

**EXTENT OF ADOPTION OF MARKETING RESEARCH IN MICRO, SMALL
AND MEDIUM SIZED ENTERPRISES (MSME): A CASE STUDY OF THE
NAIROBI CENTRAL BUSINESS DISTRICT**

**BY
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DECLARATION

I hereby declare that this research project is my original work and has never been presented to any other examination body.

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This research project has been submitted for defense with my approval as the university supervisor.

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DEDICATION

This research project is dedicated to my parents Mr. Francis Kaiga Mungai & Mrs. Nancy Wairimu Kaiga, my brother's family Mr. & Mrs. Danson Mungai, sisters Elizabeth and Jane, colleagues at Equity Bank Ltd, my partner Boit Francis at Penfra Consult Ltd, classmates and friends who have been very supportive as I undertook this course. Thank you so much and God bless

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ABSTRACT

Marketing research is any organized effort to gather information about markets or customers. It is a systematic gathering and interpretation of information about markets using analytical and statistical methods and techniques to gain market insight and support decision making. The process of gathering, analyzing and interpreting information about a market, about a product or service to be offered for sale in that market, and about the past, present and potential customers for the product or service; research into the characteristics, spending habits, location and needs of your business's target market, the industry as a whole, and the particular competitors you face. Research which explores the advantages of marketing research will help to raise awareness among those who are unacquainted with its potential and benefits within their business start up planning. The objective of the study was to determine the extent to which Micro, Small and Medium sized enterprises in Nairobi County have adopted marketing research. In this study I used descriptive statistics to interpret the data. The target population for this study was all businesses in the Nairobi County, Central Business District. Primary data will be collected by use of questionnaires which was dropped and picked later after they are filled. Questionnaires was scripted and coded and keyed in at SPSS. The data was analyzed using SPSS. The study was to investigate the extent of adoption of marketing research to MSME's. I sampled Micro, Small and Medium sized businesses within the Nairobi Central Business District and sampled 384 enterprises. I used multistage stratified sampling was used where businesses were divided into three strata's namely Micro, Small and Medium enterprises. Data was collected using drop and pick later way of administering the questionnaires. The study found out that most MSME conduct little or no marketing research practices. This is due to the fact that marketing research is seen as secondary activity and as a luxury, little do the business owners know that marketing research is the backbone of business success and long term going concern. MSME businesses tends to ignore research and they would argue that it is expensive, it is for large corporate only, secondary data suffices, information can be gathered from the internet and conclusions and decision making made, friends and family insight would be enough for our strategies. A business owner may also have high motivation of conducting marketing research for it to fade along the way and he ends up conducting none or little of it. It was therefore advisable for MSME to always conduct marketing research to ensure they are informed on the marketing and be competitive in their activities. Some of the practices that they can adopt that are less involving and less costly would include use of free data collection and automated analytics like Google Docs Form, use of open source analysis software like R statistical software, use of Omnibus offered by Marketing Research Companies, use of open source computer aided personal interviews (CAPI) data collection tools like Open Data Kit, (ODK). Then marketing research company need to also accommodate this category of MSME in their strategy as potential sector since if they aid them to grow they will be the future beneficiaries as MSME are the potential large enterprises in future.

TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
ABSTRACT	v
LIST OF TABLES	viii
ABBREVIATIONS AND ACCRONYMS	ix

CHAPTER ONE: INTRODUCTION	1
1.1 Background of the study	1
1.1.1 Concept of Marketing Research	2
1.1.2 Micro, Small and Medium Sized Enterprises (MSME)	3
1.2 Research problem.....	4
1.3 Research Objectives	6
1.4 Value of the study	6

CHAPTER TWO: LITERATURE REVIEW	7
2.1 Introduction.....	7
2.2 Theoretical Foundation of the Study.....	7
2.3 Marketing Research	8
2.4 Marketing Research Process	9
2.5 Types of Marketing Research	12
2.6 Uses of Marketing Research	13

CHAPTER THREE: RESEARCH METHODOLOGY	14
3.1 Introduction.....	14
3.2 Research Design.....	14
3.3 Population of Study.....	14
3.4 Sample Size and Sampling Design	14
3.5 Data Collection	15
3.6 Data Analysis Techniques.....	15

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND INTERPRETATION ...	17
4.1 Introduction.....	17
4.2 Response Rate	17
4.3 Demographic Information of the Respondents	17
4.3.1 Gender	17
4.3.2 Age	18
4.3.3 Education Level of the Respondents	18
4.3.4 Respondents Relationship with the Business	19
4.4 Business Profile	20
4.4.1 Age of the Business	20
4.4.2 Size of the Business.....	20
4.5.1 Viral Marketing Research	21
4.5.2 Segmentation Research	22
4.5.3 Sales Forecasting.....	22

4.5.4 Price Elasticity Testing.....	23
4.5.5 Positioning Research	23
4.5.6 Internet Strategic Intelligence	24
4.5.7 Brand Name Testing.....	24
4.5.8 Brand Attribute Research	25
4.5.9 Commercial Eye Tracking Research.....	25
4.5.10 Copy Testing	26
4.5.11 Brand Equity Research.....	27
4.5.12: Advertising Research	27
4.5.13: Mystery Consumer or Mystery Shopping	28
4.5.14: Ad Tracking.....	28
4.5.15: Brand Association Research.....	29
4.5.16: Coolhunting.....	29
4.5.17: Test Marketing	30
4.5.18: Buyer Decision Making Process Research.....	30
4.5.19: Store Audit	31
4.5.20: Online Panel	31
4.5.21: Customer Satisfaction Research.....	32
4.5.22: Distribution Channel Audits.....	32
4.5.23: Concept testing.....	33
4.5.24: Demand Estimation	33
4.5.25: Marketing Effectiveness and Analytics.....	33
4.6 Relationship Between Size of Business and Marketing Research Adoption.....	34
4.7 Perception of Marketing Research by MSME.....	36
4.7.1 Regression between Size of the Businesses and the Perception of Marketing Research by MSME	37
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION	38
5.1 Introduction.....	38
5.2 Summary of the Findings.....	38
5.3 Conclusion	39
5.4 Recommendation for Policy and Theory	40
5.5 Limitations of the Study.....	40
5.6 Recommendation for Further Study.....	40
REFERENCES.....	41
APPENDICES	43
APPENDIX I: INTRODUCTION LETTER.....	43
APPENDIX II: QUESTIONNAIRE	44

LIST OF TABLES

Table 4.1: Gender profile of the respondents.....	17
Table 4.2: Age profile of the respondents.....	18
Table 4.3: Distribution of the Respondents Level of Education.....	19
Table 4.4: Distribution for the respondents' relationship with the business.....	19
Table 4.5: Age of the Business	20
Table 4.6: Size of the Business	20
Table 4.7: Viral Marketing Research.....	21
Table 4.8: Segmentation Research.....	22
Table 4.9: Sales Forecasting	22
Table 4.10: Price elasticity testing.....	23
Table 4.11: Positioning Research	23
Table 4.12: Internet Strategic Intelligence.....	24
Table 4.13: Brand Name Testing.....	25
Table 4.14: Brand Attribute Research	25
Table 4.15: Commercial Eye Tracking Research	26
Table 4.16: Copy Testing.....	26
Table 4.17: Brand Equity Research	27
Table 4.18: Advertising Research.....	27
Table 4.19: Mystery Consumer or Mystery Shopping.....	28
Table 4.20: Ad Tracking	28
Table 4.21: Brand Association Research	29
Table 4.22: Coolhunting	29
Table 4.23: Test Marketing.....	30
Table 4.24: Buyer Decision Making Process Research	30
Table 4.25: Store Audit.....	31
Table 4.26: Online Panel.....	31
Table 4.27: Customer Satisfaction Research	32
Table 4.28: Distribution Channel Audits	32
Table 4.29: Concept testing	33
Table 4.30: Demand Estimation	33
Table 4.31: Marketing Effectiveness and Analytics	34
Table 4.32: ANOVA Table.....	34
Table 4.33: Perception of Marketing Research by MSME.....	36
Table 4.34 ANOVA Table.....	37

ABBREVIATIONS AND ACCRONYMS

KNBS	Kenya national Bureau of Statistics
CBD	Central Business District
SPSS	Statistical Program for Social Statistics
MSME	Micro, Small and Medium Sized enterprises
GDP	Gross Domestic Product
UNDP	United Nation Development Program
CAPI	Computer aided personal interviews
SNP	Social Network Potential
UNDP	United Nation Development Program
NCC	Nairobi City Council
ANOVA	Analysis of Variance
GOK	Government of Kenya
ILO	International Labor Organization
ODK	Open Data Kit

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

The Micro, small and medium enterprises (MSME's) 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) hence starting and operating a small business includes a possibility of success as well as failure. As with many developing countries, there is limited research and scholarly studies about the MSME sector in Kenya. The 1999 National Baseline Survey conducted by Central Bureau of Statistics, ICEG and K-Rep Holdings provides the most recent comprehensive picture of MSMEs in Kenya. Marketing research in developing countries has not been embraced as compared to their counterparts in developed nations. According to statistics by Esomar World Research (2011), global marketing research turnover was US \$ 33,540 Million in the year 2010. Europe had the largest share at 42% of the total globe turnover, followed by North America at 33%, Asia pacific was third with 17%, Latin America had 6% and finally Middle East & Africa aggregated was 2% of global turnover. These statistics from Esomar World Research reveals that marketing research in developed continents has been highly embraced and the figures shows a contrast in the developing continents.

