

**AN EMPIRICAL INVESTIGATION OF THE MARKETING  
STRATEGIES APPLIED BY MICRO AND SMALL ENTERPRISES  
(MSEs) IN MASAI MARKET, NAIROBI, KENYA.**

**BY**

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## **DECLARATION**

This Management Research Project is my original work and has not been presented for a degree in any other university.

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This Management Research Project has been submitted for examination with my approval as University Supervisor.

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## **DEDICATION**

I dedicate this research project to my parents, Vitalis and Pamela Kungu and my siblings Robert, James, Christine, Thomas, Paul and Michael for their endless support and encouragement in all my endeavours.

## **ABSTRACT**

Micro and Small Enterprises play an important economic role in Kenya. Despite the significant role played by Micro and Small Enterprises (MSEs) in Kenya's national development, the sector has over the years experienced many binding constraints to the realization of its full potential. This fact is acknowledged by the Government in Sessional Paper no. 2 of 1996, Industrial Transformation to the year 2020. Among the key constraining factors, is the lack of markets for MSE products and services.

The study sought to determine the importance of marketing strategy to Micro and Small Enterprises as well as establish the marketing strategies applied by entrepreneurs at the Masai Market, Nairobi, Kenya. These marketing strategies seem to change according to whether the business is owner-managed or employee-managed, membership in business associations and the type of products an entrepreneur traded in.

The study employed convenience sampling to collect data from 120 Micro and Small Enterprise traders at the Masai Market using interviews and questionnaires. The data was analyzed descriptively and presented through tables and percentages.

The findings indicate that MSEs apply eleven marketing strategies categorized under each of the four P's of marketing, that is, product strategies-variety, new designs and quality control; pricing strategies- flexible pricing and discounts; promotion strategies- personal selling, trade fairs, membership in associations and customer service; place strategy used is location at a convenient place for customers and finally probe strategy applied was seeking for market information.

The study found out that MSEs consider the following factors in selecting marketing strategies; customer needs, available resources, seasonal factors, flexibility to market changes and competitor strategies.

Although this research established that MSEs are applying marketing strategies, knowledge-based training is required to ensure application of more strategies such as quality control, use of competition to supply in bulk, use of brand names, and use of internet promotion. The research concluded that business success is a consequence of embracing a mix of marketing strategies.

Indeed marketing strategy is important for MSEs to face up to the challenges posed by the business environment though there is still room for improvement by MSEs, the government and other stakeholders.

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# CHAPTER 1: INTRODUCTION

This chapter discusses the Background to the Study, Marketing Strategies, The MSE Sector in Kenya, The *Masai Market*, Research Problem, Research Objectives and Value of the Study

## I.1 Background to the Study

Micro and Small Enterprises (MSEs) provide one of the most prolific sources of employment, not to mention the breeding ground for medium and large industries, which are critical for industrialization. These enterprises are found in every corner of Kenya and they have great potential for creating a variety of jobs, while generating widespread economic benefits. According to the Government of Kenya Economic Survey 2010, the MSE sector employed 8.3 million people in 2009 and created 590,000 jobs (Government of Kenya, 2005).

Despite the significant role played by the MSE sector, it has continued to experience numerous challenges and constraints that inhibit its vertical growth resulting in low competitiveness. These have also inhibited the realization of its full potential leading to the sector's contribution to the Gross Domestic Product stagnating at 18 per cent. The challenges include poor access to markets (poor product quality and low product range), unfavourable policy environment and inhibitive legal and regulatory framework, limited access to financial services, inadequate access to skills and technology, insecurity of land tenure, poor access to infrastructure, inadequate business know how and linkages with larger enterprises, gender inequality, job quality deficits, impact of HIV/AIDS pandemic and unsatisfactory occupational health and safety standards (Government of Kenya, 2005).



Inadequate access to markets is a major reason for stagnation by Micro and Small Enterprises. This is partly due to several factors which includes a narrow product range among the various MSEs, which leads to cut-throat competition and market congestion. This is also evident in terms of horizontal rather than vertical growth by most MSE firms; poor quality products and lack of product improvement (development); inadequate access to market information; poor product design, packaging, costing and pricing; lack of access to public sector market, which is one of the largest markets in any country; lack of physical markets and marketing channel (for example exhibitions); lack of sub-contracting arrangements between large and small firms; weak market support arrangements, including weak linkages between established formal marketing institutions and MSEs and inadequate market research and development for Micro and Small Enterprises (Mbugua,1999).

Micro and Small Enterprises (MSEs) play a significant role in Kenya's national development. However, the sector has over the years experienced many binding constraints to the realization of its full potential. This fact is acknowledged by the Government in Sessional Paper no. 2 of 1996, Industrial Transformation to the year 2020. Among the key constraining factors, is the lack of markets for MSE products and services (Mbugua, 1999).

### **1.1.1 Marketing strategies**

Marketing strategy formulation involves selecting a specific target market and making decisions regarding the crucial elements of product, price, promotion and distribution so as to satisfy the needs of customers in that market. They are designed to provide total integration of efforts that focus on achieving the market objectives (Ferrell et al, 2002).

Companies aim at choosing the right strategies from among many possible alternatives. These possible strategies are dependent on the nature of product or service and also create a guideline as to which marketing activities the company should focus its efforts on (Majumdar, 1996). Marketing strategy planning means finding attractive opportunities and developing profitable marketing strategies (McCarthy and Perreault, 1993).

