

**A SURVEY OF MARKETING PRACTICES ADOPTED BY SMEs
DEALING WITH CLOTHING AND FOOTWEAR; A CASE OF
MAKUENI DISTRICT.**

BY,

DANIEL MULINGE NTHENGE.

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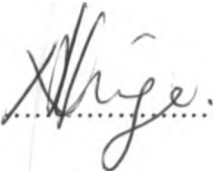
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**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENT FOR THE DEGREE OF MASTER OF
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Declaration

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

Signed..........

Date.....11-11-09.....

DANIEL MULINGE NTHENGE.

REG. NO. D61/8279/2006.

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

Signed..........

Date.....11-11-09.....

DR. R. MUSYOKA.

Lecturer, Department of business administration, school of Business University of

Nairobi.

Dedication

This project is specifically dedicated to my wife Elizabeth and daughter Mercy.

Without them the completion of MBA program would not have been a dream comes true.

Acknowledgements

The successful completion of this project would not have been possible without tremendous input from my supervisor, colleagues, friends and my family. Special gratitude goes to my supervisor Dr. Raymond Musyoka who tirelessly through his experience, expertise and initiative guided me through the whole process.

It is through his efforts and encouragements that indeed I managed to complete this project. My thanks go to lecturer Martin Odipo from the department of finance University of Nairobi, for his compassionate assistance during the initial stages of the program, may God bless him richly.

Above all, thanks to my God because of his unwavering provision, love and protection in all moment of lack and despair, fear and discouragement. Glory to his name.

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Abstract

The major motivation behind this study is the fact that in the face of the current high unemployment and economic hardships small businesses have remained a source of livelihood to many citizens in Kenya. Indeed, it is the small business experience that has enabled many big companies to flourish. Studies have established that currently many school leavers have found these businesses a major stepping stone to counter long periods wasted before job acquisition or before any further training.

This study aimed at investigating the marketing practices adopted by small and medium Enterprises (SMEs) in Makueni district the case of clothing and footwear.

It is noted that small districts have been shoved off from the larger Makueni district and are not fully operational which include Kimbwezi and Mbooni districts.

For the purposes of this study the former larger Makueni district has been considered.

This study was a survey of marketing practices adopted by small and medium enterprises in Makueni district. The data for this study was collected using a structured questionnaire comprising of both open ended and close ended questions. The questionnaire was administered through personal interviews with respondents who were owners of clothing and footwear stalls or shops in Makueni district.

The data collected was analyzed using descriptive statistics facilitated by use of tables, percentages, graphs, and pie charts to summarize the data and reflect the relative percentage and proportion of a specific factor in comparison with the total number of the responses. From this

study, it was found that major marketing practices are adopted by these marketers in respect to their products although without any professional consideration but only through marketing experience. This may have been due to lack of professional training and the small nature of these businesses.

The study recommended that the government should put in place legislation aimed at training small business entrepreneurs to gain some knowledge in major marketing practices in order to improve these SMEs. The research therefore suggests that future research should be done for the small and medium enterprises to establish the reasons why the marketing practices are not pronounced amongst the SMEs in Makueni district despite its support by the stakeholders who assist them in provision of finances and expertise especially the government and the financial institutions.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Marketing is the process of creating, distributing, promoting and pricing well, services and ideas to facilitate satisfying exchange relationship with customers in a dynamic environment. As the purchasers of the products that organizations develop, promote, distribute and price; customers are the focal point of all marketing activities. The essence of marketing therefore, is to develop satisfying exchanges from which both customers and marketers benefit. Organizations generally focus their marketing efforts on a specific group of customers, or target market.

Marketing activities help produce the profits that are essential for not only the survival of individual businesses but also to the health and ultimate survival of an economies. Profits drive economic growth because without them, business find it difficult, if not impossible to buy more raw material, hire more employees, attract more capital , and create additional products that in turn make more profits. Without profits, marketers cannot contribute to the social causes.

Marketing helps in identifying your competitors. This will aid in seeing clearly your products competitive advantage in the market. When a company markets its product then necessarily it tries to expand its market but on the other hand its competitors will not take it lying down. The competitors will try and react by also advertising their products. The company will in a

position to evaluate the strength of competitors. It will also analyse its product strength in the market.

In most African countries small and medium enterprises (SME) account for a significant share of production and employment and are therefore directly connected to poverty alleviation. SMEs especially in developing countries are challenged by the globalization of production and the shift in the importance of the various determinants of competitiveness (Warden and Ng'etich, 2006). These business enterprises face stiff competition from large organizations and multinational who by the advantage of their asset base and scale and scope of operation develop marketing practices that are by far superior to the ones used by SMEs.

Bennet (1999), notes that the successful small businesses are critical to maintaining a robust economy. He continues to observe that the small businesses are recognized in America for not only building the economy but also bolstering democracy, self-reliance and independence. He attributes the high prevalence of entrepreneurial and small business activity to the American economy, favorable cultural and historical background. In the same journal, Christopher Conte in an article entitled, small business in U.S. history observes that for more than a century, the government has implemented laws aimed at preventing big businesses from competing unfairly with small business.

Lambin (2000) observes that historically, the informal and small business sector have played an important role in the process of labour absorption. Due to the important role played by the

small business, the South African government has put in place programmes to encourage growth of the sector through such interventions as creation of an enabling legal framework, access to markets and marketing facilities (Eeden, 2004).

Small and micro-enterprises (Smes) have been of special attention to organizations and governments worldwide especially in developing countries. In Kenya they have been considered important because of job creation, generation of revenues to the government and sustenance of the individual and the growth of trade and supplying of goods and services (GoK, 1997).

Smes generate more direct jobs per dollar of investment than do large enterprises. They serve as a ground for developing technical and entrepreneurial skills and by virtue of their greater use of indigenous technology capabilities, they promote local intersectoral linkages and contribute to the dynamism and competitiveness of the economy (Aryeetey, (1997).

One of the major development constraints faced by the Smes is lack of access to the adequate credit. Shortage of credit has been identified word over as one of the most serious constraint facing Smes and hindering their development (Oketch, 1995, Tomecko and Dondo, Kiiru, 1991). In the absence of development of smes the country has continued to experience high levels of poverty (Daily Nation, Nov.14th 2003). Creating access to reasonably priced financial services has been identified as an effective strategy to promote the informal sector firms or Micro-enterprises growth (Sessional paper no.1, 1992) Reducing poverty by

providing people with income earning opportunity is the surest way of empowering them to be responsible for their own destiny (Daily Nation , Nov. 14th 2003).

1.1.1 Facing and addressing the challenges of SMEs in Kenya

The recent political and social skirmishes in Kenya have added an extra layer of challenges to the Kenyan business community, the SME sector being one of the worst affected. The reason I say this is unlike big business that have cash reserves that help them weather the storm, the SME sector commonly operates on working capital and day-to-day cash, the reserve that is there is primarily used to pay bills and source for new business. Many of the plans including for 2008 were based on positive growth in certain key sectors, Multiple Choices for instance was betting on the BPO sector that was showing some impressive growth as well the SME sector which would need a web presence and as such provide as with business, but this plans have been adversely affected to the point that some businesses are thinking twice about keeping their doors open.

So what next for SME's in Kenya? I think the first thing they need to do is come together to highlight the issues that they are facing and dialogue about possible solutions to these problems. I've found that when people come together under a common interest, in this case business survival, many "giant" problems seem small. It is with stakeholders that ideas are generated, emotions expressed and eventually solutions implemented.

The financial sector should also be brought in to assist the SME's by coming up with financial rescue packages that can alleviate the problem while providing a solid foundation for growth. It must be pointed that the financial sector is also affected by the situation in Kenya and as such any assistance they give needs to place them on a positive footing. The financial rescue package must not be seen as a long term crutch, but rather as a short term remedy to a long term problem that will still need to be addressed.

Moving forward the SME sector needs to adequately strengthen it self and come up with a solid solutions that can be implemented when the business environment has been adversely affected. I hope that in the next weeks or months, like minded people in this sector will come together and help each other to move forward. <http://www.evancarmichael.com> downloaded on 18/05/2009.

1.1.2 Marketing Practices

Growth in self-employment could be one of the most significant changes in the Kenyan labor market in the recent past. However, there is evidence that small businesses failures result from lack of marketing or poor marketing practices, which include planning and implementation. While not all small businesses want to grow, all businesses need to adapt to changing customer needs.

Marketing is crucial to small businesses even though it is not in all cases that techniques applied by large businesses will work for small businesses. It is important to note that the

Kenyan market has experienced an influx of foreign companies, products and services. With the marketisation of the Kenyan economy in the last decade, Kenyans have been flooded with advertising campaigns.

Growth in marketing over the years has substantially played a significant role in company growth rates. In Kenyan social scenes, it is impossible not to hear people taking pleasure in talking about what they saw, heard or read in advertisements, (Wesonga, 2007).

Small businesses underutilize and misunderstand marketing. In many instances, small businesses perceive marketing purely as selling, advertising or promotion, some sort of unnecessary luxury. Entrepreneurs are not always receptive to marketing unless there is need for growth or expansion. Small businesses typically develop and implement marketing strategies within severe resource constraints that in turn affect a firm's capability to pursue alternative marketing strategies. Consequently, this limits a firm's marketing tasks and limiting entry to markets where businesses have insufficient resources to compete successfully (a paper presented by Iklaskenya MD, Consultancy firm, Nov. 2004).

Taking marketing practices as a case, therefore it goes without saying that for an SME and any business for that matter to penetrate into new markets it needs to arm itself with specific marketing practices and strategy that will ensure that it grows in this specific area. The importance of the sector is particularly apparent in its ability to provide reasonably priced goods, services, income and employment to a number of people (Mullei and Bokea, 1999).

It is for this reason that there has been a growing interest and concern by the government and development agencies for the improved performance and growth of the small and medium enterprises. One of the areas that ensure the sustainability of SMEs is marketing. The current observable situation of the micro, small and medium enterprise competitiveness Cleary indicates that there has been decline in the efficiency of capital utilization and factor productivity in this sub-sector.

Some of the constraints noted for example by the Kenya's Ministry of Labour P.S. Nancy Kirui (Daily Nation 22.4.2005) include unfavourable regulations, poor work sites, poor infrastructure, inadequate access to finance, access to markets and poor marketing practices, technology and poor coordination.

1.1.3 An overview of SMEs in Kenya

Practically in every country, Small and Medium Enterprises (SMEs) constitute almost 90% of all commercial business activity. Due to their crucial importance to the economy, governments and international agencies are constantly working to promote and sustain them in today's highly competitive environment. Extremely active in this area is WASME (World Association of Small and Medium-Sized Enterprises), an international non-governmental organization established in 1980.

