

**SOCIAL MEDIA AS A STRATEGY FOR ENHANCING COMPETITIVENESS AMONG
ONLINE SMEs IN NAIROBI COUNTY, KENYA**

BY

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DECLARATION

Declaration by the student

I declare that this is my original work and has not been submitted for examination in any other university.

Signature:.....

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[D61/63278/2011]

Declaration by the supervisor

This thesis has been submitted for examination with my approval as the University supervisor.

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DEDICATION

To my family and friends,
Thanks for always being there for me.

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I would like to thank my supervisor Dr. J.Munyoki for his guidance and support all through my thesis duration. I want to especially thank my parents for their relentless support and encouragement throughout the process of completing this study and always being available to talk to. I would like to thank my classmate Doughty, for her constant follow-ups as we carried out our thesis together. George, thank you for everything, your overwhelming support helped me sail through with ease. Last but not least my deep and sincere thanks to God Almighty for blessing me with the gift of life, good health and sound mind throughout my thesis project. Thank you all and God bless.

ABSTRACT

Information technology has influenced the way in which business is conducted globally, resulting in, for example, a faster turnaround of products and production, smart products, and 24 hours of shopping around the world. Some small business owners in Nairobi have embraced use of social media platforms to enable them improve their customer experience and advertise their products and services on a relatively low budget. As a result, those SMEs with online presence and on social media, have managed to enhance their competitiveness over their counterparts who have not mapped their business on social media. Unfortunately, many small businesses online do not see the importance of using social media for their business. The purpose of this study was to establish how social media strategy has helped to enhance competitiveness among online SMEs in Nairobi to grow their business and use social media to engage consumers. A survey is conducted that engages with the small business owner, and accompanied by an analysis of the business's views on social media usage and performance. The results of the survey reveal that a number of small business owners are still ignorant of using social media to boost their business and assist them acquire competitiveness over fellow SMEs on social media. The study concludes with a discussion of the lessons learned from the research.

The research tries to find how social media can be used as a strategy for enhancing competitiveness among online SMEs in Nairobi County, Kenya. The research is based on the assumption that we are in a “knowledge economy” with exposure to ICT technology in terms of mobile phones with internet and computers. The most important asset in the new economy is knowledge, which is what businesses sell online and customers buy. The products are more knowledgeable and the customer demands are sophisticated. Businesses still need to invest a lot of time to exploit social media and be ahead of their competitors. The findings from the SMEs replies to the questionnaire reflect the need for further investigation on how SMEs can achieve understanding of the knowledge economy and the effect social media on it. The majority of participants agree that to a large extent they rely on technology to run their businesses such as using email accounts for communication and social media platforms like Facebook and Twitter for sourcing of new clients, and some admitted to have internet access.

CHAPTER ONE: INTRODUCTION

1.1. Background to the Study

The Internet has changed the way people, organizations and the entire world interact and communicate. Since its inception, Internet has undergone in-depth changes that have seen it become a more interactive platform than it used to be previously. Every day, people are discovering the new possibilities that the Internet has to offer. Therefore, other than just seeking to find information on different web pages, people are today connecting to the- Internet to also engage in debates and discussions, sharing opinions, experiences and ideas in platforms such as Facebook and Twitter.

The 21st century has seen a shift in the way businesses market their products and services. Smith and Taylor (2004) reveal that companies are presently experiencing several new unanticipated events and the development of the Internet as a communication channel is almost certainly one of the most influential factors. The internet has brought about several new elements –it has made consumers more accessible, it has emerged with a completely new set of communication tools that make the process of exchanging information much easier and faster, and it has compelled companies to rethink how they are communicating with their customers (Jaokar, Jacobs, Moore and Ahvenainen, 2009). This paper provides a theoretical discussion about social media as a strategy for enhancing competitiveness among online SMEs. The document explains that the use of social media is a critical tactic of success for SMEs in Nairobi. The objective of this paper is to present a theoretical discussion about embracing social media as a strategy for enhancing competitiveness among online SMEs in Nairobi County using prior similar research as a supporting reference.

1.1.1 The Concept of Social Media

Due to the changing world of information technology, studies show that consumers are turning away from the traditional sources of advertising such as radio, television, magazines, and newspapers and are opting to use social media platforms where they have considerable control over their media consumption (Neff, 2012). Social media marketing has been identified as the new way to promote businesses in the world over. Social media tools have provided a platform where consumers can demand what they want and be able to communicate that with the producers. It is therefore imperative that small businesses understand all social media platforms and the strategies behind using social media for growing their businesses. According to Bowen, today's consumers require on-demand and immediate access to information at their own convenience and are therefore turning to various types of social media to conduct their information searches that inform their purchasing decisions (Bowen, 2009).

Social media plays an important role in marketing and creating relationships with customers. The social media platform provides easy channels of entry and for that reason small, micro and medium enterprises are finding it easy to use the social media as a means of marketing. However, even though the SMEs are using the social media as a marketing tool, they still have numerous challenges in trying to understand the benefits of the social media, the correct strategy in using some of these platforms as well as ways of engaging customers using social media. These challenges have led to SMEs missing many opportunities. Although a quite number of SMEs within Nairobi are still struggling to use the social media to effectively reach their customers, social media affords SMEs with a variety of marketing opportunities for little or no monetary cost.