Constraints to development and growth of efficient and competitive MSMEs should be removed particularly those arising from, difficulties of access to credit and capital markets; low levels of technical and managerial skills, inadequate information, low levels of productivity and quality, insufficient access to markets, difficulties of access to new technologies, lack of transport and communications infrastructure, inappropriate, inadequate or overly burdensome registration, licensing, reporting and other administrative requirements, including those which are disincentives to the hiring of personnel, insufficient support for marketing research and development, and difficulties in access to public and private procurement opportunities, (ILO 1998). Marketing research is an important organ of business operations and according to (Beckham *et al*,

1982) many MSME's has failed because it did not pay attention to the marketing research side of the business and owners of MSME's base their decisions on intuition or "gut feel". Given the importance Marketing Research to a business there was need to conduct a study on marketing research to understand the extent to which adoption of marketing research by Micro, Small and Medium sized enterprises has reached. The study will target enterprises within Nairobi County in Central Business District.

1.1.1 Concept of Marketing Research

Marketing research is the heart of marketing decision making and hence careful consideration should be given to how its process and methods can be used to take best advantage (Brassington, 1997). Marketing research links the organization with the environment in which it is operating and involves specifying the problem, gathering data then analyzing and interpreting those data to facilitate decision making process (Brassington, 1997). Marketing research is systematic. Thus systematic planning is required at all the stages of the marketing research process (Subhash, 2004). The procedures followed at each stage are methodologically sound, well documented, and planned in advance. Marketing research uses the scientific method in that data are collected and analyzed to test prior notions or hypotheses (Subhash, 2004). Marketing research is objective. It attempts to provide accurate information that reflects a true state of affairs. It should be conducted impartially. While research is always influenced by the researcher's research philosophy, it should be free from the personal or political biases of the researcher or the business owners (Begkamp, 1982). Research which is motivated by personal or management gains involves a breach of professional standards. Such research is deliberately biased so as to result in predetermined findings. The objective nature of marketing research underscores the importance of ethical considerations. Also, researchers should always be objective with regard to the selection of information to be featured in reference texts because such literature should offer a comprehensive view on the market (Donald, 1988).

Competitive marketing environment and the ever-increasing costs attributed to poor decision making require that marketing research provide sound information. Sound

decisions are not based on gut feeling, intuition, or even pure judgment (Beckman *et al*, 1982). A marketing researcher should make numerous strategic and tactical decisions in the process of identifying and satisfying customer needs. They gather information to aid making of decisions about potential opportunities, target market selection, market segmentation, planning and implementing marketing programs, marketing performance, and control. These decisions are complicated by interactions between the controllable marketing variables of product, pricing, promotion, people, physical evidence, positioning, process and distribution. It has been said that the recipe for effective decisions is 90% information and 10% inspiration (Beckman *et al*, 1982). All strategy decisions depend on the type, quantity, and quality of the information on which they are based. A variety of sources of information are available to decision maker. Some are well planned investigations designed to elicit specific information. Others are sales force reports, accounting data or published reports. Controlled experiments and computer simulations can elicit still more information. A major source of information takes the form of marketing research which is a systematic gathering, recording and analyzing of data about problems relating to the market (Beckman *et al*, 1982).

1.1.2 Micro, Small and Medium Sized Enterprises (MSME)

Different scholars have different definitions of micro, small and medium enterprises. MSME has over fifty definitions, (USAID, 2007). Countries adopt varying definitions of MSMEs based on the size of their overall economies. Some countries base their definition on the number of employees, while others use the value of assets of the firm, the capital, volume of sales or value added (Kibera, 2006). In Kenya the most accepted definition is based on the number of employees; Micro has between one and nine employees, Small has between ten and forty nine employees and Medium has between fifty and ninety nine employees. A firm with full time employees one hundred and above is considered a large organization. For purpose of this study I will use the number of employees as it is easier to get from respondents than financial information about the businesses. The critical social and economic importance of Micro, small and medium-sized enterprises (MSME's) is undeniable. Throughout the world they are considered to be the backbone of healthy economies (Kiraka *et al*, 2013). Their growth is a fundamental

component of economic development. In many countries MSME's they comprise more than 40% of businesses and generally serve as the largest engine of job growth in developing and transition economies, often accounting for 20–90% of employment. Their contribution to GDP is between 20% and 60% (IFC, 2007). Most Kenyan businesses lies within Micro, Small and Medium (MSME) businesses. According to the 2003 Economic Survey by the Government of Kenya, employment within the MSME sector increased from 2.3 Million in 1999, 4.2 million in 2004 to 5.1 million in 2006 (GoK Economic Survey, 2008). The MSMEs sector plays a pivotal role in the overall industrial economy of the country. It is estimated that in terms of value, the sector accounts for about 80% of employment in Kenya (GoK Economic Survey, 2008). The MSMEs sector employs about 8.5 million persons in over 2.6 million units throughout the country (GoK Economic Survey, 2008).

1.2 Research problem

One problem facing MSMEs is to make this a vibrant sector offering competitive products and services. It is therefore imperative to understand the dynamics of the MSME players (ILO, 1998). Some MSME may have made steps to provide their businesses with relevant, accurate, reliable, valid, and current information. A study of these businesses in this sector will be ideal to give insights into the extent of marketing research to aid in achieving quality in their processes, operations products and services. Concept of marketing research is very broad and yet to be covered conclusively. This is especially so in the context of MSME in developing countries such as Kenya. Most of available studies have concentrated in strategies and challenges facing MSME like Challenges faced by small & medium enterprises in accessing finance in Kiambu town, Kenya (Makena, 2011), Determinants of information and communication technology application among small and medium enterprises in Nairobi (Muriuki, 2006), Strategic planning among service sector based Small and Micro Enterprises in Nairobi (Mutiga, 2008), A survey of the behavioral factors influencing the choice of financing methods by SMEs: a case study of Ruiru Municipality (Nyaribo, 2010), Innovation Through Business Planning Among Micro, Small And Medium Enterprises In Kenya, (Letting et al, 2006), The Effects of the

External Environment on Internal Management Strategies within Micro, Small and Medium Enterprises; Kenyan Case (Njanja, 2012).

The study by (Omuyitsi, 2001), marketing research in micro and small enterprises, a case study of enterprises in The Nairobi CBD revealed that 98% of respondent indicated that marketing research was important to their businesses yet they only utilized some of the marketing research and not all. Out of six marketing research attributes tested 18 out of the 70 respondents interviewed used less than three attributes. It also revealed that businesses turnover is directly related to the depth of marketing research done, i.e. higher businesses does more marketing research than smaller businesses (David, 1996). According to the study conducted by the International Finance Corporation (IFC) in 2004, Small and Medium Enterprises (SMEs) play a very important role in society; they provide employment to over 3.2 million people and account for 18% of Kenya's Gross Domestic Product. Therefore this sector should be given much attention. This research is of significance to the domain of MSME marketing research as it extends the knowledge base that currently exists in that field. The concept of marketing research is least embraced as the businesses are being started. A handful of business owners who have chosen to embrace the concept and implemented marketing research have welcomed the benefits it has to offers. Therefore, research which explores the advantages of marketing research will help to raise awareness among those who are unacquainted with its potential and benefits within their business start up planning.

Several study on MSME's has been conducted including Omuyitsi N. R (2001), Waweru R. (2002), a survey of enterprises growth in micro and small manufacturing firms in Kenya, UNDP (1999), Small and Medium enterprises Development Entrepreneurship and small scale Enterprises, (Peter et al, 1992), Marketing Research, Using Forecasting Business (peter et al, 1992). To the best of my knowledge no similar study has been done in this area. This study is important and will help answer the following question, what is the extent of adoption of marketing research by MSME's in Nairobi CBD?