Kenya faces constraints with inadequate access to capital, technology and information, improper marketing procedures plus hostile regulatory laws. Another problem is that more SMEs in Kenya are involved in trade rather than manufacturing: we need to shift this emphasis. Today's global economy requires SMEs to use advanced technology. In Kenya, in many cases we don't know where to seek such technological information even when it is available. There is an imperative need for all of us to seek the ways and means to help developing countries access current technology." WASME (World Association of Small and Medium-Sized Enterprises an NGO) (Seligman, 2003).

The Kenya situation is no different from the rest of the world in as far as the recognition and support of the small business is concerned. However, the emphasis on the sector, which has been recognized as informal, and "Jua Kali" did not take place until after 1972 following the International labor organization (ILO) report on the World Employment program.

The report laid a lot of emphasis on the possibilities of the informal and small business sector creating employment and generating income for the majority of the Kenyan people. As a result of this recognition, the sector was given considerable attention in the subsequent Governments plans. The session paper No. 1 of 1986 and No. 2 of 1992 for instance highlighted the importance of the sector to strengthen the Kenyan economy through its potential for employment creation and poverty reduction. For this to happen the SMEs sector need to develop serious marketing practices that will sell them out.

Marketing theory development in small and medium sized enterprises (SMEs), however, seems to be somewhat limited and qualitative in nature. Marketing in small and medium sized enterprises (SMEs) is a contentious issue among both academics and practitioners and has been so for more than 20 years (Cromie, 1990). Marketing theory development in SMEs has been somewhat limited and often relies on the application of classical marketing models to smaller businesses (Chaston and Mangles, 2002). The development of theories to explain the behaviour of SMEs towards marketing and the marketing practices they use have generally been qualitative or descriptive and few have been rigorously tested in practice

Research on small businesses and their marketing practices has been largely limited to explanations of certain types of behaviour observed in small businesses (Hannon and Atherton, 1998; Smith and Whittaker, 1998; Huang and Brown, 1999), or on the search for factors that are missing or present barriers in smaller businesses, accounting for their apparent inability to apply or use marketing ideas and concepts that were often developed for larger. Types and features of small and medium businesses can be identified;

Survivalist enterprises are activities by people unable to find a paid job or get into an economic sectors of there choice. Income generated from these activities usually fall short of even a minimum income standards with little capital investments, virtually no skills training in a particular field and only limited opportunities for growth into viable business. Poverty and the attempt to survive are the main characteristics of there category of enterprises.

Micro-enterprises are very small business, often involving only the owner, some family members are at the most one or two paid employees. They usually lack 'formality' in terms of

business licenses, value added tax (VAT) registration, formal business premises, operating permits and accounting procedures .Most of them a limited capital base and only rudimentary technical or business skills among their operators . However many micro-enterprises advance into viable small business.

Medium enterprises constitute a category difficult to demarcate Vis-à-vis- the ‘small’ and ‘big’ business category. It is still viewed as basically owner/manager –controlled through the share holding or community controlled base could be more complex.

SMEs are generally distinguished by the nature of their production and management arrangements, trading relations, financial practices, and internal competences among other factors. Typically, the following features in varying degrees characterize them; To begin with they are small unit’s usually rural based and family owned, small independent enterprises standing alone and producing for a well-defined market and low capital formation.

The peculiar character of the SMEs endows them some special advantages amongst which are generation of employment to a wider segment of the population, poverty alleviation which is rampant across various African countries and it is a potential breeding ground for future entrepreneurs. It has been found that SMEs are a major driving force behind interrelated flow of trade, investment and technology, they are actually active instruments for rural and social development and a source of development of specialized product niche and above all SMEs are indeed the immediate user of indigenous research findings because they benefit from local research findings (source, free essay business systems in Kenya mht).

1.1.4 Overview of Makueni District

Makueni District is an administrative district in the Eastern Province of Kenya. Its capital town is Wote. Makueni district, carved from Machakos district in 1992, is one of the 13 districts that make up the Eastern province. Altitude ranges from 600m in Tsavo at the southern end of the district to 1900m in Mbooni and Kilungu Hills.

The district is mainly arid and semi-arid and is characterized by hot and dry climate for most of the year (Central Bureau of Statistics (CBS), 2002). Indeed, the current observable situation is that the region has suffered rainfall failure for the last subsequent seasons a factor that calls for a shift from agriculture dependence to business for survival. The district has a population of 771,545 (1999 census) and an area of 7,966 km². Makueni district has three local authorities: Wote town council, Makueni county council and Mtito Andei town council. The district is divided into fifteen administrative divisions: Wote, Tulimani, Mbooni, Kisau, Kalawa, Kilome, Kilungu, Kaiti, Kasikeu, Mbitini (Emali), Matiliku, Kathonzweni, Makindu, Kibwezi and Mtito Andei and five constituencies namely Mbooni, Kilome, Kaiti, Makueni Kibwezi constituency.

Makueni district was residence to an estimated 886,947 people in 2005, with 90% settling in the rural areas. There are 100 females to every 93 males in the district with a potential labour force of about 48% of the populace. The district has a high level of economic dependency (100:109) as nearly 40% of its population fall in school going age. It is generally sparsely populated with average density of 105 persons per km². The most densely populated division

is Mbooni while the least populated is Nguu with densities of 430 persons per km² and 60 persons per km² respectively. The highest concentrations are found in the hilly areas of the district with rich natural resource potential while the least concentrations are in the low and semi arid areas.

Though the population is expanding at a rate at par with the nationwide rate of 2.8%, the district is already experiencing squatter problem (30,000 people) due to high population density in high potential areas and the consequent scarcity of land is pushing people to the marginal lowlands areas. Over 60% of Makueni, residents derive their incomes from agriculture (livestock keeping and crop production).

Underdeveloped markets due to poor infrastructure in the district are issues of major concern to the growth of the crop sector. The rest of households are engaged in self-employment in rural and urban areas of the district that account for 15% and 8% of earnings in the district. However, business prospects are limited by lack of credit and business management skills (Republic of Kenya, 2002).

1.2 Statement of the Problem

Small and medium enterprises are widely recognized the world over for their role in the social, political and economic development .It is generally accepted that the basic principles of marketing are universally applicable to both large and small businesses (Siu and Kirby, 1998). The study of marketing practices in SMEs has been recognized as a problematic area

for researchers for over 20 years (Chaston and Mangles, 2002; Siu and Kirby, 1998). SME marketing practices are largely done through networking, or a combination of transaction, relationship interaction, and network marketing (Brodie et al, 1997; Gilmore et al, 2001). The importance of this sub- sector is particularly apparent in its ability to provide reasonably priced goods, services, income and employment to a number of people (Mullei and Bokea, 1999).

Marketing helps in identifying the competitors and also identifying what the consumer wants are. This will aid in seeing clearly the products competitive advantage in the market. When a company markets its product then necessarily it tries to expand its market but on the other hand its competitors will not take it lying down. The competitors will try and react by also advertising their products. The company will be in a position to evaluate the strength of competitors. It will also analyse its product strength in the market.

Nevertheless, marketing practices will somehow help an enterprise identify some new grounds where its product has not reached. This will assist it in analysing these areas and therefore be in a good position to conquer it. The new areas may present a fertile area for the company's product lifecycle. New costumers will be reached and this will result in the profitability of the company's business. However, marketing practises remains a hustle for most of the SMEs in Makueni and Kenya by extension being that they lack adequate funds and are not aware of the essence and importance of marketing practices.

In the study carried in Nairobi on the characteristics of small-scale manufacturing enterprises, Nyambura (1992) observes that the emergence of local entrepreneurs in clothing industry has been hampered by attitude and lack of accessibility to markets. Locally produced goods by small enterprises were perceived as inferior hence low demand, which contributed to their low performance in the market.

However, academic research appears unable to resolve a number of questions about small and medium businesses and their relationship with and use of marketing. Insufficient knowledge about marketing practice in small and medium enterprises remains a big problem.

Small business marketing theory specifically related to the understanding and knowledge of marketing practice is needed. It is for this reason that the study purposes to investigate the marketing practices adopted by SMEs in Kenya by taking a case of SMEs in Makueni district.

1.3 Objectives of the Study

This study focuses on the basic marketing practices adopted by small and medium enterprises that are apparent in Makueni district .Areas of concern will be to highlight areas that pose challenges to the adoption of conventional marketing practices .Policy recommendations here will be of utmost importance by the government to the sub sector. The importance of the study to the future academic research endeavors, players in the sub-sector and development partners will be highly emphasized.

1.3.1 General Objective

The objective of the study is to investigate the marketing practices adopted by the SMEs in Kenya by looking at the SMEs in Makueni district as a case.

1.3.2 Specific Objectives

In order to answer this, the study will look at the following specific objectives:

1. To determine the product strategies adopted by SMEs in Makueni district.
2. To determine the pricing strategies adopted by SMEs in Makueni district.
3. To determine the promotion strategies adopted by SMEs in Makueni district.
4. To determine the distribution strategies adopted by SMEs in Makueni district.
5. To investigate the challenges faced by the SMEs in Makueni district.

1.4 Importance of the study

The research findings are expected to contribute to a better understanding of SMEs in Makueni district. This will enable the formulation of focused intervention strategies and coordinate efforts aimed at facilitating performance and growth of the SMEs to enhance the livelihood of the people in a district that is semi-arid where poverty is evident since agriculture doesn't flourish much.

In the face of the current economic turndown and financial crisis the growth of the sector will go a long way in helping solve problems of unemployment, poverty reduction and increase rural incomes through value addition. The study will be useful to various groups which include the following; The SMEs who are the target beneficiaries of the study, The

government for national policy formulation, scholars for future advancement of research endeavors and the development partners who assist especially towards improving the livelihoods of the less advantaged in the society.

(a)The government

The government will be able to understand how SMEs use marketing practice as a competitive strategy against intense competition from large enterprises and hence their sustainability. It will be in a position to formulate policies that are aimed at increasing productivity and safeguarding there interests. Such interests may include financing needs especially access to credit facilities. This will enhance there productivity and competitiveness and eventually improve the livelihood of the target area.

(b) SMEs

The findings of this study will also be invaluable to the small and medium enterprises as they will be able to understand vividly the effectiveness of the marketing practices they adopt. The recommendations given in the study will help the SMEs by equipping them with adequate knowledge on the marketing practices they should adopt.

(c) Development Partners

The development partners who are usually interested at helping the SMEs prosper will have an understanding of a wide variety of factors that hinder SMEs marketing practices hence sustainability and the extent to which the identified factors affect SMEs. Equipped with the right information, they will be able to know how best to come in and help the SMEs. These partners will be in a position to understand the challenges faced by these SMEs and most probably come up with the appropriate strategies to address those challenges.

