DIGITAL MARKETING STRATEGIES AND MARKETING PERFORMANCE OF TOP 100 SMALL AND MEDIUM ENTERPRISES (SMES) IN KENYA

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A RESEARCH PROJECT PRESENTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION MARKETING OPTION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

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DECLARATION

This research project is my original work and, to the best of my knowledge, has not been submitted for examination in any other university or institution of higher learning.

Signature…… Date……

Kasimu Grace Mutanu

D61/79418/2015

This research project has been submitted for examination with my approval as the university lecturer.

Signature…….. Date……

Dr. Raymond Musyoka

DEDICATION

I wish to wholly dedicate this project first and foremost to Almighty God whose grace, providence and endless care, I cherish. I also dedicate this project to my husband Johnson Gitonga my son Nathan Gitonga, My Father Rev. Aron Kasimu my mother Eng. Josephine Kasimu, my sisters Gloria Kalondu and Gladys Mutindi and my Brother Gideon Kasimu family for spiritual, financial, psychological and other forms of support accorded to me that largely contributed to the successful conduct of this study to completion.

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ABSTRACT

The purpose of this study was to investigate digital marketing strategies and the marketing performance of Top 100 SMEs in Kenya. The objective of this study was to establish the effectiveness of digital marketing strategies on the marketing performance of top 100 small and medium enterprises (SMEs) in Kenya. The study employed a regression design. The researcher developed a set of questionnaire for data collection from Top 100 SMEs and 100 SMEs constituted the target population for the study. Stratified random sampling technique was employed to thirty (30) Top 100 SMEs in the Commercial and Trade, Service, Construction and Technology sectors. The study was limited to the SMEs that were in the Top 100 list in 2016. The researcher issued questionnaires to the sampled SMEs and data was collected using the drop and pick method. Quantitative data was collected and analysed by use of regression analysis to establish the significance of correlation coefficient on the association between the variables. The study found that digital marketing strategies had a significant influence on the marketing performance of SMEs. The study concluded that the adoption of digital marketing strategies has a positive influence on the marketing performance of SMEs. It was recommended that SMEs adopt digital marketing strategies such as social media, search engine optimization, display adverts and websites and blogs. The study suggested that there was need for more studies to be conducted on the same subject on other SMEs and cadres of companies for comparative results.

CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

As a result of increased competitiveness and dynamism of the business sector it has become imperative for Small and Medium Enterprises (SMEs) to implement the development, management and monitoring of their businesses in an efficient manner so as to increase their marketing performance (Minama, 2016). Ng'ang'a (2016) reports that marketing is a vital endeavor in any business, more so in SMEs since it enables the company to focus on their clients, what they want and need and how to inform them that they have those products so as to enable sales. The success or failure of a business is dependent on whether its marketing endeavors reflect the needs of their clients and the benefits that they stand to accrue from the utilization of their products or services; it is therefore imperative that SMEs employ marketing strategies that are current and responsive to the ever changing needs of their clients (Brenes, Mena & Mulina, 2007).

This study will be guided by two theories, the Technological Acceptance Model (TAM) and the innovation diffusion theory. TAM explains the factors that influence the adoption of technology by its intended users, these include perceived usefulness, ease of use, therefore, the ease of usage of digital marketing strategies and the perceptions that SMEs have on their usefulness determines their adoption (Dai & Kauffman, 2001). The innovation diffusion theory states that the decision to adopt an innovation is based on its perceived advantages, how compatible it is to existing systems and processes, how complex it is, the ease of trying it out and if the results of adopting the innovation are easily visible. This model is suitable to this study as it illuminates the digital marketing adoption process and the factors that influence SMEs to adopt digital marketing (Achieng', 2016).

In the continent of Africa, SMEs make up about 90% of all the business entities and are responsible for creating approximately 50% of all the employment in Africa; they make substantial contributions to the Gross Domestic Production (GDP) of their countries and

are key drivers of most economies (Lee, 2009). SMEs are mostly small enterprises with a proprietor and several employees, they are regulated by the ministry of trade and they are valued between 100 to 5000 dollars. SMEs are the backbones of many economies worldwide; however they face numerous challenges such as insufficient startup capital, competition from established firms and the influx of cheap goods from countries such as China (Minama, 2016). It is important for them to adopt innovative marketing techniques that will enable them to surmount these challenges and be on a nearly level playing field with their more established counterparts (Lee, 2009).

1.1.1 Digital Marketing Strategies

According to Rowley (2011), digital marketing refers to the usage of digital channels such as the internet to promote, endorse and market a company's products or services. Lee and Kim (2009) report that that there are various digital marketing strategies that exist, these include: social media channels such as Facebook and Twitter, Search Engine Optimization (SEO), e-mail marketing, blogs and websites and marketing products and services through online personalities and social influencers; companies can also use other digital marketing strategies such as video advertisements, sponsoring content on more popular websites and carrying out on-line sales such as flash sales. Businesses can utilize these advertisement channels to promote their products digitally to a wider audience and increase their competitive edge; digital marketing strategies also allow businesses to target specific customers with specific marketing strategies depending on their age, social status, preferences and financial capabilities (Ng'ang'a, 2015).

When using digital marketing strategies, companies are also able to save on their marketing costs since digital marketing is significantly cheaper than traditional marketing channels such as billboards, TV advertisements and Newspaper Advertisements; this makes it significant and instrumental to SMEs since most of them are cash strapped and therefore cannot afford traditional marketing (Lee & Kim, 2009). Nonetheless, while digital marketing strategies are cheaper and have a wider reach, companies face new challenges of creating online content and managing these sites and online interactions

with their clients; this requires them to gain new skills and competences so to take full advantage of digital marketing (Kithinji, 2014).

In Kenya, SMEs have a high failure rate with about 90% of them not surviving their fifth birthdays as a result of lack of capital, poor business management skills, lack of marketing and poor products or services (OECD, 2012). Nonetheless a good number of Kenyan SMEs have adopted digital marketing strategies especially social media marketing, SEO optimization, sponsored content and website advertising (Nga'nga', 2015). This is a result of the high mobile phone penetration and internet uptake in Kenya leading to a huge number of Kenyans having an online presence and making a lot of online purchases as exemplified by the success of online markets such as Jumia, Olx and Kilimall (Mbugua, 2016).

1.1.2 Marketing Performance

Since a substantial amount of time, money and effort is spent on marketing endeavors, it is important for the marketing department to show the effects of their efforts on the company's bottom line and business strategies (Kithinji, 2014). These effects are normally measured using the number of sales, number of website visitors, and customer's brand awareness levels. It is also important to measure the results of a marketing campaign, how effective the campaign was, the company's market share, the satisfaction of a firm's customers, the awareness that the customer has about the company and the benefits of marketing activities as compared to their cost (Achieng', 2016). Marketing performance is measured by the number of visitors to a website, number of clicks on an advert, the amount of time spent on the website, the number of sales closed as a result of digital marketing and the influence of digital marketing on brand awareness, customer loyalty, engagement and satisfaction (Eagleman, 2013).

Measuring a company's marketing performance enables the management of the company to quantify the gains gotten from marketing activities and to also optimize their marketing strategies to meet the needs of their clients (Gilaninia *et al*, 2011). Measuring marketing performance allows a company to align their marketing strategies accordingly,

to increase their competitive edge and to anticipate and therefore avert the marketing strategies of their competitors (Eagelman, 2013). It is only through the measurement of the performance of a company's marketing gains that a company can be able to craft a new strategy and grow its revenues while achieving its objectives (Wang & Chang, 2013).

1.1.3 SMEs in Kenya

In Kenya, SMEs (Small and Medium Enterprises) are defined as firms, businesses or industries that do not employ more than nine people and whose total annual revenue is less than 500,000 shillings (GOK, 2012). While there is no comprehensive government record of SME's in Kenya, Makori (2014) estimates that there are about 7.5 million enterprises that contribute to 4% of Kenya's GDP as of the year 2014; these enterprises create approximately 80% of new jobs in Kenya and form 95% of businesses in the county.

These SMEs are found in the food, small manufacturing, transport textile, communication, agriculture, beauty and other small enterprises; they form the backbone of the Kenyan economy through creation of employment and stimulating the economy. While thousands of SMEs are formed in Kenya every year, 40% of them fold within the first year, 80% will fold within 5 years and 96% will be non-existent in10 years; the OECD attributes this to lack of funds, limited knowledge, and poor managerial skills, lack of business structures coupled with poor product /service quality (2012).

The growth of digital marketing can be attributed to the exponential increase in the number of internet users in the world and more so here in Kenya; at the moment, the Communications Authority of Kenya (CAK) reports that there were approximately 19 million internet subscribers in Kenya in the year 2016 and that many of them accessed social media sites and online sales platforms nearly on a daily basis (CAK, 2016).

KPMG launched the top 100 SMEs competition in Kenya in the year 2008, in the year 2009 in Uganda and in the year 2010 in Tanzania. The aim of this competition is to point

out excellent SMEs in Kenya and encourage entrepreneurships in Kenya (Kithinji, 2014). For a company to be selected among the top 100 SMEs, it has to fill out a questionnaire that outlines its governance, structure and financial position, the top SMEs are selected with respect to their financial management, its structure, sustainability and governance. A top 100 SME is one that has excellent growth in its revenues, has growing profits, it sufficiently liquid and provides good returns to stakeholders; these are companies that continuously increase their market share, strengthen their financial position and provide good returns for its owners (Makori, 2014).