1.3 Research Objectives

The research objective of this study is to determine the extent to which Micro, Small and Medium sized enterprises in Nairobi County have adopted marketing research.

1.4 Value of the study

The study will add knowledge to the Nairobi county government on the extent to which marketing research has been adapted to Nairobi Central Business District. The results of this study will also elaborate on the importance of marketing research to business owners as they start and run their business. The study will also help the academia by adding more knowledge to the theory of marketing on the adoption of marketing research. The study will also be important to government and other key stakeholders in policy development in business sector.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of literature. The chapter is organized as follows: marketing research, theoretical foundation of the study, marketing research design, types of marketing research and uses of marketing research.

2.2 Theoretical Foundation of the Study

Attribution theories address the issue of how people infer, from limited available evidence, unobservable attributes or dispositions about the objects and organisms in their environment. As such, they are theories about how people go beyond the directly observable "data" to infer further elements, that is, to complete a partial representation of some focal object. Attribution theories, then, are theories about how people make attributions. They attempt to account for the conditions in which and the extent to which people are able to infer dispositions or states in other organisms or objects from limited available evidence, (Burnkrant, 1975).

In a study entitled "Attribution Theory and the Acceptance of Information," (Settle, 1972) found that the type of source which would be most informative about an object depends on the type of object about which information is sought. His independent variables were product type (i.e., complex, visible, durable, or multipurpose) and source type (i.e., expert, close friend, own experience over time, or own experience in a variety of ways). His dependent variable was the subject's confidence in a "good" product choice. No attempt was made to deal with, explicate, or measure any part of an attribution process. The only relevance of the study at all to attribution theory is in the rather loose correspondence of his source types to three of Kelley's inference validating criteria (i.e., consistency over time, consistency over modality, and consensus), (Burnkrant, 1975).

Game theory is also a theory to consider in Marketing Research relation. According to many authors the assumption on which game theory is based are too constrictive and is too theoretic to be widely employed in managerial practice (Wagner, 1975; Lazer &

Thomas, 1974; Moorthy, 1985; Tullock, 1987). Furthermore the axiomatic approach to define the player of the game clashes with the marketing research approach which is based on empirical observation, measurement and analysis of consumers' response. Although game theory has apparently a great potential for marketing (Re, 2000), its role is still controversial in the marketing literature and its use as a marketing tool is very rare. The main reason of the scarce use of game theory for marketing decisions has to be found in the strong limitations given by its basic assumptions (Wagner, 1985; Lazer & Thomas, 1974; Kreps & Wilson, 1982; Herbig, 1991).

2.3 Marketing Research

There is no universally accepted definition of the term marketing research. However the following definitions make a good attempt at capturing concisely this wide subject of marketing research. According to (Frances et al, 1997), marketing research is the process of defining a marketing problem and opportunity, systematically collecting and analyzing information, and recommending actions to improve an organization's marketing activities. Marketing research can be combined from the two above words and be defined as any organized effort to gather information about markets or customers (Beckman et al, 1982). Marketing research is also a systematic gathering and interpretation of information about markets using analytical and statistical methods and techniques to gain market insight and support decision making (Gilbert et al, 2005). It is the process of gathering, analyzing and interpreting information about a market, about a product or service to be offered for sale in that market, and about the past, present and potential customers for the product or service; research into the characteristics, spending habits, location and needs of your business's target market, the industry as a whole, and the particular competitors you face. It provides important information to identify and analyze the market need, market size and competition (Gilbert et al, 2005). Most marketing research may have been done but not recorded on history. According to some sources, the first marketing research is said to have been conducted by Charles Coolidge Parlin (1872 – 1942). He did marketing research for the Curtis Publishing Company to gather information about customers and markets to help Curtis sell more advertising in their magazine, The Saturday Evening Post. He is recognized today as being the "Father of Marketing Research.", (Javier 2010)

In USA sources states that the idea of marketing research was developed in the late 1920's by a man named Daniel Starch. During the early 1930's Daniel Starch developed the theory that effective advertising must be seen, read, believed, remembered, and then acted upon. Soon after, he developed a research company that would interview people in the streets, asking them if they read certain publications. If they did, his researchers would show them the magazines and ask if they recognized or remembered any of the ads found in them. After collecting the data, he then compared the number of people he interviewed with the circulation of the magazine to figure out how effective those ads were in reaching their readers. Thus surveying or marketing research was born. Many marketing research companies began to emerge and began following Starch's example and worked to improve his techniques, (Javier, 2010). A man by the name of George Gallup developed a rival system that was known as the "aided recall" which prompted people interviewed to recall the ads seen in a publication, without actually showing them the ads. This rival system was later used to measure the effectiveness of radio and television advertising, (Javier, 2010). In the late 1980's a man named Ronald Lindorf founded what would be the largest marketing research companies in the United States, Western Wats. The focus of Western Wats was to leverage the current technology of W.A.T.S. telephone lines to conduct survey research, (Javier, 2010).

2.4 Marketing Research Process

This encompasses the method and procedures employed to conduct scientific research. The design of a study defines the study type (descriptive, correlational, semi-experimental, experimental, review, meta-analytic) and sub-type (e.g., descriptive-longitudinal case study), research question, hypotheses, independent and dependent variables, experimental design, and, if applicable, data collection methods and a statistical analysis plan. A researcher often uses more than one research design. They may start with secondary research to get background information, and then conduct a focus group (qualitative research design) to explore the issues. Finally they might do a full nation-wide survey (quantitative research design) in order to devise specific recommendations for the client. There are two main sources of data - primary and

secondary. Primary research is conducted from scratch. It is original and collected to solve the problem in hand. Secondary research already exists since it has been collected for other purposes. It is conducted on data published previously and usually by someone else. Secondary research costs far less than primary research, but seldom comes in a form that exactly meets the needs of the researcher (Iacobucci, 2005). The relevant background information, what information is needed, and how it will be used in decision-making. Problem definition involves exploratory research such as discussion with the decision makers, interviews with industry experts, analysis of secondary data, literature review, and, perhaps, some qualitative research, such as pilot studies and focus groups (Dawn, 2011). Research objectives are defined as the goals to be achieved by conducting research. This statement defines the type of research that is needed and what intelligence may result that would allow the decision maker to make informed choices. Theory plays a role in determining the appropriate research objectives. A theory is a formal, logical explanation of some events that includes descriptions of how things relate to one another. This logical explanation helps the researcher know what variables need to be included in the study and how they may relate to one another (Kurtz, 1982).

Development of an approach to the problem includes formulating an objective or theoretical framework, analytical models, research questions proposed through surveys, hypotheses, and identifying characteristics or factors that can influence the research design. This process is guided by discussions with management and industry experts, case studies and simulations, analysis of secondary data, qualitative research and pragmatic considerations (Ashford, 2004). Researcher must also make decisions regarding specific the specific data collection methodologies and procedures that will be used. How will the data be collected in unbiased and systematic manner? It addresses what the researcher will do, when / how the researcher will do it, who will do it and how to reduce the error or bias associated with the data collection procedures (Kurtz, 1982). Data preparation includes the editing, coding, and analysis of the data. Each questionnaire or observation form is inspected, or edited, and, if necessary, corrected. Number or letter codes are assigned to represent each response to each question in the questionnaire. The data from the questionnaires are transcribed into the computer.

Verification ensures that the data from the original questionnaires have been accurately transcribed, while data analysis, guided by the plan of data analysis, gives meaning to the data that have been collected. The entire project should be documented in a written report which addresses the specific research questions identified, describes the approach, the research design, data collection, and data analysis procedures adopted, and present the results and the major findings. The findings should be presented in a comprehensible format so that they can be readily used in the decision making process. In addition, an oral presentation should be made to management using tables, figures, and graphs to enhance clarity and impact. A researcher is bound by code of professional ethics and practices. It requires that the researcher shall hold as privileged and confidential all information that might identify a respondent with his or her responses.

According to (Dawn *et al*, 2011) and (Churchhill *et al*, 2005), Marketing research process has six steps. We start by formulating the problem, then determine the research design, then design the data collection method and forms, design the sample and collect the data, analyze and interpret the data, and finally prepare research report. The first step is formulation of the problem consists of three areas. The first one provides an overview of marketing research. Then the second area provides an overview of the various ways of gathering marketing intelligence, and lastly overview of the research process in terms of the kinds of decision to be made at each stage and then discusses in greater detail the problem formulation stage of the research process (Churchhill *et al*, 2011). Determine the research design is the second step of the marketing research process. It consists of three sections and deals with the nature of the research design. It emphasizes ensuring that the research addresses the appropriate questions and treats them in an efficient manner (Churchhill *et al*, 2011). Design the data collection methods and forms are where we get into the data category. Here we discuss methods of data collection and the design of data collection forms (Churchhill *et al*, 2011). Design the sample and collect the data consist of three sections. It is concerned with the actual data collection to answer questions (Churchhill *et al*, 2011). Analyze and interpret the data is the next step of the marketing research process. Once data has been collected emphasis of the research process logically turns to data analysis, which amounts to searching for the meaning in the collected

information. This is where analysis steps of editing, coding and tabulating the data is elaborated (Churchhill *et al*, 2011). Prepare research report is the last section of the marketing research process (Churchhill *et al*, 2011).

