FACTORS INFLUENCING THE MARKETING STRATEGIES ADOPTED BY MICRO AND SMALL ENTREPRENEURS IN ELDORET TOWN, KENYA

BY

Chepkwony C. Patricia
D53/13732/05

A research project submitted to the School of Business in partial fulfillment for the requirements of Master of Business Administration (Entrepreneurship Option)

Kenyatta University

June 2008
DECLARATION

This research project is my original work and has not been presented in any other institution of higher learning.

Signed........................................ Date.................

CHEPKWONY C. PATRICIA
D53/13732/05

I confirm that the work reported in this research project was carried out by the candidate under my supervision as the university supervisor.

Signed........................................ Date...................

MRS. ESTHER GITONGA
Lecturer School Of Business

This research project has been submitted with my approval as the chairman, Department of Business Administration

Signed........................................ Date.....................

MR. D.K Ngaba
Chairman, Department of Business Administration
ABSTRACT

This study focused on the micro and small-scale enterprises located in Eldoret town. The research was based on those micro-entrepreneurs found in the exhibition halls in the town centre which are characterized by high product similarity, huge discounts offered and ever-changing customer preferences. The study was conceptualized to establish the factors that influence the marketing strategies employed by the micro and small entrepreneurs. These include the marketing environment in which the micro-entrepreneurs operate in on a daily basis. The environment contributes to the constraints which the micro-entrepreneurs face as they perform their operations. Such constraints includes: high competition, low demand, saturated markets, changing customer preferences and limited marketing knowledge and information. The study adopted a descriptive research design. Data was collected from both primary and secondary sources. Primary data was collected using structured questionnaires. Secondary data was drawn from relevant journals; research reports published textbooks and government publications. Systematic random sampling methods were employed to determine a sample of respondents from the overall population. The data was processed with the aid of Statistical Package for Social Science and was presented using tables, frequencies, percentages and graphs. The findings of the research revealed that micro and small entrepreneurs adopted different marketing strategies depending on the nature of business they undertook and also the marketing constraints, which they faced. The various marketing strategies include advertising, pricing, location and interior décor, cost saving, and staffing and customer retention strategies.
The study recommended that micro and small entrepreneurs should understand their marketing constraints and their marketing environment in order to choose the appropriate marketing strategies. The study recommended that the micro and small entrepreneurs embrace the use of mobile phone technology in their daily operations. Moreover, the use of computer and Internet technology was very convenient for use in business due to its technological capacities. Further, the study recommended that to deal with the competitive environment, the micro and small entrepreneurs should strive to embrace cleanliness, ambiance and general interior décor for their stalls, provide enough space for customers and also ensure that security is provided for their customers. They should also ensure that their stalls were accessible and ensure that their wares were well displayed in a manner that will attract customers. It was further recommended that micro and small entrepreneurs be trained in marketing information since most of them lack knowledge on how to effectively market their products. The intuitions in charge of micro enterprise development should take time to develop programs, which suit the marketing needs of exhibition hall micro enterprise and enable them to participate in building the economy. The study recommended that further research be conducted in both rural and urban areas to give a comparative conclusion of the findings.
ACKNOWLEDGEMENTS

Special thanks to Mrs. Esther Gitonga for taking on the role as my supervisor and her untiring effective guidance and encouragement, for the thoughtful critique of my work and endless suggestions that enabled this project take shape.

I am equally indebted and owe special gratitude to my father Mr. Mathew Chepkwony who has instilled in me a sense of hard work.

The Love and support of my siblings Benard, Walter, Petty and Balqis will not go unnoticed.

I would also like to acknowledge the efforts of my research assistants, Joyce and Aviya.

To my colleagues and friends may God bless you all.
DEDICATION

Special dedication goes to my Late Mother Esther.

Thanks for having been there for me.
ABBREVIATIONS

SMEs – Small and Micro entrepreneurs

GDP- Gross Domestic Product

ICT – information and communications technology

GOK- government of Kenya

ILO- International Labor Organization
# TABLE OF CONTENTS

DECLARATION ........................................................................................................... ii  
ABSTRACT ................................................................................................................... iii  
ACKNOWLEDGEMENTS ............................................................................................... v  
DEDICATION ............................................................................................................... vi  
ABBREVIATIONS ....................................................................................................... vii  
TABLE OF CONTENTS .............................................................................................. viii  
LIST OF TABLES AND FIGURES .............................................................................. x  
DEFINITION OF TERMS ........................................................................................... xi  

CHAPTER ONE: INTRODUCTION ............................................................................... 1  
1.0: OVERVIEW ........................................................................................................ 1  
1.1: BACKGROUND .................................................................................................. 1  
1.2: STATEMENT OF PROBLEM .............................................................................. 4  
1.3: OBJECTIVES OF STUDY .................................................................................. 5  
1.4: RESEARCH QUESTIONS .................................................................................... 6  
1.5: SIGNIFICANCE OF STUDY ............................................................................. 6  
1.6: LIMITATIONS OF STUDY .............................................................................. 6  
1.7: SCOPE OF STUDY ........................................................................................... 7  

CHAPTER TWO: LITERATURE REVIEW ................................................................ 8  
2.1: INTRODUCTION ................................................................................................. 8  
2.2: MARKETING STRATEGY DEFINED ................................................................ 8  
2.3: THE MARKETING MIX ..................................................................................... 8  
2.4: THEORETICAL AND EMPIRICAL REVIEW OF MAJOR ISSUES ................. 9  
   2.4.1: THE MARKETING ENVIRONMENT OF SMALL ENTERPRISES ........... 9  
   2.4.2: THE MACRO-ENVIRONMENT ................................................................ 10  
   2.4.3: MARKETING CONSTRAINTS OF SMES .............................................. 12  
   2.4.4: COMPETITOR ANALYSIS ..................................................................... 14  
2.5: DEVELOPING COMPETITIVE MARKETING STRATEGIES IN MICRO- ENTERPRISES ........................................................................................................ 15  
2.6: SUMMARY AND GAPS TO BE FILLED BY THE STUDY ......................... 19  
2.7: CONCEPTUAL FRAMEWORK ......................................................................... 20  

CHAPTER THREE: METHODOLOGY .................................................................... 21  
3.0: OVERVIEW ....................................................................................................... 21  
3.1: RESEARCH DESIGN ......................................................................................... 21  
3.2: TARGET POPULATION ..................................................................................... 21  
3.3: SAMPLING DESIGN AND PROCEDURE ......................................................... 21  
3.4: DATA COLLECTION PROCEDURE .................................................................. 22  
3.5 DATA ANALYSIS AND PRESENTATION ...................................................... 23  

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND INTERPRETATION ........ 24  
4.0: OVERVIEW ....................................................................................................... 24
# LIST OF TABLES AND FIGURES

<table>
<thead>
<tr>
<th>Table/Figure</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 2.1 Conceptual framework</td>
<td>20</td>
</tr>
<tr>
<td>Figure 3.1 Sample frame</td>
<td>22</td>
</tr>
<tr>
<td>Table 4.1 Overview of data collected</td>
<td>24</td>
</tr>
<tr>
<td>Table 4.2 Nature of business</td>
<td>25</td>
</tr>
<tr>
<td>Figure 4.1 Nature of business</td>
<td>25</td>
</tr>
<tr>
<td>Table 4.3 Age of business</td>
<td>26</td>
</tr>
<tr>
<td>Figure 4.2 Age of business</td>
<td>26</td>
</tr>
<tr>
<td>Table 4.4 Form of business ownership</td>
<td>27</td>
</tr>
<tr>
<td>Figure 4.3 Form of business ownership</td>
<td>27</td>
</tr>
<tr>
<td>Figure 4.4 Age distribution of respondents</td>
<td>28</td>
</tr>
<tr>
<td>Figure 4.6 Gender of respondents</td>
<td>29</td>
</tr>
<tr>
<td>Figure 4.7 Main competitors</td>
<td>30</td>
</tr>
<tr>
<td>Table 4.5 Educational level</td>
<td>28</td>
</tr>
<tr>
<td>Table 4.6 Level of competition</td>
<td>30</td>
</tr>
<tr>
<td>Table 4.7 Forms of communications technology adopted</td>
<td>31</td>
</tr>
<tr>
<td>Table 4.8 Factors that influence demand</td>
<td>32</td>
</tr>
<tr>
<td>Table 4.9 Major marketing constraints</td>
<td>32</td>
</tr>
<tr>
<td>Table 4.10 Advertising strategies</td>
<td>33</td>
</tr>
<tr>
<td>Table 4.11 Pricing strategies</td>
<td>33</td>
</tr>
<tr>
<td>Table 4.12 Location and interior décor</td>
<td>34</td>
</tr>
<tr>
<td>Table 4.13 Staffing and customer retention strategies</td>
<td>35</td>
</tr>
<tr>
<td>Table 4.14 Cost saving strategies</td>
<td>35</td>
</tr>
<tr>
<td>Table 4.15 Product strategies</td>
<td>36</td>
</tr>
</tbody>
</table>
DEFINITION OF TERMS

Exhibition stall - are those small-scale businesses, which are clustered together in a specific geographical location. Public displays of goods and works of art characterize them.

