages to old information which helps audiences avoid cognitive dissonance. Messages derived from our own experiences are easier to remember than those that are new, contextualizing the message and personalizing it helps the audience find the relevance.

Eysenck and Eysenck (1980) also note that the extra mental effort required leads to keener attention, hence better storage in the short term memory, and subsequent transition into the long term memory. For communicators, therefore, messages that engage the recipient’s cognitive abilities in some effortful manner could have greater staying power than those that do not. For communicators in both print and broadcast media, this is significant since it reveals how messages are stored, and can impact on choice of form and channel when communicating information.

Effective communicators factor in the episodic memory and procedural memory when designing messages that require participation of the customer. Episodic is memory based on personal experience such as sensations, emotions and personal associations. It is specific to a particular time, place and individual. Each recipient is an individual, with biases arising from childhood experiences, and personal associations that may predispose one to either negative or positive reactions to a message. Similarly, the individual’s mood and emotions, if negative, can act as a source of noise to message receptivity. It can also work positively if the reverse is true. Procedural memory, on the other hand, is required in learning motor skills that improve with practice (Eysenck and Eysenck 1980).

Information Processing is largely considered in the context of persuasion due to the fact, that when measuring the effects of communication using the individual’s response, a change of attitude is considered. That change comes about after the individual has received persuasive stimuli (information) from the external environment. According to Tan, (1979), information processing theories assume that persuasion results when new information is processed by an individual. According to Anderson (1962), in his Information Integration Theory, people adopt a new opinion, attitude or behavioral
intention by forming a general impression which in turn is based on many pieces of information. Some of this information may support a change of opinion, attitude or behavioral intention; or the information may argue against a change. Also information is available from sources that vary in expertise and objectivity. Anderson (1962), suggests that people assign weights to each piece of information based on the expertise and objectivity of the source and on other communication factors; then average the weights of all the information and use this average to form a general impression. Persuasion occurs depending on whether the general impression supports a change in opinion, attitudes, or behavioral intentions (Tan 1979).

According to Tan (1979) elaboration is also crucial in the designing of messages. It constitutes an inter-connective meaning placed onto the information in working memory, linking it to established conceptual structures in the long-term store. Elaboration is the most basic of all memory techniques. The more meaning given to what is to be remembered, the more successful one is in recalling it later. Some theorists claim that elaboration is the only process by which an individual can reliably maintain information for an extended period of time. The more elaborate this process, the more retrieval cues that are available, which strengthens the likelihood of subsequent retrieval. In addition, highly elaborated processes also tend to lead to more complete and complex conceptual models.

1.6.2. The Theory of Planned Behavior

The Theory of Planned Behavior is also a determinant in the adoption of any new technology. Proposed by Martin Fishbein together with Icek Ajzen in 1975, proponents believe that if people evaluated the suggested behavior as positive (attitude), and if they thought their significant others wanted them to perform the behavior (subjective norm), this resulted in a higher intention (motivation) and they were more likely to do so. In addition to attitudes and subjective norms (which make the Theory of Reasoned Action), the additional concept of the Theory of Planned Behavior is perceived behavioral control, which originates from Self Efficacy Theory (SET). Self efficacy as proposed by Bandura in 1977, suggests that expectations such as motivation, performance, and feelings of
frustration associated with repeated failures determine and affect behavioral reactions. Bandura (1986) separated expectations into two distinct types: self-efficacy and outcome expectancy. He defined self-efficacy as the conviction that one can successfully execute the behavior required to produce the outcomes. The outcome expectancy refers to a person’s estimation that a given behavior will lead to certain outcomes. He states that self-efficacy is the most important precondition for behavioral change, since it determines the initiation of coping behavior. The Theory of Planned Behavior specifies the nature of relations between beliefs and attitudes. According to the theory models, people’s evaluations of, or attitudes toward behavior are determined by their accessible beliefs about the behavior, specifically, the evaluation of each outcome contributes to the attitude in direct proportion to the person’s subjective possibility that the behavior produces the outcome in question (Fishbein & Ajzen, 1975). Human behavior is guided by three kinds of consideration, "behavioral beliefs," "normative beliefs," and "control beliefs." In their respective aggregates, “behavioral beliefs” produce a favorable or unfavorable “attitude toward the behavior”; “normative beliefs” result in “subjective norm”; and “control beliefs” gives rise to “perceived behavioral control.” In combination, “attitude toward the behavior,” “subjective norm,” and “perceived behavioral control” lead to the formation of a “behavioral intention” (Ajzen, 2002b). In particular, "perceived behavioral control" is presumed to not only affect actual behavior directly, but also affect it indirectly through behavioral intention (Zimmerman et al., 2005). As a general rule, the more favorable the attitude toward behavior and subjective norm, and the greater the perceived behavioral control, the stronger the person’s intention to perform the behavior in question should be. Finally, given a sufficient degree of actual control over the behavior, people are expected to carry out their intentions when the opportunity arises (Ajzen, 2002b).

In addition, Theory of Planned Behavior (TPB) as well as Theory of Reasoned Action (TRA) can explain the individual' social behavior by considering "social norm" as an important variable. It is therefore easier for adopters to adopt anything new if they belief it conforms to expectations of the society.
1.6.3. Relevance of theories to IMC

A major key to effective communication is understanding how consumers process the vast amount of information that comes their way each and every day. To cope, people select only that information that is perceived to be important and ignore the rest. Thus, people limit their span of perception as a way of coping. If the marketing message is to be selected and processed, it must: consist of sensory and life experiences that can easily be identified and transformed into a unified concept, have mental relationships to other categorized ideas, and fit into the categories and mental linkages that people have already created for themselves (Schultz et al 2002).

Marketing communication messages that are not recognizable are not related to each other, conflict with what has already been stored, or are simply unrelated or unimportant to the person will simply not be processed, but ignored. Communication only occurs when the consumer accepts, transforms, and categorizes the message. The storage and retrieval system works on the basis of matching incoming information with what has already been stored in memory. If the information matches or enhances what is already there, then the new information will likely be added to the existing concepts and categories. If it doesn't match, the consumer has to make a choice, either the new information can replace what is already there or the new information can be rejected. If rejected, the consumer would continue to use existing concepts and categories and ignore the new. This is called a "judgment system" in that consumers match or test new information against what they already have and then make a judgment to add to, adapt, or reject the new material (Schultz et al 2002). When consumers reject the information or do not add or attach it to what they already have, there is a failure to communicate. In many cases, the failure to communicate is the result of the marketer being unable to match his or her messages or fields of experience with those of the prospect or customer. Consumers use the same information processing approach whether the new data comes from advertising, sales promotions, a salesperson, an article in a newspaper or magazine or from what their neighbor says (Schultz et al 2002). The marketer who presents non-integrated messages risks not having any of his or her messages processed because of the
conflict that occurs in the consumer's information processing system. For this reason marketers must integrate their messages or consumers will simply ignore them.

Schultz et al (2002), state that among models of information processing proposed include networking concepts into categories. These groups of concepts are not only made up of chunks of information, but are also networked together in conceptual relationships. Key to understanding the relationships is understanding the cultural and life experiences that have created the existing network of information chunks that exist in the consumer's head. Models of information processing that include the replacement model assume that it is possible for the marketer to "replace" previously stored information chunks with new ideas (Schultz et al 2002). What is said does not matter as much as how often and how loud the message has been transmitted. With enough exposure, the new will replace the old and the accumulation model of information processing which assumes that message consistency is critical since the consumer accepts, processes, and stores information about the product or service relative to what has already been stored will be accepted (Schultz et al 2002). The judgment system (perceptual consistency) prevents consumers from having multiple concepts or categories for the same message. Information that does not fit is rejected and not filled. That being the case, the need for Integrated Marketing Communication is not only needed, but critical to marketing success.

Pertinent issues arising from the two theories are significant in understanding the behavior exhibited by respondents towards information availed to them. The theories form the basis of analysis as attitude towards new products availed in the market and mode of presentation determine whether they are adopted or not, and if adopted at what rate.

1.7. Limitations and scope of the study

While it is prudent that the study gives up-to-date statistics on various issues, sources available have conflicting figures for instance making it difficult for the researcher to give exact population statistics and subscriber base for the mobile phone services providers in Kenya.
Some information on the implementation strategy used with the adoption of M-PESA could not be divulged by relevant company (Safaricom) sources citing competition in the market. Rigor was achieved through document analysis and persistent observation.

Comparing the adoption of M-PESA and Zain’s Zap would have brought out the different strategies used by each company in the diffusion of the similar innovations and therefore highlight what Zap may not be doing right. However due to the limited time and scope of the study, only superficial issues were compared.

1.8. Ethical considerations

Consent of each participant was sought and principal of voluntary participation was adhered to. The nature and purpose of the study was shared with each participant before being engaged in the research. Confidentiality and privacy was strictly observed by ensuring that names of participants did not appear anywhere on either the questionnaire or the interview schedules. The researcher consequently ensured that all sources of information were properly quoted in order to avoid plagiarism. Results of the study were availed to stakeholders of the research where applicable.

1.9. Opportunities for further research

A considerable number of innovations have failed to penetrate the market in Kenya. Examples include Softa drinks by Kuguru Foods that have been struggling for a market share from the Coca Cola dominated market, the Nyayo car though a great innovation in Kenya did not succeed, Summit beer by Keroche Industries, though having received a high powered launch is struggling for a market share from the Kenya Breweries brands. Further studies on best ways to move from IMC tactics to strategy with these products and innovations would close the gap.

1.10. Dissemination strategy

The study was conducted in partial completion of a master’s programme in Communications. A copy of the final report will go to the library for reference by other
students. A copy of the research paper will also be availed to Safaricom on whose innovation it is based.
CHAPTER TWO: LITERATURE REVIEW

2.0. Introduction

According to Shearon and Melvin (1988), Gabriel Terde\textsuperscript{13} was perturbed by the fact that given one hundred different innovations conceived of at the same time; innovations in the forms of words, mythological ideas, in industrial processes, ten were to spread abroad while ninety were to be forgotten. He decided to study and identify the human decision making process that led people to adopt or reject a given innovation when it came to their attention. A study by Ryan and Gross (1943) the adoption of hybrid seed corn in two Iowa communities gave an insight on human factors that influenced the adoption of any innovation. In the findings of the study a number of background factors influenced the success of the innovation. The condition of the economy was one of the factors. The hybrid seed was introduced to farmers during the great depression years of the 1930s. One characteristic of the seed was that it could not reproduce and farmers had to buy seed any time they needed to plant, unlike the traditional seed which could reproduce. The farmers only needed to select planting seed from their harvests. However the Hybrid seed had vigor and was resistant to drought and diseases leading to much larger crop and of better quality. Nevertheless farmers had to make a decision in respect to these two trade offs. By any measure as reported by Ryan and Gross (1943), the hybrid corn seed was a great success as an agricultural technology innovation and had spread rapidly among many corn growers in many parts of the country. Among issues of concern to Ryan and Gross (1943), in the adoption were the background factors. Findings of the study clearly indicated that the adoption of an innovation depended on a combination of well established interpersonal ties and habitual exposure to mass communication Medias through an IMC strategy (Kotler 2003).

2.1. Diffusion and adoption of innovations

To help implement IMC, Kotler (2003) has noted that some companies appoint a marketing communications director who has overall responsibility for the company’s

\textsuperscript{13} A question of significance at the beginning of the 20\textsuperscript{th} century to Gabriel Terde a French sociologist was why one new thing, practice, or idea was well received and widely adopted, while another was all but ignored. The question was seen as critical to understanding the dynamics of social and cultural change based on the adoption of innovations.
communications efforts. IMC produces better communications consistency and greater sales impact. It places the responsibility in someone’s hands where none existed before to unify the company’s image as it is shaped by thousands of company activities. It leads to a total marketing communication strategy aimed at showing how the company and its products can help customers solve their problems.

According to Kotler (2003) the communication process in IMC involves identifying the target audience and shaping a well-coordinated promotional program to elicit the desired audience response. Too often, marketing communications focus on overcoming immediate awareness, image, or preference problems in the target market. But this approach to communication has limitations: It is too short term and too costly, and most messages of this type fall on deaf ears. Marketers are moving toward viewing communications as managing the customer relationship over time, during the pre-selling, selling, consuming, and post-consumption stages. Because customers differ, communications programs need to be developed for specific segments, niches, and even individuals. Given the new interactive communications technologies, companies must not only ask “how can we reach our customers?” but also “how can we find ways to let our customers reach us?” Kotler (2003). Therefore, the communications process should start with an audit of all the potential interactions that target customers may have with the product and company. For example, someone purchasing a new computer may talk with others, watch television commercials, read articles and advertisements in newspapers and magazines, and try out computers in the store. Marketers must assess the influence that each of these communications experiences will have at different stages of the buying process. This understanding will help them allocate their communication budget more efficiently and effectively. To communicate effectively, Kotler (2003) advises marketers to understand how communication works. Communication involves nine elements Kotler (2003). Two of these elements are the major parties in a communication process i.e. the sender and receiver. Another two are the major communication tools, the message and the media. Four more are major communication functions i.e. encoding, decoding, response, and feedback. The last element is noise in the system. For a message to be effective, the sender’s encoding process must mesh with the receiver’s decoding process.
Therefore, the best messages consist of words and other symbols that are familiar to elements in the communication process. The more the sender’s field of experience overlaps with that of the receiver, the more effective the message is likely to be (Kotler 2003). Marketing communicators may not always share their consumer’s field of experience. For example, an advertising CEO from one social stratum might create adverts for consumers from another stratum say, poor casual laborers. However, to communicate effectively, the marketing communicator must understand the consumer’s field of experience. The nine elements illustrated point out several key factors in a good communication. Senders need to know what audiences they wish to reach and what responses they want. They must be good at encoding messages that take into account how the target audience decodes them. They must send messages through media that reach target audiences, and they must develop feedback channels so that they can assess the audience’s response to the message (Kotler 2003).

2.1.1. Steps in developing effective communication
According to Ogdan (1998) developing an effective IMC plan involves identifying whom to send the message to, how to send it, selecting the message source and collecting feedback. A marketing communicator starts with a clear target audience in mind. The audience may be potential buyers or current users, those who make the buying decision or those who influence it. The audience may be individuals, groups, special publics, or the general public. The target audience will affect the communicator’s decisions on what will be said, how it will be said, when it will be said, where it will be said, and who will say it. After defining the target audience, the marketing communicator must decide what response is desired. In most cases, the final response is purchase. According to Ogdan, (1998) the purchase is the result of a long process of consumer decision making. The target audience may be in any of six buyer readiness stages that consumers typically pass through on their way to making a purchase. These stages are awareness, knowledge, liking, preference, conviction, and purchase (Rogers 1993). The marketing communicator needs to know where the target audience is now and to what stage it needs to be moved. The marketing communicator’s target market may be totally unaware of the product,
know only its name, or know little about it. The communicator must first build awareness and knowledge.

According to Ogdan (1998) suggests that designing a message for the diffusion is important. Having defined the desired audience response, the communicator turns to developing an effective message. Ideally, the message should attract, hold interest, arouse desire, and obtain. In practice, few messages take the consumer all the way from awareness to purchase. In putting together the message, the marketing communicator must solve three problems according to Shiffman and Kanuk, (1994), 1) what to say (message content), 2) how to say it logically (message structure), and 3) how to say it symbolically (message format). In the message content the communicator must identify an appeal or theme that will produce the desired response. There are three types of appeals identified by Shiffman and Kanuk (1994): 1) rational, 2) emotional, and 3) moral. Rational appeals relate to the audience’s self-interest. They show that the product will produce the desired benefits. Rational appeal messages may show a product’s quality, economy, value, or performance. Emotional appeals attempt to stir up either negative or positive emotions that can motivate purchase. Communicators can use such positive emotional appeals as love, pride, joy, and humor. Advocates for humorous messages claim that they attract more attention and create more liking and belief in the sponsor.

