

EFFECTS OF MARKETING STRATEGIES ON THE GROWTH OF SMALL BUSINESSES IN KENYA: A SURVEY OF KARIAKOR MARKET

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ABSTRACT

The study aimed at determining effects of marketing strategies on the growth of small businesses in Kenya with reference to Businesses at Kariakor Market in Nairobi. The study focused on the owners, staff and activities of Kariakor Market, Nairobi, and included the marketing activities and strategies applied by the staff and the management of the small businesses at the market. The researcher adopted a descriptive research design as there are variables which cannot be quantified but can only be described in descriptive statistics. Through random stratified sampling method, the researcher selected 105 respondents out of total population of 210 of the business owners and the staff at the market. Data was collected through administering of questionnaires to the respondents. Quantitative and qualitative techniques of data analysis were used to collect data and the findings were presented through charts, tables and graphs for simple understanding of the findings. The study found out that use of various marketing strategies affect the growth of small businesses. The study recommended that it is not only important that businesses advertise but also be able to choose the right media to reach as many people as possible. The study acknowledges that word of mouth could only be effective if the quality of goods is good and that the customers are highly satisfied. The study also recommended that the organization should identify mentors that can encourage them to achieve the profitability they desire. The organization should also establish the right contacts that can help the business in its growth and also create a good and a strong customer base. The business must also identify the best social media strategy that is easy to use and one that can easily be accessed at very minimal cost.

Keywords: *Effects of Marketing Strategies, Growth of Small Businesses*

Introduction

Small businesses are important for economic growth all over the world and therefore their growth is crucial. Zahorsky (2011) asserts that each small business opportunity presented covers the birth of new industries as well as businesses in the later stage of development. Finding a small business opportunity is only half of the equation to owning a successful company. As SMEs provide opportunities for investment to many Zahorsky (2011) advises that it's equally important to know if the presented opportunity represents the best for one as it is also important to take some time to explore one's entrepreneur personality type and match it up with the ideal business.

Small businesses form the backbone of economic growth in Sub-Saharan Africa including Kenya where SMEs provide livelihood and employment of the bulk of the people with about 50 percent of such businesses being owned and operated by women (Njoroge, 2011). Despite this, the SMEs particularly those owned and operated by women face a myriad of challenges that limit growth of their businesses and hence their empowerment and "voice in society" (GOWE, 2010).

Very few of the small businesses grow to the next level with most of them not even seeing their second birthdays. The national small business Act of South Africa of 1996, as amended in 2008, describes an SME as a separate and distinct entity. Despite the noted contribution of the SMEs, their failure rate in South Africa is one of the highest in the world—about 75% of the SMES in South Africa do not become established firms (Olawale and Garwe, 2010).

Though there are basic strategies of marketing that most companies use, it is well documented that SMEs have unique characteristics that differentiate them from conventional marketing in large organizations (Carson, 1990). These characteristics may be determined by the inherent

characteristics and behaviors of the entrepreneur or owner/manager; and they may be determined by the inherent size and stage of development of the enterprise. Such limitations can be summarized as: limited resources (such as finance, time, and marketing knowledge); lack of specialist expertise (owner-managers tend to be generalists rather than specialists); and limited impact in the marketplace (Bygrave, 1989).

SME marketing is haphazard and informal because of the way an owner manager does business; they make most decisions on their own, respond to current opportunities and circumstances and so decision making occurs in a haphazard and apparently chaotic way, according to personal and business priorities at any given point in time (Scase and Goffee, 1980). Clearly such limitations will influence, indeed determine, the marketing characteristics of an SME.

Statement of the Problem

Many governments through different organization continue to encourage the growth of small business as they form the backbone of the economic growth in any country. Small businesses form the backbone of economic growth in Sub-Saharan Africa including Kenya where SMEs provide livelihood and employment of the bulk of the people with about 50% of such businesses being owned and operated by women (GOWE, 2010).

Effective marketing is crucial for the growth of small business and just funding should not be considered as the main concern for the growth of small business. The Weekly Review (1998), acknowledged that MFI which is one the financiers of women enterprises have little to show on what they have achieved in financing SMEs and therefore important to look at other factors that may affect the growth of Small businesses. Olawale and Garwe(2010) in their study ‘Obstacles to the growth of SMEs in South Africa’ noted that despite the noted contribution of the SMEs,

their failure rate in South Africa is one of the highest in the World with about 75 percent of the SMES in South Africa not becoming established firms.

Despite a number of previous studies on small businesses notably on finance and impact of SMEs on the economy, there has been no local study that has concerned itself with establishing the effects of marketing strategy on the growth of small businesses in Kenya. Therefore this study would seek to establish effects of marketing strategies on the growth of small businesses in Kenya.

