

**INFLUENCE OF MARKETING STRATEGIES ON PERFORMANCE OF SMEs IN
NAIROBI COUNTY KENYA.**

ILHAN AHMED BAKIR ABASS



**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE MASTERS DEGREE OF BUSINESS
ADMINISTRATION IN MARKETING OF
MOUNT KENYA UNIVERSITY**

JANUARY 2025

DECLARATION AND APPROVAL

Declaration by the student

This project is my original work and has never been presented for any academic award in any institution

Name: Ilhan Ahmed Bakir Abass

Registration No: MBA/2019/51514

Signature Date:

Approval by the Supervisor

This project is being submitted for examination with our approval as university.

Name: **Dr Isaac Abuga**

Institutional Affiliation: **Mount Kenya University**

Signature.....

Date.....

DEDICATION

This project is devoted to Mr and Mrs Abass, Fifi and Dija for their unwavering prayers, encouragement, and financial support throughout this academic journey.



ACKNOWLEDGEMENT

Development of project has made through support, collaboration of several important individuals. I am deeply grateful to my supervisor, Dr.Isaac Abuga, for his dedicated time and unwavering guidance throughout the proposal process. I also sincerely appreciate the moral support and encouragement from my family, which has been a source of strength during this journey. Lastly, I extend my heartfelt thanks to Mount Kenya University.



ABSTRACT

Study examines influence of marketing strategies on performance of Small and Medium-sized Enterprises (SMEs) in Nairobi County, Kenya an economically vital sector for employment creation and GDP growth. Specifically, the study focuses on four marketing strategies: pricing, distribution channels, promotional activities, and digital marketing. Guided by the 4Ps of marketing and Resource-Based View (RBV) theory, a mixed-methods approach was employed. Quantitative data were collected from 300 SMEs using structured questionnaires, while qualitative insights were obtained through in-depth interviews with selected stakeholders. Purposive sampling was used to select participants across diverse sectors, and data were analyzed using descriptive and inferential statistics. Findings indicate all four marketing strategies significantly affect SME performance, albeit to varying degrees. Promotional strategies had the strongest impact, with most respondents agreeing that they enhance brand visibility, customer engagement, and sales (mean = 3.95). Digital marketing was also found to be influential in expanding market reach (mean = 3.68), although inconsistencies in monitoring and evaluating its effectiveness were noted. Pricing strategies showed a positive effect on performance, particularly when competitively set (mean = 4.06), with competitive pricing being the most effective in customer attraction (mean = 4.38). Distribution channels were moderately effective (mean = 3.95), though disparities in logistical capacity were observed across SMEs. The study concludes that well-structured marketing strategies are vital for improving SME performance in Nairobi County. It recommends that SMEs invest in both traditional and digital promotional campaigns, adopt affordable digital tools such as SEO and social media analytics, and participate in training programs on value-based pricing and digital marketing. These measures can enhance competitiveness, sustainability, and long-term growth in Nairobi's dynamic business environment.

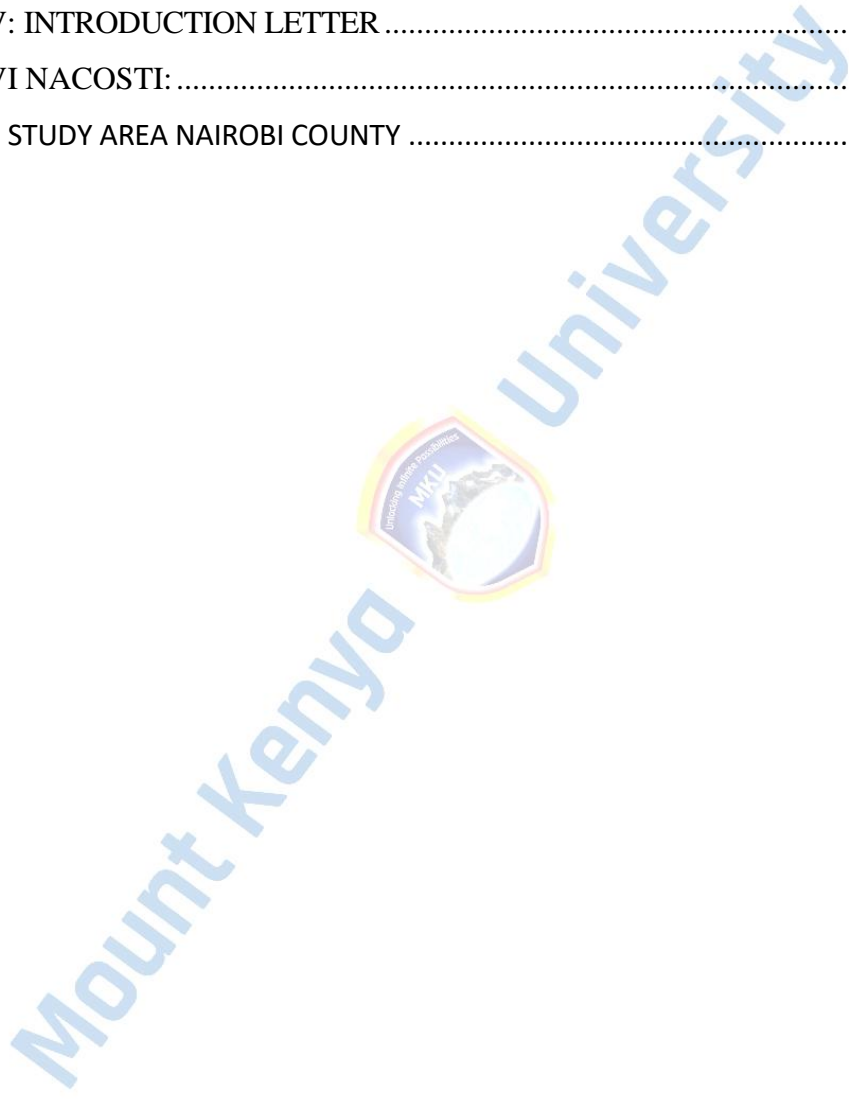
TABLE OF CONTENTS

DECLARATION AND APPROVAL	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
ABSTRACT	v
LIST OF TABLES	x
LIST OF FIGURES	xi
LIST OF ABBREVIATIONS AND ACRONYMS	xii
CHAPTER ONE: INTRODUCTION	1
1.0 Introduction	1
1.1 Background of the study.....	1
1.2 Statement of the problem	6
1.3 Purpose of study	8
1.4 Objectives of the study	8
1.5 Research questions	9
1.6 Significance of the study	9
1.7 Scope of the study	10
1.8 Study limitations.....	11
1.9 Delimitation of the study.....	13
1.10 Assumptions of the study	13
1.11 Operational definition of key terms.....	14
CHAPTER TWO	17
LITERATURE REVIEW	17
2.0 Introduction	17
2.1 Theoretical literature	17
2.1.1 Marketing Mix Theory.....	17
2.1.2 Resource-Based View (RBV) theory	18
2.2 Empirical literature.....	20
2.2.1 The effect of pricing strategies on the performance of SMEs in Nairobi County	20
2.2.2 The influence of distribution channels on SME performance in Nairobi County	24

2.2.3 The role of promotional strategies in enhancing the performance of SMEs in Nairobi County.....	29
2.2.4 The impact of digital marketing on the performance of SMEs in Nairobi County	33
2.3 Conceptual framework	37
Independent Variable	38
Dependent Variable.....	38
2.4 Recap of literature review	39
2.5 Research Gaps	40
CHAPTER THREE	42
RESEARCH METHODOLOGY.....	42
3.0 Introduction	42
3.1 Research Methodology.....	42
3.2 Research Design.....	43
3.3 Location of the study.....	43
3.4 Target Population.....	44
3.5 Sampling Procedures and Techniques.....	44
3.6 Sample Population.....	45
3.7 Construction of research instruments	46
3.7.1 Questionnaires.....	46
3.7.2 Interview schedules.....	46
3.8 Pilot Study.....	47
3.9 Testing for validity and reliability/trustworthiness	47
3.9.1 Reliability.....	47
3.9.2 Validity	47
3.9.3 Credibility and Dependability	47
3.10 Data Collection Methods and Procedures	47
3.11 Proposed Data Analysis Techniques and Procedures	48
3.12 Ethical Considerations.....	48
CHAPTER FOUR.....	49
RESEARCH FINDINGS AND DISCUSSIONS	49

4.0 Introduction	49
4.1 Response Rate	49
4.2 Reliability and Validity Result	50
4.2.1 Validity Test.....	50
4.2.2 Reliability Test.....	50
4.3 Demographic	53
4.3.1 Gender of the Respondent.....	53
4.3.2 Age of the Respondent.....	54
4.4 Descriptive Statistics	58
4.4.1 Effect of pricing strategies on performance of SMEs.....	58
4.4.2 Influence of distribution channel on performance of SMEs.....	61
4.4.3 Role of promotional strategies on performance of SMEs.....	64
4.4.4 Influence of digital marketing on performance of SMEs.....	67
4.4.5 Performance of SMEs in Nairobi County.....	71
4.5 Inferential Statistical.....	73
4.5.1 Correlation Analysis	73
4.5.2 Multiple Linear Regression Analysis.....	76
CHAPTER FIVE.....	81
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	81
5.0 Introduction	81
5.1 Summary of the result findings	81
5.1.1 Effect of pricing strategies on performance of SMEs.....	81
5.1.2 Influence of distribution channel on performance of SMEs.....	82
5.1.3 Role of promotional strategies on performance of SMEs.....	82
5.1.4 Influence of digital marketing on performance of SMEs	83
5.1.5 Performance of SMEs	84
5.2 Conclusions	85
5.3 Recommendations	86
5.4 Suggestion for further research in this field of study	87
REFERENCE	88

APPENDICES	91
APPENDIX 1: LETTER OF INTRODUCTION.....	91
APPENDIX II: INFORMED CONSENT.....	92
APPENDIX: III QUESTIONNAIRE.....	93
APPENDIX IV:ERC	102
APPENDIX V: INTRODUCTION LETTER.....	103
APPENDIX VI NACOSTI:.....	104
APPENDIX VII: STUDY AREA NAIROBI COUNTY	105



LIST OF TABLES

Table 1: Target population	44
Table 2: Sample Size.....	45
Table 3: Average Reliability statistics of marketing strategies	50
Table 4: Reliability and Validity results of a specific construct of marketing strategies.....	51
Table 5: Pricing strategies	58
Table 6: Distribution Channel.....	61
Table 7: Promotional Strategies	64
Table 8: Digital Marketing.....	67
Table 9: Performance of SMEs	71
Table 10: Correlation Matrix	74
Table 11: Model Summary.....	77
Table 12: ANOVA	78
Table 13: Regression Coefficient.....	79

LIST OF FIGURES

Figure 1: Conceptual Framework.....	38
Figure 2: Gender	53
Figure 3: Ages	54
Figure 4: Educational Level	56



LIST OF ABBREVIATIONS AND ACRONYMS

SME - Small and Medium-sized Enterprises

KPI - Key Performance Indicator

ROI - Return on Investment

B2B - Business to Business

B2C - Business to Consumer

SEO - Search Engine Optimization

PPC - Pay Per Click

CRM - Customer Relationship Management

SMM - Social Media Marketing

CPC - Cost Per Click

CPS - Cost Per Sale

CTR - Click Through Rate

E-commerce - Electronic Commerce

POD - Print on Demand

USP - Unique Selling Proposition

A/B Testing - A/B Split Testing

CMA - Competitive Market Analysis

CPM - Cost Per Thousand Impressions

LTV - Lifetime Value (of a Customer)

GA - Google Analytics

HTML - HyperText Markup Language

CRM - Customer Relationship Management

SLA - Service Level Agreement



CHAPTER ONE: INTRODUCTION

1.0 Introduction

Chapter presents comprehensive overview of study, including background and context, statement of problem, objectives and research questions guiding investigation, justification for undertaking study, its scope and limitations, underlying assumptions, and definitions of key terms used throughout research process.

1.1 Background of the study

Marketing strategies play a crucial role in driving small and medium-sized enterprises (SMEs) worldwide, given their significant contribution to economic development and employment. In United States, SMEs are recognized as key drivers of economic expansion, often leveraging creative marketing methods to address resource constraints. Studies indicate U.S. SMEs utilizing digital marketing tools achieve improved customer interaction and increased sales (Smith & Anderson, 2021). Furthermore, effective brand positioning and customer relationship management (CRM) strategies have been instrumental in helping SMEs stand out in competitive markets (Jones & Kim, 2020).

European SMEs similarly emphasize digital transformation in marketing to maintain competitiveness. Studies indicate that companies utilizing data-driven marketing; including targeted online advertising and email campaigns, report higher customer retention rates and overall revenue growth (Müller & Fischer, 2021). The European Commission has also actively supported SMEs in adopting digital strategies, recognizing the potential impact of data analytics and digital tools on business performance (European Commission, 2022). These initiative

underscore the importance of strategic marketing in enhancing SMEs' adaptability in changing market conditions across Europe.

In China, the rapid technological advancements and increased internet penetration have significantly influenced SME marketing practices. Chinese SMEs leverage platforms like WeChat and Alibaba for e-commerce, combining traditional and digital marketing tactics to reach larger audiences at minimal cost (Wang et al., 2020). This hybrid approach has boosted the sales and competitiveness of Chinese SMEs, especially in international markets. Moreover, marketing innovations such as live-streaming sales events have become prominent in China, further showcasing the dynamic evolution of SME marketing strategies in response to consumer behavior shifts (Chen & Zhao, 2021).

Egyptian SMEs have faced unique challenges in marketing due to economic instability and limited digital infrastructure. Despite these challenges, some enterprises have adapted by focusing on cost-effective strategies, such as word-of-mouth marketing and local partnerships (Amin, 2021). Recently, government initiatives to support SME digitalization have encouraged more businesses to adopt social media and other digital channels, improving their outreach and sales (Hassan & El-Sayed, 2022). Research in Egypt illustrates that SMEs prioritizing relationship marketing and community engagement strategies tend to see improved customer loyalty, even amid economic constraints (Saleh, 2022).

Ethiopian SMEs also emphasize low-cost marketing techniques, such as local event sponsorships and radio advertisements, to increase visibility in their communities (Tadesse & Tekle, 2021). With limited access to digital resources, traditional methods remain prevalent among Ethiopian SMEs, although mobile marketing has gained traction due to increased mobile phone

penetration. Studies show that mobile-based marketing helps Ethiopian SMEs reach rural customers, enhancing brand visibility and customer retention despite infrastructural limitations (Gebre & Bekele, 2021).

In Somalia, marketing strategies are typically limited by economic challenges and political instability, with SMEs relying heavily on network-based and word-of-mouth approaches to reach customers (Abdullahi & Yusuf, 2020). Despite these constraints platform Somali SMEs, offering a low-cost method to advertise products and connect with consumers both locally and internationally (Mohamed & Ali, 2021). Research indicates that Somali SMEs utilizing Facebook and WhatsApp for marketing have experienced growth in brand awareness, although infrastructure issues limit the full potential of digital marketing (Hassan & Omar, 2022).

South African SMEs operate in a comparatively stable market, where digital marketing strategies have increasingly influenced SME growth. Studies show that social media platforms like Instagram and LinkedIn are instrumental in helping SMEs reach wider audiences and establish stronger brand identities (Zulu & Motshabi, 2021). South Africa's well-established banking sector has also facilitated the adoption of mobile payment solutions, allowing SMEs to enhance their customer experience and improve transaction efficiency, thus indirectly supporting their marketing efforts (Moyo & Ncube, 2020). Effective use of these strategies is associated with notable improvements in SME profitability and customer reach (Khumalo & Dlamini, 2022).

In Kenya, SMEs are central to the economy, contributing significantly to job creation and GDP growth. Marketing strategies among Kenyan SMEs often include a mix of traditional and digital techniques. With the rise of mobile money services such as M-Pesa, Kenyan SMEs have

incorporated mobile payments into their business models, improving customer convenience and boosting sales (Wanjiku & Mwangi, 2021). Moreover, use of social media marketing on platforms has become widespread, with research emphasizing its effectiveness in enhancing brand visibility and fostering customer engagement among SMEs (Njeri & Kimani, 2022).

The influence of marketing strategies on SMEs' performance is universally evident but varies based on regional factors, such as technology adoption rates, economic conditions, and infrastructure. In the United States and Europe, where digital infrastructure is robust, SMEs benefit substantially from advanced marketing techniques like data analytics and personalized advertising. Conversely, SMEs in developing regions, including Egypt and Kenya, often rely on mobile-based solutions and social media to overcome infrastructural and economic challenges (Davis & Zhang, 2023).

Studies show that SMEs which adopt customer-focused and data-driven marketing strategies tend to outperform those that do not, especially in markets with high competition (Thompson et al., 2022). As global competition intensifies, SMEs worldwide increasingly acknowledge the necessity of strategic marketing to enhance visibility, customer retention, and sales performance. Adopting such strategies not only supports SME growth development fostering innovation, job creation (Owens & Lee, 2023).

Digital transformation remains a primary driver in shaping SME marketing strategies globally, offering opportunities to optimize advertising costs and enhance customer insights (Lim & Lee, 2023). Nonetheless, the digital divide remains a significant challenge, with SMEs in less developed regions struggling to fully leverage digital tools due to limited access to technology

and training (Johnson, 2022). Addressing these disparities of SMEs and ensuring equitable economic growth across different regions.

Marketing strategies are essential drivers of impacting customer engagement, revenue generation. Studies suggest that SMEs leveraging effective marketing techniques, such as brand positioning, targeted advertising, and customer relationship management (CRM), generally outperform those that do not prioritize these approaches (Jones & Kim, 2020). Particularly, digital marketing, including social media engagement and search engine optimization, has become a cost-effective tool for SMEs to increase visibility and customer interaction (Smith & Anderson, 2021). These strategies allow SMEs to create unique brand identities, differentiate themselves in competitive markets, and enhance customer loyalty, which are critical for business resilience and sustainability (Davis & Zhang, 2023).

Adopting a customer-focused approach in marketing enables SMEs to better understand and anticipate consumer needs, a key factor in maintaining relevance. Data-driven strategies, including analytics and targeted showed positively impact customer retention and overall sales performance (Thompson, 2022). However, research indicates that SMEs must carefully allocate resources, as excessive focus on any single marketing channel, particularly digital, may lead to diminishing returns if not complemented by traditional or relationship-based strategies (Lim & Lee, 2023). As a result, SMEs often benefit from a balanced marketing mix that combines digital outreach with personal engagement, creating a more holistic approach to customer acquisition and retention (Owens & Lee, 2023).