Competition - a situation in which people or organizations compete with each other for something that not everyone can have.

Intense Competition - this refers to the competitive factors (price competition, product competition, technological competition, competition in distribution and manpower) that can affect all firms in an industry as well as their profitability.

Marketing mix - this indicates the combination of detailed strategies, tactics, operational policies, programs, techniques and activities, to which resources may be allocated such that the enterprises may be effectively described.

Market plan - this includes the framework and entire set of activities to be performed. It is the written document or blueprint for implementing and controlling a firm’s marketing activities.

Marketing strategy indicates the specific markets towards which activities are to be targeted and the types of competitive advantages that are to be developed and exploited.

Micro and Small enterprises – refers to businesses locally owned and managed, often with very few employees (1-50) working at a single location.

Micro-entrepreneur - an individual who launches a venture and significantly improves it through innovative means.
CHAPTER ONE
INTRODUCTION

1.0: OVERVIEW
This chapter looked into the background of the study, which gave the overall outlook of the micro and small entrepreneurs and their role in economic development of our country as regards to alleviation of poverty and creation of employment.

The statement of the research problem was clearly indicated which focused on the marketing strategies adopted by the exhibition hall micro and small entrepreneurs together with the objectives of the study, the research questions the purpose, scope, justification and the expected limitations are all included in the chapter.

1.1: BACKGROUND
The informal sector has gained recognition especially in third world countries. It has emerged as a source of increased output, income and employment for marginalized members of the society. This has come in handy considering the dismal performance of the formal sector in these countries. According to Nowak (1988), continents in which the sector has gained recognition are Africa, Latin America and Asia. It has continued to contribute a big portion of the Gross Domestic Product (GDP) in countries that are in these continents. Micro and small enterprises (MSEs) cut across all sectors of our country’s economy and provide one of the most prolific sources of employment, not to mention the breeding ground for medium and large industries, which are critical for industrialization. According to the 2003 Kenya economy survey, employment within the MSE sector increased from 4.2 million persons in 2000 to 5.1 million persons engaged in employment. The sector contributes up to 18.4% of the country’s Gross Domestic Product (GDP).

This sector therefore is not only a provider of goods and services, but also a driver in promoting competition and innovation, and enhancing the enterprise culture, which is necessary for private sector development and industrialization. Despite the significant
role played by the sector, it has continued to experience many binding constraints that have inhibited the realization of its full potential. These include poor access to markets, financial services, and unfavorable policy, legal and regulatory environments among others.

In the past the government has put in place measures geared towards promotion and development of the MSE sector. One of the notable interventions is the publication of the Sessional paper No.2 of 1992 on Small Enterprise and Jua Kali development in Kenya. The paper emphasized the need to create an enabling environment through an appropriate legal and regulatory framework, and put in place support and facilitate measures to promote the growth of the sector. However as Bokea (1999) noted, these measures have not yielded the expected impact, largely due to their inappropriate design and weak implementation.

According to the Sessional paper No. 2 of 2005 on development of MSEs for wealth and employment creation for poverty reduction, MSEs have a high mortality rates with most of them not surviving to see beyond their third anniversaries. This phenomenon has made it difficult for MSEs to graduate into medium and large-scale enterprises, thus the 'missing middle'.

This has resulted in a weak base for industrial take-off and sustainable development. Although the flow of information on MSE markets has slightly improved, many MSEs still do not know where and how to access existing and relevant marketing information. As a result, the majority relies on informal feedback from customers. Competitiveness of MSEs remains weak due to poor product quality, packaging, advertising and distribution. The MSEs performance and competitiveness must therefore be increased if it is to effectively respond to the challenges of creating productive and sustainable employment opportunities, promoting economic growth and poverty reduction in the country. Moyer (1994) noted that the role of MSEs will only be effective if marketing systems are developed to provide organizational framework necessary in coordinating production,
and consumption and in providing the supply of commodities to consumers in response to their expressed needs and wants.

Njoori (1996) points out that entrepreneurs do not engage in a market development strategy and are caught unawares by high competition and low demand. The enterprises are more product oriented as opposed to customer oriented. Further, the major marketing constraints facing entrepreneurs were low demand and high competition. Their inability to scan the marketing environment and act accordingly is also a major hindrance.

Janson (1999) posed that the lack of marketing know-how of entrepreneurs displays itself starkly in most MSE business premises. It is common sight to notice a group of MSE entrepreneurs at one location selling the same kind of products and services to customers. Competition between them gets very tough such that, it is only the ‘lowest bidder’ who will win the customers. This in effect, eats into their profit margins reducing the prospects for reinvestment and growth. This problem is noticed in the exhibition halls.

Namada-Mulla (2004), describes exhibition hall traders as those small-scale businesses, which are clustered together in a specific geographical location. Public displays of goods and works of art, similarity in products, huge discounts offered and dynamic consumer preferences characterize them. She further points out that intense competition exists in exhibition halls due to the characteristics indicated above. Over the last 10 years exhibition halls have stirred thriving small-scale businesses in the economy particularly in Eldoret town.

The town is considered as the fastest growing town in the country. The investment climate compares favorably with other Kenyan towns and cities, with low costs of doing business and good infrastructure: notably an international airport, reliable electrical power and water supply, as well as quality education and healthcare.

Commercial office spaces of high standards are available at attractive rates. Growing economic sectors are banking, transport, agribusiness and hotel industry.
The Municipal Council of Eldoret strives to be responsive to the needs and aspirations of the people of Eldoret as indicated in our mission statement (Maiyo 2002).

Mintzberg (1994) poses that strategy is a response to internal and external factors or forces, which can be simple, or complex but which are perceived as being critical to the existence of an organization. An assessment of the strategic options available to the business will give insights into how the performance of existing products can be improved. Also opportunities for new product development and the possibilities for entry into new segments and markets will be revealed it therefore provides the foundation for the future direction of the business.

Basu (1999) poses that in order to be in good position to compete with other firms in your industry, you must have an understanding of what you are up, against, competition-wise. This means identifying the competitors within the territory, the services they offer and their strengths and weaknesses. For micro-entrepreneurs to be able to cope with the competition and attain a competitive edge, they need to devise marketing strategies which will be enable them increase their sales volume and level of profitability.

Dibb et al (1997) notes that marketing strategy indicates the specific markets towards which activities are to be targeted and the types of competitive advantages that are to be developed and exploited. Implicitly the strategy requires clear objectives and focus in line with an organization’s corporate goals; the right customers must be targeted more effectively than they are by its competitors, and associated marketing mixes must be developed into marketing programs that successfully implement the marketing strategy.

The study therefore seeks to establish the marketing strategies employed by micro-entrepreneurs in exhibition hall in Eldoret town and to come up with possible intervention to the problems that affect their sales volume and profitability brought about by the marketing environment.

1.2: STATEMENT OF PROBLEM

Micro and small enterprises (MSEs) cut across all sectors of our country’s economy and provide one of the most prolific sources of employment, not to mention the breeding ground for medium and large industries, which are critical for industrialization.
According to the Economy Survey (2003), employment within the MSE sector increased from 4.2 million persons in 2000 to 5.1 million persons engaged in employment. The sector contributes up to 18.4% of the country’s Gross Domestic Product (GDP).

This sector therefore is not only a provider of goods and services, but also a driver in promoting competition and innovation, and enhancing the enterprise culture, which is necessary for private sector development and industrialization. The Sessional Paper No.2 of 2005 indicates that most small and micro enterprises are confined to very narrow local markets where intense competition drives prices down, resulting in very low margins.

According to Namada-Mulaa (2004) micro enterprise traders under the exhibition halls face intense competition from among themselves and the larger traders. This arises due to similarity in products, huge discounts offered, dynamic consumer preferences and other marketing constraints that subsequently pose a threat to their profitability. Over the last 10 years exhibition halls have stirred thriving small-scale businesses in the economy particularly in Eldoret town. The increase in numbers of exhibition hall micro-entrepreneurs intensifies the competition.

The study therefore sought to investigate the marketing strategies adopted by micro entrepreneurs, and recommend those marketing strategies that would give them a competitive edge against their competitors.

1.3: OBJECTIVES OF STUDY

Main Objective:
The main objective of the study was to investigate the factors influencing the marketing strategies adopted by the micro and small scale entrepreneurs operating in the exhibition halls in Eldoret town.

Specific Objectives:
The research was guide by the following specific objectives;

1.3.1 To identify the marketing environment of the micro and small entrepreneurs
1.3.2 To establish the marketing constraints experienced by the micro and small entrepreneurs
1.3.3 To establish the level and the major sources of competition in the market
1.3.4 To investigate the marketing strategies employed by the micro and small entrepreneurs

1.4: RESEARCH QUESTIONS

1.4.1 What is the composition of the marketing environment of micro and small entrepreneurs?
1.4.2 What marketing constraints do they face?
1.4.3 What are the main sources and the level of the competition in the exhibition halls?
1.4.4 What are the marketing strategies employed by micro and small entrepreneurs?

