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EFFECT OF MOBILE MARKETING ON ORGANIZATIONAL PERFORMANCE OF FINANCIAL INSTITUTIONS IN MERU COUNTY, KENYA

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ABSTRACT
Mobile marketing has become an important digital strategy for enhancing customer engagement, financial service accessibility, and organizational performance in the financial sector. This study examined the effect of mobile marketing on the organizational performance of commercial banks and deposit-taking SACCOs in Meru County, Kenya. A descriptive cross-sectional survey design was adopted, targeting 187 employees drawn from licensed commercial banks and deposit-taking SACCOs using a census sampling technique. Primary data were collected using structured questionnaires and analyzed using descriptive statistics and simple linear regression in SPSS version 28. The findings revealed widespread adoption of mobile marketing practices, with particularly strong agreement on the user-friendliness of mobile banking applications, regular mobile promotions, and the contribution of mobile marketing to increased customer access to financial services. Regression analysis established a significant positive relationship between mobile marketing and organizational performance ($R = 0.452$, $R^2 = 0.204$, $\beta = 0.567$, $p < 0.001$). The study concludes that enhanced adoption of mobile banking applications, SMS alerts, mobile promotional campaigns, and mobile-optimized services significantly improves organizational performance through better customer engagement, service delivery, and accessibility. The study recommends increased investment in reliable, secure, and user-friendly mobile marketing platforms to strengthen organizational competitiveness and service effectiveness in financial institutions.

KEYWORDS*: Mobile Marketing, Organizational Performance, Financial Institutions, Mobile Banking, SMS Marketing, Digital Financial Services, Customer Engagement.*

1.0 INTRODUCTION

Mobile marketing has become a critical component of digital financial service delivery, enabling financial institutions to provide customers with convenient, personalized, and real-time access to banking services through mobile applications, SMS, USSD platforms, and mobile-responsive websites. The widespread adoption of mobile technologies has transformed how financial institutions communicate with customers, deliver financial products, and strengthen customer relationships while improving operational efficiency (Soetan & Mogaji, 2024; Wang et al., 2024). Mobile marketing facilitates timely information sharing, personalized promotional campaigns, and instant transaction notifications, thereby enhancing customer experience and encouraging greater utilization of financial services (Jamil et al., 2022; Geissinger et al., 2023). As digital transformation accelerates across the financial sector, mobile marketing has become an important strategic tool for improving organizational performance through increased customer engagement and service accessibility (Elareshi et al., 2023).

In Kenya, rapid growth in mobile phone penetration and innovations such as M-Pesa have accelerated the adoption of mobile marketing by financial institutions, enabling customers to access banking services regardless of geographical location (Kimani & Mutuku, 2023; Selevani, 2023). Banks and deposit-taking SACCOs increasingly rely on mobile platforms to provide services such as account management, funds transfers, loan applications, and customer support, thereby improving convenience and operational efficiency (Ireri, 2021; Motondi & Bula, 2020). Despite these developments, challenges including cybersecurity risks, digital literacy gaps, and technological compatibility continue to influence the effectiveness of mobile marketing initiatives (Wang et al., 2024). Furthermore, limited empirical evidence exists on the contribution of mobile marketing to the organizational performance of financial institutions in Meru County, creating the need for this study.

2.0 PAST STUDIES

Mobile marketing refers to the use of mobile technologies, including mobile applications, SMS, USSD services, and mobile-optimized digital platforms, to communicate with customers, promote financial products, and facilitate the delivery of financial services. The growing adoption of mobile technologies has enabled financial institutions to improve customer engagement by providing convenient, personalized, and real-time access to banking services (Soetan & Mogaji, 2024; Wang et al., 2024). According to Jamil et al. (2022), mobile marketing enhances customer experience by supporting targeted communication and timely service delivery, while Geissinger et al. (2023) observed that mobile-based financial services reduce transaction time and improve customer

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satisfaction. Similarly, Elareshi et al. (2023) noted that mobile marketing strengthens customer relationships by improving accessibility and promoting continuous interaction between financial institutions and their clients.

