

**DIGITAL MARKETING PRACTICES AND PERFORMANCE OF SMALL  
AND MEDIUM ENTERPRISES IN NAIROBI CITY COUNTY, KENYA**

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**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS,  
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UNIVERSITY.**

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## **DECLARATION**

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I declare that the student has worked the research project with my guidance as the university supervisor.

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## **DEDICATION**

I dedicate this endeavour to my mum Acenate Anyango who really cherished and is always proud of my educational achievements, my wife Lincy Akoth and my entire family for their prayers, patience and understanding.

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I thank the All-Powerful Lord for the knowledge, provision and wellness. I appreciate the support, tireless guidance, selfless dedication, encouragement and positive criticism from my supervisor Dr. John Mutinda. I remain grateful for your time out of your busy schedule to cross check my work, may the Almighty Lord bestow many blessings upon you. I also want to appreciate the entire Kenyatta university fraternity more so the library staff, Master of Business Administration, coordination office and my colleagues in the MBA class for their contribution to the accomplishment of this endeavor. Lastly to all friends who played direct and indirect role in ensuring the accomplishment of this endeavor.

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## ABBREVIATIONS AND ACRONYMS

<b>APEC:</b>	Asia-Pacific Co-operation
<b>CBD:</b>	Central Business District
<b>CLV:</b>	Customer Lifetime Value
<b>DCM:</b>	Digital Marketing Content
<b>GDP:</b>	Gross Domestic Product
<b>IBU:</b>	International Burch University
<b>ICT:</b>	Information Communication Technology
<b>IT:</b>	Information Technology
<b>KNBS:</b>	Kenya National Bureau of Statistics
<b>KPMG:</b>	Klynveld Peat Marwick Goerdeler
<b>MMS:</b>	Multimedia Messaging Service
<b>MSEA:</b>	Micro Small and Medium Enterprises Authority
<b>NACOSTI:</b>	National Commission for Science Innovation and Technology
<b>PCEA:</b>	Presbyterian Church of East Africa
<b>SEM:</b>	Search Engine Marketing
<b>SEO:</b>	Search Engine Optimization
<b>SERPs:</b>	Search Engine Result Pages
<b>SME:</b>	Small and Medium Enterprise
<b>SMS:</b>	Short Message Service
<b>SPSS:</b>	Statistical Package for Social Science
<b>TAM:</b>	Technology Acceptance Theory
<b>UK:</b>	United Kingdom
<b>UN:</b>	United Nations
<b>US:</b>	United States

## OPERATIONAL DEFINITIONS OF TERMS

**Content Marketing:** An approach to advertising that generates interest in a brand's products or services through the creation and distribution of online content, including articles, clips, and social media posts.

**Data-driven Marketing:** The utilization of data obtained from customer interactions and third parties to gain insight into consumer motivations, tastes, and behaviors. Organizations can enhance and personalize the consumer experience by leveraging data-driven insights.

**Digital Marketing:** Application of online platforms and channels to sponsor and sell items and services, with the aim of reaching and engaging with customers. This sort of marketing involves the utilization of websites, mobile devices, social media platforms, search engines, and other comparable outlets.

**Organization Performance:** Refers to the comparison between what an organization has achieved in relation the set objectives. Performance focused on turn over range of the top 100 SMEs.

**Search Engine Marketing:** Paid adverts that appear on the pages of the search engine results intended for marketing an enterprise. The variable was measured in terms of pay per click, search engine optimization and paid search advertising

**Social Media Marketing:** It entails using social media platforms to engage with your audience, enhance brand recognition, boost sales, and generate website traffic. It includes activities such as sharing text and picture updates, videos, and other information that stimulates user engagement. The variable was measured in terms of reach metric, impressions and Viral marketing mentions

**Small and Medium Enterprises:** Businesses or industries with a workforce of less than ninety-nine individuals and an annual revenue of less than 500,000 shilling.