Mangold (2009) recognized that social media allows an enterprise to connect with both existing and potential customers, engage with them and reinforce a sense of community around the enterprise's offering(s). Marketers can no longer rely on mass media channels alone to communicate with their consumers. They must adopt new strategies if they wish to succeed (Kotler, 2011).

1.1.2 Market Competitiveness

Barney proposed that a firm is said to have competitive advantage over other competitors when the value creating strategy the firm is implementing, is not being implemented by any current or potential competitors (Barney, 1991). (Porter) 1985 asserts that there are two basic types of competitive advantage a business can possess: low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation, and focus. The focus strategy has two variants, cost focus and differentiation focus. These strategies applied by SMEs on social media will help enhance competitiveness among the SMEs group.

Vigorous competition between SMEs is the lifeblood of strong and effective markets. Competition helps consumers get a good deal. It encourages firms to innovate by reducing slack, putting downward pressure on costs and providing incentives for the efficient organization of production. As such, competition is a central driver for productivity growth in the economy. Competitive markets exist when there is genuine choice for consumers in terms of who supplies the goods and services they demand.

1.1.3 The SME Sector in Kenya

The small and micro enterprises (SMEs) play an important role in the Kenyan Economy. According to the Economic Survey (2006), the sector contributed over 50 percent of new jobs created in the year 2005. Despite their significance, past statistics indicate that three out of five businesses fail within the first few months of operation (Kenya National Bureau of Statistics, 2007). Starting and operating a small business includes a possibility of success as well as failure. Because of their small size, a simple management mistake is likely to lead to sure death of a small enterprise hence no opportunity to learn from its past mistakes.

Lack of planning, improper financing and poor management have been posited as the main causes of failure of small enterprises (Longenecker, *et al.*, 2006). Lack of credit has also been identified as one of the most serious constraints facing SMEs and hindering their development (Oketch, 2000; Tomecko & Dondo, 1992; Kiiru, 1991).

1.1.4 Online SMEs

Computers and the Internet are freely and widely accessible by consumers to evaluate what a business is offering relative to present competition. Savvy small owners are taking full advantage of this and reaping the benefits by making their online presence a key part of their business growth strategy. SMEs with online presence that is having a website, using social media platforms like Facebook and Twitter have tremendous advantages. They have the opportunity to compete with larger corporations and business establishments. Online SMEs with well-designed professional looking website impress a website visitor as much than offline SMEs.

94% of small business owners use the web to find information related to their business. A survey study by (Barshinger, 2009) investigated how this web-savvy segment uses online resources to run their businesses and found that 59% of small business owners go online at least weekly to solve a specific business problem whereas 77% of small business owners use Search engines to find business suppliers. Also an emerging group of small business owners are finding business value in social media.

1.2. Research Problem

Chua et al (2009) and Parker and Castleman (2007) recognized that SMEs are not a homogeneous group, but rather that they differ in several ways. For example, SME owner-managers differ from each other in their age and educational level, their attitude towards Social media, their degree of entrepreneurship, market and/or export orientation, their business goals and their degree of preference for face-to-face interaction with customers, strategic focus, customer orientation, business growth, business processes, owner attitude and social networks, level of eBusiness knowledge and skills. Harris et al (2008) point out that SMEs have often struggled to adopt technology due to their lack of skills, resources and technical knowledge compared with large firms. However, Social media provides an SME with an opportunity to overcome these difficulties as it is easy to use. The internet has massively reduced costs of marketing compared to traditional methods (Harris et al, 2008).

Presently, when people hear the word ‘communication’, the common activities that would probably enter their minds are Tweeting, Posting status updates, Sending emails and instant messages, Joining discussion boards and Online chatting.

Research shows that, despite often being time- and resource-starved, more and more SMEs are using social media to promote their business. Social Media platforms have huge potential to foster innovation in businesses of any size. They offer a space in which companies and individuals can benefit from having access to creative clusters of professionals who are willing to share their ideas (Bowen, 2009). There are numerous studies done in the SMEs sector, albeit focusing on differential aspects for instance a study conducted by Bowen (2009) indicates that SMEs play an important role in the Kenyan economy, contributing to over 50 per cent of new jobs created in the year 2005. A number of small businesses in Kenya have learnt of social media marketing and are embracing it. Research done by the Communication Commission of Kenya (CCK) for the year 2011/2012, it shows an increase in the number of Internet users in Kenya by 95.63%, showing a tremendous growth in the country's technology fuelled by high number of mobile phone usage. However, even as most SMEs have access to internet, a number of them have not embraced social media as a strategy to help them attain competitiveness.

The study focused on the challenges faced by small businesses and indicates that three out of five businesses fail within the first few months of operation. Among the major challenges that the study identified, were negative perception towards SMEs, lack of planning, improper financing, and poor management. However, the study did not focus on the challenges faced by SMEs in accessing the social media as a tool for marketing to help solve the problems discovered from the study. Another study conducted by Cox (2012), shows how the owner of a small business recognized for using social media to grow the business, uses social media to engage consumers. While Social media shows better results in customer management, the study fails to address how SMEs can use social media to enhance competitiveness among each other.

A study done by Johansson and Corvera (2012) on SMEs and social media, talked about how SMEs in the fashion industry should approach social media and how it can be used as a marketing tool by SMEs in the fashion industry. However while Social media shows to be a good marketing tool, the study fails to take account of Social media being used by SMEs to achieve competitive advantage.