Shiffman and Kanuk (1994), explain that the communicator must decide how to structure the message. The first option they suggest is whether to draw a conclusion or leave it to the audience. Early research showed that drawing a conclusion was usually more effective. However, more recent research suggests that the advertiser is often better off asking questions and letting buyers draw their own conclusions. The second structure issue is whether to present a one-sided argument mentioning only the product’s strengths or a two-sided argument touting the product’s strengths while also admitting its shortcomings. Usually, a one-sided argument is more effective in sales presentations except when audiences are highly educated, negatively disposed, or likely to hear opposing claims. In these cases, two-sided messages can enhance the advertiser’s credibility and make buyers more resistant to competitor attacks. The third message
structure issue is whether to present the strongest arguments first or last. Presenting strong arguments first gets strong attention, but may lead to an anti-climactic ending.

The marketing communicator needs a strong format for the message (Shiffman and Kunuk 1998). In a print advert, the communicator has to decide on the headline, copy, illustration, and color among other issues. To attract attention, advertisers can use novelty and contrast; eye-catching pictures and headlines; distinctive formats; message size and position; color, shape, and movement. If the message will be carried over the radio, the communicator must choose words, sounds, and voices. If the message is to be carried on television or in person, then all these elements plus body language have to be planned. Presenters plan their facial expressions, gestures, dress, posture, and hair style. If the message is carried on the product or its package, the communicator has to watch texture, scent, color, size and shape.

Choosing the media is also important (Kotler, 2003). The communicator must select channels of communication. The two types of communication channels are personal and non-personal. Personal communication channels are effective because they allow for personal addressing and feedback. The company controls some personal communication channels directly; company salespeople, for example, contact buyers in the target market. But other personal communications about the product may reach buyers through channels not directly controlled by the company. These may be independent experts, consumer, advocates, consumer buying guides, and others making statements to target buyers. They may also be neighbors, friends, family members, and associates talking to target buyers. The other channel is word-of-mouth influence, which has considerable effect in many product areas. Personal influence carries great weight for products that are expensive, risky, or highly visible. Companies can devote extra effort to selling their products to well known people or companies, who may, in turn, influence others to buy. They can create opinion leaders; people whose opinions are sought by others, by supplying them with the product on attractive terms.
Non-personal communication channels on the other hand are media that carry messages without personal contact or feedback. They include major mass media, atmospheres, and events. Major media include print media (newspapers, magazines, direct mail); broadcast media (radio, television); and display media (billboards, signs, posters). Atmospheres are designed environments that create or reinforce the buyer’s leanings toward buying a product. Events are staged occurrences that communicate messages to target audiences, such as press conferences, grand openings, shows and exhibits, public tours, and other events arranged by public relations departments. Non-personal communication affects buyers directly. Communication first flows from television, magazines, and other mass media to opinion leaders and then from the opinion leaders to others (Kotler 2003). Thus, opinion leaders step between the mass media and their audiences and carry messages to people who are less exposed to media. This suggests that mass communicators should aim their messages directly at opinion leaders, letting them carry the message to others.

Selecting the message source in either personal or non-personal communication is important; the message’s impact on the target audience is affected by how the audience views the communicator. Messages delivered by credible sources are more persuasive. Therefore, marketers hire celebrity endorsers’ such as well-known athletes, actors, and even cartoon characters to deliver their messages (Kotler 2003). After sending the message, the communicator must research its effect on the target audience and also measure behavior resulting from the message e.g. how many people bought a product, talked to others about it, or visited the store. Feedback on marketing communications may suggest changes in the promotion program or in the product offer itself.

2.1.2. Implementation of the communication process
According to Kotler et al (2000), after planning how to send information to the target audience the company has to decide on the total promotion budget and its division among the major promotional tools to create the promotion mix. Four common methods are used to set the total budget for advertising according to Russell and Lane (1993). These include: 1) the affordable method; 2) the percentage-of-sales method; 3) the competitive-parity method, and; 4) the objective- and- task-method. In the affordable method
companies set the promotion budget at the level they think the company can afford. Unfortunately, this method of setting budgets completely ignores the effects of promotion on sales. It tends to place advertising last among spending priorities, even in situations in which advertising is critical to the firm’s success. It leads to an uncertain annual promotion budget, which makes long-range market planning difficult. Although the affordable method can result in overspending on advertising, it more often results in under-spending.

Other companies use the percentage-of-sales method setting their promotion budget at a certain percentage of current or forecasted sales or they budget a percentage of the unit sales price (Russell and Lane 1993). The percentage-of-sales method has a number of advantages. First, using this method means that promotion spending is likely to vary with what the company can “afford.” It also helps management to think about the relationship between promotion spending, selling price, and profit per unit. Finally, it supposedly creates competitive stability because competing firms tend to spend about the same percentage of their sales on promotion. Despite these claimed advantages, however, the percentage-of-sales method has little to justify it. It wrongly views sales as the cause of promotion rather than as the result. The budget is based on availability of funds rather than on opportunities. It may prevent the increased spending sometimes needed to turn around falling sales. Because the budget varies with year-to-year sales, long-range planning is difficult. Finally, the method does not provide any basis for choosing a specific percentage, except what has been done in the past or what competitors are doing.

Still other companies use the competitive-parity method (Russell and Lane 1993) setting their promotion budgets to match competitors’ outlays. They monitor competitors’ advertising or get industry promotion spending estimates from publications or trade associations, and then set their budgets based on the industry average. Two arguments support this method. First, competitors’ budgets represent the collective wisdom of the industry. Second, spending what competitors spend helps prevent promotion wars. Unfortunately, neither argument is valid. There are no grounds for believing that the competition has a better idea of what a company should be spending on promotion than
does the company itself. Companies differ greatly, and each has its own special promotion needs. Finally, there is no evidence that budgets based on competitive parity prevent promotion wars.

The most logical budget setting method according to Russell and lane (1993) is the objective-and-task method, whereby the company sets its promotion budget based on what it wants to accomplish with promotion. This budgeting method entails defining specific promotion objectives; determining the tasks needed to achieve these objectives; and estimating the costs of performing these tasks. The sum of these costs is the proposed promotion budget. The objective-and-task method forces management to spell out its assumptions about the relationship between money spent and promotion results. But it is also the most difficult method to use. It is often hard to determine which specific tasks will achieve specific objectives.

After setting the total promotion budget (Kotler 2003), the company now must divide the total promotion budget among the major promotion tools i.e. advertising, personal selling, sales promotion, and public relations. It must blend the promotion tools carefully into a coordinated promotion mix. Many factors influence the marketer’s choice of promotion tools. Each promotion tool, advertising, personal selling, sales promotion, public relations, and direct marketing has unique characteristics and costs. Marketers must understand these characteristics in selecting their tools. Advertising can reach masses of geographically dispersed buyers at a low cost per exposure and enables the seller to repeat a message many times. Television advertising, for example, reaches huge audiences. Advertising says something positive about the seller’s size, popularity, and success. Because of advertising’s public nature, consumers tend to view advertised products as more legitimate. Advertising is also very expressive. It allows the company to dramatize its products through the artful use of visuals, print, sound, and colour. On the one hand, advertising can be used to build a long-term image for a product. For example Coca-Cola – the product image is laden with sentimentality t-shirts, hats, collective memorabilia: a symbol of quality and enjoyment (Bettman et al 1998).
Sales promotion according to Kotler (2003) includes a wide assortment of tools, including coupons, contests, cents-off deals, premium public relations and direct marketing. The tools attract consumer attention and provide information that may lead to a purchase. They offer strong incentives to purchase by providing inducements or contributions that give additional value to consumers. And sales promotions invite and reward quick response. Sales promotion can be used to dramatize product offers and to boost sagging sales. Sales promotion effects are usually short lived, however, and are not effective in building long-run brand preference. Some of the tools include public relations and direct marketing. According to Kotler (2003) public relations as a tool offers several benefits. It is very believable. News stories, features, and events seem more real and believable to readers than advertisements do. It can reach many prospects who avoid salespeople and advertisements. The message gets to the buyers as news rather than as a sales directed communication. And, like advertising, public relations can dramatize a company or product. Kotler (2003) is of the view that marketers tend to under use public relations or to use it as an afterthought. Yet a well-planned public relations campaign used with other promotion mix elements can be very effective and economical.

Direct Marketing includes direct mail, telemarketing, electronic marketing, and online marketing, among others, which all share four distinctive characteristics (Kotler 2003). First he is of the observation that the forms are non-public. The message is normally addressed to a specific person. It is also immediate and customized; messages can be prepared very quickly and can be tailored to appeal to specific consumers. Finally, direct marketing is interactive in that it allows a dialogue between the marketer and consumer, and messages can be altered depending on the consumer’s response. Kotler (2003) recommends direct marketing for highly targeted marketing efforts and to building one-on-one customer relationships.

According to Percy (1997), marketers can now choose from two basic promotion mix strategies push promotion or pull promotion. A push strategy involves “pushing” the product through distribution channels to final consumers. The producer directs its marketing activities primarily through personal selling and trade promotion toward
channel members to induce them to carry the product and to promote it to the final consumers. Using a pull strategy, the producer directs its marketing activities, primarily advertising and consumer promotion toward the final consumers to induce them to buy the product. If the pull strategy is effective, consumers then will demand the product from channel members, who will in turn demand it from producers. Thus, under a pull strategy, consumer demand “pulls” the product through the channels. Companies consider many factors when developing their promotion mix strategies, including type of product-market and the product life-cycle stage. Consumer goods companies usually “pull” more, putting more of their funds into advertising, followed by sales promotion, personal selling, and then public relations. In contrast, business-to-business marketers tend to “push” more, putting more of their funds into personal selling, followed by sales promotion, advertising, and public relations. In general, personal selling is used more heavily with expensive and risky goods and in markets with fewer and larger sellers. The effects of different promotion tools also vary with stages of the product life-cycle (Percy 1997). In the introduction stage, advertising and public relations are good for producing high awareness, sales promotion is useful in promoting early trial, and personal selling must be used to get the trade to carry the product. In the mature stage, sales promotion again becomes important relative to advertising: buyers know the brands, and advertising is needed only to remind them of the product. In the decline stage, advertising is kept at a reminder level, public relations is dropped, and salespeople give the product only a little attention; however, sales promotion might continue to be strong.

Schultz et al (1992), recommend that after setting the promotion budget and mix, the company must take steps to see that all of the promotion mix elements are smoothly integrated. This would include analyzing trends, internal and external that can affect the company’s ability to do business. This is done by looking for areas where communications can help the most, determination of the strengths and weaknesses of each communications function, developing a combination of promotional tactics based on the strengths and weaknesses, audit of the pockets of communications spending throughout the organization, itemization of the communications budgets and tasks and consolidating them into a single budgeting process. They recommend the reassessing of
all communications expenditures by product, promotional tool, stage of the life-cycle, and observed effect, identification of all contact points for the company and its brands. They also work to ensure that communications at each point are consistent with the overall communications strategy and that the communications efforts occur when, where, and how the customers want them. Schultz et al (1993) encourage teaming up in communications planning through the following measures: 1) inclusion of customers, suppliers, and other stakeholders at every stage of communications planning and creation of compatible themes, tones, and quality across all communications media; 2) ensuring each element carries the unique primary messages and selling points to achieve greater impact and prevent the unnecessary duplication of work across functions; 3) creation of performance measures that are shared by all communications elements; 4) developing of systems to evaluate the combined impact of all communications activities; and; 5) appointing of a director responsible for the company’s persuasive communications efforts. The move encourages efficiency by centralizing planning and creating shared performance measures.

2.2. Innovation adoption models

Several communication models explain the adoption of technological innovations. Some are discussed below:

2.2.1. The Lazy User Model (LUM)

The Lazy User Model (LUM) of Solution Selection model (2007) tries to explain how an individual selects a solution to fulfill a need from a set of possible solution alternatives. According to Terald and Collan (2009), users will most likely choose the solution that will fulfill a need with the least effort. Lazy user model posits that a solution is selected from a set of available solutions based on the amount of effort the solutions require from the user - the user is supposed to select the solution that carries the least effort. The model draws from earlier works on how least effort affects human behavior in information seeking and in scaling of language.
The model starts from the observation that there is a user need, i.e. it is expected that there is a “clearly definable, fully satisfiable want” that the user want’s satisfied (it can also be said that the user has a problem and he/she wants the problem solved). So there is a place for a solution / product / service. The user need defines the set of possible solutions (products, service etc.) that fulfill the user need, therefore only the solutions that solve the problem are relevant. This logically means that the need defines the possible satisfying solutions - a set of solutions (many different products / services) that all can fulfill the user need. LUM is not limited to looking at one solution separately. The user state includes, age, wealth, location etc; everything that determines the state of the user in relation with the solutions in the set of the possible solutions to fulfill the user need. The Lazy User Model assumes that the user will make the selection from the limited set based on the lowest level of effort. Effort is understood as the combination of monetary cost + time needed + physical / mental effort needed.

2.2.2. Technology Acceptance Model (TAM)

Technology Acceptance Model (TAM) proposed by Davis (1989) is an information systems theory that explains how users come to accept and use a technology. It suggests that, when users are presented with a new technology, a number of factors influence their decision about how and when they will use it. Understanding the user’s behaviour towards a new innovation is key in the technology adoption process. TAM consists of two beliefs, perceived utilities and perceived ease of application, which determine attitudes to adopt a new technology (Davis 1989). The attitude towards adoption depicts the prospective adopter's positive or negative orientation/ behavior about adopting a new technology. According to Davis (1989) attitudes towards adoption are determined by relevant internal beliefs and are influenced by factors such as; 1) perceived ease of adoption; 2) apprehensiveness; 3) perceived utilities of technology (extrinsic motivation); 4) enjoyment (intrinsic motivation). In addition, individual characteristics like age, qualification, their prior experiences in adopting technology; technology suppliers' commitment; compatibility with existing technology and enhanced value are important factors. Social pressure is also another important factor.
Perceived ease of adoption is operationally defined as "the degree to which the prospective adopter expects the new technology adopted to be free of effort regarding its transfer and utilization" (Davis 1989). This measure reflects the potential difficulty for the adopter to utilize the new technology, especially if one is required to learn how to use the new technology. Improvement in ease of adoption can be instrumental to the utilization of technology. Perceived ease of adoption can also affect attitude directly. An innovation that is easy to implement and transfer can considerably reduce the time and effort a recipient needs to invest in the adoption. There is also a perceived probability that, the less complicated the transfer and application is, the more likely it will be successfully accomplished.

Apprehensiveness refers to the anxiety of using a new medium or technology. Apprehensions about adopters’ capability and preparedness to accept new technology especially consequential costs in the event of technology failure are enormous. Though this is considerably taken care of thorough simulation modeling, demonstration in pilot scale to address issues of observability and trailability, adopters still get worried when new innovations are introduced (Davis 1989).