1.5: SIGNIFICANCE OF STUDY

Findings of this study will be of importance to exhibition entrepreneurs, research institutions and government policy makers.

To the exhibition entrepreneurs, it will shed light on the marketing strategies that enable them gain a competitive edge against their competitors thereby ensuring their profitability and sustainability.

To research institutions, an insight into the markets and marketing information needed and will help them design programs (marketing) suited for such a growing sub-sector.

It will add value to already existing knowledge or issues that affect business performance of this sub-sector.

1.6: LIMITATIONS OF STUDY

The major challenge faced in the study was financial and time constraints. The respondents were not willing to fill questionnaires citing time factor due to the fact that
the period of data collection was a festive season and they had a high customer base to cater for.

1.7: SCOPE OF STUDY

The study covered the micro and small entrepreneurs in Eldoret town. Only those micro and small entrepreneurs found in the designated exhibition halls will cover the population of the study from which the sample will be selected.
CHAPTER TWO
LITERATURE REVIEW

2.1: INTRODUCTION
This chapter was on literature that has been reviewed on the marketing strategies that have been adopted by micro-enterprises. The ensuing discussion looked into the marketing challenges and constraints faced by micro-entrepreneurs as they conduct their businesses in the market environment. Further it sought to analyze the competition in the market and find out the marketing strategies employed by these traders in order to beat the cutthroat competition amongst themselves and from the larger traders.
This chapter also has a summary of the conceptual framework showing a pictorial presentation of the model of the study.

2.2: MARKETING STRATEGY DEFINED
Marketing strategy indicates the specific markets towards which activities are to be targeted and the types of competitive advantages that are to be developed and exploited. Implicitly the strategy requires clear objectives and focus in line with an organization’s corporate goals; the right customers must be targeted more effectively than they are by its competitors, and associated marketing mixes must be developed into marketing programs that successfully implement the marketing strategy (Dibb et al, 1997)
McCarthy (1999) further states that a strategic market plan is an outline of the methods and resources required to achieve an organization’s goals within a specific target market. It takes into account not only marketing but also all functional aspects of a business unit that must be co-ordinate. These functional aspects include production, finance and personnel. Environmental issues are an important consideration as well.

2.3: THE MARKETING MIX
Kottler (2000) defines the marketing mix as the combination of detailed strategies, tactics, operational policies, programs, techniques and activities, to which resources may be allocated such that the enterprise’s marketing mix may effectively be described and on
the basis of the 4Ps of marketing, these include the product, price, place and promotion. The product denotes what good or service an enterprise will produce and offer for sale. This should meet the needs and wants of the consuming public. Price means that the enterprise offering goods or services should do so at a price at which the consuming public or the target consumers can afford. Place means that the goods/service produced for sale by an enterprise should be available as near as possible to where the consumers need it. The location of a good/service should be convenient and attractive to the consumer if demand for it was to be sustained. Finally Promotion: denotes all that an enterprise will do to inform the consumer of the existence of the good or service and encourage the consumer to buy the same, through encouraging price, bringing the goods near the consumers, displays, advertising and personal selling.

2.4: THEORETICAL AND EMPIRICAL REVIEW OF MAJOR ISSUES

2.4.1: THE MARKETING ENVIRONMENT OF SMALL ENTERPRISES
Cronje et al (2000) describes the market environment as consisting of consumers, their needs, purchasing power and behavior, suppliers to retailers of stock and raw materials, competitor actions and changing strategic input identified opportunities and threats all relate and have direct influence on the micro environment of the enterprise. The micro entrepreneur’s survival is closely linked to the relationships developed within this market. McCarthy (1999) noted that for micro-entrepreneurs, maintaining and attracting new committed customers is vital. The balance between credit ‘squeezed’ from suppliers and that, which is hesitantly and begrudgingly allowed to selected customers, determines the enterprise’s liquidity. This liquidity must also cater for daily drawings by the micro entrepreneur and thus the protection of his market is jealously monitored. Any form of competition is not tolerated and is generally regarded as a direct threat to their survival. Where competition is traditionally viewed as a mechanism which keeps excessive profits in check, promotes improved standards and stimulates higher productivity, fighting competition is done on the basis of satisfying consumer needs better than competitors.
2.4.2: THE MACRO-ENVIRONMENT
According to Cronje et al (2000) the macro-environment consists of a number of broader forces that affect not only the enterprise but also the other actors in the macro-environment. These can be grouped under economic, socio-cultural, political, legal and technological. These shape the character of the opportunities and threats facing a firm and yet largely uncontrollable. Mwaura (2004) noted that understanding of the external environment is of utmost importance as most time the entrepreneur may find himself at crossroads not knowing which direction to go. Actually the day to day decisions that occupy the manager most is not the internal environment but rather how to tackle the external environment, which is not only dynamic but also unpredictable. Ranging from law to politics, technology to competition, the external environment needs constant review and analysis of its effect to the business if it is to remain competitive and attain its goals.

**Economic Environment:** Cronje et al (2000) states that the most important interface between the economic environment and a business are the economic growth-rate, consumer incomes, inflation, monetary and fiscal policy, and fluctuations in these variables. The economic factors which may be worth taking note of besides the patterns of economic growth and inflation are the stock market activities, financial rate of return and the foreign exchange rates as these also affect the amount of money in circulation and pricing from suppliers. The economic environment can have a critical impact on the success of enterprises through its effects on supply and demand.

**Social Environment:** the rate of change within our environments has been strongly linked to the dramatic changes, which have been experienced in the social cultural and demographic spheres. Changes in these variables impact on virtually all products, services, markets and consumers. Van Aardt (1997) argues that trends in these environments are shaping the way we live, work, produce and consume. In Kenya there is a very strong element of the extended family, whereby individualism is discouraged.

Members of the extended family feel part and parcel of one’s business. Business owners tend to have more faith and trust on relatives including members of the extended family,
or even people from their own ethnic group. Whereas the entrepreneur may perceive these people as good employees, this may not always be the case.

**Political and Legal environment:** These can influence marketing decisions by determining the rules by which businesses can be conducted. Close relationships with politicians are often cultivated by organizations both to monitor political moods and also influence them. The *Sessional paper No. 2 of 2005* notes that Government laws and regulations enhance or inhibit business activity. For example, Cap 256 of Local Government Act states that every application for a license shall be made to the town clerk on a form issued by him for that purpose and the applicant shall furnish the town clerk with particulars of his place abode and of commodity and the place or place at which he intends to engage in trade. Mwaura (2004) notes that legislation can be predicted with ease most SMEs adapt to them and operate within predetermined parameters.

The Municipal council by-laws (2002) govern the operations of these traders and some of them are stringent, which make it difficult for them to operate smoothly. The market masters are given lots of authority, which result into some form of harassment to the traders. Some of the by-laws prohibit trade beyond a given time, issue of license takes a long period and it depends on the discretion of the town clerk’s office. The general rules about where to run business, waste disposal, and cleanliness and stall management are all stipulated in the by-laws and the penalties are quite high if a trader breaks them it might mean he is out of business.

**Technological Environment:** According to Jobber (1995), technology can have a substantial impact on people’s lives and firm’s fortunes. Technological breakthroughs have given us body scanners, robotics, computers and many other products that have contributed to the quality of life. Many technological breakthroughs change the rules of the competitive game. Monitoring the technological environment may result in the spotting of opportunities and major investments into new technological areas. *The Sessional paper No.2 of 2005* indicates that small and micro enterprises are characterized by restricted levels of technology, inappropriate technology and inadequate institutional
capacity to support adaptation and absorption of modern technological skills. Adeya (2003) noted a significant percentage of SMEs are ignorant about information and communication technology (ICTs) and their importance for conducting business in this era of globalization. It further shows that learning within the clusters is mainly through on-the-job exposure and informal training. There is a need to explore how necessary ICT learning can best be provided, through formal as well as informal means.

The costs of ICTs are prohibitive to many SMEs and initial provision needs perhaps to be subsidized, possibly through SME associations. This can be done on a pilot scale initially, followed by awareness creation and the promotion of the adoption of ICTs by SMEs. Once enterprises are aware of the cost benefit and the multiplier effect of the technology, they should be encouraged to source the service on their own. This is possible since the study shows that over fifty percent of entrepreneurs have paid for other forms of training within respective clusters. Furthermore, SMEs already source ICT services, notably fixed and mobile telephone, at a fee from commercial service centers in their clusters. Mwaura (2004) noted that efficiency can be improved by embracing new technology that will guarantee competitive advantage through minimal costs of production, through cost cutting in all areas including procurement for example use of JIT.