There seems to be no studies done focusing on determining use of social media as a strategy for enhancing competitiveness among SMEs who are online. It is against this background that the study was conducted to determine how SMEs in Nairobi can effectively use social media as a strategy to enhance competitiveness.

1.2 Research Objective

To establish how social media strategy has helped to enhance competitiveness among online SMEs in Nairobi.

1.3 Value of the Study

The purpose of this study was to determine the use of social media by SMEs to enhance competitive marketing in Nairobi. The findings of this study will be useful to all the local and international SME players. More specifically, the findings will be useful to small businesses that have over the years found it difficult to penetrate the social media marketing or those who have not fully realized the available opportunities in social media marketing. Through implementation of these findings, small businesses will find it easier to interact and engage with customers and to be even more competitive in the Kenyan and international market.

In addition, the findings will help the SMEs in Kenya to identify the opportunities and risks the social media marketing offers and how the customer's decision making process is influenced by social media. Using social media, small business owners will be able to expand their market scope to wider geographical dispersion, hence making them more competitive. Also it will be easier for them to manage customer behavior thus SMEs will be able to interact with clients in near real time solving arising queries and complaints arising before their clients turn to competitors.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews related information concerning the use of social media in enhancing competitive marketing strategy among SMEs who are online in Nairobi. The literature review is carried out in order to review the research variables, bridge the knowledge gaps and review previous works related to the study. The chapter also seeks to define what is understood by both competitive strategy and social media, establish the current state of affairs regarding the use of social media to enhance competitive strategy, look at driving factors for social media adoption, and discuss the stumbling blocks that make it difficult for Nairobi SMEs to adopt social media.

2.2 Theoretical Foundation of the Study

The theory of study is based on dimensions of Social Exchange Theory (SET) as a lens to develop an understanding into the effect of sociability culture in online SMEs to enhance competitiveness and acquire competitive advantage. Current literature suggests that Social media can help grow business for small business owners and improve customer engagement, better than their corporate counterparts (Cox, 2012). The proposed study could investigate the use of social media strategy as a marketing tool used to enhance competitiveness among the SMEs group.

Today's companies have little to no control over what customers say about their brand to each other on social media and the firm merely acts as observer to customer communication and consumer behaviors (Kaplan & Haenlein, 2010). Firms can now use social media to interact with and engage customers in real time, solicit innovative ideas from customers, correct error reports emphasize positive and factual messages, fix damages, and disperse viral information like a giant word of mouth machine (Gallaughar & Ransbotham, 2010).

Social media functions like a giant word of mouth machine that accelerates distribution of information (Dellarocas, 2003; Godes & Mayzlin, 2004). (Porter, 1985) says there are two basic types of competitive advantage a business can possess: low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation, and focus. The focus strategy has two variants, cost focus and differentiation focus.

In cost leadership, a business sets out to become the low cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. A low cost producer/SME must find and exploit all sources of cost advantage. If a small business with online presence can achieve and sustain overall cost leadership, then it will be an above average performer in its industry than SMEs who are not online, provided it can command prices at or near the industry average. Social Media is one way to achieve cost savings and operational excellence. It can be a cheaper way to provide a proactive customer service. The cost of marketing can also be reduced using social media. A Facebook message that reaches a million people can be a more cost-effective way to get a message out than buying media.

Online SMEs seek to be unique in the industry along some dimensions that are widely valued by buyers. They select one or more attributes that many buyers in an industry perceive as important, and uniquely position themselves to meet those needs. They are rewarded for their uniqueness with a premium price and ability to take advantage of the vast online customers.

Social Media can be used to augment product offerings, and actually provide a better experience for online SMEs customers. This can solve customer's problems via Social media platforms like Facebook and Twitter thereby providing useful well-timed information to customers so that they make the most out of the product, the key is using social media to actually increase value to customers. This should lead to higher sales, or possibly to the ability to charge a price premium.

Businesses using social media can build a community, to which SMEs can get close and serve better than anyone else; in a previous study this is defined as Customer Intimacy (Cox, 2012). The important thing here is that one has to have the right people on the community i.e. the people who are likely to buy more of your product.

2.3 Social Media Practices

Despite the fact that businesses cannot control what people may say about their brand, their presence on social media will give them the opportunity to address any misconceptions or errors through dialogue with any customer that stops by to verify or inquire. Social networking allows businesses to gain access to resources that might otherwise not be available to them. It can also aid the development of a firm's worthiness, increase the customer and supplier contacts, and bring to light where resources and funding are available, promote innovation and help in the cultivation of strategic partnerships (Zontanos, 2004). Business owners rarely possess all the skills and knowledge needed to expand their enterprise, and finding people with the necessary skills, and getting them to contribute, is a vital aspect of their networking (Simon, 2012). The sky is the limit with social media.

Owing to the flexibility of social networking tools, online businesses can realize different benefits. Some of the driving factors for social media adoption to SMEs according to Simon (2012) are greater access to different audiences, improved customer service, improved products and services and adoption of favorable pricing practices. Entrepreneurs, marketers and consumers are witnessing the appearance of virtual social media. As of January 2012, there were more than 800 million active Facebook users, with over 250 million of them logging in every day. In addition, the average Facebook user has 130 friends and likes 80 pages but this figure is expected to expand with time. Additionally, over 3.5 billion pieces of contents such as blog posts, web links and news stories are shared on this social network (Digital Buzz, 2012). The Internet and the online social networks allow individuals to connect with one another. It is important for entrepreneurs and marketer to grasp how the Internet functions and the expectations of its users.