Perceived Utilities of Technology (PU) (extrinsic motivation) is operationally defined as "the prospective adopter's subjective probability that applying the new technology from outside sources will be beneficial to the adopters personal well being" (Davis 1989). For organizations, utility usually means economic benefits resulting from adopting a new technology. These benefits may consist of increases in productivity, enhancement of product quality, cost savings, improvement in market share and entry of new market. To an individual adopter utility is most likely the result of improved performance and the associated intrinsic and extrinsic rewards. Intrinsic motivation induces activities where there is no apparent reward except the activity itself (Davis 1989). Intrinsically motivated behavior arises from people’s need to feel competent and self-determining in dealing with their environment. There is an inner drive to learn, learning is an investment. This enthusiasm may taper with age.

Adoption experiences can be a function of the accumulated technical knowledge of the adopters and the augmented working relationships with the technology suppliers through
previous experiences. Previous experiences with the technology provide an excellent opportunity for the adopter to collect important information regarding the technology and provide the needed personnel for similar future engagement. Moreover, the adopter is in a better position to evaluate the needs and requirements of the technology more accurately and can develop an understanding of the level of support required from the suppliers of the technology. Knowledge accumulation is cumulative for most technologies (Davis 1989). The adoption of new technology carries a high risk (Davis 1989). The level of perceived commitment from suppliers can help reduce this perceived risk through the transmission of adequate information from the suppliers to the adopters. Supportive commitments from suppliers are expected to be the most critical in the area of resources support. In many cases, resource commitment by suppliers can often affect the recipient's ability to absorb the technology. The more extensive the support, the more positive is the degree of perceived supplier's commitment.

The compatibility of a new technology is to a large extent the subjective judgment of the decision-makers. The more a new technology is perceived to be compatible with existing technology, the higher is the confidence of mastering the new technology and the more positive the attitude that can be derived.

In addition to the benefits derived directly from the technology itself, Davis (1989) is of the view that there could be some other forms of benefit relating indirectly to the adoption of the technology such as the generation or enhancement of a quality image or a novelty perception from adopting the technology. Such benefits can generate extra value as perceived from the user's point of view. Hence, the attitudes towards adopting the technology may not only be related to the utilization point of view, but also incorporate the perception of the extra (enhanced) value carried by the new technology to the users. The more experience a perspective adopter has, the better the understanding the adopter will have of the new technology. A better understanding of the technology will allow the adopter to better appreciate the additional value carried by the new technology.

Social norms have significant effects on system usage. Norm is the most frequently occurring pattern of overt behaviour for the members of a particular social system. For
certain innovations, the social prestige that the product conveys to its user may be the sole benefit that the adopter receives (Davis 1989).

Findings of the two models were crucial in understanding what influences peoples behavior. The Lazy User Model helped in the study because innovations are judged by the user according to their adaptability. Those perceived to require extra effort may be rejected. On the other hand human beings do not act in isolation, they seek approval from their significant others, they also adopt what is acceptable in order to conform to societal expectations.

2.3. Factors influencing diffusion and adoption of innovations

Rogers (2003) defines diffusion as the process by which an innovation is communicated through certain channels overtime among the members of a social system. Thus it is a special type of communication concerned with the spreading messages that are perceived as new ideas. The four main elements in the diffusion of new ideas are the innovation, communication channels, time, and the social system.

2.3.1. The innovation

An innovation is an idea, practice, or object that is perceived as new by an individual or other unit of adoption. The characteristics of an innovation, as perceived by the members of a social system, determine its rate of adoption and explain why certain innovations spread more quickly than others. The characteristics which determine an innovation's rate of adoption are: relative advantage, compatibility, complexity, trialability, and observability (Rogers 2003),

Rogers (2003), explains that though the degree of relative advantage may be measured in economic terms, social prestige, convenience, and satisfaction are also important factors. It does not matter so much if an innovation has a great deal of objective advantage. What does matter is whether an individual perceives the innovation as advantageous. The greater the perceived relative advantage of an innovation, the more rapid its rate of adoption will be.
Compatibility is the degree to which an innovation is perceived as being consistent with the existing values, past experiences, and needs of potential adopters. An idea that is incompatible with the values and norms of a social system will not be adopted as rapidly as an innovation that is compatible. The adoption of an incompatible innovation often requires the prior adoption of a new value system, which is a relatively slow process.

Rogers (2003) defines complexity as the degree to which an innovation is perceived as difficult to understand and use. Some innovations are readily understood by most members of a social system; while others are more complicated and are adopted more slowly. New ideas that are simpler to understand are adopted more rapidly than innovations that require the adopter to develop new skills and understanding.

Trialability is the degree to which an innovation may be experimented with on a limited basis. New ideas that can be tried on an installment plan are generally adopted more quickly than innovations that are not divisible. An innovation that is triable represents less uncertainty to the individual who is considering it for adoption, who can learn by doing.

Observability is the degree to which the results of an innovation are visible to others. The easier it is for individuals to see the results of an innovation, the more likely they are to adopt it. Such visibility stimulates peer discussion of a new idea, as friends and neighbors of an adopter often request innovation-evaluation information about it.

In summary, then, innovations that are perceived by individuals as having greater relative advantage, compatibility, trialability, observability, and less complexity are adopted more rapidly than other innovations.

2.3.2. The Communication Channel

The second main element in the diffusion of new ideas is the communication channel. Communication in this context is the process by which participants create and share information with one another in order to reach a mutual understanding (Rogers 2003). A communication channel is the means by which messages move from one individual to
another. Rogers (2003) affirms that mass media channels are more effective in creating knowledge of innovations, whereas interpersonal channels are more effective in forming and changing attitudes toward a new idea, and thus in influencing the decision to adopt or reject a new idea. He adds that most individuals evaluate an innovation, not on the basis of scientific research by experts, but through the subjective evaluations of near-peers who have adopted the innovation.

2.3.3. Time

The third main element in the diffusion of new ideas is time. Rogers (2003) identifies three ways in which the time dimension is involved in diffusion. First, it is involved in the innovation-decision process. The innovation-decision process is the mental process through which an individual (or other decision-making unit) passes from first knowledge of an innovation to forming an attitude toward the innovation, to a decision to adopt or reject, to implementation of the new idea, and to confirmation of this decision. An individual seeks information at various stages in the innovation-decision process in order to decrease uncertainty about an innovation's expected consequences. The second way in which time is involved in diffusion is in the innovativeness of an individual or other unit of adoption. Rogers (2003) defines innovativeness as the degree to which an individual or other unit of adoption is relatively earlier in adopting new ideas than other members of a social system. Rogers (2003) further identified five adopter categories, or classifications of the members of a social system on the basis on their innovativeness. These are: innovators, early adopters, early majority, late majority, and laggards.

Innovators are the first 2.5 percent of the individuals in a system to adopt an innovation. Rogers (2003) claims that venturesomeness is almost an obsession with innovators. Their interest in new ideas leads them out of a local circle of peer networks and into more cosmopolite social relationships. Communication patterns and friendships among a clique of innovators are common, even though the geographical distance between the innovators may be considerable. Rogers (2003) identifies innovator prerequisites as; 1) control of substantial financial resources in order to absorb the possible loss from an unprofitable innovation; 2) the ability to understand and apply complex technical knowledge is also
needed and; 3) ability to cope with a high degree of uncertainty about an innovation at the
time of adoption. Though an innovator may not be respected by the other members of a
social system, he plays an important role in the diffusion process of launching the new
idea in the system by importing the innovation from outside of the system's boundaries.
Thus, the innovator according to Rogers (2003) plays a gate keeping role in the flow of
new ideas into a system.

Early adopters are the next 13.5 percent of the individuals in a system to adopt an
innovation Rogers (2003). Early adopters are a more integrated part of the local system
than are innovators. Whereas innovators are cosmopolites, early adopters are localities.
This adopter category, more than any other, has the greatest degree of opinion leadership
in most systems. Potential adopters look to early adopters for advice and information
about the innovation. This adopter category is generally sought by change agents as a
local missionary for speeding the diffusion process. Because early adopters are not too far
ahead of the average individual in innovativeness, they serve as role-models for many
other members of a social system. The early adopter is respected by his or her peers, and
is the embodiment of successful, discrete use of new ideas. The early adopter knows that
to continue to earn this esteem of colleagues and to maintain a central position in the
communication networks of the system; he or she must make judicious innovation-
decisions. The early adopter decreases uncertainty about a new idea by adopting it, and
then conveying a subjective evaluation of the innovation to near-peers through
interpersonal networks.

Early majority is the next 34 percent of the individuals in a system to adopt an
innovation (Rogers, 2003). The early majority adopt new ideas just before the average member of a
system. The early majority interacts frequently with their peers, but seldom holds
positions of opinion leadership in a system. The early majority's unique position between
the very early and the relatively late to adopt makes them an important link in the
diffusion process. They provide interconnectedness in the system's interpersonal
networks. The early majority are one of the two most numerous adopter categories,
making up one-third of the members of a system. The early majority may deliberate for
some time before completely adopting a new idea. They follow with deliberate willingness in adopting innovations, but seldom lead.

Late majority is the next 34 percent of the individuals in a system to adopt an innovation. The late majority adopts new ideas just after the average member of a system. Like the early majority, the late majority makes up one-third of the members of a system. Adoption may be the result of increasing network pressures from peers. Innovations are approached with a skeptical and cautious air, and the late majority do not adopt until most others in their system have done so. The weight of system norms must definitely favor an innovation before the late majority is convinced. The pressure of peers is necessary to motivate adoption. Their relatively scarce resources mean that most of the uncertainty about a new idea must be removed before the late majority feel that it is safe to adopt (Rogers 2003).

Laggards are the last 16 percent of the individuals in a system to adopt an innovation Rogers (2003). They possess almost no opinion leadership. Laggards are the most localite in their outlook of all adopter categories. Many are near isolates in the social networks of their system. The point of reference for the laggard is the past. Decisions are often made in terms of what has been done previously. Laggards tend to be suspicious of innovations and change agents. Resistance to innovations on the part of laggards may be entirely rational from the laggard's viewpoint, as their resources are limited and they must be certain that a new idea will not fail before they can adopt it.

The rate of adoption is the third way in which time is involved in diffusion. Rogers (2003) defines it as the relative speed with which an innovation is adopted by members of a social system. The rate of adoption is usually measured as the number of members of the system that adopt the innovation in a given time period. An innovation's rate of adoption is influenced by the five perceived attributes of an innovation (relative advantage, compatibility, triability, complexity and observability).
2.3.4. The social System

The fourth main element in the diffusion of new ideas is the social system. A social system is a set of interrelated units that are engaged in joint problem-solving to accomplish a common goal (Rogers 2003). The members or units of a social system may be individuals, informal groups, organizations, and/or subsystems. The social system constitutes a boundary within which an innovation diffuses.

2.4. Major innovations that have failed

Innovations do not always succeed. The world has seen many inventions come and go. Some experience some period of acceptance then get phased out. An example of an innovation that was received well but failed is the Concorde. The Concorde was a masterpiece of technology but a commercial failure according to Gray, 2009. It was an engineering marvel admired by many and the envy of airlines around the world. After its maiden flight in 1969, Concorde was heralded as the dawn of a new age of supersonic passenger air travel. Unfortunately, however, just 20 of the aircrafts were ever built as the high running costs saw a trip on Concorde become a luxury flight rather than routine transport. A combination of the Air France crash in 2000 and the slump in air travel following the September 11 terrorist attacks saw the plane finally retired from service from the two airlines that operated them i.e. British Airways and Air France. Today, airline passengers can barely travel at half the speed reached by the Concorde. (Gray 2009).

In the 1950s, predictions of what life would be like by the end of the millennium placed domestic robots firmly into the domestic setting. Intelligent, autonomous machines would move out of the science fiction movies and into homes. They would help housewives with domestic chores from vacuuming to washing up. Today, robots are now only just finding use in military settings in the guise of unmanned aircraft and bomb disposal drones, but still have to be remotely controlled by humans. Small numbers of robotic vacuum cleaners that trundle around the home sweeping up crumbs have been sold, but

14 Richard Grey a science correspondent provides online, the list compiled by a panel of 20 experts from the British Science Association for the National Science and engineering week on Innovations that should have changed the world but didn’t manage.
sadly most home owners still have to get their hands dirty without the aid the mechanical helper. (Gray 2009).

Seen as the answer to the world's energy problems in the 1950s, there were predictions almost everything from cars to kitchen appliances would become nuclear powered. Fears over safety and difficulties in disposing of the radioactive waste got in the way. For the past thirty years, nuclear power has fallen out of favor with the public and policy-makers, leading to delays in making decisions about replacing the creaking network of old nuclear power stations in developing countries such as the U.K. Now faced with diminishing fossil fuels and an impending energy crisis, investments in nuclear power have been reinvigorated and the governments have announced its intentions to construct new power stations. (Gray 2009).

The telegram in Kenya was the fastest money transfer service ever experienced. Charges depended on the amount of money sent and the number of words in the message. However due to high operational costs and competition the service was withdrawn from the market. PostaPay an instant money transfer service of the Postal Corporation of Kenya which enabled customers to and retrieve money from any Post Office also hit a snag after the government commissioned auditors to investigate the integrity of the electronic money transfer service following reports of millions of shillings lost to fraudsters. Controversy also surrounded the agreement between the Postal Corporation and Afripayments\(^\text{15}\) with the Permanent Secretary (PS) Ministry of Information and Communications Mr. Bitange Ndemo, stating that the software supplier had been left with undue control over the Postapay operations exposing the Postal Corporation with heavy revenue losses (Wanjiru, 2008). The service was officially shut down on 27\textsuperscript{th} January 2009.

When the Nyayo pioneer car was launched in the 1980s, it was seen as Kenya’s technological breakthrough, but it did not take long before its collapse. Co-owned by the Kenya Railways, University of Nairobi and the Department of Defense, the innovation

\(^{15}\) Afripayments is the software company that entered into agreement with the Postal Corporation of Kenya to offer the PostaPay money transfer service. According to the agreement, 80% of profits went to Afripayments while 20% went to the Postal Corporation.
was meant to launch Kenya to vehicle manufacturing leave alone assemblage. However according to Makanga (2003), the billions allocated for the failed project went unaccounted for. The firm collapsed in December 2000, after the government failed to inject 7.5 billion needed for the mass production of the cars (Makanga 2003). Only five cars known as the Nyayo Pioneer Cars were assembled and still lie inside the Kenya Railways yard.

Failure is an inevitable part of the innovation process according to O'Sullivan 2002, and most successful organizations factor in an appropriate level of risk. O'Sullivan (2002) is of the view that perhaps it is because all organizations experience failure that many choose not to monitor the level of failure very closely. The impact of failure goes beyond the simple loss of investment. Failure can also lead to loss of morale among employees, an increase in cynicism and even higher resistance to change in the future.

Innovations that fail are often potentially good ideas but have been rejected or postponed due to budgetary constraints, lack of skills or poor fit with current goals. Failures should be identified and screened out as early in the process as possible. Early screening avoids unsuitable ideas devouring scarce resources that are needed to progress more beneficial ones. Organizations can learn how to avoid failure when it is openly discussed and debated. The lessons learned from failure often reside longer in the organizational consciousness than lessons learned from success. While learning is important, high failure rates throughout the innovation process are wasteful and a threat to the organization’s future (O'Sullivan, 2002).

