

**THE INFLUENCE OF DIGITAL MARKETING PLATFORMS ON THE  
PERFORMANCE OF SMALL AND MEDIUM BUSINESS RETAILERS IN  
KAMUKUNJI MARKET, NAIROBI, KENYA**

**KEZIAH. DORIS. MWANJA**

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## DECLARATION


This research project is my original work and has not been presented for any award in this or any other institution.

Signature.......... Date 11<sup>th</sup> November 2022

**Keziah. Doris. Mwanja**

**D61/88793/2016**

The research project has been submitted for examination with our approval as university supervisor.

Signature.......... Date...28.11.2022....

**Prof. Justus Munyoki**

## **DEDICATION**

I dedicate this project to the almighty God, who gave me the physical and mental strength to undertake and accomplish this project in the prescribed period. I also dedicate this project to my parents, My son TJ and friends for always being there for me throughout the period

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I am grateful to God for giving me a chance to attain this level of education. It has been through sheer handwork that I enjoy this success too. I am sharing this success with my supervisor Prof Justus Munyoki, because he encouraged me to write on The Influence of Digital Marketing Platforms on The Performance of Small Business Retailers in Kamukunji Market, Nairobi, Kenya and for the professional advice, he gave me to enrich my paper which has enabled me to grasp the basics that are valuable when one has to develop a research study.

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## ABSTRACT

The primary objective of this project was to examine the Influence of Digital Marketing Platforms on the performance of Small Business Retailers in Kamukunji Market, Nairobi, Kenya. The projects main objectives included to establish the digital marketing platforms used by small businesses in Kamukunji market, Nairobi, Kenya and also to determine the influence of the digital marketing platforms on productivity of SMEs. The study reviewed related research on SMEs issues in embracing technology, the growing social-media marketing, and the components of the take-up. The study employed the use of a descriptive, cross-sectional survey research design. This technique involves collecting data across many research units simultaneously, primarily through questionnaires (Gujarati, Porter & Gunasekar 2013). The study population included approximately 7000 jua kali entrepreneurs in the Kamukunji market in Kenya and used a systematic random sampling technique to select a sample of 250 participants for the data collection. Data was collected from business owners and shop attendants by using questionnaires. Subsequently, data was analyzed using quantitative analysis techniques comprising of descriptive statistics for the univariate variables and bivariate analysis conducted via Pearson's correlation test and also applied the Kruskal-Wallis's test. The project noted that the retail industry is a vital employer, whether directly or not. The study on the Influence of Digital Marketing Platforms on the performance of Small Business Retailers in Kamukunji Market, Nairobi, Kenya was premised on various theories that include the social network theory, the theory of collective intelligence and the generational theory. The main findings of the study indicated that most of the entrepreneurs at Kamukunji market do not actively use email marketing despite its relative significance on the growth of the business. Secondly, mobile marketing was the second-best used strategy behind social media marketing which was largely used by a larger population in the study. Social media marketing was best preferred because of its affordability and the large number of social media users across the nation. The project noted that the retail industry is a vital employer, whether directly or not. The study on the Influence of Digital Marketing Platforms on the performance of Small Business Retailers in Kamukunji Market, Nairobi, Kenya was premised on various theories that include the social network theory, the theory of collective intelligence and the generational theory.

## **ABBREVIATIONS AND ACRONYMS**

<b>SME</b>	- Small Medium Enterprises
<b>PPC</b>	- Pay per click
<b>NGO</b>	- Non-Governmental Organizations
<b>KEPSA</b>	- Kenya Private Sector Alliance
<b>MSMEs</b>	- Micro Small Medium Enterprises
<b>SPSS</b>	- Statistical Package for Social Science
<b>ICT</b>	- Information and Communication Technology
<b>SMS</b>	- Short Message Service

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# CHAPTER ONE

## INTRODUCTION

### 1.1 The Study Background

Technological advances in the 21<sup>st</sup> century have caused many changes in the business world while vastly growing the effects of globalization and the interaction of persons and other things globally (Verhoef & Bijmolt, 2019). According to the Retail Industry Consumer Data & Insights Solutions report by GFK, the latest digitization development brought about a retail business modification towards non-store formats. Although sales from the digital platform remain a minor contributor to Kenya's retail business sales, they are vital to the economic advancements and employment opportunities. It is best to note that digital marketing is currently the fastest-growing component in the retail business (Credit Suisse, 2018). Thus, retailers tend to obtain ever-growing advanced technological tools and customer-focused marketing strategies to persuade and maintain their clients (Van Belleghem, 2019).

Digital marketing is associated with various promotional techniques businesses use to interact with clients via online technologies (Yasmin et al., 2015). Online marketing is described as utilizing technologies to assist a company's marketing exercises in enhancing client information by meeting their needs. There are distinct forms of online marketing, and they comprise Google ads, search engine optimization, e-mail marketing, social media advertising, and many more. Besides utilizing online communication tools to interact with clients, online marketing has constantly been the business via the Internet. Based on the proposed study, digital marketing adoption acknowledges and uses digital marketing techniques as a marketing strategy.

The study was premised on various theories that include the social network theory, the theory of collective intelligence and the generational theory. The social network theory examines several forms of relationships between individuals, animals, or objects. The generational theory demonstrates that people's set of principles is molded via families, friends, communities, important events, and usually the regime of the birth years (Jurkiewicz and Brown, 1998).

Kamukunji market is among the oldest jua kali markets in Nairobi, mainly dealing with metal works. The market emerged due to a sudden occupancy of several metal workers and was acknowledged as a jua kali market in the 1980s. Kamukunji is located East of the Nairobi Central District and covers 10 hectares. It has a population of approximately 7000 traders. Kamukunji emerged as part of the British colonial urban strategy that set aside space on racial grounds. Business exercises conducted within the market are mainly restrained to micro and small enterprises that serve Nairobi and other parts of the country.