2.4.3: MARKETING CONSTRAINTS OF SMES
Njoori (1996) poses that the growth of the micro and small scale sector is severely handicapped by lack of business management skills, poor marketing organization, inaccessibility to credit and lack of information on appropriate technology and products. The informal sector activities are largely ignored, rarely supported and often regulated and sometimes discouraged by the government. According to the Sessional paper No.2 of 2005; access to markets and marketing information is a severe constraint to the small and micro enterprise development in Kenya. Overall, aggregate demand is low, markets are saturated due to dumping and overproduction, and in many cases markets do not function well due to lack of information and high transaction costs. Competition in some products is unfair with imported goods finding their way into the local market without payment of statutory duties. Further, many micro entrepreneurs do not know where and how to
access existing and relevant marketing information, as a result the majority relies on informal feedback from customers. Competitiveness of the small and micro entrepreneurs remains weak due to poor product quality, packaging, advertising and distribution. Mwaura (1997) points out that most micro enterprise suffered a serious deficiency in marketing and consumer related skills. Some firms were forced by competition to divest or invest in other product lines where competition was less severe.

According to Bokea (1999) small enterprises generally serve markets that are in the immediate vicinity which offer only limited opportunity for expansion. This tendency may persist as a result of imitative patterns of development so that markets become saturated, limited marketing management capabilities and marketing resources, lack of technical base and know-how which confines small enterprises within a narrow range of products and services and finally lack of exposure to information on new products and market development. According to GOK (1994) Program for Small scale Enterprise development and Employment creation program support document, lack of credit facilities remains the most noteworthy challenge to SMEs. It has received the most attention in terms of research and development assistance. However, researchers in the past studies have noted that respondents tend to attribute all their problems on lack of credit facilities. This has led to over concentration on credit assistance to the detriment of other important non-financial support services, which leads to mass failure of SMEs.

Further the ILO (1972) suggests that existing firms fail to grow large when more small firms constantly enter into a stagnant or slowly growing market. In micro enterprises individuals constantly enter in the market after loosing hope of formal employment. They start business in order to survive. Due to low income and poor economic conditions, the businesses compete for a very limited market making it difficult for them to earn a reasonable living and re-invest. The National Micro and Small enterprise baseline survey (1999) indicates that 49.2% of enterprises had not advertised their products either through electronic, print media and trade exhibitions while 42.2% indicate that promotion is through their customer after they are supplied with quality goods. Market promotion can be quite expensive for the small enterprises. The government and development agencies
in the sector need to identify appropriate marketing channels for micro enterprise products.

According to Njoori (1996) there are many potential users of small and micro enterprise products who would buy them if they knew about them. The quality, quantity and price would suit their needs, transport facilities are available and potential suppliers would be willing and able to provide what is required, but neither side is aware of the possibilities. Quality standards pose further problems in that the products/services are not necessarily of a lower standard, however that may be defined, than those of large firms; they are almost inevitably less consistent. He further points out that the most intractable problems arise from the small scale, which is the very merit we are trying to promote.

The mass media reach out beyond the urban consumer through radios, loudspeaker vans, mobile cinemas and posters; people who have recently entered the monetary economy and start to make decisions about what they will consume are readily susceptible to promotion techniques which have been developed and tested with more sophisticated consumers. These media are expensive and depend on large volume for their justification; the audience is far wider than the tight group, which a small business can hope to reach with its products themselves, and they are not divisible.

That any attempt to help small and micro enterprises sell more should presumably start with the group to whom they are currently selling; it is usually the stated objective of any government to increase the purchasing power of the poor and of small-scale farmers, and if these policies are successful one by-product should be increased business for small enterprises.

2.4.4: COMPETITOR ANALYSIS

Jobber (1995) posed that satisfying customers is a central tenet of the marketing concept but it is not enough to guarantee success. The real question is whether a firm can satisfy customers better than the competition. Since business performance depends upon both customer satisfaction and being able to create greater value than the competition, firms need to understand their competitors as well as their customers. By understanding
competitors a firm can better predict their reaction to any marketing initiative that the firm might make, and exploit any weaknesses that they might possess. Competitor analysis is thus crucial to the successful implementation of marketing strategies it identifies who our competitors are, their strengths and weaknesses, their strategic objectives and thrusts, their strategies and response patterns.

2.5: DEVELOPING COMPETITIVE MARKETING STRATEGIES IN MICRO-ENTERPRISES

Michael Porter (1980) developed a framework for industry analysis whereby he identified five factors that should be analyzed in a given industry that can influence business strategies for the organization. They include:

**Bargaining power of suppliers**

Suppliers can be competitive in an industry because they can raise the price of raw materials or reduce their quality. Powerful suppliers can reduce profitability if an industry cannot pay higher price to cover price increases than supplier require. Determinants of supplier’s power include buyer concentration in one place, buyer volume and buyer information.

**Threats of new entrants**

All firms in an industry are competing with industry producing substitute products. Substitutes limit the potential return in an industry by placing a ceiling on the price that the firms in the industry charge. This could be determined by relative price, performance of substitute products, the buyer propensity to buy substitute products and ability to import.

**Rivalry among the existing firms**

This is determined by the number of firms in that industry. It’s a conventional type of competition in which firms try to take customers from one another through strategies such as price, competition, advertising wars, new product introduction and increased customer service in order to meet competition.
Threat of new entrants
Firms entering an industry bring capacity and has desire to gain market share and profit but whether new firms enter an industry depends on the barriers to entry. The higher the entry barriers, the less likely outside firms are to enter the industry.

Porter further identified three generic strategies that can be helpful to organizations that wish to compete successfully and profitably. He argued that to be successful over the long-term a firm must select one of these three strategies. These include:

Product differentiation strategy:
The strategy aims at improving the product or the organizations image or quality by adding value or unique features of the product. Thus a differentiated product can often command a higher selling price in comparison to its competition. You can differentiate through technology, design, distribution and features.

Cost leadership strategy:
This strategy is aimed at reducing the cost without altering positively or negatively the quality of the products. It is largely dependent upon efficiency. Firms following this type of strategy seek strategic advantage based entirely upon achieving low cost production.

Focus strategy:
This strategy is about achieving competitive advantage by concentrating on a particular market product niche. An organization following such strategy seeks to identify and satisfy some market niche or certain segments of the market. That market might be defused geographically by a certain buyer groups, or by a segment of products use.

Reid (1993) noted that porter's framework applies to large firms. To be able to transfer this framework from large enterprises to small firms, one has to be aware of the two crucial modifications. Small firms display the behavior of firms in early life cycle activity. Effort is devoted to establishing by discovery or creation of a competitive niche.
and little is directed to defending and blocking large corporations are much more in mature phase of development.

Second modification requires porter's framework to take the market segment rather than the market as a whole.

In small firms, strategic targets are market segments very often through small niche exploitation. Reid (1993) further argues that when the owner-manager of small firms talks about market he usually means a segment of a much larger generic market. Porter's generic strategies involve cost leadership, differentiation and focus. Reid (1993) points out as more appropriate to small scale enterprises is focus strategy combining elements of cost leadership and product differentiation directed at a specific market segment. Therefore, a focus strategy, aimed at a specific market segment seems most likely to offer small enterprises a competitive advantage. However, Rotschild (1989) notes that a single generic strategy is not always best because within the same product customers often seek multi-dimensional satisfaction such as a combination of quality, style, convenience, and price. There have been cases in which high quality producers faithfully followed a single strategy and then suffered greatly when another firm entered the market with a lower-quality product that better met the overall needs of the customers.

2.5.1: MARKETING STRATEGIES FOR MICRO-ENTREPRENUERS
Basu (1999) noted that in order to be in a good position to compete with other firms in your industry, you must have an understanding of what you are up and against, competition-wise. This means identifying the competitors within the territory, the services they offer and their strengths and weakness.

Location and internal décor strategy
According to Peters (2002), location considerations play a major role in business performance. Major considerations stem from where the majority of your customers are located and on your time and the time and effort required for you to go from your location to them. You may wish to limit your area to be serviced because bouncing all
over can be too costly on your time and transportation. Many firms settle in to specialize on a specific target area or limit their calls to one area per day. Halloran (1997) noted that an entrepreneur should create an environment that best suits his merchandise and his clientele. The stall should carry a consistent theme. By creating the right environment you will be able to satisfy the customers need with a sale. Proper alignment of merchandise and displays stimulates need.

**Pricing strategy**

Halloran (1991) noted that one of the notable difficult decisions in business is determining the appropriate price for the products. A product with quality and expensive components will require a high price to maintain the proper image. The entrepreneur will also have to consider many other factors such as costs, discounts, transport and markups. The criteria for setting prices for your goods and services may include prices that are acceptable to your customers, prices that are competitive with similar goods and services and finally prices that cover costs for parts, salaries and other operating expenses, and profit.