Despite the advantages, SMEs face challenges in fully implementing advanced marketing strategies due to limited resources and access to technology. Smaller enterprises often struggle with the costs associated with digital tools and the expertise needed for data analytics, which can limit their competitiveness in rapidly evolving markets (Johnson, 2022). Furthermore, the digital divide remains a barrier for some SMEs, affecting their ability to leverage online platforms effectively. Addressing these gaps is crucial, as studies indicate that SMEs adopting strategic and customer-centric marketing approaches not only boost their performance but also broader through innovation (Müller & Fischer, 2021).

1.2 Statement of the problem

Influence of marketing strategies on performance of SMEs presents area investigation, given significant role these businesses play in economic development, job creation, and community welfare. SMEs often struggle with resource constraints, limiting their ability to adopt advanced marketing strategies that larger corporations use to gain competitive advantages (Smith & Anderson, 2021). These limitations hinder their capacity to reach larger audiences, understand customer preferences, and respond quickly to market changes, all of which are essential for business growth and sustainability (Davis & Zhang, 2023). Research indicates that while marketing is critical to SME success, many small enterprises lack the necessary resources or expertise to implement data-driven or customer-focused strategies effectively, putting them at risk of stagnation or failure (Thompson et al., 2022).

Digital transformation has introduced new marketing avenues which both cost-effective and highly impactful. However, SMEs face significant barriers in adopting these methods due to factors like inadequate digital literacy, limited access to digital tools, and financial constraints (Johnson, 2022). While some SMEs have successfully integrated digital marketing strategies, studies show that the impact on overall performance varies widely depending on their capacity to consistently engage customers through these channels (Müller & Fischer, 2021). This inconsistency can result in lost opportunities for growth, as SMEs often lack the structure to sustain long-term digital campaigns, further exacerbating their competitive disadvantage compared to larger firms that can allocate extensive resources to marketing (Owens & Lee, 2023).

In addition, emergence of data-driven marketing has underscored value of customer insights developing successful strategies. However, many SMEs face challenges in effectively leveraging analytics to inform their marketing efforts. Studies reveal that SMEs without access to data analysis tools miss valuable opportunities to personalize customer interactions and anticipate market trends, which are increasingly important in consumer decision-making processes (Lim & Lee, 2023). This gap in marketing capability often leads to suboptimal resource allocation, with SMEs investing in less effective methods while failing to leverage data for targeted, impactful strategies (Thompson et al., 2022). Consequently, the inability to harness these tools impairs SMEs' growth potential, limiting their reach and reducing their chances of building strong customer loyalty and sustained business success.

Addressing the challenges SMEs face in adopting effective marketing strategies requires a deeper understanding of how resource limitations and knowledge gaps hinder their

competitiveness. As SMEs contribute substantially to economic growth, especially in emerging markets, understanding these barriers and identifying ways to enhance marketing capacities can have broad economic implications (Amin, 2021). A targeted investigation into the influence of marketing strategies on SME performance could offer critical insights into which approaches are most beneficial, guiding policy interventions and support programs aimed at strengthening SMEs' ability to compete in increasingly digital and data-driven markets (Zulu & Motshabi, 2021). This research is essential to bridge gap in highlighting nuanced needs SMEs and providing actionable recommendations for enhancing their marketing effectiveness.

1.3 Purpose of study

The purpose of study is assessing influence marketing strategies on performance of SMEs Nairobi County, Kenya.

1.4 Objectives of the study

- i. Analyze effect of pricing strategies on performance of SMEs in Nairobi County.
- ii. Assess influence of distribution channels on SME performance in Nairobi County.
- iii. Examine role of promotional strategies in enhancing performance of SMEs in Nairobi County.
- iv. Investigate influence of digital marketing on performance of SMEs in Nairobi County.

1.5 Research questions

- i. What is effect of pricing strategies on performance of SMEs in Nairobi County?
- ii. How do distribution channels influence performance of SMEs in Nairobi County?
- iii. What role do promotional strategies play in enhancing performance of SMEs in Nairobi County?
- iv. How does digital marketing influence performance of SMEs in Nairobi County?

1.6 Significance of the study

SMEs are vital economic growth, job creation, and innovation, particularly in emerging economies. By analyzing key areas such as pricing, distribution channels, promotional strategies, and digital marketing, this study aims to highlight which marketing practices are most effective for SMEs to can enhance competitiveness, profitability.

Additionally, findings of study could offer guidance managers entrepreneurs, helping them optimize their marketing approaches to drive growth. Understanding the influence of pricing strategies, for instance, could enable SMEs affordability insights into distribution channels could help them reach customers more effectively. Moreover, exploring role of digital marketing is particularly significant in today's digital economy, where online visibility can substantially impact customer

reach and engagement. These insights can empower SMEs to implement cost-effective, impactful strategies that align with their resource constraints.

Policymakers and stakeholders could also benefit from this study, as it provides evidence-based recommendations on areas where SMEs may need support, such as training in digital marketing or guidance on developing effective promotional strategies. By identifying the specific needs and challenges of SMEs in Nairobi County, the study can inform policies and programs aimed at bolstering SME performance and long-term sustainability, contributing to broader economic growth within the county and beyond.

Finally, this research existing on unique context of Nairobi County, where SMEs face distinct challenges and opportunities compared to those in other regions. Findings of this study can provide a basis for future research on marketing strategies for SMEs in comparable settings, helping to build a deeper understanding of the key factors that drive SME success in different regions.

1.7 Scope of the study

Scope this is limited examining influence marketing performance of (SMEs) Nairobi County, Kenya. Specifically, it four main aspects of marketing strategies: pricing, distribution channels, promotional strategies, and digital marketing. Each of these areas will be analyzed to understand how they affect SME sales growth.

study will include SMEs across various sectors within Nairobi County to ensure diverse representation and a comprehensive understanding of how marketing strategies impact

performance in different industries. Data collection will be conducted through surveys and interviews with SME owners, managers, and marketing personnel who have direct experience with the marketing strategies employed by their businesses. The study will cover SMEs registered in Nairobi County to maintain geographical consistency and capture factors unique to this region's economic and competitive landscape.

The timeframe for this study will focus the recent years to provide relevant and current insights into marketing SME performance environment. Additionally, the study will consider the specific challenges and opportunities posed by Nairobi's competitive business environment, urban customer demographics, and high digital adoption rates.

This scope excludes large enterprises and SMEs operating outside of Nairobi County, as well as other factors influencing SME performance, such as operational efficiency or human resource management. By narrowing the focus to marketing strategies within Nairobi County, the study aims to provide targeted, actionable insights specifically relevant to SMEs operating within this locality.

1.8 Study limitations

Limitations are potential challenges that may externalize threats to the research findings. This study encountered several limitations, including:

Respondents' Attitudes towards Data Gathering: Some participants displayed a negative attitude towards the data collection process. This could manifest as non-cooperation in answering questionnaires correctly or failing to answer all the questions. To address this limitation, the

researcher emphasized that the gathered information both benefit and safeguard the participants' interests.

Time Constraints: Given that the study area is Nairobi County, and the research instruments require adequate time for participants to provide their views, time constraints was a limitation. To mitigate this challenge, the researcher ensured that all necessary resources are available for the distribution and collection of instruments to proceed smoothly and within a reasonable time frame.

Accessibility of Data Collection Areas: Some areas. To address this, the researcher sought permission from Nairobi County administration through the County commissioner in order to gain access to the sites.

This study depends solely on data collected from respondents through questionnaires and interviews. Such reliance on self-reported information may impact the accuracy of the findings, as the researcher has minimal control over the authenticity of participants' responses. There is a possibility that respondents may give answers they think are expected rather than those based on their actual knowledge or experiences. To address this issue, the researcher emphasized the significance of the study and assured participants of confidentiality and anonymity, aiming to build trust and promote honest and accurate responses.

Incomplete Information: Some respondents chose to withhold vital information related to the study, impacting data collection. Certain participants might did not provide exhaustive responses to all questions, while others choose to hide information. To address this limitation, the researcher informed respondents about the study's purpose and research procedures, fostering an environment of transparency and trust.

Limited Generalization: study's findings were based on small sample from selected area in Nairobi County, limiting ability to generalize results to larger population. Implications and generalizations of findings were made with caution, acknowledging study's confined scope.

1.9 Delimitation of the study

Delimitation refers parameters establish boundaries and constraints of a proposed research study. As Booth (2015) asserts, these boundaries encompass geographical scope, population characteristics, and sample size. The potential delimitation for this research is outlined below: The research confined itself to a cross-sectional research design. These limitations impose time constraints that could hinder over extended period. Other areas were not incorporated in perspectives of some National Government staff, and participants were not integrated into the study due to potential logistical and in respect the nature of their job and hierarchy.

1.10 Assumptions of the study

Study operates under several key assumptions to guide the investigation and interpretation of findings. First, it assumes that actively employ marketing strategies that influence their performance. This includes the assumption that most SMEs within the scope of the study have implemented some form of pricing, distribution, promotional, and digital marketing strategies, whether formally or informally. It is also assumed that SME owners, managers, and marketing personnel have

sufficient knowledge and understanding of these strategies to provide reliable insights through surveys and interviews.

Another assumption is that the economic and competitive conditions within Nairobi County are relatively stable, allowing for an accurate assessment of the impact of marketing strategies without major external disruptions influencing SME performance during the data collection period. The study further assumes that participants will respond honestly and accurately about the effectiveness of their marketing strategies and their business performance. This assumption of candor is essential to gather data that reflects the true relationship between marketing practices and performance outcomes in SMEs.

It is also assumed increasingly significant SME sector in Nairobi, given the high levels of internet penetration and mobile phone usage in Kenya. This assumption supports the exploration of digital marketing as a distinct strategy impacting SME growth and customer engagement. Additionally, the study assumes that factors such as competition, customer behavior, and technological access in Nairobi County are representative enough to draw conclusions that may be relevant for similar urban settings. Finally, it assumes that external factors, such as government policies or macroeconomic changes, will not dramatically shift during the study period, allowing the results to focus on marketing strategies as primary drivers of SME performance.

1.11 Operational definition of key terms

Small and Medium-Sized Enterprises (SMEs): In this study, SMEs refer to businesses operating in Nairobi County with a relatively small scale in terms of number of employees, annual turnover, and overall market presence, as defined by the Kenyan government's classification criteria. These enterprises typically have fewer than 100 employees and focus on serving local or niche markets.

Pricing Strategies: Pricing strategies refer to the methods and approaches SMEs use to set the prices of their products or services. This includes tactics such as discount pricing, premium pricing, and competitive pricing, which are aimed at influencing customer demand, maximizing revenue, and maintaining competitiveness in the market.

Distribution Channels: Distribution channels refer to the pathways through which SMEs deliver their products or services to customers. This includes both physical channels, such as retail stores and direct sales, and digital channels, like e-commerce platforms. The study examines how these channels affect an SME's ability to reach and serve its target audience efficiently.

Promotional Strategies: Promotional strategies encompass the marketing activities SMEs use to communicate with potential customers and increase brand awareness, sales, and customer loyalty.

Digital Marketing: Digital marketing is defined as the use of digital channels by SMEs to promote their products or services. This study focuses on how digital marketing impacts customer engagement, brand visibility, and overall business performance for SMEs in Nairobi

County.

Performance of SMEs: The performance of SMEs in this study is measured by indicators such as revenue growth, customer acquisition, customer retention, market share, and overall profitability. Performance reflects the effectiveness of SMEs' marketing strategies in achieving business growth and sustainability.

Marketing Strategies: Marketing strategies refer to the overall plan and set of tactics SMEs use to promote their products or services, position themselves in the market, and reach target customers. This includes elements such as pricing, distribution, promotion, and digital marketing, which are analyzed individually to determine their influence on SME performance.



Mount Kenya

University

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Chapter encompasses essential theories that serve as the foundation for investigating the study topic. It includes the conceptual framework, a discussion of the theoretical framework, where various theories pertinent to the study are reviewed, and a summary of literature.

2.1 Theoretical literature

2.1.1 Marketing Mix Theory

Hollensen,(2015). It provides a structured approach for SMEs to formulate and implement marketing strategies by encouraging a comprehensive evaluation of their offerings (Hollensen, 2015). Moreover, framework emphasizes importance of understanding customer preferences and behaviors, enabling SMEs to tailor their marketing efforts accordingly. However, critics of the theory argue that it may oversimplify complexities of modern marketing, particularly in context of digital transformation and changing consumer behaviors (Baker & Hart, 2008). Despite these criticisms, Marketing Mix remains a foundational concept in marketing theory, serving as a basis for further research and practice.

Relationship of Marketing Mix Theory to this research on influence of marketing strategies on performance of SMEs is significant. By applying principles of Marketing Mix, SMEs can identify and implement effective pricing strategies, optimize distribution channels, and develop promotional strategies that align with their target market's

preferences. This comprehensive understanding of marketing elements helps SMEs not only in enhancing their visibility and customer engagement but also in improving overall business performance. Consequently, the Marketing Mix Theory provides a relevant theoretical foundation for investigating how various marketing strategies impact SME performance. In the context of the digital economy, People, Process, and Physical evidence, thereby expanding its relevance to contemporary marketing practices (Booms & Bitner, 1981). This evolution reflects the growing importance of customer experiences and interactions in driving business success. As SMEs increasingly adopt digital marketing strategies, understanding and applying the updated Marketing Mix framework can further enhance their competitive advantage and performance. Thus, the Marketing Mix Theory remains a critical lens through which can be evaluated SME performance.

2.1.2 Resource-Based View (RBV) theory

Resource-Based View (RBV) theory, originally introduced by Wernerfelt (1984), asserts that a firm's competitive advantage and overall performance stem from its distinctive resources and capabilities that are valuable, rare, difficult to imitate, and irreplaceable. This framework highlights the importance of utilizing internal assets to gain a competitive edge. For SMEs, concentrating on the development and maintenance of these internal resources can lead to improved operational efficiency, greater customer satisfaction, and enhanced performance results.

One of the key advantages of the RBV theory is its focus on internal factors that drive performance, which contrasts with traditional approaches that emphasize external market conditions. This internal perspective encourages SMEs to invest in resource development and capability enhancement as a means of achieving sustainable competitive advantages (Barney, 1991). However, critics of the RBV argue that it may overlook the influence of external environmental factors and market dynamics that can also significantly affect SME performance (Priem & Butler, 2001). Despite these limitations, the RBV remains and capabilities can performance. Relation to these research strategies, the RBV theory provides a compelling perspective. Effective marketing strategies can serve as critical resources that SMEs can utilize to differentiate themselves in the market. For instance, innovative pricing strategies, efficient distribution channels, and targeted promotional efforts can enhance a firm's market position and operational capabilities. By aligning marketing strategies with the principles of the RBV, SMEs can leverage their unique strengths to optimize performance and achieve growth.

Furthermore, the RBV underscores the importance of continuous improvement and adaptation in resource management. As SMEs marketing the ability acquire, develop, and deploy marketing resources effectively becomes paramount. Empirical studies suggest that SMEs that harness their unique resources through tailored marketing strategies levels of resilience in an ever-evolving market (Camisón & Villar-López, 2014). Thus, the Resource-Based View theory offers a robust framework exploring how internal resources and capabilities can be leveraged through marketing strategies to enhance the performance of SMEs

2.2 Empirical literature

2.2.1 Effect of pricing strategies on performance of SMEs Nairobi County

Pricing strategies enable SMEs to adapt to customer needs while maximizing profitability (Kotler & Keller, 2016). Studies suggest that pricing strategies can make or break an SME, as customers often perceive price as an indicator of value and quality. When pricing is misaligned with customer expectations or market standards, SMEs can suffer from reduced demand and lost market share (Monroe, 2003). Therefore, understanding effective pricing strategies has become an area of keen interest among researchers examining SME performance.

Cost-based pricing is one of the most common strategies adopted by SMEs, where prices are set based on the costs of production plus a markup. While straightforward, this approach has its limitations as it does not consider customer willingness to pay or competitor pricing, potentially leading to reduced competitiveness (Nagle & Müller, 2017). Studies have shown that SMEs utilizing cost-based pricing often experience stable but limited growth because such a strategy typically attracts only a cost-sensitive customer base (Shankar & Bolton, 2004). In rapidly changing markets, strict adherence to cost-based pricing may also hinder SMEs from adapting to new trends or innovations in pricing models that can yield higher returns (Dutta et al., 2003).

Research indicates that SMEs employing value-based pricing often see better performance outcomes, as this strategy aligns pricing with customer perceptions and can create a premium appeal (Ingenbleek, 2007). Value-based pricing allows SMEs to charge higher prices by emphasizing the unique benefits their products offer, thus fostering stronger brand loyalty and

customer satisfaction (Liozu et al., 2012). However, adopting this approach requires a deep understanding of customer needs and the ability to communicate value effectively, which some SMEs may find challenging due to resource constraints and limited market research capabilities (Cressman, 2012).

Penetration pricing, where firms set a low price to enter a market and attract customers, has shown mixed results for SMEs. This strategy is beneficial for new entrants aiming to build market share quickly, as seen in studies indicating increased customer acquisition rates among SMEs employing penetration pricing (Noble & Gruca, 1999). However, research warns that such a strategy can be financially risky for SMEs, as low prices may not cover costs or sustain profitability in the long term (Tellis, 1986). Furthermore, customers attracted by low prices may not be loyal and could easily switch to competitors offering lower prices or better quality, resulting in potential instability in customer retention (Guiltinan, 1987).

Price skimming, where firms initially set high prices and gradually lower them, is another pricing strategy observed in SMEs. This approach is often applied when SMEs introduce new or innovative products and aim to maximize early profits from customers willing to pay a premium (Dean, 1976). Research shows that SMEs implementing price skimming can achieve strong initial revenues, which can be reinvested into the business for further growth (Hinterhuber, 2008). However, the strategy may limit market penetration, as high initial prices can deter price-sensitive customers, potentially impacting long-term market share and customer diversity (Nagle & Müller, 2017).

Discount pricing is also popular among SMEs as it attracts customers quickly and can increase sales volumes in the short term. However, empirical studies highlight the risks associated with

frequent discounting, including the perception of reduced product value and potential erosion of



brand equity (Sivakumar & Raj, 1997). Over time, customers may come to expect discounts, making it difficult for SMEs to maintain regular prices without affecting demand (Choi et al., 2018). Thus, while discount pricing can be beneficial for clearing inventory or attracting cost-sensitive customers, it may have negative implications for brand perception and profitability if overused (Kopalle et al., 1999).