(d) Scholars and Researchers

The scholars and researchers who would like to debate or carry out more studies on SMEs marketing practices will find this study useful as a basis of carrying out more studies in Kenya. The study will form a basis upon which further research on the same will be based. The findings will enable the researchers understand the necessary resources which may be required in future related studies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

It is generally accepted that the basic principles of marketing are universally applicable to large and small businesses (Siu and Kirby, 1998). The study of marketing in SMEs has been recognised as a problematic area for researchers for over 20 years (Chaston and Mangles, 2002; Siu and Kirby, 1998). SME marketing in practice is thought to be largely done through networking (Gilmore et al, 2001) or a combination of transaction, relationship, interaction and network marketing (Brodie et al, 1997). More recently the use of Internet marketing (Chaffey et al, 2000) or e-commerce (Rayport and Jaworski, 2001) has become popular in all types of businesses including SMEs.

However, academic research appears unable to resolve a number of questions about small businesses and their relationship with and use of marketing. Siu and Kirby (1998) point out that empirical evidence has been generated in an ad hoc manner as a consequence of a general absence of a systematic approach to the subject. Insufficient knowledge about marketing in small business remains and a small business marketing theory specifically related to the understanding and knowledge of strategic marketing is needed (Siu and Kirby, 1998).

Research on small businesses and their marketing activities has been largely limited to explanations of certain types of behaviour observed in small businesses (Hannon and Atherton, 1998; Smith and Whittaker, 1998), or on the search for factors that are missing or

present barriers in smaller businesses, accounting for their apparent inability to apply or use marketing ideas and concepts that were often developed for larger businesses (Barber et al., 1989; O'Brien, 1998; Freel, 2000). Theory development in SMEs research seems to be somewhat limited in general. The work which has been done is more applied in nature, taking the form of prescriptive or descriptive frameworks and 'models', on how to apply certain business and management theories to the smaller business (Carson, 1990).

Work specifically on marketing models in SMEs has resulted in six interlocking exploratory and qualitative models (Carson, 1990). Hannon and Atherton (1998) suggested a matrix relating strategic awareness to planning effectiveness. None of these models resemble the role and relevance model. These frameworks and 'models' all make intrinsic sense of the situation in SMEs and other organisations. However, these frameworks and models are not, to our knowledge 'proven' or tested in any formal way and so could be regarded as descriptive in nature.

Moller and Anttila (1987) devised a marketing capability framework, which was used to collect data with 36 Finnish and Swedish companies, but they described their model as "*a qualitative tool for examining the 'state-of-the-art' of marketing in small manufacturing companies* (Moller and Anttila, 1987). This model consists of two major components: the external and internal field of marketing capability and therefore, potentially, has some similarity to the role and relevance model of marketing proposed by Simpson and Taylor, (2002).

It is questionable whether small businesses need to practice marketing at all to survive and grow (Hogarth-Scott et al, 1996). However, the study by Hogarth-Scott et al (1996) concluded that small business owner-managers were often generalists, not marketing specialists and complex marketing theories may not be appropriate for small businesses and probably would not aid in the understanding of their markets. Nevertheless, marketing was practiced to some degree by small businesses.

In most cases competitive advantage was based on quality and service, while those competing on price were in the highly competitive markets with little or no product differentiation and low entry barriers (Campbell- Hunt, 2000). Product differentiation was a source of competitive advantage in some businesses while others were looking for niche markets (Hogarth-Scott et al, 1996). It would appear from that study that marketing did contribute positively to small business success and the ability to think strategically. This view is supported to some extent by the much earlier work of Rice (1983) where it was clear that there was a difference between big business strategic rational planning and that carried out in small businesses.

This difference was due to the amount of data collected about the external business environment by small companies compared to large companies and how this data was analysed. Small businesses collected considerably less data and in a more ad hoc fashion. Yet owner-managers were aware of the strategic nature of their decisions and Rice (1983) suggested that perhaps businesspersons gather enough information to allow them to make

decisions at a “permissible” level of probable success. Hannon and Atherton (1998) noted that the level of strategic awareness of owner-managers appears to be strongly influenced by the personal competence of the owner managers and the type, uncertainty and complexity of the business.

In businesses where customer relationships were well defined and relatively stable, strategic awareness was often low. This was due to their perception of the external business environment being narrowly defined and stable. In companies that experienced fast growth and turbulent market conditions the level of strategic awareness was uniformly high and the motivation for a continually better understanding of the external business environment was strong (Hannon and Atherton, 1998).

World Bank, the International Labor Organization (ILO) and the International Cooperative Alliance (ICA), attesting to their involvement and recognition of the important role SMEs play in every economy. Salient observations at that session included those made by *Ivano Barberini*, President of ICA, and *Ad Melkert*, Executive Director of the World Bank. Barberini noted that cooperatives are a formidable tool in increasing the capabilities of SMEs and urged more cooperation between ICA and WASME “while respecting the autonomy of each group.”

Melkert, who represents 12 countries on the Board of the World Bank, eight of which had representatives at the Conference, stressed how SMEs are the backbone of a healthy economy,

with the creation of conditions for domestic investment the key to development. “Foreign investors may shop around and move on; local entrepreneurs provide shops that last.” “The World Bank,” explained Melkert, “is in the unique position of ‘testing’ the SME potential at many different levels of economic growth. (SMEs are defined as enterprises which have up to 50 employees and fixed assets of up to \$3 million.). Our involvement includes the recognition that effective aid and private sector stimulus go hand-in-hand. The World Bank has invested in a number of projects to promote SME development.

2.2 Marketing Mix Variables

Morden (1999) defines marketing mix as the combination of detailed strategies, tactics, operational policies, programme techniques and activities to which resources may be allocated such that the company’s objectives are achieved. He further describes the variables on the basis of the 4ps namely, price, product, place and promotion.

Baron, *et al* (1991) define the retail marketing mix as those activities that show similarities to the overall process of marketing, requiring the combination of individual elements. This definition closely resembles traditional definitions of the marketing mix given by well known marketers from Levitt to Kotler (Levitt, 1991 and Kotler, 1983). Czinkota, (1993), who define marketing mix as a complex of tangible and intangible elements to distinguish it in the market place.

It was after the Second World War that Cullotin originated the “P” philosophy of marketing, proposing a long list of Ps which typified Profit, Planning, Production etc. and which stood for the key activities of running a business. It was his view that one could differentiate between sales orientated and a manufacture oriented company by examining the amount of emphasis given to the different “Ps”. Thus, the idea and eventually practice of a marketing orientated company emerged. McCarthy further developed this idea and refined the principle to what is generally known today as the four “Ps” (McCarthy, 1993). Product being something can satisfy a customer’s already existing or latent needs or wants. Price is defined as the value or sum of money at which a supplier of a product and buyer agree to carry out a fixed or negotiable exchange transaction. Place are the channels of distribution which provide link between production or supply and consumption. They make the product accessible to customers or buyers.

More recent work by other marketers has increased the number of “Ps” to be included, resulting in a list not too different from Cullotin’s original. The service marketing literature extends the marketing mix, broadening the traditional four “Ps” into the seven “Ps” of services by adding Physical Evidence, Participants and Process, thus including all elements an organization can control in order to satisfy its target market (Bitner, 1990 and Collier, 1991). In contrast, Jones and Vignali add an “S” for Service which should be included as an essential basic element of the marketing mix (Jones, and Vignali, 1994).

2.2.1 Product

A product is any thing that can be offered to the market to satisfy a need or want. It is a set of tangible and intangible attributes which may include packaging, colour, price, quality and brand plus seller's service and reputation (Etzel, Walker, Stanton 2007). Global Strategic Management must take into account the product features and positioning to develop a competitive global strategy. The product concept holds that consumers will favour those products that offer the most quality performance or innovative features. Managers in those organizations focus on making superior products and improving on them over time (Kotler, 2003). Product features influence the global Strategic Management decisions. For instance, in the US where consumers value power the vehicles can have bigger high consuming engines and the International firm will have to develop such products for that market. For the market in South East Asia, where economy is appreciated more then the vehicles will have smaller engines and smaller bodies due to the lack of parking space.

Product Colour will also vary from country to country and the firm should therefore take this into account. Black in most African countries would be considered the colour of mourning; where as in some communities like in Egypt red will be unacceptable as it is a colour of mourning. In most African countries green is considered as a colour of prosperity so depending on the global firm it would like to have a green colour to associate with these prosperity as Vodafone has done with Safaricom in Kenya Product Shape will also vary from Country to Country and a strategy that covers a Global Market, where women are decision makers will tend to have rounded products. Whereas it is a highly masculine market like

Afghanistan then the items will tend to be squarer Product design would also be used to promote uniqueness for instance the Jaguar has a unique design to cater for the up-market in Europe, Middle East and South East Asia.

A global strategy should thus be made to take into account of the various features. The features emphasized will also depend on the firm's strategy, if the firm wants to differentiate it then it will emphasize the different features it has and the competition does not have. If it wants to have a cost leadership strategy, it will incorporate features that reduce the overall cost of the product. The product can also be used to fulfil the different needs for the different markets (Campbell-Hunt 2000).

Product Positioning is the place the product occupies in the consumer's mind relative to competing products. For instance Volvos in Europe where they are many luxurious cars' it is positioned on a safety platform (Brookes, Palmer, 2004). However in Kenya it is positioned on a luxurious platform, as they are not many luxurious cars.

The package and the consumer's environmental standards will also influence the global strategy. For instance in Africa where the consumers want to use packages for secondary use and they are not environment sensitive cooking fat and detergents can be in a plastic package. The firm can even position it as it offers a cylinder with added benefits. Whereas in Europe the same firm could position itself as an environment friendly firm that offers packages that can be recycled.

2.2.2 Promotion

Promotion is a mode of communication and as a tool it persuades as well as informs target audience. It tries to affect the awareness, feelings and behavior of prospective customers (Etzel , Walker, Stanton , 2007). Promotion ideally intends to influence. There are four forms of promotion namely; personal selling, advertising, sales promotion and public relations and each has a distinct features that determine the role it can play in promotion programme.

Personal selling is a face to face or over the phone presentation of a product to a prospective customer by a representative of the organization selling it. On the other hand, advertising is a non personal communication paid for by a clearly identified sponsor promoting idea, organization or product. The most familiar outlets for ads are broadcast (TV and Radio) and print (Newspapers and magazines). Media included in the list are billboards, T-shirts and now the internet.