The causes of failure can vary considerably according to O'Sullivan, (2002). Some causes are external to the organization and outside its influence of control. Others are internal and ultimately within the control of an organization. Internal causes of failure can be divided into causes associated with the cultural infrastructure and causes associated with the innovation process itself. Failure in the cultural infrastructure varies between organizations but the following are common across all organizations at some stage in their life cycle: 1) Poor Leadership; 2) Poor Organization; 3) Poor Communication; 4) Poor Empowerment; and 5) Poor Knowledge Management.
Common causes of failure within the innovation process in most organizations can be distilled into five types: 1) Poor goal definition; 2) Poor alignment of actions to goals; 3) Poor participation in teams; 4) Poor monitoring of results and; 4) Poor communication and access to information (O'Sullivan, 2002).

Effective goal definition requires that organizations state explicitly what their goals are in terms understandable to everyone involved in the innovation process (O'Sullivan, 2002). This often involves stating goals in a number of ways. Effective alignment of actions to goals should link explicit actions such as ideas and projects to specific goals. It also implies effective management of action portfolios. Participation in teams refers to the behaviour of individuals in and of teams, and each individual should have an explicitly allocated responsibility regarding their role in goals and actions and the payment and rewards systems that link them to goal attainment. Finally, effective monitoring of results requires the monitoring of all goals, actions and teams involved in the innovation process.

Innovation can fail if seen as an organizational process whose success stems from a mechanistic approach i.e. 'pull lever obtain result'. While 'driving' change has an emphasis on control, enforcement and structures, it is only a partial truth in achieving innovation. Organizational gatekeepers frame the organizational environment that "Enables" innovation; however innovation is "Enacted" – recognized, developed, applied and adopted – through individuals (O'Sullivan, 2002).

2.5. Role of IMC in innovations diffusion and adoption
According to Schultz, et al (1993), a company's total marketing communications mix, consists of the specific blend of advertising, personal selling, sales promotion, and public relations tools that the company uses to pursue its advertising and marketing objectives. The five major types of promotion are: advertising, personal selling, sales promotion, public relations and direct marketing. Each type of promotion has its own tools. Advertising includes print, broadcast, outdoor, and other forms. Personal selling uses sales presentations, trade shows, and incentive programs. Sales promotion uses point-of-purchase displays, premiums, discounts, coupons, specialty advertising, and demonstrations while direct marketing uses catalogues, telemarketing, fax transmissions,
and the Internet. Due to technological breakthroughs, marketers can now communicate through traditional media (newspapers, radio, telephone, and television), as well as its newer forms (fax machines, cellular phones, pagers, and computers). These new technologies have encouraged more companies to move from mass communication to more targeted communication and one-on-one dialogue. At the same time, communication goes beyond these specific promotion tools. The products design, its price, the shape and color of its package, and the stores that sell it all communicate something to buyers. Thus, although the promotion mix is the company’s primary communication activity, the entire marketing mix promotion and product, price, and place must be coordinated for greatest communication impact (Schultz et al 1993).

Two major factors are changing the face of today’s marketing communications. First, as mass markets have fragmented, marketers are shifting away from mass marketing and developing focused marketing programs, designed to build closer relationships with customers in more narrowly defined micro-markets. Second, vast improvements in information technology are speeding the movement toward segmented marketing. Today’s information technology helps marketers to keep closer track of customer needs—more information about consumers at the individual and household levels is available than ever before. New technologies also provide new communications avenues for reaching smaller customer segments with more tailored messages (Kitchen and Schultz et al 2000).

Companies carefully integrate and coordinate their many communication channels to deliver a clear, consistent, and compelling message about the organization and its products. IMC builds a strong brand identity in the marketplace by tying together and reinforcing all images developing the marketing mix messages. IMC means that all the corporate messages, positioning and images, and identity are coordinated across all marketing communications venues. For instance it ensures that Public Relations materials say the same thing as the direct mail campaign, and the advertising has the same look and feel as the Web site. The IMC solution calls for recognizing all contact points at which the customer may encounter the company, its products, and its brands. Each brand
contact will deliver a message, whether good, bad, or indifferent. The company must strive to deliver a consistent and positive message at all contact points.

Above all companies must be devoted in the implementation process. They must clearly establish expectation, develop knowledge base, provide support structures, provide resources and facilitate the process.
CHAPTER THREE: RESEARCH METHODOLOGY

3.0. Introduction

The chapter highlights the type of research used, paradigm of research, research method, population of research, data collection, data analysis and report writing.

3.1. Type of Research

A research design provides a framework for the collection and analysis of data and the choice gives a reflection on priorities that have been given to the range of dimensions of the research process (Bryman 2001). In this research the mixed research method was used. However the study heavily focused on the qualitative research design. Creswell (1994:15) describes qualitative research as an inquiry process of understanding a social or human problem based on building a complex holistic picture with words, reporting detailed views of informants and conducted in the natural setting. Mashall and Rossman (1980) are of the view that human behavior is significantly influenced by the setting in which it occurs. Thus one must study that behavior in its context. The physical setting (schedules, space, internalized notions of norms, traditions, roles and values) are crucial contextual variables. Therefore research must be conducted in the setting where all contextual variables are operating and human behavior cannot be understood without understanding the framework which subjects interpret their thoughts, feelings and actions.

The aim of the study was to determine the role of IMC in the adoption of M-PESA. M-PESA is a case and the researcher studied the existing situation without manipulating variables. Hence qualitative research design was the most appropriate as respondents were required to describe the phenomena. The study focused on the methods used to diffuse information on M-PESA which could be applied to other innovations and in this case M-PESA happens to be an example of an innovation that has experienced rapid adoption. Therefore concern was about the process and the product. The researcher investigated the rapid adoption of the innovation and was directly involved in seeking views of the implementers, service providers and users on what really influenced the
rapid adoption which seemed unique in comparison to the struggle other similar innovations were going through. Focus was on what users, providers and implementers had to say in regard to the role of IMC in the diffusion of information and this provided room for intensive interviewing and observation. The research was fundamental in creating a holistic picture of the objectives of the study. Behavior exhibited from the experiences of all participants determined the final analysis and assumptions were inferred from the research results. Quantitative research was used to measure the adoption rate and rank various tools in regard to influence on adopters in various stages of the adoption.

3.2. Paradigm of research

The study was heavily dependent on the interpretivism paradigm of research. There is belief that knowledge is about the way people make meaning in their lives and what meaning they make. It is based on observable phenomena, subjective beliefs, values, reasons and understandings. Theory is therefore shaped by social cultural context. It is for this reason that the researcher sought to find out why similar innovations do not necessarily get adopted at the same rate: what is it that makes the difference? The study manifested M-PESA money transfer services as having conformed to requirements of the Kenyan people, other innovations similar to M-PESA had not, what could be attributed to M-PESA and not the other innovations?

The study was based on the notion that the world is complex and dynamic and is constructed, interpreted and experienced by people in their interactions with each other and with the wider social systems and therefore cannot be generalized. If it were to be generalized then the Castle beer brand, a success story in South Africa would not have failed but would have been automatically accepted in Kenya or Zain which does well in the Arab world would be experiencing the same success in Kenya but that’s not the case.

3.3. The research Method

The study was a case study. Mugenda and Mugenda (1999) define a case study as an in-depth investigation of an individual group, institution or phenomenon. The case is an
example of a class of events or group of individuals. Wimmer and Dominick (2006)) also define a case study as an empirical inquiry that uses multiple sources of evidence to investigate a contemporary phenomenon within its real life context, in which boundaries between the phenomenon and its context are not clearly evident. The case study focused on the IMC strategies used by Safaricom to diffuse information on M-PESA innovation. The final product of the study was a detailed description of the strategies used with M-PESA explaining how and why the rapid adoption occurred. This will help people understand the phenomenon by getting new interpretations, perspectives meaning and fresh insights. Examined data gave information which could be applied to other innovations in the hope of achieving success in the market. The purpose of the study was to determine factors and relationships that influenced adoption of innovations, and in this case the investigation made a detailed examination of the IMC strategies involved in the adoption of M-PESA, documenting the approach used for future innovations and making available the same to other innovations entering the market.

The study method afforded the researcher the ability to deal with a wide range of evidence from documents, interviews, questionnaires and observation permitting triangulation of the phenomenon under study (Wimmer and Dominick, 2006). In addition the multiple sources improved the reliability and validity of the study.

3.4. Research Population and sampling

The research population comprised; M-PESA users in Nairobi, M-PESA agents, shop assistants and an official from Safaricom M-PESA department.

3.4.1. Sampling size

The appropriateness of any sampling is evaluated in terms of the particular needs of the study at hand. Again the term sampling may refer to the process of selecting a number of individuals for a study in such a way that the individuals selected represent the large group from which they were selected (Mugenda and Mugenda (1999). Whereas the M-PESA providers in Nairobi are few, the users are many and it is neither possible to state a figure nor attribute them to a specific area. Nairobi is a habitat of people from all parts of
Kenya, people would probably have been registered in other places in Kenya but during the time of the study they may be transacting in M-PESA in Nairobi. Being a qualitative research, Kasomo (2006) suggests that a sample is said to be representative if certain known percentage frequency distributions of elements and characteristics within the sample are similar to the corresponding distributions within the whole population. A large number may not be practical and the researcher was of the view that 20 M-PESA users registered and constituting male and female users, 20 shop assistants (service providers), and seven agents were suitable for the study.

3.4.2. Sampling techniques

Multi stage cluster sampling was used. All M-PESA outlets were identified from a sampling frame (obtained from Top Image). Safaricom has divided Nairobi into four regions. Nairobi CBD, Nairobi West, Nairobi East and Nairobi North. Since the population is large and scattered, random sampling was done to select one region which was Nairobi west. Since each region again comprised many residential or settlement areas, a form of settlement area was selected randomly (for example Westlands, Embakasi, Ongata Rongai, Ngong, etc) which was Ongata Rongai. Ongata Rongai at the time of the study had about 90, outlets though the number continued to increase by the day. Random sampling was used to come up with 20 outlets to be included in the final study (assistants in the 20 shops were used to fill in the questionnaire).

From the M-PESA outlets sampled in the multi-stage cluster sampling, the researcher further randomly selected two M-PESA outlets from where users were selected. The researcher selected every 5th female and male who performed an M-PESA transaction from the two outlets. According to Mugenda and Mugenda (1999) cases of subjects are picked because they are informative or they posses the required characteristics. 10 users were selected from each of the two outlets. They were then interviewed by the researcher.

Snowball sampling method was used to identify M-PESA agents. Agents known to the researcher were approached to participate in the focus group discussion. Seven agents were able to attend the discussion held in Ongata Rongai.
Convenience sampling was be used to identify officials from Safaricom who were in a position to give the necessary information. However the researcher managed to interview the M-PESA operations manager Gerald Rasugu as others were not available.

3.5. Data collection techniques and tools
Primary data was obtained through: observation by the researcher, an in-depth interview with the Safaricom official, a focus group discussion with M-PESA agents, and a focused interview with M-PESA users. Questionnaires were used to collect data from providers. The researcher also attended an agent’s seminar in August 2009, at Fresh Water Park restaurant – Westlands where various issues in regard to M-PESA were discussed. Among those chairing the meeting were :-Adnan Adnan the senior sales manager M-PESA, Victor Ngumo; the Eastern Region Manager, David Muema; Nairobi North area representative, Paul Magacha; Nairobi East area representative, Top Image area representatives and other M-PESA officials in charge of different functions. Secondary data was collected from previous researches on the topic, existing literature such as published books, articles, magazines and peered reviewed journals. The researcher used a code sheet to collect data for content analysis.

3.5.1. In- depth interview guide
According to Dillon et al (2001) in-depth interviews are sessions in which free associations and hidden sources of feelings are discussed, generally through a very loose unstructured question guide. It provides detailed background about reasons why respondents give specific answers and an elaborative data concerning respondent’s opinions, values, motivations recollections experiences and feelings. In-depth interviews also allow for lengthy observation of respondents non-verbal responses (Babbie 2001). They are customized to individual responses reason why this was most appropriate for the Safaricom official. Research questions included: 1) strategies and techniques used with M-PESA; 2) whom the company targeted in the introduction of the service; 3) whom they used to implement the service; 4) what they attributed the rapid adoption to; and 5) challenges they faced in the implementation of the service and solutions they sought for the challenges.
3.5.2. Focused interview
The focused schedule was used to gather information from the M-PESA users. This type of interview is normally used when it is known that the subjects have been involved in the situations under study and focuses on their experiences regarding the situations (Kasomo 2006). The technique does not employ a detailed interview guide but has a general plan and usually asks questions or makes comments which are intended to lead the respondent towards giving data to meet the objectives of the research (Kasomo 2006). It was appropriate for M-PESA users because most of them may not have the time for detailed interviews; it saves time, and only asks specific objective directed questions. Research questions here included: 1) ability to transact un-aided; 2) channels of communication used to inform them of the service; 3) clarity of communications with the service; 4) uses of the service; 5) reasons for choosing M-PESA; 6) kind of support they got from support staff; 7) challenges they faced in the use of the service; and 8) opinion on the way forward.

3.5.3. Focus group discussion
The focus group discussion was used with M-PESA agents in order to get in-depth information required to meet objectives of the study. The researcher convinced the respondents of the importance of the research in order to get honest and complete information through interaction, effective communication and genuine conversation. Agents are the link between users and Safaricom. They have the necessary information in regard to strategies used by Safaricom in the implementation of the M-PESA service and own outlets that provide the service; as a result they were in a position to give information on the adoption process by users. The interview schedule was appropriate because it facilitated probing which yielded deeper information and also enabled the researcher to lead the respondents towards giving data to meet the study objectives. The discussion was to establish the following: 1) requirements for becoming agents; 2) incentives by Safaricom in operations; 3) channels of communication used to inform them of M-PESA issues; 4) support given for effectiveness; 5) requirements for outlets; 6) challenges faced in offering the service; and 7) solution appropriate for the challenges.
3.5.4. Observation

Observation of participants in as they transacted or during interviews, was an important aspect of data collection. Observing is indispensable to the research styles of ethnography, naturalistic inquiry, and the case study. Only the human investigator situated in a scene is able to register the subtle, processual actions of other human beings” (Lindlof, 1995, p. 134). This method was used by the researcher and took place in the natural setting (outlets) and provided data rich in detail and subtlety on the following: 1) ability of users to transact on their own (operate the phone); 2) Questions asked in regard to tariff rates; 3) Knowledge of transaction and registration requirements; 4) Type of inquiries made between outlet assistants and users; 5) Frequency of wrong transactions; 6) Ability to seek assistance from customer care in case of wrong transactions; and 7) Reactions to system failures and comments from both users and outlet assistants.

The typical case sampling was used whereby the researcher purposively selected two M-PESA outlets from the study sample. On the basis of the relevance of the research, the researcher utilized effective public relations skills to persuade gatekeepers in M-PESA outlets to grant access to premises for the research. After permission was granted the researcher started a relationship slowly with outlet assistants by participating in common interests and activities but not disrupting normal routine.

By covert observation the researcher made mental notes and transcribed them during natural breaks in order to attract minimum attention and expanded them later to include the actual observation, personal impressions, feelings and interpretations of what was observed. Data was filed according to headings of issues observed. Then a rough content analysis was done to search for consistent patterns.

3.5.5. The questionnaire

The questionnaire was used to gather information from M-PESA service providers. This was used with the service providers in particular because they were permanently stationed in outlets and the environment was conducive for filling in a questionnaire as it was possible for them to find time to provide specific information in regard to objectives of the study, reflect before answering questions and consult materials provided to them.
by area representatives or other people before answering the questions. Assistants who are at least form four leavers\textsuperscript{16} were also in a position to independently answer the questions as the language used was simple and questions clear having been moderated by the researcher with the assistance of the project supervisor. The researcher was interested in the following: 1) training of the assistants; 2) assistance from M-PESA officials; 3) how they got M-PESA updates; 4) support they gave to customers; 5) questions asked by users; 6) issues they felt needed clarification; 7) challenges in faced in operations; and 8) opinion on the way forward.