Bundle pricing, where multiple products are sold together at a reduced price, is another strategy some SMEs use to increase sales volume and customer perceived value. Studies indicate that bundle pricing can be an effective way for SMEs to cross-sell products and encourage larger purchases, improving overall revenue (Stremersch & Tellis, 2002). However, the effectiveness of this strategy depends on the compatibility and perceived value of the bundled products. Research suggests that if customers do not find the bundle valuable, the strategy may fail to attract significant interest, potentially resulting in a waste of resources (Hanson & Martin, 1990).

Competition, or other factors, has gained popularity with the rise of digital technologies. While large firms often use dynamic pricing, studies indicate that some tech-savvy SMEs have begun exploring this approach to optimize revenue (Elmaghraby & Keskinocak, 2003). Research shows that dynamic pricing can lead to higher profitability for SMEs that can respond swiftly to market changes, but it requires a robust technological infrastructure and data analysis capabilities, which may be a barrier for smaller enterprises (Bertsimas & Perakis, 2006).

Research also highlights the importance of psychological pricing tactics, such as charm pricing (e.g., setting prices ending in .99) and price anchoring, in influencing customer perceptions and purchase decisions. Studies have found that SMEs utilizing psychological pricing can improve

sales by appealing to customers' subconscious decision-making processes (Schindler & Kibarian, 2001). However, the success of psychological pricing depends on the target market and cultural factors, as not all customer segments respond similarly to these tactics (Thomas & Morwitz, 2005).

Competitive pricing, where SMEs set prices based on competitor pricing rather than costs or value, is common in highly competitive markets. Empirical research suggests that competitive pricing can help SMEs remain attractive to price-sensitive customers and maintain market share (Chen et al., 2011). However, this strategy may lead to price wars, which can hurt profitability and undermine the perceived value of products in the long term (Shankar et al., 1998). SMEs using competitive pricing must therefore carefully monitor market trends and competitor actions to avoid unsustainable price cuts.

Geographic pricing, which involves adjusting prices based on location, is also relevant to SMEs serving diverse customer bases. Studies show that geographic pricing can enable SMEs to account for regional cost variations and customer purchasing power, improving market penetration and customer satisfaction in specific areas (Hinterhuber & Liozu, 2013). However, implementing geographic pricing can be challenging for SMEs due to logistical and operational complexities, especially if they lack the resources to manage different pricing structures efficiently (Monroe, 2003).

Empirical research emphasizes the need for SMEs to align their pricing strategy with their overall business goals, target market, and competitive positioning. Studies suggest that when SMEs tailor pricing to match customer expectations and market conditions, they are more likely to achieve sustainable performance gains (Ingenbleek et al., 2003). For example, a premium

pricing approach may be suitable for SMEs with differentiated products, while value-based or



competitive pricing may better serve those targeting price-sensitive customers (Nagle & Müller, 2017). This alignment is crucial for maximizing the effectiveness of pricing strategies.

The choice of pricing strategy also depends on the stage of business growth. Research indicates that early-stage SMEs may benefit more from penetration or competitive pricing to build market share, while established SMEs might prioritize value-based or premium pricing to enhance profitability and brand loyalty (Simon, 2015). As SMEs grow and acquire better market knowledge, they can adjust pricing strategies to reflect changing customer preferences, competitive landscapes, and cost structures, which can significantly impact their performance over time (Hinterhuber, 2008).

Finally, empirical studies underscore the importance of regularly evaluating and adjusting pricing strategies in response to market dynamics. SMEs that periodically review their pricing based on customer feedback, competitor actions, and economic conditions tend to perform better and maintain a competitive edge (Guerreiro et al., 2012). In a dynamic market environment, flexible and responsive pricing strategies enable SMEs to adapt quickly, maximize revenue, and foster customer loyalty, contributing to their long-term sustainability and success.

2.2.2 The influence of distribution channels on SME performance in Nairobi County

Distribution channels encompass the various pathways through which goods and services flow from producers to consumers, including direct sales, retail, wholesale, and online platforms. Empirical studies indicate that selecting the right distribution channels is essential for SMEs to optimize their market reach and enhance customer satisfaction (Kotler & Keller, 2016). This selection process requires SMEs to align their distribution strategies with their business objectives and target markets, ensuring that products are accessible to consumers while

maximizing profitability.



Research has shown that SMEs that utilize multiple distribution channels often experience improved performance metrics, including increased sales and market penetration. For instance, a study by Dholakia and Kshetri (2004) found that SMEs engaging in both traditional and online distribution channels could attract a broader customer base and respond more effectively to changing market demands. The integration of various distribution channels allows SMEs to capitalize on different customer segments and preferences, thereby enhancing their competitiveness. Furthermore, multi-channel distribution strategies can provide SMEs with the flexibility needed to adapt to fluctuations in consumer behavior and market conditions, allowing for better resource allocation and strategic planning.

The rise of e-commerce has significantly transformed distribution strategies for SMEs, with many businesses leveraging online platforms to reach customers directly. Research by Chaffey (2015) indicates that SMEs adopting digital distribution channels often experience higher growth rates compared to those relying solely on traditional methods. Online distribution not only reduces overhead costs associated with physical retail spaces but also enables SMEs to operate in a global marketplace, reaching customers beyond local geographic boundaries. However, the successful implementation of online distribution requires SMEs to invest in digital marketing and technology, as well as to understand the complexities of managing online sales, such as customer engagement and order fulfillment (Amit & Zott, 2012).

The effectiveness of distribution channels also hinges on the quality of relationships that SMEs cultivate with channel partners. Empirical studies emphasize the importance of collaboration and trust between SMEs and their distribution partners, such as wholesalers and retailers, to ensure efficient product flow and delivery (Dyer & Singh, 1998). Strong relationships can lead to

improved communication, shared goals, and a more responsive supply chain, ultimately



enhancing customer satisfaction and loyalty. For SMEs, establishing solid partnerships can also provide access to valuable resources, such as market insights and logistical support, which can improve their competitive positioning within the market (Madhok, 1997).

In terms of physical distribution, the choice of logistics and transportation methods significantly influences SME performance. Research shows that SMEs that optimize their logistics operations can reduce costs, enhance delivery speed, and improve overall customer experience (Mentzer et al., 2001). Efficient logistics not only streamlines the movement of goods but also allows SMEs to respond more swiftly to customer demands and inventory fluctuations. Studies have indicated that SMEs employing advanced logistics strategies, inventory automated supply chain are better positioned to meet market needs and achieve higher operational efficiency (Coyle et al., 2016).

Moreover, the geographic location of distribution channels can also impact SME performance. Empirical evidence suggests that SMEs located in urban areas with access to robust distribution networks often outperform those in rural regions due to proximity to suppliers and customers (Harrison & Van Hoek, 2011). Urban SMEs benefit from better infrastructure, transportation options, and a larger customer base, which can facilitate quicker and more efficient product delivery. However, SMEs in less accessible areas may struggle with longer lead times and increased transportation costs, necessitating creative strategies to overcome these challenges (Kumar et al., 2015).

Pricing strategies within distribution channels also play a significant role in determining SME performance. Research indicates that SMEs need to establish pricing mechanisms that reflect the value offered through their distribution channels while remaining competitive in the market (Nagle & Müller, 2017). For instance, SMEs utilizing online channels often have the flexibility

to adjust prices dynamically based on demand, inventory levels, and competitor pricing. However, maintaining consistency in pricing across different channels is crucial, as discrepancies can lead to customer dissatisfaction and erode trust (Lamb et al., 2011).

Additionally, the use of technology in distribution channels is becoming increasingly important for SMEs. Studies show that SMEs leveraging technology, such as customer relationship management (CRM) systems and data analytics, can enhance their understanding of customer preferences and improve their distribution strategies accordingly (Feng et al., 2017). These technologies enable SMEs to track customer behavior, optimize inventory levels, and personalize marketing efforts, which can significantly enhance the effectiveness of their distribution channels. However, the adoption of technology often requires financial investment and training, which can be challenging for resource-constrained SMEs (Ahlstrom & Bruton, 2010).

Consumer preferences are also a driving force behind the evolution of distribution channels. Empirical research suggests that changing consumer behavior, such as the growing preference for convenience and speed, has led SMEs to reevaluate their distribution strategies (Verhoef et al., 2015). For instance, the increasing demand for same-day delivery and easy returns has prompted many SMEs to adopt more sophisticated logistics and fulfillment practices. Understanding these consumer trends is essential for SMEs to remain competitive and relevant in an ever-evolving market landscape.

Market competition further influences the effectiveness of distribution channels for SMEs. Studies indicate that SMEs operating in highly competitive markets often need to innovate their distribution strategies continuously to differentiate themselves from competitors (Srinivasan et al., 2009). By exploring alternative distribution methods, such as partnerships with local delivery

services or utilizing social media platforms for sales, SMEs can enhance their visibility and attract customers. Research suggests that flexibility and adaptability in distribution channels are critical for SMEs to respond to competitive pressures and capture market opportunities effectively (Homburg et al., 2012).

Furthermore, the regulatory environment can impact the choice and effectiveness of distribution channels for SMEs. Research indicates that government policies regarding trade, logistics, and e-commerce can either facilitate or hinder SMEs' ability to utilize certain distribution channels (Brouthers et al., 2009). For example, supportive policies that reduce tariffs or improve infrastructure can enhance SMEs' access to various distribution networks. Conversely, stringent regulations can pose challenges, particularly for SMEs seeking to expand their distribution reach across borders or into new markets (Brouthers et al., 2008).

Finally, the overall performance of SMEs is closely linked to their ability to measure and analyze the effectiveness of their distribution strategies. Empirical studies highlight the significance of performance metrics, such as delivery time, customer satisfaction, and sales growth, in evaluating the success of distribution channels (Cuthbertson & Piotrowicz, 2011). By regularly assessing these metrics, SMEs can identify areas for improvement and adjust their distribution strategies to enhance overall performance. The ongoing evaluation process allows SMEs to remain agile in the face of changing market dynamics, ensuring their distribution channels continue to support business growth and customer satisfaction effectively.

2.2.3 Role of promotional strategies in enhancing performance of SMEs Nairobi County

Effective promotional strategies can significantly influence brand awareness, customer acquisition, and retention, thereby contributing to overall business growth. Empirical research indicates that SMEs that invest in targeted promotional activities often experience improved performance metrics, including increased sales and customer loyalty (Kotler & Keller, 2016). These strategies encompass various techniques which can be tailored to suit the unique needs and resources of SMEs.

Advertising serves as one of the primary promotional strategies for SMEs, allowing them to communicate their products and services to potential customers. Studies have shown that SMEs that effectively utilize advertising can enhance their visibility and create a strong brand presence in the market (Bennett, 1999). Various forms of advertising, including print, television, radio, and digital platforms, enable SMEs to reach a diverse audience. However, empirical research emphasizes the importance of selecting the appropriate advertising medium based on the target market's preferences and behaviors (Belch & Belch, 2012). For instance, digital advertising is increasingly gaining traction among SMEs, as it provides cost-effective solutions for targeting specific demographics and measuring campaign performance in real-time (Chaffey, 2015).

Public relations (PR) is another essential promotional strategy that can enhance the performance of SMEs. Research indicates that effective PR campaigns can build credibility and foster positive relationships with customers, stakeholders, and the media (Wilcox et al., 2015). SMEs that engage in proactive PR efforts, such as press releases, media outreach, and community involvement, can significantly enhance their reputation and brand image. Empirical studies have

shown that SMEs that successfully manage their public relations often benefit from increased customer trust and loyalty, which can translate into higher sales and improved business performance (Baker et al., 2015). Furthermore, PR can help SMEs differentiate themselves from competitors, particularly in niche markets where personalized branding is crucial.

Sales promotions, including discounts, coupons, and loyalty programs, play a vital role in driving short-term sales and attracting new customers to SMEs. Empirical research suggests that effective sales promotions can stimulate demand and encourage customer purchases, particularly in competitive markets (Blattberg & Neslin, 1990). However, studies also indicate that while promotions can lead to immediate sales spikes, they may not always contribute to long-term customer loyalty if overused (Kumar & Reinartz, 2016). Therefore, SMEs must strategically plan their promotional activities to ensure that they enhance customer relationships and brand perception over time, rather than merely incentivizing one-time purchases.

Digital marketing has emerged as a powerful tool for SMEs to enhance their promotional strategies. Research shows that SMEs utilizing digital marketing techniques can significantly increase their online visibility and engagement with customers (Edelman, 2010). These digital channels allow SMEs to reach larger audiences at a lower cost compared to traditional marketing methods, making them particularly attractive for resource-constrained businesses. Studies indicate that SMEs that effectively leverage digital marketing can achieve higher conversion rates and customer engagement levels, directly impacting their performance and profitability (Chaffey, 2015). However, the success of digital marketing requires continuous adaptation and optimization based on changing consumer behaviors and technological advancements (Bresciani & Eppler, 2010).

Content marketing is another significant aspect of digital marketing that can enhance the performance of SMEs. Empirical research indicates that SMEs creating valuable, relevant, and informative content can establish themselves as industry experts, thereby attracting and retaining customers (Pulizzi, 2012). By sharing blog posts, videos, and social media content that addresses customer pain points and interests, SMEs can foster engagement and build trust with their audience. Studies suggest that businesses employing content marketing strategies often experience higher customer loyalty and repeat purchases, contributing to overall performance improvement (Heinrichs et al., 2011). This approach aligns well with the trend toward personalized marketing, as SMEs can tailor their content to meet the specific needs of their target market.

The effectiveness of promotional strategies is also influenced by the alignment of marketing efforts with overall business goals. Research indicates that SMEs that integrate their promotional strategies with their brand positioning and customer value propositions tend to achieve better performance outcomes (Aaker, 2010). By ensuring that promotional activities reflect the brand's core values and mission, SMEs can create a cohesive narrative that resonates with their target audience. This alignment can enhance customer understanding of the brand and foster a deeper emotional connection, ultimately driving customer loyalty and advocacy (Bennett & Rundle-Thiele, 2005). Therefore, strategic coherence between promotional efforts and business objectives is essential for maximizing the impact of marketing activities.

The timing and frequency of promotional activities can also significantly affect SME performance. Empirical research suggests that SMEs that strategically time their promotions, such as during peak buying seasons or specific events, can enhance their visibility and sales

(Grewal et al., 2016). Additionally, the frequency of promotions must be carefully managed to



avoid customer fatigue and devaluation of the brand. Studies indicate that over-promotion can lead to customers expecting discounts, which can undermine the perceived value of the products and services offered by SMEs (Kumar & Reinartz, 2016). Therefore, finding the right balance in promotional timing and frequency is crucial for sustaining long-term performance.

Moreover, the role of customer feedback in shaping promotional strategies cannot be overstated. Research has shown that SMEs that actively solicit and respond to customer feedback can enhance their promotional effectiveness (Homburg et al., 2015). By understanding customer preferences and satisfaction levels, SMEs can refine their promotional campaigns to better meet market demands. Empirical studies indicate that businesses that incorporate customer insights into their promotional strategies are more likely to achieve higher engagement and conversion rates, ultimately improving performance outcomes (Kumar et al., 2013). Thus, fostering a culture of customer feedback and engagement is vital for SMEs aiming to optimize their marketing efforts.

Collaboration with other businesses can also enhance the effectiveness of promotional strategies for SMEs. Research indicates that strategic partnerships and co-marketing initiatives can help SMEs expand their reach and leverage complementary strengths (Ramaswamy, 2011). By collaborating with other businesses, SMEs can pool resources for joint promotions, events, or campaigns, allowing them to access new customer segments and share marketing costs. Studies suggest that SMEs that engage in collaborative promotional efforts often benefit from increased brand awareness and credibility, leading to improved overall performance (Bouncken & Kraus, 2013). This collaborative approach can be particularly beneficial for SMEs seeking to enhance their visibility in competitive markets.

Finally, the measurement and evaluation of promotional strategy effectiveness are essential for driving continuous improvement in SME performance. Empirical research emphasizes the importance of tracking key performance indicators (KPIs) related to promotional activities, such as return on investment (ROI), customer acquisition costs, and engagement metrics (Farris et al., 2010). By regularly assessing the impact of promotional strategies, SMEs can identify successful tactics and areas for improvement, enabling them to adapt their marketing efforts based on empirical evidence. Studies indicate that businesses that invest in data-driven decision-making tend to achieve better performance outcomes, as they can optimize their promotional strategies in response to changing market dynamics (Davenport et al., 2010).

2.2.4 Impact of digital marketing on performance of SMEs Nairobi County

Impact has become increasingly significant in today's digital economy. As traditional marketing methods face limitations in reach and effectiveness, SMEs are increasingly adopting digital marketing strategies to enhance their visibility, attract customers, and drive sales. Empirical studies highlight that digital marketing provides SMEs with a unique opportunity to compete with larger organizations by leveraging cost-effective platforms to reach targeted audiences (Chaffey, 2015). The accessibility and affordability of digital marketing tools allow SMEs to engage customers in ways that were previously unattainable, leading to improved overall performance and growth.

One of the primary advantages of digital marketing for SMEs is its ability to provide targeted advertising. Research indicates that digital platforms enable businesses to reach specific demographic groups based on factors such as age, location, and interests, allowing for more

personalized marketing efforts (Dahl et al., 2016). This targeted approach can lead to higher conversion rates, as the advertisements are shown to users who are more likely to be interested in the products or services being offered. Studies have shown that SMEs that effectively use targeted digital marketing strategies can achieve significant improvements in customer engagement and sales performance (Bennett et al., 2016).

Search engine optimization (SEO) is a crucial component of digital marketing that has proven to enhance the online visibility of SMEs. Empirical research demonstrates that SMEs investing in SEO can achieve higher rankings in search engine results, which significantly increases website traffic and leads (Edelman, 2010). By optimizing their online content for relevant keywords and phrases, SMEs can attract potential customers actively seeking their products or services. Studies indicate that SMEs employing effective SEO strategies often experience a higher return on investment compared to traditional marketing methods, as organic search traffic tends to have a lower acquisition cost and higher conversion potential (Fishkin, 2015).

Social media marketing has also emerged as a powerful tool for SMEs, enabling them to connect with customers on a personal level and build brand loyalty. Research shows that SMEs using social media platforms can engage their audience through interactive content, respond to inquiries in real-time, and foster a community around their brand (Kaplan & Haenlein, 2010). These interactions not only enhance customer relationships but also encourage word-of-mouth marketing, as satisfied customers share their experiences with others. Studies indicate that SMEs leveraging social media marketing can achieve increased brand awareness, customer retention, and ultimately, improved performance metrics (Laroche et al., 2013).