Sales promotion is sponsor funded demand stimulating activity designed to supplement advertising and facilitate personal selling. They are designed to encourage the company sales force or other members of the distribution channel to sell products more aggressively. Samples, premiums, discounts, and coupons are some of the promotion outlets.

Public relations is a communications efforts aimed at favorable attitudes and opinions towards an organization and its products It may be in form of news letters, annual reports lobbying or support of civic events (Etzel, walker, Stanton, 2007).When communicating with consumers in different parts of the world, the promotional messages must be consistent with the language and customs of the particular target society. It is commonly accepted that certain product

categories, such as food and beverages have a very high degree of attitude grounding, where such cultural differences make global standardization more difficult than in other categories (Payne, 1994).

For example, the seven-up company's highly successful "uncola" theme in united States was considered inappropriate for many foreign markets because it did not translate well in other languages (Ahmed, 1992) observed that of all promotional tools, advertising is the most stimulating to the general public in terms of interest, enthusiasm and controversy. It is a basic principle in commonly theory that, for any communication to be successful, the sender of the message must understand the frame of the receiver of the message (Batra, Myers and Aaker, 1996).

2.2.3 Pricing

Price in the narrowest sense is the amount of money charged for a product or service, Broadly, it is the sum of all values customers give up in order to gain the benefits of a service or a good. (Kotler, Armstrong, 2008). Price is the amount of money and/or other items with utility needed to acquire a product (Etzel , walker and Stanton 2007). Utility is an attribute with the potential to satisfy wants. Consumer perceptions of product quality vary directly with prize.

Goods value of a product indicates that the product has the kind and the amount of potential benefits such as quality , image and purchase convenience consumers expect at a particular price level. Price affects the firms competitive position in terms of revenue and profits because it is a major determinant of demand .Factors like differentiated product features ,

favorite brand , high quality convenience affect pricing in an organization and should effectively be combined to achieve business success (Stanton , 2008).

Marketers must adjust their pricing policies to meet local economic conditions and customs. For instance, in many developing nations small sized product packages often are a necessity, because consumers cannot afford the cash outlay for the larger sizes popular in developed nations. It is common in Kenya to find such household goods as cooking fat, tea leaves etc packaged in very small quantities so as to reach the lower end of the market tantamount to the prevailing economic situation.

2.2.4. Distribution

Distribution is the physical transportation of goods from where they are produced to where they are needed (Etzel, Walker, Stanton, 2007). It is a process of making a product or service available for use or consumption by the consumer or business user (Philip Kotler, Gary Armstrong, 2009). It's role within a marketing mix is getting the product to it's target market. Middleman is directly involved in rendering service related to the sale and /or purchase of a product as it flows from a producer to consumer. It should be noted at this point that merchant middlemen take title to the product they help to market. Such merchant middlemen are whole sellers and retailers who actively take part in clothing and fashions industry. Middlemen are perceived to be the cause of high priced items but a common marketing axiom states that 'you can eliminate middlemen but you cannot eliminate the essential distribution activities they perform' (Stanton , 2008).

Producers of shoes and clothing do not deal directly with consumers just like it is the case with many other products. Firms conclude that, it is better to use middlemen than “do-it-yourself” approach to distribution (Etzel, walker and Stanton, 2007). Thus, marketers must vary their distribution channels by country. It is worth noting that marketing strategies rarely attempt to change cultural values because of the simple fact that advertising, sales promotion, sales people and packaging are not sufficiently powerful forces to influence consumers core values (Assael, 1998).

2.3 Contemporary Marketing Practice

Probably more than ever before, marketing is changing. Different ways have been proposed to classify different marketing practices including modern/post-modern marketing (Brown, 2001; Pine and Gilmore, 1999) and products-services/project-solutions marketing (Cerasale, 2004; Cova *et al.*, 2002).

More recently, the service-dominant logic of marketing has gained prominence in the literature (Vargo and Lusch 2004): companies offer their customers value propositions and marshal resources, skills, and knowledge together for the customers, with value being co-created by the companies, suppliers, and customers in a direct service interaction. Compared to for example transaction marketing where customer satisfaction and loyalty are not essential considerations, the service-dominant logic of marketing emphasizes a long-term perspective where service is being exchanged for service.

Contemporary Marketing Practice group has rigorously developed framework used to understand the nature of these various changes and their impact on marketing's context (Beverland and Lindgreen, 2004; Brookes and Palmer, 2004; Coviello *et al.*, 2001; Coviello *et al.* 2002). The group identifies that companies are now looking at least as much towards retaining and developing current customers and depriving competitors of the benefit of having them, as they are on attracting new customers, with all the costs of acquisition that are entailed.

This relational approach to marketing is in contrast to transaction marketing that emphasizes attracting business, but less so retaining business. Within the framework relational marketing practices are seen as interactive in nature, with exchanges being carried out between the company, suppliers, and customers. A key element of the framework is that it does not place distinct boundaries between the five types of marketing. Different types of marketing are not necessarily independent and mutually exclusive. Recent research has, in fact, regrouped these marketing practices into three groups, reflecting the degree of transaction/relationship nature (Brookes and Palmer, 2004; Coviello *et al.* 2003).

The Contemporary Marketing Practice's classification scheme is based on a continuum of marketing practices ranging from transactions to relations. The practices are characterized using five different aspects of marketing practice and four managerial dimensions (Coviello *et al.*, 1997). The framework identifies five distinct types of marketing: transaction marketing

(TM), database marketing (DB), e-marketing (IMT), interaction marketing (IMP), and network marketing (NM).

Each of the above marketing practices is defined as follows (Coviello *et al.* 2003). TA practice involves a company attracting and satisfying potential customers by managing the elements of the marketing mix (product, price, place, and promotion), whereby the company actively manages communication “to” customers in a mass-market in order to create discrete, arms-length transactions. The overall approach is to use aggressive marketing to attract customers. Marketing activities are intended to continuously search for new customers to get sales. The strategy is focused on the products and their prices. Customer contact is arms-length and impersonal, with no individualized or personal contact. Relationships with customers are characterized as discrete, or one-off, transactions. Marketing resources are focused on product/service, price, distribution, and promotion capabilities. Marketing activities are mainly carried out by functional marketers, including sales managers and product-development managers. Communication with customers can be characterized as undifferentiated. Meetings with customers are mainly at a formal, business level.

2.3.1 Database Marketing versus Transaction Marketing (DM&TM)

DB practice involves using a database technology to create a type of relationship that allows companies to compete in a manner different from TA. The intent is to retain identified customers in a specific market segment although marketing is still “to” the customer, rather than “with” the customer. Relationships as such are not close or interpersonal, and are

facilitated and personalized through the use of database technology. The strategy is focused on customers in addition to the product/brand. The purpose is to acquire customer information for the company's database in addition to meeting financial objectives, including increasing profit. The contact with customers is somewhat personalized via technology. The relationship with customers is characterized as occasional contact (e.g. by e-mail). Resources are invested in database technology to improve customer management. Marketing activities are mainly carried out by specialist marketers (e.g. customer service managers and loyalty managers). Meetings with customers are mainly at a formal level, yet attuned to the situation of the individual customer.

2.3.2 E-marketing (IMT)

IMT is characterized as using the internet and other interactive technologies to create and mediate two-way dialogue between the company and many identified customers. The dialogue is ongoing and happens in real time. Also, the purpose is to create information-generating dialogue with many identified customers. Resources are invested in operational assets (information technology, web site, and marketing) and functional systems integration (e.g. electronic marketing). Marketing activities are increasingly carried out by cross-functional marketing teams. Meetings with customers are mainly at a formal level, yet customized using interactive technologies.

2.3.3 Interaction Marketing (IM)

IMP practice implies face-to-face interaction between the company's employees and individual customers. As such, it is truly “with” the customer, as both parties invest resources to develop a mutually beneficial, interpersonal, and cooperative relationship. The relationship is ongoing and often long term. Substantial marketing resources are invested in establishing, maintaining, and developing relationships. Marketing activities are mainly carried out by employee teams spanning the company's different functions and levels. Communication with customers also involves employees within the selling company personally interacting with individuals within the buying company. Meetings with customers are at a formal business level, and at an informal social level on a one-to-one basis.

2.3.4 Network Marketing (NM)

NM practice occurs across organizations, with resources being committed to developing the company's position in a network of company-level relationships. Marketing activities are intended to coordinate activities between the company, customers, and other parties (e.g. suppliers and service providers) in a wider marketing system. The contact with customers is from impersonal to interpersonal, and is characterized as ongoing. Marketing activities are carried out by marketers and cross-functional teams, but also senior managers are involved. Marketing communication involves senior managers networking with managers from a variety of organizations in the market(s) or the company's wider marketing network. Meetings with customers are at a formal business level and at an informal social level in a wider organizational network.

The contemporary marketing framework allows for TM, DM, eM, IM and NM to be practiced together, at varying levels of use or different degrees of intensity. “The different practices may complement or substitute for each other” (Brodie *et al.*, 2007, p. 4), implying these forms of marketing represent distinctive but not independent or discreet categories of practice. To this end, the CMP model has an inherent logic when one accepts that marketing is “exchange” within the context of the economic and social structures of society (Macneil, 1980). The different forms of CMP represent varying degrees of “economic” and “relational” combinations along the marketplace exchange matrix. The different practices are varying reflections of value creation “before” “in” and “after” exchanges. Thus, marketing SMEs entrepreneurs are presented with the task of managing a portfolio of relationship types, from discreet, distant economic exchanges to close, personal social and economic exchanges (Morgan and Hunt, 1994; Donaldson and O’Toole, 2002; Holden, 2006).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methods, tools and sources of research data, targeted groups and sample from which data was collected in order to attain the objective of the study, which was to investigate the marketing practices adopted by SMEs by taking clothing and footwear industry in Makueni as a case. It further discusses how the data was processed and tools to be used in data analysis and presentation.

3.2 Research Design

This is a descriptive study that take on a cross-sectional survey design aimed at establishing the marketing practices adopted by SMEs by taking Makueni District as a Case. According to Moore, Burnett and Moore B.A, (1986), a descriptive study is concerned with finding out the what, where and how of a phenomenon and a cross-sectional survey design was chosen since in cross-sectional surveys, data is collected at one point in time from a sample selected to represent a larger population.

3.3 Target Population

Target population in statistics is the specific population about which information is desired. The target population in this study consisted of all the SMEs in the clothing and footwear industry in Makueni district who are registered with the Makueni county council through

there respective markets. Such a data is made available through the list of annual payment for trading licenses. See appendix iii.

3.4 Sample and Sampling Procedure

The study used systematic stratified sampling technique in coming up with a sample of 50 SMEs. The target population was grouped into constituencies and from each constituency a sample of 10 SMEs was sampled through simple random sampling. The goal of systematic stratified random sampling is to achieve the desired representation from various sub-groups in the population. In stratified random sampling subjects are selected in such a way that the existing sub-groups in the population are more or less represented in the sample.