3.6. Data analysis and reporting
Qualitative data analysis involved pattern matching where the researcher had predicted that the success of the M-PESA initiative was dependent on IMC strategies used. The case study indicated that the results concurred; a conclusion was made in regard to information gathered. The researcher also constructed an explanation about the case by making statements about the cause of the phenomena under study and outcome of findings were supported by the theoretical statements made about the study.

Reporting involved chronological organization of the materials according to objectives. Detailed quotes were followed by analysis and interpretations. Discussions included summary of findings and additional implications of the study that might be explored in future research.

3.6.1. Content analysis
Berelson (1952) defined content analysis as a research technique for objective systematic and quantitative description of manifest content of communications. Content analysis was done by the researcher and focused on actual content used with the diffusion of information on M-PESA money transfer services using a code sheet as the data collection instrument. It relied on relational analysis where the researcher first identified the communication tools used, the actual words in tools selected, then an analysis of message structure and format of message and the level of language used was done.

\textsuperscript{16}According to the M-PESA guidelines it’s mandatory that assistants in M-PESA outlets be holders of at least a form four certificate.
3.6.2. Computer aided data analysis
Data from the focused interview with users and the questionnaire was tabulated using the computer data analysis program SPSS. Frequency tables were generated and pie charts, bar graphs and percentages were generated to represent summary of findings. An interpretation of the findings was done in respect to questions of the research tools with specific emphasis to those directly addressing the objectives.

3.7. Reliability and validity
According to Hammersly (1992), validity and reliability are achieved when description of phenomenon under study depicts its existence in its natural setting. To achieve trustworthiness of the qualitative research process, credibility was built through the following measures suggested by Maykut and Morehouse (1994): 1. Multiple methods of data collection (interviews, questionnaires, observations and document analysis) were used to build confidence of findings; 2. An audit trial by keeping a permanent record of the original data used for analysis and researchers comments to allow others to examine the thought process involved in the researchers work and allows them to access the accuracy of the conclusions; and 3. Debriefing by keeping an individual outside the research to question meanings, methods and interpretations of the researcher.
CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.0. The research findings

4.1. Introduction
The purpose of the study was to investigate the use of IMC strategies with M-PESA money transfer services in Kenya.

4.2. Findings from the questionnaire with shop assistants.

4.2.1. The questionnaire completion rate
The questionnaire completion rate was a hundred percent (100%). The researcher established a good relationship with all 20 respondents and made a follow-up of every questionnaire sent out. The researcher also administered questionnaires personally and collected them after completion.

4.2.2. Position of respondent.

The study revealed that there were various people who could perform M-PESA transactions. However the assistants were the highest at 55% followed by the primary assistants\(^\text{17}\) at 25%. The owners were unlikely to perform transactions standing at only 5%.

\(^\text{17}\) For every M-PESA outlet applied for, there is usually a main contact person referred to as the primary assistant. The M-PESA phone for any outlet is programmed using the details of the primary assistant to enable transactions. The primary assistant is able to create other assistants to be able to transact with the outlet phone and also remove them if they leave service.
4.2.3. Age bracket of respondents

The study revealed that those working in M-PESA shops were young people below 25 years of age. Only 5% of those working in the shops were above 45 years of age.

4.2.4. Gender of respondents

Most of those working in M-PESA shops were ladies standing at 70% while only 30% were male.

4.2.5. Length M-PESA has been in operation

95% of the shops were less than 2 years old, only 5% of the shops were over 2 years old. This is attributed to the fact that M-PESA was launched in July 2007.
4.2.6. Application process for M-PESA outlets

Upon application agents had to wait ordinarily for between two and four months to get the shop operational. 15% of respondents revealed that some shops took over five months to start operation or never. Only 5% of respondents had started operation in the first month of application.

4.2.7. Status of business before operation

45% of shops were operational at the time of starting M-PESA operations. New shops specifically acquired to offer M-PESA accounted for 55%.

4.2.8. Training on M-PESA operations

The study revealed that most of assistants in shops had been trained by M-PESA representatives on how to conduct transactions. 40% indicated that they had been trained by other assistants while 15% had learned how to operate M-PESA shops though their own initiative.
4.2.9. M-PESA operations support staff

Assistants in shops believed that officials visiting them for support in operations were from Safaricom while only 20% knew that they were from Top Image\(^\text{18}\).

4.2.10. Purpose for visits by M-PESA officials

M-PESA officials visited assistant’s shops for various reasons. Topping the list at 25% were visits to give guidelines on operations. 20% of the respondents felt the visits were to give promotional materials while another 20% were of the view that the visits were to train them on new M-PESA products as another 20% felt they came to update them on new products. On the other hand, 10% felt that the visits were made to check whether they followed guidelines in offering the service and 5% believed they came to collect feedback on performance.

\(^{18}\) Top Image is a marketing and advertising agency out sourced by Safaricom to be in charge of the implementation of M-PESA money transfer services.
4.2.11. Rating of support given by M-PESA officials

The findings revealed that 70% of respondents were of the view that M-PESA officials visiting them sorted out problems encountered in operations satisfactorily. 5% felt assistance given was excellent while 25% felt that the service of visiting officials was poor.

4.2.12. Knowledge of tariff guidelines as observed by assistants

M-PESA operation assistants were of the view that the tariff guidelines were not clear to users with 61% indicating that tariff guidelines needed clarification. Only 17% viewed the tariffs as clear to users.

4.2.13. Issues occasionally clarified to customers
Shop assistants cited areas usually clarified to users as commission required to send specific amounts of money at 40%, 30% were of the observation that clients did not get clear information from the tariff guideline chart on the commission charged on withdrawals. 20% of the clients who wanted to pay bills did not know how much commission they would pay for the service. 10% of assistants had observed that information on sending money to unregistered users was not clear and users occasionally asked questions on the commissions for the service.

4.2.14. Assistants’ performance of wrong transactions

50% affirmed to have at some stage sent money to a wrong number. However an equal number claimed they had never sent money to a wrong number.

4.2.15. Reasons for wrong transactions

Reasons cited for sending money to the wrong numbers included the following: 45% of customers giving numbers they were not sure of, 31% of assistants admitting to having entered wrong digits as opposed to those given to them by customers and 23% citing the fact that some customers assumed they had given right numbers and declined to confirm them.
4.2.16. Indication of wrong transactions

Assistant were able to know that transactions were not right; with 47% citing names confirmed in messages being different from those given by customers. 29% of the respondents were able to realize that numbers dialed were different from those given and 24% knew transactions were wrong when customers failed to get messages on their phones.

4.2.17. Retrieval of Money sent to wrong numbers

44% of assistants were able to retrieve money sent to wrong numbers by calling the customer care number 234\(^\text{19}\) and requesting for a reversal. 39% indicated that they were able to send a reversal message to 234 while 17% did nothing to retrieve the money.

4.2.18. Duration of getting money sent to wrong numbers back

\(^{19}\) 234 is the customer care call number for shop assistants and all M-PESA users.
There were only two responses given in relation to the duration taken to get money back after a transaction was reversed. 80% of the respondents reported getting the money back in 72 hours while 20% did not get the money back at all.

4.2.19. Reasons for not getting Money sent to wrong numbers back

<table>
<thead>
<tr>
<th>Reasons for not getting Money back</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>it had been withdrawn</td>
<td>45%</td>
</tr>
<tr>
<td>could not identify myself to</td>
<td>40%</td>
</tr>
<tr>
<td>customer care</td>
<td></td>
</tr>
<tr>
<td>234 was busy</td>
<td>15%</td>
</tr>
</tbody>
</table>

Reasons cited for not getting the money back were that the money had already been withdrawn at 45% and so could not be reversed, 40% were unable to identify themselves to customer care for the transaction to be reversed and 15% were unable to get through to the customer care number 234 in order to initiate the reversal.

4.2.20. Problems encountered in M-PESA operations

<table>
<thead>
<tr>
<th>Problems encountered in M-PESA operations</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>System delays</td>
<td>20%</td>
</tr>
<tr>
<td>Cumbersome reversal of wrong numbers</td>
<td>15%</td>
</tr>
<tr>
<td>Customers giving wrong numbers</td>
<td>15%</td>
</tr>
<tr>
<td>customers complaining about commissions</td>
<td>15%</td>
</tr>
<tr>
<td>float delays</td>
<td>15%</td>
</tr>
<tr>
<td>Customers getting impatient when system</td>
<td>15%</td>
</tr>
</tbody>
</table>

Assistants cited various problems encountered in line of duty. System delays or failure of the system to generate messages was an issue raised by most of the assistants for it led to inefficiency at work. 20% cited customers’ in-ability to understand tariff guidelines and occasionally accusing assistants of either being too expensive or stealing their money. All other problems stood at 15%. These included customers giving wrong numbers and consequently leading to a cumbersome reversal process and float delays occasioned by the fact that banking failed to reflect as float in time.
4.2.21. Opinion of respondents on the way forward.

<table>
<thead>
<tr>
<th>Opinion of respondents on the way forward</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sensitize customers on being accurate</td>
<td>34%</td>
</tr>
<tr>
<td>Safaricom to inform assistants of system delays</td>
<td>24%</td>
</tr>
<tr>
<td>Agents to make sure shops have enough float and cash</td>
<td>24%</td>
</tr>
<tr>
<td>Making sure that 234 is prompt</td>
<td>18%</td>
</tr>
</tbody>
</table>

34% felt that customers needed to be sensitized on accuracy, 24% were of the view that the system needed to be upgraded, another 24% needed agents to provide enough float and cash for operations. 18% felt that the customer call number 234 was congested and needed to be decongested.

4.3. Findings of the focused interview schedule with users

The interview schedule purposively targeted both women and men for the study. M-PESA users interviewed were 20.

4.3.1. Gender of respondents

55% of those interviewed were male; 45% were female.

4.3.2. Age bracket of respondents

Those between 25 and 35 years and 45 to 55 years of age formed the bulk of those interviewed sharing a percentage of 28. This group was followed by those over 55 years of age at 22%. Those below 25 years of age and those between 25 and 35 years stood at 11%.
### 4.3.3. Ability of users to perform M-PESA transactions without assistance

An overwhelming majority of 70% of the respondents could operate their phones and transact. However, 30% required assistance.

### 4.3.4. Kind of assistance sought by those who could not transact on their own

70% sought assistance from M-PESA shop assistants, 20% were assisted by other users while 10% gave their phones to shop assistants to perform the transaction on their behalf.
4.3.5. Channels of communication used to inform users of M-PESA services
Top on the list was road shows at 35%, followed by friends and relatives at 30%. The next was the M-PESA branded shops at 15% followed by billboard advertisements at 15%. Radio and TV advertisements tallied with newspaper articles at 5%.

Communication channels used to inform respondents of M-PESA services

<table>
<thead>
<tr>
<th>Communication Channels</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friends and relatives</td>
<td>30%</td>
</tr>
<tr>
<td>Roadshows</td>
<td>35%</td>
</tr>
<tr>
<td>Radio and TV advertisements</td>
<td>5%</td>
</tr>
<tr>
<td>Billboard advertisement</td>
<td>15%</td>
</tr>
<tr>
<td>Newspaper articles</td>
<td>5%</td>
</tr>
<tr>
<td>M-PESA branded shops</td>
<td>15%</td>
</tr>
</tbody>
</table>

4.3.6. Uses of M-PESA
30% of respondents used M-PESA to send and receive money; another 15% used it to purchase goods and services, while 15% used it to pay debts. 15% of respondents used the service to save money while 10% stored funds to purchase airtime. 10% used the service to pay bills. However 50% used the service for all categories indicated.

Uses of M-PESA

<table>
<thead>
<tr>
<th>Uses of M-PESA</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Send and receive money</td>
<td>30%</td>
</tr>
<tr>
<td>To purchase goods and services</td>
<td>10%</td>
</tr>
<tr>
<td>To pay debts</td>
<td>15%</td>
</tr>
<tr>
<td>To buy airtime</td>
<td>10%</td>
</tr>
<tr>
<td>All the above</td>
<td>15%</td>
</tr>
</tbody>
</table>

4.3.7. Other money transfer services in the market used by respondents
The study revealed that 30% used bank services, 25% used friends and relatives, 20% used post office services, and 15% used Bus/Matatu courier services and 10% the Zain money transfer service known as Zap.
4.3.8. Distinction between Zap and M-PESA
40% of the respondents thought the difference between M-PESA and Zap was that Safaricom deposits were free while Zap had an outright 10/- commission. However 20% felt the number of shops for Zap were few. 20% cited the reason that the products were from different companies.

4.3.9. Reasons for using M-PESA
Asked why they used M-PESA and not other money transfer services, respondents cited the long working hours as the main reason at 30%. 20% felt it was a safe way of sending and receiving money, another 20% felt shops were conveniently located, 15% on the other hand were of the opinion that small amounts of money could be transacted while 15% said it was because transactions were instant.
4.3.10. Registration of M-PESA
When asked to comment on the registration process, 30% felt the process was very easy, 30% said it was easy while 40% said it was not easy.

![M-PESA registration process](chart1.png)

4.3.11. Requirements for transactions in an M-PESA outlet.
45% cited the phone and the SIM card, 30% included the ID while 35% believed one had to have either e-money or cash to transact.

![Requirements for M-PESA transactions](chart2.png)

4.3.12. Quality of customer care service by assistants
Respondents felt that assistants attended to them well with 55% indicating that the service was very good and 30% saying that the service was good. 15% felt their customer care service skills needed to be improved because they were not good.

![Quality of customer care service by assistants](chart3.png)
4.3.13. Reasons for using identification documents to transact
A record 65% did not see sense in the use of identification cards to transact, 20% felt that using identification documents was necessary to check on fraud while 15% said identification was needed in order to receive or send money.

![Reasons for using identification documents for transactions](image)

4.3.14. Performance of wrong transactions
85% admitted having sent money to a wrong number while 15% had never.

![Performance of wrong transactions](image)

4.3.15. Retrieval of money sent to wrong numbers
60% of respondents knew they had to call customer care to ask for reversals, 23% had to ask M-PESA shop assistants to assist in reversing the money, and 10% asked other M-PESA users while 10% took no steps and let the money to get lost.

![Retrieving of Money sent to wrong numbers](image)
4.3.16. Efficiency of customer care number 234
70% felt that customer care number 234 was too congested and very difficult to go through, 20% said it was difficult to go through and 10% said they had no problem accessing service through the number.

4.3.17. Challenges faced in the use of the M-PESA service
Respondents cited system related problems, congestion of the customer care number 234, in ability to remember their personal pin numbers, insecurity in M-PESA shops, unclear tariff guidelines and sending of money to wrong numbers.

4.3.18. Opinion of respondents on the way forward
Respondents felt more customer care attendants could ease the congestion, the system needed to be upgraded, while others felt that to avoid sending money to wrong numbers it was wise to tailor the system in such a way that one could sent money to another person by retrieving the number from the phone book. They also felt that reversals needed to be instant instead of having to wait for three days and that shops needed to make sure that they had money at all times to serve customers.
4.4. Findings from the focused group discussion with agents

4.4.1. Requirement for becoming an agent

Agents said that they had to have or use a limited (LTD) company that had been in operation operational for at least six months, bank statements for at least six months, a company profile, returns from the registrar of companies and while one had to be VAT compliant with an Electronic Tax Register (ETR)\textsuperscript{20} certificate.