2.5 Types of Marketing Research

There are very many types of marketing research that an MSME can conduct. They include Marketing research on price, research based on distribution, customer service survey, Brand name testing, Concept testing, demand estimation, mystery shopping, positioning research, segmentation research, advertising research, pilot test marketing, viral marketing research to name but a few. All marketing research types are important although businesses conducts different types of marketing research based on the industry they are in and the needs basis (Kurtz, 1982). Positioning research gives us results on how target market sees a brand, (Kotler, 2009). Mystery shopping is where a representative of research firm anonymously contacts a sales person or visits sales centre or competitors shops and indicates he or she is shopping for the product, Kotler (2009). Customer service satisfaction surveys are both qualitative and quantitative research that yields an understanding of a customer satisfaction with a product, brand or service.

Other types include Concept testing which is a study that tests the acceptance of a concept to target customers, (Kotler, 2009). Pilot testing marketing is where a small scale product launch is used to determine the acceptance of the product when it is introduced into wider market, (Kotler, 2009). Segmentation research determines the demographic, physiographic, and behavioural characteristics of a buyer, (Young, 2005). Research based on distribution assesses distributors and retailers attitudes towards a product, Brand name testing studies what customers feels about names of a product, demand estimation determines the approximate level of demand of the product, advertising research tracks the efficiency advertisement for any medium, measurable by ad's ability to get attention, communicate the message, build brand image and motivate the customer to purchase the product or service , (Young, 2005). Viral marketing research refers to marketing research designed to estimate the probability that specific communications will be transmitted throughout an individual's Social Network. Estimates of Social Networking

Potential (SNP) are combined with estimates of selling effectiveness to estimate ROI on specific combinations of messages and media, (Young, 2005).

2.6 Uses of Marketing Research

Marketing research can be used to gather information about the market by conducting analysis of the market for existing products like market size, growth, changing sales trends, assessing potential of new products, studying market trends, analyzing competitor behavior performance and analyzing market share, (Gerald, 1988). It can also be used to gather information about products by analyzing like customer acceptance / rejection of a new product, comparison of existing products in the market (e.g. price, features, costs, and distribution), forecasting new uses for existing products, technologies that may threaten existing products and new product development. Another use of marketing research is to gather information about Pricing in the Market. This is done by conducting estimates and testing of price elasticity, analysis of revenues, margins and profits, customer perceptions of “just or fair” pricing and Competitor pricing strategies, (Gerald, 1988). It can also be used to gather information about Promotion in the Market by analyzing Effectiveness of advertising, effectiveness of sales force (personal selling), extent and effectiveness of sales promotional activities and competitor promotional strategies. It can also be used to gather Information about distribution in the Market. By gathering feedback to test use and effectiveness of distribution channels, opportunities to sell direct, cost of transporting and warehousing products and the level and quality of after-sales service. Another use is to identify “over-served” consumers. Are there people who would be thrilled with a scaled-down, less powerful, simpler-to-use product or service. Also used to identify non-consumers. Are there pools of consumers currently unable to consume your product due to wealth, training, convenience or accessibility. It is also used to help create new products, ideas, campaigns.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involves procedures and techniques that were used to collect, process and analyze the data. Specific subsections covered included; research design, population of the study, sample size and sampling design, data collection and data analysis techniques,

3.2 Research Design

The design of this study was descriptive survey. This was appropriate in learning who, what, where, when and how, of extent of adoption of marketing research among MSME's within Nairobi CBD. This design made estimates on proportions and associations of the nature of business and adoption of marketing research. Surveys are more efficient than observations (Cooper, 2009).

3.3 Population of Study

Nairobi has 228,787 licensed businesses according to Local authority integrated financial operations management systems, (Nairobi City County, 2013). Nairobi City Council (2012) estimates that CBD has about 30% of all businesses in Nairobi, and about 80% are MSME. Hence the population of the study was all Micro, Small and Medium Enterprises in Nairobi Central Business District who were estimated to be about 55,000, although there were some more that are not licensed and their data are not available at Nairobi City Council.

3.4 Sample Size and Sampling Design

The sample comprised 384, (Cohran's Formula, 1984), which is illustrated below, MSME business owners and (or) managers involved in day to day running of business affairs. Multistage stratified sampling was used where businesses were divided into three strata's namely Micro, Small and Medium enterprises. Respondents were stratified in the following categories; 128 respondents from Micro enterprises, 128 respondents from small enterprises and 128 respondents from medium enterprises. Businesses were visited by the researcher.

Using Cochran's Formula;

$$n = \frac{Z^2 p (1-p)}{(\epsilon)^2} = \frac{(1.96)^2 (0.5) (0.5)}{(0.05)^2} = 384$$

Where;

n being the sample size

p was the percentage picking a choice, expressed as decimal which is used (0.5 used for sample size needed)

Z was the value of selected alpha (α) of .025 in each tail which is 1.96

ϵ was acceptable margin of error for mean being estimated

3.5 Data Collection

A questionnaire was used to collect primary data by way of pick and drop to respondents. The respondents were business owners or those involved in the start-up and day to day running businesses at Nairobi CBD. The questionnaire was divided in to 4 sections. Section A covered the respondent background, section B covered business profile, section C covered the extent of adoption and section D covered the perception the respondent has on marketing research. A pilot of data questionnaire was carried out in Ngara area to test and improve on the validity of the questionnaire.

3.6 Data Analysis Techniques

Questionnaire was coded in respect to questions for ease of electronic data tabulation and processing. Statistical Package for Social Sciences (SPSS) was used to analyze the data. Descriptive statistics were obtained such as mean, variance, frequency distribution cross tabulation. Regression models, Analysis of variance (ANOVA) and correlation was used too. Two regression models which used multiple linear regression technique were used and they are illustrated below;

The first model in its simplified form was in the following form:

$$Y_I = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n + \epsilon$$

Where Y_I was the Size of the Business (dependent variable).

X_i represented the factors affecting the Size of Business, (independent variables) which in this case was the Extent of adoption of Marketing Research.

β_0 was the constant or the value of Y when all X_i 's are zero

β_i represented the regression co-efficient or change introduced in Y by each X and ϵ error term

ϵ was the regression error

The second model in its simplified form was in the following form:

$$Y_2 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n + \epsilon_2$$

Where Y_2 is the Size of the Business (dependent variable).

X_i represented the factors affecting the Size of Business, (independent variables) which in this case were the perception of business owners Marketing research.

β_0 was the constant or the value of Y when all X_i 's are zero

β_i represented the regression co-efficient or change introduced in Y by each X and ϵ error term

ϵ_2 was the regression error

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND INTERPRETATION

4.1 Introduction

This chapter presents data and findings of the study. 384 questionnaires were targeted out of which all were responded. Respondents included MSME business owners and (or) managers involved in day to day running of business affairs. The findings are presented using frequency tables, percentages, measure of central tendency and descriptive statistics.

4.2 Response Rate

Data was collected feedback from 384 respondents sampled for the study, hence a response rate of 100%. This was achieved since for the respondents who did not answer the nearest businesses were chosen to provide the information required.

4.3 Demographic Information of the Respondents

4.3.1 Gender

Majority of the respondents, 57.3% were male, and their female counterparts comprised of 42.7% of the respondents. This is shown in Table 4.1.

Table 4.1: Gender profile of the respondents

	Frequency	Percent
Female	164	42.7
Male	220	57.3
Total	384	100

The study shows that most micro, small and medium sized businesses owners and (or) managers within Nairobi CBD involved in day to day running of business affairs in Nairobi CBD are male. This implies that male have ventured in business more than their female counterparts.

4.3.2 Age

Majority of the respondents were aged between 26-35 Years of age constituting 36.2% of the total respondents. Followed by those between the age of 26 – 35 years which was 36.2%, those between 18-25 years constituted 21.1% and the ones above 50 years were 7.8% only. The finding tells us that most business are run by youth who comprised 57.3% of all respondents. This is shown in Table 4.2.