Stratified sampling technique was chosen because it exudes the advantages of focusing on important subpopulations and ignores irrelevant ones; it allows use of different sampling techniques for different subpopulations and improves the accuracy of estimation. However, the technique has the setback of requiring accurate information about the population, or introduces bias.

3.5 Data Collection

The study relied mostly on primary data sources. Primary data was collected using semi-structured questionnaires with both close-ended and open-ended questions. A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents. Questionnaires have advantages over some other

types of surveys in that they are cheap, do not require as much effort from the questioner as verbal or telephone surveys, and often have standardized answers that make it simple to compile data. However, such standardized answers may frustrate users and they might be limited by the fact that respondents must be able to read the questions and respond to them. It must be noted at this point that those respondents who are illiterate were assisted especially in reading English phrased questions and also writing the questionnaire was administered through drop and pick-later method to the sampled population.

Reliability of the research instrument was enhanced through a pilot study that was done on 10 SMEs dealing in cloth and footwear industry within Nairobi. The pilot data was not included in the actual study. The pilot study allowed for pre-testing of the research instrument. The clarity of the instrument items to the respondents was established so as to enhance the instrument's validity and reliability. The pilot study enabled the researcher to be familiar with research and its administration procedure as well as identifying items that require modification. The result helped the researcher to correct inconsistencies arising from the instruments, which was to ensure that they measure what is intended.

3.6 Validity and Reliability of Research Instrument

According to Berg and Gall (1989) validity is the degree by which the sample of test items represents the content the test is designed to measure. Content validity which is employed by this study is a measure of the degree to which data collected using a particular instrument represents a specific domain or content of a particular concept. Mugenda and Mugenda (1999)

contend that the usual procedure in assessing the content validity of a measure is to use a professional or expert in a particular field.

To establish the validity of the research instrument the researcher sought opinions of experts in the field of study especially the researcher's supervisor and lecturers in the department of Business Management in the University of Nairobi. This facilitated the necessary revision and modification of the research instrument thereby enhancing validity

According to Shanghverzy (2003), reliability refers to the consistency of measurement and is frequently assessed using the test-retest reliability method. Reliability is increased by including many similar items on a measure, by testing a diverse sample of individuals and by using uniform testing procedures (ibid).

3.7 Data Analysis

Before processing the responses, the completed questionnaires were edited for completeness and consistency. A content analysis and descriptive analysis was employed. The content analysis was used to analyze the respondents on the marketing practices adopted by the SMEs in Makueni district. The data was then coded to enable the responses to be grouped into categories. Descriptive statistics was used mainly to summarize the data. This included percentages and frequencies. Tables, Pie charts and other graphs were used as appropriate to present the data collected for ease of understanding and analysis.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND INTERPRETATION

4.1 Introduction

This chapter presents the analysis of the data collected from the Respondent and discusses the research findings on the marketing practices adopted by small and medium enterprises (SMEs) dealing with clothing and footwear a case of Makueni district.

All completed questionnaires were edited for accuracy, uniformity, consistency and completeness. The response rate of 80% (40 respondents) was achieved from the total target of 50 respondents. This response has been considered ideal to give the desired results. This good response has been attributed to the fact that quite a good number of the respondents were assisted to fill the questionnaires due to the problem of illiteracy. Summaries of data findings together with their possible interpretations have been presented by use of mean, percentages, frequencies, tables and charts.

4.2 Demographic profile of the respondents

Table 4.1 Age of the respondents.

Age (years)	Frequency	Percentage
Below 20 years	2	5
20-30	10	25
30-40	15	37.5
40-50	8	20
50 and above	5	12.5
Total	40	100

Source: Research data.

As indicated from the Table 4.1, 37.5% of respondents are aged between 30–40 years. 25% are in the age bracket of 20-30 years. Those traders in clothing and footwear whose ages lie between 40-50 years are only 20%. The other categories lies in the lower (below 20 year at 5%) and upper (50 years and above at 12.5%) respectively.

4.2.1 Academic profile of the respondents.

Table 4.2: Educational profile of the respondents.

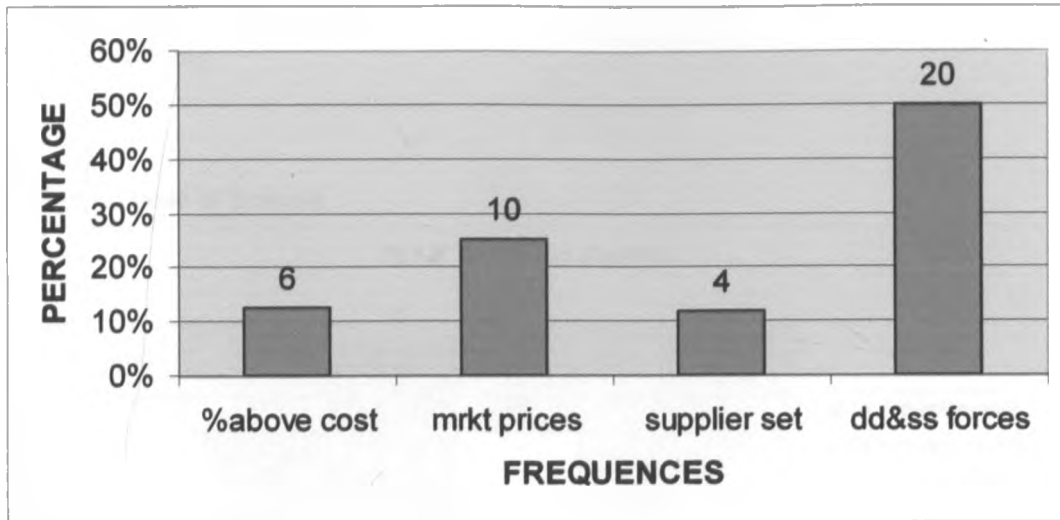
Academic level	Frequency	Percentage
Primary level	9	22.5
O-level	15	37.5
A-Level	5	12.5
Diploma holders	8	20
Degree	3	7.5
Post graduate	0	0
Total	40	100

Source: Research data.

It is approximately 40% (37.5%) of the traders who have attained the O-level of academics while 22.5% of the respondents have only attained the primary level of education. 20% have had diplomas and quite a substantial number do this business to supplement their income from formal employment. 7.5% of the respondents have degrees but none has gone beyond the postgraduate level of education among the respondents as indicated from Table 4.2.

4.3 Marketing practices

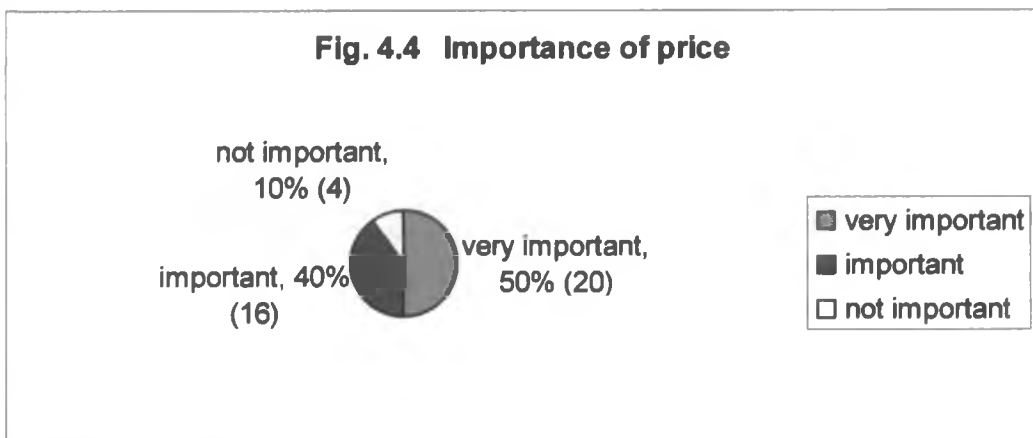
Table 4.3. Price determination



Source: Research data.

50% of the respondents indicates that the prices attached to there item is determined by market forces of demand and supply. Those whose prices were set by their supplier were 12% and those whose price was at a certain percentage above the cost of the items was only 13%. 25% of the respondents indicated that they sale at the prevailing market prices regardless of any other factor

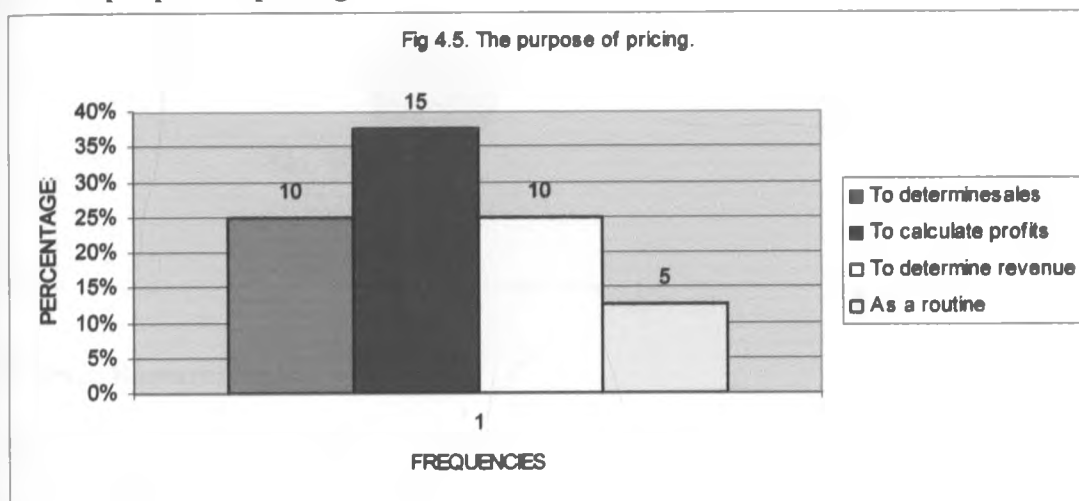
4.4 Importance of the prices



Source: Research data.

While 10% of the respondents said that the price in marketing is not important at all. 90% admitted the importance of price which they rated as: Very important (50%) and important (40%) respectively.