1.2 Research Problem

The increase in the adoption of digital marketing strategies such as Social Media, Search Engine Optimization (SEO), Display adverts and websites can be attributed to increased internet penetration, cheap internet enabled phones and integration of ICT with most daily activities (Wang & Chang, 2013). Kithinji (2014) reports that digital marketing is relatively cheaper and its results are easier measure since the data on views, clicks and hours spent on websites is easily available and therefore effectiveness more measurable. Achieng' (2016) reports that the usage of digital marketing strategies by Kenyan SMEs is moderate, standing at about 30% and they face challenges such as lack of fund to set up websites, lack of technical knowhow to manage these strategies and limited knowledge on digital content development.

SMEs have to contend numerous challenges such as lack of capital and stiff competition from more established firms which hinder them from being profitable, growing and staying in business (McIntire, 2012). While increased marketing activities might be able to help them surmount these challenges, these activities are expensive and require specialized knowledge that these SMEs do not have. This inability to market their goods and services has led to numerous negative impacts on SMEs especially on their sales volumes, customer service, market awareness, branding and product and service promotion. These effects can also be felt on a macro level by the employees that work in these companies and the economies that they operate in due to loss of employment and taxes.

In a research done by Danhil *et al* (2014) on the influence of the adoption of Social media marketing by SMEs in Thailand established that it had a constructive impact on the marketing performance of the SMEs through increased sales and improved brand image. Datelink and Bick (2013) researched the effect that social media marketing had on the marketing strategies of SMEs in South Africa; the study found that social media had a huge impact on their marketing strategies and formed the bulk of their marketing activities. Lee (2009) examined the impact of digital marketing on the baking industry in Latvia and established that it increased their market share and improved the adoption of their internet banking products by their customers.

In a study carried out by Nga'nga' (2015) on the effectiveness of digital marketing strategies on banks in Kenya found that it increased the economic performance of the banks through increasing the awareness of consumers on the financial products that the banks offer. Mbugua (2016) studied the marketing strategies adopted by SMEs in Kenya and their impact on the performance of those SMES; the study revealed that marketing had a positive effect on the performance of SMEs. Kithinji (2014) also studied the impact of internet marketing on SMEs in Kenya and established that it led to increased revenues and market share; there was also an improvement in the company's image and the recognition of their brands.

While studies have been done on the effectiveness of digital marketing, internet marketing and marketing strategies in Kenya (Nga'anga', 2015; Minama, 2016; Kithinji, 2014), no study has been done on their effectiveness on the marketing performance of SMEs. Therefore, this study sought to answer the following question: what is the effectiveness of digital marketing strategies on the marketing performance of SMEs in Kenya?

1.3 Research Objective

The objective of this study was to establish the effectiveness of digital marketing strategies on the marketing performance of top 100 small and medium enterprises (SMEs) in Kenya

1.4 Value of the Study

The study would show how the innovation diffusion theory and the Technology Acceptance Model (TAM) affect the adoption of digital marketing strategies by top 100 SMEs in Kenya. It would show how the perception of digital marketing strategies by SMEs, their job relevance and their ease of usage has affected their adoption by SMEs. Additionally, it would show the level of digital marketing strategies uptake by Kenyan SMEs.

This study would show the various digital marketing strategies adopted by Kenyan SMEs and how effective they are, this knowledge would be invaluable to SME owners since they would know which digital strategies work the best within the Kenyan context and the pitfalls to avoid or get rid of. The results of this study would also be valuable to digital marketing practitioners and would help them to get feedback on how their products are working and on the areas they need to improve on.

This study would also be important to policy makers in the trade sector and the information and communication sector as it would enable them to formulate policies that support and ease the adoption of digital marketing strategies. Further, they would be able to formulate policies that would increase knowledge on these strategies and how SMEs can apply them to their benefit.

The results of this study would also help future researches on the fields of digital marketing and SMEs to get a contextual feel of the research subject. The findings of this study would guide the formulation of policies and regulations that pertain to SMEs and digital marketing channels by the ministry of trade.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter outlines the theoretical foundation of the study, reviews existing literature on the effectiveness of digital marketing, puts forth the study's conceptual framework and summaries the existing literature.

2.2 Theoretical Foundation

This section outlines the theories that this study is grounded on and links them to the study. These theories are TAM, Innovation Diffusion Theory and Porters Five Forces theory.

2.2.1 Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM) was proposed by David Fred in 1986, this model helps in the explanation and prediction of the behavior of the users of new technology; this model is an addition of the Theory of Reasoned Action (TRA) and explains how external variables such attitude, beliefs and intention of use influence the behavior of users of technology (Dai & Kauffman, 2001). The theory posits that what determines usage of a new technology system is affected either directly or indirectly by the user's attitude, intentions and the user's perception of the usefulness of the system and its ease of use (Davila *et al.*, 2003).

Over time, TAM has evolved and the original model has been extended into TAM2 to include aspects of social influence such as image, subjective norms and voluntariness into the explanation of perceived usefulness; cognitive instrumental processes such as result demonstrability, job relevance and output quality are also included in the TAM2 model (Davila *et al.*, 2003). This new model has been tested in both mandatory and voluntary settings and the results strongly supported it since it led to 60% user adoption; this study will adopt TAM2 together with TAM as the baseline model (Davis & Venkantesh, 2000). David and Venkantesh (2000) assert that the degree to which the person trusts that a system will advance their performance at work will determine if the individual will adopt

the system or not, also the more the individual perceives the technology to be easy to use, the more accepted the technology will be by the users; conversely, if a technology is perceived to be complex or difficult to use, then its adoption rate will be slow.

This theory is suitable to this study since digital marketing is a fairly new phenomenon worldwide, these strategies are mostly simple and easy to use by those who are technologically savvy (Minama, 2016). However, TAM asserts that the adoption of a technology, in this case digital marketing, is determined by the perception that the user has on its usefulness and ease of usage (Davis & Venkantesh, 2000). Therefore, the ease of usage of digital marketing strategies and the perceptions that SMEs have on their usefulness determines their adoption and effectiveness as opposed to the continued usage of traditional marketing strategies (Minama, 2016; Davis & Venkantesh, 2000).

2.2.2 Innovation Diffusion Theory

The term diffusion refers to the process through which innovations spread to their intended users over time in the society; in this case innovations refer to technologies, ideas, practices or products that are alien to the society and which are spread and shared through communication by members of the society (Rogers, 2009). The adoption of innovations is not a one-time occurrence, instead it happens in the following successive stages: knowledge about the innovation, persuasion to adopt the innovation, decision to adopt or not to adopt the innovation, adoption and implementation of the innovation and confirmation (Rogers, 2009).

According to Rogers (2009), the decision to adopt an innovation is based on its perceived advantages, how compatible it is to existing systems and processes, how complex it is, the ease of trying it out and if the results of adopting the innovation are easily visible. This model is suitable to this study as it illuminates the digital marketing adoption process and the factors that influence SMEs to adopt digital marketing. Kithinji (2014) reports that the advantages of using digital advertising include increased brand awareness, increased sales and improved customer relations. Digital advertising is not completely compatible with traditional marketing but both can be used concurrently,

additionally digital marketing might be too complex for the older generation but this hurdle can be overcome by hiring qualified digital marketers (Minama, 2016). Further, the results of the adoption of digital marketing are visible by SMEs and they include increased sales and brand awareness, reduced advertising costs, access to new markets and improved customer relations (Nga'nga', 2015).

2.3 Digital Marketing Strategies and Marketing Performance

Digital marketing strategies refers to the strategies that companies employ in order to advertise their products and services and improve the experience of their clients through digital channels; these channels include social media, e-mail, websites, banner ads, blogs, mobile phone applications and Search Engine Optimization (SEO) (Jalang'o, 2015). According to Tuten (2014), digital marketing has become an important component of many organizations' marketing mix due to an rise in the amount of persons accessing the internet and the digitization of many aspects of day to day life such as shopping, education, government services and communication; this digital migration gives marketers and organizations access to a large pool of potential customers in diverse locations. Moreover, digital marketing has enabled organizations to communicate with their customers almost instantly and get an intimate knowledge of their desires, difficulties and complaints which increases communication between customers and companies which leads to increased brand loyalty and customer satisfaction (Tuten, 2014).

Park and Park (2010) report that display advertising includes both banner advertisements and pop up advertisements that appear on the web pages that potential customers are visiting, these advertisement are relatively cheaper than conventional adverts and are easy to create. Furthermore, companies can improve the ranking of their websites in various search engines like Google and Yahoo when individuals search for information that pertains to them; this is known as Search Engine Optimization (SEO) and is done using keywords that the search engine user has keyed in to determine the relevance of a website to the needs of its user (Park & Park, 2010).