However lack of regular content in social media platforms poses as a stumbling block that makes it difficult for online SMEs to adopt social media. This is because unlike larger businesses that hire professional staff to service their ongoing content requirements, smaller businesses neither have the time, resources or procedures to feed the hungry content beast (Reardon, 2011). Zuckerberg, co-founder of Facebook supports this by saying that advertising is fast changing and businesses need to understand the usage of Internet technologies in order to remain relevant (Maymann, 2008). As there are low barriers to the use of social networking technologies, small businesses can make use of social media in the same ways that large corporate can, without the need for extensive resources. Fruhling (2000) set out that the adoption of the Internet can help a business increase its customer and market base and this makes a contribution towards the business' growth strategy.

Social media enhances competitiveness by facilitating a business to expand its scope and extending its main business through market penetration and development or product development. Porter (2001) goes further to say that the relationships formed via the internet can boost sales and generate opportunities to come up with new products and services. Mangold (2009) recognizes that social media allows an enterprise to connect with both existing and potential customers, engage with them and reinforce a sense of community around the enterprise's offering(s).

Further, an information rich website can help a business to develop relationships with customers by providing more effective marketing, new communication and distribution channels, shorter time to market, customized products, 24hour online technical support and online interactive community. Social networking can be an excellent way to acquire new customers and retain existing ones. Social marketing has taken the idea of price beyond monetary to include psychological, social, geographic and other rewards and punishments for everyday behaviors (Lefebvre, 1988). Economists and marketers view price not just as costs, but as incentive opportunities as well (Haveman, 2010). The problem is that many SMEs do not know where to go or they think that they cannot afford it.

In Kenya, social media and social networking are still gaining popularity and their understanding as marketing tools is still yet to be embraced. Conservative marketing practices in the country are undergoing a transformation owing to the Internet. For example, consumers no longer look up items in the Yellow pages of the postal directory but instead they search for them on the Internet. SMEs have a significant function in national economies both as employers and by cooperatively contributing an average of 90% of national economic output (Wielicki, 2010).

Sarvanan, (2008) further reveal that SMEs comprise over 90 per cent of African business operations and contribute towards over 50 per cent of African employment and Gross Domestic Product (GDP). Additionally, they constitute 95 per cent of formal manufacturing activity in Nigeria, while in Morocco, 93 per cent of all industrial firms are SMEs and account for 38 per cent of production, 33 percent of investment, 30 percent of exports and 46 per cent of all jobs. The web allows businesses to build on the assets that they already possess, like brand name recognition, operational infrastructure, information and customer relationships in order to develop new markets and distribution channels. Meeting with new network locally and from other countries can be done anytime and anywhere. Goel (2008) further states that the Internet businesses to have access to international markets thereby increasing their market share. Companies can also achieve greater economies of scale.

Customer intelligence gathered from social media is important in driving the innovation in a business. The use of social technologies provides insights, thoughts and ideas on how to better serve customers and enables businesses to discover innovative ways to conduct business or new products and services to offer customers (Evans, 2010) Products and services innovation translates into ideas becoming a reality. This eventually leads to the financial growth of businesses. The growth of social media network platforms on the World Wide Web has brought a remarkable impact on the facilitation of global social interconnections. Social media offers unparalleled constant connectivity for users, allowing them to share, collaborate and establish online communities. Both businesses and consumers are using the media to share information, exchange opinions and recommendations and display certain consumption behavior (Kotler, 2011). As such, social media gives marketers the power to promote their products and services by transforming the communication networks into influence networks.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

In this chapter the research methodology used in the study is described. The geographical area where the study was conducted, the study design and the population and sample are described. The instrument used to collect the data, including methods implemented to maintain validity and reliability of the instrument are described.

3.2 Research Design

A research design is a plan and structure of investigating in order to obtain answers to research questions (Kothari, 2009). In order to examine the effect of social media on the growth of SMEs, descriptive research design was used. A descriptive survey is selected because it provides an accurate portrayal or account of the characteristics, for example behavior, opinions, abilities, beliefs, and knowledge of a particular individual, situation or group. This design has been chosen to meet the objectives of the study, namely to determine the knowledge and views of SMEs and social media enhancing competitiveness.

A descriptive survey was used to collect original data for describing a population too large to observe directly (Mouton 1996:232). A survey obtains information from a sample of people by means of self-report, that is, the people respond to a series of questions posed by the investigator (Polit & Hungler 1993:148). In this study the information was collected through self-administered questionnaires distributed personally to the subjects by the researcher.

3. Population of Study

According to Burns and Grove (1993:779), a population is defined as all elements (individuals, objects and events) that meet the sample criteria for inclusion in a study. This study population consists of SMEs in Nairobi. The target population for this study is SMEs within Nairobi. A list 1,418 enterprises was sourced from the City Council of Nairobi (CCN 2012) and used as the sampling frame. The reasons for sampling in this study include lower costs, greater speed of data collection and availability of population elements.