4.4.2. Conditions for operation

The agent had to deposit a total of Ksh 400,000 in accounts given at the point of signing the contract. Ksh 100,000/- was for purchase of SIM replacement cards and Ksh 300,000 was the starting capital for three M-PESA outlets distributed in three provinces in Kenya. However, agents registered before June of 2008 indicated that they could deposit less than the required amount and still begin operation. Initially the requirement was not followed to the letter and it was even possible to start with one shop then progress with time.

4.4.3. Requirements for outlets

Agents indicated that branding of the shops with the Safaricom colors, having the agency name displayed on shops, the M-PESA logo and the, “send money by phone” slogan visibly written were all requirements. It was also a requirement for the shop to have a counter and a chair for the assistant. The agents indicated that conditions changed as at July 2009. In addition to earlier requirements the shop had to be on a permanent structure, a metal grill needed to be fitted for security and a fully paid local council license displayed. However those who had shops that started operation before August 2008 indicated that M-PESA shops could be approved on “Mabati”\textsuperscript{21} structures, without a metal grill or a council license.

\textsuperscript{20} An ETR is a taxregister programmed by the Kenya Revenue authority to enable companies and individuals in business to pay taxes. An ETR ensures tax compliance for returns are submitted on a Monthly basis.

\textsuperscript{21} “Mabati” structures are temporary structures constructed using light iron sheets.
4.4.4. Guidance on where to open outlets
The discussion revealed that from July 2009, M-PESA outlets were regulated; outlets close to one another were not approved. However before July 2009, agents only filled forms indicating locations for outlets and outlets could be opened even when they were side by side.

4.4.5. Length of time after application for tills to be delivered.
The discussion revealed that the duration before tills were delivered ranged between one and a half months to six months ordinarily but it could be longer and sometimes some tills were never delivered even after the relevant application was made

4.4.6. Procedure for following up on applications
Agents were all in agreement that the company had given names, telephone numbers and addresses of contact persons in each region. Agents were required to liaise with the contact persons to find out the status of tills applied.

4.4.7. Training on operations
The discussion revealed that upon signing the contract with Safaricom to become an agent, each agent was allocated a contact person to whom all queries were directed by e-mail and the same copied to M-PESA administration. The contact person for the agent then organized for training with agents allocated. This was done at the company premises for it entailed training on use of the M-PESA website among other agent operations.

4.4.8. Information concerning M-PESA operations
Agents cited various communication channels used to inform them on new developments in regard to operations and new developments. All were in agreement that:-
1. All instructions on operations were sent to every agent via email.
2. There were occasional agent bulletins on the agent website (which required a password). This password was sent within the first 24 hours of request.
3. Urgent information relating to operations was sent via SMS to the head office phone and M-PESA operation phones.
4. Periodically M-PESA officials at Safaricom organized seminars to update agents on new developments. The seminars also served as avenues for getting feedback from agents and issues affecting operations were discussed. Agents also got contacts of officials dealing with particular issues.

5. Every agent was assigned a contact person at Safaricom to whom mail was sent, but at all times mail sent to the contact person had to be copied to M-PESA administration.

6. Contact mobile phone numbers and email addresses of all Safaricom M-PESA area representatives were availed via email to agents. Changes were also communicated appropriately.

7. They had access to any Safaricom M-PESA official and could call them on their personal phones or reach them via email.

**4.4.9. Support for operation issues**
The discussion revealed that agents who had issues that needed immediate clarification, could call the customer care number 2134\(^{22}\), and their issues could be sorted out, if 2134 was unable to sort-out the issues then they were required to send an email to M-PESA administration copied to the agent contact person.

**4.4.10. Challenges faced regarding various issues:**

*a) Effective service to customers*
The discussion revealed that M-PESA system problems experienced occasionally strained relationships with customers. They also complained that the customer care number 234 for operations was inefficient.

*b) Effective agency operations*
Agents revealed that they experienced problems of theft by workers and that banking was also risky for it was obvious because of the frequent cash flow that M-PESA banking had to be done daily. Agents admitted having been mugged as they took money to the designated banks. They also revealed that dishonest workers did not always follow

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\(^{22}\) 2134 is a customer care call number available to agents. Only the Head office phone can access the number.
regulations laid down for operations and sometimes did direct transactions while charging customers for the same and pocketing the difference, they failed to ask for identification documents for operations which led to closure of shops by the service provider and in addition to the fact that there were instances where assistants took advantage of illiterate customers and took their money irregularly. Agents also felt that some emails that required urgent response were not replied to promptly. This in effect inconvenienced the agents for every M-PESA operation is system based, without assistance from the technical staff, service comes to a halt, however minor the need may seem. It also emerged from the discussions that customer care attendants on 2134 call gave conflicting instructions on how to solve operation based problems.

4.4.11. Solutions to problems cited
Agents felt that the system related problems needed to be sorted out permanently and in cases where the problem was anticipated this needed to be communicated in advance. Customers needed to be educated on the need for using identification documents for transactions. Channels of communication in support of operations needed to be prompt and at no time should calls go un answered. Agents felt that frequent problems experienced in operations needed to have standard solutions to avoid conflicting instructions some of which were irrelevant and inconveniencing to agent operations.

4.5. In-depth interview with the Safaricom official

4.5.1. Techniques used to penetrate the market
The interview revealed that there was a campaign to create awareness before the launch of the M-PESA service operations in July 2007. Billboards were erected, radio and TV advertisement were used, space from leading newspapers was bought, T-shirts, caps and posters were printed and huge posters were strategically positioned outside M-PESA shops. Before the launch some dealer shops in Nairobi had been offering the service on pilot basis and on the day of the launch demonstrations were conducted to explain how the system worked. Besides the launch, road shows were organized targeting registration of users for the service. The company used existing dealers who already had a network in
the country to introduce the service and minimize on extra expenses to the provider. Originally, Safaricom provided outlets with phones for operations, branded the shops on behalf of owners and allowed a start-up capital of as little as Ksh 30,000.

At the point of inception Safaricom did not require extra space for M-PESA operations; existing shops were allowed to offer the service as long as they branded the shop for visibility. Agents were allowed to recruit sub-agents to offer the service in areas where they felt viable.

To support the operations, Safaricom outsourced the services of Top Image to monitor implementation of the product, maintenance and to collect feedback in respect to the day to day operations of M-PESA outlets. They were also in charge of promotions of the service and most of the road shows were conducted by their staff in conjunction with selected dealers. The road show registrations targeted Safaricom users who already possessed the SIM card, those who had old generation cards which could not accept the M-PESA program had the cards swapped at no extra cost (now a fee of Ksh 20/- is charged). Safaricom set up a department to ensure the operations were supported technically and staff underwent intensive training on performance of the system operations. An on-going recruitment of IT specialists was initiated. The company also established a customer care centre for M-PESA operations only and each agent was allocated a contact person, a website for agents was created where agents could exchange views with M-PESA staff. Thorough training of agents and shop assistants was done.

4.5.2. Efficiency of operations

The interview revealed that Safaricom has mandated Top Image to oversee operations on the ground in regard to the service. They are in charge of all M-PESA promotions, targeting customer education and awareness, they train all shop attendants, deliver all merchandise to outlets, collect data on performance of shops with regard to capital invested and provide branding materials. In collaboration with the area Safaricom officials, they audit new outlets.
4.5.3. Integrated Marketing Communications approach

The interview revealed that Safaricom consistently communicated their vision to Top Image and messages passed to customers and shop assistants were consistent with the requirements of the company. Safaricom in conjunction with Top image officials occasionally organized shop assistant seminars for consistency of information disseminated regarding operations of the service. Safaricom head office on the other hand kept agents informed about the requirements and expectations of the service via seminars, bulletins, text messages and agent calls. Agents were in a position to ask for any clarification on issues through calling the toll free customer care number 2134 while shops assistants could seek help via the toll free customer care number 234.

4.5.4. M-PESA rapid adoption

The official from Safaricom confirmed that the M-PESA service had experienced a rapid adoption using the term “impressive and a run away success”. He confirmed that by 31st March 2009, the company had registered 6.175 million users compared to 2.075 million in March 2008 hence a twelve month growth rate of 198%. He revealed that by March 2009 daily registrations were 11,580 against 9,965 in March 2008. He attributed this rapid adoption to stability of the company over time and confidence the people had in the company, that Safaricom had dedicated its efforts to quality service to its customers and being the better option; therefore creating a positive image in the minds of the target population. He also attributed the success to their subscriber base which stood at 13.6 million people23 at the time and the fact that the name Safaricom derived from the Kiswahili word “Safari” had the people feeling that it was theirs. The coinage of M-PESA also with “PESA” being the Kiswahili word for cash was easily understood. He also cited extensive network coverage which ensured that shops could be set up in many parts of the country. He also cited other community based associations with the Kenyan people through the Safaricom foundation.

4.5.5. Competition from Zap

23 The Safaricom subscriber base was 13.6 according to the Safaricom Financial Year (FY) report 2008/2009.
On the similar service offered by Zain, the interview revealed that M-PESA was in a spirited effort to ensure enough presence in all parts of the country. They were also adding value to the service by incorporating other products like the partnership with KPLC, and Multi-choice, among others. Above all they had upgraded the system to accommodate the extra services and had improved on the efficiency of customer care number 234.

4.5.6. Challenges faced and solutions
The interview revealed that the system related problems were due to inclusion of related services to the system and this was being sorted out as the system had enough capacity. Customer care issues included theft experienced by agents, dishonest shop assistants, irregular relocations, limited operation capital by agents and banking logistics. However the issues were being solved by agents being encouraged to ensure shops were properly secured with metal grills, agents were also required to apply for relocations officially and increase operation capital to the required amounts to avoid disappointing customers. Safaricom had taken it upon itself to train assistants on requirements of the service and at the time of the study held periodic seminars to keep assistants informed. From one bank-Commercial Bank of Africa (CBA)-offering banking services to agents, the company had negotiated a facility where agents can exchange cash for float and float for cash with the Kenya Commercial Bank (KCB) and the Gulf bank.

4.6. Findings from the code sheet.

4.6.1. Communication tools used
Various communication tools were used. These include billboards, posters, flyers and newspaper articles.

4.6.1.1. Billboards
Billboards were strategically erected by the roadsides where passersby and motorists could see with little effort. The words were written in very visible letters. Besides, the message communicated on all billboards had Safaricom colors and both M-PESA and
Safaricom logos were visibly inscribed. During the time of the study there were three issues that had been communicated. The first was “Send Money by Phone” in some billboards and another “Tuma Pesa kwa Simu”, the next was “Brighter days with KPLC” and currently “M-PESA changes lives”.

4.6.1.2. Posters
Most of the posters were strategically displayed inside the shops. The display outside the shop was a considerably large poster which stood against the door or wall. The font used in the messages was considerably large. There were standard posters which remained in all shops throughout. These gave information on the tariffs, the agent number, “M-PESA transactions made easier” poster which listed important requirements for transactions as the personal M-PESA PIN, secret word, an identification document and the need to double-check the number before sending money. There was also the M-PESA polite notice giving information concerning the valid identification documents required for registration. These are; an original identity card, passport, military card and the diplomatic card or an alien identification card. Apart from the explanations of the process of getting dividends via M-PESA all other posters had very few letters written in large numbers. For all posters both the M-PESA and Safaricom logo were incorporated.

4.6.1.3. Flyers
Flyers identified included the “Brighter days with KPLC”; “Get your share of the pie through M-PESA” the tariff guidelines and the M-PESA registration requirements. However, these were written in a standard small font which could not be read from far; the flyers were picked by customers. They all had the Safaricom colors, M-PESA and Safaricom logo incorporated.

4.6.1.4. Newspaper articles
Newspaper articles related to M-PESA identified during the study were varied. Some like the “Brighter days with KPLC”; “M-PESA hugeuza maisha”, “M-PESA changes lives” both “Tuma Pesa kwa Simu” and “Send Pesa by Phone”, were on full page. Another article was a map of Kenya with the M-PESA logo phone in all the places where the
service was available. Against every phone was a name of a town. The headline was “8000 agents’ country wide”. There were also articles in the newspaper which were lengthy explaining the procedure of partnerships (partnership between NIC bank and M-PESA), others touched on explanations of legal issues like misconceptions, competition wars with Zain among others. However all articles bore the Safaricom colors, M-PESA and the Safaricom logos.

4.6.2. Structure of message
The structure of messages incorporated few meaningful words in bold, however explanations were in smaller fonts. For example the slogan “Brighter days with KPLC” immediately below the M-PESA logo, made it easy for people to associate the two and get the idea of an association. “Send Pesa by phone” is a short message but meaningful. It urged people to use a phone to send money. The symbol of a bank note in red flying is also meaningful. In all the messages the M-PESA logo, Safaricom logo and colors were integrated.

4.6.3. Message format
The messages were written in few words, centered, bold and colorful. The level of language used was simple. The information incorporated cues to aid in information processing. For example the use of the Kiswahili word “pesa” the “M” and the phone symbol could be associated with money in a mobile phone. Association with the Safaricom identity was to relate the product to the company and the uniqueness of the brand. KPLC is the source of light in many households in Kenya. Using the words “Brighter” symbolized light while the M-PESA logo above the message gave a cue as to what association the two had. The map of Kenya with the M-PESA phone next to various towns was made to show coverage in those towns.

4.7. Observation
Observation revealed the following issues.

4.7.1. Ability to transact un-aided
The observation revealed that majority of those who came to the M-PESA shops could perform transactions on their own. However, few asked the assistants to show them the process, some just needed to be shown where the telephone menu was and were able to proceed, however others said they did not know how to operate their phones in which case the assistants literally performed the transaction, but gave the phone to the users to enter their personal PIN numbers.

4.7.2. Questions on tariffs
Most people could not read the tariff guidelines and occasionally required clarification on how much they needed to have in order to withdraw certain amounts of money. They also asked how much they needed to have for recipients to get certain amounts. Sending money to unregistered users was always an issue with some users claiming that the service was very expensive.

4.7.3. Transaction requirements
Most of the users did not understand why they had to give a physical identification document to transact. Most of the users wanted to give the ID numbers and assistants were at pains to explain to users the need to produce the document. Users claimed that since they were the ones depositing the money there was no need of the ID. All the same the assistants insisted on the physical ID sometimes canceling transactions done without ID’s. However, users knew it was a requirement for the original document to be produced for registration.

4.7.4. Conversation between users and assistants.
Users upon entering the shop either asked whether they could withdraw or deposit money. Most of the times the assistants asked them how much the transaction was worth. They either responded positively or instructed the users on how much they could offer at the time. Sometimes they could negotiate on the amount of deposits to make depending on how much float the assistants had. The assistants also asked the users if they had their ID’s. Some users indicated that they had physical IDs while others stated that they had memorized the ID numbers. However, those in the latter category were turned away as
they were required to go back for their physical IDs. Assistants always asked users to confirm their telephone numbers before sending the money. After receiving a response message they literally read out the name given in the message to the users to confirm whether they were correct or not. If the names were incorrect, the assistants called the customer care number 234 immediately to reverse the transaction.

4.7.5 Frequency of wrong transactions
Wrong transactions were not frequent. However sometimes they did occur and were caused by either the assistants or users themselves. The assistants always called customer care for reversals while some customers enquired on the procedure of getting the transaction reversed.