Jalang'o (2015) reports that SEM (Search Engine Marketing) refers to when companies pay to have their adverts on search engines, this happens when companies buy certain keywords that relate to their business and their adverts show up when users search the keywords they have paid for; however, companies that use SEM pay for these adverts only when users click on their adverts, this is known as PPC (pay-per-click). Additionally companies can also utilize classified adverts on websites that specialize in specific services such as car sales, real estate, hiring and beauty to promote their products and services.

Kimani (2014) asserts that social media marketing includes the placement of advertisements on social media sites; creating Facebook, Twitter and Instagram pages for companies where people can interact with the company and the company can promote their products and services; placing advertisements on the social media pages of targeted customers and embedding promotional material on social media posts. As of 2016, there were about 1 billion Facebook users in the world and about 800,000 twitter and Instagram users. For instance, Twitter and Face Book allows business people to promote their products and services and also interact with their clients in real-time; this improves problem solving, increases customer satisfaction and improves customer experience (Kimani, 2014). Furthermore, Facebook now gives businesses the option of advertising flash sales and giving away coupons on their business pages; businesses can also boost their content and pages to new customers for a small fee (Minama, 2016).

Social media sites can be divided into the following broad categories: social networking sites where users are free to make their own profiles, create content and share it with other users; blogs where people create written, audio or video content and share it with everyone; content oriented sites where people create and share content about specific subjects such as real estate or sports; bulletin boards and forums where people share information and ideas on specific topics and content aggregation sites which allow individuals to choose the content that they want to see on the internet (Kimani, 2014).

Furthermore, companies can use electronic mail or e-mail to send promotional messages to their customers who have accepted to receive promotional material. Additionally, firms can purchase e-mail addresses from companies that have a database of e-mail addresses gained from surveys, competitions and registration where people have given permission for their information for marketing reasons (Jalang'o, 2015).

The main function of digital marketing id to increase the reach of SMEs and improve their interaction with their existing customers and potential ones; since digital marketing is not as expensive as traditional marketing, it allows SMEs to upgrade their services and products as a result of the feedback that they receive on their digital marketing channels (Shane Mathews & Marilyn Healy, 2013). Marketing performance measurement is paramount to any company that spends time and resources on marketing activities more so SMEs which have limited access to marketing funds; this success is measured through improved sales and increased market share as a result of marketing activities, furthermore brand recognition, customer satisfaction, customer experience and customer loyalty are key measures of marketing performance (Wang & Chang, 2013).

Increased brand recognition and brand trust is a key measure of marketing performance; digital marketing strategies thrive on brand recognition and brand trust especially where customers have to use online payment methods or give their personal information (Wang & Chang, 2013). Additionally, after sustained digital marketing efforts by a company, clients should be able to recognize the logos and products of the company both online and offline. Customer reviews and comments are also an important source of brand perception online since most clients are inclined to trust customers who have used a certain product or service as opposed to the advertiser (Gilaninia *et al*, 2011).

When a company uses digital marketing, measurement of marketing performance becomes easier since one can quantify the number of visitors to a website or social media page, the number of clicks made to an advert, the number of online purchases made and the amount of time spent on the website (Eagelman, 2013). Companies are also able to measure the success of their campaigns much more easily as compared to when they use

traditional marketing since one can put out a poll and get responses immediately without going through the tedious processes of carrying out a market research (Wang & Chang, 2013). Additionally SMEs are able to trace the amount of money and time spent on marketing activities and from this feedback, they can target their energies to digital channels and audiences that bring in the best marketing performance (Gilaninia *et al*, 2011).

Eagleman (2013) asserts that it is easier to measure marketing performance when using digital marketing strategies since SMEs can have access to the statistics on the performance of their adverts and promotional content on a daily basis and sometimes on an hourly basis; SMEs can view the number of website visitors, post readers, likes and comments, clicks on adverts and links and how long visitors were exposed to a certain advert easily. This view is supported by Wang and Chang (2013) who report that marketers who use digital marketing are able to tell the efficiency and effectiveness of their adverts, they are also empowered to fulfill the needs of their customers by observing the number of visitors and when they visit the websites; it is also much easier for marketers to carry out market surveys and polls digitally in no time and with little to no cost.

Jalango' (2015) asserts that digital marketing provides SMEs with a lot of unique opportunities to overcome the challenges that they face these include entry to new markets and even international markets, overcome bureaucracies, compete on an equal footing with larger companies and promote their products and services at a much lower cost than before. All these opportunities increase the marketing performance of SMEs through increasing their brand recognition, market share, customer interaction and customer satisfaction; further, they are able to measure these parameters easily when using digital marketing strategies (Eagleman, 2013).

2.4 Empirical Literature Review

Minama (2016) studied the impact of internet marketing on the performance of SMEs in Kenya using a descriptive survey of 100 SMEs in Nairobi. The study established that

internet marketing was instrumental in increasing the sales of SMEs and improving their brand awareness and customer service. The study also established that internet marketing improved both the overall and financial performance of the surveyed SMES and recommended that more SMEs should adopt internet marketing and improve their overall marketing activities in order to survive in the increasingly competitive Kenyan economy.

Nga'nga' (2015) studied the effectiveness of digital marketing strategies on the performance of commercial banks in Kenya. The study was descriptive and employed self-administered questionnaires to survey 43 banks in Kenya and established that these banks used social media, websites, display adverts, e-mail marketing and mobile applications as their digital marketing strategies. The study also established that digital marketing enabled these banks to reduce their advertising costs, communicate with their clients faster, reduce inefficiencies and track their marketing performance more easily since all the data on the marketing campaigns was easily available. Additionally, the study established that digital marketing improved the overall performance of the surveyed banks due to increased customer base, increased market share and increased profits.

Makori (2014) carried out a study to evaluate the digital business strategies employed by Equity bank in Kenya. The study was descriptive in nature and had a target population of 271 respondents. The study established that Equity bank used Facebook, Mobile applications and YouTube as part of its digital business strategy; these digital strategies increased its turnaround time, decision making speeds and enabled it to increase the services that offers to its clients. Additionally, the study established that the implementation of the digital strategy was faced by challenges such as cyber-crime and identity theft which led to deteriorating relationships with the affected customers. This study recommends increased IT training and further research on strategies to prevent identity theft and cyber-crime.

Achieng' (2016) studied how SMEs in Kenya are using online marketing to increase their competitive advantage with a special focus on Tembea Kenya Safaris a tours and Travels Company. The study intended to examine the factors that influenced the adoption of

online marketing, the extent of its usage and the strategies put in place to guarantee its success. The study used a descriptive research design and data was gathered using questionnaires and it established that Tembea Kenya Safaris used online advertising to promote their travel packages to potential clients. The study also established that online marketing enables Tembea Kenya Safaris to increase their customer base and personalize the travel packages of their customers. However, the study reports that the costs of creating a travel website were too high for Tembea Kenya Safaris. The study recommends that SMEs use online marketing to improve their customer base, increase their competitive advantage and co-ordinate their activities.

Kithinji (2014) studied the usage of internet marketing by SMEs in Nairobi County and its effect on their performance. The study was descriptive in nature and survey 90 SMEs using questionnaire, it established that the usage of online marketing was moderate and that the SMEs faced financial and technological challenges in the adoption of internet marketing. The study also revealed that Social media and websites were the most popular digital marketing strategies and their usage led to increased revenues, competitive advantage and growth; additionally, the loyalty of their customers increased and the SMEs were able to penetrate new markets.

Wisdom (2015) examined the extent of e-marketing usage by Midlands Meanders Association members in South Africa and its influence on the performance of their companies. The study used a descriptive research design and gathered data using the mixed methods approach which included online and telephone surveys coupled with an analysis of information that was available publicly. The study established that the adoption of e-marketing was moderate and that the association members had a healthy appreciation for the positive benefits that e-marketing has to offer. Moreover, the study established that MMA members could increase their usage of SEO, affiliate marketing and social media marketing in their companies and recommended more research on the influence of e-marketing on small and medium companies.

Cox (2012) studied the usage of Social media a small business in Indiana and using the case study method and a thorough analysis of the company's social media posts and established that the business mainly uses Facebook and twitter for social media marketing. The study also revealed that the success of social media marketing was dependent on the content put out and the relationships built with the customer. It also established that social media advertising increased sales, market share, customer engagement and customer satisfaction.

Jalango' (2015) studied the usage of digital marketing by commercial banks in Kenya and its influence on their performance. The study had a descriptive design and employed questionnaires to gather primary data from 42 commercial banks in Kenya. The study established that the commercial banks used digital advertising to a large extent and that most of them were looking to shift their advertising activities to the internet through social media, mobile applications, display adverts, e-mail marketing and websites. The usage of digital marketing was found to have improved customer experience and customer interaction and reduce operating and advertising costs.

Odongo (2014) did a study to investigate the usage of social media marketing in the electronics industry in Kenya. The study design was descriptive and the researcher used questionnaires to survey 49 companies that deal with electronics. The study established that many electronics companies used Facebook, twitter and YouTube to market their products, brands and manage their relationship with their customers. The main challenges faced were lack of corporate control on social media pages and lack of clear success measurement parameters. The study recommended the creation of a clear social media strategy and the targeting of specific customers so as to increase social media usage success.