**Advertising strategy**

Basu (1999) noted that it is usually necessary for the entrepreneur to inform potential consumers about the product’s availability or to educate the consumer using advertising media such as print, radio or TV. The entrepreneur should carefully evaluate each alternative medium considering not just costs but the effectiveness of the medium in meeting the marketing objectives. Stokes (2000) noted that small and micro enterprises rely on word of mouth and networking in bid to build a long lasting relationship with their customers while a majority of them depend on their old clients in different regions talking well of them and bringing or guiding other customers to their business. According to Halloran (1991) small business owners engage in the wrong advertising strategy that is, they engage in too costly a method and choose ineffective means thereby overstating their budgets. He therefore noted that the following aspects are important for advertising to be cost effective. Setting apart some budget for advertising, establishing objectives, defining target audiences selecting the media, developing a theme and a copy implementing the advertisement and evaluating the impact.
Credit and collections strategy
According to Peters (2002) the first rule of business is to get the money. When serving customers you may have many ways of getting paid. These include: by cash, payment in kind or by services rendered and promises to pay by letter of credit. Usually there is no universality to the process as credit is granted based on the worthiness of the individual which is based on the 4Cs of credit; character, capacity, conditions and collateral.

Customer service strategy
Halloran (1991) indicated that meeting customer needs and creating loyalty should be primary goals of any new venture. If customer service is poor or mediocre, the customer may choose to buy from a competitor. There are a number of low-cost simple steps that an entrepreneur can take to ensure customer satisfaction. These include training employees on customer care, having a policy of customer service principles, establishing a process for evaluating customer service and finally rewarding employees who are most effective in providing quality customer service. He further noted that the ultimate in quality service is meeting customer expectations. This requires the entrepreneur to be a good listener, to ask questions and to make a commitment to meeting the customer’s expectations.

2.6: SUMMARY AND GAPS TO BE FILLED BY THE STUDY
Past studies have been conducted on micro-enterprises such as marketing research in micro and small enterprises (Omuyitsi 2000), competitive strategies adopted by small and medium scale enterprise (Namada-Mulla 2004), marketing of woodwork in Ongata Rongai (Njoori 1996), but little has been done on the factors influencing marketing strategies adopted by micro-enterprises in exhibition halls in Eldoret town. The study was therefore necessary to be undertaken to quantify the impact of the marketing strategies on the traders who face various marketing constraints (low demand, high competition, frequent changes in customer preferences and narrow markets among others): it is hoped that businesses with appropriate market strategies will be identified and further make recommendations that will contribute positively towards their growth and success.
2.7: CONCEPTUAL FRAMEWORK

According to Namada-Mulaa (2004) micro-entrepreneurs in the exhibition halls operate in a very dynamic environment in which they face immense competition from amongst themselves and larger traders. The marketing environment consists of the political, legal, technological and socio-cultural forces. The market constraints include high competition, low demand, changing customer preferences, high transaction costs among others. These factors have a bearing in the marketing strategies adopted by the micro-entrepreneurs. For them to be able to beat the competition and attain a competitive edge, they need to devise marketing strategies, that enable them increase their sales volume and profitability level. Marketing strategy indicates the specific markets towards which activities are to be targeted and the types of competitive advantages that are to be developed and exploited. Implicitly the strategy requires clear objectives and focus in line with an enterprise’s goals; the right customers must be targeted more effectively than they are by its competitors, and associated marketing mixes must be developed into marketing programs that successfully implement the marketing strategy. Dibb et al (1997)

Figure 2.1 The conceptual framework:

INDEPENDENT VARIABLE

<table>
<thead>
<tr>
<th>Market Environment</th>
<th>DEPENDENT VARIABLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political and legal</td>
<td>Market Environment</td>
</tr>
<tr>
<td>Socio-cultural</td>
<td></td>
</tr>
<tr>
<td>Technological</td>
<td></td>
</tr>
<tr>
<td>Economical</td>
<td></td>
</tr>
</tbody>
</table>

Market Constraints
- Low demand
- Customer preferences
- Similarity of products
- Lack of access to markets
- Poor marketing information

Competitor analysis
- Who are our competitors?
- What is the level of competition?

Source: Author (2007)
CHAPTER THREE
METHODOLOGY

3.0: OVERVIEW
This chapter addressed the research design adopted in this study. Primary and secondary sources of data collection were used. The design guided the research in collecting, analyzing and interpreting obtained facts. The methodology applied in this study involved field survey within the exhibition halls in Eldoret town.

3.1: RESEARCH DESIGN
The research design adopted in the study was a descriptive survey. The study aimed at collecting information from respondents on the marketing strategies adopted by small and micro enterprises in Eldoret town. Questionnaires with a set of structured closed and open-ended questions were used.

3.2: TARGET POPULATION
The population of study consisted of micro and small entrepreneurs operating within exhibition halls in Eldoret town. The total number of the micro and small entrepreneurs is 330, which were obtained on a head count basis. They are found in the exhibition halls in the town center which amount to 15 halls with varying numbers of micro and small entrepreneurs in each hall.

3.3: SAMPLING DESIGN AND PROCEDURE
Simple random sampling was used to get the sample population from the target population. To ensure equitable chances of sampling, systematic random sampling technique was used. According to Nassiuma (2000), a sample size of 30% was representative of the total population. The sample frame obtained from the population is as follows:
Systematic random sampling was thereafter used to select the micro-entrepreneur from the exhibition hall. The appropriate sampling interval, I, was then calculated by dividing population size, N, by required sample size, n, as follows:

\[ I = \frac{N}{n} \]

Thus the appropriate interval will be:

\[ \frac{330}{100} = 3.3 \]

The first trader was chosen in every exhibition hall and subsequently every third trader was selected to form the respondents.

### 3.4: DATA COLLECTION PROCEDURE

Data was collected using structured questionnaires which were issued out to the respondents for them to fill thereafter they were collected by the researcher for analysis.
3.5 DATA ANALYSIS AND PRESENTATION

Data was processed with the aid of the statistical package for social sciences (SPSS) for windows version. Frequency distribution was used to summarize data of the relevant variables in the conceptual framework. Quantitative data was presented in percentages, tables, pie and bar charts.


CHAPTER FOUR
DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.0: OVERVIEW
This chapter presents the major findings of the study as they relate to each of the research questions advanced in the preceding chapter. Responses on the closed-ended and open-ended questionnaire items were summarized in tables, graphs and pie charts using frequencies and percentages. The rest of the data was presented in narration form where the most outstanding responses were mentioned.

4.1: INSTRUMENTS RETURN RATE
The researcher issued out one hundred (100) questionnaires to the respondents from micro and small scale enterprises in Eldoret town. Seventy (70) questionnaires were returned which accounted for a seventy percent (70%) return rate. This was attributed to the festive season in which the micro and small entrepreneurs were wholly engaged in selling their wares and was not willing to answer questionnaires.

Table 4.1: Overview of Data Collected

<table>
<thead>
<tr>
<th>Sample Respondents (t)</th>
<th>Returned questionnaires (r)</th>
<th>Non-Response (t-r)</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>70</td>
<td>30</td>
</tr>
</tbody>
</table>

* t- Sample

* R-returned questionnaires

* T-r- non t response error 30%

* Source – Field research

4.2 ENTERPRISE AND DEMOGRAPHIC CHARACTERISTICS
This section analyses key characteristics of SMEs and it is intended to establish certain similarities within SMEs like years of operation, start-up capital, business ownership and nature of business. Frequency tables and percentages are used extensively.
4.2.1 Nature of business
The respondents were involved in businesses dealing with different kinds of products. Their products ranged from shoes, ladies wear, children’s wear and men’s wear. 39% dealt with ladies wear, 34% were involved in boutiques, and 10% sold children’s wear, 10% sold men’s wear and 7% dealt with shoes. This is illustrated by the table 4.2 and the figure 4.1.

Table 4.2: Nature of business

<table>
<thead>
<tr>
<th>Nature of business</th>
<th>Frequency</th>
<th>Frequency Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shoe business</td>
<td>5</td>
<td>7%</td>
</tr>
<tr>
<td>Ladies wear</td>
<td>27</td>
<td>39%</td>
</tr>
<tr>
<td>Boutiques</td>
<td>24</td>
<td>34%</td>
</tr>
<tr>
<td>Children’s wear</td>
<td>7</td>
<td>10%</td>
</tr>
<tr>
<td>Men’s wear</td>
<td>7</td>
<td>10%</td>
</tr>
</tbody>
</table>

Figure 4.1: Nature of business

4.2.2 Age of business
The respondents were asked to indicate how long they have been in business. Most (43%) of the micro and small entrepreneurs indicated that their businesses were less than 2 years
old whilst 37% mentioned that their businesses were between 2-4 years of age and finally, 20% mentioned that their businesses were more than 4 years.