The role of content marketing in the digital landscape cannot be understated, particularly for SMEs seeking to establish authority and trust within their industry. Empirical evidence suggests that SMEs creating valuable, relevant, and engaging content can attract and retain customers effectively (Pulizzi, 2012). By producing blog posts, videos, and infographics that address customer pain points and interests, SMEs can position themselves as thought leaders in their respective fields. Research shows that content marketing not only drives website traffic but also contributes to enhanced customer loyalty and advocacy, positively impacting overall business performance (Heinrichs et al., 2011). Email marketing remains a valuable digital marketing strategy for SMEs, allowing them to maintain direct communication with their customers. Studies indicate that targeted email campaigns can yield high engagement rates and conversion levels, as they deliver personalized content directly to the recipient's inbox (Chaffey & Ellis-Chadwick, 2016). SMEs that segment their email lists and tailor their messages based on customer preferences often achieve better results compared to those using a one-size-fits-all approach. Research has shown that effective email marketing can significantly enhance customer retention and drive repeat purchases, thereby contributing to improved financial performance for SMEs (Kumar et al., 2013).

Digital marketing also provides SMEs with valuable data and insights that can inform decision-making and strategy development. Empirical studies highlight that the ability to track and analyze consumer behavior online allows SMEs to refine their marketing efforts based on real-time feedback (Davenport et al., 2010). This data-driven approach enables SMEs to identify which strategies are most effective in driving customer engagement and conversions, allowing them to allocate resources more efficiently. Research suggests that SMEs embracing data

analytics in their digital marketing efforts can achieve better performance outcomes, as they can adapt to changing consumer trends and preferences quickly (Luo et al., 2014).

The impact of digital marketing on brand awareness is another crucial area of study for SMEs. Research indicates that SMEs utilizing digital marketing channels can significantly increase their visibility and recognition within their target markets (Keller, 2001). Effective digital marketing strategies, such as search engine marketing and social media campaigns, allow SMEs to create a strong online presence that resonates with potential customers. Studies show that higher brand awareness correlates with increased consumer trust and preference, ultimately leading to improved sales performance (Aaker, 1996).

Furthermore, the cost-effectiveness of digital marketing compared to traditional marketing methods is a significant advantage for SMEs. Empirical research demonstrates that SMEs can achieve comparable, if not better, results through digital marketing while maintaining lower operational costs (Liu-Thompkins & Rogerson, 2012). For example, online advertising platforms like Google Ads and Facebook Ads allow SMEs to set budgets that align with their financial capabilities, enabling them to compete with larger companies without incurring prohibitive expenses. Studies indicate that the ability to control marketing spend effectively can significantly improve the financial performance of SMEs, as they can invest in strategies that yield the highest returns.

However, despite the advantages of digital marketing, challenges remain for SMEs in its implementation. Research shows that many SMEs face difficulties in adopting digital marketing strategies due to limited resources, expertise, and technological infrastructure (Poon & Jevons, 1997). Furthermore, the rapid evolution of digital marketing tools and techniques can overwhelm

SMEs that lack the capacity to stay updated with the latest trends. Empirical evidence indicates



that SMEs investing in digital skills training and technology can overcome these barriers and unlock the full potential of digital marketing to enhance their performance (Sharma et al., 2019).

The role of digital marketing in driving innovation within SMEs is another area of interest. Research suggests that SMEs embracing digital marketing strategies are more likely to explore new ideas, products, and business models, thereby fostering a culture of innovation (Bresciani & Eppler, 2010). By leveraging digital tools, SMEs can gather customer feedback more efficiently, enabling them to adapt their offerings to meet market demands. Studies indicate that innovative SMEs often outperform their competitors, as they can respond swiftly to changing consumer preferences and trends, ultimately enhancing their performance (Gonzalez et al., 2015).

Moreover, the increasing importance of mobile marketing in the digital landscape has emerged as a key factor influencing SME performance. Empirical research highlights that with the growing prevalence of smartphones and mobile internet usage, SMEs that optimize their marketing strategies for mobile devices can significantly enhance their customer reach and engagement (Tsang et al., 2015). Mobile marketing tactics, such as responsive web design, mobile apps, and location-based advertising, can provide SMEs with new opportunities to connect with consumers in real-time. Studies indicate that SMEs effectively leveraging mobile marketing can improve their performance metrics, as they meet customers where they are and cater to their preferences.

2.3 Conceptual framework

Conceptual framework illustrates marketing strategies, SME performance. Framework highlights how product

differentiation, pricing, distribution, promotion, and digital marketing strategies influence the performance of SMEs in the beads and artefacts industry in Nairobi County.

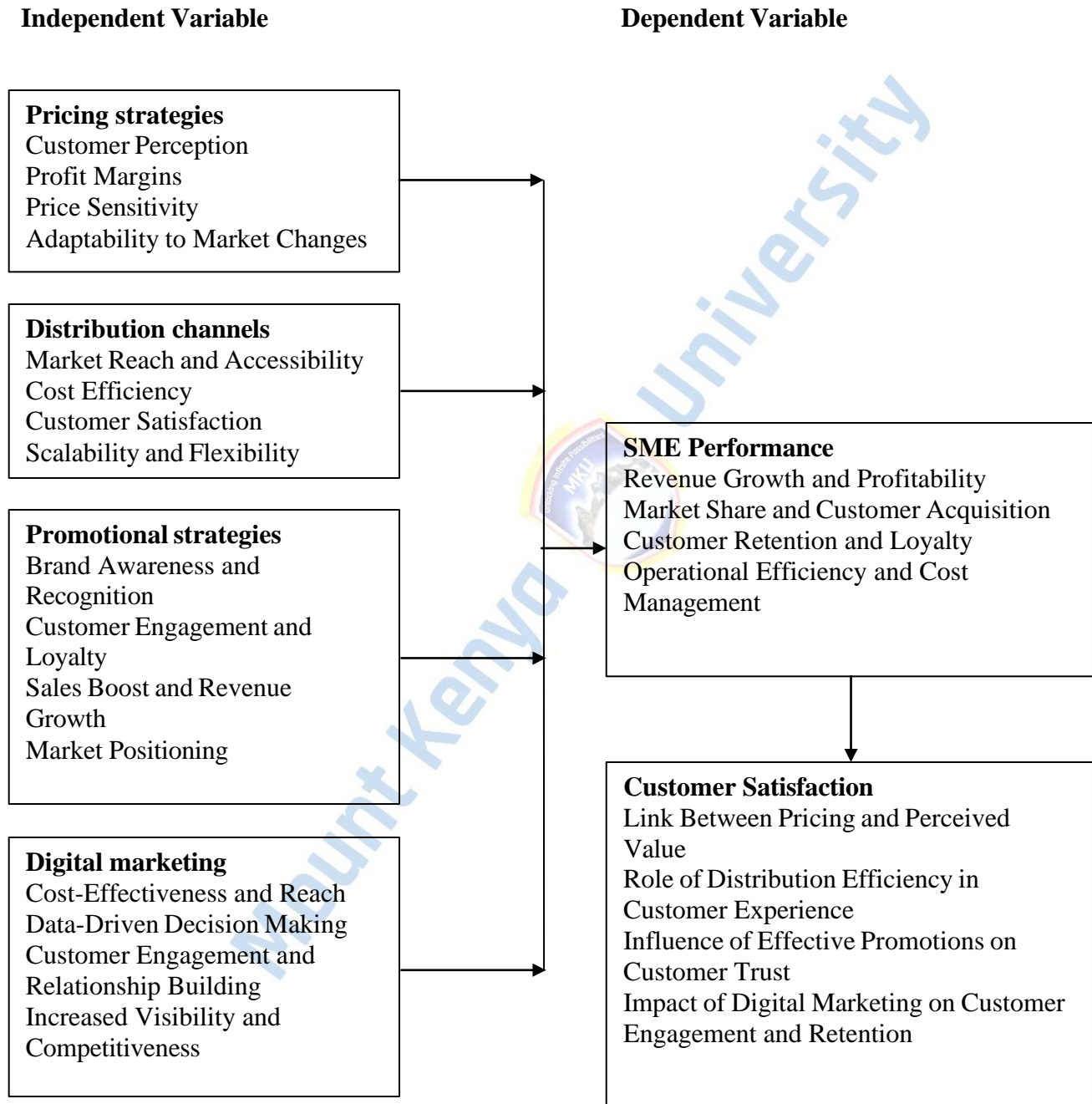


Figure 1: Conceptual Framework

Source: Researcher, (2025)

Product Differentiation Strategy

Conceptualization:

This strategy captures how SMEs in the beads and artefacts sector introduce distinct product attributes to stand out in the market. It focuses on incorporating cultural elements, innovative designs, premium materials, and appealing branding and packaging to create a competitive edge.

- **Indicators:** Product uniqueness, cultural relevance, customer preference, quality perception, and brand identity.

Pricing Strategy

Conceptualization:

Pricing strategy relates to the methods used by SMEs to determine the selling prices of their beads and artefacts. The goal is to attract and retain customers while achieving profitability and remaining competitive within the market.

- **Indicators:** Price competitiveness, pricing based on cost, value-driven pricing, discount offerings, and pricing flexibility.

Distribution Strategy

Conceptualization:

This refers to the distribution mechanisms SMEs use to deliver their products to customers. It encompasses

both physical distribution networks and digital channels that ensure customers can access the products conveniently.

- **Indicators:** Physical retail availability, online distribution, distributor partnerships, and participation in exhibitions and trade events.

Promotion Strategy

Conceptualization:

Promotion strategy involves all communication efforts deployed by SMEs to raise awareness of their beads and artefacts, attract buyers, and encourage repeat sales. These efforts span traditional and digital media platforms.

- **Indicators:** Use of print and radio advertising, social media marketing, word-of-mouth promotions, participation in exhibitions, and use of influencers or brand ambassadors.

Digital Marketing Strategy

Conceptualization:

Digital marketing strategy refers to how SMEs apply online tools and platforms to advertise and sell their products. This includes the use of websites, social media, email campaigns, and online marketplaces to reach and engage customers.

- **Indicators:** Engagement on platforms like Facebook and Instagram, presence on e-commerce sites, mobile-based promotions, and use of digital content for visibility (e.g., SEO).

SME Performance

Conceptualization:

This variable reflects how well an SME achieves its operational and strategic objectives. It evaluates business growth, profitability, customer retention, and market reach within the beads and artefacts industry.

- **Indicators:** Growth in revenue, increase in customer numbers, profit levels, customer loyalty, expansion into new markets, and brand visibility.

2.4 Recap of literature review

Literature review on the influence of marketing strategies on the performance of SMEs highlights various factors that play a crucial role in shaping business success. The review emphasizes that pricing strategies, distribution channels, promotional tactics, and digital marketing are central components of effective marketing strategies for SMEs. Each of these strategies contributes uniquely to enhancing SME performance by addressing customer needs, expanding market reach, and optimizing resource allocation.

Research on pricing strategies demonstrates that well-structured pricing models directly impact revenue and customer satisfaction, which in turn boost SME performance. Competitive and value-based pricing allows SMEs to remain relevant in their markets, attract a loyal customer base, and sustain profitability, especially in highly competitive environments (Kotler & Keller, 2016). Distribution channels are also significant; efficient distribution not only improves product accessibility but also reduces logistical costs, enhancing both customer satisfaction and operational efficiency (Bowersox et al., 2013). This is essential for SMEs aiming to capture and retain a larger customer base within budget constraints.

The role of promotional strategies, including advertising, discounts, and loyalty programs, is highlighted as a powerful tool in enhancing brand awareness and customer loyalty. Promotions create engagement opportunities, fostering stronger customer relationships and encouraging repeat business, which are crucial for long-term SME growth (Blattberg & Neslin, 1990). Furthermore, digital marketing has emerged as a transformative strategy, offering SMEs a cost-effective way to reach vast audiences, gather customer insights, and personalize customer interactions. Through social media, search engine optimization, and data-driven campaigns,



SMEs can build strong brand identities and remain competitive even against larger firms (Chaffey & Ellis-Chadwick, 2016).

The review also identifies customer satisfaction as an intervening variable, as it mediates the relationship between marketing strategies and SME performance. Satisfied customers are more likely to be loyal and promote the business, which translates to sustained performance. SME performance, the dependent variable, is measured in terms of revenue growth, market share, customer retention, and operational efficiency, each of which is influenced by the effectiveness of marketing strategies.

2.5 Research Gaps

While extensive research has been conducted on the influence of marketing strategies on SME performance, several research gaps remain. First, although pricing strategies are known to affect customer retention and profitability, there is limited research exploring how different pricing models specifically impact various types of SMEs, particularly those in service-based industries compared to product-based sectors. Existing studies often generalize pricing effects without distinguishing the unique challenges and opportunities that different sectors face. Additionally, while distribution channels are acknowledged as vital to customer satisfaction and market reach, there is a lack of research examining how SMEs can effectively balance traditional and digital distribution channels in rapidly changing markets. This gap is particularly relevant given the growing shift towards online and hybrid business models, which require a deeper understanding of distribution optimization for SMEs with limited resources.

Furthermore, although promotional strategies have been linked to brand awareness and customer engagement, there is limited empirical evidence on which specific types of promotions—such as

discounts, loyalty programs, or experiential marketing—yield the most significant returns for SMEs in different cultural and economic contexts. Most studies on promotional effectiveness focus on large corporations, leaving a gap in understanding how smaller enterprises with constrained budgets can maximize promotional impact. Another gap is evident in digital marketing research, where most studies emphasize social media and search engine marketing without exploring newer digital tools like artificial intelligence, customer data analytics, or automation, which could benefit SMEs but remain underutilized due to lack of awareness or expertise.

Lastly, while customer satisfaction is recognized as an intervening variable that links marketing strategies to SME performance, there is limited research that quantifies its specific mediating effects in diverse markets. The existing studies do not adequately explore how varying levels of customer satisfaction influence different performance metrics, such as revenue growth, market share, and brand loyalty, especially in the context of SMEs operating in developing economies. Addressing these research gaps would provide more comprehensive insights into how tailored marketing strategies can enhance SME performance across different industries, markets, and technological landscapes.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

Overview of research methodology, techniques applied in the study. It covers key components of the research process, including the chosen research approach, design, study location, target population, sampling techniques, development of research instruments, procedures for testing validity and reliability, data collection methods, recommended techniques for data analysis, and the ethical principles that governed the research process.

3.1 Research Methodology

According to Dawson (2019), research methodology serves as the foundational framework that directs the overall research process. It defines the strategy used to explore the chosen topic and plays a central role in shaping the selection of research methods. It is important to distinguish between research methodology and research methods, which are the specific tools used in the process. Selecting an appropriate methodology involves evaluating several factors, including possible research limitations and ethical considerations that may affect the study's credibility and quality.

This study adopted a mixed-methods research approach, which integrates both qualitative and quantitative methods (Creswell & Plano Clark, 2018). This approach enabled the collection and analysis of both qualitative and quantitative data, offering a thorough examination of the complex effects of counterfeit goods on economic, human, and environmental security. Qualitative tools, such as interviews and focus group discussions, were utilized to gather in-depth insights and personal experiences of those

affected, while quantitative methods, such as surveys, provided structured data to quantify the scale and impact of the issue.

3.2 Research Design

Descriptive research design which focuses on accurately representing individuals' experiences and situations (Robson, 2002). This approach was grounded in a thorough review of existing literature that examined the underlying causes and consequences related to the topic. The decision to use a descriptive design was guided by the study's objectives and the need to gain a comprehensive understanding of the complex dynamics surrounding the research issue.

Due to the variety of variables and participant responses involved, a descriptive design provided an effective framework for capturing detailed and diverse perspectives. It was particularly well-suited to the study's complexity, allowing for a clear and systematic exploration of participants' views and attitudes. This contributed significantly to the richness and depth of the research findings (Polit and Beck, 2004).

3.3 Location of the study

Study was carried out in Nairobi, which is country's administrative center and the largest economic hub in East Africa. The research focused on the SMEs located within Nairobi County.

3.4 Target Population

Mugenda and Mugenda (2012) define target population as entire group of individuals, items, cases that share characteristics relevant to a particular study. In this research, the target population comprised small and medium-sized enterprises (SMEs) operating within Nairobi County. The National Baseline Survey (2014) reported that approximately 17% of all SMEs in Kenya were based in Nairobi. Additionally, data from the Nairobi County Licensing Office (2015) indicated that there were 30,252 registered SMEs in the county. These businesses served as a valuable source of information for the study. For the purpose of this survey, a sample of 300 respondents from Nairobi County was selected.

Table 1: Target population

Groups	Population Frequency	Percentages (%)
Top Level Management	50	16.7
Middle Level Management	100	33.3
Lower Level Management	150	50
Total	300	100%

Source: Researcher, (2025)

3.5 Sampling Procedures and Techniques

A sample, as defined by Krejcie and Morgan (1970), represented a small group of individuals selected from the general population for research purposes. Alvi (2016) further clarified that sample size referred to the number of sampling units included in the sample. Krejcie and Morgan's sampling table, which aids researchers in determining the necessary sample size, guided this study—especially for categorical or finite populations in survey research. The researcher used purposive sampling to select respondents,

allowing flexibility to gather pertinent information from individuals with specific knowledge necessary for the success of the study.

3.6 Sample Population

Sample size was calculated using formula by Coolican (2014); the sampling was done at 95% confidence level.

$$n = \frac{N}{1 + N(e)^2}$$

In the formula;

N = population

n = sample size

e = error margin (0.05).

n = 171

$$1 + 300(0.05)^2$$

=171 respondents.

Table 2: Sample Size

Category	Population frequency	Sample scale	Sample size
Top Level Management	50	0.05	29
MiddleLevel Management	100	0.05	57
Lower Level Management	150	0.05	85
Total	300		171

Source: Researcher, (2025)

3.7 Construction of research instruments

This study adopted a survey questionnaire as the primary instrument for collecting data from the sample population. The tool was designed to ensure that all relevant information was captured. The questions were tested using 5-point Likert scale, which provided respondents with full range of response options: The questionnaire was divided into parts. Part one consisted of demographic (biographical) information, while the second part focused on the independent variables of the study.

3.7.1 Questionnaires

Questionnaires provided a systematic and standardized approach to collect data from a significant number of participants. According to Gay and Diehl (1992), questionnaires were efficient for administration, as they could be distributed simultaneously to a large group of respondents. This efficiency enabled the collection of substantial data within a brief period, allowing respondents flexibility and anonymity.