2.5 Summary of Literature Review

Table 2.1 Summary of Literature Review

Author	Focus of Study	Methodology	Major Findings	Major Contribution	Knowledge Gap
Minama (2016)	The impact of internet marketing on the performance of SMEs in Kenya.	Descriptive Research Survey	Internet Marketing improves sales, brand recognition and customer service	Internet marketing improves performance of SMEs	Does not focus on digital marketing performance
Nga'nga' (2015)	The effectiveness of digital marketing strategies on the performance of commercial banks in Kenya	Descriptive Research Survey	Digital marketing strategies used by banks	Digital marketing improved the overall performance of banks	Does not focus on SMEs or marketing performance
Makori (2014)	To evaluate the digital business strategies employed by Equity bank in Kenya.	Descriptive Research Survey	Equity bank utilizes Social media, mobile phone apps and websites	Digital business strategies improved the overall performance of Equity Bank	Does not focus on SMEs, digital marketing or marketing performance

Achieng' (2016)	how SMEs in Kenya are using online marketing to increase their competitive advantage	Descriptive Research Survey	SMEs use online marketing to promote their products and interact with clients	Online marketing increases competitive advantage of SMEs	Focuses only on websites and does not include marketing performance
Kithinji (2014)	The usage of internet marketing by SMEs in Nairobi County and its effect on their performance.	descriptive research survey	Internet marketing usage by SMEs is moderate but it improves performance	There are significant barriers to internet marketing adoption by SMEs	Does not focus on marketing performance
Wisdom (2015)	The extent of e-marketing usage by Midlands Meanders Association members in South Africa	Mixed methods (Survey, interviews and document analysis)	Adoption of e-marketing was moderate but most were aware of its effectiveness	There is room for increased e-marketing usage by SMEs especially social media, affiliate marketing and SEO	Lack of focus on marketing performance and SMEs in Kenya
Cox (2012)	usage of Social media a small business in Indiana	Case Study Approach	Small businesses mainly use Facebook and Twitter	Content put out and customer engagement are	Focus only on social media marketing and does

			for social media marketing	paramount in social media marketing	not include marketing performance
Jalango' (2015)	The usage of digital marketing by commercial banks in Kenya and its influence on their performance	Descriptive research survey	Digital marketing increases the overall performance of banks	Commercial banks are shifting their focus to digital marketing strategies	Does not focus on marketing performance or SMEs
Odongo (2014)	To establish the usage of social media marketing in the electronics industry in Kenya.	Descriptive Research Survey	There is moderate usage of social media marketing by electronic companies in Kenya	Companies need to come up with social media strategies.	Lack of focus on SMEs, overall digital strategy and marketing performance

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research methodology that was used in the study, the target and sample populations, the data collection method and the data analysis method.

3.2 Research Design

This study used a descriptive cross sectional research design in nature as it intended to establish the effectiveness of digital marketing strategies on the marketing performance of SMEs in Kenya. According to Ordho (2005) a descriptive cross sectional research design is one that sets out to examine a phenomenon, behavior or information in the target population as it is at a specific point in time. This study critically examined the knowledge, beliefs and attitudes about the effect of digital marketing strategies on the marketing performance of top 100 SMEs in Kenya.

3.3 Study Population

This research was interested in KPMG's top 100 SMEs for the year 2016 (See appendix III). Since this is population is rather small place a census was used.

Table 3.1 Sample Size Distribution

Sector	No of SMEs
Commercial and Trade	31
Service	29
Construction	22
Technology	18
Total	**100**

Source: KPMG (2016)

3.4 Sampling Design

The respondents of this study were SMEs in the trade and commerce sector, construction, service industry and technology. The study used the Garg and Kothari (2014) suggestions that a sample of between 10 and 30 percent is sufficient for analysis for small populations, defined as populations of less than 10,000 respondents. The study sampled 30% of the respondents, and therefore the sample size for the study was 30.

Table 3.2 Sample Size Determination

Sector	No of SMEs	Sample Proportion	Sample Size
Commercial and Trade	31	30%	9
Service	29	30%	8
Construction	22	30%	7
Technology	18	30%	6
Total	**100**	**30%**	**30**

Source: KPMG (2016)

3.5 Data Collection

This study utilized primary and secondary data, primary data was collected using structured questionnaires while the secondary data was obtained from a review of literature that pertains to digital marketing and marketing performance. The questions in the questionnaire (appendix II) were based on a Likert type scale so as to measure the degree and extent of the different variables that will be under study. The questionnaire (appendix II) was divided into two parts namely: Section A which included the demographic information of the respondents, Section B which examined the effectiveness of the usage of digital marketing strategies (Social media, SEO, Websites/ blogs and display adverts) and Section C which investigated the effectiveness of digital marketing strategies on marketing performance (Brand recognition, volume of sales, market share and customer engagement and loyalty) on top 100 SMEs in Kenya. These questionnaires were administered using the drop and pick method.

3.6 Data Analysis

This study employed regression analysis in order to establish the effectiveness of digital marketing strategies on the marketing performance of top 100 SMEs in Kenya. Additionally, the study employed descriptive statistics such as percentage, mean, standard deviation and frequency so as to find out the marketing performance of top 100 SMEs in Kenya. This study used a linear regression model to quantify the relationship between the dependent and independent variables.

The simple regression model is presented below:

$$\mathbf{Y=\alpha+\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4+\varepsilon}$$

Where **Y** is marketing performance,

$\boldsymbol{\alpha}$ is the autonomous function,

$\boldsymbol{\beta_1,\beta_2,\beta_3,\beta_4}$ is the slope of the function of each function attribute,

$\mathbf{X_1}$ is the Social Media;

$\mathbf{X_2}$ is the Search Engine Optimization (SEO);

$\mathbf{X_3}$ is the Websites/ Blogs;

$\mathbf{X_4}$ is the Display Advertisements and $\boldsymbol{\varepsilon}$ is the error of estimation.

CHAPTER FOUR

RESEARCH FINDINGS, ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter gives an analysis of collected data and the interpretation of the study findings. Data was analyzed using both descriptive and inferential analysis techniques. The results are presented according to the research objectives and questions. The background of the analysis part comprises of the response rate and the demographic characteristics of the study respondents.

The study aimed to collect data from a sample of 30 SMEs that appeared in KPMG's Top 100 SMEs list in 2016. Nonetheless, the study did not realize a response rate of 100% since there were some instances of non- response. Consequently, only 27 SMEs out of the 30 SMEs answered the questionnaire fully and returned them as per the requirements of the study. Therefore, 3 SMEs did not respond to the questionnaires creating a non-response rate of 10%. Subsequently, the study achieved a response rate of 90%.

4.2 Demographic Information

This section presents results on demographic characteristics of the respondents. The demographic features presented in the study included the gender of the respondents, their age, their academic level, the time they have served in the company, the business sector that they operate in, the number of years they have been in business, the number of employees and their annual turnover. Data was presented in figures to give a clear picture of the features being reviewed.

4.2.1 Gender of Respondents

The study established that 52% of the respondents were male while 48% were female. The findings imply that there were more male employees employed in Top 100 SMEs than their female counterparts. The findings are shown in Table 4.1.

Table 4.1 Gender of Respondents

	Frequency	Percent
Male	14	52
Female	13	48
Total	27	100

Source: KPMG (2016)

4.2.2 Age of Respondents

The findings of the study indicate that 41% of the respondents were aged between 26 and 35 years, 37% were aged 36 -45 years, 11% were aged between 20 and 25 years and 11% were aged above 46 years. The findings imply that most of the employees in Top 100 SMEs were between the ages of 26 and 35 years. These findings are shown in Table 4.2.

Table 4.2 Age of Respondents

	Frequency	Percent
20-25 Years	3	11
26-35 Years	11	41
26-45 Years	10	37
Above 46 Years	3	11
Total	27	100

Source: KPMG (2016)

4.2.3 Respondents' Academic Level

The study determined that 41% of the respondents were educated up to college level, 30% were educated up to university level, 18% were educated up to secondary level and 11% were educated up to a professional level as shown in Table 4.3.

Table 4.3 Respondents' Academic Level

	Frequency	Percent
Secondary Level	5	18
College Level	11	41
University Level	8	30
Professional Level	3	11
Total	27	100

Source: KPMG (2016)

4.2.4 Respondents' Time of Service

The study determined that 48% of the respondents had served their companies for 2 to 5 years, 44% had worked for less than a year, 4% has served for 6 to 10 years and 4% had served for more than 15 years. These findings imply that a majority of the employees in Top100 SMEs have served their companies for 2 to 5 years as shown in Table 4.4.

Table 4.4 Respondents' Time of Service

	Frequency	Percent
Less than 1 Year	11	44
2-5 Years	13	48
6-10 Years	1	4
Above 15 Years	1	4
Total	27	100

Source: KPMG (2016)

4.2.5 SMEs' Sector of Business

The study determined that 48% of the SMEs belong to the trade and commerce sector, 22% are in the service industry, 19% are in the technology sector and 11 % are in the construction sector. These findings imply that a majority of the SMEs in Top100 SMEs are in the trade and commerce sector as shown in Table 4.5.