With marketing strategies in place, any challenge a company faces can be tackled easily by applying those that are appropriate to the situation. They ensure they are not caught off guard. Varying situations call for new survival techniques. The marketing strategy must fit the needs and purposes of the selected target markets, be realistic given the organization's available resources and environment and should also be consistent with the organizations' mission, goals and objectives (Kotler, 2003).

A marketing strategy identifies consumer groups which a particular business can better serve than its target competitors, and tailor product offerings, prices, distribution, promotional efforts, and services towards those market segments. Ideally the strategy should address unmet customer needs that offer adequate potential profitability. A good strategy helps a business to focus on the target markets it can serve best.

Traditionally there are four P's of marketing involving products. They are product, price, promotion and place. In marketing of services, the additional P's are people, processes and probe.

The four P's make up the marketing mix. The Product is concerned with developing the right product for the target market.

Price must be right and in setting price, managers must consider the kind of competition in the target market and the cost of the whole marketing mix. Promotion is concerned with telling the target market about the 'right' product. Place is concerned with all the decisions involved in getting the 'right' product to the target market's place (McCarthy and Perreault, 1993).

With the increase in competition and faster diffusion processes, results in the shortening of Product Life Cycles (PLC) hence new product launches have to be thoroughly planned, test marketing becomes popular and also packaging plays an important role (Majumdar, 1996).

Product strategies may include concentrating on a narrow product line, developing a highly specialized product or service, or providing a product-service package containing unusually high –quality service. Also emphasized are innovation strategies, coming up with a range plan to create product variety as well as branding of products to differentiate them from competition (Atkinson and Wilson, 1996).

With growing competition in the market, companies more often than not opt for niche strategies to serve specific areas in the market (Majumdar, 1996). They need to make a price- quality trade off to choose their consumers. The right price strategy is crucial for maximizing total revenue. Generally, higher prices mean lower volume and vice-versa; however, small businesses can often command higher prices because of their personalized service. Some price strategies may aim at increasing a company's share, growth or for market penetration purposes (Atkinson, 1996).

Promotion strategies play a vital role in the creation of mutually beneficial exchanges between producers and consumers of goods, services or ideas. To be effective, the promotional strategy must be guided by the marketing concept such as focusing on consumer needs and integrating all activities of the organization to satisfy those needs (Engel et al, 1991). Such strategies include advertising and direct consumer interaction. Good salesmanship is essential for micro and small enterprises because of their limited ability to spend on advertising. Good telephone book advertising is also important. Direct mail is an effective, low-cost medium available to micro and small enterprises.

The manufacturer and wholesaler must decide how to distribute their products. As competition becomes fierce, retailers and wholesalers will be wooed more assiduously. Loyalty in trade will go down. This calls for re-appraisals of existing distribution channels and development of new channels as well as giving thought to development plans and strategies (Majumdar, 1996). Working through established distributors' or manufacturers' agents generally is easiest for small manufacturers. Small retailers should consider cost and traffic flow in site selection, especially since advertising and rent can be reciprocal: A low-cost, low-traffic location means spending more on advertising to build traffic.

The nature of the product or service is also important in setting decisions (Ferrell et al, 2003). If purchases are based largely on impulse, then high traffic and visibility are critical. On the other hand, location is less a concern for products or services that customers are willing to go out of their way to find.

The recent availability of highly segmented mailing lists, purchased from list brokers, magazines or other companies, has enabled certain small businesses to operate from any location yet serve national or international markets.

### **1.1.2 The Micro and Small Enterprises (MSE) Sector in Kenya**

The definition of Micro and Small Enterprise (MSE) varies according to countries. Some countries define it in terms of number of employees while others according to the capital invested in the business. According to the Kenya National Micro and Small Enterprise Baseline Survey 1999, there were 1.3 million Micro and Small Enterprises in Kenya. The baseline study defined micro enterprises as those employing between 1 to 10 workers, while small enterprises employ between 10 to 50 workers (Government of Kenya, 2005).

These enterprises cut across all sectors of the Kenyan economy and provide one of the most prolific sources of employment creation, income generation and poverty reduction. The MSE sector is therefore, not only a provider of goods and services, but also a driver in promoting competition and innovation; and enhancing the enterprise culture which is necessary for private sector development and industrialization (Government of Kenya, 2005). The sector is widely engaged in activities of manufacturing, services and trade, and employs over 80.2 percent of Kenya's total labour force and contributes about 18.4 percent to the Gross Domestic Product (Kenya Economic Survey, 2010).

### **1.1.3 The Masai Market in Kenya**

Masai Markets in Nairobi were started by Masai women who wanted to sell directly to tourists. The Masai Markets have grown over the years.

The market sells mainly tourist fare ranging from wooden sculptures, beaded necklaces, batik wall hangings, leather work (shoes, belts), soap stone carvings, sisal bags, *kikois* and textiles.

These markets are held around Nairobi at different venues on different days. (Figure 1)

**4.2.6 Figure 1: Location of the Masai Market is held around Nairobi City on Different Days**

<b>Day of the Week</b>	<b>Location of the Masai Market</b>
<b>Fridays</b>	Upper Car Park at the Village Market in Gigiri
<b>Saturday &amp; Sunday</b>	High Court Parking, City Square Down Town Nairobi
<b>Sunday</b>	Car Park Outside the Yaya Shopping Centre
<b>Tuesday</b>	Upper Car Park at the West Gate Shopping Centre

(Source: Retrieved on 11<sup>th</sup> August 2011 from <http://www.africanspicesafaris.com>)

The products are not exclusively sold by the “Masai”. All Masai Markets items are Kenyan and the range of goods on offer is impressive. The interesting thing about buying items from these markets is that sometimes (but not always) the visitors deal with the actual people who make the craft items. One can see ladies threading beads and making jewellery right in front of consumers, and if one talks to the traders it’s easy to find people who are selling their own sculptures or craft items. Haggling is expected and Masai Markets rule is generally to offer between half and two thirds of the initial price.