## ABSTRACT

Small and medium enterprises serve a crucial part in any economy of creating employment and contribution to the gross domestic product. In Kenya, Small and Medium Enterprises have a significant mortality rate, with the majority failing to survive beyond their third year of operation. This has contributed to a weak base for industrial take off and sustainable development. The effect of digital marketing on success of Small and Medium Enterprises in Kenya is not clear and most studies have presented contextual gaps, conceptual gaps and methodological gaps. The general objective was to ascertain the effect of digital marketing on the performance of Small and Medium Enterprises in Nairobi City County, Kenya. The precise objectives were to determine the influence of search engine marketing, content marketing, data-driven marketing and social media marketing on performance of Small and Medium Enterprises in Nairobi City County, Kenya. The research was underpinned on technology acceptance model, marketing equity theory, social penetration theory and innovation diffusion theory. Descriptive research design was used where 17,116 Small and Medium Enterprises were targeted. Stratified sampling was used to cluster the Small and Medium Enterprises into seven categories. Krejcie and Morgan sampling technique was used to sample 290 Small and Medium Enterprises owners. Primary data was gathered through a questionnaire. A pilot study was done in Nairobi City County and targeted 29 Small and Medium Enterprises owners, at least five from each the seven categories. A pilot study was done to verify the validity and reliability of the data collection instrument. The research analyzed data through SPSS where descriptive and inferential statistics was generated. Data was presented in tables and figures. The study concluded that search engine marketing, content marketing, data-driven marketing and social media marketing affected the performance of Small and Medium Enterprises in Nairobi City County, Kenya and that search engine marketing, content marketing, data driven marketing and social media marketing all had a favorable and substantial effect on the performance of Small and Medium Enterprises in Nairobi County. The research recommended that these organizations should prioritize achieving high search engine rankings for their website and ensuring that the website is easily accessible which would improve the overall performance of the agencies. Organizations, regardless of their overall effectiveness in content marketing, should prioritize the creation of an audience. Analyze the coherence and retention of their ideas to enhance their overall effectiveness. Businesses should give priority to conversion rather than leads. In the current market, this involves analyzing data to identify the specific locations where prospective clients allocate their time, and then tailoring relevant material to target them. Organizations should determine the social media platform on which their target audience allocates the most amount of time.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Every organization exists to accomplish a certain objective. Performance is the ultimate accomplishment of an organization and encompasses many elements, including the establishment of specific objectives, a designated timeframe for reaching these objectives, and the realization of efficiency and effectiveness (Gibson et al., 2010). Performance denotes an enterprise's capacity to attain goals such as substantial profit, high-quality products, significant market share, favorable financial outcomes, and sustainability within a certain timeframe, using an appropriate strategic approach (Koontz and Donnell, 2003). Performance serves as the foundation for an organization to evaluate its advancement towards established goals, pinpoint areas of strength and weakness (SWOT), and plan future activities aimed at enhancing performance (Vanweele, 2016).

Small and medium-sized businesses play a vital part in economic growth and the generation of jobs, not just in developed countries but also in emerging and developing economies (Lockea,2019). The majority of SMEs face barriers when it comes to securing funding, difficulties in effectively employing technology, a deficiency in management expertise, subpar productivity, and legislative limitations within their respective industries. SMEs are substantially contributing to contemporary business scene's dynamic growth and signaling of their growing significance (Wasim & Khan, 2019). According to data from the European Union, 84% of all new employment produced between 2002 and 2021 were created by SME

enterprises, which make up 99% of all businesses in wider Europe (European Commission, 2022).

According to reports from the Asia-Pacific Co-operation (APEC), SMEs make up more than 90% of all enterprises in the Asian Pacific region (Mohammad, 2019). The demand for SMEs is rising and has established itself as a distinguishing feature of economies in the majority of countries throughout the world (Omar et al., 2019). SMEs account for the majority of enterprises in continental North America, contributing almost half of the GDP in both the US and Canada (Al-mahrouq, 2019). SME's have fueled the economy all across Asia. For example, in Thailand, where they make up nearly all business sector entrepreneurs and roughly two thirds of the labour force, SMEs constitute more than 90% of the country's total business owners (Veskaisri et al., 2020).

Ndagijimana & Okech (2019) reported that the SME sector provides a living for around 25% of Africans who are working in industries other than agriculture. According to a World Bank economic report from 2019, SMEs are crucial to most economies, particularly those in emerging nations. In developing countries, Formal SMEs contribute to as much as 33% of the increase in GDP and up to 45% of total employment. Economic forecasts predict that, in order to accommodate the expanding global workforce over the next 15 years, over 600 million jobs will be required, primarily in Asia and Sub-Saharan Africa (World Bank, 2021).

According to data from the KNBS, 2020, SME revenue in Kenya constituted around 22.8% of the nation's total GDP. The SMEs are projected to have made a contribution of KSh 1,780.0 billion in gross value added, while the total economy is estimated to have contributed KSh5,668.2billion. According to the latest annual editions of the

Economic Survey of Kenya (2021), the informal sector remains the main source of new employment possibilities, therefore playing a vital role in the economy. The survey indicated that the informal sector added over 900,000 new jobs in 2020, accounting for about 85% of all new jobs nationwide. These figures give a sense of the sector's size even if they are not specific to establishments (they also include workers employed by homes, farms, and the transportation sector). However, their business has changed as a result of the digitalization of their produce marketing. However, because there is a dearth of empirical research, it is unclear what impact digital marketing has on how well SMEs function in Kenya.

### **1.1.1 Organizational Performance**

An organization's performance is determined in relation to its share of market, returns from its investments and profits it has gained and also in relation to measures that are qualitative and quantitative in nature (Markiewicz, 2015). According to Al-Haddad and Kotnour (2015), performance of a firm constitutes achievement in its objectives by transforming its input to outputs. As a result, the organization's performance relies heavily on financial as well as the non- financial aspects.