Table 4.5 SMEs' Sector of Business

	Frequency	Percent
Trade and Commerce	13	48
Service Industry	6	22
Construction	3	11
Technology	5	19
Total	27	100

Source: KPMG (2016)

4.2.6 SMEs' Time in Business

The study determined that 74% of the SMEs had been in business for between 2 to 5 years, 19% for between 6 to 10 years and 7% for more than 15 years. These findings suggest that most of the Top 100 SMEs have been in business for 2 to five years as shown in Table 4.6.

Table 4.6 SMEs' Time in Business

	Frequency	Percent
2-5 Years	20	74
6-10 Years	5	19
Above 15 Years	2	7
Total	27	100

Source: KPMG (2016)

4.2.7 SMEs' Number of Employees

The study determined that 78% of the SMEs had between 0 and 10 employees, 15% had 11 to 20 employees, 4% had above 30 employees and 3% had between 21 and 30 employees. These findings suggest that most of the Top 100 SMEs have between 0 and 10 employees as shown in Table 4.7.

Table 4.7 SMEs' Number of Employees

	Frequency	Percent
0 to 10	21	78
11 to 20	4	15
21 to 30	1	3
Above 30	1	4
Total	27	100

Source: KPMG (2016)

4.2.8 SMEs' Annual Turnover

The study determined that 44% of the SMEs had an annual turnover of between 1 million shillings and 5 million shillings, 33% had an annual turnover of between 500,000 and 1,000,000 shillings, 19 % had an annual turnover of above 5,000,000 and 4% had an annual turnover of between 100,000 and 500,000. These findings suggest that most of the Top 100 SMEs have an annual turnover of between 1 million shillings and 5 million shillings as shown in Table 4.8.

Table 4.8 SMEs' Annual Turnover

	Frequency	Percent
100, 000 – 500,000	5	19
501, 000 – 1,000,000	12	44
1,001,000 – 5,000, 000	9	33
Above 5,000,000	1	4
Total	27	100

Source: KPMG (2016)

4.3 Descriptive Analysis

The aim of this study was to determine the influence of digital marketing strategies on the marketing performance of top 100 SMEs. To achieve this objective, the study examined Social Media, Search Engine Optimization (SEO), Websites and Blogs and Display Advertisements.

4.3.1 Descriptive Statistics for Social Media and the Marketing Performance of Top 100 SMEs

The study sought to determine the influence of Social Media on the marketing performance of Top 100 SMEs in Kenya. The findings obtained in the study indicate that the 44.4% of the respondents strongly agreed that Social Media usage increased their customer engagement and 37.0% agreed while 14.8% neither agreed nor disagreed while 3.7% disagreed. 48.1% of the respondents strongly agreed that Social Media usage improved complaint resolution with their customers, 37.0% agreed, 11.1% neither agreed nor disagreed while 3.7% disagreed.

The findings also indicate that 44.4% of the respondents agreed that Social Media usage improved the experience and satisfaction of their customers, 25.9% strongly agreed, 25.9% neither agreed nor disagreed while 3.7% disagreed. 48.1% of the respondents strongly agreed that Social Media usage led to increased sales, 33.3% agreed, 11.1% neither agreed nor disagreed, 3.7% disagreed while 3.7% strongly disagreed. Further, 55.6% of the respondents strongly agreed that Social Media usage enabled access to new markets and customers, 33.3% agreed, 7.4% neither agreed nor disagreed while 3.7% disagreed. In addition, the findings indicate that 48.1% of the respondents strongly agreed that Social Media usage led to increased brand recognition, 40.7% agreed, 7.4% neither

agreed nor disagreed while 3.7% disagreed. Moreover, 40.7% of the respondents agreed that Social Media usage increased customer loyalty, 29.6% neither agreed nor disagreed, 22.2% strongly agreed while 3.7% disagreed.

The findings are supported from results obtained from means and standard deviations, where the respondents generally agreed with the following statements: Social Media usage has increased customer engagement (*M* =1.78, *SD* = 0.847); Social Media usage has improved complaint resolution with customers (*M* =1.70, *SD =0.823*); Social Media usage has improved the experience and satisfaction of customers (*M* =2.07, *SD =0.829*); Social Media usage has led to increased sales (*M* =1.81, *SD =1.039*); Social Media usage has enabled access to new markets and customers (*M* =1.59, *SD =0.797*); Social Media usage has led to increased brand recognition (M =1.67, SD =0.784) and Social Media usage has increased customer loyalty (*M* =2.26, *SD* =0.984). The findings are shown in Table 4.9.

Table 4.9 Descriptive Statistics for Influence of Social Media

		Strongly Agree	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**	**Mean**	**Std. Deviation**
Social Media has increased customer engagement	Frequency (f)	12	10	4	1	0	1.78	.847
	Percentage (%)	44.4%	37%	14.8%	3.7%	0%		
Social Media has improved complaint resolution with customers	Frequency (f)	13	10	3	1	0	1.70	.823
	Percentage (%)	48.1%	37%	11.1%	3.7%	0%		
Social Media has improved the experience and satisfaction	Frequency (f)	7	12	7	1	0	2.07	.829
	Percentage (%)	25.9%	44.4%	25.9%	3.7%	0%		

of customers								
Social Media usage has led to increased sales	Frequency (f)	13	9	3	1	1	1.81	1.039
	Percentage (%)	48.1%	33.3%	11.1%	3.7%	3.7%		
Social Media has enabled access to new markets and customers	Frequency (f)	15	9	2	1	0	1.59	.797
	Percentage (%)	55.6%	33.3%	7.4%	3.7%	0%		
Social Media has led to increased brand recognition	Frequency (f)	13	11	2	1	0	1.67	0.784
	Percentage (%)	48.1%	40.7%	7.4%	3.7%	0%		
Social Media has increased customer loyalty	Frequency (f)	6	11	8	1	1	2.26	0.984
	Percentage (%)	22.2%	40.7%	29.6%	3.7%	3.7%		

Source: KPMG (2016)

4.3.2 Descriptive Statistics for Search Engine Optimization (SEO) and the Marketing Performance of Top 100 SMEs

The study sought to determine the influence of Search Engine Optimization (SEO) on the marketing performance of Top 100 SMEs in Kenya. The findings obtained indicate that the 51.9% of the respondents strongly agreed that SEO increased the number of unique visitors to their website, 37.0% agreed while 7.4% neither agreed nor disagreed while 3.7% disagreed. Further, 55.6% of the respondents agreed that SEO increased the number of clicks on their adverts, 29.6% strongly agreed, 11.1% neither agreed nor disagreed while 3.7% disagreed.

Moreover, the findings also indicate that 48.1% of the respondents agreed that SEO increased the number of unique visitor to their social media pages, 44.4% strongly agreed, 3.7% neither agreed nor disagreed while 3.7% disagreed. 44.4% of the respondents strongly agreed that SEO has enabled access to new markets and customers, 40.7% agreed, 7.4% neither agreed nor disagreed, 3.7% disagreed while 3.7% strongly disagreed. Furthermore, 33.3% of the respondents agreed that SEO improved their brand recognition, 33.3% neither agreed nor disagreed, 22.2% strongly agreed, 7.4% disagreed while 3.7% strongly disagreed. 48.1% of the respondents neither agreed nor disagreed that SEO increased their market share, 25.9 % agreed, 14.8% strongly agreed while 11.1% disagreed.

The results from the means indicate that the respondents generally agreed with the following statements: SEO has increased the number of unique visitors to our website (M =1.63, SD= 0.792); SEO has increased the number of clicks on our adverts (M =1.89, SD= 0.751); SEO has increased the number of unique visitor to our social media pages (M =1.67, SD= 0.734); SEO has enabled access to new markets and customers (M =1.81, SD= 1.001); SEO has improved our brand recognition(M =2.37, SD= 1.043) and SEO has increased our market share (M =2.56, SD= 0.892). The findings on the influence of SEO are shown in table 4.10

Table 4.10 Descriptive Statistics for Influence of Search Engine Optimization (SEO)

		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std. Deviation
SEO has increased the number of unique visitors to our website	Frequency (f)	14	10	2	1	0	1.63	.792
	Percentage (%)	51.9%	37.0%	7.4%	3.7%	0%		
SEO has increased the number of clicks on our adverts	Frequency (f)	8	15	3	1	0	1.89	.751
	Percentage (%)	29.6%	55.6%	11.1%	3.7%	0%		
SEO has increased the number of unique visitor to our social media pages	Frequency (f)	12	13	1	1	0	1.67	.743
	Percentage (%)	44.4%	48.1%	3.7%	3.7%	0%		
SEO has enabled access to new markets and customers	Frequency (f)	12	11	2	1	1	1.81	1.001
	Percentage (%)	44.4%	40.7%	7.4%	3.7%	3.7%		
SEO has improved our brand recognition	Frequency (f)	6	9	9	2	1	2.37	1.043
	Percentage (%)	22.2%	33.3%	33.3%	7.4%	3.7%		
SEO has increased our market share	Frequency (f)	4	7	13	3	0	2.56	0.892
	Percentage (%)	14.8%	25.9%	48.1%	11.1%	0%		

Source: KPMG (2016)

4.3.3 Descriptive Statistics for Websites and Blogs and the Marketing Performance of Top 100 SMEs

The study sought to determine the influence of Websites and Blogs on the marketing performance of Top 100 SMEs in Kenya. The study findings established that 40.7% of the respondents agreed that Websites and Blogs increased their market share, 40.7% neither agreed nor disagreed, 3.7% disagreed while 3.7% strongly disagreed. 51.9% of the respondents strongly agreed that Websites and Blogs enabled access to new markets and customers, 40.7% agreed, 3.7% disagreed while 3.7% strongly disagreed.