3.7.2 Interview schedules

An interview schedule served as a structured set of questions to guide the researcher during interviews (Flick, 2009). In this study, interview schedules facilitated an in-depth exploration of complex issues, providing the researcher with opportunities to probe and seek clarification on key informants' experiences.

3.8 Pilot Study

A pilot study was conducted in Kajiado County, a neighboring region to Nairobi County, prior to the main data collection exercise. The purpose of the pilot study was to test the feasibility and effectiveness of the research instruments, particularly the questionnaire, and to ensure that they were suitable for use in the actual study environment.

The pilot study helped the researcher identify potential weaknesses in the questionnaire such as unclear wording, ambiguous questions, and response format issues. By pre-testing the instrument with a small sample of SME owners and managers operating in the beads and artefacts industry within Kajiado County, the researcher was able to assess the clarity, relevance, and comprehensiveness of the questions. In addition, the pilot study provided critical insights into the practicality of the data collection process, including the time required to complete the questionnaire and the respondents' understanding and willingness to participate. Feedback from the pilot respondents was used to refine the questionnaire, remove redundant or confusing items, and make necessary adjustments for improved flow and logical sequencing of the questions.

The pilot data were also used to test for instrument validity and reliability. Content validity was reviewed through consultations with academic supervisors and experts in marketing and SME development. Reliability of the instrument was measured using Cronbach's Alpha, with a threshold of 0.7 considered acceptable. Variables that fell below this benchmark were revised to improve internal consistency.

Overall, the pilot study played a crucial role in enhancing the quality of the research instruments, improving researcher preparedness, and ensuring that the main study would produce accurate, reliable, and valid results.

3.9 Testing for validity and reliability/trustworthiness

In this section, reliability, validity, credibility and dependability will be tested.

3.9.1 Reliability

Reliability refers to the degree to which an instrument consistently measures a concept without random error. In this study, the reliability of the research instrument (questionnaire) was assessed using the Split-Half method. This approach involved dividing the questionnaire into two equivalent halves and then calculating the correlation between the scores of the two halves. A high correlation coefficient indicated strong internal consistency, confirming that the instrument was reliably measuring the intended constructs.

The Split-Half method was chosen because it is appropriate for assessing the internal consistency of instruments with multiple Likert-scale items, as was the case in this study. The Spearman-Brown prophecy formula was used to adjust the reliability coefficient, providing an estimate of the reliability of the full questionnaire.

During the pilot study conducted in Kajiado County, responses obtained from a representative sample were used to compute the Split-Half reliability coefficient. The results guided further refinement of the questionnaire. Items that were found to be ambiguous, inconsistent, or poorly correlated were reviewed, reworded, or removed altogether to enhance clarity and improve overall consistency of the tool. This process ensured that the final version of the questionnaire used in the main study was both reliable and well-structured, enabling the collection of consistent and dependable data across respondents.

3.9.2 Validity

Validity refers to the extent to which a research instrument accurately measures what it is intended to

measure, and the degree to which the results obtained from the instrument are meaningful and appropriate. According to Gerring (2014), validity is defined as the accuracy and significance of inferences based on study findings.

In this study, content validity was emphasized to ensure that the questionnaire adequately captured all relevant aspects of the variables under investigation namely, marketing strategies and SME performance in the beads and artefacts industry. To achieve this, the questionnaire was subjected to expert review by academic supervisors and professionals in the fields of marketing and business research. Their feedback helped confirm that the items were representative, logically structured, and aligned with the study objectives.

Additionally, during the pilot study conducted in Kajiado County, participants provided feedback on the clarity and relevance of the questionnaire items. Based on their input, ambiguous, vague, or potentially misleading questions were revised, restructured, or eliminated to enhance clarity, ensure cultural appropriateness, and improve alignment with the study constructs.

The process of refining the instrument through expert judgment and pilot testing helped to enhance both the face validity (how the instrument appears to measure the concept) and construct validity (how well the instrument reflects the theoretical components of the variables). As a result, the final version of the questionnaire was deemed valid for use in the main study.

3.9.3 Credibility and Dependability

Credibility and dependability are essential criteria for evaluating the trustworthiness of research instruments, particularly in social science research. Credibility refers to the confidence in the truth and accuracy of the data collected, while dependability relates to the stability and consistency of the research

process over time.

In this study, instrument credibility was established through rigorous review and feedback from experts within the Department of business and economics at Mount Kenya University. These academic reviewers assessed the questionnaire for structural coherence, logical sequencing, clarity of language, and alignment with the research objectives. Their input ensured that the questionnaire items were both meaningful and relevant to the context of marketing strategies and SME performance in the beads and artefacts sector.

To ensure dependability, the research process was thoroughly documented. This documentation makes it possible for other researchers to replicate the procedures and obtain consistent results under similar conditions. Additionally, the feedback gathered during the pilot study in Kajiado County further contributed to improving the reliability and consistency of the research instruments.

By incorporating expert evaluations and pilot feedback, the study ensured that the data collection tools were not only credible but also dependable, thereby enhancing the overall trustworthiness of the research findings.

3.10 Data Collection Methods and Procedures

Before commencing data collection, the researcher obtained the necessary authorization and ethical clearance from relevant bodies, including Mount Kenya University, and sought permission from appropriate local authorities within Nairobi County where the study was conducted. This ensured that the research process complied with institutional and legal requirements.

The primary method of data collection involved the use of structured questionnaires, which were distributed to selected respondents in the beads and artefacts sector. These questionnaires were designed to capture both quantitative and qualitative data related to marketing strategies and SME performance.

To improve response rates and ensure inclusivity, the questionnaires were administered in-person as well as through email and online platforms, depending on the convenience and preferences of the respondents.

In addition to questionnaires, semi-structured interviews were conducted with a few key informants, such as SME owners, marketing managers, and local trade representatives. These interviews were held at locations and times convenient to the participants and allowed the researcher to obtain deeper insights and clarifications on specific issues that may not have been fully captured in the questionnaire responses.

All respondents were briefed on the purpose of the study, assured of their confidentiality and voluntary participation, and given the opportunity to ask questions before providing their responses. The researcher maintained a professional and ethical approach throughout the data collection process to enhance the accuracy, credibility, and completeness of the information gathered.

3.11 Proposed Data Analysis Techniques and Procedures

Upon completion of data collection, the researcher commenced data cleaning and coding in preparation for analysis. The quantitative data obtained from the structured questionnaires were analyzed using the Statistical Package for the Social Sciences (SPSS) software, which provided a robust platform for both descriptive and inferential statistical analysis.

Descriptive statistics were employed to summarize and present the characteristics of the data in a clear and concise manner. These included frequencies, percentages, mean scores, and standard deviations, which helped describe the distribution of responses across various variables such as product differentiation, pricing, promotion, digital marketing, and SME performance.

To test the research hypotheses and examine the relationships between independent variables (marketing strategies) and the dependent variable (SME performance), inferential statistics were applied. Specifically, the study utilized t-tests to assess differences between groups and F-tests (ANOVA) to evaluate the significance of variations among multiple groups. These techniques allowed the researcher to determine whether observed patterns in the data were statistically significant or due to chance.

Where necessary, correlation and regression analyses were also considered to establish the strength and direction of relationships between variables. The results were presented in tables and charts for clarity, and interpretations were provided in line with the study objectives.

This analytical approach ensured that the findings were not only meaningful and actionable but also statistically valid and reliable, thereby supporting accurate conclusions and recommendations.

3.12 Ethical Considerations

Ethical integrity was a central component of this study, and appropriate measures were taken to ensure that all research activities adhered to accepted ethical standards. Ethical approval was sought and

obtained from the relevant research and ethics committees, including authorization from Mount Kenya University and other necessary authorities within Nairobi County.

Prior to participation, informed consent was obtained from all respondents. Participants were fully briefed on the purpose of the study, the nature of their involvement, and their right to decline or withdraw from the research at any stage without facing any negative consequences. A consent form outlining these details was issued, and only those who voluntarily agreed to participate were included in the study.

To ensure confidentiality, participants' identities were kept anonymous, and all information provided was treated with the highest level of privacy and used solely for academic purposes. Data was securely stored, and no identifying details were included in any reports or publications.

Additionally, the researcher maintained a respectful and professional approach when interacting with participants, upholding their dignity and ensuring that the research did not cause any form of discomfort or harm. Ethical principles such as voluntariness, non-maleficence, and respect for persons were strictly observed throughout the data collection and reporting process.

These ethical safeguards contributed to the credibility and integrity of the study and fostered trust between the researcher and the participants.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.0 Introduction

Chapter presents analysis, presentation, interpretation data collected on influence of marketing strategies on performance of (SMEs) Nairobi County, Kenya. How various marketing strategies affect the performance of SMEs operating within the region.

Data used in this chapter was gathered through structured questionnaires administered to SME owners and managers. Both descriptive and inferential statistical techniques were used to analyze responses, enabling the researcher to draw meaningful insights and correlations between the adopted marketing strategies and business performance indicators.

4.1 Response Rate

Response rate was determined by number of completed and usable questionnaires returned. Out of 171 distributed, 122 were properly filled and returned, resulting in a 71.35% response rate. According to Mugenda and Mugenda (2013), a rate above 70% is considered excellent. Therefore, the response rate in this study was both excellent and sufficient for impact of marketing strategies on SME performance in Nairobi County.

4.2 Reliability and Validity Result

4.2.1 Validity Test

Establish validity, data collection instruments were administered to selected SMEs engaged in marketing strategies within Nairobi County, Kenya. Responses obtained were assessed in relation to the study objectives and measured using a five-point Likert scale ranging from "Strongly Agree" to "Strongly Disagree." A subject matter expert utilized SPSS to compute a validity index based on collected responses. Each questionnaire was assigned a unique identifier from 1 to 30, corresponding to individual participants.

4.2.2 Reliability Test

SPSS Version 29 was utilized to evaluate the reliability of the questionnaire. Internal consistency was assessed using Cronbach's Alpha, which measured the instrument's overall validity. The reliability results are summarized in Tables 3 and 4.

Table 3: Average Reliability statistics of marketing strategies

Variables	Cronbach Alpha values
Average Reliability statistics of marketing strategies	.67

Source; Researcher (2025)

Cronbach's Alpha is a statistical measure used to evaluate the internal consistency of a scale, indicating how well the items collectively measure a single construct. The coefficient ranges from 0 to 1, with higher values reflecting stronger reliability. In this study, a Cronbach's Alpha value of 0.67 suggests a moderate but acceptable level of reliability, indicating reasonable consistency among the items used to assess marketing strategies.

According to Malhotra (2014), values below 0.6 indicate poor reliability, while Sekaran and Bougie (2013) note that values closer to 1 reflect strong internal consistency. Kothari and Garg (2014) recommend a minimum threshold of 0.7 ($\alpha > 0.7$) for an instrument to be deemed reliable. Similarly, Mugenda and Mugenda (2013) outline standard benchmarks for interpreting Cronbach's Alpha scores, supporting the evaluation of internal consistency levels.

Table 4: Reliability and Validity results of a specific construct of marketing strategies

Variables	Cronbach Alpha Values	Comments
Pricing strategies	.701	Accepted
Distribution channels	.512	Accepted
Promotional strategies	.761	Accepted
Digital marketing	.801	Accepted

*Source; Researcher
(2025)*

Table 4 provides the reliability test results for the main variables used to assess the construct of marketing strategies, with reliability measured using Cronbach's Alpha coefficient. Cronbach's Alpha is a commonly used statistical tool that evaluates the internal consistency of items within a

scale that is, how well the items measure the same underlying concept. According to Kothari and Garg (2014), as well as Mugenda and Mugenda (2013), a Cronbach Alpha value of 0.7 or higher is typically considered acceptable for demonstrating reliability. However, in the context of exploratory studies, where constructs may be broad or newly conceptualized, Cronbach Alpha values as low as 0.5 can still be deemed acceptable (Sekaran & Bougie, 2013).

The construct Pricing Strategies recorded a Cronbach's Alpha of 0.701, which aligns with the minimum recommended threshold. This indicates that the items used to assess pricing strategies are consistent and reliably measure the same underlying factor. Therefore, the scale used for this variable can be considered adequately reliable.

Distribution Channels, on the other hand, registered a Cronbach's Alpha of 0.512, which is below the commonly accepted standard of 0.7. Despite this, the value is still considered acceptable within the context of an exploratory study. The relatively lower reliability score may be attributed to a limited number of items or to the variability in how respondents interpreted questions related to distribution strategies. While the internal consistency is moderate, future studies may need to refine or expand the items under this variable to improve its reliability.

Promotional Strategies attained a Cronbach Alpha of 0.761, reflecting good internal consistency. This result implies that the questionnaire items measuring promotional efforts are closely related and reliably reflect the promotional strategies used by SMEs. The strong reliability enhances the credibility of findings associated with this variable.

The construct Digital Marketing achieved the highest Cronbach's Alpha value at 0.801, signifying excellent internal consistency. This suggests that the items grouped under digital marketing were well-constructed and strongly correlated, effectively capturing the intended

dimension. It also reflects the increasing clarity and familiarity of digital marketing practices among SMEs, which may have contributed to more consistent responses from participants.

In summary, three out of the four variables met or exceeded the 0.7 threshold, demonstrating satisfactory to excellent reliability. Although the distribution channels construct fell slightly below this benchmark, it remains acceptable in exploratory research settings. These findings confirm that the instrument used in this study was generally reliable for measuring influence of various marketing strategies on performance of SMEs Nairobi County, Kenya.

4.3 Demographic

. This information was essential for understanding and classifying the responses according to the respondents' backgrounds or profiles. It covered key demographic details such as gender, age, and educational level of individuals working within SMEs.

4.3.1 Gender of the Respondent

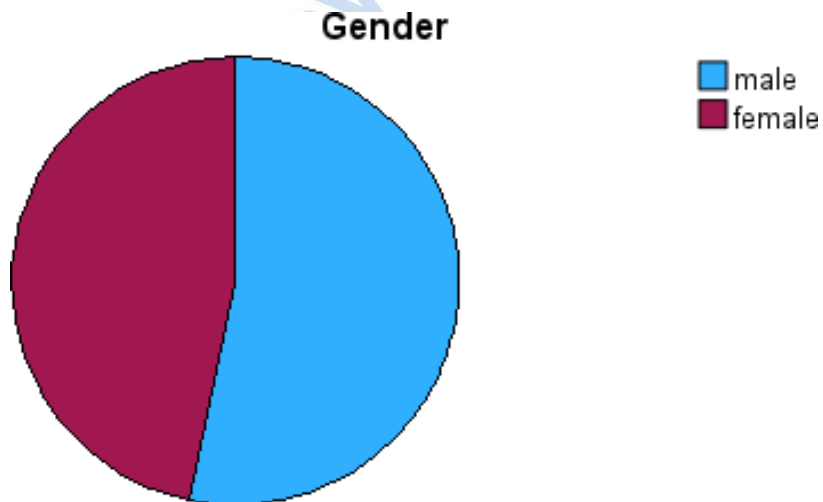


Figure 2: Gender

Source; Researcher (2025)

Distribution is presented in table. Out of the total 122 participants: 65 respondents (53.3%) were male, 57 respondents (46.7%) were female. This indicates a relatively balanced gender representation, with a slightly higher number of male participants compared to females. The close margin suggests both genders were well represented in study, which enhances inclusiveness and reliability of findings related to influence of marketing strategies on performance of SMEs Nairobi County, Kenya. The nearly equal participation also allows for a more comprehensive understanding of perspectives across gender lines within the SME sector.

4.3.2 Age of the Respondent

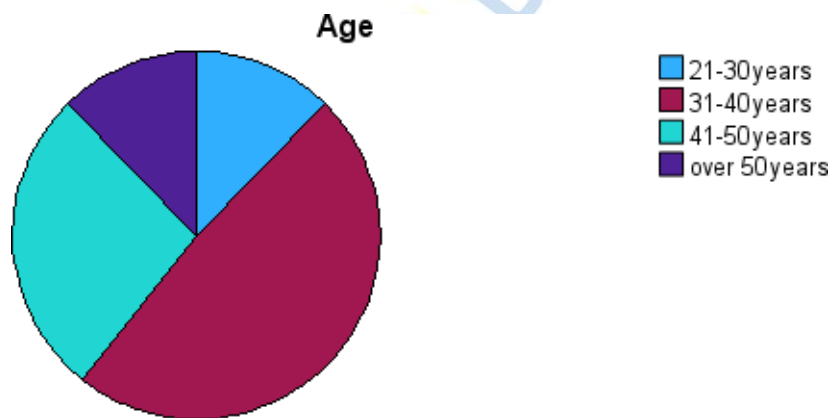


Figure 3: Ages

Source; Researcher (2025)

The table illustrates the age distribution of respondents, offering insights into the demographic characteristics of SME owners and managers who participated in the study within Nairobi County. The breakdown is as follows: 15 respondents (12.3%) were aged 21–30 years, 59 respondents (48.4%) fell within the 31–40 years bracket, 33 respondents (27.0%) were aged 41–50 years, and another 15 respondents (12.3%) were over 50 years of age.

The findings reveal that the largest proportion of participants nearly half of the total respondents were within the 31–40 year age category. This suggests that individuals in this age group are the most actively involved in the ownership, management, and day-to-day operations of SMEs in Nairobi. This age range typically represents a segment of the population that has accumulated both academic qualifications and practical work or entrepreneurial experience, enabling them to effectively run business ventures.

The 41–50 years group also formed a significant portion of the sample, comprising 27.0% of the respondents. This indicates that a considerable number of SME operators fall within the middle-aged demographic, which may be attributed to their extensive industry knowledge, established networks, and financial stability factors often crucial for sustaining business ventures.

Notably, the youngest (21–30 years) and oldest (over 50 years) age categories were equally represented, each making up 12.3% of the respondents. This balanced representation suggests that while youth and older adults are participating in SME activities, their involvement is relatively limited compared to the 31–50 age group. The lower participation of young adults may reflect challenges such as limited capital, experience, or access to business support services, while older participants may be gradually phasing out of active business roles.

In conclusion, the age distribution highlights that SME leadership in Nairobi County is predominantly concentrated among individuals aged 31 to 50 years, who appear to form the core of the entrepreneurial workforce. This demographic is likely to be the most economically productive, adaptable to change, and strategically positioned to drive innovation and business growth.