3.4 Sample Size

Cluster sampling was used to divide the entire population of interest. A sample of 45 SMEs or 10% representation from each cluster and simple random sampling was employed. SMEs in the population will be selected based on their respective district from the small agricultural producer/processor/dealer sector was provided as in the database of the CCN –Licensing Department register. Nairobi County is made up of 9 districts which made up the clusters – Starehe, Dagoretti, Lang’ata, Kamukunji, Makadara, Kasarani, Embakasi, Njiru and Westlands. Each district was considered a cluster. Further on, to get equal 10% representation of SMEs from each cluster, simple random sampling was used. After the elements had been selected, the specific respondents were identified using simple random probability sampling technique.

3.5 Data Analysis

A structured questionnaire was administered to 45 Managers of the SMEs. The questionnaire comprised of both closed questions to enhance uniformity and open-ended questions to ensure that maximum data is collected. The questionnaires were administered on a “drop and pick-later” basis. The research assistant went through the questionnaire with the respondent and left it with them to fill. The respondent then submitted the completed questionnaire to the assistant at an agreed time.

After establishing that the entire questionnaire from every respondent has been dully completed, the data on the questionnaire was coded, classified and summarized for analysis. The researcher used Statistical Package for Social Sciences (SPSS) for the Windows platform to analyze data, where measures of descriptive analysis (Mean and standard deviation) was undertaken in impartial analysis involving regression and correlation in establishing the degree of relationship between the variables.

Qualitative Data Analysis (QDA) was also undertaken for the information gathered. This involved summarizing the key findings then explaining and interpreting the findings. The qualitative data was analyzed manually following a thematic procedure also followed by a quick impressionist summary in order to obtain trends and preliminary indication of the nature of findings.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND INTERPRETATION

4.1 Introduction

This chapter presents the data obtained from the research questions regarding the topic. The analysis was analyzed as per the study variables. The researcher selected a sample size of 45 respondents drawn from Nairobi County for the study. The main purpose of data was to determine Social media as a strategy for enhancing competitiveness among online SME's in Nairobi County. The analysis was presented through the use of statistical charts, graphs and tables. From the analysis, 100% was the response rate and was representative enough for data analysis and reliability. In the same notion, the gender representation was male 35.6% and female 64.4% respectfully. This is a clear indication that majority of the respondent were within the age that has wide responsibilities in their lives. The analysis revealed that the highest percentage of respondents interviews use Facebook at 48.9%, respondents using twitter were 26.7% and 20% use LinkedIn. Important to note is that 4.4% of the respondents still do not use any social media platform for their business.

4.2 Demographic profiles of the respondents

4.2.1 Position of the respondents

Out of the forty five respondents contacted, 24.4% were business owners, 13.3% managers, 11.1% administrators and employees respectively, security officers and business entrepreneurs 8.9% respectively, developer 6.7%, software developer interior designers and CEOs at 4.4% respectively and lastly coder at 2.2%.

4.2.1 Age of the respondents

Table 4.1: Business respondents' age

Age	Frequency	Percent
25-34	14	31.1%
35-44	23	51.1%
45-44	5	11.1%
55-64	3	6.7%
Total	45	100%

As shown in table 4.1, the researcher wanted to establish if all ages were represented because age helps to determine the experience of a business man and employees. From the analysis 51.1% of the respondents were on the age bracket of 35-44 years, while another 31.1% were on the age bracket 25 – 34, 11.1% were ages of 45-54, 6.7% total population were between 55-64 years. The data analysis indicated that of the forty five respondents, 73.3% were university graduates and 26.7% had technical/vocational training. Although there were primary, secondary and no education option none had these levels of education. This gives an overview on internet users and their level of education which greatly influences their perception of adopting social media to their business.

4.3 Business Profiles

4.3.1 Type of Business

From the respondents interviewed, the highest percentage, 57.8% offered professional services, 15.6% were into computers and electronics business, while agriculture, boutique and others had an 8.9% representation respectively.

This finding revealed that a high number of respondents were professionals in the service industry and it will be interesting to get their views on how they view social media as a strategy to enhance competitiveness.

The respondents were asked to indicate their business profiles. The results as shown in table 4.2.

Table 4.2: Business profiles

Type of Business	Frequency	Percent
Boutique	3	8.9%
Agriculture	3	8.9%
Computers and Electronics	8	15.6%
Professional Service	28	57.8%
Others	3	8.9
Total	45	100%

As shown in table 4.2, the highest percentage of the businesses is limited companies at 44.4%; sole proprietorship follows at 42.2% and lastly partnership at 13.3%. These groupings suit well for this research as it comprises of business owners in the SME spectrum, which is the target scope of study.

4.3.2 Type of Business

Further analysis revealed that 57.8% do not have a registered website for their businesses whereas a 42.2% have registered businesses. As having a website is paramount to every small business, creating an edge over those without, almost half of the respondents did not see its importance. Embracing social media and having a website flows synonymous together in enhancing competitiveness.

4.4 Business Email Accounts

The respondents were asked to indicate if they have email accounts for their business. The analysis showed that 93.3% of the businesses have email accounts with only 6.7% having none. This creates interesting findings since for one to use social media platform, it is mandatory to register user account using an email account. This means that of the 4.4% respondents who do not use any social media platform could also fall in the bracket of small business owners who lack email address, thus hindering them to embrace social media for their business and attain competitiveness. The respondents were asked to indicate which area locations they get their clients from. The results as shown in table 4.1.