The traders that operate at the Masai Market are mainly Micro and Small Enterprises who have to keep moving from one physical location to the other in order to market their

products. Achieving competitive advantage by MSE operators in these markets will depend on the level of efforts made towards finding new products and processes that target the needs of the market. In this proposed study there is need to investigate the marketing strategies that are applied by traders in these markets, and the factors that they consider in the selection of marketing strategies.

## **I.2 Research Problem**

The focus on MSES has gained momentum since the publication of Sessional Paper No. 1 of 1986, 'Economic Management for Renewed Growth'. Among other measures, the paper sought to provide mechanisms for disseminating information on market opportunities and appropriate production methods for small scale manufacturing.

A focused policy scenario came into being with the publication in 1989 of 'A Strategy for Small Scale Enterprise Development in Kenya: Towards the Year 2000'. However, no comprehensive policies were developed out of these general policy statements until the publication of Sessional Paper no.2 of 1992, when a broad coherent policy framework was attempted (Mbugua, 1999).

Lack of access to markets is one of the major obstacles to MSE development not only in Kenya but in the whole of Africa. The size of the market for many in the informal sector depends on personal relationships or the goods being customer-designed. The domestic markets for most African countries are small, with a lot of limitations that inhibit MSE growth from reaping economies of large-scale production (Economic Commission for Africa, 1996).

The performance and competitiveness of Micro and Small Enterprises must therefore be increased, if they are to effectively respond to the challenges of creating productive and sustainable employment opportunities, promoting economic growth, and poverty reduction in the Country.

Due to poor market research, there is frequently a big discrepancy between the supply of and the demand for MSE products. Oversupply, often occasioned by too many enterprises producing too many similar products, leads to dead stock and business stagnation. On the other hand, failure to respond to market demand with the desired products in good time often takes business away from the MSEs to more established firms who are better placed to gauge market trends. Thus, unless MSEs can be assisted to come up with effective marketing and sales channels/ techniques, most of them are bound to continue performing at low levels or go out of business altogether (Mbugua, 1999).

The research was intended to assess the importance of marketing strategy to Micro and Small Enterprises as a way of increasing competitiveness and also determine the factors that Micro and Small Enterprises take into consideration when selecting and applying marketing strategies.

### **I.3 Research Objectives**

The objectives of the research are to:

1. Identify and assess the relative importance of marketing strategy to Micro and Small Enterprises.
2. Determine the factors that Micro and Small Enterprises take into consideration when selecting marketing strategies.



#### **1.4 Importance of the Study**

The study will be of value to many stakeholders including Micro and Small Enterprises, policy makers, researchers, among others:

Given the significance of Micro and Small Enterprises in promoting economic development, the study constitutes a starting point in efforts to understand and document marketing strategies by MSEs in Kenya and will this will provide a basis for making appropriate recommendations towards improving the application of the marketing strategies in a structured manner. The growth and development of the MSE sector depends on the existence of a vibrant market for MSE products and services.

This study will enable research Institutions in collaboration with relevant government ministries involved in MSE development to analyse their potential and capacity for promotion of marketing of MSE products. They will also be able to facilitate a buyer-seller forum for MSE participation, and conduct periodic in-depth market surveys to identify emerging skills and abilities needed in business, especially in the MSE sector, conduct market surveys to identify opportunities for product diversification and new product development in the MSE sector and identify new potential markets in the rural areas. The institutions will also be able to advise the government on policy formulation and implementation for Micro and Small Enterprises.

Scholars will find it important as the study will increase the body of knowledge in this area. It will also stimulate research based on proper needs assessment, identification of markets and use of appropriate technologies by Micro and Small Enterprises.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter discusses Marketing strategy, Micro and Small Enterprises (MSEs) in Kenya, their contribution to the Kenyan economy and their pervasiveness.

### **2.2 Marketing strategies**

Marketing strategy is achieving superior competitive position within a defined market. It determines the choice of target market segments, positioning, marketing mix, and allocation of resources.

A market consists of a group of buyers or seller(s) who interact with one another in order to exchange goods and services at a price each believes is acceptable. Understanding other buyers and sellers and the market they create is critical to a successful strategy. The whole idea of strategic marketing is that organization has to keep abreast of developments in its external and internal environments.

It is to ensure that a matching process between skills and resources is available to take the best advantage of developments and opportunities in the environment and to avoid any threats that are posed. Firms with marketing strategies have a higher chance of survival in a dynamic environment because it is easier to deal with competitors, it is easier to satisfy customers, and it leads to more efficient resource allocation.

To be successful, the company must do a better job than its competitors of satisfying target consumers. Thus, marketing strategies must be geared to the needs of consumers and also to the strategies of competitors. Based on its size and industry position, the

company must decide how it will position itself relative to competitors in order to gain the strongest possible competitive advantage (Kotler, 1996).

Designing competitive marketing strategies begins with thorough competitor analysis. The company constantly compares the value and customer satisfaction delivered by its products, prices, channels, and promotion with that of its close competitors. In this way, it can discern areas of potential advantage and disadvantage.

The firm must formally or informally monitor the competitive environment to answer these and other important questions: Who are our competitors? What are their objectives and strategies? What are their strengths and weaknesses? And how will they react to different competitive strategies we might use? Competitive strategy adopted depends on industry position.