Table 4.2: Age profile of the respondents

	Frequency	Percent
Between 18-25	81	21.1
Between 26-35	139	36.2
Between 36-50	134	34.9
Above 50	30	7.8
Total	384	100

From the study most micro, small and medium sized businesses owners and (or) managers involved in day to day running of business affairs in Nairobi CBD are youth. This implies that even the youth have ventured in businesses within Nairobi Central Business District.

4.3.3 Education Level of the Respondents

Respondents who have completed their primary level constitute 23.7%, high school graduates constitute 28.9%, and college graduates are 24.2% while those with university education were 23.2%. This shows that 76.8% are run by people who have no university education and over half of the respondents have only primary and secondary education i.e. 52.6%. This is represented in Table 4.3.

Table 4.3: Distribution of the Respondents Level of Education

	Frequency	Percent
Primary	91	23.7
Secondary	111	28.9
College	93	24.2
University	89	23.2
Total	384	100

From the study most micro, small and medium sized businesses owners and (or) managers involved in day to day running of business affairs in Nairobi CBD are high school graduates. Interestingly we have some almost quarter of the respondents had attained university education. This implies that university graduates are venturing in micro, small and medium sized enterprises.

4.3.4 Respondents Relationship with the Business

Majority of the respondents were owners or directors of the business at 45.8%, those related to the owners were 24.7%, the ones employed were 24.2% and other categories was 5.2%. See table 4.4.

Table 4.4: Distribution for the respondents' relationship with the business

	Frequency	Percent
Owner / Director	176	45.8
Relative to owner	95	24.7
Employed	93	24.2
Others	20	5.2
Total	384	100

From the study most of the micro, small and medium sized businesses within Nairobi CBD are run by owners or directors while some are run by relatives and employees.

4.4 Business Profile

4.4.1 Age of the Business

The respondents were asked to indicate the age of business. 31.5% had been in business for 3-5 years, 28.9% for less than two years while 24.7% were in operations for 6 – 10 years and 14.8% were in operations for over 10 years. See this in the Table 4.5.

Table 4.5: Age of the Business

	Frequency	Percent
Less than 2 Years	111	28.9
3-5 Years	121	31.5
6-10 Years	95	24.7
Over 10 Years	57	14.8
Total	384	100

Form the study most micro, small and medium sized businesses within Nairobi CBD have been in operations for between less than five years meaning they are in new ventures.

4.4.2 Size of the Business

The staff working in the businesses that were interviewed are as follows; between 1-9 staff was 33.1% or 127 enterprises, between 10-49 staff was 34.6% or 133 enterprises while between 50-99 staff was 32.3% or 124 enterprises. This is represented in the Table 4.6.

Table 4.6: Size of the Business

	Frequency	Percent
Between 1 – 9	127	33.1
Between 10 – 49	133	34.6
Between 50 – 99	124	32.3
Total	384	100

Businesses were divided into three stratum and respondents were drawn from all categories, i.e. micro, small and medium sized enterprises. Therefore we can say Nairobi CBD have sizable numbers of each business category.

4.5 Extent of Adoption of Marketing Research by MSME

The respondents were asked to indicate the extent of adoption to which they engaged in different types of marketing research. The findings are presented in the section that follows;

4.5.1 Viral Marketing Research

The mean score and standard deviation on whether respondents conduct viral marketing research to estimate the probability that specific communications will be transmitted throughout an individual's Social Network. Estimates of Social Networking Potential (SNP) are combined with estimates of selling effectiveness to estimate ROI on specific combinations of messages and media was 1.34 and 0.475 respectively as shown in the Table 4.7.

Table 4.7: Viral Marketing Research

	Mean	Std. Deviation
Viral Marketing Research - refers to marketing research designed to estimate the probability that specific communications will be transmitted throughout an individual's Social Network. Estimates of Social Networking Potential (SNP) are combined with estimates of selling effectiveness to estimate ROI on specific combinations of messages and media.	1.34	0.475

The study implies that micro, small and medium sized businesses within Nairobi CBD do not conduct viral marketing research to estimate the probability that specific communications will be transmitted throughout an individual's Social Network. Estimates of Social Networking Potential (SNP) are combined with estimates of selling effectiveness to estimate ROI on specific combinations of messages and media. The

range of conducting viral marketing research is between they do not conduct at all and they conduct in a limited manner.

4.5.2 Segmentation Research

The mean score on whether respondents conduct segmentation research to determine the demographic, psychographic and behavioral characteristics of the potential buyers was 1.4 with a standard deviation of 0.569 as shown in the Table 4.8.

Table 4.8: Segmentation Research

	Mean	Std. Deviation
Segmentation Research - to determine the demographic, psychographic, and behavioural characteristics of potential buyers	1.4	0.569

The study implies that micro, small and medium sized businesses within Nairobi CBD do not conduct segmentation research to determine the demographic, psychographic and behavioral characteristics of the potential buyers. The range of conducting segmentation research is between they do not conduct at all and they conduct in a limited manner.

4.5.3 Sales Forecasting

The mean score and standard deviation on whether respondents conduct sales forecasting to determine the expected level of sales given the level of demand. With respect to other factors like advertising expenditure and sales promotion was 1.45 and 0.594 respectively as shown in the Table 4.9.

Table 4.9: Sales Forecasting

	Mean	Std. Deviation
Sales forecasting — to determine the expected level of sales given the level of demand. With respect to other factors like Advertising expenditure, sales promotion etc.	1.45	0.594

The study implies that micro, small and medium sized businesses within Nairobi CBD do not conduct sales forecasting to determine the expected level of sales given the level of demand with respect to other factors like Advertising expenditure and sales promotion. The range of conducting sales forecasting is between they do not conduct at all and they conduct in a limited manner.

4.5.4 Price Elasticity Testing

The mean score and standard deviation on whether respondents conduct price elasticity testing to determine how sensitive customers are to price changes was 1.46 and 0.641 respectively as shown in Table 4.10.

Table 4.10: Price elasticity testing

	Mean	Std. Deviation
Price elasticity testing — to determine how sensitive customers are to price changes	1.46	0.641

The study implies that micro, small and medium sized businesses within Nairobi CBD partially conduct price elasticity testing to determine how sensitive customers are to price changes. The range of conducting price elasticity testing is between they do not conduct at all and they conduct in a limited manner.

4.5.5 Positioning Research

The mean score and standard deviation on whether respondents conducts Positioning Research to understand how the target market see the brand relative to competitors or what the brand stand for was 1.5 and 0.674 respectively as shown in the Table 4.11.

Table 4.11: Positioning Research

	Mean	Std. Deviation
Positioning Research - how does the target market see the brand relative to competitors? - what does the brand stand for?	1.5	0.674

The study implies that micro, small and medium sized businesses within Nairobi CBD partially conduct positioning research to understand how the target market sees the brand relative to competitors or what the brand stand for. The range of conducting positioning research is between they do not conduct at all and they conduct in a limited manner.

4.5.6 Internet Strategic Intelligence

The mean score and standard deviation on whether respondents conducts internet strategic intelligence to search for customer opinions in the Internet e.g. chats, forums, web pages and blogs, where people express freely about their experiences with products, becoming strong opinion formers was 1.54 and 0.703 as shown in the Table 4.12.

Table 4.12: Internet Strategic Intelligence

	Mean	Std. Deviation
Internet Strategic Intelligence - searching for customer opinions in the Internet: chats, forums, web pages, blogs... where people express freely about their experiences with products, becoming strong opinion formers.	1.54	0.703

From the study micro, small and medium sized businesses within Nairobi CBD partially conducts internet strategic intelligence to search for customer opinions in the Internet e.g. chats, forums, web pages and blogs, where people express freely about their experiences with products, becoming strong opinion formers. The variation of conducting internet strategic intelligence ranges from, they do not conduct at all and they conduct in a limited manner.

4.5.7 Brand Name Testing

The mean score and standard deviation on whether respondents conducts brand name testing to understand what consumers feel about the names of the products was 1.6 and 0.74 respectively as shown in Table 4.13.

Table 4.13: Brand Name Testing

	Mean	Std. Deviation
Brand name testing - what do consumers feel about the names of the products?	1.6	0.74

From the study micro, small and medium sized businesses within Nairobi CBD partially conduct brand name testing to understand what consumers feel about the names of the products. The range of conducting brand name testing varies from, they do not conduct at all and they conduct in a limited manner.

4.5.8 Brand Attribute Research

The mean score and standard deviation on whether respondents' conducts brands attribute research to understand what are the key traits that describe the brand promise was 1.61 and 1.257 respectively as shown in the Table 4.14.