Table 4.3: Locations where businesses find their clients

Business Client Location	Frequency	Percent
Kenya (excluding Nairobi)	5	11.1%
Other (Outside Africa)	6	13.3%
Nairobi and its environs	34	75.6%
Total	45	100%

As shown in table 4.3, 76% of the businesses have their majority clients from within Nairobi and its environs. 13% find their clients outside Africa and 11% from other parts of Kenya, excluding Nairobi. The analysis seeks to unveil how businesses interact with these clients and on which platform they found them on.

4.5 Social media marketing acquiring more clients for businesses outside present zone of operation

The respondents were asked to indicate if social media marketing has helped them get more clients outside their area of operation. Findings shows that 66.7% believe that social media has helped their businesses to acquire more clients outside their business scope with 33.3% believe otherwise.

The respondents who did not see social media as a platform for attracting more clients gave their reasons as; the customers are many but not all of them are serious, trust is a big issue depending on where your clients are located, I do not know what social media marketing is, in Africa most people do not trust or embrace fully social media hence making it difficult to utilize, only younger generation clients are likely to use social media as opposed to various age groups , social media marketing can be deceiving, people liking or con men and untrustworthy clientele who are unreliable. On thoughts on business information being safe while using the social media platforms, 33.3% of the businesses agree whereas 26.7% strongly agree, thus combined 60% of the respondents agree that their information is safe and 40% are neutral on the matter.

4.6 Businesses satisfied with the number of clients reached using social media

Only 35.6% of the respondents are satisfied, majority 48.9% say that they are somewhat satisfied. 8.9% are dissatisfied and 6.7% of the population is slightly satisfied. The 35.6% are most likely to be having competitive edge over the majority 48.9% who believe halfheartedly that social media platforms help to increase client numbers. The majority respondents in this scenario are most likely to pull out from using social media as they will perhaps think that it is not of much assistance, leaving room for those who are satisfied to continue creating more

attractive ways to find and hoodwink clients from social media platforms. The analysis revealed that 91.1% of respondents felt that even though a majority of people are online (including fellow SMEs), most are just socializing on social media or looking for friendship while expanding their network of friends leaving a small room to implement social media to its maximum and help the SMEs enhance competitiveness.

4.7 Businesses gain profit in the last two years using social media

The respondents were asked to indicate if use of social media has altered their profit margin in the last two years. The results as shown in table 4.4.

Table 4.4: Profit gains using social media in the last two years

Response	Frequency	Percent
Poor	3	6.7%
Excellent	4	8.9%
Good	11	24.4%
Very Good	11	24.4%
Fair	16	35.6%
Total	45	100%

The results as shown in table 4.4 above indicated that 48.8% of the businesses feel that social media has boosted their profit margin, while 35.6% have a fair view. Further research revealed that 42.2% of respondents who participated agree that social media platforms enabled them to get customer feedback in the shortest duration, helping them to correct their way of doing

business faster hence making them be ahead of the competition game. 33.3% of the respondents also strongly agreed to this point leaving 8.9%, 6.7% and 8.9% of other respondents strongly disagreeing, being neutral and disagreeing. A bigger number of respondents admitted that they fail to understand how social media can help them increase sales and customer service.

Another 24.4% also disagree to the ideology therefore having only 6.7% of the respondents agreeing to this school of thought. Additionally, the study shows that 42.2% of respondents interviewed admitted that their potential clients do not have access to internet services. As 22.2% disagree, 17.8% agree that their clients can access the internet hence they can reach them online with ease. Businesses had opinions on challenges associated with social media marketing by SMEs and the analysis revealed that 91.1% of respondents felt that even though a majority of people are online (including fellow SMEs), most are just socializing on social media or looking for friendship while expanding their network of friends leaving a small room to implement social media to its maximum and help the SMEs enhance competitiveness.

Additionally, businesses shared their views on using social media platforms for business as an easier and effective option. The analysis shows that 40% of the respondents agree that social media is an easier and effective option for their business advertising and crafting of competitive strategy over their competitors. However, 33.3% of participants strongly disagree with the school of thought. Social media as an easier and effective option especially in advertising and marketing, is known to empower SMEs with minimum budget to reach out to more clients, keep in close touch with their clients hence knowing their client's views on their business operations helping them correct mistakes at a shorter duration thus staying ahead of their competitors.

Table 4.5: Customer feedback via social media platforms in a short time

Response	Frequency	Percent
Disagree	3	6.7%
Neutral	4	8.9%
Strongly Disagree	4	8.9%
Strongly Agree	15	33.3%
Agree	19	42.2%
Total	45	100%

As shown in table in table 4.5 it emerged that 42.2% of respondents who participated agree that social media platforms enabled them to get customer feedback in the shortest duration, helping them to correct their way of doing business faster hence making them be ahead of the competition game. 33.3% of the respondents also strongly agreed to this point leaving 8.9%, 6.7% and 8.9% of other respondents strongly disagreeing, being neutral and disagreeing.

Table 4.6: Understanding how social media can increase sales and customer service

Response	Frequency	Percent
Agree	3	6.7%
Strongly Agree	4	8.9%
Neutral	4	8.9%
Disagree	11	24.4%
Strongly Disagree	23	51.1%
Total	45	100%

As shown in table 4.6, a bigger number of respondents admitted that they fail to understand how social media can help them increase sales and customer service. Another 24.4% also disagree to the ideology therefore having only 6.7% of the respondents agreeing to this school of thought.

