



SERVICE MARKETING IN URBAN INFORMAL SETTLEMENTS IN NAIROBI-KENYA

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Abstract

Service marketing in Nairobi's urban informal settlements such as Kibera, Mathare, Mukuru, and Korogocho presents a unique set of challenges and opportunities. These densely populated areas are marked by poverty, informal economies, weak infrastructure, and limited access to basic services. Traditional marketing strategies often fail to resonate in these contexts due to low trust, price sensitivity, and diverse cultural dynamics. This study explores the core characteristics of services, identifies barriers to effective service marketing, and highlights innovative strategies used by organizations operating in Nairobi's informal settlements. Key findings emphasize the importance of community engagement, localized communication, flexible payment models, and trust-building through partnerships with local leaders and grassroots organizations. By adapting marketing approaches to the socio-economic realities of informal settlements, service providers can enhance access, adoption, and sustainability of essential services. This paper concludes that context-specific, participatory marketing models are vital for achieving inclusive service delivery in Nairobi's informal urban spaces.

Introduction

In marketing, a service is an activity that is intangible or an advantage a person offers to another party and which its outcome does not result to ownership. According to Grönroos, (2020), it has been established that no marketing research has been conducted for more than 20 years pertaining to marketing services. Therefore to enhance marketing credibility there is need to revive research in that particular field. Nevertheless, proper comprehension of service as an element of marketing through brand development, innovation and design is missing and not spoken about thus putting at a risk valid and existing studies on important topics pertaining to service marketing. However, Onsardi et. al. (2021) confirms that service marketing impacts decisions made by students in choosing Economic and Business in many learning institutions in the globe.

In the rapidly evolving digital landscape, artificial intelligence (AI) is revolutionizing service marketing by enabling businesses to enhance customer engagement, personalize experiences, and optimize operations. This chapter explores the transformative impact of AI on future service marketing generation, stressing on data analysis capabilities, analytical prediction and interactions among customers. Instruments and methodologies that are AI driven provides unmatched perceptions into customer behaviors through analysis of huge data from carrying sources such as transactional records, consumer observations and social media. Algorithms for machine learning forecasts preferences and trends from customers thus helps markets make informed decisions and form custom strategies based on the precisions Vetrivel et. al. (2024)

In African Nations, information settlements are a common scenario. In this researcher informal settlement patterns in Nairobi, Kenya will be explored with the main emphasis put on developers' characteristics, physical patterns, rented rooms and plot affordability. The outcome of the research were as stated below:

1. Conditions and spatial characteristics of informal settlements are not the same. Squatters' areas were identified with narrow streets and iron sheet houses, areas which were plan had multistory building arranged in an exceptional arrangement, were made of concrete blocks and were conditioned moderately.
2. The prices for the housing plots were expensive for the majority of dwellers, with rental rooms having fixed prices depending on the areas therefore providing dwellers with low income with varied choices.
3. Some structures belonged to owners who resided in them, others were built by non residents who rents rented them for profit. This is an indication that informal settlements are not a better place to reside but a lucrative and profitable venture for developers.

Characteristics of Services

Intangibility

- Services lack physical form they cannot be seen, touched, smelled, or tasted. Customers evaluate them through experience (e.g. restaurant meals) or credence (e.g. expert consultations).
- Marketers compensate by offering tangible cues such as facility ambiance, branding, testimonials, or guarantees to build trust and reduce perceived risk.

2. Inseparability

- Service production and consumption occur simultaneously. The service provider and customer typically interact directly during delivery (e.g. teacher student, barber client).
- However, emerging research suggests that many modern services like dry cleaning or telemedicine can separate production from consumption through technology, challenging the traditional view of inseparability.

3. Heterogeneity / Variability

- Services vary in quality and delivery due to human involvement and contextual factors: the provider, time, location, and customer themselves.
- Consistency is maintained through standardized procedures, employee training, and quality control systems.

4. Perishability

- Services cannot be stored or inventoried. Unused capacity such as unfilled hotel rooms or empty airline seats represents lost revenue.
- Businesses manage demand with forecasting, reservation systems, dynamic pricing, and off-peak promotions.

5. Lack of Ownership

- Customers do not obtain ownership of a service; instead, they benefit from access or experience (e.g. car rental, consultation).
- Marketing focuses on demonstrating the value of intangible benefits and fostering loyalty and emotional connections.