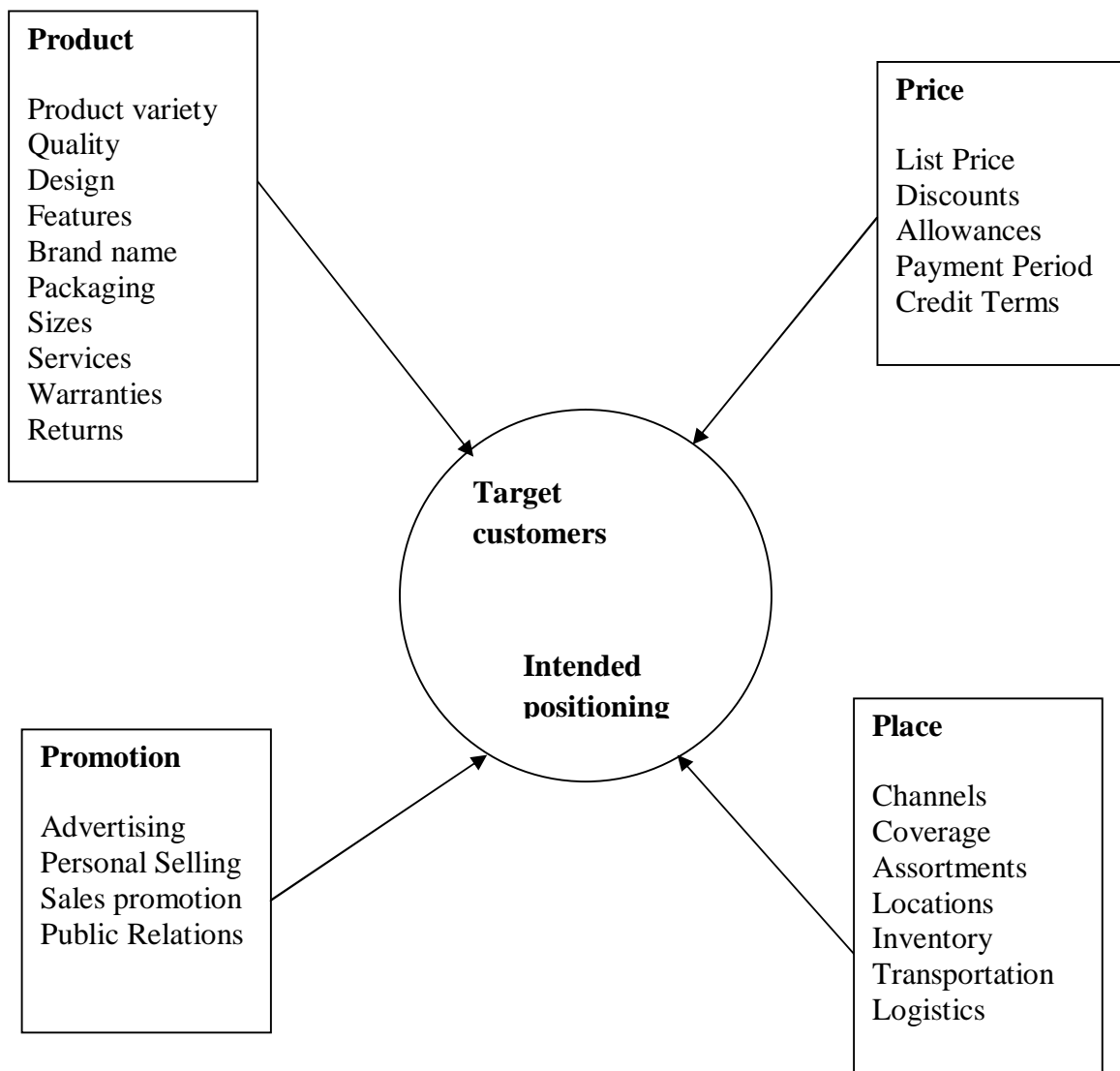
A firm that dominates a market adopts market-leader strategies. Runners up companies that aggressively attack competitors to get more market share adopt market-challenger strategies or market-follower strategies.

Smaller firms adopt market-nicher strategies. They specialize in several market niches that major competitors over-look or ignore. "Nichers" avoid direct confrontations with the majors by specializing along market, customer, product, or marketing-mix lines. Through smart niching low-share firms in an industry can be as profitable as their larger competitors.

Once a company has decided on its overall competitive marketing strategy, its plans on the marketing mix. The marketing mix is the set of controllable tactical marketing tools that the firm blends to produce the demand for its product.

These can be collected in four groups known as the four P's: Product, Price, Place and Promotion. The particular marketing tools are summarized in Fig 1.

#### 4.2.6 Figure 2: The Four P's of the Marketing Mix.



(Source: Principles of Marketing by Philip Kotler & Gary Armstrong, 1996)

In Micro and Small Enterprises, marketing strategies around the four P's involve the following:

Product strategies includes, product development and design which encompasses changing colors, shape, form and materials according to trends; introducing new designs; quality control which is setting standards before production and rejecting non-compliance and low-quality. It also includes packaging, which is providing uniform and attractive presentation of products and preventing damage to fragile goods. They also sell a wide variety of products (KCA, 2009). Product strategy also includes knowing the needs of the customer and supplying what meets the customer needs, wants and expectations (Mikkelsen, 1999).