Table 4.14: Brand Attribute Research

	Mean	Std. Deviation
Brands attribute research - what are the key traits that describe the brand promise?	1.61	1.257

From the study micro, small and medium sized businesses within Nairobi CBD partially conduct brands attribute research to understand what the key traits that describe the brand promise are. The range of conducting brand attribute research is between they do not conduct at all and they conduct brand attribute research.

4.5.9 Commercial Eye Tracking Research

The mean score and standard deviation on whether respondents conducts commercial eye tracking research to examine advertisements, package designs, websites, etc. by analyzing visual behavior of the consumer was 1.66 and 0.72 respectively as shown in the Table 4.15.

Table 4.15: Commercial Eye Tracking Research

	Mean	Std. Deviation
Commercial eye tracking research - examine advertisements, package designs, websites, etc. by analyzing visual behavior of the consumer	1.66	0.72

From the study micro, small and medium sized businesses within Nairobi CBD partially conducts commercial eye tracking research to examine advertisements, package designs, websites, etc. by analyzing visual behavior of the consumer. The range of conducting commercial eye tracking research varies from they partially conduct commercial eye tracking research and they conduct commercial eye tracking research.

4.5.10 Copy Testing

The mean score and standard deviation on whether respondents conducts copy testing to predicts in-market performance of an ad before it airs by analyzing audience levels of attention, brand linkage, motivation, entertainment, and communication, as well as breaking down the ad’s flow of attention and flow of emotion was 1.71 and 0.81 respectively as shown in the Table 4.16.

Table 4.16: Copy Testing

	Mean	Std. Deviation
Copy testing – predicts in-market performance of an ad before it airs by analyzing audience levels of attention, brand linkage, motivation, entertainment, and communication, as well as breaking down the ad’s flow of attention and flow of emotion.	1.71	0.81

From the study micro, small and medium sized businesses within Nairobi CBD partially conducts copy testing to predicts in-market performance of an ad before it airs by analyzing audience levels of attention, brand linkage, motivation, entertainment, and communication, as well as breaking down the ad’s flow of attention and flow of emotion.

The range of conducting copy testing varies from they partially conduct copy testing research and they conduct copy testing.

4.5.11 Brand Equity Research

The mean score and standard deviation on whether respondents conducts brand equity research to understand how favorably consumers view the brand was 1.71 and 0.78 respectively as shown in the Table 4.17.

Table 4.17: Brand Equity Research

	Mean	Std. Deviation
Brand equity research - how favorably do consumers view the brand?	1.71	0.78

From the study micro, small and medium sized businesses in Nairobi CBD partially conduct brand equity research to understand how favorably consumers view the brand. The range of conducting brand equity research varies from they partially conduct brand equity research and they conduct brand equity research.

4.5.12: Advertising Research

The mean score and standard deviation on whether respondents conducts advertising Research to understand ad's ability to get attention was 1.72 and 0.79 respectively as shown in the Table 4.18.

Table 4.18: Advertising Research

	Mean	Std. Deviation
Advertising Research - ad's ability to get attention	1.72	0.79

From the study micro, small and medium sized businesses within Nairobi CBD partially conducts advertising research to understand ad's ability to get attention. The range of conducting advertising research varies from they partially conduct advertising research and they conduct advertising research.

4.5.13: Mystery Consumer or Mystery Shopping

The mean score and standard deviation on whether respondents conducts mystery consumer or mystery shopping was 1.73 and 0.753 respectively as shown in the Table 4.19.

Table 4.19: Mystery Consumer or Mystery Shopping

	Mean	Std. Deviation
Mystery consumer or mystery shopping	1.73	0.753

From the study micro, small and medium sized businesses within Nairobi CBD partially conducts mystery consumer or mystery shopping. The range of conducting mystery shopping varies from they do not conduct mystery shopping and they partially conduct mystery shopping.

4.5.14: Ad Tracking

The mean score and standard deviation on whether respondents conducts ad tracking to understand periodic or continuous in-market research to monitor a brand's performance using measures such as brand awareness, brand preference and product usage was 1.76 and 0.766 respectively as shown in the Table 4.20.

Table 4.20: Ad Tracking

	Mean	Std. Deviation
Ad Tracking - periodic or continuous in-market research to monitor a brand's performance using measures such as brand awareness, brand preference, and product usage.	1.76	0.766

From the study micro, small and medium sized businesses within Nairobi CBD partially conducts ad tracking to understand periodic or continuous in-market research to monitor a brand's performance using measures such as brand awareness, brand preference and product usage. The range of ad tracking varies from they do not conduct ad tracking and they conduct ad tracking.

4.5.15: Brand Association Research

The mean score and standard deviation on whether respondents conducts brand association research to understand what consumers associate with the brand was 1.77 and 0.77 respectively as shown in the Table 4.21.

Table 4.21: Brand Association Research

	Mean	Std. Deviation
Brand association research - what do consumers associate with the brand?	1.77	0.77

From the study micro, small and medium sized businesses within Nairobi CBD partially conducts brand association research to understand what consumers associate with the brand. The range of conducting brand association research varies from they do not conduct brand association research and they conduct brand association research.

4.5.16: Coolhunting

The mean score and standard deviation on whether respondents conducts coolhunting to make observations and predictions in changes of new or existing cultural trends in areas such as fashion, music, films, television, youth culture and lifestyle was 1.8 and 0.834 respectively as shown in the Table 4.22.

Table 4.22: Coolhunting

	Mean	Std. Deviation
Coolhunting - to make observations and predictions in changes of new or existing cultural trends in areas such as fashion, music, films, television, youth culture and lifestyle	1.8	0.834

From the study micro, small and medium sized businesses within Nairobi CBD partially conducts coolhunting to make observations and predictions in changes of new or existing cultural trends in areas such as fashion, music, films, television, youth culture and

lifestyle. The range of conducting coolhunting varies from they do not conduct coolhunting and they conduct coolhunting.

4.5.17: Test Marketing

The mean score and standard deviation on whether respondents conducts test marketing which is a small-scale product launch used to determine the likely acceptance of the product when it is introduced into a wider market was 1.87 and 0.786 respectively as shown in the table 4.23.

Table 4.23: Test Marketing

	Mean	Std. Deviation
Test marketing — a small-scale product launch used to determine the likely acceptance of the product when it is introduced into a wider market	1.87	0.786

From the study micro, small and medium sized businesses within Nairobi CBD partially conducts test marketing which is a small-scale product launch used to determine the likely acceptance of the product when it is introduced into a wider market. The range of conducting test marketing varies from they do not conduct test marketing and they conduct test marketing.

4.5.18: Buyer Decision Making Process Research

The mean score and standard deviation on whether respondents conducts buyer decision making process research was 1.88 and 0.816 respectively as shown in the table 4.24.

Table 4.24: Buyer Decision Making Process Research

	Mean	Std. Deviation
Buyer decision making process research	1.88	0.816

From the study micro, small and medium sized businesses within Nairobi CBD partially conducts buyer decision making process research. The range of conducting buyer

decision making process research varies from they do not conduct buyer decision making process research and they conduct buyer decision making process research.

4.5.19: Store Audit

The mean score and standard deviation on whether respondents conducts store audit to measure the sales of a product or product line at a statistically selected store sample in order to determine market share, or to determine whether a retail store provides adequate service were 1.91 and 0.815 respectively as shown in the Table 4.25.

Table 4.25: Store Audit

	Mean	Std. Deviation
Store audit — to measure the sales of a product or product line at a statistically selected store sample in order to determine market share, or to determine whether a retail store provides adequate service	1.91	0.815

From the study micro, small and medium sized businesses within Nairobi CBD partially conducts store audit to measure the sales of a product or product line at a statistically selected store sample in order to determine market share, or to determine whether a retail store provides adequate service. The range of conducting store audit varies from they do not conduct store audit and they conduct buyer store audit.

4.5.20: Online Panel

The mean score and standard deviation on whether respondents conducts online panel which is a group of individual who accepted to respond to marketing research online was 1.91 and 0.795 as shown in the Table 4.26.

Table 4.26: Online Panel

	Mean	Std. Deviation
Online panel - a group of individual who accepted to respond to marketing research online	1.91	0.795

From the study micro, small and medium sized businesses within Nairobi CBD partially conducts online panel which is a group of individual who accepted to respond to marketing research online. The range of conducting buyer online panel varies from they do not conduct online panel and they conduct online panel.

4.5.21: Customer Satisfaction Research

The mean score and standard deviation on whether respondents conducts customer satisfaction research were 1.96 and 0.821 respectively as shown in the Table 4.27.