The findings also indicate that 44.4% percent strongly agreed that Websites and Blogs increased the number of unique visitors to their social media pages 37.0% agreed, 11.1% neither agreed nor disagreed, 3.7% disagreed while 3.7% strongly disagreed. 44.4 % agreed that Websites and Blogs increased the number of clicks on their display adverts, 33.3% strongly agreed, 14.4% neither agreed nor disagreed, did 3.7% disagree while 3.7% strongly disagreed. Moreover, the findings indicate that 37.0% of the respondents agreed that Websites and Blogs increased their brand recognition, 29.6 % strongly agreed, 29.6% neither agreed nor disagreed while 3.7% disagreed. 51.9% of the respondents strongly agreed that Websites and Blogs improved customer experience and customer satisfaction, 40.7% agreed while 7.4% neither agreed nor disagreed.

The findings also indicate that the respondents generally agreed with the following statements: Websites and Blogs have increased our market share (M =2.48, SD= 0.893); Websites and Blogs have enabled access to new markets and customers (M =1.58, SD= 0.747); Websites and Blogs have increased the number of clicks on our display adverts (M =2.00, SD= 1.000); Websites and Blogs have increased the number of unique visitors to our social media pages (M=1.85, SD= 1.027);Websites and Blogs have increased brand recognition(M =2.07, SD= 0.874) and Websites and Blogs have improved customer experience and customer satisfaction (M=1.56,SD= 0.641). These findings are shown on table 4.11.

Table 4.11 Descriptive Statistics for Influence of Websites and Blogs

		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std. Deviation
Websites and Blogs have increased our market share	Frequency (f)	3	11	11	1	1	2.48	.893
	Percentage (%)	11.1%	40.7%	40.7%	3.7%	3.7%		
Websites and Blogs have enabled access to new markets and customers	Frequency (f)	14	11	1	1	0	1.59	.747
	Percentage (%)	51.9%	40.7%	3.7%	3.7%	0%		
Websites and Blogs have increased the number of clicks on our display adverts	Frequency (f)	9	12	4	1	1	2.00	1.000
	Percentage (%)	33.3%	44.4%	14.8%	3.7%	3.7%		
Websites and Blogs have increased the number of unique visitors to our social media pages	Frequency (f)	12	10	3	1	1	1.85	1.027
	Percentage (%)	44.4%	37.0%	11.1%	3.7%	3.7%		
Websites and Blogs have increased brand recognition	Frequency (f)	8	10	8	1	0	2.07	0.874
	Percentage (%)	29.6%	37.0%	29.6%	3.7%	0%		
Websites and Blogs have improved customer experience and customer satisfaction	Frequency (f)	14	11	2	0	0	1.56	0.641
	Percentage (%)	51.9%	40.7%	7.4%	0%	0%		

Source: KPMG (2016)

4.3.4 Descriptive Statistics for Display Ads and the Marketing Performance of Top 100 SMEs

The study sought to determine the influence of Websites and Blogs on the marketing performance of Top 100 SMEs in Kenya. The findings of the study indicate that 44.4% of the respondents strongly agreed that Display Ads increased the number of unique visitors to their website/blog, 40.7% agreed while 14.8% neither agreed nor disagreed. 40.7% strongly agreed that Display Ads increased the number of unique visitors to our Social Media pages, 40.7% agreed while 18.5% were neutral. Further, the study indicated 48.1% of the respondents agreed that Display Ads increased their sales volumes, 25.9% strongly agreed, 14.8% neither agreed nor disagreed, 7.4% disagreed while 3.7% disagreed.

The study findings also indicated that 33.3% of the respondents agreed that Display Ads increased their market share, 29.6% neither agreed nor disagreed, 22.2% strongly agreed, 7.4% disagreed while 7.4% strongly disagreed. Further, the study established that 37.0% of the respondents agree that Display Ads enabled access to new markets and customers, 22.2% strongly agreed, 22.2% neither agreed nor disagreed, 11.1% strongly disagreed while 7.4% disagreed. Moreover, the study also established that 33.3% of the respondents Display Ads increased their brand recognition, 25.9% agreed, 25.9% neither agreed nor disagreed, 7.4% disagreed while 7.4% strongly disagreed.

The study findings also indicate that the respondents generally agreed with the following statements: Display Ads have increased the number of unique visitors to our website/blog (M =1.70, SD= 0.724); Display Ads have increased the number of unique visitors to our Social Media pages (M =1.78, SD= 0.751); Display Ads have increased our sales volumes (M =2.15, SD= 01.027); Display Ads have increased our market share (M =2.44, SD= 1.155); Display Ads have enabled access to new markets and customers (M =2.48, SD= 1.252) and Display Ads have increased our brand recognition (M = 2.30, SD= 1.235). The findings on the influence of display ads are shown in table 4.12.

Table 4.12 Descriptive Statistics for Influence of Display Ads

		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std. Deviation
Display Ads have increased the number of unique visitors to our website/blog	Frequency (f)	12	11	4	0	0	1.70	.724
	Percentage (%)	44.4%	40.7%	14.8%	0%	0%		
Display Ads have increased the number of unique visitors to our Social Media pages	Frequency (f)	11	11	5	0	0	1.78	.751
	Percentage (%)	40.7%	40.7%	18.5%	0%	0%		
Display Ads have increased our sales volumes	Frequency (f)	7	13	4	2	1	2.15	1.027
	Percentage (%)	25.9%	48.1%	14.8%	7.4%	3.7%		
Display Ads have increased our market share	Frequency (f)	6	9	8	2	2	2.44	1.155
	Percentage (%)	22.2%	33.3%	29.6%	7.4%	7.4%		
Display Ads have enabled access to new markets and customers	Frequency (f)	6	10	6	2	3	2.48	1.252
	Percentage (%)	22.2%	37.0%	22.2%	7.4%	11.1%		
Display Ads have increased our brand recognition	Frequency (f)	9	7	7	2	2	2.30	1.235
	Percentage (%)	33.3%	25.9%	25.9%	7.4%	7.4%		

Source: KPMG (2016)

4.4 Regression Analysis Findings

To determine the relationship between the independent variables and the dependent variable, the study conducted regression analysis. The dependent variable was marketing performance while the independent variables were social media, search engine optimization, websites and blogs and display adverts. The study found that social media, search engine optimization, websites and blogs and display adverts explained a significant proportion of variance in marketing performance, R^2= .758. This implies that 75.8% of the proportion in marketing performance can be explained by social media, search engine optimization, websites and blogs and display adverts. Other factors not covered by this study therefore contribute to 24.2%. Findings are as shown in Table 4.13.

Table 4.13 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.794[a]	.758	.755	.130

a. Predictors: (Constant), Display Adverts , Search Engine Optimization, Social Media, Websites and Blogs

Source: Research Data (2017)

The findings indicate that the significance value in testing the reliability of the model for the relationship between social media, search engine optimization, websites and blogs and display adverts and marketing performance was F = 441.453, p = 0.00. Therefore the model is statistically significant in predicting the relationship between the study variables. Results are as presented in Table 4.14.

Table 4.14 ANOVA Table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.631	4	7.408	441.453	.000[b]
	Residual	.369	22	.017		
	Total	30.000	26			

a. Dependent Variable: Marketing Performance

b. Predictors: (Constant), Display Adverts , Search Engine Optimization, Social Media, Websites and Blogs

The study found that social media, search engine optimization, websites and blogs and display adverts, β = .200, t = 2.897, p = .008; β = .164, t = 2.405, p = .025; β = .206, t = 2.522, p = .019 and β = .450, t = 4.817, p = .000 respectively since the p value was less than <.05 set by the study.

Table 4.15 Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.131	.059		-2.219	.037
	Social Media	.212	.073	.200	2.897	.008
	Search Engine Optimization	.167	.069	.164	2.405	.025
	Websites and Blogs	.206	.082	.206	2.522	.019
	Display Adverts	.458	.095	.450	4.817	.000

a. Dependent Variable: Marketing Performance

Source: Research Data (2017)

As per Table 4.7 above, the equation (Y=β0 + β1X1 +β2X2 +β3X3 +ε) therefore becomes

Y=0.131+ 0.212X1+ 0.167X2 +0.206X3 +0.458X4 + 0.059.

The multiple regression values in the table indicated that all the measures of innovation capability, that is, social media (X1), Search Engine Optimization (X2), websites and blogs (X3) and Display Adverts (X4) studied have a positive and significant influence on the marketing performance. This is because all predictor variables: Social media, search engine optimization, websites and blogs and display adverts β-values were positive. This was an indication that these variables are directly proportional to the marketing performance of Top 100 SMEs, in which case an increase in social media, search engine

optimization, websites and blogs and display adverts causes an increase in the marketing performance Top 100 SMEs.

