

The
Management
University
of Africa



Sponsored by the Kenya Institute of Management

UNDERGRADUATE UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
**DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP/
BACHELOR OF COMMERCE**

MKT 400/ MKT 322: MARKETING OF SERVICES

DATE: 14TH APRIL 2026

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

MARKETING OF M-PESA SERVICES

Marketing of services differs significantly from marketing of physical goods due to the unique characteristics of services, namely intangibility, inseparability, variability, and perishability. Service organizations must therefore adopt specialized marketing strategies that focus on customer experience, trust, and relationship building. This case study examines the marketing of M-Pesa, a mobile money transfer service offered by Safaricom PLC in Kenya, highlighting how effective service marketing strategies have contributed to its widespread adoption and success.

Safaricom PLC is Kenya's leading telecommunications company, and M-Pesa is its flagship mobile financial service. Launched in 2007, M-Pesa enables users to deposit, withdraw, transfer money, pay bills, and access financial services through their mobile phones. Over time, M-Pesa has transformed financial inclusion in Kenya and serves as a global benchmark for service innovation and marketing excellence.

M-Pesa is a technology-driven financial service that allows users to conduct monetary transactions without the need for a traditional bank account. Customers register for the service at authorized agents and use their mobile phones to perform transactions via a secure SIM-based application.

The core services offered by M-Pesa include, Person-to-person money transfers, Cash deposits and withdrawals through agents, Bill and merchant payments (Lipa na M-Pesa), Mobile banking integration and savings products and Credit and loan services such as Fuliza and M-Shwari. As a service, M-Pesa is intangible and cannot be evaluated before use. Safaricom has therefore relied heavily on branding, reliability, and customer trust to market the service successfully. The M-Pesa service is designed to be simple, secure, and accessible. Safaricom continuously enhances the service by introducing new features and partnerships with banks, businesses, and government institutions. The ease of use and wide functionality address the everyday financial needs of customers, making the service highly relevant.

M-Pesa pricing is transaction-based, with charges depending on the amount transferred or withdrawn. Safaricom adopted a transparent and affordable pricing strategy to encourage adoption across different income levels. Occasional promotional pricing, such as free transactions during emergencies or special periods, has strengthened customer loyalty and usage.

One of M-Pesa's strongest marketing advantages is its extensive agent network. Safaricom established thousands of M-Pesa agents across urban and rural areas, ensuring service availability and convenience. The service is accessible anywhere with mobile network coverage, eliminating geographical barriers associated with traditional banking. Safaricom employs integrated marketing communications to promote M-Pesa. These include television and radio advertising, billboards, social media campaigns, and community outreach programs. Promotional messages focus on trust, convenience, security, and emotional connection, often using real-life stories to demonstrate the impact of M-Pesa on individuals and businesses.

People play a critical role in service delivery. M-Pesa agents, customer service representatives, and Safaricom staff directly influence customer perceptions. Safaricom invests in training agents to ensure professionalism, accuracy, and courteous service, which enhances customer confidence and satisfaction. The M-Pesa service process is designed to be fast, reliable, and user-friendly. Transactions are completed within seconds, and customers receive instant confirmation messages. Clear procedures for registration, transactions, and problem resolution reduce uncertainty and build trust in the service. Although M-Pesa is an intangible service, Safaricom provides physical evidence through agent outlets, branded signage, transaction receipts (SMS confirmations), and mobile application interfaces. These tangible cues reassure customers of the service's legitimacy and reliability.

Despite its success, M-Pesa has faced several marketing challenges. These include increasing competition from banks and fintech companies, cybersecurity concerns, and the need to continuously educate customers on new service features. Additionally, service failures such as network downtime can negatively affect customer trust and satisfaction.

Safaricom addresses these challenges through continuous innovation, system upgrades, customer education campaigns, and responsive customer support. Maintaining service quality is a key focus of its marketing strategy.

The effective marketing of M-Pesa has led to massive adoption, with millions of active users and widespread acceptance among businesses and institutions. The service has enhanced financial inclusion, reduced transaction costs, and enabled economic participation for previously unbanked populations.

From a marketing perspective, M-Pesa has built strong brand equity and customer loyalty by delivering consistent value and reliable service experiences. Its success demonstrates the importance of aligning service design, marketing communication, and service delivery.

This case study illustrates how strategic marketing of services can lead to sustainable competitive advantage. Safaricom's M-Pesa exemplifies effective service marketing through customer-focused service design, an extensive distribution network, strong promotional strategies, and consistent service quality. By understanding and applying the principles of services marketing, Safaricom has not only achieved commercial success but also created significant social and economic impact.

(Source: Integrated marketing communication & technology adoption: m-pesa in kenya *mulwa, ndeti n. (2013). african journal of science, technology, innovation and development*).

Required:

- a) From the case study, examine four unique features of services **(8 marks)**
- b) From the case, explain why traditional marketing mix is inadequate in the service sector **(6 marks)**
- c) From the case, highlight three points should be adhered to in financial advertising like in this sector **(6 Marks)**
- d) From the case, explain three conditions that influence differential or flexible pricing in M-pesa by Safaricom company **(5 Marks)**

QUESTION TWO

- a) Examine the concept of inseparability in the marketing of services **(3 marks)**
- b) As a student of services marketing illustrate the concept of Customer Relationship Management (CRM) and its significance **(12 marks)**

QUESTION THREE

- a) Highlight steps for complaint handling in marketing of services **(5 marks)**
- b) Examine five key dimensions of SERVQUAL model in service industry **(10 marks)**

QUESTION FOUR

- a) Examine three forms of purchase in the service sector. **(7 marks)**
- b) Argue the Service Quality Gap Model concept **(8 marks)**

QUESTION FIVE

- a) Explain any three factors that can determine differential pricing in the marketing of services **(6 marks)**
- b) Argue three forms of marketing in service industry triangle **(9 marks)**

QUESTION SIX

- a) JUA limited have engaged you in training of their staff; explain three ways of carrying out this training. **(6 marks)**
- b) Daima delights have appointed you as one of the firm's sales force. Discuss three key benefits of this promotion strategy **(9 marks)**