### **1.1.1 Digital Marketing Platforms**

(Muhammad, Mahdani and Syahputra, 2020), explain that digital marketing platforms are various types of media such as social media, blogs, forums, email, mobile phones, and websites used by organizations and businesses to promote their goods and services. They also permit the businesses to create an interactive system of communication between their business and clients and prospective clients.

Contemporary marketing heavily depends on technology to scrutinize a marketing campaign extensively and assist in directing plans and decision making. Digital marketing platforms offer organizations various business or technological abilities. The platforms generally depend on online media and the Internet via networked gadgets like cellphones, computers, and the Internet of Things. There are distinct forms of digital marketing platforms, and they comprise Google ads, search engine optimization, e-mail marketing, social media advertising, and many more. Besides utilizing online communication tools to interact with clients, online marketing has constantly been the business via the Internet. The description given to online marketing has taken into account a vast selection of goods, services, and brand marketing techniques basically through Internet usage (Muhammad, Mahdani and Syahputra, 2020).

Online marketing's primary goal is to attract clients and give them opportunities to engage with the business" brand via online platforms. Recently, the business industry in Kenya has witnessed an immense emergence in products and service marketing via digital technology. Crucially, the digital space has witnessed an overflow of brands trying to get customer attention, yet very few businesses have gotten the calculations correctly (Gogia & Nanda, 2020). The study notes that

every business requires an online marketing plan since most consumers tend to be tech-savvy. Also, a firm's presence in the online world is now vital because of the current COVID-19 pandemic. The pandemic has caused many stone and mortar businesses to close down.

Experts maintain that online marketing also permits small business leaders to interact with customers online, enhancing the reaching out process to potential clients and identifying business requirements necessary to obtain a sale. Essentially, any small business may seize the opportunity of using digital marketing. Suitable online marketing approaches tend to grow a company's visibility, making it easy to get noticed by clients online. Notwithstanding, a company's online visibility is essential as most consumers research online products and services before visiting the shop. This is picked up from research conducted by the GSMA Intelligence showing that approximately 82% of customers review products online before buying the item from the store (Gogia & Nanda, 2020).

With worldwide e-commerce revenues projected to surpass \$4 trillion at the end of 2021, it is evident that there is considerable potential for digital promotional exercises. Additionally, with roughly 4.5 billion web clients globally, online marketing allows firms to reach persons on forums where they spend most of their time and resources. Also, it gives smaller businesses an opportunity to compete with established businesses by using data and insights to target clients (Ryan and Jones, 2009).

Consequently, price is another gain when using online marketing, as it provides cost-effective marketing solutions. For instance, if a business advertises online on social media, websites, or search engines, it sets its budget and bids for ad space (Faisal & Hamdan, 2021). A firm acquires total control of the money to use on the ads compared to purchasing a billboard. Also, one can end the plan at any moment. A good example is when a business starts a pay-per-click (PPC) campaign and finds that the strategy is ineffective. The firm may decide to stop the campaign, unlike when using a billboard, it will have to stay up for the paid period whether it works or it does not. Using internet marketing for a business strategy provides the firm with access to various advanced targeting and personalization choices.

For instance, with digital marketing, a business may implement targeting options such as Age, Location, Interests, Marital status, Hobbies, Device. Furthermore, these options may assist the business to expand other benefits of internet marketing, such as its cost-effectiveness (Faisal & Hamdan, 2021). A good example is when a company starts a PPC campaign, it might utilize targeting options such as geographical position and gadget to target their promotions on users to convert; an example is coming to the physical shop. Subsequently, digital marketing also allows businesses to customize content with information by Name, Interests, and buying behaviour (Pantano, & Priporas, 2014). Essentially, developing a customized user experience for clients, whether through e-mail marketing or website, could cause tremendous marketing outcomes. A good example is an e-mail suggesting products based on a user's past buying behaviour could give rise to an additional sale as well as a referral

Online marketing gives very many options to businesses, including tracking the performance of the campaigns. By using tools like Google Analytics, Google Search Console, and Google Ads, firms have the process of monitoring campaign performance and outcomes eased. For instance, with Google Analytics, an organization may monitor user traffic, behaviour, and website conversions. Another tool is Google Ads which offers a 360-degree view of the company's Pay Per Click (PPC) ads. These website statistics are crucial to any online marketing plan worth its salt. (Grossberg., 2016) Including online marketing in a company's plan also provides the company with a marketing technique that offers continuous results about the campaign's outcomes, whether an SEO plan or PPC ads.

### **1.1.2 Adoption of Digital Marketing**

Digital marketing adoption constitutes acceptance and utilization of digital marketing tools to sell the company's brand as well as communicate with the target market through the utilization of the Internet and other types of online communication (Mura, 2019). Communication comprises e-mail, social media, and web-based ads and through text and multimedia messages as marketing tools. The process of digital marketing adoption involves; first, the company sets to establish the target market and creates a persona to represent the whole market. Secondly, the firm identifies the marketing objectives. After that, it is prudent to examine then and analyze the current digital

marketing tools being applied in the organization. Lastly, identify the best tool that fits the organization's marketing objectives and implement it. However, it is best to identify and acknowledge its differentiators from the competitors. Lastly, the business is expected to keep track of the process of the campaign to establish challenges and improve on them.

Although the resolutions to embrace online marketing tools by small businesses, rely on the ease of use of the technology. Consequently, the costs incurred are a factor that owners look for Davies et al., (1989). Also, another essential component that serves as a stimulus in the adoption of technology is the user knowledge of the given technology and digital marketing. The type of industry in which the small businesses operate serves as one of the significant players to the factors responsible for adopting online marketing Poon & Swatman, (1999). For instance, institutions like schools, NGOs, and public organizations utilize technology on the lowest level (Maguire, Koh & Magrys 2007).

The efficacy of online marketing is highly reliable on the preparedness of the business to embrace it. The more prepared the business is to embrace digital marketing, the higher the probability of successfully using the technology to obtain its objectives Fathian, Akhavan & Hoorali, (2008). However, the inclination must cut across the inside and outside preparedness.