4.3.3 Highest Educational level of the Respondents

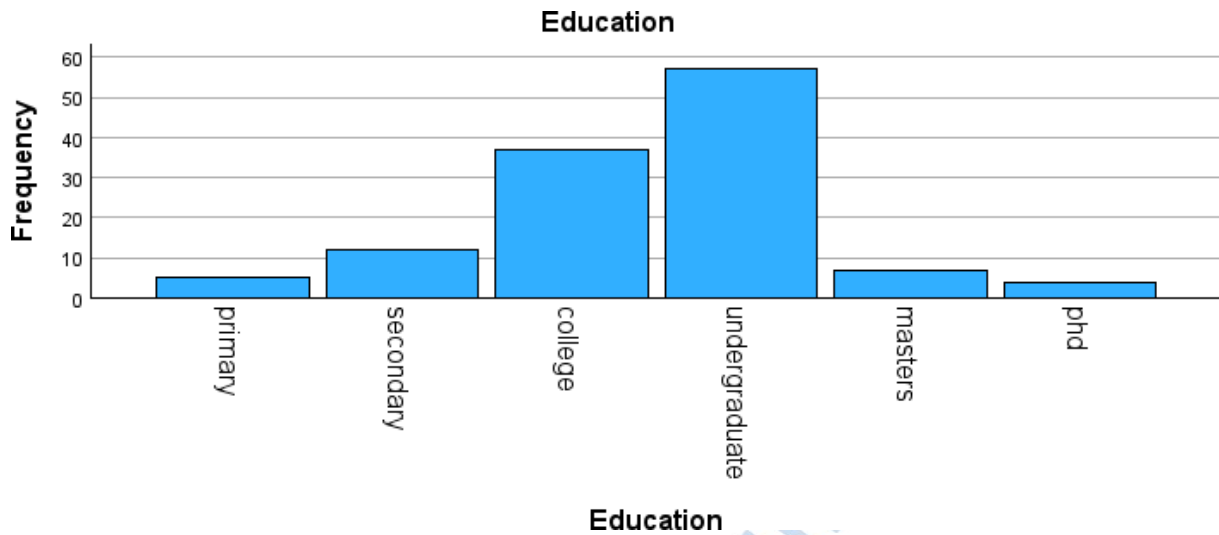


Figure 4: Educational Level

Source; Researcher (2025)

The table outlines the academic qualifications of the respondents, offering valuable insights into the educational composition of SME owners and managers in Nairobi County. The data is segmented as follows: 4.1% (5 respondents) had completed primary education, 9.8% (12 respondents) held a secondary education qualification, 30.3% (37 respondents) had attained college-level education (such as diplomas and technical certificates), 46.7% (57 respondents) held undergraduate degrees, 5.7% (7 respondents) had completed a master's degree, and 3.3% (4 respondents) possessed PhDs.

The largest proportion of respondents, nearly half (46.7%), were university graduates with undergraduate degrees, indicating that a substantial share of Nairobi County's SME sector is led by individuals with formal higher education. This level of academic achievement suggests strong foundational knowledge in areas such as business management, finance, marketing, and strategic

planning. These skills are essential for making informed decisions, adapting to market trends, and maintaining sustainable enterprise growth.

The second most represented group consisted of respondents with college-level qualifications (30.3%), such as diplomas and certificates from technical and vocational institutions. This highlights the relevance and contribution of practical, skills-based education in entrepreneurship. Such training often provides hands-on expertise, enabling SME owners to apply real-world solutions to operational challenges.

A smaller fraction of respondents had only secondary education (9.8%) or primary education (4.1%), suggesting that while some entrepreneurs operate businesses with minimal formal education, this is not the norm. The relatively low representation of these groups implies that education remains a key enabler of SME success, possibly due to its influence on business planning, innovation, and competitiveness.

Notably, 5.7% of the respondents held master's degrees, while 3.3% had attained doctoral-level (PhD) education. Although these numbers are modest, they reflect the presence of highly educated individuals in the SME space. Such entrepreneurs are likely to bring advanced analytical, research, and leadership skills to their businesses, potentially fostering innovation, strategic foresight, and industry-level influence.

In conclusion, the data suggests that the SME landscape in Nairobi County is predominantly shaped by individuals with post-secondary education specifically those holding undergraduate and college qualifications. This underscores the importance of education in enhancing entrepreneurial capacity and ensuring the long-term sustainability of SMEs. Furthermore, the educational diversity observed among the respondents reflects a rich blend of academic theory

and practical know-how, both of which are vital for navigating the dynamic and competitive business environment.

4.4 Descriptive Statistics

This section presents a detailed summary of the descriptive results concerning influence of marketing strategies the performance of SMEs Nairobi County, Kenya. Findings are illustrated using key statistical tools, including frequency distributions, measures of central tendency (such as the mean), and measures of dispersion (such as standard deviation). Interpretation results was guided by a five-point Likert scale, which provided a structured basis for analyzing respondents' perceptions and attitudes toward various marketing strategies.

4.4.1 Effect of pricing strategies on performance of SMEs

Table 5: Pricing strategies

	N	Mean	Std. Deviation
The pricing strategy implemented by my SME has significantly contributed to its overall performance	122	4.06	.684
Competitive pricing has attracted more customers to my SME.	122	4.38	.836
My SME's pricing strategy is flexible and responsive to market changes	122	3.63	1.201
The perceived value of my products/services justifies the pricing strategy used by my SME.	122	3.65	.961
My SME regularly reviews its pricing strategy to enhance performance	122	3.99	1.024

Source; Researcher (2025)

Table 5 provides a detailed summary of the descriptive statistics examining influence of pricing strategies the performance of SMEs in Nairobi County. The findings were derived using a five-point Likert scale, where higher mean values represent stronger agreement with the given statements, while the standard deviation indicates the level of variability in the respondents' perceptions.

The first item, "The pricing strategy implemented by my SME has significantly contributed to its overall performance", recorded a mean score of 4.06 and a standard deviation of 0.684. This relatively high mean implies that a majority of the respondents believe that their SME's pricing strategy has a substantial positive impact on business outcomes such as profitability, growth, and market competitiveness. The low standard deviation reflects a strong consensus among the participants, reinforcing the perceived importance of strategic pricing.

The second statement, "Competitive pricing has attracted more customers to my SME", achieved the highest mean score of 4.38 with a standard deviation of 0.836. This indicates a strong and widespread agreement that adopting competitive pricing tactics is instrumental in increasing customer acquisition and retention. The moderate variation in responses shows that while this strategy is broadly effective, its impact might differ slightly based on sector or market segment.

The third item, "My SME's pricing strategy is flexible and responsive to market changes", yielded a mean score of 3.63 and a standard deviation of 1.201 the highest among all the items. The moderate average suggests a mixed perception, where some SMEs exhibit agility in adjusting prices in response to economic trends or competitor behavior, while others may lack this responsiveness. The large standard deviation underscores significant variability, pointing to inconsistent implementation of dynamic pricing mechanisms across different businesses.

For the statement “The perceived value of my products/services justifies the pricing strategy used by my SME”, the mean score was 3.65, with a standard deviation of 0.961. This implies that respondents moderately agreed that their pricing aligns well with the quality, benefits, or brand perception of their offerings. However, the observed variation suggests that some SMEs may need to better communicate or improve their value propositions to justify their pricing levels more convincingly.

Lastly, the item “My SME regularly reviews its pricing strategy to enhance performance” recorded a mean of 3.99 and a standard deviation of 1.024. This indicates a relatively high level of agreement that periodic evaluations of pricing approaches are conducted within many SMEs. Nevertheless, the moderate dispersion highlights that this practice is not uniformly adopted, and some businesses may still rely on outdated or static pricing models.

Pricing strategies, including cost-plus pricing, value-based pricing, and penetration pricing, enable SMEs to adapt to customer needs while maximizing profitability (Kotler & Keller, 2016). Studies suggest that pricing strategies can make or break an SME, as customers often perceive price as an indicator of value and quality. When pricing is misaligned with customer expectations or market standards, SMEs can suffer from reduced demand and lost market share (Monroe, 2003). Therefore, understanding effective pricing strategies has become an area of keen interest among researchers examining SME performance.

Cost-based pricing is one of the most common strategies adopted by SMEs, where prices are set based on the costs of production plus a markup. While straightforward, this approach has its limitations as it does not consider customer willingness to pay or competitor pricing, potentially leading to reduced competitiveness (Nagle & Müller, 2017). Studies have shown that SMEs

utilizing cost-based pricing often experience stable but limited growth because such a strategy



typically attracts only a cost-sensitive customer base (Shankar & Bolton, 2004). In rapidly changing markets, strict adherence to cost-based pricing may also hinder SMEs from adapting to new trends or innovations in pricing models that can yield higher returns (Dutta et al., 2003)

4.4.2 Influence of distribution channel on performance of SMEs

Table 6: Distribution Channel

	N	Mean	Std. Deviation
The distribution channels used by my SME effectively reach our target market	122	3.95	.495
My SME has a well-defined distribution strategy that contributes to its performance.	122	4.39	.905
The availability of our products/services through various distribution channels positively impacts sales.	122	3.42	1.127
My SME regularly evaluates the effectiveness of its distribution channels.	122	3.62	1.063
The choice of distribution channels has enhanced customer satisfaction for my SME.	122	4.12	.923

Source; Researcher (2025)

Table 6 presents the descriptive statistics illustrating how various aspects of distribution channels affect the performance of small and medium-sized enterprises (SMEs) in Nairobi County. Respondents rated their level of agreement with specific statements on a five-point Likert scale, where higher mean values indicate stronger agreement with the statements.

The item “The distribution channels used by my SME effectively reach our target market” recorded a mean score of 3.95 and a standard deviation of 0.495. This relatively high mean

signifies that a majority of respondents agreed that their distribution channels are effective in reaching their intended customers. The low standard deviation reflects a strong consensus among participants, indicating minimal deviation in opinions regarding the effectiveness of current distribution efforts.

For the statement “My SME has a well-defined distribution strategy that contributes to its performance”, a mean of 4.39 and a standard deviation of 0.905 were observed. This was the highest mean in the set, suggesting a widespread belief that having a structured and well-thought-out distribution strategy significantly supports business performance. Although the standard deviation is slightly higher than in other items, it still suggests overall agreement among respondents, underscoring the critical role of planning and structure in distribution management. The item —The availability of our products/services through various distribution channels positively impacts sales had a mean score of 3.42 and a standard deviation of 1.127 the highest variability observed in the dataset. This moderate mean suggests mixed levels of agreement. Some SMEs have effectively leveraged multiple distribution outlets to boost sales, while others may have struggled with inconsistent channel integration, lack of resources, or logistical limitations. The high standard deviation highlights the differing capacities and experiences across the SMEs in utilizing multi-channel strategies.

In relation to the statement —My SME regularly evaluates the effectiveness of its distribution channels, the responses showed a mean of 3.62 and a standard deviation of 1.063. This finding implies a moderate consensus that SMEs conduct evaluations of their distribution systems. However, the notable variability in responses suggests that this is not a uniform practice across all businesses some SMEs may evaluate regularly, while others might lack the tools, expertise, or awareness to do so effectively.

Finally, the statement “The choice of distribution channels has enhanced customer satisfaction for my SME” recorded a mean of 4.12 and a standard deviation of 0.923. This high mean indicates strong agreement that distribution channel decisions have positively influenced customer satisfaction levels. The results emphasize that selecting convenient, accessible, and customer-friendly distribution methods can significantly contribute to a positive customer experience and, in turn, enhance customer loyalty and repeat business.

Distribution channels encompass the various pathways through which goods and services flow from producers to consumers, including direct sales, retail, wholesale, and online platforms. Empirical studies indicate that selecting the right distribution channels is essential for SMEs to optimize their market reach and enhance customer satisfaction (Kotler & Keller, 2016). This selection process requires SMEs to align their distribution strategies with their business objectives and target markets, ensuring that products are accessible to consumers while maximizing profitability.

Research has shown that SMEs that utilize multiple distribution channels often experience improved performance metrics, including increased sales and market penetration. For instance, a study by Dholakia and Kshetri (2004) found that SMEs engaging in both traditional and online distribution channels could attract a broader customer base and respond more effectively to changing market demands. The integration of various distribution channels allows SMEs to capitalize on different customer segments and preferences, thereby enhancing their competitiveness. Furthermore, multi-channel distribution strategies can provide SMEs with the flexibility needed to adapt to fluctuations in consumer behavior and market conditions, allowing for better resource allocation and strategic planning.

The rise of e-commerce has significantly transformed distribution strategies for SMEs, with many businesses leveraging online platforms to reach customers directly. Research by Chaffey (2015) indicates that SMEs adopting digital distribution channels often experience higher growth rates compared to those relying solely on traditional methods. Online distribution not only reduces overhead costs associated with physical retail spaces but also enables SMEs to operate in a global marketplace, reaching customers beyond local geographic boundaries. However, the successful implementation of online distribution requires SMEs to invest in digital marketing and technology, as well as to understand the complexities of managing online sales, such as customer engagement and order fulfillment (Amit & Zott, 2012).

4.4.3 Role of promotional strategies on performance of SMEs

Table 7: Promotional Strategies

	N	Mean	Std. Deviation
The promotional strategies employed by my SME have effectively increased brand awareness.	122	3.95	.479
My SME's promotional activities lead to higher sales and customer engagement.	122	4.61	.636
The marketing communications of my SME resonate well with our target audience.	122	3.51	1.228
My SME regularly assesses the effectiveness of its promotional strategies.	122	3.54	1.014
Innovative promotional strategies have positively impacted my SME's performance.	122	3.76	1.143

Source; Researcher (2025)

Table 7 provides a detailed summary of the descriptive statistics assessing the impact of promotional strategies on the performance of Small and Medium-Sized Enterprises (SMEs) in Nairobi County. Respondents rated their level of agreement using a five-point Likert scale, where higher mean values reflect a stronger consensus that the promotional activities under discussion are effective.

The first item, *“The promotional strategies employed by my SME have effectively increased brand awareness”*, yielded a mean score of 3.95 with a standard deviation of 0.479. This high mean indicates that the majority of respondents believe their promotional efforts have succeeded in enhancing brand visibility. The low standard deviation shows minimal variation in responses, implying consistent views across respondents. This reinforces the importance of strategic promotion in building a recognizable brand presence within the market.

The statement *“My SME’s promotional activities lead to higher sales and customer engagement”* recorded the highest mean value of 4.61 and a standard deviation of 0.636. This result reveals strong agreement that promotional efforts directly contribute to increased revenue and enhanced interactions with customers. The relatively low deviation suggests widespread agreement, highlighting that effective promotion plays a crucial role in both attracting and retaining customers.

In contrast, the item *“The marketing communications of my SME resonate well with our target audience”* received a moderate mean of 3.51 and the highest standard deviation of 1.228. This wide variation in responses suggests divergent experiences among SMEs regarding the alignment of their marketing messages with the expectations and preferences of their target markets. While some firms have succeeded in crafting compelling and relevant messaging, others may be struggling with issues such as poor targeting, unclear messaging, or inadequate branding strategies. This calls for a more refined and customer-centric communication approach. The statement *“My SME regularly assesses the effectiveness of its promotional strategies”* had a mean score of 3.54 and a standard deviation of 1.014. This indicates a moderate level of agreement regarding the evaluation of promotional activities. The relatively high standard deviation suggests inconsistencies in how frequently or systematically such assessments are conducted. Some SMEs may regularly monitor and refine their strategies, while others may lack the tools or frameworks to measure promotional impact effectively.

Lastly, *“Innovative promotional strategies have positively impacted my SME's performance”* was rated with a mean of 3.76 and a standard deviation of 1.143. This finding suggests a generally favorable view of innovative marketing approaches, such as social media campaigns, influencer partnerships, or experiential marketing, and their influence on business outcomes. However, the variation in responses indicates that not all SMEs are equally leveraging or benefiting from innovation in promotion potentially due to differences in resources, knowledge, or risk appetite.

Effective promotional strategies can significantly influence brand awareness, customer acquisition, and retention, thereby contributing to overall business growth. Empirical research indicates that SMEs that invest in targeted promotional activities often experience improved performance metrics, including increased sales and customer loyalty (Kotler & Keller, 2016). These strategies encompass various techniques, including advertising, public relations, sales promotions, and digital marketing, which can be tailored to suit the unique needs and resources of SMEs.

Advertising serves as one of the primary promotional strategies for SMEs, allowing them to communicate their products and services to potential customers. Studies have shown that SMEs that effectively utilize advertising can enhance their visibility and create a strong brand presence in the market (Bennett, 1999). Various forms of advertising, including print, television, radio, and digital platforms, enable SMEs to reach a diverse audience. However, empirical research emphasizes the importance of selecting the appropriate advertising medium based on the target market's preferences and behaviors (Belch & Belch, 2012). For instance, digital advertising is increasingly gaining traction among SMEs, as it provides cost-effective solutions for targeting

specific demographics and measuring campaign performance in real-time (Chaffey, 2015).



Public relations (PR) is another essential promotional strategy that can enhance the performance of SMEs. Research indicates that effective PR campaigns can build credibility and foster positive relationships with customers, stakeholders, and the media (Wilcox et al., 2015). SMEs that engage in proactive PR efforts, such as press releases, media outreach, and community involvement, can significantly enhance their reputation and brand image. Empirical studies have shown that SMEs that successfully manage their public relations often benefit from increased customer trust and loyalty, which can translate into higher sales and improved business performance (Baker et al., 2015). Furthermore, PR can help SMEs differentiate themselves from competitors, particularly in niche markets where personalized branding is crucial.

4.4.4 Influence of digital marketing on performance of SMEs

Table 8: Digital Marketing

	N	Mean	Std. Deviation
My SME effectively utilizes digital marketing to reach a wider audience.	122	3.68	.742
The use of social media has significantly boosted my SME's visibility and engagement.	122	4.35	.935
Digital marketing strategies contribute to increased sales for my SME.	122	3.56	1.172
My SME monitors and analyzes digital marketing performance to improve outcomes.	122	3.56	1.091
The investment in digital marketing has led to measurable improvements in my SME's performance.	122	4.16	1.007

Source; Researcher (2025)

Table 8 summarizes the perceptions of respondents regarding the influence of digital marketing on the performance of small and medium-sized enterprises (SMEs). The findings are drawn from a 5-point Likert scale, where a higher mean value reflects stronger agreement with the statement. The analysis captures key dimensions of digital marketing, including audience reach, use of social media, impact on sales, performance monitoring, and return on investment.