Objectives of the Study

General Objective

The main objective of the study was to determine effects of marketing strategies on the growth of small businesses in Kenya.

Specific Objectives

- i. To determine the effects of traditional marketing on the growth of small businesses.
- ii. To find out the extent to which direct marketing affect the growth of small businesses.
- iii. To determine the effects of networking on the growth of small businesses.
- iv. To establish the effects of social media on the growth of small businesses.

Literature Review

Theory of Planned Behavior

According to Saad (2012) in psychology, the theory of planned behavior is a theory about the link between beliefs and behavior. The concept was proposed by Icek Ajzen to improve on the predictive power of the theory of reasoned action by including perceived behavioral control. It is one of the most predictive persuasion theories. It has been applied to studies of the relations among beliefs, attitudes, behavioral intentions and behaviors in various fields such as

advertising, public relations, advertising campaigns and healthcare. The theory states that attitude toward behavior, subjective norms, and perceived behavioral control, together shape an individual's behavioral intentions and behaviors. Through marketing of goods the SMEs are able to change people's perceptions about their products and services including informing about the availability of products and services.

The Concept of Market Orientation

The marketing concept is a business philosophy, where the term market orientation refers to the actual implementation of the marketing concept. A market orientation appears to provide a unifying focus for the efforts and projects of individuals and departments within the organization.

On the other hand, Narver and Slater (1990) consider market orientation as an organizational culture consisting of three behavioral components, namely, customer orientation, competitor orientation and inter-functional coordination. All this contribute to the overall efforts of the organization in achieving its goals and objectives. When the organization understands their customers, they are able to know how to sell to them.

The Consumer Buying Decision Process

According to Kohli and Jaworski (1990) to succeed in today's competitive environment, companies need to know their customers and prospects as thoroughly as possible. By understanding consumers' characteristics and buying behaviour, their decision-making process, and factors influencing their purchase decisions, marketers are able to use this market intelligence to make better integrated marketing decisions. Further, consumers' perceptions, attitudes, lifestyle, and criteria for making purchase decision must be considered. The decision-making process of a first-time buyer of a brand is different from that of someone who has

purchased the product before. One of the marketers' main objectives is to learn how to analyze and predict consumer response to brand messages in today's marketplace by performing a consumer behaviour analysis.

Consumers do not make purchase decisions in isolation. Various internal and external environmental factors may influence their purchase decisions including as socio-cultural factors, social class and status symbols, personality and self-concept, reference groups, and opinion leaders, as well as their own personal needs and wants. Marketing can use social media as an avenue towards finding the market for their goods and services (Slater, 1990).

Diffusion of Innovations

Diffusion of Innovations is a theory that seeks to explain how, why, and at what rate new ideas and technology spread through cultures. Everett Rogers, a professor of rural sociology, popularized the theory in his 1962 book Diffusion of Innovations. He said diffusion is the process by which an innovation is communicated through certain channels over time among the members of a social system. The origins of the diffusion of innovations theory are varied and span multiple disciplines. Roger (2003) espoused the theory that there are four main elements that influence the spread of a new idea: the innovation, communication channels, time, and a social system. This process relies heavily on human capital. The innovation must be widely adopted in order to self-sustain. Within the rate of adoption, there is a point at which an innovation reaches mass. The categories of adopters are: innovators, early adopters, early majority, late majority, and laggards (Rogers, 2003). Diffusion of Innovations manifests itself in different ways in various cultures and fields and is highly subjective to the type of adopters and innovation-decision process.

Empirical Review

Traditional Marketing

Baker (2000) states that when the world shifts gears and operates in a faster pace, it is advisable for us also to follow its lead and take up the trend. Traditional Marketing, say many market analysts, fails to work in today's world. The brand recall is very minimal as the customer is exposed to a variety of brands. Moreover, as every other brand is as good as its competitor, there is no particular reason for the consumer to opt for a particular brand. That's why today's marketer aims at 360-degree marketing - an all round marketing strategy covering all the available modes and aimed at brand royalty. This is where online marketing offer a lot of hope for the marketer as the web reaches out to the prospective buyer in the fastest pace possible. With all these around, the question of whether traditional marketing is valid today arises.

Marketing, in more than one way, is like juggling. This strange analogy will become crystal clear if we take a close look at it. Just like the juggler the marketer too has to do these things to thrive in his business: first, he has to hook his audience; gain their attention through several jazzy tricks; and then hold their attention by still more innovative juggling. All this he has to achieve without losing balance, focus on steadfastness in the art, the industry and in the marketer's product. In short, marketing is all about alluring, attracting and holding a collection of customers for your Company's welfare (McCorvey , 2012).