### **1.1.3 Small and Medium Businesses in Nairobi, Kenya**

According to various scholars, they define an SME "an independently owned and operated business that is not dominant in its field of operation and conforms to standards set by the Small Business Administration or state law regarding the number of employees and yearly income." A very good example would be the jua kali shops found in Kamukunji market.

Retail is the exercise of selling goods or services directly to customers. Various retailers might sell their goods or services to business clients, referred to as non-retail exercises. Different regions apply controls for the ratio of consumer to business sales that explain a retail business. As this study noted the surge in the e-commerce business, it also points out that the retailing business from both third world and developed countries has been on a quick uprise from way back in the '80s through the '90s. It is not new that the SMEs sector play a significant part in a country's economic

growth due to their positive impact that includes; creating employment, minimizing poverty, entrepreneurial growth, and innovation.

Notably, there are various explanations of what forms a small business. The World Bank classifies the size of companies based on the number of staff members and describes companies with 1-9 workers as micro, and companies with 10-49 (or 10-99, based on the jurisdiction) as small (Kushnir et al., 2010). Small business categorization might be allocated to companies with fewer than 50 workers in the retail industry and as many as 500 workers in the information, publishing, and manufacturing industry.

## **1.2 Research Problem**

Digital marketing primarily concentrates on interacting with customers and understanding their ever-changing needs (Muhammad, Mahdani and Syahputra, 2020). Therefore, small retail enterprises must embrace these strategies to stay competitive and increase revenues. However, these businesses are faced with various challenges that influence their decision to embrace digital marketing. Focusing on the digital marketing platforms' influence on the adoption of digital marketing by small businesses is significant because conventional marketing techniques tend to be out of reach by small businesses. Therefore, digital marketing offers a better option for them to reach out and engage with customers regarding products and services offered. Online marketing is an opportunity that firms should take up, no matter their size. However, small enterprises must grasp the prospects and effects of online marketing. This is because companies that use these strategies are probable to rise and continuously have a competitive edge in the future.

Gikomba Market began as an area where individuals met and traded basic wares unofficial, unauthorized way; anyone would trade with what they had. Fast forward, the place grew to be among Kenya's most popular and largest open-air markets. The market is renowned for second-hand clothing imported into the country in huge bales (Mutiti 2006). Traders in Gikomba have also embraced technology by posting their products on platforms like Facebook and Instagram to increase their sales.

Several studies have been carried out about digital marketing and its influence on organizations. Fan (2016) explored factors affecting the adoption of digital business while primarily focusing on

SMEs in Australia. Onyango (2016) explored the effect of online marketing methods on the productivity of cut flower businesses in Kenya. A study by Wanjiku (2014) on the influence of social media Monitoring on Digital Marketing of Small & Medium Enterprises (SMEs) in Kenya used was analyzed using content analysis.

Arising from the above, it is clear that a lot has not been done, especially in digital marketing adoption by small business retailers. Therefore, a study focusing on the adoption of digital marketing by SMEs was critical. Hence, the project looked to determine the effect of digital marketing platforms on the adoption of digital marketing by small business retailers.

### **1.3 Study Objectives**

1. To establish the digital marketing platforms used by small businesses in Nairobi, Kenya.
2. To determine the influence of the digital marketing platforms on productivity of SMEs

### **1.4 Value of the Study**

The researcher it essential to carry out this study to provide knowledge and detailed insights on digital marketing management by small business retailers. Moreover, proposals from the study may be of substantial significance to organizations by assisting them in making appropriate changes and enhancements to their operations. Also, the study sought to provide retail traders with information about the impacts of online marketing. This information is to assist them in developing strategies that might address the matter and gain a competitive advantage against rivals. Besides, it attempted to provide a background reference for other researchers and experts who want to further explore the topic and the same problems.



# **CHAPTER TWO**

## **LITERATURE REVIEW**

### **2.1 Introduction**

This chapter presents a review of the theoretical foundations and relevant literature that was to guide the study on online marketing adoption by small business retailers in Kenya. It includes the theoretical frameworks, empirical review, and conceptual framework.

### **2.2 Theoretical Review**

As the study subsequently discusses, this study significantly relied on the following postulations as a guide of the chapter.

#### **2.2.1 The Social Network Theory**

The network approach develops from various structural ideologies proposed by sociological scholars like Emile Durkheim and Georg Simmel and dates back to the 20<sup>th</sup> century. Their studies broadly concentrated on understanding designs as well as the influence of "networks" of social relations among persons. The Social Network hypothesis scrutinizes various correlations between individuals, animals, or non-living objects. A social network exploration is a conjoining tool utilized to study sequences that show up in relational webs and show their effects on personal conduct. Given this context, Digital Marketing tools are essential because of permitting marketers to hear as well as comprehend customers' reviews and needs. More so, it allows marketers to leverage the power of impactful users to enable them to disseminate information to their followers. Notably, the studies suggested that prominent users have high influential impacts among various distinct platforms (Liu, Sidhu, Beacom & Valente, 2017).

This supposition relates the social links with regards to nodes and ties. Actors within the relational webs are the nodes, while the ties are correlations between the actors. Several forms of

relationships are found between the actors, and basically, a social network highlights all the necessary relationships and players being examined. Moreover, the network might be utilized in "determining the social capital of individual players." Typically, the patterns are illustrated in a relational web structure. Here the nodes refer to the points while ties are the lines. The proposal finds this hypothesis essential as it examines how small businesses may increase their 'networks.' Clients in this context.

### **2.2.2 Theory of Collective Intelligence**

Advanced by Tapscott and Williams in 2008, the theory of Collective intelligence is the exercise where many persons meet at once affixed to similar point(s) of knowledge and simultaneously obtain intellectual production. The collective intelligence hypothesis assumes that factions are usually nimble-witted compared to the sum of individuals. Crowdsourcing is a technological wonder where projects are dilapidated into tiny, different duties shared among a vast population for completion. That said, crowdsourcing is recognized to possess collective intelligence attributes. In line with (Tapscott and William's, 2008) assertion, collective intelligence can only be present under four conditions: openness, peering, sharing, and acting worldwide.