The statement “My SME effectively utilizes digital marketing to reach a wider audience” recorded a mean score of 3.68 with a standard deviation of 0.742. This moderately high mean indicates that a significant number of SMEs agree that digital marketing enables them to broaden their customer base. The relatively low standard deviation suggests a strong consensus among respondents, highlighting a shared experience across various SMEs regarding the effectiveness of digital platforms in expanding audience reach.

The item —The use of social media has significantly boosted my SME's visibility and engagement received the highest mean score of 4.35 and a standard deviation of 0.935. This reflects a strong overall agreement that platforms such as Facebook, Instagram, Twitter, and LinkedIn are instrumental in enhancing brand recognition and customer interaction. The standard deviation, while moderate, points to some variation in experience possibly due to differences in social media strategy, content quality, or levels of digital literacy. Nevertheless, the majority view social media as a powerful tool for visibility and engagement.

For the statement —Digital marketing strategies contribute to increased sales for my SME, the mean was 3.56 and the standard deviation was 1.172. This reflects a moderate level of agreement, but the high variability suggests that results differ significantly among SMEs. This could imply that while digital marketing has the potential to drive sales, not all businesses are

reaping its full benefits. The discrepancies may stem from factors such as ineffective digital



marketing strategies, poor targeting, inconsistent brand messaging, or limited understanding of digital tools.

Similarly, the statement —My SME monitors and analyzes digital marketing performance to improve outcomes‖ also had a mean of 3.56, with a standard deviation of 1.091. This finding indicates a moderate level of practice in performance tracking among SMEs, with some businesses actively using analytics tools, social media metrics, and key performance indicators (KPIs) to guide decisions, while others may lack the infrastructure, skills, or awareness to conduct such evaluations. The high variability highlights inconsistencies in how performance data is leveraged for improvement.

Finally, the item —The investment in digital marketing has led to measurable improvements in my SME’s performance‖ had a relatively high mean of 4.16, with a standard deviation of 1.007. This suggests that many SMEs perceive a clear return on their investment in digital marketing, citing benefits such as increased customer acquisition, enhanced brand loyalty, and better market positioning. However, the variation in responses indicates that these gains are not universal and may depend on how strategically and consistently digital marketing efforts are implemented.

The impact of digital marketing on the performance of small and medium-sized enterprises (SMEs) has become increasingly significant in today's digital economy. As traditional marketing methods face limitations in reach and effectiveness, SMEs are increasingly adopting digital marketing strategies to enhance their visibility, attract customers, and drive sales. Empirical studies highlight that digital marketing provides SMEs with a unique opportunity to compete with larger organizations by leveraging cost-effective platforms to reach targeted audiences (Chaffey, 2015). The accessibility and affordability of digital marketing tools allow SMEs to

engage customers in ways that were previously unattainable, leading to improved overall



performance and growth. One of the primary advantages of digital marketing for SMEs is its ability to provide targeted advertising. Research indicates that digital platforms enable businesses to reach specific demographic groups based on factors such as age, location, and interests, allowing for more personalized marketing efforts (Dahl et al., 2016). This targeted approach can lead to higher conversion rates, as the advertisements are shown to users who are more likely to be interested in the products or services being offered. Studies have shown that SMEs that effectively use targeted digital marketing strategies can achieve significant improvements in customer engagement and sales performance (Bennett et al., 2016).

Search engine optimization (SEO) is a crucial component of digital marketing that has proven to enhance the online visibility of SMEs. Empirical research demonstrates that SMEs investing in SEO can achieve higher rankings in search engine results, which significantly increases website traffic and leads (Edelman, 2010). By optimizing their online content for relevant keywords and phrases, SMEs can attract potential customers actively seeking their products or services. Studies indicate that SMEs employing effective SEO strategies often experience a higher return on investment compared to traditional marketing methods, as organic search traffic tends to have a lower acquisition cost and higher conversion potential (Fishkin, 2015).

4.4.5 Performance of SMEs in Nairobi County

Table 9: Performance of SMEs

	N	Mean	Std. Deviation
Influence of digital marketing on the SMEs performance	122	4.14	.451
Influence of Promotional strategies on the performance of the SMEs	122	4.59	.586
Influence of Distributional channel on the performance of the SMEs	122	3.50	1.208
Pricing influence on performance of the SMEs	122	3.82	.988

Source; Researcher (2025)

Table 9 illustrates how respondents evaluated the role of key marketing strategies in shaping the performance of small and medium-sized enterprises (SMEs) in Nairobi County. Responses were captured using a 5-point Likert scale, where higher mean scores reflect stronger agreement on the perceived impact of each strategy. The focus is on four primary marketing elements: digital marketing, promotional strategies, distribution channels, and pricing mechanisms. Digital Marketing and SME Performance Mean = 4.14, Standard Deviation = 0.451. The relatively high mean score suggests that a majority of SMEs in Nairobi County recognize digital marketing as a vital contributor to business performance. This could encompass a wide range of benefits, including increased brand visibility, improved customer outreach through platforms like social media and email campaigns, and growth in online transactions. The low standard deviation signifies a high degree of consensus among the respondents, indicating that most SMEs regardless of sector consistently experience positive outcomes from their digital

marketing efforts. This consistency may reflect a widespread adaptation of technology and the growing importance of a digital presence in Nairobi's competitive business landscape. Promotional Strategies and SME Performance Mean = 4.59, Standard Deviation = 0.586. This item received the highest mean score, indicating that promotional activities are viewed as the most impactful driver of SME performance. These strategies may include advertising, special offers, loyalty programs, direct customer interaction, and branding initiatives. The near-maximum score demonstrates a strong and unified belief that well-executed promotions significantly enhance sales, build customer loyalty, and increase brand awareness. The moderate standard deviation indicates that while most SMEs share this view, a few may not experience similar outcomes possibly due to variations in promotional budgets, message clarity, or target audience alignment. Distribution Channels and SME Performance Mean = 3.50, Standard Deviation = 1.208. Among the four variables, distribution channels scored the lowest in terms of perceived impact on performance. The mean score, though moderate, suggests that while some SMEs find distribution systems beneficial, others may not experience the same effectiveness. The high standard deviation reflects significant variability in responses, indicating that the effectiveness of distribution strategies differs greatly from one enterprise to another. Factors contributing to this disparity could include geographic location, logistics infrastructure, access to transport, type of products or services offered, and whether SMEs operate primarily online or through physical outlets. Some may benefit from efficient and cost-effective delivery networks, while others may be hampered by delays, lack of reach, or high operational costs. Pricing Strategies and SME Performance Mean = 3.82, Standard Deviation = 0.988. The mean score indicates a generally favorable view of pricing strategies as a determinant of performance. Respondents acknowledge that competitive pricing can attract customers, influence purchase

decisions, and enhance profitability. However, the relatively high standard deviation signals a wide range of experiences among SMEs. This variation may stem from different pricing models, varying customer segments, market competition, and operational costs across industries. While some businesses may find success through aggressive pricing tactics or value-based pricing, others may struggle to maintain profitability when lowering prices due to thin margins or higher overheads.

4.5 Inferential Statistical

This section presents an analysis of studier's independent and dependent variables.

4.5.1 Correlation Analysis

A correlation analysis was performed to examine relationship among four marketing strategy variables. Pearson's correlation coefficient at the 0.05 significance level was used to determine the strength and direction of the association between the key variables, pricing strategies, distribution channels, promotional strategies, and digital marketing and the performance of SMEs in Nairobi County, Kenya. Results of this analysis are presented in Table 10.

Table 10: Correlation Matrix

		Pricing strategies	Distribution channel	Promotional strategies	Digital marketing
Pricing strategies	Pearson Correlation	--			
	N	122			
Distribution channel	Pearson Correlation	.204*	--		
	Sig. (2-tailed)	.025			
	N	122	122		
Promotional strategies	Pearson Correlation	.059	.408**	--	
	Sig. (2-tailed)	.517	<.001		
	N	122	122	122	
Digital marketing	Pearson Correlation	.036	-.021	-.021	--
	Sig. (2-tailed)	.690	.821	.815	
	N	122	122	122	122

Source; Researcher (2025)

Table 10 provides a summary of Pearson correlation coefficients, which reveal the strength and direction of the relationships between key marketing strategies employed by small and medium-sized enterprises (SMEs). These include pricing strategies, distribution channels, promotional strategies, and digital marketing. The values range from -1 to +1, Relationship between Pricing Strategies and Distribution Channels, Pearson Correlation = 0.204, Sig. = 0.025. This result indicates a weak but statistically significant positive correlation. It suggests that SMEs with more organized and effective distribution systems are somewhat more likely to implement well-thought-out or competitive pricing approaches. While the strength of the association is not

strong, the statistical significance points to a meaningful connection pricing and delivery decisions may be aligned to ensure affordability and efficiency in getting products to customers.

Relationship between Pricing Strategies and Promotional Strategies, Pearson Correlation = 0.059, Sig. = 0.517. This reflects a very weak and non-significant positive relationship. The finding implies that pricing strategies are largely independent of promotional activities within most SMEs. Pricing decisions may be made based on factors such as cost, competition, or customer segments, without necessarily being influenced by ongoing or planned promotions. This separation could limit the potential synergy between pricing and promotional campaigns.

Relationship between Pricing Strategies and Digital Marketing, Pearson Correlation = 0.036, Sig. = 0.690. This represents a negligible and statistically insignificant correlation. The lack of association suggests that SMEs do not generally connect their pricing strategies with digital marketing efforts. This could mean that pricing messages are not effectively conveyed through digital channels, or that SMEs are not leveraging digital platforms to promote price-based offers, discounts, or value propositions.

Relationship between Distribution Channels and Promotional Strategies, Pearson Correlation = 0.408, Sig. < 0.001. This correlation is moderate and statistically significant, indicating a meaningful positive relationship. SMEs that have a broad or well-managed distribution system are more likely to carry out effective promotional campaigns. This suggests that marketing efforts are often aligned with distribution logistics, ensuring that promotional messages are targeted to locations or markets where products can be delivered reliably and efficiently. This alignment can enhance customer experience and boost sales.

Relationship between Distribution Channels and Digital Marketing, Pearson Correlation = -

0.021, Sig. = 0.821. The correlation is very weak and not statistically significant, and the



negative direction is negligible. This suggests there is no real relationship between how SMEs manage their distribution networks and their use of digital marketing. It may reflect a disconnect in strategy, where businesses fail to integrate online marketing efforts with their physical or logistical operations, such as order fulfillment or product delivery systems.

Relationship between Promotional Strategies and Digital Marketing, Pearson Correlation = -0.021, Sig. = 0.815. Similarly, this shows a very weak and non-significant negative correlation. The results indicate that promotional strategies are not significantly tied to digital marketing practices. This is notable, as it may imply that many SMEs still rely heavily on traditional forms of promotion such as word of mouth, flyers, or in-person campaigns without fully embracing digital platforms like social media or email marketing for their promotional efforts. It also suggests that SMEs have yet to fully synchronize their promotional content with digital delivery channels.

4.5.2 Multiple Linear Regression Analysis

Evaluate collective impact of key marketing strategies on SME performance, a multiple linear regression analysis was carried out. Model incorporated pricing strategies, distribution channels, promotional strategies, and digital marketing as the independent variables, while SME performance served as the dependent variable.

The following is regression model

$$Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + e$$

Where

Y = SMEs performance

B₀ = constant

X1 = pricing strategies



X2 = distribution channels

X3 = promotional strategies

X4 = digital marketing

e = Error term

B1, B2, B3 and B4 of coefficients

Table 11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.742 ^a	.551	.538	.465

a. Predictors: (Constant), pricing strategies, distribution channels, promotional strategies and digital marketing

Source; Researcher (2025)

Table 11 summarizes the results of a multiple linear regression analysis examining the combined effect of pricing strategies, distribution channels, promotional strategies, and digital marketing on SME performance in Nairobi County. Multiple correlation coefficient ($R = 0.742$) indicates a strong positive relationship between the marketing strategies and SME performance. R Square value (0.551) shows that about 55.1% of the variation in performance is explained by the model, reflecting substantial explanatory power. Adjusted R Square (0.538) accounts for the number of predictors and confirms the model's reliability. The standard error of the estimate (0.465) suggests a good model fit, with relatively accurate predictions.

Table 12: ANOVA

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.285	4	9.821	45.376	.000 ^b
	Residual	32.005	117	.273		
	Total	71.290	121			

a. Dependent Variable: SMEs performance

b. Predictors: (Constant), pricing strategies, distribution channels, promotional strategies and digital marketing

Source; Researcher (2025)

This ANOVA table assesses whether the multiple linear regression model significantly explains the variation in SME performance based on four predictors: pricing strategies, distribution channels, promotional strategies, and digital marketing. The F-value = 45.376 and p-value = 0.000 indicate that the overall regression model is statistically significant. This means that the combination of the four marketing strategies explains a significant portion of the variance in SME performance. The large F-ratio suggests that the variance explained by the model is much greater than the variance left unexplained (residual), which confirms that the model has predictive value. The p-value < .001 confirms the result is highly significant, and the likelihood that this outcome occurred by chance is extremely low.

Table 13: Regression Coefficient**Coefficients^a**

Model		Unstandardized		Standardized		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.092	0.312		3.501	.001
	Pricing Strategies	.218	.079	.234	2.759	0.007
	Distribution Channels	.143	.065	.212	2.200	0.030
	Promotional Strategies	.388	.088	.419	4.409	0.000
	Digital Marketing	.104	.072	.117	1.444	0.152

a. Dependent Variable: SMEs performance

Source; Researcher (2025)

This table presents the regression coefficients for the four independent variables: pricing strategies, distribution channels, promotional strategies, and digital marketing, showing their individual contributions to SME performance. Promotional Strategies $B = 0.388$, $p = 0.000$. This is the most significant and impactful predictor. A one-unit increase in promotional strategies leads to an estimated 0.388-unit increase in SME performance. The high Beta value (0.419) indicates strong influence even when standardized across variables. Pricing Strategies ($B = 0.218$, $p = 0.007$). Statistically significant with a positive effect. Effective pricing strategies improve SME performance moderately. The standardized coefficient (Beta = 0.234) also shows a noticeable influence. Distribution Channels ($B = 0.143$, $p = 0.030$). A significant but smaller contributor. SMEs with better distribution systems tend to perform better. The Beta = 0.212 confirms its moderate effect. Digital Marketing ($B = 0.104$, $p = 0.152$). Not statistically significant at the 0.05 level. This suggests that digital marketing alone does not have a strong or

consistent impact on SME performance in this model. The low Beta (0.117) also reflects a weak contribution.

The following is multiple linear regression equation:

$$Y = 1.092 + 0.218X_1 + 0.143X_2 + 0.388X_3 + 0.104X_4 + e$$

Where?

Y = SMEs Performance

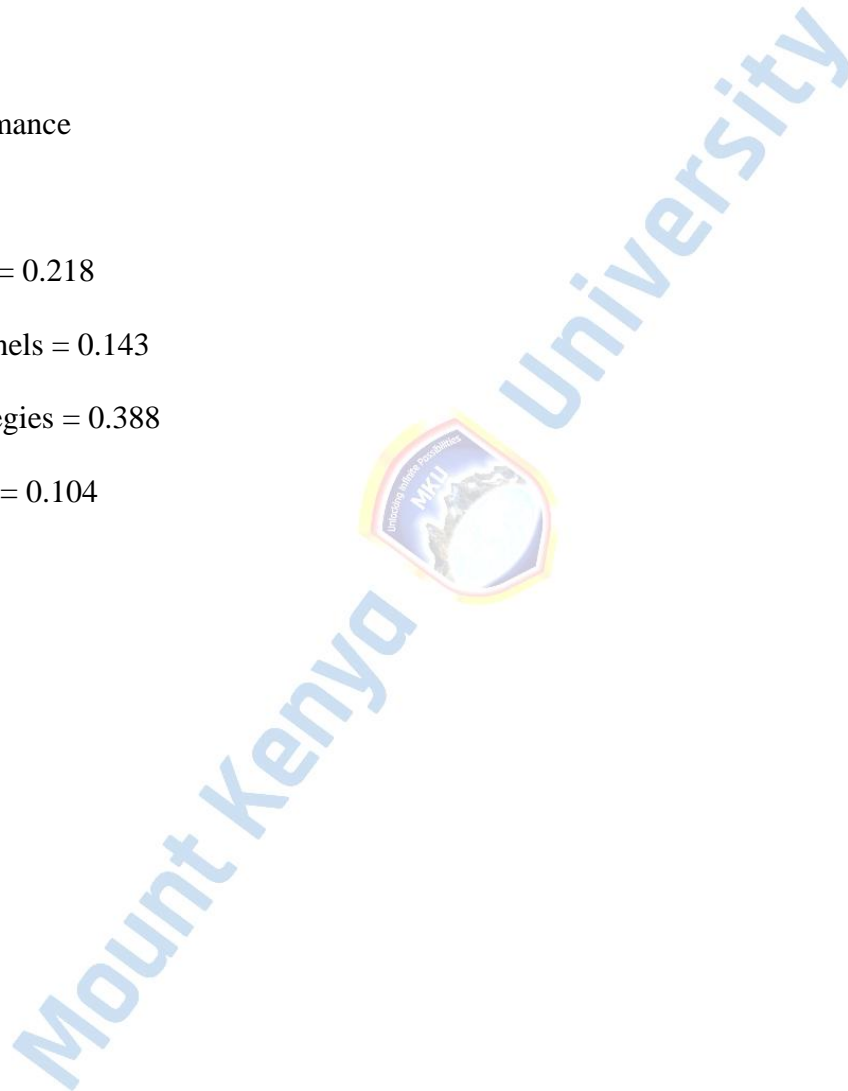
Constant = 1.092

Pricing Strategies = 0.218

Distribution Channels = 0.143

Promotional Strategies = 0.388

Digital Marketing = 0.104



CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

Chapter outlines study's key findings, draws conclusions, and offers recommendations based on research results. Study aimed to examine how marketing strategies specifically product, pricing, promotion, and distribution affect performance of SMEs in Nairobi County. Chapter summarizes findings in line with research objectives and provides practical and policy-based recommendations to enhance marketing and SME growth.

5.1 Summary of the result findings

5.1.1 Effect of pricing strategies on performance of SMEs

The findings indicate that pricing strategies significantly influence SME performance in Nairobi County. Most respondents strongly agreed that their current pricing strategies positively impact business outcomes, as reflected by the high mean score of 4.06 and low variability. Competitive pricing emerged as most influential factor in attracting customers, with highest mean of 4.38, confirming its key role in customer acquisition and retention.