Empirical evidence demonstrates that mobile marketing contributes positively to organizational performance by enhancing financial service accessibility, customer engagement, and service efficiency. Pelletier (2018) reported that increased adoption of mobile platforms has significantly expanded digital financial transactions, while Yang et al. (2022) found that mobile analytics enable financial institutions to understand customer behavior and improve service quality. In Africa, mobile marketing has enhanced financial inclusion by extending banking services to underserved populations through mobile applications, SMS banking, and USSD platforms (African Development Bank, 2023; Lim & Rasul, 2022). In Kenya, studies by Ireri (2021), Motondi and Bula (2020), and Selevani (2023) established that mobile marketing improves customer engagement, promotes timely financial transactions, and enhances access to banking services. However, most existing studies focus on financial inclusion, mobile banking adoption, or customer behavior rather than the direct contribution of mobile marketing to organizational performance. This contextual gap justifies examining the effect of mobile marketing on the organizational performance of financial institutions in Meru County, Kenya.

3.0 MATERIALS AND METHODS

Description of the Study Area

The study was conducted in Meru County, one of the 47 counties in Kenya, located in the Eastern region. The county hosts a considerable number of commercial banks and deposit-taking SACCOs that have increasingly adopted mobile technologies to enhance customer communication and financial service delivery. Meru County was selected because financial institutions in the county widely utilize mobile marketing platforms, including mobile banking applications, SMS alerts, and USSD services, to improve customer engagement, accessibility, and service efficiency. The county therefore provided an appropriate setting for examining the effect of mobile marketing on the organizational performance of financial institutions. Accordingly, the study focused on licensed commercial banks and deposit-taking SACCOs operating within Meru County.

Research Design and Sampling

The study adopted a descriptive cross-sectional survey research design to examine the effect of mobile marketing on the organizational performance of financial institutions in Meru County, Kenya. A descriptive cross-sectional survey design is appropriate for collecting, describing, and analyzing data on existing phenomena and relationships at a single point in time without manipulating the study variables (Sirisilla, 2023). The design enabled the collection of quantitative data through structured questionnaires administered to employees responsible for marketing, digital services, and institutional management, providing insights into the adoption of mobile marketing and its influence on organizational performance.

The target population comprised employees from licensed commercial banks and deposit-taking SACCOs operating in Meru County. These financial institutions were selected because they extensively utilize mobile marketing platforms, including mobile banking applications, SMS alerts, and USSD services, to enhance customer engagement and service delivery. Since the study population was relatively small, a census sampling technique was adopted, where all the 187 eligible respondents were included in the study, as recommended by Kothari (2010) for small populations. The respondents comprised Chief Executive Officers, Branch Managers, Heads of Marketing, Heads of IT/E-Marketing, and Digital Marketing Officers. The census approach minimized sampling error, ensured comprehensive representation of key personnel involved in mobile marketing activities, and enhanced the reliability of the study findings on the effect of mobile marketing on the organizational performance of financial institutions in Meru County.

Data Collection and Analysis

Primary data were collected from employees of commercial banks and deposit-taking SACCOs in Meru County using structured questionnaires administered through the drop-and-pick method. The study examined mobile marketing practices, including the use of mobile banking applications, SMS alerts, USSD services, mobile promotional campaigns, and mobile customer engagement, alongside organizational performance indicators. Completed questionnaires were coded and analyzed using SPSS version 28. Descriptive statistics, including frequencies, percentages, means, and standard deviations, were used to summarize the data, while inferential analysis using simple linear regression was employed to determine the effect of mobile marketing (independent variable) on organizational performance (dependent variable) (Kabacoff, 2022). The study used the following regression model:

$Y = \beta o + \beta_i X_j + \varepsilon$ ……………Where (i = j)…………………………………………………………………..... (1)

Where: Y = Organizational performance
βo = Constant
Xj = Mobile narketing
ε = Error Term
βi = Regression Coefficient

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The variables were measured using multiple items rated on a 5-point Likert scale (1 = Strongly Disagree, 2= Disagree, 3 = Neutral, 4 = Agree to 5 = Strongly Agree).