The table and figure below illustrate this:

**Table 4.3: Age of Business**

<table>
<thead>
<tr>
<th>Number of years</th>
<th>Frequency</th>
<th>Frequency Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-2 years</td>
<td>30</td>
<td>43%</td>
</tr>
<tr>
<td>2-4 years</td>
<td>14</td>
<td>37%</td>
</tr>
<tr>
<td>Over 4 years</td>
<td>26</td>
<td>20%</td>
</tr>
</tbody>
</table>

**Figure 4.2: Age of Business**

4.2.3 Ownership of Business

The respondents were asked to indicate the form of business ownership. Most of them (47) individually owned their businesses while 12 were involved in partnerships and finally family owned 11 of the businesses.
### Table 4.4: Form of Business Ownership

<table>
<thead>
<tr>
<th>Business ownership</th>
<th>Frequency</th>
<th>Frequency Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole proprietorship</td>
<td>47</td>
<td>68%</td>
</tr>
<tr>
<td>Partnerships</td>
<td>12</td>
<td>18%</td>
</tr>
<tr>
<td>Family business</td>
<td>11</td>
<td>14%</td>
</tr>
</tbody>
</table>

### Figure 4.3: Form of ownership of business

#### Ownership of Business

4.2.4 Educational Level

The respondents were required to indicate their education level. The majority of them (28) of them were college and university graduates, 20 were secondary school graduates while 14 were primary and 8 of the respondents were informally educated. This is illustrated in the figure 4.4.

### Table 4.5 Educational level

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>College/ University</td>
<td>28</td>
<td>40%</td>
</tr>
<tr>
<td>Secondary</td>
<td>20</td>
<td>28%</td>
</tr>
<tr>
<td>Primary</td>
<td>14</td>
<td>20%</td>
</tr>
<tr>
<td>Informal</td>
<td>8</td>
<td>12%</td>
</tr>
</tbody>
</table>
4.2.4 Age distribution of the respondents

The respondents were asked to state their age. The results indicated that the majority of them were between 25-30 years (31) while 27 were between 30-40 years, 7 were between 18-25 years and 5 were over 40 years. This is illustrated by the figure 4.5

Figure 4.5: Age Distribution of Respondents

4.2.5 Gender of the respondents

The respondents were required to state their gender and the majority of them 39 of them were female while 25 were male, 6 of the respondents did not indicate their gender. This is illustrated by the figure below.

Figure 4.6: Gender of the respondents
4.3 COMPETITOR ANALYSIS AND LEVEL OF COMPETITION

The respondents were asked to identify who their major competitors were. Thirty two (32) indicated that the other exhibition micro entrepreneurs were their major source of competition, 25 indicated that the mitumba (second hand) traders gave them quite a competition, 7 indicated supermarkets and finally 6 indicated that the hawkers were a source of competition. This is shown in the figure below.

Figure 4.7: Main Competitors

The level of competition was an important factor to consider. The micro and small entrepreneurs indicated that the level of competition in exhibition hall was stiff with 64% of them indicating this. 21% mention that the competition was fairly stiff while 10% indicated that the competition was not stiff. This is clearly indicated by the table below:

Table 4.6 Level of competition

<table>
<thead>
<tr>
<th>Level of competition</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stiff</td>
<td>45</td>
<td>64%</td>
</tr>
<tr>
<td>Fairly stiff</td>
<td>15</td>
<td>21%</td>
</tr>
<tr>
<td>Not stiff</td>
<td>10</td>
<td>15%</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
<td>100</td>
</tr>
</tbody>
</table>
4.4 MARKETING ENVIRONMENT

The respondents indicated that their marketing environment consisted of the following elements:

**Communications and information technology:** most of the respondents (58) were of preference to using mobile phones to making business contacts with their suppliers, customers and potential customers. Computer and Internet technology were used by 34 respondents, 12 used landline telephones and 5 used letters to communicate with their customers, suppliers and business partners.

<table>
<thead>
<tr>
<th>Form of communications technology adopted</th>
<th>Used</th>
<th>Not Used</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
</tr>
<tr>
<td>Use of letters</td>
<td>5</td>
<td>7</td>
<td>65</td>
</tr>
<tr>
<td>Landlines telephones</td>
<td>12</td>
<td>17</td>
<td>58</td>
</tr>
<tr>
<td>Mobile phone technology</td>
<td>58</td>
<td>83</td>
<td>12</td>
</tr>
<tr>
<td>Computer and internet technology</td>
<td>34</td>
<td>49</td>
<td>36</td>
</tr>
</tbody>
</table>

**Political and legal environment:** the study established that the political and legal environment was crucial to the survival of business with regard to political affiliation as well as adherence to the laws. The By-laws require the business to have trading license. All the respondents indicated that they felt it was necessary to have trading licenses for their businesses. The findings obtained showed that 40 of the respondents felt that the local authorities harassed them when it was time to renew the licenses.

**Economic environment:** This explains the market forces that determine the supply and demand of goods in the market. In as far as exhibition halls are concerned the demand of goods was largely affected by the customer preferences and tastes this was indicated by 52 of the responses. 51 respondents viewed customer services to influence the demand. Quality of goods influenced the demand and 49 respondents cited this. Other factors that were identified were competitor’s prices by 39 respondents and 37 respondents identified prices of related goods as factors that influenced demand. This is illustrated in table 4.7.
Table 4.8 Factors that influence demand

<table>
<thead>
<tr>
<th>Factors that influence demand</th>
<th>Influenced Frequency</th>
<th>%</th>
<th>Not influenced Frequency</th>
<th>%</th>
<th>Total Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer preferences</td>
<td>52</td>
<td>74</td>
<td>18</td>
<td>26</td>
<td>70</td>
<td>100</td>
</tr>
<tr>
<td>Seasonal fluctuations</td>
<td>42</td>
<td>60</td>
<td>28</td>
<td>40</td>
<td>70</td>
<td>100</td>
</tr>
<tr>
<td>Prices of related goods</td>
<td>37</td>
<td>53</td>
<td>33</td>
<td>47</td>
<td>70</td>
<td>100</td>
</tr>
<tr>
<td>Customer services</td>
<td>51</td>
<td>73</td>
<td>19</td>
<td>27</td>
<td>70</td>
<td>100</td>
</tr>
<tr>
<td>Competitors price</td>
<td>39</td>
<td>56</td>
<td>31</td>
<td>44</td>
<td>70</td>
<td>100</td>
</tr>
<tr>
<td>Quality of goods</td>
<td>49</td>
<td>70</td>
<td>21</td>
<td>30</td>
<td>70</td>
<td>100</td>
</tr>
</tbody>
</table>

4.5 MAJOR MARKETING CONSTRAINTS

The researcher endeavored to find out from the respondents the major marketing constraints that they encountered in the processes of running their daily business. Similarity in products was identified by majority (69%) of the respondents as the major constraint. Those who identified saturated markets were 64% while those who stated retaining customers as a major constraint were 60%. Low products demand was pointed out by 57% of the respondents while 54% identified lack of marketing information as one of the major constraints. Attaining customers was identified by 53% of the interviewees while high transactions charges were identified by 31% of the respondents. These findings are summarized in table 4.6

Table 4.9 Major marketing constraints

<table>
<thead>
<tr>
<th>Major marketing constraints</th>
<th>Affected Frequency</th>
<th>%</th>
<th>Not Affected Frequency</th>
<th>%</th>
<th>Total Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saturated Markets</td>
<td>45</td>
<td>64</td>
<td>25</td>
<td>36</td>
<td>70</td>
<td>100</td>
</tr>
<tr>
<td>Similarity in products</td>
<td>48</td>
<td>69</td>
<td>22</td>
<td>31</td>
<td>70</td>
<td>100</td>
</tr>
<tr>
<td>High transactions costs</td>
<td>22</td>
<td>31</td>
<td>10</td>
<td>69</td>
<td>32</td>
<td>100</td>
</tr>
<tr>
<td>Low products demand</td>
<td>40</td>
<td>57</td>
<td>17</td>
<td>43</td>
<td>57</td>
<td>100</td>
</tr>
<tr>
<td>Lack of marketing information</td>
<td>38</td>
<td>54</td>
<td>28</td>
<td>46</td>
<td>66</td>
<td>100</td>
</tr>
<tr>
<td>Attaining customers</td>
<td>37</td>
<td>53</td>
<td>33</td>
<td>47</td>
<td>70</td>
<td>100</td>
</tr>
<tr>
<td>Retaining customers</td>
<td>42</td>
<td>60</td>
<td>28</td>
<td>40</td>
<td>70</td>
<td>100</td>
</tr>
</tbody>
</table>

31
4.6 MARKETING STRATEGIES ADOPTED BY MICRO-AND SMALL ENTREPRENEURS

4.6.1 Advertising Strategies
The respondents were further asked to state the advertising strategies that they adopted. A large majority (87%) of them identified word of mouth and networking while 51% identified use pamphlets and print media as the major advertising strategies they employed to win customers. Use of printed packaging bags and business cards was identified by 36% of the respondents. These findings are presented in table 4.7

Table 4.10 Advertising strategies

<table>
<thead>
<tr>
<th>Advertising strategies adopted</th>
<th>Adopted Frequency</th>
<th>%</th>
<th>Not adopted Frequency</th>
<th>%</th>
<th>Total Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Word of mouth and networking</td>
<td>61</td>
<td>87</td>
<td>9</td>
<td>13</td>
<td>70</td>
<td>100</td>
</tr>
<tr>
<td>Use of pamphlets and print media</td>
<td>36</td>
<td>51</td>
<td>34</td>
<td>49</td>
<td>70</td>
<td>100</td>
</tr>
<tr>
<td>Use of printed packaging bags</td>
<td>25</td>
<td>36</td>
<td>45</td>
<td>64</td>
<td>70</td>
<td>100</td>
</tr>
<tr>
<td>Use of business cards</td>
<td>25</td>
<td>36</td>
<td>45</td>
<td>64</td>
<td>70</td>
<td>100</td>
</tr>
</tbody>
</table>