Additional Traits Impacting Service Marketing

- **Fluctuating Demand:** Demand often varies by season, day, or hour. Aligning pricing and capacity helps smooth peaks and troughs.
- **User Participation:** Customers often co-create service value (e.g. co-design, feedback, engagement).
- **People-Centric Delivery:** Employees embody the brand in service industries. Their behaviors and skills strongly affect quality and perceptions.
- **Time-Sensitivity:** Timing matters in service delivery; delays or scheduling mismatches can seriously affect customer satisfaction.
- **Service Quality:** Features attributes for instance empathy, reliability, receptiveness, assurance, and tangibles are critical to meeting or exceeding expectations.

Contemporary Marketing Implications (2025 and beyond)

- **Hybrid High-Tech/High-Touch:** Financial advisory and healthcare increasingly combine digital tools with personal rituals to create consistent but empathic service experiences
- **Enhanced e-Service Quality:** Digital platforms emphasize reliability, security, personalization, ease of use, and responsiveness to compensate for intangibility.
- **Tangible Elements in Digital Services:** Visual and descriptive tools such as AI-enhanced imagery in real-estate portals make e-services feel more concrete and trustworthy.

Summary Table

Characteristic	What It Means	Marketing/Operational Response
Intangibility	Cannot be physically examined before purchase	Use tangible cues, branding, testimonials, and guarantees
Inseparability	Produced and consumed simultaneously	Invest in staff training & consistent service processes
Heterogeneity	Service quality varies by provider, time, context	Develop standard protocols, training, monitoring
Perishability	Unused capacity is lost forever	Forecast demand, dynamic pricing, reservation systems
Lack of Ownership	Customers don't own the service	Emphasize value, experience, loyalty programs
Fluctuating Demand	Service demand can vary widely over time	Demand-based pricing, promotion, capacity planning
User Participation	Customers co-create the experience	Design inclusive service processes
People-Centricity	Human interaction defines quality	Hire/training focus, service culture
Time-Sensitivity	Timing of service is critical	Optimize scheduling and responsiveness
Quality Management	Quality often measured via SERVQUAL dimensions	Monitor, evaluate, and continually improve service delivery

Strategies applied on service marketing in urban informal settlements

1. Community Co-creation & Participation

- **Co-production of services:** Partner with residents (e.g. waste pickers, youth groups) who deliver services themselves such as recycling, sanitation, energy, childcare combining community knowledge with entrepreneurial models.
- **Community-Based Participatory Research (CBPR):** Involve residents in designing and evaluating the service so their lived experiences shape messaging, delivery, and benefits.

2. Use of Trusted Local Networks

- **Community leaders & groups:** Programs succeed when trusted figures (CHVs, youth leaders, local groups) endorse and facilitate adoption for example in water, hygiene, or peace-building campaigns.
- **Community radio or local media:** Local storytelling platforms (e.g., Koch FM in Korogocho) help promote services and raise visibility through relatable narratives.

3. Socio-Environmental Social Entrepreneurship

- Social enterprises embedded within the community such as waste-to-briquette initiatives (Green Project Initiative in Mathare) or bio-sanitation centers (Umande Trust) transform waste/need into services marketed on health, affordability, and local empowerment.

- In Kisumu, waste collection micro-enterprises led by ‘social bricoleurs’ succeeded by using minimal resources and generating community value.

4. Incentives & Subsidization

- Sanitation and hygiene efforts achieve best results when combining behavior messaging with subsidies, soap giveaways, or incremental incentives, delivered via interpersonal communication and culturally relevant campaigns.
- Community currency systems like Sarafu-Credit and Eco-Pesa incentivize local trade and service uptake, encouraging participation by tying benefits directly to community services.

5. Localized Messaging & Cultural Relevance

- Messaging needs to be short, interpersonal, socio-culturally sensitive, and preferably feature local language, narratives, and examples. Long or generic messages are ineffective.
- Visual and interpersonal tools murals, workshops, participatory demonstrations enhance engagement and trust better than posters alone.