4.0 RESULTS AND DISCUSSION

Descriptive findings on Mobile Marketing and Organizational performance

A total of 187 questionnaires were successfully administered and returned, representing a 100% response rate based on the achieved sample, thereby providing sufficient data for analysis. The study assessed respondents' perceptions of mobile marketing practices, including mobile platform optimization, accessibility of banking services through mobile platforms, SMS alerts and notifications, mobile promotional campaigns, user-friendliness of mobile banking applications, and the contribution of mobile marketing to financial service accessibility. The descriptive results are presented in Table 1.

Table 1. A Summary of Descriptive Findings on Mobile Marketing Constructs

Mobile Marketing Statements	Disagree	Neutral	Agree	Mean	SD
Our website and services are well optimized for mobile device users	7 (3.7%)	24 (12.8%)	156 (83.4%)	1.81	1.22
Customers can access most banking services through mobile platforms	9 (4.8%)	28 (15.0%)	150 (80.2%)	1.89	1.23
SMS alerts and mobile notifications enhance service delivery	13 (6.9%)	20 (10.7%)	154 (82.4%)	1.88	1.27
Mobile campaigns are effective in reaching rural and underserved customers	9 (4.8%)	21 (11.2%)	157 (84.0%)	2.20	1.37
The bank regularly runs mobile promotions and updates	5 (2.6%)	14 (7.5%)	168 (89.8%)	2.81	1.41
Mobile banking apps are user-friendly and enhance convenience	3 (1.6%)	10 (5.3%)	174 (93.0%)	2.21	1.44

Source: Research Data (2026)

The findings indicate that financial institutions in Meru County have widely adopted mobile marketing practices to enhance customer engagement and service delivery. The highest level of agreement was recorded on the statement that mobile banking applications are user-friendly and enhance convenience, with 174 respondents (93.0%) agreeing (Mean = 2.21, SD = 1.44). Similarly, 168 respondents (89.8%) agreed that their institutions regularly run mobile promotions and updates (Mean = 2.81, SD = 1.41), while 167 respondents (89.3%) agreed that mobile marketing has increased customer access to financial services (Mean = 2.78, SD = 1.41). In addition, 157 respondents (84.0%) agreed that mobile campaigns effectively reach rural and underserved customers (Mean = 2.20, SD = 1.37), highlighting the contribution of mobile marketing to financial inclusion. These findings support Soetan and Mogaji (2024), who observed that mobile marketing enhances customer reach, service accessibility, and organizational competitiveness through convenient and personalized financial services.

The results further demonstrate that mobile platforms have become an important channel for financial service delivery. A majority of respondents agreed that institutional websites and services are optimized for mobile devices (83.4%; Mean = 1.81, SD = 1.22), customers can access most banking services through mobile platforms (80.2%; Mean = 1.89, SD = 1.23), and SMS alerts and mobile notifications improve service delivery (82.4%; Mean = 1.88, SD = 1.27). These findings suggest that financial institutions have embraced mobile technologies to improve customer convenience, communication, and accessibility. The results are consistent with Geissinger et al. (2023), Elareshi et al. (2023), and Ireri (2021), who reported that mobile marketing enhances customer experience, strengthens financial service accessibility, and contributes positively to organizational performance through improved digital service delivery.

HYPOTHESIS TESTING

Hypothesis testing was conducted to determine whether mobile marketing significantly influences organizational performance among financial institutions in Meru County. The null hypothesis (H_0) stated that there is no significant relationship between mobile marketing and organizational performance. Bivariate regression analysis, $Y=\beta_0 + \beta_i X_j + \varepsilon$, was used to test the hypothesis. The decision criterion was based on the p-value at the 5% level of significance, whereby the null hypothesis was rejected if the p-value was less than 0.05 and retained if the p-value was greater than or equal to 0.05.

Bivariate Regression Results

The results of the bivariate regression model presented in Table 2 indicate that mobile marketing has a significant positive effect on organizational performance among financial institutions in Meru County, Kenya.