Firstly, for this theory to be efficient, it demands that persons and businesses be active and frank to the online population regarding their concepts, which will assist in enhancing goods and services offered. Secondly, peering involves using prior information or products and improving them to suit individual requirements before unleashing them to the public for use. Thirdly, sharing describes the mode of sharing out intellectual property with other people within groups. Permitting continuous sharing of ideologies and discussions where performance is improved is vital for a business. Lastly, the acting globally concept is grounded upon the development of communications technologies that permit businesses to reach out to their collaborators' networks and interact with everyone. The standard bypasses department and branch jurisdictions' barriers to using existing ideas, new talents, and new markets. Therefore, the collective intelligence theory is significant to this research because it illustrates how online marketing can connect small businesses to their customers, engage them to share ideologies, and develop products or services that enhance their entire encounter.

### **2.2.3 Generational Theory**

Jurkiewicz and Brown furthered this theory that was first initiated by Strauss and Howe in 1991. It describes that an individual's birth generation influences their understanding of the world. Also, the theory demonstrates that people's set of principles is molded via families, friends, communities, important events, and usually the regime of the birth years (Jurkiewicz and Brown, 1998). This development mostly happens during their young ages. The generational marketing hypothesis that Strauss and Howe started in 1991 specifies that customers with similar birth generations possess like-minded viewpoints and behavior as a result of shared encounters that impacted them at young ages lives and shaped their outlook about the globe. Today's generation may be described as tech-savvy, and their online media usage also explains that. Thus, this supposition is pertinent to Digital Marketing and primarily grounded on each customer generations' interaction with digital platforms and how quickly marketers can reach them. This supposition is crucial to the project because it helps small businesses pinpoint their client generations and similar factions to develop suitable marketing content through online media. This hypothesis is essential to this research because it contributes to explaining the rise in technology uptake by the young generation compared to the old populations.

### **2.3 Empirical Review**

Exploratory research by Onyango (2016) explored the impacts of Digital Marketing plans on the productivity of Kenyan cut flower businesses. The project focused on at least 30 firms that export cut flowers. From his analysis, the outcomes collected through semi-structured interviews demonstrated that online marketing increased their incomes, grew their market share, and grew their profit margins considerably. Companies that utilize online marketing exhibited tremendous productivity compared to the ones that used traditional marketing methods. His study also showed that significant gains emerge from its unmatched ability to provide customized and interactive information with no limitations on time and geographical areas.

Srinivasan, Bajaj, and Bhanot's (2016) research aimed to comprehend the social media marketing idea and the concept's role in the micro, small, and medium businesses industry. An experimental design was employed to conduct the research and pinpoint the various social media marketing methods applied for obtaining and maintaining consumers by MSMEs. They adopted judgmental

sampling to gather information from fifty small and medium businesses. The outcomes of their study portrayed that taking part in social media develops a powerful influence on brand exposure and trust among consumers. As a result, the firm acquires a noticeable impact on consumers acquisition and retention. Subsequently, their project demonstrated a beneficial correlation between the duration utilized on social media and the number of sales done. The study deduced that social media marketing approaches positively affect business client acquisition and retention, thus resulting in market share growth.

Additionally, a study by Adegbuyi, Akinyele and Akinyele (2015) explored how social media marketing influences the productivity of small enterprises. He provided 150 questionnaires to entrepreneurs, managers, and staff members of the chosen SMEs in Ota Metropolis. Descriptive statistics, ANOVA, and correlation tests were employed during data analysis. The outcomes showed that relationship building and networking with other enterprises grow the company's brand visibility. A specific organization might return a favor to promote another organization when they also promote their institution or products. It also demonstrated that social interactions make firms visible to their market, which develops a likelihood of reaching a larger audience.

Also, research by Taiminen and Heikki (2015) analyzed the SMEs' utilization of online marketing tools. It gathered information from the SMEs via semi-structured interviews that targeted 437 participants, of which 16 were managers and 421 employees in Central Finland. The research revealed that SMEs do not entirely leverage the online instruments' ability, thus, not obtaining the gains from the opportunities they create. Also, several questions arose on if SMEs comprehend the extent to which Digital Marketing creates significant alterations in communication.

Consequently, Njau and Karugu (2014) explored how digital marketing influences SMEs' productivity in the Kenyan manufacturing industry. Specifically, their research attempted to investigate how e-mail, digital, search engine optimization, and blog marketing influenced the productivity of an SME. They employed a survey targeting 500 small and medium businesses in the manufacturing industry. Consequently, they applied the random sampling approach to choose the required sample. Study results suggested that the four platforms being used as online marketing strategies substantially impacted the company's productivity. Also, the results showed that in Kenya, those SMEs that are determined to embrace digital marketing as a marketing approach

obtain excellent business productivity. The research proposed a must-do partnership between the government of Kenya and the private sector to undertake a promotional campaign in offering SMEs necessary knowledge related to digital marketing frameworks and strategies, testimonials, industries best approaches, possibilities, and difficulties experienced about the utilization of ICTs and online marketing.

Jagongo and Kinyua (2013) attempted to identify the influence of social media on SME uprising in Nairobi. They employed a descriptive research methodology with 246 questionnaires issued to small and medium businesses and targeting either the entrepreneurs or managers as participants. Cluster sampling was employed to distinguish the target population and subsequently utilized a simple random sampling method to pinpoint particular firms used for data collection. The results suggested that social media instruments offer the market greater convenience and customer relationship management that eventually influences SMEs' advancements.

Lastly, Kithinji (2014) investigated Nairobi County. The goal comprised establishing the Digital Marketing usage impact on SMEs' productivity. He adopted a descriptive survey design using a sample size of 90 SMEs. Questionnaires were used to collect data from enterprises' top leaderships. Techniques used to analyze the data comprised factor analysis and regression analysis. The findings suggested that most SMEs insinuated that the fear of losing their existing clients who cannot access the Internet was their primary concern. Concerning the effect of online marketing on SMEs' productivity, the findings showed profitability growth, a rise in the market share, and the potential to grow their market.