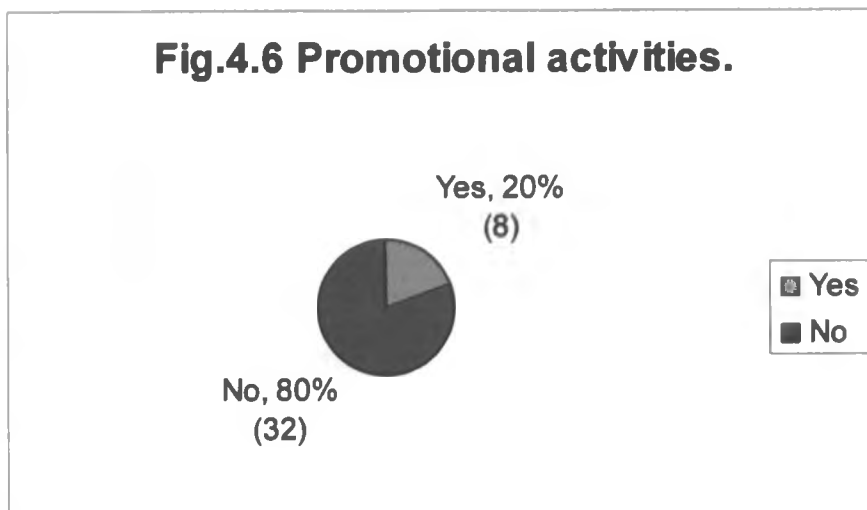
4.5 The purpose of pricing



Source: Research data

About 40% (37.5%) of the respondents attach special prices on their items of sale in order to be able to calculate their profits earned after the total sales. Those respondents whose main purpose of attaching prices to their items in order to determine their total sales per given period of time are equal to those whose desire is to know the total revenue and they stood at 25%. 12.5% do it as a routine or just because it is a normal or a common practice to have a particular price irrespective of the business repercussion.

4.6 Do you carry out promotional activities?



Source: Research data

80% of the respondents do not carry out any promotional activities while 20% do carry out promotional activities.

4.7 Major promotional activities

Table 4.4 Major Promotional Activities

Promotional activity	Frequency	Percentage
Advertising	6	13
Personal selling	30	75
Price cuts	4	12
Free samples	0	0
Total	40	100

Source: Research data

As the graph indicates 75% of the respondents carry out personal selling as a major form of promoting in this sub-sector. Advertising and price cuts are also used which account for only 13% and 12% respectively. Free samples as a means of promotion is never done in these areas by those traders in clothing and footwear sub- sector.

4.8 Medium of advertising

Table 4.5 Medium of advertising

Medium of advertising	Frequency	Percentage
Broadcasting (Radio/TV)	20	50
Print media	8	20
Media (Billboards/Internet)	12	30
Total	40	100

Source: Research data

50% of the respondents advertise their products by use of radios especially the local FM stations. 20% out of the forty respondents advertise by the use of print medium i.e. use of news papers and magazines. They indicated that they use magazines through their associates in major towns like Nairobi and Mombassa.

30% of the respondents use the media to advertise. This is by the use of billboards pinned against the walls of their business premises or boards planted at the streets junctions or just at the entrance of the market. There was no any incident of use of internet as a means of advertising.

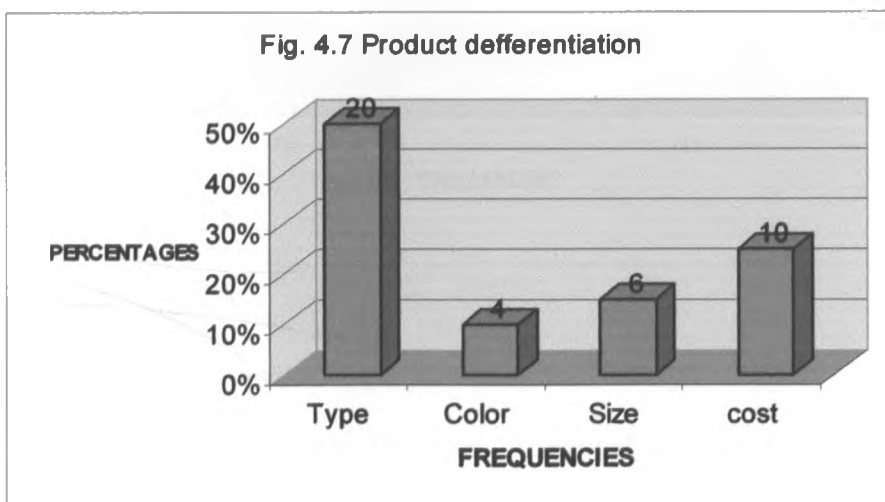
4.9 Physical distribution of products

Table 4.6: Product distribution

Product distribution	Frequency	Percentage
Middlemen	7	18
Motor vehicles	30	75
Bicycles	1	2
Human labour	2	5
Total	40	100

Source: Research data

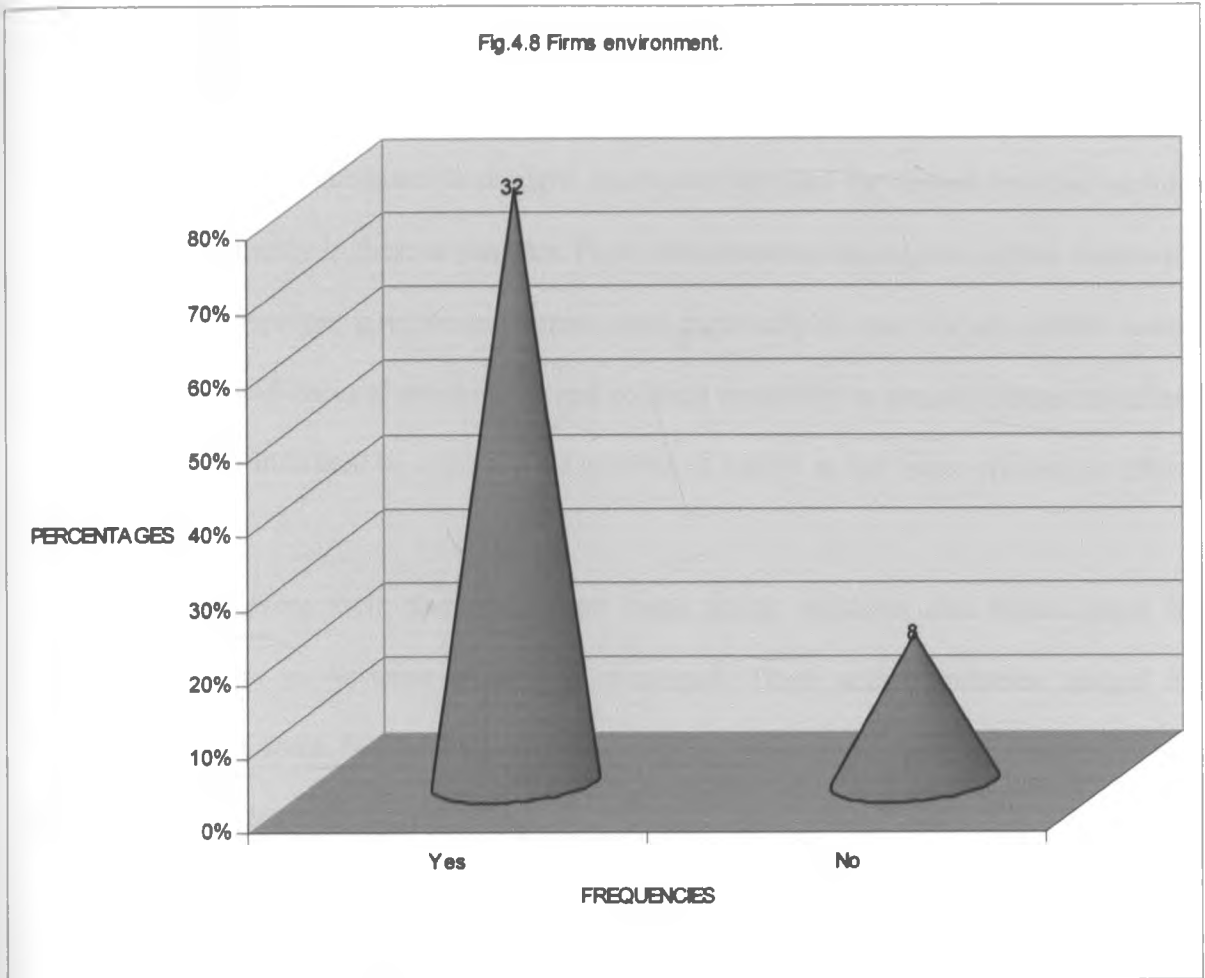
75% of the respondents use motor vehicles to move or transport their products from the point of purchase to the point of sale. These vehicles are either hired or owner vehicles. About 18% of the respondents use middlemen to get their products to their shops. It is only 2% of the respondents who use bicycles to transport their merchandise to their shops and only 5% use human labor to transport their items to their shops.



Source: Research data

50% of the respondents differentiate their products by the type of the products. 25% of the respondents differentiate by the cost of the item offered for sale. Those respondents who differentiate their products by color and size are 10% and 15% respectively.

4.11 Firms environment



Source: Research data

80% of the respondents are aware of the prevailing environment situation while 20% are not aware of the environment situation. These environmental factors are very crucial for any

business because they affect the business either positively or negatively. It is important that these traders understand them in order to adjust accordingly.

4.12 Environmental challenges

When the respondents were given an opportunity to express some of their major challenges faced when carrying out their business activities, they indicated the following challenges; Economic hardships attributed to drought, unemployment and the current financial meltdown featured prominently in their arguments. Poor infrastructure, inadequate capital, insecurity in the areas of operation, government bureaucracy especially to start up any viable business, competition, social cultural attachments and political instability as recently witnessed after the 2007 poll were indicated by quite a good number of traders as the major challenges affecting them.

It was evident from their discussions that some social problems also hinder them from advancing as far as business growth is concerned. These social problems ranged from inability to trust some families when it comes to business transactions to inability to honor debts by people from the same family.

4.13 Firms competitiveness

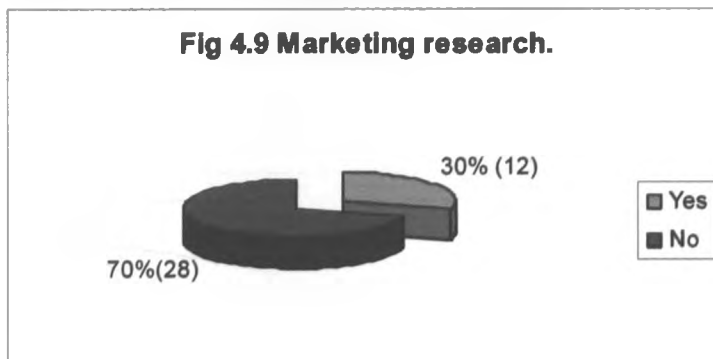
Table 4.7: Firms Competition

Level of competition	Frequency	Percentage
Extremely competitive	8	20
Very competitive	16	40
Competitive	10	25
Less competitive	4	10
No competition	2	5
Total	40	100

Source: Research data

When the respondents were asked to rank the levels of their competitiveness in relation to the players in the sub-sector, 40% of them termed their level as very competitive while 20% ranked themselves as extremely competitive. 25% of the respondents were moderately competitive in their business. Another caliber of traders said that they are less competitive in their business compared to their competitors and were only 10% while only 5% did not value the importance of competition in their business operation as indicated in the figure above.