6. Building Long-Term Trust & Accountability

- Use ongoing presence and respectful interaction rather than fleeting campaign bursts; reputation in informal settlements depends on trust over time.
- Establish community advisory committees or liaison groups to support accountability, collect feedback, and give residents visibility and voice in service governance.

Challenges faced when conducting service marketing in urban informal settlement.

1. Poverty Penalty & High Costs

Residents often pay significantly higher prices for basic services like water, electricity, rent, and sanitation despite receiving lower quality or unregulated service, a phenomenon known as the “poverty penalty”

This financial burden constrains ability to pay for formal services or marketing communications and limits trust in service providers.

2. Fragmented Informal Supply & Lack of Standardization

Water and sanitation in neighbourhoods like Kibera and Mukuru are delivered primarily via unregulated small-scale providers who may operate as cartels leading to price fixing, inconsistent quality, and mistrust toward legitimate offerings.

The lack of standardization makes service differentiation difficult, complicating marketing strategies for new or formal interventions.

3. Institutional Barriers & Policy Gaps

Lack of land tenure security and official recognition of informal settlements often precludes formal utility expansions or infrastructure investments creating systemic exclusion of communities from formal services.

Fragmented responsibility and coordination among government compartments inhibit robust service delivery strategies, weakening marketing credibility and long-term adoption.

4. Physical Infrastructure Constraints

Poor layout and density narrow alleys, lack of street addresses, overloaded drainage systems, limited lighting hinder access for service personnel, visibility of marketing campaigns, and safe experiential demonstration of services.

Service delivery points (like kiosks or centers) are often distant, insecure, or invisible, impeding consumer exposure.

5. Low Trust & Risk Aversion

Communities face chronic exposure to fraud, contamination, poor vendor behavior, and even organized criminal control over essential services (e.g. water cartels)—leading to deep distrust of new providers or initiatives.

This mistrust undermines marketing campaigns and makes residents hesitant to try or pay for new services.

6. Social Identity & Communication Disconnects

High ethnic diversity, transient populations, and varied language usage across informal settlements (e.g. Kawangware, Korogocho) complicate unified messaging approaches.

Many residents are unfamiliar with formal governmental structures and lack civic literacy, limiting engagement in service demand or advocacy processes.

7. Magnitude of Demand vs Service Capacity

With up to 50–60% of Nairobi’s population living in informal settlements, demand massively outpaces formal service capacity and providers avoid marketing where scalability and infrastructure are insufficient or perceived unprofitable.

8. Security & Social Instability

Persistent crime, robbery, poor lighting, harassment, and a general environment of insecurity reduce the feasibility of field-based marketing, door-to-door campaigns, or public demonstrations often used for service awareness

Remedies on limitations when conducting service marketing in urban informal marketing

Summary Table: Remedies Matrix

Limitation	Remedy
Low trust	Use local champions, offer guarantees, build consistency
Poverty sensitivity	Use mobile micropayments, shared services, community credit
Poor infrastructure	Mobile outreach, community kiosks, localized delivery systems
Low education/literacy	Visual & oral methods, storytelling, local dialects

Limitation	Remedy
Insecurity	Engage youth groups for safety, avoid risky zones/times, host small safe activations
Policy/legal uncertainty	Partner with NGOs/CBOs, use participatory planning models
Communication gaps	Hyperlocal messaging (radio, murals, WhatsApp), in-person demos

Conclusion

Service marketing in Nairobi's informal settlements such as Kibera, Mathare, Mukuru, and Korogocho requires a fundamentally different approach than in formal urban areas. These communities face unique challenges: limited infrastructure, fragmented service supply, poverty, insecurity, and deep-rooted mistrust of formal systems. As a result, traditional marketing tactics are often ineffective or inappropriate.

To succeed, service providers must shift from a transactional mindset to a community-driven, trust-building strategy. This means:

- Co-creating solutions with residents rather than imposing them.
- Using hyper-local, culturally relevant messaging delivered through trusted community figures and grassroots media.
- Offering flexible, affordable payment models suited to low-income, high-risk environments.
- Investing in long-term presence and accountability, not just short-term promotion.

Ultimately, the goal is not just to market a service but to embed it into the social fabric of the community through participation, relevance, and reliability. In doing so, marketers and service providers can unlock sustainable adoption, loyalty, and positive impact in some of Nairobi's most underserved but resilient communities.

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