The table below summarizes the literature and gaps identified in the previous studies conducted.

**Table 1: Summary of Literature Gaps in the Study**

<b>Author</b>	<b>Study</b>	<b>Findings</b>	<b>Gaps</b>	<b>Current Study</b>
Fan, Q, 2016	Factors Affecting Adoption of Digital Business: Evidence from Australia	The degree of Digital Marketing acceptance is well perceived as using e-mails or giving elementary information and services online	The context of the study was in Australia. Factors identified comprised costs, risks and benefits	Addresses the issue in the Kenyan context using a case study of Kamukunji
(Onyango 2016)	Impacts of Digital Marketing plans on the productivity of Kenyan cut flower businesses	online marketing increased incomes, growth of market share, and growth of profit margins	The study focused on cut flowers only and the impact of digital marketing	The project looks to address the components affecting the adoption of digital marketing, which will encompass revenue and market share growth
(Srinivasan, Bajaj, and Bhanot, 2016)	Research on understanding the social media marketing idea and the concept's contribution to the MSMEs industry	social media develops a powerful influence on brand exposure and trust among consumers.	Used exploratory design judgmental sampling and also concentrated on social media	To focus on most of the digital channels, applying a systematic random sampling and use a descriptive design
(Taiminen and Heikki, 2015)	SMEs' utilization of online marketing tools	SMEs do not entirely leverage the online instruments' ability, thus, not obtaining the gains from the opportunities they create	The study was focused on SMEs in Finland	The research will be conducted in the Kenyan context using a case study design
(Njau and Karugu, 2014)	digital marketing influences SMEs' productivity in the Kenyan manufacturing industry	SMEs that are determined to embrace digital marketing as a marketing approach obtain excellent business productivity	The research investigated how e-mail, digital, search engine optimization, and blog marketing influenced the productivity of an SME	The current study will encompass SMEs across all sectors and not just one.
Wanjiku (2014)	The growth of digital marketing and its impact on customer service at Barclays Bank of Kenya, Meru Branch	The results revealed that the bank employs display advertising for banks as a digital marketing plan. Study participants asserted that developing a Marketing funnel aids to ease customer service. The bank uses SEO as a digital marketing plan.	The researcher used a case study research design, and data was analyzed through content analysis	The proposal will use a descriptive analysis as well as regression and correlation analysis

# **CHAPTER THREE**

## **RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter provides the research methodology applied to carry out the study. The chapter describes the research design and population of the study, the sampling technique, and the data collection methods to be used. Finally, the chapter also shows the statistical techniques used to summarize data in section 3.6.

### **3.2 Research Design**

Almalki (2016) affirms that research design is an organized research technique used to carry out a particular study. It also intimates the processes and methods implemented to answer the research questions. Hence, a research design involves picking participants and the approaches and guidelines for collecting data. Scholars like Sekaran & Bougie (2016) argue that research design is a reasonable model of proof that permits the researcher to deduce conclusions regarding causal relationships among variables under examination.

The study used a descriptive, cross-sectional survey research design. A cross-sectional design involves collecting data across many research units simultaneously, primarily through questionnaires (Gujarati, Porter & Gunasekar 2013). The design is regarded as a suitable approach due to the need to collect data from a cross-section and generalize the outcomes to represent the whole study population. Additionally, the design is deemed suitable based on the purpose, topical scope, study involvement, period of data collection, nature of collected data, and the type of analysis to be carried out. The design also has adequate protection from bias and maximized reliability (Kothari & Garg, 2014).

### **3.3 Target Population**

A study population is the complete group of units or participants for which the research data can be utilized in making conclusions Kothari and Garg (2014). Cooper and Schindler (2014) attested

that a population is the whole group of persons or items with similar attributes as defined by the criteria set out by the study.

The target population comprised of Kamukunji jua kali market entrepreneurs and shop attendants. Hence the study population included approximately 7000 jua kali entrepreneurs in the Kamukunji market in Kenya. The study targeted shop attendants and entrepreneurs because of first hand engagement with the day to day functions of the shops, thus having the technical knowledge on how the business is performing on the digital platform and how they might also adopt digital marketing to maximize their performance.

### **3.4 Sampling Design**

The study used the systematic random sampling technique to select the participants for the data collection. The researcher echoes this technique with the intuition that is very simple and also provides some sort of structured process into the selection of participants. Therefore, using a frame of 7,000 (N) participants, and dividing by desired sample size of 250 (n), the researcher chose every 28th person of the population who might be the owners of the businesses or shop attendants who run the daily activities of the enterprises. With the use of a list created and using a starting of 2 the first participant to be chosen would be the 30<sup>th</sup>, 58<sup>th</sup>, 86<sup>th</sup> and so on. The calculation below shows the interval calculation.

Denoting participants as (P) we get

$$P=7000/250$$

$$P= 28$$

### **3.5 Data Collection**

Primarily, the study employed questionnaires to collect primary data. With the aid of a list created and using a starting of 2 the first participant to be chosen would be the 30<sup>th</sup>, the second would be the 58<sup>th</sup>, the third would be the 86<sup>th</sup> and so on. Also, the study used the business owners and shop attendants as the respondents for the research as they are the persons directly involved with the daily running of the business.



### **3.6 Data Analysis**

The data collected was coded, processed, cleaned, and tabulated. The researcher deployed quantitative and qualitative analysis methods to investigate the data collected to get solutions to the study's questions using the Statistical Package for Social Sciences.

Quantitative analysis techniques included descriptive statistics and regression analysis for the univariate variables and bivariate analysis conducted via Pearson's correlation test to evaluate the relationship between the adoption of digital marketing and its impact on the productivity of the SMEs. The study also applied the Kruskal-Wallis's test, a non-parametric test that examines the disparity among three or more independently sampled groups on a single, ordinal data (McKight & Najab, 2010). The test is used when there is an ordinal dependent variable and an independent research variable with two or more levels. The outcomes were presented in tables and charts.

## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION, AND INTERPRETATION OF THE RESULTS

#### 4.1 Introduction

This chapter presented the discussions of the project results, and section 4.4 summarized the information investigation discoveries, results and conversations.

#### 4.2 Response Rate

The primary focus of the research being to examine the effect of digital marketing platforms on the performance of small business retailers in Kamukunji market, Nairobi, Kenya, questionnaires were administered to 250 SMEs in Nairobi, Kenya and 188 SMEs responded and shared back the questionnaires. This resulted to 75% response rate with the other 25% not responding maybe as a result of not being in a position to divulge their SME marketing information or could not answer the questionnaire due to time constraint for the study.

#### 4.2.1 Descriptive Statistics

##### i) Type of Business

Table 4.1 shows the distribution of the SME businesses sampled out at the Kamukunji market in Nairobi, Kenya.

**Table 4. 1 Type of Business distribution**

	Frequency	Percent
Valid Sole Proprietorship	100	53.2
Partnership	68	36.2
Limited Liability Company	20	10.6
Total	188	100.0

Source: Research data (2022)

Table 4.1 shows the distribution of the SME businesses sampled out at the Kamukunji market in Nairobi, Kenya. From the total of the 188 SMEs that responded, the results show that 53.2% (N=100) of them were sole proprietorship, 36.2% (N=68) were partnerships, while 10.6% (N=20) were limited liability companies.

### ii) Number of Employees by SMEs

Table 4.2 shows the employee distribution across the selected sample of the SMEs in Kamukunji market.

**Table 4. 2: Number of employees' distribution**

	Frequency	Percent	Cumulative percentage
Valid Less than 5	160	85.1	85.1
Between 5 and 20	26	13.8	98.9
Between 21 and 50	2	1.1	100.0
More than 50	0	0	
Total	188	100.0	

Source: Research data (2022)

Table 4.2 demonstrated the employee distribution across the selected sample of the SMEs in Kamukunji market. The research outcomes showed that 85.1% (N=160) of the SMEs have less than 5 employees, while 13.8% (N=26) have 5 to 20 employees, and only 1.1% (N=2) have 21-50 staff members while none of the SMEs in the market had more than 20 staff members.

### iii) Yearly Turnover by SMEs

Table 4.3 below shows the distribution of yearly turnover of the SMEs in Kamukunji market

**Table 4. 3: Annual Turnover distribution**

	Frequency	Percent	Cumulative %
Valid Less than 100,000	20	10.6	10.6
Between 100,000 to 500,000	45	23.9	34.5
Between 500,000 and 1 million	63	33.5	68.0
More than 1 million	60	32.0	100.0
Total	188	100.0	

Source: Research data (2022)

Table 4.3 above provided the distribution of yearly turnover of the SMEs in Kamukunji market. From the results, 10.6% (N=20) of them said that they get less than 100,000 annually as 23.9% (N=45) demonstrated that they get between 100,000 and 500,000 annually. Additionally, the table depicts that 233.5% (N=63) of the SMEs get between 500,000 and 1 million, while 32% (N=60) of them indicated that they get more than 1 million.

**iv) Years of Operation**

Table 4.4 below shows information of the duration that SMEs in Kamukunji have been in operation

**Table 4. 4: Years in Operation**

	Frequency	Percent
Valid Less than 3 years	56	29.8
Between 3 and 6 years	79	42.0
More than 6 years	53	28.2
Total	188	100.0

Source: Research data (2022)

Table 4.4 provides information of the duration that SMEs in Kamukunji have been in operation. From the research outcomes, 29.8% (N=56) of the SMEs are still at the infant stages as they have been functioning for less than 3 years, 42% (N=79) of them have been in functioning upto 6 years, while 28.2% (N=53) have been working for more than 6 years.

**v) Existence of a Dedicated Marketing Department**

During the data collection process, it was noted that majority of the SMEs did not have a formal marketing department. The findings showed that only 17.1% (N=32) of the SMEs in Kamukunji had a marketing department, as the majority of the SMEs (82.9%) did not have a formal marketing department.

**4.3 Analysis on the extent of Digital Marketing Adoption**

**i) Email Usage**

Table 4.5 shows the level of usage of email marketing by SMEs in Kamukunji

**Table 4. 5: Extent of Email Usage**

Digital Marketing Platform	N	Mean score	Std. Deviation
The degree of email usage in digital marketing Valid N (listwise)	188	1.95	.952
Extent of mobile marketing usage Valid N (listwise)	188	3.0	.862

Digital Marketing Platform	N	Mean score	Std. Deviation
Extent of social media utilization	188	3.71	1.087
Valid N (listwise)			

Source: Research data (2022)

Table 4.5 shows the level of usage of email marketing, mobile Marketing and Social media marketing by SMEs in Kamukunji. Generally, the average utilization of email marketing by SMEs in Kamukunji market was 1.95 which meant that email marketing utilization was not greatly being used by the SMEs. The overall mean of the responses indicated a mean of 3.0 which insinuates that SMEs in Kamukunji market greatly utilize mobile marketing as a type of marketing strategy. From the mean calculation of the responses, the overall mean was 3.71 which suggested that the SMEs greatly used social media as a digital marketing.

#### 4.3.2 Influence of Digital Marketing on SMEs Sales

**Table 4. 6: Model Summary**

Model	R	R2	Adjusted R2	Std. Error of the Estimate
1	.414 <sup>a</sup>	.883	.883	.656

a. Predictors: (Constant), social media, email marketing, Mobile Marketing

Table 4.6 below illustrates the coefficient of determination (R2), as a whole, the regression does an extreme good job of modeling the SMEs productivity. Where the coefficient of determination (R2) is nearly 88.3% of the variation in SMEs productivity is explained by the model.

**Table 4. 7: ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1121.417	3	373.806	36.767	.000 <sup>b</sup>
Residual	2511.128	247	10.167		
total	3632.545	250			

The ANOVA table 4.7 below reports a significant F statistic, indicating that using the model is better than guessing the mean.