4.6.2 Pricing Strategies Adopted
The respondents were required to identify the pricing strategies they employed in their businesses. Installment payment was used by 54 of the respondents and 34 kept prices the same as competitors. Giving discounts was mentioned by 36 of the respondents whilst offering clearance prices amounted to 29 respondents. These findings are presented in the table 4.8

Table 4.11 Pricing strategies

<table>
<thead>
<tr>
<th>Pricing strategies</th>
<th>Adopted Frequency</th>
<th>%</th>
<th>Not Adopted Frequency</th>
<th>%</th>
<th>Total Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keeping prices same as competitors</td>
<td>34</td>
<td>49</td>
<td>36</td>
<td>51</td>
<td>70</td>
<td>100</td>
</tr>
<tr>
<td>Giving discounts</td>
<td>36</td>
<td>51</td>
<td>34</td>
<td>49</td>
<td>70</td>
<td>100</td>
</tr>
<tr>
<td>Offering clearance prices</td>
<td>29</td>
<td>41</td>
<td>41</td>
<td>59</td>
<td>70</td>
<td>100</td>
</tr>
<tr>
<td>Allow installment payments</td>
<td>54</td>
<td>77</td>
<td>16</td>
<td>23</td>
<td>70</td>
<td>100</td>
</tr>
</tbody>
</table>
4.6.3 Location and interior décor strategies
Different location and interior décor strategies were employed by the micro and small entrepreneurs. 91% of the respondents indicated that they preferred to publicly display their wares to customers, 49% indicated use of strategic locations in the exhibition halls, 67% ensured their stalls were clean and good ambiance while 51% ensured that they were in a secured environment.

Table 4.12 Location and interior décor strategies

<table>
<thead>
<tr>
<th>Location and interior décor strategies</th>
<th>Affected</th>
<th>Not Affected</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
</tr>
<tr>
<td>Public display of goods</td>
<td>64</td>
<td>91</td>
<td>6</td>
</tr>
<tr>
<td>Secured environment</td>
<td>36</td>
<td>51</td>
<td>34</td>
</tr>
<tr>
<td>Cleanliness and good ambiance</td>
<td>47</td>
<td>67</td>
<td>23</td>
</tr>
<tr>
<td>Strategically located</td>
<td>34</td>
<td>49</td>
<td>36</td>
</tr>
</tbody>
</table>

4.6.4 Staffing and Customer Retention Strategies
There is no doubt in the knowledge that retaining a customer is much more beneficial to any business and less costs are incurred in retaining existing customers than sourcing for new ones. Therefore there is need to establish this phenomenon on micro and small entrepreneurs to understand the strategies employed by them. Sixty four (64%) of the respondents indicated that they provide excellent customer service to their customers, 51% indicate that they employ competent staff, 46% gave discounts while 11% gave customers warranties.

Table 4.13 Staffing and customer retention strategies

<table>
<thead>
<tr>
<th>Staffing and customer retention plans</th>
<th>Used</th>
<th>Not used</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
</tr>
<tr>
<td>Employing competent staff</td>
<td>36</td>
<td>51</td>
<td>34</td>
</tr>
<tr>
<td>Providing excellent customer service</td>
<td>45</td>
<td>64</td>
<td>25</td>
</tr>
<tr>
<td>Giving customer warranties</td>
<td>8</td>
<td>11</td>
<td>62</td>
</tr>
<tr>
<td>Giving discounts</td>
<td>32</td>
<td>46</td>
<td>38</td>
</tr>
</tbody>
</table>
4.6.5 Cost saving measures
The researcher sought to establish from the respondents the cost saving measures they adopted in their businesses. Buying in bulk to earn trade discounts was mostly favored by 48 respondents, family labour was also favored by 40 of the respondents and 18 respondents indicated that they made use of sub-contracted employees. This is presented in Table 4.11.

Table 4.14 Cost saving measures

<table>
<thead>
<tr>
<th>Cost saving measures adopted</th>
<th>Adopted</th>
<th>Not Adopted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
</tr>
<tr>
<td>Use of sub-contracted employees</td>
<td>18</td>
<td>26</td>
<td>52</td>
</tr>
<tr>
<td>Use of family labor</td>
<td>40</td>
<td>57</td>
<td>30</td>
</tr>
<tr>
<td>Buying in bulk to earn trade discounts</td>
<td>48</td>
<td>69</td>
<td>22</td>
</tr>
</tbody>
</table>

4.6.6 Product Strategies
The respondents were asked to indicate the pricing strategies adopted in their businesses. Most of them (61%) provided home and office deliveries while 60% offered high quality products. Those who offered products not offered by competitors were 23% of the respondents. Table 4.12 represents this information.

Table 4.15 Product Strategies

<table>
<thead>
<tr>
<th>Product strategies</th>
<th>Adopted</th>
<th>Not Adopted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
</tr>
<tr>
<td>Offering products not offered by competitors</td>
<td>16</td>
<td>23</td>
<td>54</td>
</tr>
<tr>
<td>Offering high quality products</td>
<td>42</td>
<td>60</td>
<td>28</td>
</tr>
<tr>
<td>Home and office deliveries</td>
<td>43</td>
<td>61</td>
<td>27</td>
</tr>
</tbody>
</table>
CHAPTER FIVE
SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0: OVERVIEW
The aim of this study was to get an insight on the factors that influence the marketing strategies adopted by small and micro enterprises in Kenya. It sought to determine these factors particularly in exhibition halls in Eldoret town.

5.1: SUMMARY OF FINDINGS
The findings from the study show that there are various similarities among enterprises and also among the micro and small entrepreneurs in the following areas:

Demographic characteristics:
Most of the micro and small entrepreneurs in this study were found between the middle age that is, 25-40 years.
The female constituted 58% of the total population in the exhibition halls while their male counter parts were.
Education level: most of the micro and small entrepreneurs are college and university graduates 48% of them indicated this while 38% were secondary school graduates and 10% of the respondents were informally trained

Enterprise Characteristics:
Age of Business: most of the respondents cited that their businesses were less than four years of age this concurred with the fact that most small and micro enterprises do face attrition due to the external factors cited in the literature review.
Ownership of business: the study revealed that most (62%) the small and micro enterprises were individually owned, while 23% indicated that they were partners and 15% had family business.
Nature of Business: the respondents were involved in different types of business most of which were involved ladies wear and general boutique shops.

Form of communications technology: most of the micro and small entrepreneurs made use of the mobile phones to communicate with their clients, suppliers and employees.

Minimum financial requirements: most of the micro and small entrepreneurs invested over Ksh. 40,000 as start-up capital while a few invested less than Ksh. 40,000 but not less than Ksh. 10,000. This gives typical characteristics of small and micro enterprises.

5.2: ANSWERS TO RESEARCH QUESTIONS

5.2.1 What is the composition of the marketing environment of micro and small scale-entrepreneurs?

The marketing environment controls the external factors in which business operates. Ranging from law to politics, technology to competition, the external environment needs constant review and analysis of its effect to the business if it is to remain competitive and attain its goals. The study established that the political and legal environment was crucial to the survival of business with regard to political affiliation as well as adherence to the laws. The By-laws require the business to have trading license. The major issue that affected the micro and small entrepreneurs was the time it would take them to acquire the license most of them arguing that this definitely led to harassment by the council authorities.

Information and communications technology is vital to the survival of business and use of mobile phone technology to perform business transactions like send and receive money, communicate with suppliers and customers.

5.2.2 What marketing constraints do the micro-and small entrepreneurs encounter?

The marketing constraints for micro and small entrepreneurs pose a threat to the survival of businesses. An analysis of this enables them to make proper decisions as far as which strategy to implement to combat which constraint. Most of them indicated that saturated markets and similarity in products were the major constraints.
5.2.3 What are the main sources of and the level of competition faced by the micro-and small entrepreneurs?

Analysis of the source and level of competition was inherently important with the fact that they influence the choice of marketing strategy to be employed in business. As propounded earlier in the study, the greatest challenge facing the small and micro entrepreneurs is stiff competition. The study revealed that the level of competition was high within the exhibition halls and this implies that the main competitors were the micro and small entrepreneurs themselves.

5.2.4 What are the marketing strategies employed by micro and small entrepreneurs?

The following were the main strategies employed by micro and small entrepreneurs:

**Pricing strategies:** The pricing strategy adopted by micro and small entrepreneurs play a major role in determining their profitability and survival. Most of the entrepreneurs gave discounts and accepted installment payment by their customers.

**Advertising strategies:** It is necessary for the micro and small entrepreneur to inform potential customers about the product’s availability. A majority of the entrepreneurs used word of mouth and networking to advertise their products to their already existing and potential customers.