Table 4.27: Customer Satisfaction Research

	Mean	Std. Deviation
Customer satisfaction research	1.96	0.821

From the study micro, small and medium sized businesses within Nairobi CBD partially conducts customer satisfaction research. The range of conducting customer satisfaction research varies from they do not conduct customer satisfaction research and they conduct customer satisfaction survey.

4.5.22: Distribution Channel Audits

The mean score and standard deviation on whether respondents conducts distribution audit channels was 1.97 and 0.818 respectively as shown in the Table 4.28.

Table 4.28: Distribution Channel Audits

	Mean	Std. Deviation
Distribution channel audits	1.97	0.818

From the study micro, small and medium sized businesses within Nairobi CBD partially conducts distribution audit channels. The range of conducting distribution channel audit varies from they do not conduct distribution channel audit and they conduct distribution channel audits.

4.5.23: Concept testing

The mean score and standard deviation on whether respondents conducts concept testing to test the acceptance of a concept by target consumers was 2.01 and 0.817 respectively as shown in the Table 4.29.

Table 4.29: Concept testing

	Mean	Std. Deviation
Concept testing - to test the acceptance of a concept by target consumers	2.01	0.817

From the study micro, small and medium sized businesses within Nairobi CBD partially conducts concept testing to test the acceptance of a concept by target consumers. The range of conducting concept testing varies from they do not conduct concept testing and they conduct concept testing.

4.5.24: Demand Estimation

The mean score and standard deviation on whether respondents conducts demand estimation was 2.02 and 0.804 respectively as shown in the Table 4.30.

Table 4.30: Demand Estimation

	Mean	Std. Deviation
Demand estimation	2.02	0.804

From the study micro, small and medium sized businesses within Nairobi CBD partially conducts demand estimation. The range of conducting demand estimation varies from they do not conduct demand estimation and they conduct demand estimation.

4.5.25: Marketing Effectiveness and Analytics

The mean score and standard deviation on whether respondents conducts marketing effectiveness and analytics which is building models or measuring results to determine the effectiveness of individual marketing activities was 2.05 and 0.835 respectively as shown in the Table 4.31.

Table 4.31: Marketing Effectiveness and Analytics

	Mean	Std. Deviation
Marketing effectiveness and analytics — Building models or measuring results to determine the effectiveness of individual marketing activities.	2.05	0.835

From the study micro, small and medium sized businesses within Nairobi CBD partially conducts marketing effectiveness and analytics which is building models or measuring results to determine the effectiveness of individual marketing activities. The range of conducting market effectiveness and analytics varies from they do not conduct market effectiveness and analytics and they conduct market effectiveness and analytics.

4.6 Relationship Between Size of Business and Marketing Research Adoption

The significant value is 0.200 to relate with level of significance of 0.5, Fishers value is 1.24, Mean square value for regression is 0.8, mean square value for residual is 0.645, degrees of freedom value is 25 for regression and 358 for residual, sum of square value is 19.998 and 230.978 for regression and residual respectively totaling to 250.977.

Table 4.32: ANOVA Table

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	19.998	25	0.8	1.24	.200 ^a
Residual	230.978	358	0.645		
Total	250.977	383			

a. Predictors: (Constant), Viral Marketing Research - refers to marketing research designed to estimate the probability that specific communications will be transmitted throughout an individual's Social Network. Estimates of Social Networking Potential (SNP) are combined with estimated, Online panel - a group of individual who accepted to respond to marketing research online, Price elasticity testing - to determine how sensitive customers are to price changes, Brands attribute research - what are the key traits that describe the brand promise?, Marketing effectiveness and analytics - Building models

and measuring results to determine the effectiveness of individual marketing activities., Segmentation research - to determine the demographic, psychographic, and behavioural characteristics of potential buyers, Distribution channel audits, Sales forecasting - to determine the expected level of sales given the level of demand. With respect to other factors like Advertising expenditure, sales promotion etc., Coolhunting - to make observations and predictions in changes of new or existing cultural trends in areas such as fashion, music, films, television, youth culture and lifestyle, Store audit - to measure the sales of a product or product line at a statistically selected store sample in order to determine market share, or to determine whether a retail store provides adequate service, Concept testing - to test the acceptance of a concept by target consumers, Copy testing – predicts in-market performance of an ad before it airs by analyzing audience levels of attention, brand linkage, motivation, entertainment, and communication, as well as breaking down the ad’s flow of attention and flow of emotion. , Buyer decision making process research, Commercial eye tracking research - examine advertisements, package designs, websites, etc. by analyzing visual behavior of the consumer, Demand estimation, Test marketing - a small-scale product launch used to determine the likely acceptance of the product when it is introduced into a wider market, Customer satisfaction research, Positioning research - how does the target market see the brand relative to competitors? - what does the brand stand for?, Brand name testing - what do consumers feel about the names of the products?, Ad Tracking - periodic or continuous in-market research to monitor a brand’s performance using measures such as brand awareness, brand preference, and product usage. Brand association research - what do consumers associate with the brand?, Brand equity research - how favorably do consumers view the brand?, Advertising Research - ad’s ability to get attention, Mystery consumer or mystery shopping , Internet strategic intelligence - searching for customer opinions in the Internet: chats, forums, web pages, blogs.. where people express freely about their experiences with products, becoming strong opinion formers.

b. Dependent Variable: How many staff work for this business operation?

From the study at 95% confidence limit and at level of significance, $\alpha = 0.05$, the Sig. Value is 0.200, then we can conclude that the means or distribution of the mean of the variables for extent of adoption of market research for micro, small and medium sized enterprises within the Nairobi CBD have no statistical difference and therefore the differences between means are likely due to chance.

4.7 Perception of Marketing Research by MSME

The respondents were asked to indicate the perception they had on marketing research. The findings are presented in table 4.33. Most MSME rely on family and friends insights and Most MSME thinks Marketing research is for big companies as depicted by a mean score of 3.71 hence respondents agreed to that notion. Mean score for the statement that an MSME business owner may be motivated to use marketing research but his motivation will hit the wall / ends was 3.72 which means respondents agreed to the perception. Mean score for the statement that most MSME think marketing research is costly was 3.76 and they agreed to the perception. Mean score for the statement that most MSME utilizes secondary data only was measured to be 3.86 meaning the agreed to the perception. Mean score for the statement that Most MSME use web searches only was 3.89 and the respondents agreed to the notion. Average combined mean for all perception attributes was 3.77 which fall in the category of agreement to the perception. This is represented in the Table 4.33.

Table 4.33: Perception of Marketing Research by MSME

	Mean
Most MSME rely on family and friends insights	3.71
Most MSME thinks Marketing research is for big companies	3.71
An MSME business owner may be motivated to use marketing research but his motivation will hit the wall / ends	3.72
Most MSME think marketing research is costly	3.76
Most MSME utilize secondary data only	3.86
Most MSME use web searches only	3.89
Combined Mean	3.77

From the study most micro, small and medium sized enterprises within Nairobi CBD agrees with the above statements on the perception of marketing research meaning they rely on family and friends insights, they think marketing research is for big companies, they think marketing research is costly, they utilize secondary data only, they use web searches only, they may be motivated to conduct marketing research but their motivation hit the wall.

4.7.1 Regression between Size of the Businesses and the Perception of Marketing Research by MSME

The significant value is 0.268 to relate with level of significance of 0.5, Fishers value is 1.275, Mean square value for regression is 0.832, mean square value for residual is 0.652, degrees of freedom value is 6 for regression and 377 for residual, sum of square value is 4.992 and 245.977 for regression and residual respectively totaling to 250.977.

Table 4.34 ANOVA Table

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	4.992	6	0.832	1.275	.268 ^a
Residual	245.985	377	0.652		
Total	250.977	383			

a. Predictors: (Constant), Most MSME thinks Marketing research is for big companies, Most MSME use web searches only, Most MSME think marketing research is costly, An MSME business owner may be motivated to use marketing research but his motivation will hit the wall / ends, Most MSME rely on family and friends insights, Most MSME utilize secondary data only

b. Dependent Variable: How many staff work for this business operations?

From the study at 95% confidence limit and at level of significance, $\alpha = 0.05$ and the Sig. value is 0.268, then we can conclude that there is no significance difference between the means of the variables for perception the micro, small and medium sized enterprises have on marketing research and therefore the differences between means are likely due to chance.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter discusses the findings gathered from the analysis of the data as well as conclusions reached. Findings have been summarized alongside the objectives of the study.

5.2 Summary of the Findings

The study reveals that most MSME rarely conducts marketing research. The study revealed that most of businesses are manned by youthful male with a large number of them having accessed either college or university education (47.4%) where they are exposed to marketing research in one way or another either in class work or project upon completion of course work, however they do not engage in marketing research.