4.14 Does your business carry out any marketing research?

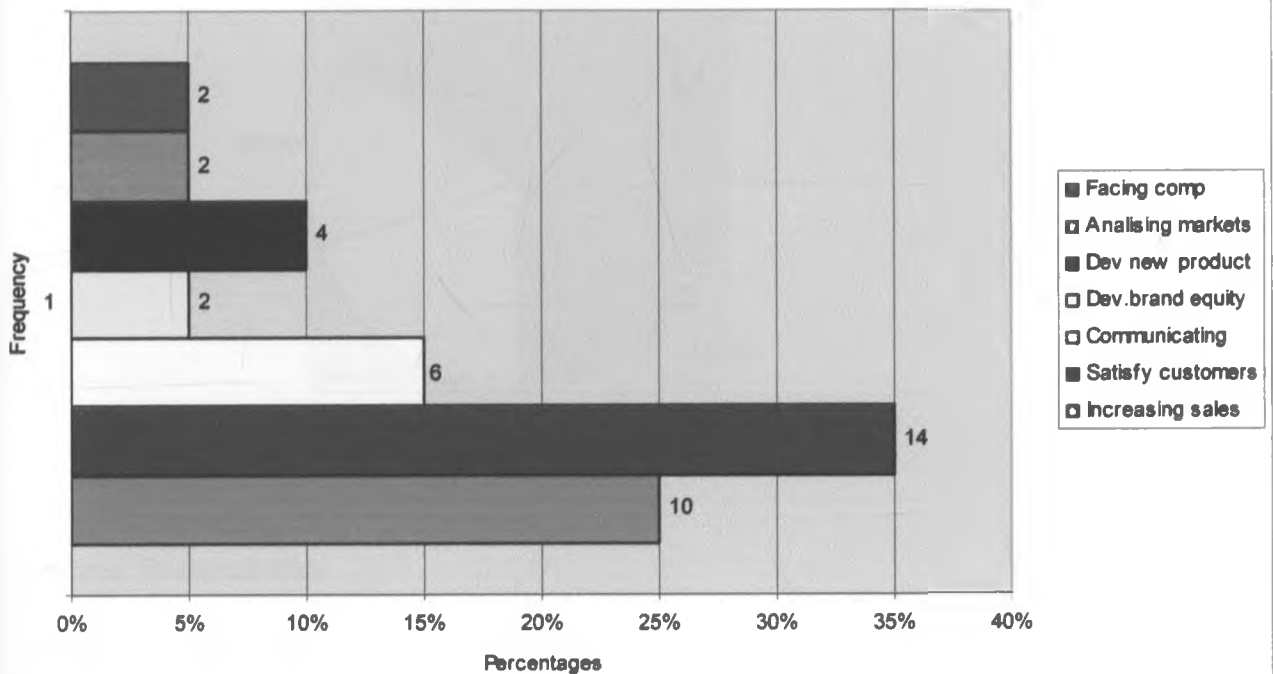


Source: Research data.

When the respondent were asked to indicate whether they ever carried out any marketing research, 30% only said that they do and 70% said that they do not carry out any marketing research.

4.15 The functions performed by marketing

Fig4.10 The functions of marketing.



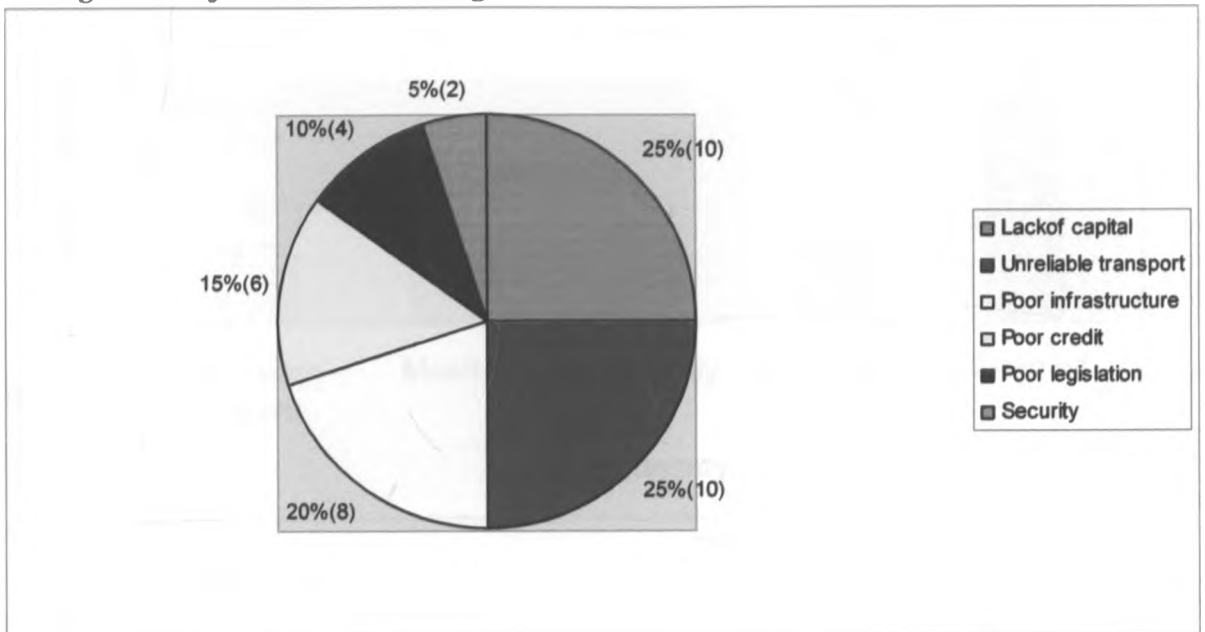
Source: Research data

This section intended to determine the driving force behind involvement in those type of business. When this question was posed to the respondents 35% of them said that they intent to satisfy their customers through the function of marketing. 25% said that they do that purposely to increase sales. Another 15% said that the purpose of marketing is to initiate some

level of communication among their customers while 10% said that it is for the purposes of developing new products. Those who did it to develop brand equity analyze markets and to face competition effectively were 5% respectively.

4.16 Challenges faced by these businesses

Fig 4.11 Major business challenges



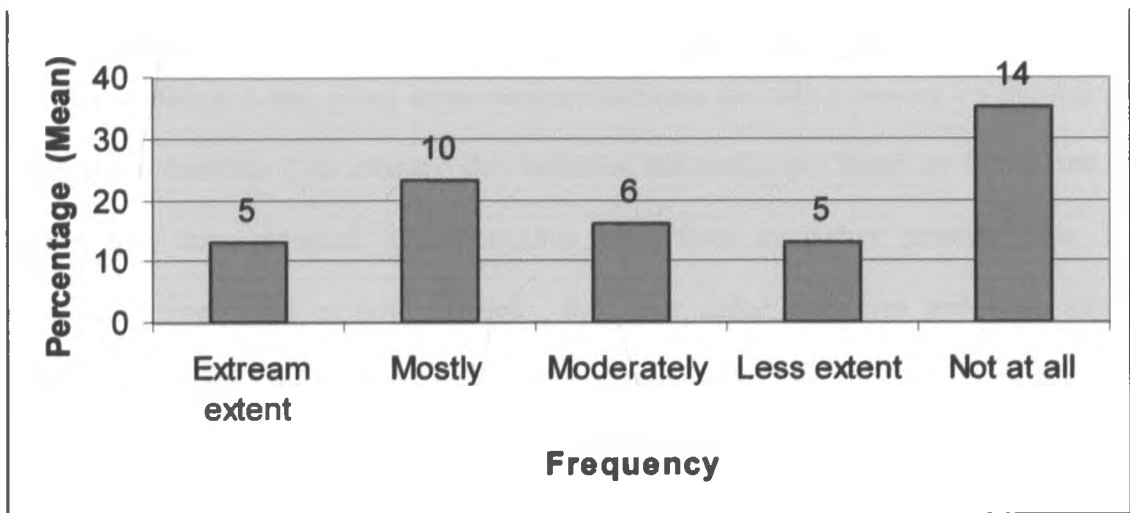
Source: Research data.

Lack of adequate capital to start up any viable business and unreliable means of transport were cited by these traders as the main challenges faced at 25% respectively. Another challenge indicated was poor infrastructure which was ranked at 20%. Poor credit facilities from the existing financial institutions were also stated by these traders and were ranked at 15

%. 10% of the traders said that their major challenge is poor legislation procedures of their businesses through the local county council while only 5% of the traders said that their main challenge is insecurity while transacting their business.

4.17 Distribution marketing practices.

Fig 4.12 Ratings on extent to use of cont. marketing practices



Source: Research data

When the respondents were rated using the mean values of their responses in relation to the adoption of the contemporary marketing practices, a rating mean of 35% in series number five confirmed that quite a large number of these traders do not at all practice contemporary marketing practices. A mean rate of 23% indicated that most of them do practice contemporary marketing practices while a moderate 16% do practice it. It is only a mean rate of 13% who practice it extremely and to a lesser extent respectively.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS.

5.1 Introduction

This chapter summarizes the major findings of this study. This study sought to investigate the major marketing practices adopted by small and medium enterprises (SMEs) in Makueni district taking a case of clothing and footwear. In addition, this chapter provides a direction for further studies and also gives some recommendations for policy making by the relevant government authorities. This chapter also indicates the challenges faced by SMEs and the strategies they have adopted. Questionnaires were used to gather primary data. The questionnaires comprised of both closed and open ended questions and were strictly administered by the researcher owing to the anticipated problem of high levels of illiteracy amongst the respondents in this area.

5.2 Summary

This study sought to establish the major marketing practices adopted by small and medium enterprises (SMEs) in Makueni district a case of clothing and footwear. Marketing practices are crucial for every business for it to survive the current economic turbulent. It is through these practices that the objectives of merchandising are achieved. Such objectives include profit maximization, offsetting costs of operations, business survival and gaining competitive advantage in the market.

The importance of SMEs word over is evident in job creation, poverty reduction and the wider industry survival. Makueni district has not lacked behind as far as micro business

endeavors are concerned. Majority engage in business of selling cloths and shoes as a means of earning a livelihood.