Table 4.8 shows The Pearson's correlation test carried out on the SMEs annual turnover and the extent of usage of the digital marketing approaches

**Table 4. 8: The Correlation Test Table**

		Annual Turnover	Email	Mobile market	Social media
Annual Turnover	Pearson Correlation	1	.419**	.484**	.616**
	Sig. (2-tailed)		.000	.000	.000
Email	Pearson Correlation	.419**	1	.232**	.250**
	Sig. (2-tailed)	.000		.001	.001
Mobile marketing	Pearson Correlation	.484**	.232**	1	.296**
	Sig. (2-tailed)	.000	.001		.000
Social media	Pearson Correlation	.616**	.250**	.296**	1
	Sig. (2-tailed)	.000	.001	.000	

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: Research data (2022)

**Table 4. 9: The Coefficient Table**

The coefficient table 4.9 demonstrates that model fit is positive, the column of the table shows that there are three predictors in the model. The three predictors have significant coefficients, demonstrating that these factors contribute much to the model.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
(Constant)	.555	.011		48.751	.000
Email Marketing	.036	.011	.175	50.730	.000
Mobile Marketing	.348	.005	.241	75.947	.000
Social Media Marketing	.080	.003	.029	4.359	.000

a. Dependent Variable: SMEs sales growth

The regression model of the study was as depicted below;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where;

Y= Sales growth

$\beta_0$ = Constant (coefficient of intercept)

X1= social media Marketing

X2= Mobile Marketing.

X3= Email marketing

$\epsilon$ = Error term

$\beta_1$ .....  $\beta_3$  = Regression coefficient of the four variables.

The standardized coefficients (Beta) demonstrate the relative importance of the significant predictor variables. The study notes that social media significantly contributes more to the model as a result of its larger absolute standardized coefficient, while mobile marketing was highly essential compared to email marketing.

#### **4.4 Discussions**

The research goal was to establish the digital marketing platforms used by small businesses in Nairobi, Kenya and to determine the influence of the digital marketing platforms on productivity of SMEs. Therefore, the study examined the three different digital marketing strategies and how each of the methods influences the SMEs sales growth. Email marketing platform was the first method to be explored. The results indicated that email marketing was rarely employed by the SMEs as it also had a minimal positive effect on the SMEs annual turnover. Most of the shops at the market do not have enough space to set up laptops or computers. Subsequently, as a result of a large number of SMEs not having a dedicated department dealing with marketing issues, it is quite hard for them to actively email marketing as their preferred approach to attract and retain consumers. For the SMEs using the strategy, few have commenced using personalized emails and email signatures to interact with their existing and potential customers. The findings of the study correspond to those found by Onyango (2016) and that of Yasmin et al. (2015) who suggested a positive correlation and rise in sales caused by digital marketing, and email marketing as a factor. The second approach examined was the mobile marketing and its impact on the growth of sales. The results showed that mobile marketing was greatly utilized by SMEs in the market and that it highly influenced the growth of sales. The utilization by SMEs could be that high because of the affordable expenses of bulk SMSs and free SMS services usually given by the mobile network operators. This helps the businesses to engage with their existing and potential clients through texts.

Subsequently, Social media marketing showed an extensive adoption by SMEs and as the findings also showed that it had a significant impact on the SMEs sales growth. Worth noting is that social media marketing usage is very high due to the fact that it is an affordable method of marketing. Because of the vast usage of social media by populations currently, it gives the SMEs an extensive platform to interact with a large number of people and also reach many prospective clients. These findings are similar with research undertaken by several researchers who showed that social media creates brand visibility and awareness that in turn causes a powerful impact on customer acquisition and retention. They include Srinivasan et al. (2016), Adegbuyi et al. (2015), and Jagongo and Kinyua (2013).



## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter comprises of the summary and conclusion of the research about determining the specific digital marketing platforms used by small businesses in Nairobi, Kenya and to determine the influence of the digital marketing platforms on productivity of SMEs. The research summary is found under section 5.2 and as the conclusion is in part 5.3 based on the findings of the analysis. The research recommendations and limitations were presented in section 5.4.

#### 5.2 Summary

The study notes that it is rational that businesses productivity is maximized when they set up innovative creative marketing strategies and attain the marketing strategy execution effectiveness. Despite that, cultural tensions and resource rivalry can make it challenging, or impossible, to attain both (Slater, Hult & Olson, 2010). Subsequently, the role of marketing in demonstrating business performance has gained substantial attention all through the history of the marketing field. The demand to connect marketing with business productivity has grown to be more urgent as marketers are compelled to defend the importance of their roles and budgets during today's worldwide recession. For the last 20 years, scholars have significantly improved the ideological understanding of the role of marketing in capacitating businesses to develop and maintain the competitive advantage. The latest developments in the marketing–finance connection have also started to give more practical proof of the influence of particular marketing actions and distinct types of marketing-related assets on companies' accounting and financial market productivity. Hence, the role of marketing in organizations and businesses' productivity is just like a “black box” compared to the past (Morgan, 2011).

Following the project's objectives, the researcher evaluated relevant theories to the project and carried out a literature review of studies likewise to the project. The digital marketing methods that were utilized to operationalize digital marketing were email marketing, mobile marketing, and

social media marketing. These methods were utilized to examine the extent that digital marketing influences the growth of SMEs' sales in Kamukunji market in Nairobi, Kenya. The project was carried out using a descriptive cross-sectional research design by assessing distinct SMEs in Kamukunji market at the same time. The target population size was 7,000 small and medium enterprises found in the market, with a sample size of 250 SMEs selected using a systematic random sampling technique. The collected primary data was utilized for analysis exercises and was collected using a structured questionnaire. The data was analyzed using descriptive and univariate techniques which were Kruskal-Wallis's test and Pearson's correlation test.