Flexibility in pricing showed mixed results (mean = 3.63), with the highest variation in responses, suggesting inconsistency in how SMEs respond to market changes. Similarly, perceptions of value-based pricing (mean = 3.65) varied, indicating that while many SMEs believe their prices reflect product value, others may struggle with value communication.

Finally, regular pricing reviews were generally practiced (mean = 3.99), though not universally, pointing to a need for more consistent pricing evaluations across SMEs.

5.1.2 Influence of distribution channel on performance of SMEs

The study revealed that effective distribution strategies SME performance Nairobi. A majority respondents agreed that their current distribution channels effectively reach target customers (mean = 3.95), with minimal variation, indicating consistent satisfaction with reach and accessibility.

The strongest agreement was recorded for having a well-defined distribution strategy (mean = 4.39), emphasizing the value of structured planning in enhancing business outcomes. However, responses varied more regarding the availability of products/services across different channels (mean = 3.42), suggesting that while some SMEs benefit from multi-channel distribution, others face logistical or integration challenges.

Periodic evaluation of distribution channels showed moderate agreement (mean = 3.62), with notable variability, pointing to irregular assessment practices among SMEs. Lastly, most respondents agreed that distribution channel choices have enhanced customer satisfaction (mean = 4.12), underlining the importance of accessible and customer-focused distribution in building loyalty and boosting performance.

5.1.3 Role of promotional strategies on performance of SMEs

The results indicate that promotional strategies strong positive influence on performance of SMEs in Nairobi County. Most respondents agreed that their promotional efforts

effectively boost brand awareness (mean = 3.95), with little variation, suggesting consistent recognition of promotion's role in enhancing visibility.

The strongest consensus was on the statement that promotional activities lead to increased sales and customer engagement (mean = 4.61), emphasizing the direct impact of well-executed promotions on revenue growth and customer interaction.

However, the effectiveness of marketing communications received mixed responses (mean = 3.51), with the highest variation, pointing to inconsistencies in message alignment with target audiences. Similarly, only moderate agreement was noted regarding regular evaluation of promotional strategies (mean = 3.54), indicating irregular assessment practices among SMEs.

Lastly, while innovative promotional strategies were generally viewed as beneficial (mean = 3.76), the wide variation in responses suggests unequal adoption and impact—possibly due to differences in SME capacity, resources, or familiarity with modern promotional tools.

5.1.4 Influence of digital marketing on performance of SMEs

Findings demonstrate significantly contributes to performance of SMEs in Nairobi County, though with varying levels of impact. A majority of respondents agreed that digital marketing helps their SMEs reach a wider audience (mean = 3.68), showing general satisfaction with digital platforms in expanding market reach.

The strongest agreement was on use of social media, which was seen boost visibility engagement (mean = 4.35). This highlights the value SMEs place on platforms like Facebook and Instagram in enhancing customer interaction, though experiences vary slightly based on digital skills and content strategy.

Digital marketing's contribution to sales received moderate agreement (mean = 3.56), with high variability, suggesting that while some SMEs benefit from digital campaigns, others face challenges such as poor targeting or limited digital skills. A similar trend was observed in performance monitoring (mean = 3.56), where inconsistent use of analytics tools points to a gap in data-driven decision-making.

Investment in digital marketing was generally seen as worthwhile (mean = 4.16), with many SMEs reporting measurable improvements in performance. However, variations in response indicate that these benefits depend on how well digital strategies are planned and executed.

5.1.5 Performance of SMEs

The analysis of Table 9 highlights that all four marketing strategies digital marketing, promotion, distribution, and pricing play significant but varying roles in shaping SME performance in Nairobi County. Promotional strategies emerged as the most influential, with the highest mean score of 4.59. This indicates a strong consensus that activities such as advertising, customer engagement, and branding directly contribute to improved sales, customer loyalty, and market visibility. Despite some variability, the findings affirm the central role of promotion in business growth. Digital marketing was also highly rated (mean = 4.14), with low variability, reflecting widespread agreement across SMEs on its positive impact. This includes benefits from social media engagement, broader market reach, and online transaction capabilities signaling that digital tools are increasingly integrated into SMEs' marketing strategies. Pricing strategies received a moderate mean score of 3.82, indicating that most SMEs recognize pricing as an important factor in attracting customers and driving profitability. However, the relatively high variation in responses suggests differing levels of effectiveness, depending on business type,

pricing models, and market conditions. Distribution channels had the lowest mean (3.50) and the highest standard deviation, showing that while some SMEs benefit from effective product delivery and market reach, others face logistical and infrastructural challenges. These differences underscore the uneven impact of distribution strategies across various sectors and business models.

5.2 Conclusions

This study set out to assess how various marketing strategies influence performance of (SMEs) Nairobi County. Focus was on four key strategies: digital marketing, promotional activities, pricing mechanisms, and distribution channels.

The findings reveal that promotional strategies have the most significant influence on SME performance. These strategies enhance brand visibility, customer engagement, and ultimately increase sales. Digital marketing also plays a critical role, with many SMEs benefiting from its ability to expand market reach and drive customer interaction through online platforms. However, the study noted inconsistencies in how SMEs monitor and evaluate their digital performance, pointing to an area for improvement.

Pricing strategies showed a generally positive influence on SME success, especially when aligned with market expectations and perceived value. Yet, the effectiveness of pricing varies considerably, with some businesses struggling to find a balance between competitiveness and profitability. Distribution channels, while important, showed the least consistent impact. This variation suggests disparities in logistical capacity, access to markets, and the structure of distribution systems across different SMEs.

In conclusion, marketing strategies are pivotal to SME performance, but their effectiveness depends on how well they are understood, adapted, and implemented in relation to the business environment and customer needs.

5.3 Recommendations

To Analyze the Effect of Pricing Strategies on the Performance of SMEs in Nairobi County

The study found that effective pricing strategies play a critical role in determining the profitability and competitiveness of SMEs. Therefore, it is recommended that:

- SMEs routinely analyze market trends, competitor pricing, and customer purchasing behavior to inform their pricing decisions.
- Businesses should be trained in value-based pricing and dynamic pricing models to help them adjust prices in response to changing market conditions and consumer preferences.
- Government and private-sector actors should incorporate pricing strategy modules into SME development training programs to enhance strategic financial decision-making.

To Assess the Influence of Distribution Channels on SME Performance in Nairobi County

Distribution channels were found to significantly affect market access and customer satisfaction.

Therefore:

- SMEs should diversify their distribution approaches by adopting e-commerce platforms, engaging with logistics service providers, and establishing community-based delivery networks.
- Policymakers and SME support institutions should invest in infrastructure development, such as digital logistics systems and last-mile delivery networks, to support SMEs' distribution needs.

- Partnerships with local delivery services, market aggregators, and retail outlets should be encouraged to expand reach and efficiency.

To Examine the Role of Promotional Strategies in Enhancing Performance of SMEs in Nairobi County

The study revealed that well-executed promotional strategies lead to increased brand visibility and sales growth. Based on this:

- SMEs should invest in structured promotional campaigns that leverage both traditional media (e.g., flyers, radio) and digital platforms (e.g., social media, influencer marketing).
- Emphasis should be placed on branding, customer engagement, and value communication to effectively attract and retain customers.
- Capacity-building programs on marketing communications should be offered through county business support centers or trade associations.

To Investigate the Influence of Digital Marketing on the Performance of SMEs in Nairobi County

Digital marketing was identified as a transformative tool for business growth among SMEs. Therefore:

- SMEs should adopt cost-effective digital marketing tools such as social media advertising, email campaigns, and search engine optimization (SEO) to reach wider audiences.
- Training and mentorship programs on digital marketing should be promoted through county trade offices, business hubs, and incubation centers.
- Collaborations with tech startups and digital service providers should be encouraged to create customized digital solutions tailored for SMEs.

5.4 Suggestion for further research in this field of study

Future studies should explore impact sector-specific marketing strategies and include qualitative assessments to capture deeper insights into SME behavior. Longitudinal research could monitor how the effectiveness of marketing strategies evolves over time in relation to shifting market conditions and emerging technological trends.



REFERENCE

- Alvi, M. (2016). *A manual for selecting sampling techniques in research*. University of Karachi, Iqra University.
- American Psychological Association. (2020). *Publication manual of the American Psychological Association* (7th ed.). American Psychological Association.
- Babbie, E. (2011). *The basics of social research* (5th ed.). Cengage Learning.
- Bryman, A. (2016). *Social research methods* (5th ed.). Oxford University Press.
- Cohen, L., Manion, L., & Morrison, K. (2018). *Research methods in education* (8th ed.). Routledge.
- Coolican, H. (2014). *Research methods and statistics in psychology* (6th ed.). Psychology Press.
- Creswell, J. W. (2014). *Research design: Qualitative, quantitative, and mixed methods approaches* (4th ed.). Sage Publications.
- Creswell, J. W., & Plano Clark, V. L. (2018). *Designing and conducting mixed methods research* (3rd ed.). Sage Publications.
- Dawson, C. (2019). *Introduction to research methods: A practical guide for anyone undertaking a research project*. Robinson.
- Field, A. (2017). *Discovering statistics using IBM SPSS statistics* (5th ed.). Sage Publications.
- Fink, A. (2019). *Conducting research literature reviews: From the internet to paper* (5th ed.). Sage Publications.
- Flick, U. (2009). *An introduction to qualitative research* (4th ed.). Sage Publications.
- Gay, L. R., & Diehl, P. L. (1992). *Research methods for business and management*. Macmillan.
- Hoffman, B. (2006). *Inside terrorism*. Columbia University Press.

- Johnson, R. B., & Onwuegbuzie, A. J. (2004). Mixed methods research: A research paradigm whose time has come. *Educational Researcher*, 33(7), 14-26.
<https://doi.org/10.3102/0013189X033007014>
- Krejcie, R. V., & Morgan, D. W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement*, 30(3), 607-610.
- Lincoln, Y. S., & Guba, E. G. (1985). *Naturalistic inquiry*. Sage Publications.
- Morse, J. M. (2010). Simultaneous and sequential qualitative mixed method designs. *Qualitative Inquiry*, 16(6), 483-491. <https://doi.org/10.1177/1077800410364741>
- Mugenda, O. M., & Mugenda, A. G. (2012). *Research methods: Quantitative and qualitative approaches*. ACTS Press.
- Neuman, W. L. (2014). *Social research methods: Qualitative and quantitative approaches* (7th ed.). Pearson.
- Pallant, J. (2020). *SPSS survival manual: A step by step guide to data analysis using IBM SPSS* (7th ed.). McGraw-Hill Education.
- Patton, M. Q. (2015). *Qualitative research and evaluation methods* (4th ed.). Sage Publications.
- Polit, D. F., & Beck, C. T. (2004). *Nursing research: Principles and methods* (7th ed.). Lippincott Williams & Wilkins.
- Resnik, D. B. (2018). *The ethics of research with human subjects: Protecting people, advancing science, promoting trust*. Springer.
- Robson, C. (2002). *Real world research: A resource for social scientists and practitioner-researchers*. Blackwell.
- Schmid, A. P., & Jongman, A. J. (2017). *Political terrorism: A new guide to actors, authors,*

concepts, data bases, theories, and literature. Routledge.



- Shenton, A. K. (2004). Strategies for ensuring trustworthiness in qualitative research projects. *Education for Information*, 22(2), 63-75. <https://doi.org/10.3233/EFI-2004-22201>
- Silke, A. (2003). *Terrorists, victims and society: Psychological perspectives on terrorism and its consequences*. Wiley.
- Silverman, D. (2020). *Doing qualitative research* (5th ed.). Sage Publications.
- Tabachnick, B. G., & Fidell, L. S. (2018). *Using multivariate statistics* (7th ed.). Pearson.
- Tashakkori, A., & Teddlie, C. (2003). The past and future of mixed methods research: From data triangulation to mixed model designs. In A. Tashakkori & C. Teddlie (Eds.), *Handbook of mixed methods in social & behavioral research* (pp. 671-701). Sage Publications.
- Teddlie, C., & Tashakkori, A. (2009). *Foundations of mixed methods research: Integrating quantitative and qualitative approaches in the social and behavioral sciences*.
- Walford, G. (2005). Research ethical guidelines and anonymity. *British Journal of Sociology of Education*, 26(2), 155-169. <https://doi.org/10.1080/0142569042000294164>
- Wiles, R. (2012). *What are qualitative research ethics?* Bloomsbury Academic.
- Wilkinson, P. (2011). *Terrorism versus democracy: The liberal state response*. Routledge.
- Yin, R. K. (2015). *Qualitative research from start to finish* (2nd ed.). Guilford Publications.

APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

MOUNT KENYA UNIVERSITY

SCHOOL OF BUSINESS AND ECONOMICS

DEAR SIR/MADAM

**RE: INFLUENCE OF MARKETING STRATEGIES ON PERFORMANCE OF SMEs IN
NAIROBI COUNTY**

I am writing to introduce myself and provide an overview of my recent research focused on influence of marketing strategies on performance of SMEs. This study aims to analyze impact of targeted marketing approaches and how they contribute to growth and sustainability of small and medium-sized enterprises. Through a combination of quantitative and qualitative research methods, findings will provide insights that can help SMEs enhance their marketing efforts and overall performance in a competitive business landscape.

Thank you for your consideration.

Yours sincerely

APPENDIX II: INFORMED CONSENT

I confirm that I have read and understood the information given regarding this research. I have had the opportunity to ask questions and receive satisfactory answers. I am aware that my participation is completely voluntary and that I may withdraw at any point, for any reason, without any penalty or cost. I understand that I will be provided with a copy of this consent form. By signing below, I willingly agree to take part in this study.

Participant's Signature: _____ **Date:** _____

Investigator's Signature: _____ **Date:** _____



Mount Kenya

University

APPENDIX: III QUESTIONNAIRE

QUESTIONS FOR THE RESPONDENTS

RESPONDENTS BASIC DETAILS

This questionnaire has been developed to aid in gathering information related to the study. The data collected through this questionnaire will be exclusively utilized for purposes of this research study. Please indicate response by placing an (X) in the provided spaces and provide additional details where necessary in the designated spaces.

Section A: Bio data.

Please tick (✓) the one that is applicable to you.

1. Gender:

Male () Female ()

2. Age:

21-30years () 31-40 years () 41-50 years () Over 51 years ()

3. Highest Education Level:

Primary () Secondary () College ()

University – undergraduate () University – masters () University – doctoral ()

Occupation:

Section B: To analyse effect of pricing strategies on performance of SMEs Nairobi County.

		1	2	3	4	5
1	The pricing strategy implemented by my SME has significantly contributed to its overall performance					
2	Competitive pricing has attracted more customers to my SME.					
3	My SME's pricing strategy is flexible and responsive to market changes.					
4	The perceived value of my products/services justifies the pricing strategy used by my SME.					
5	My SME regularly reviews its pricing strategy to enhance performance					

Section C : To assess influence of distribution channels on SME performance in Nairobi County.

		1	2	3	4	5
1	The distribution channels used by my SME effectively reach our target market.					

2	My SME has a well-defined distribution strategy that contributes to its performance.					
3	The availability of our products/services through various distribution channels positively impacts sales.					
4	My SME regularly evaluates the effectiveness of its distribution channels.					
5	The choice of distribution channels has enhanced customer satisfaction for my SME.					

**Section D : To examine role of promotional strategies in enhancing performance of SMEs
Nairobi County.**

		1	2	3	4	5
1	The promotional strategies employed by my SME have effectively increased brand awareness.					
2	My SME's promotional activities lead to higher sales and customer engagement.					
3	The marketing communications of my SME resonate well with our target audience.					
4	My SME regularly assesses the effectiveness of its					

	promotional strategies.					
5	Innovative promotional strategies have positively impacted my SME's performance.					

Section E : To investigate influence of digital marketing the performance of SMEs Nairobi County.

		1	2	3	4	5
1	My SME effectively utilizes digital marketing to reach a wider audience.					
2	The use of social media has significantly boosted my SME's visibility and engagement.					
3	Digital marketing strategies contribute to increased sales for my SME.					
4	My SME monitors and analyzes digital marketing performance to improve outcomes.					
5	The investment in digital marketing has led to measurable improvements in my SME's performance.					

Section F : Performance of SMEs in Nairobi County.

		1	2	3	4	5
1	Influence of digital marketing on the SMEs performance					
2	Influence of Promotional strategies on the performance of the SMEs					
3	Influence of Distributional channel on the performance of the SMEs					
4	Pricing influence on performance of the SMEs					



APPENDIX IV: ERC



REF: MKU/ISERC/5114
TO: ILHAN BAKIR ABASS

Date: 22 May 2025

REG: MBA/2019/51514

Dear Sir/Madam,

RE: INFLUENCE OF MARKETING STRATEGIES ON PERFORMANCE OF SMEs IN NAIROBI COUNTY KENYA

This is to inform you that **Mount Kenya University** has reviewed and approved your above research proposal. Your application approval number is **3836**. The approval period is **22/05/2025 - 21/05/2026**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including informed consents, study instruments, MTA will be used
- ii. All changes including amendments, deviations and violations are submitted for review and approval by **Mount Kenya University**
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **Mount Kenya University** within 72 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to **Mount Kenya University** within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal
- vii. Submission of an executive summary report within 90 days upon completion of the study to **Mount Kenya University**

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely,

Dr. Alfred Owino, PhD
Chairman, Mount Kenya University ISERC



APPENDIX V: INTRODUCTION LETTER



DIRECTORATE OF GRADUATE STUDIES

MBA/2019/51514

22nd May, 2025

*National Commission for Science Technology & Innovation (NACOSTI)
Off Waiyaki Way, Upper Kabete,
P.O Box 30623- 00100
NAIROBI, KENYA*


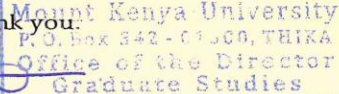
Dear Sir/Madam,

RE: ILHAN BAKIR ABASS - REGISTRATION NO. MBA/2019/51514

The purpose of this letter is to introduce the above named student who is pursuing **Master of Business Administration** in the department of **Accounting and Finance** in the school of **Business and Economics**.

The title of the research is "**Influence of Marketing Strategies on Performance of SMEs in Nairobi County, Kenya.**" It has been cleared by the University's Ethics Review Committee (Certificate attached) and now has to proceed to the field to collect data between **May, 2025 and July, 2025**.

Any assistance accorded to the student will be highly appreciated.

Thank you:
for  

Dr. Samuel M. Karenga, PhD
Director, Graduate Studies
Enc.

APPENDIX VI: NACOSTI



Patience



APPENDIX VII: STUDY AREA NAIROBI COUNTY