Pricing strategies by MSEs involves the need to understand how cost, price and profit work together. Since many MSEs operate with low income earners, many package their products in small quantities but still make a profit by selling many units. Flexible pricing is mostly applied by the traders. The traders quote prices way above and they encourage haggling. They use fair pricing, discounts and special offers (KCA, 2009).

Promotion strategies include market information and market penetration, identifying new buyers, participation in trade fairs and conducting market research (Mikkelsen, 1999). They also apply superior customer service, and continuously improving quality of service delivery (KCA, 2009). They also apply positive use of competition – when similar businesses are next to each other, they attract customers, bulk suppliers and form organizations that lobby authorities and improve security; customer service – politeness,

timeliness, cleanliness, knowledge about your business and understanding that the customer is always right ( IEC Strategy Limited, 2005).

Place strategies applied by MSEs involve being located where the customer can get easy access to the services or the products. This creates convenience to the customers of different categories where they can get advantage in cutting transport costs for the buyers. It also means creation of storage facilities, better delivery process directly or through intermediaries.

### **2.3 Micro and Small Enterprises in Kenya**

There is no universally accepted definition of Micro and Small Enterprises. The definition of Micro and Small Enterprise (MSE) varies according to countries. Countries use various yardsticks. Some define it in terms of number of employees, others according to the capital invested in the business and others according to sales turnover. These yardsticks change over time.

In Kenya, 'micro enterprises' are those with 1 to 10 employees, 'small enterprises' have from 11 to 50 employees, 'medium enterprises' have from 51 to 100 employees and 'large enterprises' have over 100 employees. Micro enterprises comprise the lion's share of enterprises in Kenya while there are a few medium enterprises (Parker and Torres, 1994). According to the Kenya National Micro and Small Enterprise Baseline Survey 1999, there were 1.3 million MSEs in Kenya. The baseline study defined micro enterprises as those employing 1 to 10 workers, while small enterprises employ between 10 to 50 workers (Government of Kenya, 2005).

## **2.4 Contribution of Micro and Small Enterprises**

Micro and Small Enterprises sector is a key stimulant to the achievement of Kenya's socio-economic blue print, The Vision 2030 especially as a source of livelihood for the Kenyan population.

Employment Creation – According to the economic survey of 2009, the sector employed 8.1 million persons accounting for over 80.1 percent of the Country's total Labour force; and contributed up to 18.4 percent of the Gross Domestic Product (GDP).

Provision of goods and services – The MSE sector has made a significant contribution in the production of goods and services, and has the potential to graduate into medium enterprises that have more capacity to produce high quality products.

Promotion of competition and innovation – The sector comprises many enterprises, which has resulted in reduction of the cost of doing business and generally creating a more favourable environment for businesses to thrive while improving the quality of employment in the sector.

Enhancing enterprise culture – This is necessary for private sector development and industrialization.

Poverty Reduction – MSEs contribute to economic development by creating productive and sustainable employment opportunities which in turn leads to promoting economic growth and reducing economic disparities in the country.

## **2.5 Pervasiveness of MSEs in Kenya**

Agricultural Sector – MSEs in agriculture are involved in dairy farming, grain milling, fruits, vegetables and cereals.



Manufacturing Sector – This includes Furniture making, printing, basket weaving, food processing, jewellery making using beads and recycled materials; and wood carving.

Construction Sector – This includes Wood Construction, making building materials, for example bricks and tiles; and stone masonry.

Transport Sector – MSEs are involved in *boda boda* business, hand carts, donkeys as well as matatus and taxis.

Services – The MSEs provide services such as tourism, professional consultancy, hair dressing, financial services such as M-Pesa, educational services and agency work.

## **CHAPTER 3: RESEARCH METHODOLOGY**

This chapter provides a discussion of the methodology that will be used to conduct the study. It covers the research design, population of the study, the sample, research instruments and data collection, analysis and presentation techniques.

### **3.1 Research design**

The research used a descriptive survey design that aimed at assessing the importance of marketing strategy to Micro and Small Enterprises at the Masai Market in Nairobi, Kenya and determining the factors they consider in selecting marketing strategies that they use. The design was appropriate for the study because it is concerned with the what, how, where, when and the who of marketing. The design has been used by many studies including Anyika (2007) and Awinyo (2008).

### **3.2 Population**

The population of interest for the study were all the traders who were selling their products at the Masai Market on various days during the time of data collection:

Westgate Shopping mall on Tuesdays; Kijabe Street behind Norfolk Hotel on Tuesdays; Capital Centre, Mombasa Road on Wednesday; Prestige Ngong Road on Thursdays; Village Market Gigiri on Fridays ; High Court parking on Saturdays and Sundays; and car park outside Yaya Centre on Sundays. It is estimated that currently there are 400 traders at the market. The 400 traders were the target population.

### **3.3 Sample design**

Convenience sampling was used to select participants for the study. Gall et al (2003) stated that researchers use convenience sampling to select a sample that suits the purpose of the study and that is accessible. The reason for employing a convenience sample is that the MSE operators were in the same physical location in a given day except on Tuesday and Sunday when there are two markets. It was also important to liaise with the coordinators at these venues to select respondents.

Sample selection was in the form of non-probability samples and in particular, personal judgment as well as convenience samples due to the fact that most sample units were within easy reach and the researcher assumed that all the traders apply marketing strategies in order to sell their products. Conveniently selecting participants was an appropriate strategy to identify study participants.

A total of 120 interviews were carried out for this survey. The target was 120 interviews representing a response rate of 100 percent. The respondents were composed of 25 percent males and 75 percent females. Also, 83.3 percent were owner managers and 16.7 percent were employees. In addition, 91.6 percent of the MSE operators make the products that they sell and only 8.4 percent buy for resale. None of those interviewed were involved in both making and buying for re-sale.