According to the data analysis, it was established that email marketing had little effect on the SMEs. Mobile marketing had a significant impact on SMEs' growth. Moreso, the results showed that social media marketing had a very considerable effect on the sales growth of SMEs. Crucially, it was noted that the SMEs face a great challenge adopting digital marketing because of inadequate knowledge and skills about digital media, insufficient and unsuitable digital marketing strategies, insufficient finances and finally, inadequate time for strategizing and execution. From the projects last objective, the study results showed that lack adequate knowledge and understanding of digital media was the biggest problem for SMEs in taking up of digital marketing. This was closely followed by the insufficiency of appropriate digital marketing techniques which also created a challenge to SMEs in taking up digital marketing. The third issue encountered by SMEs in Kamukunji market was the lack of financial strength that could greatly assist in the taking up of digital marketing, and also lack of adequate time required for strategizing and execution.

### **5.3 Conclusion**

Considering email marketing approach, the research showed that it is rarely utilized and that its influence on their growth was minimal. Therefore, the researcher concludes that with the market structure and the way business is carried out at Kamukunji Market, email marketing is not that vital and that is why it is rarely used by SMEs to grow their businesses. Subsequently, the findings showed that mobile marketing is utilized to a great level and also had a moderate impact on the growth of the businesses. Hence, the researcher posited that the digital platform had not attained a substantial growth in sales for the SMEs as anticipated. Examining the results on social media marketing showed that the platform is a vital component in terms of the SMEs' growth and was

being utilized immensely. Social media marketing had a positive impact on growth of the SMEs to a very large extent. Hence, the researcher concluded that social media marketing approach was the most effective to SMEs in Kamukunji market, Nairobi.

From the results of the study, it was recognized that most of the businesses preferred to use the social media strategy. Among the reasons given was that it was a readily available to the retailers and also the clients. The researcher believes that with the increase usage of internet and internet coverage in Kenya, and also the uprise of smart phones in the country, it gives the retailers a viable and easier option to use social media as a marketing strategy to promote their products and services to existing and prospective clients. However, it was noted that using the social media approach, it was a challenge for the SMEs to keep track of the returning and new consumers or how much far their brands have gone. This is because they are not provided by any statistics besides the number of subscribed member or people who viewed the pages.

#### **5.4 Recommendations**

The principal suggestion is that there ought to be appropriate sensitization and training to SMEs on accessible digital marketing options and how to effectively use them in their business. The government and institutions like KEPSA ought to think of pragmatic projects and devise policies that will enhance the uptake of digital marketing by SMEs. Subsequently, it is suggested that SMEs should greatly adopt digital marketing especially social media marketing as it was shown to have a great impact on the sales of the SMEs.

#### **5.5 Study Limitations**

Because of limited time in conducting the study, it was challenging to acquire a large sample which would have provided a better representation of the population and a better generalization of the results. Also, due to a large number of the participants being semi-literate or illiterate, there was a bit of language barrier during data collection which required the researcher to spend more time in explaining to them and to acquire relevant information on the impact of digital platforms adoption on SMEs growth. The research concentrated on three platforms only despite there being plenty which could be more resourceful. This could have left out relevant information that is crucial for the project.

## **5.6 Suggestion for Further Research**

From the outcomes of the study, one primary suggestion is that there is need for further research to be undertaken on the adoption of digital marketing by SMEs particularly the usage and impact of email marketing, mobile marketing and social media marketing as this would support or disagree on the impact of social media on SMEs as discovered by the researcher. Further research should be carried out on different elements that influence the adoption of digital marketing by SMEs and also how best the digital platform can be utilized for growth purposes. In conclusion, the government must also develop suitable and favorable policies for SMEs and the use of digital marketing to increase the usage of digital marketing.

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## QUESTIONNAIRE

### Part A: GENERAL INFORMATION

Kindly tick where appropriate.

1. Which kind of business do you operate?  
Sole proprietorship  Partnership  Limited Liability company
2. What type of business do you do? \_\_\_\_\_
3. How many employees do you have?  
Less than 5  between 5 and 10  between 11 and 20  above 20
4. What is your business's annual income before adopting digital marketing?  
Less than 500k  500- 1M  Over 1 million
5. What is your current business's annual income after the adoption of digital marketing?  
Less than 500k  500- 1M  Over 1 million
6. For how long have you run this business?  
0 to 1 year  1 to 2 years  2 to 3 years  3 to 4 years  4 to 5 years  more than 5 years

### Part B: THE DEGREE OF USAGE OF DIGITAL CHANNELS IN MARKETING

With a scale of 1 to 5, with 1 = 'Not at all' and 5 = 'Always,' Kindly show to what degree your business applies the following **digital marketing methods** for marketing purposes:

Digital Marketing Channel	1	2	3	4	5
E-mails					
Mobile marketing					
Social media marketing					
Search engine optimization (SEO)					
Pay-per-click (PPC)					
Online advertising ( <i>websites, blogs etc.</i> )					

**Part C: EFFECTS OF DIGITAL MARKETING ON THE BUSINESS GROWTH**

With a scale of 1 to 5, with 1 = 'None,' 2=' Little,' 3=' Moderate,' 4=' Great' and 5 = 'Very Great,' indicate to what level have the following digital marketing tools affected the business's growth:

Digital Marketing Channel	1	2	3	4	5
E-mails					
Mobile marketing					
Social media marketing					
Search engine optimization (SEO)					
Pay-per-click (PPC)					
Online advertising ( <i>websites, blogs etc.</i> )					

**Part D: CHALLENGES HINDERING THE ADOPTION OF DIGITAL MARKETING BY SME'S**

I. What are the factors that prevent you from embracing digital marketing?

(Tick all that apply)

- Inadequate finances
- Insufficient knowledge on digital marketing
- Lack of appropriate digital marketing methods

Inadequate time for strategizing and execution

Legislative framework and policies governing digital marketing

Other \_\_\_\_\_

II. On a scale of 1 to 5, with 1 = 'No Extent' and 5 = 'Very Great Extent,' to what extent do the listed factors prevent you from adopting digital marketing?

	1		2	3	4	5
Inadequate finances						
Insufficient knowledge of digital media						
Lack of appropriate digital marketing methods						
Inadequate time for strategizing and execution						
Legislative framework and policies governing digital marketing						