Table 4.7: Potential clients having easy access to internet services

Response	Frequency	Percent
Neutral	8	17.8%
Agree	8	17.8%
Disagree	10	22.2%
Strongly Disagree	19	42.2%
Total	45	100%

The results are shown in table 4.7 it was revealed that 42.2% of respondents interviewed admitted that their potential clients do not have access to internet services. As 22.2% disagree, 17.8% agree that their clients can access the internet hence they can reach them online with ease.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary, conclusions and recommendations for the whole study. It advises on the emerging results from the research done which revealed there are many business owners who do not see the value of using social media as an effective strategy of enhancing their competitiveness. Recommendation with policy has also been covered in this chapter which seeks to explain in detail the perception of the respondents questioned and their view on social media for business. Statistics was used to back the recommendations given. Recommendation for further research and limitations of the study was also covered.

5.2 Summary

A summary of the results contained in this Thesis is given, with an overview of proposals for further research that address some of the open problems in the field. A number of original results have been presented in this Thesis, in the context of using social media for small business owners. Firstly, a detailed analysis of social media as a strategy for enhancing competitiveness among online SMEs in Nairobi County through a comparison between online who either have website, email addresses and/or are in social media platforms.

The investigation began with an explanation of the internet and the changes it has undergone to enable the 21st century shift in the way businesses market their products and services.

Next, the focus shifted to explaining the concept of social media and consumer behavior as they turn away from traditional sources of advertising such as radio, television, magazines and newspapers and are now opting to use of social media platforms since they feel they have much

control over their media consumption. Market competitiveness for SMEs was discussed at length and it explained how SMEs can apply porter's argument of embracing competitive advantage to gain advantage over their competitors using the two variants that is cost focus and differentiation focus. This is reflective to SMEs using social media to advertise cheaply hence factoring in cost focus and using a different medium strategy to marketing their products and services hence applying differentiation focus. The SME sector in Kenya was covered and it emerged that according to the economy survey of 2006, the sector contributed over 50 percent of new jobs created in the year. Investigations also talked about online SMEs and their views regarding use of social media as a strategy to enhance competitiveness.

The main area of focus was to identify the extent to which online SMEs attain competitiveness using social media and how SMEs who are online but don't use social media for their business can equally benefit. The final consideration was to learn the extent to which SMEs on social media as a strategy to attain competitiveness. In return, the study pin pointed reasons as to why some SMEs who are online and not using social media. This presented an exciting proposal as a possible area for further research. After surveying the online SME in Nairobi and social media landscape, a single message emerges amidst the constant change and chatter: those who grasp the meaning and capabilities of social media will have a decisive advantage in their marketing capabilities. People are spending more and more time on the Internet and increasingly spending their online time using social media. As communities develop and the power of social media steadily increases, businesses must consider getting involved. Those who refrain from doing so—or simply delay advancing onto the social media scene—are likely to pay a high price.

While hundreds of millions of Internet users are flocking to social media sites, businesses everywhere still struggle to find ways of reaching out to them in order to expand their audiences.

The best way to connect with online consumers in social media is to focus on the four core principles mentioned in this discussion: community, content, conversation, and transparency. People change and technology changes but principles do not. Companies who base their social media marketing strategies on these ideologies can achieve stability and success in an increasingly complex and constantly changing global business environment.

5.3 Conclusions

The research tries to find how social media can be used as a strategy for enhancing competitiveness among online SMEs in Nairobi County, Kenya. The research is based on the assumption that we are in a “knowledge economy” with exposure to ICT technology in terms of mobile phones with internet and computers. The most important asset in the new economy is knowledge, which is what businesses sell online and customers buy. The products are more knowledgeable and the customer demands are sophisticated. Businesses still need to invest a lot of time to exploit social media and be ahead of their competitors. From the findings derived from the study it is evident that the SMEs who are online and use social media for their business have more competitiveness than those who are online and missing out on using social media platform.

From the data gathered it emerged that a good number of the respondents had access to the internet, used email accounts for official business communication but still did not see the relevance of embracing social media to enhance competitiveness from their competitors.

5.4 Recommendations

The findings from the SMEs replies to the questionnaire reflect the need for further investigation on how SMEs can achieve understanding of the knowledge economy and the effect social media on it. The majority of participants agree that to a large extent they rely on technology to run their businesses such as using email accounts for communication and social media platforms like Facebook and Twitter for sourcing of new clients, and some admitted to have internet access.

5.4.1 Recommendations with policy implications

The study provides important implications for small businesses that are online on social media platforms. Before discussing the implications, it is first important to be aware of the limitations of this study. This study analyzed the social media as a strategy of some small businesses in Nairobi County. There is no evidence to show whether the results can be generalized to all small businesses across the other counties in the country. The results provide an example of a number of the 45 businesses questioned on use of social media to enhance competitiveness and should be interpreted as such.

The following implications for small business owners using social media as a strategy to enhance competitiveness emerged from the study:

Embracing technology to small business operations is viewed as an innovative strategy for business growth. By adopting use of technology to SMEs increases their chance of attaining competitive edge over their counterparts who don't.

With geographical dispersion of clients, SMEs can be able to break the distance divide and still reach their clients across the globe with ease in an easy and cheap way using social media. This is depicted from the respondents answer to social media helping them acquire more clients outside their scope of operations. One main barrier to embracing social media is a learning curve.