4.7.6 Conversation between users/assistants and customer care
This required identification of oneself by the secret word. Details of the phone numbers involved were given and conversation on the way forward ensued.

4.7.7 Reactions to system related problems
Usually customers were furious about system delays or failure. Sometimes they threatened to switch to other networks. However assistants were calm and always did not refund money given as deposits even when messages to confirm completion of the transaction were not forth coming. Sometimes they repeated the transaction after calling customer care to inquire about the status of the transaction.
CHAPTER FIVE: DISCUSSION OF FINDINGS

5.0. Discussions of findings

5.1. Characteristics of the study population
The sample size was 48 respondents consisting of 20 users, 20 assistants (service providers), seven agents and one Safaricom official. However findings relating to the issues responded to by the Safaricom official were reinforced through responses gathered during agent seminars, and documents analyzed.

5.2. Biographical data
Most of the assistants were female. This can be attributed to the fact that ladies were associated less with theft and were good at customer care as revealed by agents; as a result agents preferred them. Most of the assistants were below 25 years of age. This can be attributed to the fact that the salaries awarded to them could have been low, most of them had completed secondary school education and were waiting to join colleges. All assistants were at least Form Four certificate holders as stated earlier as this was also a requirement by the Safaricom.

On the other hand the users were of mixed gender and of different ages. However, male users were more than female users possibly due to the fact that men in Kenya are still considered as bread winners while women stayed at home and looked after the children. However, the gap was not a significant one meaning that ladies are also involved in income generating activities. Most of the transactions were performed by the age groups of 46-55 and 25-45. This could be attributed to the fact that persons over 45 years of age had to support others and were more involved in business transactions. These age groups are also mature and in need of saving, paying debts, bills and to communicate. However, apart from those below 25 years, the difference in transactions by the other categories was insignificant. Probably because persons below 25 years of age were school going and needed support, the other age groups needed to transact for various reasons. Users were also of different educational levels and occupations. This revealed that M-PESA was a service for all; both rich and poor those with formal education and those without formal
education. Further more, the study revealed that the service was easy to use and even the customers who are not able to transact on their own are assisted at the outlets.

5.3. Business profile
M-PESA having been launched in July 2007, most of the outlets were less than two years old. Most agents employed people to work for them and this could be because agents owned a chain of shops and therefore it would not be possible for them to be stationed in one shop. They moved from one outlet in the chain to the other. The study also revealed that the process of setting up outlets is cumbersome with agents stating that their outlets were approved and tills delivered after approximately three months. This was an economical burden to the shop owners because the physical shop was a requirement for the audit.

5.4. IMC Strategies used with M-PESA
The study revealed that Safaricom used the existing dealers to incorporate the M-PESA services in their shops. Safaricom provided shops with transaction phones; branded shops on their behalf; and provided all the merchandise. The company also marketed the product through promotional initiatives such as road shows to register users. According to Davis (1989), the use of existing shops meant that the dealers adopted the new technology free of effort in terms of its utilization. Davis (1989) also asserts that an adoption that is easy to implement and transfer can considerably reduce time and effort the recipient needs to invest in the adoption and hence the perceived probability that the less complicated the transfer and application, the more likely it will be successfully accomplished or applied. The dealers and agents also considered the perceived utilities of the technology, a new business adventure coming with little effort; the utility meant economic benefits resulting from adopting the new technology.

To the users, the new technology was compatible with the existing technology (they were to use their SIM cards and phones they already owned). The service was also affiliated to Safaricom to which they already subscribed. Safaricom users were registered for free, those whose SIM cards were incompatible were also swapped free of charge at the outlets. Swapping is no longer free and now costs Ksh 20. Comparing this to Zain which
had to initiate a massive subscriber campaign through the Vuka tariff\textsuperscript{24} in-order to register more users for their money transfer service Zap, Safaricom had it easy since it already had the numbers. Safaricom users already had a working relationship with the company hence it was easy to adopt the new technology. Davis (1989) further argues that the adoption of a new technology carries a high risk and the level of perceived commitment from suppliers to its customers can reduce the risk through the transmission of adequate information to adopters. Considering the stability Safaricom has had over time and the relative good relationship with its customers, there was a degree of positive commitment to the customers compared to Zain which was a change-over from Celtel.

In regard to the innovation as explained by Rogers (2003), Kenyans were in dire need of an affordable money transfer service, conveniently located near them. When M-PESA was introduced targeting low income earners and with a network that took care of areas inadequately served by the traditional money transfer services, it was easy for them to embrace the service as it filled a gap.

To become a user of M-PESA is easy compared to opening a bank account. A potential customer only needs a phone and an original identification document to subscribe to the service. The simplification of the registration process was strategic. This is due to the fact that ideas that are simpler to understand and effortless to utilize are adopted more easily than those that require the adopter to obtain new skills and understanding.

M-PESA was launched in Nairobi, the capital of Kenya and a business hub. This meant that Safaricom targeted many bread winners, in this regard making those in Nairobi appreciate the service meant that they would influence those they supported in the rural areas to register as users. This was because for them to enjoy cheaper rates they had to be registered\textsuperscript{25}. As a result the need to send money to the rural areas in turn created demand

\textsuperscript{24} Vuka tariff is a tariff that costs Ksh 8 flat rate across all networks in Kenya introduced by Zain.

\textsuperscript{25} Unregistered users cannot deposit money into their phones for they do not have the virtual account. Sending money to an unregistered user or a customer on another network is possible but the commission charged is higher compared to that of sending money to a registered user. The lowest category of transaction between two registered users is Ksh 55 while sending the same amount to an unregistered customer is Ksh 75.
for the service, and the company spiritedly embarked on ensuring their presence to the point of urging M-PESA agents to source for sub-agents in the rural areas to offer the service.

Safaricom also outsourced the services of Top Image, a marketing and advertising agency with which the company has had a long relationship. Top Image prides itself of success in marketing product launches and consumer competitions and is among the leading consumer outreach promotion agencies in Kenya (Top Image 2009). Besides its relationship with Safaricom, Top Image had managed the following promotions:- BAT’s pall mall sampling, the sportsman Vuna Chapaa promotion 2006, Bidco merchandising 2006 to date, Safaricom Simu ya solar(current), Shell Lubricant Nationally, Nderemo ya Mabingwa 2004, Bambua Tafrija 2005 and Coca-cola’s Wahi Kuwahi in 2008, among others.

The study revealed that Top Image was in charge of the implementation of the product on the ground. It is in charge of all promotions and delivered all merchandise to the M-PESA shops, monitored day to day operations of the shops including training all shop assistants, supply of transaction materials, collection of data with regard to operations; enforcing of operation guidelines and reporting on irregularities. It also audited new store applications and contacted mystery shopper checks to make sure assistants conformed to the regulations set by the Central Bank of Kenya.

5.5. IMC techniques used with M-PESA
To diffuse information on the M-PESA service, Safaricom used the following communication channels.

1. Advertising: Safaricom continuously printed T-shirts, caps and bags. It also invested heavily in TV and radio advertising to inform the publics of M-PESA.

2. Personal selling: to attract many users the company embarked on a registration campaign through road shows; incentives to register were also given through free registrations and SIM swaps.
3. Sales promotions: at the beginning, the company provided almost every thing the agents needed to operate, including phones and branding of shops. One could become an agent without restrictions. Further an interested investor could start with one shop instead of three. Capital did not necessarily need to be Ksh 100,000 per outlet. (The requirements are followed to the letter in current applications).

4. Public relations: Safaricom also invested a lot in making sure the publics maintained a positive image of the company. Competition wars between the company and Zain were occasionally clarified in full page advertorials in the leading national newspapers. The Company CEO also featured in major TV channels to explain issues in person.

5. Direct Marketing: - the most popular mode of IMC the company has been using is the SMS, all new products and M-PESA developments are directly communicated to the users via SMS.

Besides these promotion tools the M-PESA product design was significant, the wording i.e. M for mobile, the phone symbol and the PESA word are all symbolic. The product is also unique in that some shops operate for 24 hours while most of the shops operate from 7.00am to 8.00pm. The price of the product is targeted to serve the low income earners with transactions as low as Ksh 100 per transaction. The colour associated with the product, Safaricom green closely links the product to the success story of the company, the M-PESA shops are unmistakable with the peculiar branding with the M-PESA logo and Safaricom colours and above all the approach is unique as there is convenience of location such as establishing shops in residential areas.

The messages disseminated to create awareness of the product were designed to facilitate information processing. From content analyzed, all messages bore the Safaricom colours, M-PESA and the Safaricom logo. These helped create mental relationships to other categorized ideas and fit into the categories and mental linkages that consumers had already created. This facilitated acceptance for the customers easily matched the new
information or image with their field of experience. To ensure that the stored information was not replaced, the company at all times ensured that it had a running advertisement to ensure that consumers were constantly reminded of the existence of the product making it hard for other products to use the replacement model.

Product designs related to M-PESA were catchy. According to Miller (1956), the initial processing of information depends on the external stimulus available to a person. Designing messages to be conspicuous to the prospective target audience is crucial. The inclusion of few meaningful words in M-PESA related messages was meant to be as catchy as possible in order to draw the attention of the audience with any of the senses.

According to Skinner (1938), familiar stimuli may not necessarily need to be reinforced to produce a positive response. The fact that M-PESA messages had incorporated Safaricom colors and the logo, users tended to associate the product with what they already knew for individuals tend to seek familiar stimulus with which they have had a positive and lasting experience

Miller (1956) also suggests that messages derived from peoples’ own experiences are easier to remember than those that are new, contextualizing it and personalizing it helps the audience to find the relevance. The word “Pesa” is the Kiswahili word for cash, the word localizes the concept and users in Kenyan may find it easier to accept it for they understand its meaning than Zap which may not really mean anything to the majority of the target audience. Again, the more meaning given to what is to be remembered, the more successful one is in recalling it. It is thus easier to recall “Pesa” than Zap because “Pesa” is familiar in the Kenyan context.

5.6. Comparison of IMC strategies used by Safaricom with those used by Zain
Whereas Zap may be a good product and similar to M-PESA, there is nothing special about it besides competition. Furthermore the perception of the users is that M-PESA deposits are free while the strategy adopted by Zap of “Zap it for ten bob” may look like deposits are charged. If deposits are not made, there will be no withdrawals, payment of
bills, debts, or even purchase of airtime because the virtual account has no money in the first place. This is a wrong strategy adopted by Zain. Even though Safaricom may charge a little more than Zap, what matters most is having money in the virtual account, and this they have ensured by making deposits free. It is the getting out of the money from the virtual account that they make money from.

Though Zain had the idea of increasing subscribers in order to make their money transfer service viable via the “Vuka” tariff (utilizing the replacement model) this did not amount to much as Safaricom immediately introduced “Jibambie” which ensured Safaricom subscribers did not move to any other network. For this reason it is important that a consideration be made for the long term and not the short term. Furthermore introducing the Zap service in Kenya looked more of copying than novelty. Due to limited numbers, the only customers Zain could tap for the service were Safaricom customers, which may not have been possible because of incompatibility.

There should also be commitment of management in the implementation of innovations. The fact that “Sokotele” by Celtel was the first money transfer service in Kenya but failed gives a bad impression of sustainability of the fight and viability of company products. For this reason many Kenyans are skeptical of the company and its products.

Safaricom rode on the good publicity enjoyed over time in the Kenyan market to introduce the M-PESA product. By linking the service to the Safaricom identity it created confidence in the customers. People in Kenya associate Safaricom with success (as seen in the January 2008 IPO oversubscription), belonging, and stability. On the other hand, Zain was a new company, having bought off Celtel in Kenya. Zap therefore was fighting battles of identity as well as market share.

The strategy used by Safaricom to coin meaningful words in M-PESA gave them an added advantage. People in Kenya easily associate “Pesa”, with cash as in the meaning of the word. Zain on the other hand used Zap which did not have a meaning to most Kenyans.
5.7. Challenges faced by IMC strategies used in the diffusion of information on M-PESA

IMC is a new strategy in Kenya which incorporates advertising, personal selling, sales promotion, public relations, direct marketing, the product design, price, color, package and place. Those involved in the chain of responsibilities are many. Whereas Safaricom may have the vision of the IMC concept, Top Image personnel, the assistants in the shops or the agent may not really understand the concept. It is for this reason that issues of poor reputation for the product arise when contradicting messages are sent out by those disseminating the messages at different levels.
CHAPTER SIX: CONCLUSIONS AND RECOMMENDATIONS

6.0. Conclusions and recommendations

6.1. Conclusion
The findings of this research confirm that Safaricom has used superior IMC strategies and techniques compared to its competitors. According to Omwasa (2009), several factors had influenced the superior adoption of M-PESA and one of them was the effectiveness of campaigns and customer awareness. Michael Joseph the Safaricom CEO, in an M-Banking conference in Nairobi in 2008 said, “Getting masses to appreciate and adopt such technology takes a lot of effort and resources. It does not just happen. The customers’ proposition has to be understood”.

Safaricom has also benefited from its long positive relationship with its publics compared to its competitors as a result of which M-PESA has experienced a rapid adoption due to the association it has had with its innovator company. Due to the rapid adoption, many people in Kenya who did not expect to own bank accounts and who own mobile phones now save their money through the virtual accounts facilitated by M-PESA. The growth experienced in the money transfer service could therefore dispute the notion long held by traditional financial institutions that amounts of income earned were equivalent to economic growth. M-PESA has revolutionized the economy of the rural areas in Kenya and it is through the volume of business transacted and not the values involved that has made it possible.

Safaricom has successfully incorporated research in the diffusion of information in regard to its innovation. On its entrance to the market, M-PESA as a product targeted the uncatered for population as indicated in the MicroSave (2003) study cited earlier. Many low income earners were excluded from the traditional money transfer services. As a result many insecure and unaffordable means were being used leading to delays and losses of money on transit. For this reason the product was of relative advantage to the users. M-PESA designed as an instant, secure and targeting the low income earners in the population was seen as something unique and not already in the market. M-PESA did not
require any major effort from the adopter; it was completely free to the user. A Safaricom SIM card and the mobile phone already owned were all that was required for registration. The technology was therefore compatible with the existing usage of the mobile phone to the potential adopters. The process of registration was easy, an identification document, simple menu and the phone, the adopter was not required therefore to learn any new skills. Incase one was unable to transact on his/her own, M-PESA assistants were trained to assist such users. Since the registration cost nothing, users were in a position to sparingly try the service until they were confident of its stability. Consequently the unregistered, late majority and laggards were able to observe the results of the use of the products. Those receiving and sending money were testimony of success to the laggards as a result they were able to influence the skeptical ones into adoption.

M-PESA did not use mass media advertising only to diffuse information on its innovation but multiple forms of communication were used. The Billboards, newspapers, TV advertisements, branding of shops, SMSs and printed materials among others were all used to reinforce one another and ensure that the customer was adequately informed at all times.

M-PESA shops were established where they were most needed. The low income earner did not have extra resources to go to towns for the service. Essentially, Safaricom took the service to the customers’ doorstep. The service targeted a specific audience; shops were incorporated in places where customers visited to buy other products. “Mabati” shops, retail shops stocked with food stuffs among others were not left out; they therefore used a more specialized (niche) approach, which centered on specific target audiences. However these special strategies used to penetrate the market no longer apply and temporary structures are not acceptable.