### 3.3.1 Figure 3: Sample design

No.	Market	Sample
1.	Westgate Shopping mall	17
2.	Kijabe Street behind Norfolk Hotel	17
3.	Capital Centre, Mombasa Road	17
4.	Prestige Ngong Road	17
5.	Village Market Gigiri	17
6.	High Court parking	17
7.	Car park outside Yaya Centre	18
	<b>TOTAL</b>	<b>120</b>

(Source: The research)

### 3.4 Data collection

A questionnaire was used to collect primary data by way of interviews. The respondents were business owners or employees involved in the day to day running of these businesses. The data gathered was analysed and presented using descriptive statistics.

Primary data was collected by the use of structured questionnaires as there was no bias towards all sample units. Questions were both closed and open ended and ranking questions were also used where respondents arranged items on a scale in order of their importance. The questionnaire was divided into two parts: Part A was aimed at gathering the profiles of the respondents, while part B was aimed at getting responses on the marketing strategies applied and the factors considered in selecting the marketing strategies.

### **3.5 Data Analysis**

Findings from the data were analyzed in the form of tabulation and thereafter percentages were calculated. Conclusions drawn were based on percentages found.

Data analysis involved editing, coding, tabulation and computation of relevant statistics. The editing process entailed correcting and inspecting each questionnaire to ensure completeness, comprehensiveness, consistency and reliability of data. This was followed by coding and analysis using Microsoft Excel. The results were presented in form of tables and percentages.

## CHAPTER 4: DATA ANALYSIS, RESULTS AND DISCUSSION

This chapter outlines the method of data analysis, the tabulation of the results and also provides a discussion of the results.

### 4.1 Data Analysis

The sample size was a total of 120 micro and small enterprise operators at the Masai Market. Findings from the data were analyzed in the form of tabulation and thereafter percentages were calculated. Conclusions drawn were based on percentages found.

### 4.2 Results

#### 4.2.1 Table 1 Marketing strategies applied by MSEs

<b>Marketing Strategies</b>	<b>No of mentions</b>	<b>Percentages</b>
Variety	100	9.57
New designs	80	7.66
Quality Control	95	9.09
Flexible Pricing	110	10.53
Discounts	80	7.66
Personal selling	120	11.48
Trade fairs	110	10.53
Membership in Associations	120	11.48
Customer Service	95	9.09
Convenient location	65	6.22
Seeking market information	70	6.70
<b>TOTAL</b>	<b>1045</b>	<b>100.00</b>

From the above data, the most commonly used strategies used are personal selling, membership in associations, trade fairs and flexible pricing while the least popular are convenient location and seeking market information, which are place and probe strategies. The traders may not have a choice in location of the business as they use the grounds allocated and approved by the City Council of Nairobi.

**4.2.2 Table 2: Type of market/customers that traders sell to**

<b>Market</b>	<b>No. of mentions</b>	<b>Percentages</b>
Individuals buying for own use	100	28.99
Bulk buyers	90	26.09
Tourists	105	30.43
Organizations	50	14.49
<b>TOTAL</b>	<b>345</b>	<b>100.00</b>

Majority of the respondents said that their customers were mainly tourists with the percentage standing at 30.43 percent, while 28.99 percent mentioned that they sell to individuals buying for their own use. Clearly most traders sell to tourists and to individuals who are buying for their own use. The least popular type of market/customers are the organizations having been mentioned by about 15 percent of those interviewed. The Masai Market is very popular for tourists as the products are unique and locally made.

**4.2.3 Table 3: Use of other outlets/ markets apart from the Masai Market**

<b>Market outlet</b>	<b>No. of mentions</b>	<b>Percentages</b>
Local Exhibitions and trade fairs	110	37.29
Regional Exhibitions and trade fairs	90	30.51
International Exhibitions	50	16.95
Hawkers	40	13.56
Online ( Internet)	5	1.69
<b>TOTAL</b>	<b>295</b>	<b>100.00</b>

Most of the traders interviewed reported that other than the Masai Market, they also take advantage of local exhibitions such as Agricultural Society of Kenya Shows and regional expos in Uganda, Rwanda, Tanzania and Democratic Republic of Congo. The analysis stands at 37.29 percent and 30.51 percent for the local exhibitions and regional exhibitions respectively. A lot needs to be done to sensitize MSEs on the use of internet marketing as the world is now a global village. Only 1.69 percent of the respondents reported that they were using internet as another market outlet.

It is important that businesses look beyond their local catchment area (Ronge *et al.*, 2002). Globalisation presents both challenges and opportunities. As much as MSEs remain local, they need to consider markets beyond their national and regional boundaries.



**4.2.4 Table 4: Has government taken any steps to promote marketing of MSE products?**

<b>Response</b>	<b>No. of mentions</b>	<b>Percentages</b>
Yes	50	43.48
No	40	34.78
Not sure	25	21.74
<b>TOTAL</b>	<b>115</b>	<b>100.00</b>

Majority of the respondents, which was 43.48 percent, reckoned that the Government of Kenya has taken steps to promote marketing of MSE products. 34.78 percent said that the government has not taken any steps to promote marketing of MSE products. The respondents who were not sure if the government had done anything to promote marketing of MSE products stood at 21.74 percent.