Most businesses has been in operation for less than five years indicating that there must be some business have started in the past that failed validating the following statement, past statistics indicate that three out of five businesses fail within the first few months of operation (Kenya National Bureau of Statistics, 2007) hence starting and operating a small business includes a possibility of success as well as failure.

Marketing effectiveness is the most practiced type of marketing research. This may be due to the fact that business owners market their products and would wish to know if it has effect on the commodities they sell. The second most practiced type of marketing research is demand estimation. This is because as the business owners stock their shops demand is a major factor on different lines of product and services offered. Also it may be an intuitive practice that happens over a long run. The third most practiced type is concept testing which is key since on any new idea business owners engage the potential clientele. The fourth and fifth most practiced type of research is distribution / channel audit and customer satisfaction type of marketing research respectively. This is because distribution is key in knowing which product to be sold where and customer satisfaction

surveys is the most common practice by businesses where they have drop off box, observation or oral inquiries of the issues from the customers.

Online panel, store audit, Buyer decision making process research, Test marketing, Cool hunting, Brand association research, Ad Tracking, Mystery consumer or mystery shopping, Advertising Research, Brand equity research, Copy testing, Commercial eye tracking research, Brands attribute research, Brand name testing, Internet strategic intelligence, Positioning research, Price elasticity testing, Sales forecasting and Segmentation research are moderately practiced by business people. Viral Marketing Research is the least practiced type of market research although it may be due to little capacity of click stream back end analytics knowledge.

On the marketing research perception respondent agreed mostly to the fact that they use web searches only. This may be due to the fact that most people in the country have access to internet aided by access via mobile phones. This was followed by the fact that they utilize secondary data only. This may be because gathering primary data requires more time and most MSME do not have internal capacity to do this and if they outsource it became costly. The other attribute were that marketing research is costly, followed by an MSME business owner may be motivated to use marketing research but his motivation will hit the wall / ends and most MSME thinks marketing research is for big companies - they were moderate perception. Most MSME rely on family and friends' insight was the highest disagreed perception and it may be because business people would always seek experts' advice or potential customer views.

5.3 Conclusion

MSME conduct little or no marketing research practices. This is due to the fact that marketing research is seen as secondary activity and as a luxury, little do the business owners know that marketing research is the backbone of business success and long term going concern. MSME businesses tends to ignore research and they would argue that it is expensive, it is for large corporate only, secondary data suffices, information can be gathered from the internet and conclusions and decision making made, friends and family

insight would be enough for our strategies. A business owner may also have high motivation of conducting marketing research for it to fade along the way and he ends up conducting none or little of it.

5.4 Recommendation for Policy and Theory

It is advisable for MSME to always conduct marketing research to ensure they are informed on the marketing and be competitive in their businesses. Some of the practices that they can adopt that are less involving and less costly would include use of free data collection and automated analytics like Google Docs Form, use of open source analysis software like R statistical software, use of Omnibus offered by Marketing Research Companies, use of open source computer aided personal interviews (CAPI) data collection tools like Open Data Kit, (ODK). Then marketing research company need to also accommodate this category of MSME in their strategy as potential sector since if they aid them to grow they will be the future beneficiaries as MSME are the potential large enterprises in future.

It should be noted that by conducting any of the marketing research type it saves investment that may go to waste. Business owners should hence embrace marketing research and make it part of fixed cost in their annual budget similar to expenses like rent.

5.5 Limitations of the Study

The drop and pick later technique of questionnaire administration caused delays since some respondents were not prioritizing on it and even misplacing at some instances. Also not all businesses are under the Nairobi City Council list of licensed business community.

5.6 Recommendation for Further Study

Further studies should attempt to explore the limited involvement of marketing research companies to conduct marketing research to MSME and the perception marketing research firms have on MSME.

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APPENDICES

APPENDIX I: INTRODUCTION LETTER

University of Nairobi,
School of Business,
P.O. BOX 30197 – 00100,
Nairobi.

October 2013

Dear Respondents,

Attached is a questionnaire that seeks your opinion on **the extent of adoption for Marketing Research to Micro, Small and Medium Sized enterprises**. I would be grateful if you take some time and complete the questionnaire as the best and honestly as you can. The information you give will be beneficial to assist in knowing the status of the marketing research adoption by MSME in Kenya and the challenges faced on this concept. Please note that any information provided will be treated with utmost confidentiality and no single response will be reported on its own but as an aggregate of all responses. The research is principally for academic purposes only.

Thanks for your time.

Yours Faithfully

Peter N. Kaiga

MBA Student

Dr. Kinoti

University supervisor

APPENDIX II: QUESTIONNAIRE

SECTION A: Respondent Information

1. NameOptional

2. What is your Gender?

1= Female [] 2 = Male []

3. What is your age category?

1 = Between 18-25 [] 2 = Between 26-35 [] 3 = Between 36-40 []

4 = Between 41-44 [] 5 =Between 45-50 [] 6 = 50 and above []

4. What is your highest level of education?

1 = Primary [] 2= Secondary [] 3=College [] 4= University []

4. What is your Relationship with the business?

1 = Owner / Director [] 2= Relative to owner []

3=Employed [] 4= Others (Specify).....

SECTION B: Business Information

1. How long have the business been in operation?

1= Less than 2 Years [] 2 = 3-5 Years [] 3= 6-10 Years []

4 = Over 10 Years []

2. How many staff work for this business operation?

1= Between 1 - 9 [] 2 = Between 10 – 49 []

3= Between 50 - 99 [] 4 = Over 100 []

If they have over 100 staffs terminate the interview

SECTION C: Extent of marketing research

Do you conduct the following (Tick as appropriate)?

1 = No

2 = Somehow

3 = Yes

		3	2	1
1	Ad Tracking - periodic or continuous in-market research to monitor a brand's performance using measures such as brand awareness, brand preference, and product usage.			
2	Advertising Research - ad's ability to get attention			
3	Brand equity research - how favorably do consumers view the brand?			
4	Brand association research - what do consumers associate with the brand?			
5	Brands attribute research - what are the key traits that describe the brand promise?			
6	Brand name testing - what do consumers feel about the names of the products?			
7	Commercial eye tracking research - examine advertisements, package designs, websites, etc. by analyzing visual behavior of the consumer			
8	Concept testing - to test the acceptance of a concept by target consumers			
9	Cool hunting - to make observations and predictions in changes of new or existing cultural trends in areas such as fashion, music, films, television, youth culture and lifestyle			
10	Buyer decision making process research			
11	Copy testing – predicts in-market performance of an ad before it airs by analyzing audience levels of attention, brand linkage, motivation, entertainment, and communication, as well as breaking down the ad's flow of attention and flow of emotion.			
12	Customer satisfaction research			
13	Demand estimation			
14	Distribution channel audits			
15	Internet strategic intelligence — searching for customer opinions in the Internet:			

	chats, forums, web pages, blogs... where people express freely about their experiences with products, becoming strong opinion formers.			
		3	2	1
16	Marketing effectiveness and analytics — Building models and measuring results to determine the effectiveness of individual marketing activities.			
17	Mystery consumer or mystery shopping			
18	Positioning research — how does the target market see the brand relative to competitors? - what does the brand stand for?			
19	Price elasticity testing — to determine how sensitive customers are to price changes			
20	Sales forecasting — to determine the expected level of sales given the level of demand. With respect to other factors like Advertising expenditure, sales promotion etc.			
21	Segmentation research - to determine the demographic, psychographic, and behavioural characteristics of potential buyers			
22	Online panel - a group of individual who accepted to respond to marketing research online			
23	Store audit — to measure the sales of a product or product line at a statistically selected store sample in order to determine market share, or to determine whether a retail store provides adequate service			
24	Test marketing — a small-scale product launch used to determine the likely acceptance of the product when it is introduced into a wider market			
25	Viral Marketing Research - refers to marketing research designed to estimate the probability that specific communications will be transmitted throughout an individual's Social Network. Estimates of Social Networking Potential (SNP) are combined with estimates of selling effectiveness to estimate ROI on specific combinations of messages and media.			

SECTION D: Perception of Marketing Research

How agreeable are you to the below statements (tick as appropriate)?

5 = Agree to a large extent

4 = Agree

3 = Neutral

2 = Disagree

1 = Disagree to a large extent

		1	2	3	4	5
1	Most MSME think marketing research is costly					
2	Most MSME utilize secondary data only					
3	Most MSME use web searches only					
4	An MSME business owner may be motivated to use marketing research but his motivation will hit the wall / ends					
5	Most MSME rely on family and friends insights					
6	Most MSME thinks Marketing research is for big companies					