In addition, Table 4.6 above shows that taking all the factors into account, that is, social media, search engine optimization, websites and blogs and display adverts representing the independent variables, then the marketing performance of Top 100 SMEs will be 0.131 (13.1%). However, taking all the other independent variables at zero, then an increase in social media usage will lead to a 0.212 (21.2%) increase in marketing performance; a unit increase in Search Engine Optimization increases marketing performance by 0.167(16.7%); an increase in websites and blogs usage enhances marketing performance of Top 100 SMEs by 0.206 (20.6%) and an increase in display adverts usage enhances marketing performance of Top 100 SMEs by 0.458 (45.8%). This infers that all the digital marketing strategies studied do have a positive and significant influence on the marketing performance of Top 100 SMEs in Kenya.

4.5 Discussion of Results

This section presents the discussion of the findings that were obtained in the study. The study determined that social media had a significant influence on the marketing performance. The findings obtained also showed that social media usage improved customer engagement and eased complaint resolution. Furthermore, the study established that social media usage had a positive impact on sales, brand recognition, access to new markets and clients and on customer loyalty.

The findings obtained in the study align with the findings postulated by Odongo (2014) argued that the usage of social media improves brand recognition, helps in the management of customer interactions and increases the amount of sales done. Moreover, the findings of the study are in line with those of Cox (2012) who found out that the usage of social media increase the market share of a company, improves customer engagement and customer satisfaction. The study further established that an increase in the usage of social media precipitates an increase in marketing performance. Odongo (2014) recommended that there should be a clear social media strategy that targets specific customers in order to increase the benefits that accrue from social media usage.

Additionally, he recommends that SMEs have distinct parameters for measuring the success of social media campaigns so as to maximize their marketing performance.

The study established that search engine optimization (SEO) had a significant influence on marketing performance of Top 100 SMEs. The findings of the study also indicated that the respondents agreed that the usage of SEO increased the number of visitors to their websites and social media pages. These findings are in line with those of Jalango' (2015) who established that the usage of SEO increases traffic to company websites and their social media pages and also ameliorates the number of clicks on the adverts that the companies placed.

The findings of the study are also in agreement with the findings earlier obtained in the same subject area by Park and Park (2010) whose study indicated that the usage of SEO improves the experience of customers when they interact with the company while reducing the operating and advertising costs that are incurred by the company. Moreover, these findings are supported by Wisdom (2015) who established that the usage of SEO improves the marketing performance of SMEs and recommended that SMEs increase their adoption of SEO.

The study established that websites and blogs had a significant influence on the marketing performance of Top 100 SMEs. Further, it established that the usage of websites and blogs increased the number of clicks on social media pages, improved customer satisfaction, enabled access to new markets and increased the number of clicks on adverts. These findings are in line with those of Achieng' (2015) who established that websites and blogs can be instrumental in enabling customers to create their own customized products, managing customer relationships and in driving up the number of sales. Additionally, she reports that websites and blogs are instrumental in increasing customer numbers, improving the competitive advantage of a business and enabling easier coordination of activities. These findings are also in line with those of Kithinji (2014) who posited that the usage of websites and blogs increases customer loyalty, enables SMEs to penetrate new markets and leads to the generation of more revenue.

The study established that display adverts had a significant influence on the marketing performance of Top 100 SMEs. The study determined that most of the respondents agreed that display adverts increased the number of unique visitors to their websites and social media pages. Further, the study established that the usage of display adverts led to increased sales volumes, improved market share and access to new customers and markets. These findings are in line with those of Nga'nga' (2015) who postulated that the usage of display adverts enables SMEs to reduce their marketing costs, communicate with their clients faster and track their marketing performance. Additionally, the study established that display adverts lead to increased customer bases, increased market share and increased profits. These findings are also in line with those of Minama (2016) who established that display adverts led to increased brand recognition, sales, customer loyalty and customer satisfaction. The study recommended the adoption of display adverts and other digital marketing strategies such as Social Media, SEO and websites and blogs as they will enable SMEs to maintain a competitive edge against their competitors.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the main findings, their discussions, conclusions, recommendations and gives suggestions for further research studies. The chapter has been organized based on the objectives of the study.

5.2 Summary of the Result Findings

This section presents the summary of the findings that were obtained in the study and presented in the previous chapter. The study found that the respondents agreed that social media usage increased their customer engagement, improved their complaint resolution and improved the experience and satisfaction of their customers. Further, the respondents also agreed that the usage of social media led to increased sales, enabled access to new markets and clients, increases brand recognition and strengthens customer loyalty. The study determined that social media usage had a significant influence on the marketing performance of SMEs. The findings showed that 21.2% of the marketing performance of SMEs could be explained by social media usage.

The findings of the study indicate that the respondents agreed that SEO increased the number of unique visitors to their websites, increased the number of clicks on their adverts, enabled access to new markets and increased the number of unique visitors to their social media pages. However, the study established that the respondents neither agreed nor disagreed that SEO increased their market share. The study also established that SEO had a significant influence on the marketing performance of SMEs. The findings showed that 16.7% of the marketing performance of SMEs could be explained by search engine optimization.

The study established that the respondents agreed that Websites and blogs increased market share, enabled access to new markets and customers and increased the number of unique visitors to social media pages. Moreover, the findings of the study indicate that websites and blogs led to an increase in the number of clicks on adverts, improved brand recognition and increased customer satisfaction. The study also determined that websites

and blogs had a significant influence on the marketing performance of SMEs. The findings showed that 20.6% of the marketing performance of SMEs could be explained by websites and blogs.

The findings of the study indicate that the respondents agreed that display adverts increased the number of unique visitors to their websites and social media pages, increased their sales volumes and increased their market share. Further, the findings of the study indicate that majority of the respondents agreed that websites and blogs enabled access to new markets and customers and also improved their brand recognition. The study also determined that display adverts had a significant influence on the marketing performance of SMEs. The findings showed that 45.8% of the marketing performance of SMEs could be explained by websites and blogs.

5.3 Conclusions

Based on the findings of the study, the following conclusions were made in the study.

Social Media usage had a significant influence on the marketing performance of SMEs. The study established that social media positively affected marketing performance. The study therefore concludes that marketing performance was dependent upon social media usage.

The study established that most SMEs perceived SEO as having a significant influence on their marketing performance. Search engine optimization was positively related to the marketing performance of SMEs and the study therefore concludes that search engine optimization affects marketing performance.

The study also concludes that websites and blogs had an influence on the marketing performance of SMES. The study also concludes that the adoption of websites and blogs by SMEs had a positive effect to their marketing performance; thus a positive relationship was obtained between the adoption of websites and blogs and marketing performance.

The study further concluded that the usage of display adverts improved marketing performance. The study concluded that the usage of display adverts had a positive effect on the marketing performance of SMEs.

5.4 Recommendations for Improvement

Based on the findings and conclusions of the study, the study made the following recommendations;

Since the study found that Social Media usage had a positive effect on marketing performance, the study, therefore, recommends that SMEs increase their usage of social media so as to accrue the benefits that come with the adoption of social media. These include increased customer loyalty, increased brand recognition, improved complaint resolution mechanisms and increased market share.

The study also recommends that since search engine optimization increased the number of unique visitors to websites and social media sites, the study recommends that SMEs optimize their websites so as to attract more visitors to their sites. This will increase the number of clicks on their adverts and thus increasing the number of sales.

The study also found that the usage websites and blogs enable access to new markets and clients. The study recommends that SMEs create websites and blogs where their prospective clients can see their entire catalogue of products and services and where they can interact freely with the company representatives. This will enable employees to reach to wide range of local and international clients thus increasing their sales and brand recognition.

The study also recommends that SMEs adopt the usage of display advertisements since the study established that they increase sales volumes and traffic to websites and social media pages. This could help them advertise their products and services to a wider range of clients at a much cheaper cost. Additionally, they will be able to track the performance of their, marketing endeavors and thus market themselves efficiently and effectively.

5.5 Recommendations for Further Studies

Despite following an exhaustive research method and carrying out rigorous data analysis, the study experienced limitations which serve as suggestions for future research as follows:

From a methodological point of view, the sample and context is considered a limitation. This study was limited to Top 100 SMEs in Kenya. This creates a gap that needs to be filled based on the study area. Thus, there is need for more studies to be conducted on the same subject on other SMEs for comparative results. Other categories of SMEs such as those that are not on the Top 100 list, those that have been recently established and those that have endured the test of time also need to be studied. Further, the study was quantitative in nature, and therefore other researchers can undertake a similar study using qualitative analysis methods.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

TO WHOM IT MAY CONCERN.

Dear Sir/Madam,

RE: RESEARCH ASSISTANCE

I, **KASIMU GRACE MUTANU: D61/79418/2015,** a postgraduate Master of Business Administration student at the University of Nairobi conducting a research study titled **"*The Effectiveness of Digital Marketing Strategies on the Marketing Performance of Top 100 SMEs in Kenya* "** do hereby request for your assistance in the filling of the questionnaire to facilitate the study conclusion.

Thank you for your consideration.