**Product strategies:** the small-scale entrepreneurs offered high quality products to their clients citing their sources, which were mostly from abroad.

**Cost saving strategies:** Finances are always a major issue to micro and small entrepreneurs and the ability of one to cut costs was of importance to the survival of the business. Therefore most of them opted to use family labor to cut down expenses

**Location and interior décor strategies:** the micro and small entrepreneurs considered locating their businesses where they were near their customers a strategic option. As far as the interior décor was concerned, they considered the ambiance and general cleanliness as part of important aspects to business, which enabled them, attract and retain customers.
Staffing and customer retention strategy: There is no doubt in the knowledge that retaining a customer is much more beneficial to any business and less costs are incurred in retaining existing customers than sourcing for new ones. The micro and small entrepreneurs clearly indicated that providing excellent customer service was the key to attaining and retaining customers.

5.3: CONCLUSIONS

Micro and small entrepreneurs regarded marketing strategies as an important aspect of survival, growth and development. The strategies were a means through which enterprises achieved competitive advantage. With regard to products and services offered, micro and small entrepreneurs offered a variety of products and services to their customers. This showed that enterprises went out of their way to maintain customers by use of business cards, follow-up on sales using mobile telecommunication and use of excellent customer services. The study also revealed that various enterprises targeted specific market segments. This was determined by the location of these enterprises. Location and interior décor were of essence to all enterprises. Well designed layout and general cleanliness were important to enterprises.

It emerged from the study that there exists similarities and differences in the strategies adopted in the industry depending on the nature of business and the type of product being sold. For instance, those that dealt with ladies and children’s wear were fond of using word of mouth and networking. The entrepreneurs involved in shoes used packaging bags and printed media to advertise their products. Customer retention was of absolute importance to all the micro and small entrepreneurs and most of them used the mobile telecommunication to make follow up sales and better yet to inform, remind and create awareness of their products. Other entrepreneurs used business cards which provided information as to where their shops are located and the type of product sold so that their customers would reach them anyway.
5.4: RECOMMENDATIONS

It is evident from the study that every business needs to develop marketing strategies to be able to achieve a competitive edge. The micro and small entrepreneurs need to develop appropriate strategies in as far as pricing, product, promotional, customer service and location is concerned. An understanding of the marketing constraints and marketing environment will ensure that the most appropriate strategy will be chosen.

The study recommended that the micro and small entrepreneurs embrace the use of mobile phone technology in their daily operations. Moreover, the use of computer and Internet technology was very convenient for use in business due to its technological capacities. The micro and small entrepreneurs should ensure that they make their payment for trade license in good time to avoid harassment by the local authorities. The economic issues are those that include the forces of demand and supply of goods. It was recommended that the micro and small entrepreneurs adopt the most appropriate strategy for instance with seasonal fluctuations of goods, they should identify the products which are not highly affected and trade in them. In as far as changes in customer preference was concerned the micro and small entrepreneurs should monitor the trends in fashion and keep stocks that are quickly sold to avoid being overstocked with outdated fashion. Ensure that they have high quality of goods to beat competition that is stiff in the exhibition halls.

Excellent customer services are very important for the business. Micro and small entrepreneurs should be keen in providing excellent customer service to ensure that they retain the customers in the business. It emerged from the study that similarity in product was a major marketing constraint. The micro and small entrepreneurs should take up product differentiation strategies that will make their products different from the rest of the competition. It was further recommended that they should utilize cost saving measures such as employ family labor and buying in bulk to earn trade discounts. Use of home and office deliveries would be an added advantage for the micro entrepreneurs who target busy clients or those who cannot visit their stalls most of the time.
Further the study recommended that to deal with the competitive environment the micro and small entrepreneurs should embrace cleanliness, ambiance and general interior décor for their stalls, provide enough space for customers and also ensure that security is provided for their customers. They should also ensure that their stalls were accessible and ensure that their wares were well displayed in a manner that will attract customers.

The appropriate choice of marketing strategy depends on the nature of business. In as far as advertising strategies employed, it was recommended that use of word of mouth and networking for ladies wear is appropriate, printed packaging bags for shoes and use of business cards for men’s wear and general boutiques. The pricing strategy depends on the quality of goods and their availability. Installment payment was recommended due to the nature of trade and most customers would prefer this method as long as the entrepreneur is keen enough not to engage with dishonest persons by watching out on the four criteria of credit. Location and interior décor is of great value to business therefore, accessibility and clean environment would definitely ensure that customers enjoy shopping at their stalls. They should ensure that their wares were well displayed in the stalls and provide enough space to accommodate customers.

It was further recommended that micro and small entrepreneurs be trained in marketing information since most of them lack knowledge on how to effectively market their products. The intuitions in charge of micro enterprise development should take time to develop programs, which suit the marketing needs of exhibition hall micro enterprise and enable them to participate in building the economy.

5.5: SUGGESTIONS FOR FURTHER RESEARCH

It is recommended that a comparative study be conducted to establish the factors that influence the marketing strategies adopted by micro and small entrepreneurs in both urban and rural settings. A similar but extensive research ought to be carried out so as to generalize the findings in different parts of the country.
REFERENCE

Adeya Nyaki (2003), Potential User of ICTs by Small and Micro enterprises in Ghana and Kenya

Basu (1999), Entrepreneurship Development, Technician education, Malik, Tata McGraw-Hill


G.O.K (Government of Kenya) (2005), Sessional paper No.2 on development of Micro and Small Enterprises for wealth and employment creation for poverty reduction, Nairobi


Maiyo (2002), www.eld.go.ke

McCarthy Peneault (1999), Basic Marketing, 11th edition, Irwin Publishers, USA


Appendix 1

QUESTIONNAIRE

SECTION A
1. What is your name (optional)? .................................................................

2. Age (please tick)
   - 18-25 [ ]
   - 25-30 [ ]
   - 30-40 [ ]
   - Over 40 [ ]

3. Gender ............................................. Male [ ] Female [ ]

4. What is your educational level?
   - Non-formal [ ]
   - Primary [ ]
   - Secondary [ ]
   - College/university [ ]

5. What is the nature of your business?
   - Shoe business [ ]
   - Ladies wear [ ]
   - Children’s wear [ ]
   - Men’s wear [ ]
   - Other (please specify) .................................................................

7. How old is your business?
   - 0-2 years [ ]
   - 2-4 Years [ ]
   - Over 4 years [ ]

8. How would you describe the ownership of your business?
   - Sole proprietorship [ ]
   - Family business [ ]
   - Partnership [ ]

9. What form of communication technology do you employ in your business?
   - Use of letters [ ]
   - Use of landline telephones [ ]
   - Use of mobile phones technology [ ]
   - Use of computer and Internet technology [ ]
   - Others (please specify) .................................................................

10. What are the legal requirements for operating an exhibition stall?
    - Trading license [ ]
    - Electronic tax register [ ]
    - Other (please specify) .................................................................

11. What are the minimum financial requirements for operating an exhibition stall?
    - 0 – 10,000 [ ]
    - 10,000 – 20,000 [ ]
    - 30,000 – 40,000 [ ]
    - Over 40,000 [ ]
12. What are the major marketing constraints you face in your business?
   Saturated markets [ ]
   Similarity in product [ ]
   High transaction costs [ ]
   Low demand for your products [ ]
   Lack of marketing information [ ]
   Attaining customers [ ]
   Retaining customers [ ]

13. Who do you consider as your regular customers?
   Ladies [ ]
   Men [ ]
   Children [ ]
   Others (please specify) .................................................................

14. Who do you consider as your main competitors?
   Supermarkets [ ]
   Other exhibition traders [ ]
   Mitumba traders [ ]
   Local manufacturers [ ]
   Other traders (please specify) .......................................................
SECTION C

18. Which of the following advertising strategies do you employ in your business? (Please tick as appropriate)

- Use of word of mouth and networking [ ]
- Use of pamphlets and print media [ ]
- Use of printed packaging bags [ ]
- Use of business cards [ ]

Others (please specify) .................................................................

19. What pricing strategy do you use to attain competitive advantage?

- Keeping prices same as competitors [ ]
- Giving discounts [ ]
- Offering clearance prices [ ]
- Allow installment payments [ ]

Please explain why? ........................................................................

20. Which of the following location and interior décor strategies do you have for your business?

- Public display of goods [ ]
- Secured environment [ ]
- Ambiance and general cleanliness [ ]
- Strategically located [ ]

Give reasons why? ........................................................................

21. What product and service offerings do you have for your customers?

- Offering products not offered by competitors [ ]
- Offering high quality products [ ]
- Home and office deliveries [ ]

22. What staffing and customer service plans do you employ in your business?

- Employing competent staff [ ]
- Providing excellent customer service [ ]
- Giving customers warranties [ ]
- Giving gifts [ ]

24. What cost-saving measures do you use in your business?

- Use of sub-contracted employees [ ]
- Use of family labor [ ]
- Buying in bulk to earn trade discounts [ ]

Others (please specify) .................................................................

Thank you.