Direct Marketing

According to Daunweh (2010) marketing is an organizational function and a set of process for reacting communicating and delivering values to customers and for managing customer relationship in ways that can benefit the organization and stakeholders. Direct marketing provides a good channel for communication between the seller and the buyer by offering direct contact between them.

Joshi (2010) states that direct marketing is selling of product and services to the customers without using any intermediaries. It deals without using the customer one on one basis unlike the conventional marketing approach that deals indirectly with the customer. Direct marketing ensures that there is direct contact between the seller and the buyer and therefore the customer in a position of understanding better the product or service that is being sold to them.

Direct marketing may be in form of telephone call, mails and other related forms of communication. The seller may call the targeted customer informing them about the availability of the product in question, its attributes and the prices on the products being sold. In this form of marketing the customer gets a chance to asks questions on the products being sold to them (Kotler and Lee, 2010).

Networking

Networking for any business however big or small is crucial for its growth. According Misner (2008) business networking is leveraging your business and personal connections to bring you a regular supply of new business. The concept sounds simple, doesn't it? Don't let that fool you, though. Because it involves relationship building, it can be a deceptively complex process.

Misner (2008) further states that networking for business growth must be strategic and focused. Not everyone you meet can help move your business forward--but everything you do can be driven by the intention to grow your business. You have total control over whom you meet, where you meet them and how you develop and leverage relationships for mutual benefit. You have total control over whether you enter into the unique 29 percent of the population that is separated by six degrees, whether you stay there, or whether you never get there at all.

Social Media

According to Renede (2011) social media is a media for social interaction, using highly accessible and scalable communication techniques. Social media is the use of web-based and mobile technologies to turn communication into interactive dialogue. He says social media is "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, which allows the creation and exchange of user-generated content."

In social media the personal communication channel involves the social channel made up of friends, neighbors, family members and associates talking to your blogs, emails, podcast, YouTube, My space—even through demonstration sometimes call the guerilla marketing on the street. The choice of communication channel depends on the objective of the organization in the marketing process. It is also determined by the type of customers that the seller is targeting (Kotler and Lee, 2010).

Data Analysis/Findings

Presentation of Findings

The researcher prepared and issued out 105 questionnaires to the respondents and the response was as follows.

Response Rate

Table 4.1 Response Rate

Category	Frequency	Percentage
Response	71	68
Non Response	34	32
Total	105	100

The table 4.1 above, show that out of 105 respondents who were sent questionnaires 68% responded while 32% did not respond. The findings of the study shows that the study was well responded to.

Response on whether advertising in media affect the growth of small businesses

Table 4.7 Response on whether advertising in media affect the growth of small businesses.

Category	Frequency	Percentage
Strongly agree	40	56
Agree	18	25
Disagree	11	16
Strongly Disagree	2	3
Total	71	100

The table above show that 56% of the total respondents strongly agree that advertising in media affect the growth of small businesses, 25% agreed, 16% disagreed that that advertising in media affect the growth of small businesses while 3% strongly disagreed that advertising in media affect the growth of small businesses. The findings of the study show that most of the respondents strongly agree advertising in media affect the growth of small businesses.

They felt that the more the businesses were advertised in the media, the more their businesses grew, and the more they received customers. They singled out the Standard and the Nation Classified where advertisement was affordable. Some of the respondents also said that advertisement in several magazines that targeted tourist was also effective given that some of the businesses there deal in African traditional Merchandises like the Kiondos and the Kikoyos that mostly attract Western and Far East customers like the Chinese and the Japanese.

Conclusions

The findings of the study show that direct marketing affect the growth of small businesses and that direct marketing if used well can be more effective but required a more aggressive approach for it to achieve the required outcome. The study shows that that word of mouth is the most effective way of marketing small businesses. They were of the opinion that this normally provided the businessman with an opportunity to meet the customer on an eye to eye basis as said by Joshi (2010). He stated that direct marketing ensures that there is direct contact between the seller and the buyer and therefore the customer gets to understand better the product or service that is being sold to them.

The findings of the study show that knowing the right people affect the growth of small businesses. They were of the opinion that the more people you know the better for your business given that these are contacts that would be used to identify new markets and customers and that the more connected you is the more you are also exposed to the opportunities available for you in the business.

Most of the respondents strongly agree that social media or internet marketing affect the growth of small businesses and that the more business used the social media the more they were able to reach more customers. They were of the opinion that the use of Facebook, Twitter, Flickr and Linkein were very effective in socializing and reaching out to the customers at very minimal cost which would not affect the operations of the business and that one is able to reach so many people at the same time.

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