**4.2.5 Table 5: Factors considered in selection of marketing strategies by MSEs**

<b>Factors</b>	<b>No. of mentions</b>	<b>Percentages</b>
Industry/ Competitor strategies	90	18.18
Available resources	103	20.81
Seasonal factors	97	19.60
Customer needs	110	22.22
Flexibility to market changes	95	19.19
<b>TOTAL</b>	<b>495</b>	<b>100.00</b>

The research found that majority of the traders, which is 22.22 percent, at the Masai Market considered customer needs when selecting marketing strategies, followed by 20.81 percent considering the available resources, and 19.60 percent considered the season in selecting marketing strategies. The least popular factor considered was industry/ competitor strategies at 18.18 percent.

**4.2.6 Table 6: Application of changes in production, packaging, pricing and promotion by MSEs**

<b>Response</b>	<b>No. of mentions</b>	<b>Percentages</b>
Yes	69	57.98
No	40	33.61
Not sure	10	8.40
<b>TOTAL</b>	<b>119</b>	<b>100.00</b>

From the above analysis, majority of the MSEs, 57.98 percent, usually change the way they produce, package, price and promote their products. It is apparent that majority are innovative and do not stick to one way of doing things. This is important because customers’ needs and wants are also changing every day, and the traders need to adapt to these changes to remain competitive.

**4.2.7 Table 7: Improvement in the business as a result of applying marketing strategies**

<b>Improvement experienced</b>	<b>No. of mentions</b>	<b>Percentages</b>
Yes	97	80.83
No	15	12.50
Not sure	8	6.67
<b>TOTAL</b>	<b>120</b>	<b>100.00</b>

Majority of the respondents, that is 80.83 percent experienced improvement in the business as a result of applying marketing strategies. Those that did not experience any improvement in the business after applying marketing strategies stood at 12.50 percent. There are those that were not sure if they had experienced any improvement and the figure stood at 6.67 percent

### **4.3 Discussion**

The respondents interviewed were composed of 25 percent males and 75 percent females. Also out of the total interviewed, 83.3 percent were owners and 16.7 percent were employees. In addition, 91.6 percent make the products that they sell and only 8.4 percent buy for resale. In the Masai Market, majority of the MSE operators are women who are owner-managers and they make the products that they sell. 90 percent of the respondents make and sell beaded items, leather work and textiles. These are clearly female dominated products. The remaining 10 percent deal in soapstone, wooden sculptures and batik wall hangings which is dominated by male MSE operators.

The most commonly applied marketing strategies in the Masai Market are personal selling 11.48 percent; membership in associations 11.48 percent; trade fairs 10.53 percent and flexible pricing 10.53 percent. The least popular marketing strategy is location at a convenient place as this is out of the control of the traders and such locations are normally very expensive in terms of rent.

The respondents who said that their customers were mainly tourists stood at 30.43 percent, while 28.99 percent mentioned that they mainly sell to individuals buying for their own use. This was closely followed by bulk buyers at 26.09 percent. Clearly most traders sell to tourists, to individuals who are buying for their own use and to bulk buyers. Only 14.49 percent said that they sell to organizations. The Masai Market is very popular for tourists as the products are unique and locally made.

In the analysis of other markets outside the Masai Market, 37.29 percent of the respondents said that they also take advantage of local exhibitions such as Agricultural Society of Kenya Shows and 30.51 percent participate in regional expos in Uganda, Rwanda, Tanzania and Democratic Republic of Congo. Use of internet for marketing was reported by only 1.69 percent of the respondents. A lot needs to be done to sensitize MSE operators on the use of internet marketing as the world is now a global village.

Majority of the MSEs, 22.22 percent, considered customer needs when selecting marketing strategies, followed by 20.81 percent considering the available resources, and 19.60 percent considering the season. The least considered factors are flexibility to market changes at 19.198 percent and industry/ competitor strategies at 18.18 percent.

Majority of the respondents, that is 80.83 percent experienced improvement in the business as a result of applying marketing strategies. Those that did not experience any improvement in the business after applying marketing strategies stood at 12.50 percent. There are those that were not sure if they had experienced any improvement and the figure stood at 6.67 percent

## **CHAPTER 5: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

This chapter provides a discussion of the summary, conclusion and recommendations of the research.

A marketing strategy identifies consumer groups which a particular business can better serve than its target competitors, and tailor product offerings, prices, distribution, promotional efforts, and services towards those market segments. Ideally the strategy should address unmet customer needs that offer adequate potential profitability. A good strategy helps business focus on the target markets it can serve best.

To be successful, the company must do a better job than its competitors of satisfying target consumers. Thus, marketing strategies must be geared to the needs of consumers and also to the strategies of competitors. Based on its size and industry position, the company must decide how it will position itself relative to competitors in order to gain the strongest possible competitive advantage (Kotler, 1996).

Past researches suggest that access to markets and marketing channels is a severe constraint to the growth and development of Micro and Small Enterprises. The findings indicate that MSEs apply eleven marketing strategies categorized under each of the 4 P's of marketing, that is, product strategies- variety, new designs and quality control; pricing strategies- flexible pricing and discounts; promotion strategies- personal selling, trade fairs, membership in associations and customer service; place strategy used is location at a convenient place for customers and finally probe strategy applied was seeking for

market information. The most commonly applied marketing strategies in the Masai Market are personal selling, membership in associations, trade fairs and flexible pricing. The least popular marketing strategy is location at a convenient place as this is out of the control of the traders and such locations are normally very expensive in terms of rent.

The study found out that MSEs consider the following factors in selecting marketing strategies; customer needs, available resources, seasonal factors, flexibility to market changes and competitor strategies.