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Table 2. Model Summary, ANOVA and Regression Results for Mobile Marketing

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.452*a*	0.204	0.200	0.7165

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	24.351	1	24.351	47.431	.000*b*
	Residual	94.980	185	0.513		
	Total	119.331	186			

	Unstandardized Coefficients		Standardized Coefficients	t	p-value
	B	Std. Error	Beta		
(Constant)	1.552	0.191		8.141	0.000
Mobile marketing	0.567	0.082	0.452	6.887	0.000

Source: Research Data (2026)

a. Predictors: (Constant), Mobile Marketing
b. Dependent Variable: Organizational Performance

The model summary shows a correlation coefficient of R = 0.452, indicating a moderate positive relationship between mobile marketing and organizational performance. The R Square value of 0.204 indicates that mobile marketing explains 20.4% of the variation in organizational performance, while the remaining 79.6% is explained by other factors not included in the model. The Adjusted R Square of 0.200 suggests that, after adjusting for sample size, mobile marketing remains an important predictor of organizational performance. The ANOVA results (F = 47.431, p = 0.000) further confirm that the regression model is statistically significant.

The regression coefficient for mobile marketing was positive and statistically significant (B = 0.567, β = 0.452, t = 6.887, p = 0.000), indicating that improvements in mobile marketing are associated with improvements in organizational performance. Specifically, a one-unit increase in mobile marketing leads to an estimated 0.567-unit increase in organizational performance. Since the p-value is less than the 0.05 significance level, the study rejects the null hypothesis (H_{04}) and concludes that mobile marketing has a statistically significant positive effect on organizational performance among financial institutions in Meru County, Kenya.

Using the unstandardized beta coefficients in Table 2, the overall equation for the regression model can be given as follows:

Y = 1.552 + 0.567X……………………………………..………………...…………………………………...……..…(1)

Where Y represents organizational performance and X represents mobile marketing.

The regression model indicates that, even in the absence of mobile marketing, financial institutions would attain a baseline organizational performance score of 1.552. The positive regression coefficient demonstrates that strengthening mobile marketing practices through enhanced mobile banking applications, SMS alerts, mobile promotional campaigns, and mobile-optimized services significantly improves organizational performance. Although 79.6% of the variation in organizational performance is explained by other organizational and environmental factors, the findings demonstrate that mobile marketing is an important driver of organizational performance. These findings are consistent with Soetan and Mogaji (2024), who reported that mobile marketing enhances customer engagement, service accessibility, and organizational performance through convenient and real-time digital interactions.

5.0 CONCLUSION AND RECOMMENDATIONS

Conclusions

The study concludes that mobile marketing has a significant and positive effect on the organizational performance of financial institutions in Meru County, Kenya. Mobile marketing explained 20.4% of the variation in organizational performance, indicating that adoption of mobile banking applications, SMS alerts, mobile promotional campaigns, and mobile-optimized services contributes to improved organizational performance. The findings demonstrate that mobile accessibility, convenience, and timely customer interactions enhance customer engagement, improve service delivery, and strengthen overall organizational performance. Overall, the study establishes that mobile marketing is an important driver of organizational performance and should be prioritized by financial institutions seeking to enhance their competitiveness and service effectiveness.

Recommendations for Practice

Financial institutions within Meru County and in Kenya at large should strengthen the adoption of mobile marketing by investing in mobile banking applications, SMS-based customer engagement, and mobile-optimized digital platforms. Management should

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also allocate adequate resources to improve the reliability, security, accessibility, and user-friendliness of mobile services to enhance customer engagement, service delivery, and overall organizational performance.

Recommendations for Further Research

Since mobile marketing accounted for 20.4% of the variation in organizational performance, future studies should investigate other factors that may influence organizational performance, such as content marketing, social media marketing, email marketing, customer relationship management, digital innovation, organizational capabilities, and technological readiness. Further studies may also consider other financial institutions, sectors, or counties to enhance the generalizability of the findings.

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