In the introduction of the service the company was involved in making the shops stand out from the rest, agents were encouraged to offer the service, incentives like phones, shop branding, recruitment exercise for users ensured that the company moved from a manufacturer-dominated market to a retailer-dominated, consumer-controlled market. They were concerned about the convenience of the customer and those offering the
service to the customer. The availability of the product to the user was a key strategy in the initial campaigns. Safaricom agents were allowed to recruit sub-agents to offer services in areas where they could not. This strategy was used to ensure enough presence in the country. Currently Safaricom does not offer phones to agents, agents brand shops at their own expense and they also have to buy SIM replacement cards at Ksh 100 a piece and only recover money spent if the replacement is successful. Recruiting of sub-agents is currently illegal reason being that they flout operation requirements and have no contract with the company.

Cited by the Safaricom official as one of the reasons the company succeeded was its subscriber base. The fact that Safaricom targeted its users and not any one ensured that it moved from general-focus advertising and marketing to data-based marketing. They knew the number of potential adopters and targeted a percentage of that number.

IMC strategy advocates for companies embracing the strategy of moving from low agency accountability to greater agency accountability, particularly in advertising. With the outsourcing of Top Image to implement the service and practically be in charge of the product implementation and customer communication, Safaricom has successfully conformed to the requirement.

To ensure that the agents were encouraged and offered the service for long hours, the product was designed in a way that agents could view their commissions by the minute. It’s therefore easy for agents to set daily targets. To meet specific targets one only needs to open longer for every transaction completed the commissions increase automatically. The company therefore moved from traditional compensation to performance-based compensation (increased sales or benefits to the company).

M-PESA as a product is designed for the convenience of customers. People no longer need to run for the service lest the doors are closed. It’s available around the clock. Besides, it is located in residential areas where customers can access the service at any time. Access to the service is therefore unlimited.
6.2. Recommendations

Many innovations in Kenya have not seen the kind of rapid growth experienced by the M-PESA innovation. Many fail while others operate marginally without any remarkable success. For innovations to experience acceptance it is important that various considerations be made before they are launched to the market:

New products should always seek to fill a gap. Innovations should not be rolled out with enormous costs only to fail in the short run. Research should be done to understand what the consumer wants and needs. Consumers have specific needs, they should be considered first before the product. The product characteristics must match what someone specifically wants to buy. And part of what the consumer is buying constitutes a personal buying experience; not a copy of another product in the market.

Companies introducing new products should study the customer need and understand the consumer's cost to satisfy the want or need. The product price may be only one part of the consumer's cost structure. Most of the products undercut those already existing in order to penetrate the market. Whereas this may constitute a strategy often it is the cost of time, the cost of conscience in relation to the kind of purchase one makes and the cost of guilt (the right decision or not) that matters.

It is important to consider the convenience of the buying experience and then relate it to a suitable delivery mechanism. Convenience may include aspects of the physical or virtual location, ease of access, transaction service time and hours of availability. When designing a product, what matters is the customer and not the competitor. A company should design the delivery mechanism of a product with the need of the customer in mind and not what the competitor is doing. With novelty it’s easy to draw the product map, but with imitations it is not easy to strategize on the next move.

Multiple forms of communication should be used. Each medium serves a purpose in the various adoption stages. Companies should incorporate many media to communicate the same unified message with consistency and provide a feedback mechanism to make the communication two-way. They should include an understanding of non-traditional media,
such as word of mouth and how it can influence ones position in the consumer's mind. It is how many ways a customer hears or sees the same message through the course of the day, each message reinforcing the earlier images that leads to a relationship and create a good image for the company. Consumers associate with what they know and what constitutes their past experience. Being associated with quality, honesty and sustainability will always give a new company’s new product an added advantage. In an age of increasing information overload, the consumer has developed a coping mechanism to deal with the amount of information being received. There is increasing evidence that customers and prospects are basing most of their purchasing decisions on what they perceive to be important or true or what they think is right or correct rather than on solid, rational, economically derived information. To the consumer, perception is truth. A perception may not be correct, but it is what they know, and what they know is all they need to know. This new approach to gathering marketing information demands that a marketer's statements about products or services must be clear, concise, consistent, and comprehensible through all forms of communication or the consumer will simply ignore them. Any minor inconsistency that does not match the existing mind map will lead to a product’s rejection.
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Appendix i: Code sheet
Used by the researcher to establish use of communication tools in the diffusion of information on Safaricom M-PESA Mobile Phone Money transfer services in Nairobi.

1. Section A
   i) Communication tool used
      a) Billboard
      b) Flyers
      c) Newspapers
      d) SMS
      e) Posters
   ii) Actual words used
      a) Tool
         Words__________________________________________________________
      b) Tool
         Words________________________________________________________
      c) Tool
         Words________________________________________________________
      d) Tool
         Words________________________________________________________
      e) Tool
         Words________________________________________________________
      f) Tool
         Words________________________________________________________
   iii) Structure of Message
        a) Few meaningful words
        b) Meaningful Logo
        c) Use of Safaricom Logo
        d) Colors incorporated
        e) Lengthy explanation
        f) Others_(Identify)____________________________________________
   iv) Format of message
2. Section Two: Language

i) Choice of words
   a) Very easy to comprehend
   b) Comprehensive
   c) Difficult to comprehend
   d) Impossible to comprehend

ii) Tools have cues to aid information processing
    a) strongly agree
    b) neutral
    c) agree
    d) disagree
    e) strongly disagree

iii) Structure of instructions
    a) very easy to follow
    b) easy to follow
    c) neutral
    d) hard to follow
    e) very hard to follow
Appendix ii
Questionnaire for M-PESA service providers on the use of IMC strategies in the adoption of M-PESA Mobile Phone Money transfer services in Nairobi.

Welcome and thank you for sparing time to fill this questionnaire. I am a student of Master of Arts Degree in communications, The University of Nairobi. I am required to submit as part of my course work assessment, a research project report on “Integrated Marketing communication (IMC) and technology adoption of Safaricom M-PESA money transfer services. The purpose of this study is to investigate the use of Integrated Marketing communication (IMC) strategies used in the adoption of Safaricom M-PESA money transfer services. All information in this questionnaire will remain confidential and will not be used whatsoever against you. Kindly do not indicate your name.

Date ______________________________
Questionnaire Number ____________________

A. Biographical Data.
1) Position of respondent
   a) Owner b) Administrator c) Primary assistant d) assistant
3) Age bracket
   b) a)< 25 b) 25 – 45 c) 46 – 55 d) >55

B. Business Profile
1. Location ________________________________
2. Length of operation?
   a)<5 months b) 6- 12 months c) 13 months -18 months d) 19 months – 24 months
d) More than 2 years
3. Operating hours – What time to what time? _________________________
4. Opening and closing days
   Opening _________________________________
   Closing ________________________________
C. Strategies used

1) Was your business running before starting M-PESA?
   a) yes  b) no

2) Was it a requirement that your relocate your business to do M-PESA exclusively?
   a) yes b) no

3. Are you provided with promotional materials?
   a) yes b) no

4. If yes which ones?
   a) transaction materials- books, rulers etc
   b) posters
   c) t-shirts and caps
   d) tariff guidelines

5. How did you learn M-PESA operations?
   a) Going through the Menu myself
   b) from another M-PESA assistant
   c) Was trained by an M-PESA representative
   d) other __________________________

6. Do you get visits form M-PESA representatives?
   a) yes b) no

7. From which company does the representative come from?
   ____________________________________________________________

8. For what purpose do they visit you?
   a) Offer promotional materials
   b) Inform us of new services
   c) Train on new services
   d) Give guidelines on operations
   e) All the above

f) Other________________________________________________________________________

C. Clarity of M-PESA operation guidelines

1. Are there clients who ask for assistance either to withdraw or send money?
a) yes b) no

2. How do you deal with such customers?
   a) assist by transacting for them
   b) show them how to operate the Phone
   c) dismiss them
   d) do nothing

3. Are clients aware of the M-PESA commissions for all amounts involved?
   a) a few b) few c) some d) all

4. Are there some clients who require explanations regarding tariff guidelines?
   a) Yes b) no

5. Are there some operation guidelines for customers that require further instructions?
   a) Yes b) no

6. If yes in 5 name them
   a) ______________________________________________________
   b) ______________________________________________________
   c) ______________________________________________________
   d) ______________________________________________________

7. Have you ever sent money to wrong recipients?
   a) yes b) no

8. What made you send the money to the wrong person?
   a) Customer gave me the wrong number
   b) I entered the wrong number
   c) Customer declined to confirm the number
   d) Customer was not sure of the number
   e) Other ______________________________________________________

9. How did you realize that you had done the wrong transaction?
   a) Name of customer was different
   b) I realized I had entered the wrong digit
   c) Customer did not get a confirmation message
   d) Other ______________________________________________________

10. Were you able to retrieve the money?
a) Yes b) no
11. If yes, how did you go about retrieving the money?

______________________________________________________________________

12. After how long did you get money back after sending it to a wrong number?

________________________________________________________________________
________________________________________________________________________

a) Immediately b) after 6 hours c) after 12 hours d) after 24 hours e) after 48 hours 
   f) after 72 hours f) the money never came at all

13. If no in 11 what reason was given for not getting the money back?
   a) the wrong recipient had already withdrawn the money
   b) I could not identify myself to customer care
   c) the number 234 for requesting for retrievals was busy
   d) other _________________________________________________________

E. challenges in offering the service

1. What problems do you face as you offer M-PESA services to customers?
   a) system delays
   b) cumbersome reversal of wrong number transactions
   c) float delays
   d) customers giving wrong numbers
   e) customers complaining about commissions for transactions
   f) phones failing to confirm transactions
   g) occasional failure of phones
   h) customers getting impatient when system is slow
   i) all the above

2. In your opinion how should problems identified in 1 above be solved?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

Thank you for your time and support


Appendix iii
Focused interview schedule for M-PESA users on the use of IMC strategies in the adoption of M-PESA Mobile Phone Money transfer services in Nairobi

A. Biographical Data

1) Sex of respondent
   a) male  b) female

2) Educational Level?
   a)No formal Education  b) adult education  c) primary
   d)Secondary  e) university  f) above university

3) Age bracket
   d) a)< 25  b) 25 – 45  c) 46 – 55  d) >55

4. Occupation _________________________________________________________

B. Clarity of M-PESA guidelines

i) Are you a registered M-PESA user?
   a) yes  b) no

ii) If yes do you operate your phone?
   a) yes  b) no

iii) If no in ii above how do you then transact?
   a) seek assistance from other customers
   b) seek assistance from M-PESA assistants
   c) give my phone to the assistant to transact on my behalf
   d) other

   _________________________________________________________________

iii) Rate your understanding of the M-PESA menu?
   a) Very clear  b) clear  c) neutral  d) partially clear  e) not clear at all

B. Diffusion of information on M-PESA services

i) How did you first know about M-PESA services?
   a) Radio advertisement
   b) Newspaper article
   c) Safaricom representatives
   d) road show
e) Billboard  
f) SMS on my phone  
g) other  

ii) Did you register immediately after getting information on the service?  
a) yes  b) no  

iii) If no in (ii) how long did it take you before registering as an M-PESA user?  
a) a month  
b) two months  
c) three months  
d) four months  
e) five months  
f) other specify ______________________________________________________

iv) How did you finally get influenced into adoption?  
a) By neighbors  
b) Relatives  
c) Friends  
d) TV advert  
e) Road show  
f) SMS sent to me  
g) Safaricom representative  
h) Through post  
i) Leaflets  
j) Displayed in M-PESA outlets  
k) Personal decision  
l) Other specify ______________________________________________________

v) How do you get information on any M-PESA related services?  
a) Through neighbors  
b) Relatives  
c) Friends  
d) TV advert
e) Road show
f) SMS sent to me
g) Safaricom representative
h) Through post
i) Leaflets
j) Displayed in M-PESA outlets
k) Other specify ______________________________________________________

iv) Has information provided to you ever needed clarification?
a) yes b) no

C. Usefulness of the service
   a) how do you use the service
   b) sending money to family at home
   c) as an account for my money
   d) to pay some of my bills
   e) easy way to pay debts

ii) Have you ever used any other money transfer service?
a) Yes b) no

iii) If yes in (ii) above which services did you use?
   a) friends
   b) Bus/Matatu services
   c) Bank services
   d) Post office services
   e) Other specify ______________________________________________________

iv) Have you switched to M-PESA totally?
a) Yes b) no

v) What are your reasons for using M-PESA services?
   a) it’s a safe way to send money
   b) its conveniently located near my home
   c) the people working there are neighbors
   d) they work late
   e) its instant money transfer
f) its cheap to send money  
g) they take small amounts  
h) as a savings account  
i) All the above  
j) Others ________________________________________________________

vi) How do you rate the registration process?
  a) Very easy  
b) Easy  
c) Can’t say  
d) Difficult  
e) Very difficult  

vi) What are the requirements for transacting?
____________________________________________________________________
____________________________________________________________________

vii) Are there times you miss out on the requirements and transact all the same?
  a) yes b) no  

viii) How far from your house is an M-PESA outlet
  a) <50 metres b) 51-100 metres c) 101 – 150 metres d) 151- 200 metres e) above 200 metres

xv) What times of the day do you usually transact?
____________________________________________________________________

x) List the challenges you face as an M-PESA user?
  a) ________________________________________________________________  
  b) ________________________________________________________________  
  c) ________________________________________________________________  
  d) ________________________________________________________________  
  e) ________________________________________________________________  

xi) In your opinion what should be do to solve the problems?
____________________________________________________________________
____________________________________________________________________

Thank you for your time and support.
Appendix iv
A focus group discussion guide for M-PESA agents on the use of IMC strategies in the adoption of M-PESA Mobile phone Money transfer services in Nairobi- Kenya.

1) Length of operation?
_____________________________________________________________________

2) Requirements of becoming an agent?
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

3) Conditions for operation
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

4) Requirements for the outlets
_____________________________________________________________________
_____________________________________________________________________

5) Guidance on where to open outlets
_____________________________________________________________________
_____________________________________________________________________

6) Time taken to apply and have an outlet delivered
_____________________________________________________________________

7) Procedure on how to follow up applications
8) Training on M-PESA operations

9) Sources of information concerning M-PESA operations

13) Agent forums

14) Help on M-PESA related problems

15) Security of businesses

16) Challenges in regard to the following?
   a) Effective service to customers?
b) Effective agency operations?

17) Possible solutions to problems cited
Appendix v
In-depth Interview schedule for Safaricom officials on the use of IMC strategies in the adoption of M-PESA Mobile Phone Money transfer services in Nairobi – Kenya

1. What are some of the strategies used to penetrate the market?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

2. Whom did the company target first and why?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

3. What is the function of Top Image in the implementation of the service?
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

4. Why did Safaricom settle for a marketing company instead of implementing the service themselves?
_____________________________________________________________________
_____________________________________________________________________

5. How do you make sure that the information Top Image representatives pass to agents is in agreement with what Safaricom needs to be communicated?
6. Are the strategies the company is using different from those other competing service providers are using?

7. How would you rate customer adoption of M-PESA?

8. Various studies have rated the M-PESA adoption as rapid. What would you attribute to the success?

9. Zain’s Zap is in the market offering competition to M-PESA, what strategies are in place to maintain your customers?

10. Are there times customers have to call customer care for assistance?

11. What are some of the issues they require assistance on?

12. There have been complaints in regard to the accessibility of customer care call 234. What is being done about it?

13. What challenges is the company facing in the provision of the service to customers?

14. What efforts are in place to solve these problems?

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