This research however, has established that MSEs are applying marketing strategies but knowledge based training is required to ensure application of more strategies such as quality control, use of competition to supply in bulk, use of brand names, and use of internet promotion. Only 1.69 percent of the respondents use internet promotion. With globalization, businesses need to look beyond their local and regional markets. Globalization is a reality and a challenge that MSEs have to contend with.

Majority of the respondents experienced improvement in the business as a result of applying marketing strategies. Those that did not experience any improvement in the business after applying marketing strategies stood at 12.50 percent. There are those that were not sure if they had experienced any improvement and the figure stood at 6.67 percent.

The research concluded that business success is a consequence of embracing a mix of marketing strategies. Indeed marketing strategy is important for MSES to face up to the challenges posed by the environment though there is still room for improvement by MSEs, the government and other stakeholders.

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## **APPENDICES**

### **APPENDIX I : INTRODUCTION LETTER**

Date: 3<sup>rd</sup> August, 2011

Dear Respondent,

I am a student pursuing a Master of Business Administration Degree at the University of Nairobi. The title of my study is “An empirical investigation of the marketing strategies applied by Micro and Small Enterprises (MSEs) in Masai Market, Nairobi, Kenya”.

The study aims at establishing the importance of marketing strategy to Micro and Small Enterprises (MSEs) and to determine the factors that Micro and Small Enterprises take into consideration when selecting marketing strategies.

This questionnaire has been designed to gather information on the subject stated above.

The findings are purely for academic purpose and shall in no way be used for any other purposes.

Your co-operation will be highly appreciated.

Thank you,

Yours sincerely,

Caroline Atieno Kungu

Telephone: 0721-399939

Email: c\_kungu@yahoo.com

## APPENDIX II: QUESTIONNAIRE

### PART A: BACKGROUND INFORMATION

1. Market Venue

- a) Westgate Shopping mall ( )
- b) Kijabe Street behind Norfolk Hotel ( )
- c) Capital Centre, Mombasa Road ( )
- d) Prestige Ngong Road ( )
- e) Village Market Gigiri ( )
- f) High Court parking ( )
- g) Yaya Centre ( )

2. Name of respondent.....

3. Name of Company or Group .....

4. Are you a member of a business association or group?.....

.....

5. Gender : a) Male ( ) b) Female ( )

6. Number of Employees

- a) Owner managed ( )
- b) Less than ten ( )
- c) More than ten ( )

7. Number of years in business

- a) Less than one year ( )
- b) Between 1 and 2 years ( )
- c) Between 3 and 5 years ( )
- d) Between 6 and 10 years ( )
- e) Over 10 years ( )

8. Products traded in:

- a) Wooden sculptures ( )
- b) Bead work ( )
- c) Batik wall hangings ( )
- d) Leather work (shoes, belts) ( )
- e) Soap stone carvings ( )
- f) Sisal bags ( )
- g) *Kikois* ( )
- h) Textiles ( )

i) Others (specify).....  
.....  
.....  
.....

## **PART B: Marketing Strategies**

1 Which of the following marketing strategies do you use?(Tick those that apply)

### **a) Product strategies**

<b>Strategy</b>	<b>Yes</b>	<b>No</b>
Brand name		
Variety		
Supplying as per customer needs		
New designs		
Quality Control		
Others		

### **b) Pricing strategies**

<b>Strategy</b>	<b>Yes</b>	<b>No</b>
Selling in small quantities		
Payment terms other than cash		
Flexible pricing		
Offers (Eg. Buy a dozen get a lower price)		
Discounts per purchase		
Others		

**c) Promotion Strategies**

<b>Strategy</b>	<b>Yes</b>	<b>No</b>
Personal selling		
Trade Fairs		
Customer Service		
Membership in associations		
Others		

**d) Distribution Strategies**

<b>Strategy</b>	<b>Yes</b>	<b>No</b>
Storage facilities		
Convenient location		
Use of competition to supply in bulk		
Use of intermediaries		

**e) Probe Strategies**

<b>Strategy</b>	<b>Yes</b>	<b>No</b>
Seeking for market information		
Others		

2 Which of the following constitutes your market? (Tick all that apply)

- a) Individuals buying for own use
- b) Bulk buyers
- c) Tourists
- d) Organizations
- e) Export market
- f) Others (specify) .....
- .....

3 Do you make the products yourself or do you buy for re-sale?

- Make     b) Buy for re-sale     c) Both make and buy

4 Apart from customers coming to the Masai Market, where else do you sell your products?

- a) Other outlets
- b) Local Exhibitions and trade fairs
- c) Regional Exhibitions and trade fairs
- d) International Exhibitions
- e) Hawkers
- f) Online

5 In your opinion, has the Government of Kenya taken any steps to promote marketing of MSE products? Yes ( ) No ( )

Please explain your answer.....

.....

.....

.....

.....

6 What factors do you consider when you are selecting marketing strategies:

- 1) Industry/ Competitor strategies ( )
- 2) Available resources ( )
- 3) Seasonal factors ( )
- 4) Customer needs ( )
- 5) Flexibility to market changes ( )
- 6) Other (specify) ( )

.....

7 Rank the following factors in order of importance you attach when you are selecting marketing strategies:

- 1) Industry/ Competitor strategies ( )
- 2) Available resources ( )
- 3) Seasonal factors ( )
- 4) Customer needs ( )
- 5) Flexibility to market changes ( )
- 6) Other (specify) ( )

- 8 Do you change the way you produce, package, price and promote your products and services? Yes ( ) No ( )
- 9 Have you experienced improvement in the business as a result of applying marketing strategies? Yes ( ) No ( )

Thank you for your co-operation