This study specifically endeavored to determine the major marketing strategies employed by SMEs in relation to pricing, product, promotion and distribution of their products of trade.

Indeed there must be challenges faced by traders when carrying out there business functions and were not lesser in this study neither.

The study established that quite a good number of the traders understand and uphold the importance of pricing their products as a means of establishing revenues, the total sales and

Consequently the profits or proceeds from their business operations. It also established that for any trader to flourish in the business and to be competitive enough they must have distinct Product specialization in order to remain relevant in the sub-sector.

This study also established that there are a number of sellers who value the purpose of Promotion as a means of creating awareness to the existence of a firm or micro-firm and the Products sold in the same firm. It also established that some traders here understand the importance of distributing their products in order to make the products available to the final Consumer. It was also evident from this study that many are the challenges faced by these SMEs ranging from low capital base, poor credit facilities, illiteracy, and poor infrastructure to insecurity and poor government legislations which hamper or derail the faster development adoption of development of this sub-sector.

5.3 Conclusions

The findings indicate that small and medium enterprises (SMEs) employ at least some marketing practices in their endeavor to achieve some competitive advantage over their competitors in such a stormy environment. These traders also understand product differentiation although it is carried out ignorantly as a means of survival and competitiveness especially for prices and customer loyalty. Differentiation is often the secret to extending the life cycle of business and making it more expensive to enter and follow, Rothschild, (1984).

It is concluded that the level of adoption of the marketing practices amongst traders in Clothing and footwear in Makueni district is still at an all-time low. Despite the importance of marketing practices in any business, these practices have not yet been embraced amongst the traders as expected and they are not keen on them apart from the volume of stock they behold at glare everyday.

Many are the factors that have led to such a low level of adoption of the marketing practices while they are vital for any business to thrive. One of the major factors is the lack of necessary skills that enlighten them on these practices. Marketing skills are never inborn or hereditary but are acquired through formal training. It is therefore the lack of formal training that has hindered the adoption of these practices.

Accessibility to a viable and affordable financial backup is also deemed as a major source of drawback to adoption of the marketing practice. Source of capital will enable any business to build a strong base and consequently invest in training of the personnel.

It is concluded that if a proper mechanism is put in place in regard to training, capital advancement and in reasonable terms, good business operating environment and good infrastructure will go a long way in enhancing the adoption of marketing practices in this area and consequently improve the livelihoods of many people in the rural areas.

5.4 Recommendations

This study recommends that SMEs should embrace the importance of marketing practices. It is recommended that the government recognizes the importance of this sub-sector and initiates legislation for mandatory seminar training before the establishment of any small business to impart basic business principles to the traders.

It is important that the government also puts in place legislation that enables small business owners access to affordable credit facilities to start and support these businesses.

The current government initiative of youth and women enterprises fund is a move towards the right direction but there should be pre- and post- training and follow up with stringent rules and regulations for these initiatives to succeed and bear fruits. All these are recommendable government interventions aimed at availing start-up capital to its citizens not forgetting the “Kazi kwa vijana” initiative whose funds should be directed towards individual youth income generating activity which is perceived to be viable in the long- run but not short term casual jobs.

It is also recommended that the government improves the rural infrastructure like roads and Government institutions like security agents and local authorities to facilitate more

Participation of the potential traders. It should come up with policies to enhance Communication technology especially in the advent of recent interconnectivity through the Under sea cables which has enabled faster internet services and is perceived to be faster and Could be of great benefit if connected with rural towns and markets for job creation like in Cyber cafes and consequently alleviate unemployment.

It is important that the government improves the security situations in all corners of the Country for local investment to take root properly. The school enrolment should be improved to enable many people have access to formal training which will translate to better Management of personal affairs. It is recommended that the government adopts the system of devolved funds to support all sectors and especially that improves the living standard of the local people.

5.5 Limitations of the study

20% of the questionnaires were not accounted for because after cording, they were found to be in consistent with the required information and this impacted on the amount of data collected. However 80% of the expected sample data was obtained and is believed to be the true representative of the general population and inferences obtained are applicable across the population. Limitations of resources as far as money and time is concerned did not allow the researcher to have a bigger sample. The location in distance of local towns and markets to visit the traders was a big predicament to this study. Poor terrain while trapassing the district proved to be a borne of contention coupled with dusty grounds which posed a danger to personal health as far as common colds are concerned. It was also evident all through that the

traders perception that the information gathered could be used for other purposes which may impact negatively to there businesses was made the process move at a slow pace and hence it was time consuming.

5.6 Suggestions for Further Research

Future studies should attempt to explore the reasons behind the low adoption of marketing Practices in this sub-sector. Researchers should go ahead and establish the reasons behind the failure of SMEs to jump-start despite the fact that some are offered credit facilities by micro-financial institutions operating in the rural areas because this has been established as a major Challenge in this sub-sector.

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APPENDICES

Appendix I: Introductory Letter

TO WHOM IT MAY CONCERN

Dear Sir/Madam

REF: RESEARCH STUDY

I am a student studying for a Masters in Business Administration student at the University of Nairobi. In partial fulfillment of the requirement to the award of the master's degree, I am required to do and write a research paper. The topic of my research is 'A Survey of Marketing Practices Adopted by SMEs: A Case of Clothing and Footwear in Makueni district'

Your business is one of the main focuses for the study. The choice is based on your strategic importance in the achievement of development goals in the country. I kindly request your assistance by availing time to respond to the questionnaire. Any documentations, reports or journals that you may have that are relevant to this topic of study may be availed to me at your discretion.

A copy of the final report will be made available to you at your request. Your assistance will be highly appreciated. Thank you in advance.

Yours faithfully,

Daniel Mulinge

Appendix II: Questionnaire

Please supply the required data by filling in the blanks where space is provided or by ticking [√] against the most appropriate answer.

1 Respondents name.....[optional]

2 Age.

- | | | | |
|----------------|-----|-------|-----|
| Below 20 years | [] | 20-30 | [] |
| 30-40 | [] | 40-50 | [] |
| 50 and above | [] | | |

3. Gender.

- | | | | |
|------|-----|--------|-----|
| Male | [] | Female | [] |
|------|-----|--------|-----|

4 Marital status.

- | | | | |
|---------|-----|--------|-----|
| Married | [] | Single | [] |
|---------|-----|--------|-----|

5 Academic level.

- | | | | |
|---------------|-----|--------------|-----|
| Primary level | [] | O-Level | [] |
| A-Level | [] | Diploma | [] |
| Degree | [] | Postgraduate | [] |

MARKETING PRACTICES.

6 How do you determine the price attached to your items?

- | | |
|----------------------------------------------------------------------|-----|
| a. As a percentage above the cost of the item | [] |
| b. In relation to the prevailing market prices | [] |
| c. The price is determined by the market forces of supply and demand | [] |
| d. The price is pre set by the supplier | [] |

7 How important is that price to your business.

- a Very important []
- b Important []
- c Not important at all. []

8 What is the purpose of pricing your items ?

- a To determine total sales for the day []
- b To be able to calculate profits []
- c To determine revenues []
- d It is a routine to do so []

9 Do you carry out promotional activities for your business.

Yes [] No []

8. What promotional activities do you carry out ?.

- a Advertising []
- b Personal selling []
- c Price cuts []
- d Free samples []

9. Which medium do you use to advertise ?

- a Broadcast, (Radio[Local FM stations] []
- (TV) []
- b Print (newspapers []
-(Magazines) []
- c Media (Billboard) []
- Internet []

10 How are your products physically distributed?

- a By use of middlemen who bring to the shop []
- b By use of motor vehicles []
- c Bicycles []
- d Human labor []

11. How are your products differentiated?

- a By color []
- b By type []
- c By sizes []
- d By there cost []

12. Is the firm aware of its environment?

Yes [] No []

13 What are some of the environmental challenges you face in your business ?

.....

.....

14 How competitive is your firm in relation to other players in the industry?

- a Extremely competitive []
- b Very competitive []
- c Competitive []
- d Less competitive []
- e Not competitive []

15 In your opinion, what is marketing?

.....
.....

16. Does your business carry out any marketing research?

Yes [] No []

17 Which is the main function performed by marketing in your business?

- a Increasing sales []
- b Satisfying customers []
- c Communicating []
- d Developing brand equity []
- e Developing new product []
- f Analyzing new markets []
- g Facing competition []

18. What major challenges do you face in your business?

- a Lack of adequate capital []
- b Un reliable means of transport []
- c Poor infrastructure []
- d Poor credit facilities []
- e Poor legislation []
- f Security []

19 May you rate the extent to which your business uses the following distribution marketing practices

Marketing practice	Extreme extent	Mostly	Moderately	Less extent	Not at all
Transactional marketing					
Database marketing					
E-Marketing					
Interaction Marketing					
Network Marketing					

Thank you for participating in the questionnaire.

Appendix 111: List of SMEs in Makueni district. (Dealing with clothing and footwear)

- 1 Wakulima enterprises boutique.
- 1 Cindellera boutique.
- 2 Jaribu tena boutique.
- 3 Kaasa enterprises boutique.
- 4 Garisa boutique.
- 5 Mama libs boutique.
- 6 King'olis and sons boutique.
- 7 Stage boutique.
- 8 Queens's inn boutique.
- 9 Western wears stores.
- 10 Suzie's stores.
- 11 Mid-Town Guest wears.
- 12 Classic collections.
- 13 Reggie boutique
- 14 Nzisa fashions and wear.
- 15 Mandela shop.
- 16 Garrisa complex.
- 17 Glory Fashions.
- 18 Jully mart collections.
- 19 Small city
- 20 Treddy Fashions.

- 21 Western Wears Wote.
- 22 Bright Fashions Wote.
- 23 Classic Collections.
- 24 Dubai collections.
- 25 Fashions context.
- 26 Fedix Designs.
- 27 Steppy Boutique
- 28 Kiseki Investments.
- 29 Vilcostex Enterprises.
- 30 Suzzie General Agencies.
- 31 Kamwe sales and boutique.
- 32 Angels Clothing and Boutique.
- 33 Magtons Emporium.
- 34 Canaan Enterprises.
- 35 Wote Emporium and sales.
- 36 Mannah Enterprises.
- 37 Yarns Collection Enterprises.
- 38 Mogadishu Collections Wote.
- 39 Salah Shop.
- 40 H. B Halizz Enterprises.
- 41 Rahisi Enterprises.
- 42 Malivani traders.

- 43 Nashh Enterprises Tawa
- 44 Alice Stores and Enterprises
- 45 Dolly fashions
- 46 Bellavistor clothing
- 47 Alice boutique
- 48 Diplomatic boutique and wears
- 49 Tsuma Tsuma clothing.
- 50 Diplomatic link