Sincerely
KASIMU GRACE MUTANU
Reg No: D61/79418/2015
Supervisor's Name
……

APPENDIX II: QUESTIONNAIRE

This questionnaire is aimed at facilitating the research on "*The Effectiveness of Digital Marketing Strategies on the Marketing Performance of Top 100 SMEs in Kenya* " your response will be highly appreciated.

SECTION A: Demographic information

What is your gender?

a) Male [ ]
b) Female [ ]

What is your age bracket?

a) 20-25 Years [ ]
b) 26-35 Years [ ]
c) 36-45 Years [ ]
d) Above 46 Years [ ]

What is your academic/professional background level?

a) Secondary Level [ ]
b) College Level [ ]
c) University Level [ ]
d) Professional Level [ ]
e) Other [Specify]……..

How long have served in your organization?

a) Less than 1 Year [ ]
b) 2-5 Years [ ]
c) 16-10 Years [ ]
d) A2bove 15 Years [ ]

What is the name of your company?

……

What Sector is your business in?

a) Trade and commerce [ ]
b) Service industry [ ]
c) Construction [ ]
d) Technology [ ]

How long has your company been in business?

a) Less than 1 Year [ ]
b) 2-5 Years [ ]
c) 6-10 Years [ ]
d) Above 15 Years [ ]

How many employees does your company have?

a) 0 to 10 [ ]
b) 11 to 20 [ ]
c) 21 to 30 [ ]
d) Above 30 [ ]

What is the annual turnover of your company?

a) 100, 000 – 500,000 [ ]
b) 501, 000 – 1,000,000 [ ]
c) 1,001,000 – 5,000, 000[ ]
d) Above 5,000,000 [ ]

SECTION B: DIGITAL MARKETING STRATEGIES

In the scale of 5=Strongly Disagree, 4=Disagree, 3=Neutral, 2=Agree, 1=Strongly Agree, to what extent have Digital Marketing Strategies been effective in your Company?

Social Media	**1**	**2**	**3**	**4**	**5**
Social Media has increased customer engagement					
Social Media has improved complaint resolution with customers					
Social Media has improved the experience and satisfaction of customers					
Social Media usage has led to increased sales					
Social Media usage has enabled access to new markets and customers					
Social Media usage has led to increased brand recognition					
Social Media has increased customer loyalty					
Search Engine Optimization(SEO)	**1**	**2**	**3**	**4**	**5**
SEO has increased the number of unique visitors to our website					
SEO has increased the number of clicks on our adverts					
SEO has increased the number of unique visitor to our social media pages					
SEO has enabled access to new markets and customers					
SEO has improved our brand recognition					

SEO has increased our market share					
Websites/Blogs	**1**	**2**	**3**	**4**	**5**
Websites / Blogs have increased our sales volumes					
Websites / Blogs have increased our market share					
Websites / Blogs have enabled access to new markets and customers					
Websites / Blogs have increased the number of clicks on our display adverts					
Websites / Blogs have increased the number of unique visitors to our social media pages					
Websites / Blogs have increased brand recognition					
Websites / Blogs have improved customer experience and customer satisfaction					
Display Adverts	**1**	**2**	**3**	**4**	**5**
Display adverts have increased the number of unique visitors to our website/blog					
Display adverts have increased the number or unique visitors to our Social Media pages					
Display adverts have increased our sales volumes					
Display adverts have increased our market share					
Display adverts have enabled access to new markets and customers					

Display adverts have increased our brand recognition					

SECTION C: MARKETING PERFOMANCE OF SMEs IN KENYA

In the scale of 5=Strongly Disagree, 4=Disagree, 3=Neutral, 2=Agree, 1=Strongly Agree, to what extent has Digital Marketing Strategies Affected the Marketing Performance of your Company?

	1	**2**	**3**	**4**	**5**
Digital Marketing has increased customer loyalty					
Digital Marketing has increased brand awareness and recognition					
Digital Marketing has increased website traffic					
Digital Marketing usage has led to increased sales					
Digital marketing usage has enabled access to new markets and customers					
Digital Marketing usage has led to increased customer engagement and satisfaction					
Digital Marketing has improved the efficiency and effectiveness of marketing campaigns					

THANK YOU

APPENDIX III: LIST OF TOP 100 COMPANIES IN KENYA 2016

1 DIAMOND PROPERTY MECHANTS LTD
2 IZMIR ENTERPRISES LIMITED
3 SOLOH WORLDWIDE INTER-ENTERPRISES LTD
4 ADVANTA AFRICA LTD
5 HIPORA BUSINESS SOLUTIONS
6 GENERAL CARGO SERVICES LTD
7 KOMAL CONSTRUCTION COMPANY LTD
8 ALLWIN PACKAGING INTL LTD
9 TANGAZOLETU LIMITED
10 NORTHSTAR COOLING SYSTEMS LTD
11 AFRICA PRACTICE EA LTD
12 POLGON LOGISTICS LIMTED
13 MANIX LTD
14 CARE CHEMISTS
15 WELL TOLD STORY
16 COMPULYNX LIMITED
17 AAR CREDIT SERVICE LTD
18 COASTAL IMAGE TECHNOLOGIES LIMITED
19 SHEFFIELD STEEL SYSTEMS LIMITED
20 AVTECH SYSTEMS LTD
21 POLUCON SERVICES (K) LTD
22 MACHINES TECHNOLOGIES 2006 LTD
23 ORANGE PHARMA LTD
24 PINDORIA HOLDINGS LTD
25 COMPUTER PRIDE LIMITED
26 EDN GEORGE EA LIMITED
27 VALLEY HOSPITAL LIMITED
28 MANDHIR CONSTRUCTION LTD
29 PATMAT BOOKSHOP LTD

30 SOFTWARE TECHNLOGIES LTD
31 TRIDENT PLUMBERS LTD
32 SUPERIOR HOMES KENYA LTD
33 PATHCARE KENYA LIMITED
34 AMEX AUTO & INDUSTRIAL HARDWARE LTD
35 RUSHAB PETROLEUM LIMITED
36 PHAT! MUSIC & ENTERTAINMENT LIMITED
37 NATIONWIDE ELECTRICAL INDUSTRIES LTD
38 UNIQUE OFFERS LTD
39 PRAFULCHANDRA & BROTHERS LTD
40 SPECICOM TECHNOLOGIES LTD
41 KISIMA DRILLING (EA) LTD
42 EXECUTIVE HEALTHCARE SOLUTIONS LIMITED
43 LOGISTICS SOLUTIONS LTD
44 ALPHA FINE FOODS LIMITED
45 CLASSIC MOULDINGS LTD
46 LOGISTICS LINK LIMITED
47 WATERMAN DRILLING AFRICA LTD
48 SPECIALLIZED ALUMINIUM RENOVATORS LTD
49 CHESTER INSURANCE BROKERS LTD
50 KANDIA FRESH PRODUCE SUPPLIERS LTD
51 SIGMA FEEDS LTD
52 KENYA BUS SERVICES MGT
53 EMMERDALE LTD
54 MIC GLOBAL RISKS INSURANCE BROKERS LTD
55 TOTAL SOLUTIONS LIMITED
56 BLUEKEY SOFTWARE SOLUTION K LTD
57 MURANGA FORWARDERS LTD
58 IMPAX BUSINESS SOLUTIONS
59 WARREN CONCRETE LTD

60 SENSATIONS LTD
61 KENBRO INDUSTRIES LTD
62 POWERPOINT SYSTEMS EA LTD
63 SMART BRANDS LIMITED
64 EUROCON TILES PRODUCTS LTD
65 UNEEK FREIGHT SERVICES LTD
66 OFFICE DYNAMICS LIMITED
67 JOGIAN INTERLINK LIMITED
68 DATAGUARD DISTRIBUTORS LIMITED
69 SUPER-BROOM SERVICES LTD
70 KENCONT LOGISTICS SERVICES LTD
71 MILLBROOK GARMENT
72 PALMHOUSE DAIRIES LTD
73 EDUCATE YOURSELF LIMITED
74 ORBIT ENGINEERING LIMITED
75 KISIMA ELECTROMECHANICALS LTD
76 RILEY FALCON SECURITY SERVICES LTD
77 BAGDA'S AUTO SPARES LTD
78 VINEP FORWARDERS LIMITED
79 ECONOMIC INDUSTRIES LIMITED
80 FAYAZ BAKERS LIMITED
81 SPENOMATIC KENYA LTD
82 MAROO POLYMERS LIMITED
83 NORDA INDUSTRIES LIMITED
84 SKYPEX SUPPLIES LIMITED
85 MASTER FABRICATORS LTD
86 IRON ART LIMITED
87 STATPRINT LIMITED
88 IDEAL MANUFACTURING CO. LTD
89 OIL SEALS AND BEARING CENTRE LTD

90 VARSANI BRAKELININGS LTD
91 SYNERGY GASES (K) LTD
92 RIFT VALLEY MACHINERY SERVICES
93 DE RUITER EAST AFRICA LIMITED
94 NEWLINE LTD
95 R&R PLASTICS LIMITED
96 VIVEK INVESTMENTS LTD
97 NDUGU TRANSPORT COMPANY LTD
98 CIRCUIT BUSINESS SYSTEM LTD
99 THIKA CLOTH MILLS LTD
100 HOTEL WATERBUCK LTD