Although social media is free, it has the potential to take up one of an owner's most valuable resources: time. Small business owners may learn by involvement or ask for help in the beginning. For those unfamiliar with social media, it may take a lot of time in the beginning to learn. When examining the answers it seems that application of social media by some online SMEs was not effected as they admitted to fail in understanding how social media marketing can increase sales and customer service, resulting to competitiveness from their online competitors.

This study found that 51.1% of SME respondents have I.T departments in their business and have embraced use of I.T in daily operations of work. 17.8% believe they don't need an I.T department because their work does not involves heavy use of I.T. 57.8% of respondents do not have website for their business, whereas 48.9% of online SMEs use Facebook as their preferred Social media platform, to help them get more clients.

More than half of the respondents 66.7% believe Social media has helped them get more clients. This leaves a bigger percentage of other SMEs who believe otherwise. It is therefore recommended that this findings can be are area of further study to dig further and understand why they do not believe social media can help them get more clients. Additionally, 8.9% of respondents said they do not know what social media marketing is. This can create room for more awareness created on SMEs to realize the immense potential that social media marketing has to create competitiveness among businesses.

5.4.2 Recommendations for further research

This study could be expanded more with a detailed study to cover all counties in Kenya. Also, further study can be done on areas where respondents strongly disagree that using social media is both effective and easier to their business as well as 48.9% of respondents feeling somewhat

satisfied that social media can help reach out to a wider client base, hence enabling create competitiveness among businesses. Additionally, 8.9% of respondents said they do not know what social media marketing is.

This can create room for more awareness created on SMEs to realize the immense potential that social media marketing has to create competitiveness among businesses. Among the many other possibilities for further studies, I would like to conclude the Thesis by suggesting two more topics: Extent to which social media marketing increases client base for SMEs in Nairobi County and Determine the effectiveness and efficiency of using social media to small business owners in Nairobi County.

5.5 Limitations of the Study

This study is limited in terms of availability of financial and time resources and therefore much is expected to be undertaken within a limited time frame and hence not all respondents will respond to the study questions and this may affect the amount of data collected. However, the researcher tried to put more effort in obtaining critical information from the respondents. Further, the subject is relatively new and there is very scant material written on the subject. However, the researcher will try their best in contributing to existing marketing literature in the context of SMEs. The other limitation is that the research is being conducted from only the business perspective and therefore the consumers' thinking was not put into consideration.

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APPENDIX 1: Questionnaire for SMEs in Nairobi

You are kindly requested to complete the questionnaire as honestly and objectively as possible, giving as much details as possible where necessary. We would be grateful if you could spend 4 or 5 minutes answering some questions.

Section A:

1. Name of Respondent: (optional)

.....

2. Job Title:

.....

3. Age:

18-25 [] 25-35 [] 35-50 [] 50-65 [] Above 70 []

4. Gender:

[] Male [] Female

5. Education:

i. Primary []

ii. Secondary []

iii. Technical/Vocational training []

iv. University []

v. No Formal education []

vi. Others (specify)

6. Type of Business:

- i. Professional Service []
- ii. Boutique []
- iii. Kitchen Ware and Appliances []
- iv. Computers and Electronics []
- v. Agriculture []
- vi. Others (specify)

7. Nature of Business:

Sole proprietorship [] Partnership [] Limited Company []

8. Does your business have an information technology department?

Yes [] No [] I don't know []

9. If No, what are the reasons?

.....
.....

Section B:

1. Does your business operate a registered website?
Yes No I don't know

2. Which of the following social media platforms do you operate under your business name?
Twitter
Facebook
LinkedIn
None

Others (specify)

3. Does your business have an email account?
Yes No I don't know

4. From where do you get majority of your clients?

Nairobi and its environs

Kenya (excluding Nairobi)

East Africa (excluding Kenya)

Africa (excluding East Africa)

Others (specify)

5. In your own opinion, has social media marketing enabled your business to acquire more clients outside your zone of operation?
Yes No

If Yes above, what in your view are the difficulties associated with social media marketing?

.....
.....

6. Do you think your business information is safe while using the social media platforms?
Strongly Agree [] Agree [] Disagree [] Strongly Disagree []
Neutral []

If Disagree, what risks do you anticipate?

.....
.....
.....

7. Are you satisfied with the number of clients reached while using social media platforms?
Very Satisfied [] Satisfied [] Somewhat Satisfied [] Slightly Dissatisfied []
Dissatisfied []

If Dissatisfied, what in your opinion do you think makes challenges associated with social media marketing?

.....
.....

8. How has the use of social media marketing altered profit margins in the last two years?

[] Excellent

[] Very Good

[] Good

[] Fair

[] Poor

Others (specify)

Please indicate the extent to which you agree or disagree with the following statements. Tick a number from 1 to 5 that best represents your level of agreement with the statement.

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
I think that using social media platforms for my business is both easier and effective	1	2	3	4	5
I feel that my personal and business information is safer with while using social media to reach out for clients	1	2	3	4	5
It takes minimum time to get customer feedback via email or social media platforms	1	2	3	4	5
I think I don't really understand how social media marketing can increase sales and customer service	1	2	3	4	5
Many of my potential clients have or can easily access internet services	1	2	3	4	5
When my information technology support fails, I fear that I may lose a significant number of my clients	1	2	3	4	5
I really would lose a significant portion of annual revenue if I did not use social media marketing	1	2	3	4	5
By using social media sites to respond to customer demands, I am left with extra time to do other things	1	2	3	4	5

*****Thank You so much for your time*****