Kithinji (2014) observe that performance of the organization is directly linked to marketing performance as for most companies, marketing initiatives time, money, and effort, and it is critical for the marketing department to demonstrate what it has achieved from the bottom line and business strategy. Sales numbers, website visitor numbers, and customer product awareness levels are commonly used to measure these outcomes. It's also critical to assess marketing campaign results, as well as the campaign's effectiveness, the company's market share, corporate client contentment,

customer awareness, and what the significance brought by the marketing accomplishments against expenses (Achieng', 2016).

Due to importance of organizations focusing on its targeted market so as to satisfy its expectations and other requirements, it is critical to declare that customer satisfaction is the most crucial instrument that customers expect to get if that organization intends to attain its core purpose in achieving higher profits (Guo, Xiao & Tang, 2015). Because of the increasing competition particularly in the business service, client satisfaction has become an essential concern for the management, according to Bodet (2018). As a result, every company must concentrate on the extent to which they satisfy their clients.

Bhatti and Hussain (2015) suggest that the most often applied metric for assessing organizational effectiveness is the extent of its profitability. The profitability of an organization may be assessed by calculating the return on assets, which is the proportion of a business's revenue in reference to its total assets. The emphasis is on the income statements of commercial banks, which provide information on profits before and after taxes. Similarly, Berger and DB (2017) demonstrate that the pre-tax profit-to-equity ratio is a more accurate measure of bank profitability compared to total assets. This is because banks with larger amounts of equity tend to earn better returns on their assets. The current study measured organizational performance in relation to profitability, customer base, sales volumes and market share.

### **1.1.2 Digital Marketing**

According to Nielsen 2016, the acceptance of integrated digital marketing initiatives, which include search engine optimization, search engine marketing, content marketing, and influencer marketing, is on the rise. This is mostly due to the broad

acceptance of digital platforms in marketing strategies and everyday activities (Nielsen 2016), as well as the growing preference for digital devices over physical retail outlets (Dahlén, Lange, & Smith 2009). The advent of digital technology has enabled people to articulate their thoughts and ideas on popular social media sites like Instagram and YouTube (Moyo & Tengeh, 2021). The platforms have made it possible for company owners, experts, and regular people to all post content that advertises their companies (Hisrich, Soltanifar, Hughes, & Göcke, 2020). In various economies, including Nigeria, these platforms which include Twitter, Facebook, and Instagram among others have aided startups and other entrepreneurial activities.

Digital marketing is the deliberate application of digital technologies, like the internet, mobile phones, display adverts, and other electronic content to promote and advertise products or services. The goal of the company's digital marketers is to increase brand awareness and generate leads on all of its paid and free digital platforms. These platforms include social media, the business's own website, search engine rankings, emailing, display advertising, and the weblog (Hisrich, Soltanifar, Hughes, & Göcke, 2020). The focus of the digital marketer is on specific KPIs for each channel, allowing for reliable measurement of the business' success across all of them.

Search Engine Optimization, Search Engine Marketing, Content Marketing, Influencer Marketing, Content Automation, Campaign Marketing, Data-driven Marketing, e-commerce Marketing, Social Media Marketing, Social Media Optimization, e-mail Direct Marketing, Display Advertising, e-books, and Optical Discs and Games are among the digital marketing strategies that are gaining in popularity with the advancement of technology. Mobile phones, including SMS and MMS, as well as callback services and on-hold ring tones, are instances of non-

internet platforms that now include digital media in their digital marketing strategies (Moyo & Tengeh, 2021).

Content marketing is a tactic centered on creating and sharing valuable, timely, and regular contents so as to attract and engage a particular demographic, with the main intent of incentivizing lucrative client actions (Jefferson & Tanton, 2015). According to Google Trends, the practice of content marketing has been in existence for centuries and has had a significant surge in popularity since 2010. Content marketing leverages the first two phases of the purchasing process by generating awareness of potential solutions and providing customers with information about a product. Content marketing offers supplementary advantages by bolstering other digital marketing platforms (Andrews, 2014). Content marketing is a cost-effective strategy that yields significant results: it incurs 62% lower expenses and generates three times more leads compared to conventional marketing methods. Over the last decade, there has been remarkable expansion in the field of content marketing (Google, 2017).

Social media marketing is a commercial promotion of products or services using social media platforms. Companies often use their social media sites to advertise their goods, regularly updating updates and offering exclusive promotions (Raghunadan & Parimal, 2014). The term "social media" originated from the blend of the terms "social" and "media". In this sense, "social" refers to the interpersonal engagement among persons who have shared interests, belong to a group, or are part of a community. Media, as its name suggests, refers to the medium, channel, or platform that permits the production and sharing of user-generated content. Despite being less than two decades old, social media has achieved universal acceptability. Social media comprises an assortment of web-based devices and platforms that are guided by an

identifiable philosophy. These technologies facilitate users in creating and disseminating information to other users (Kaplan & Haenlein, 2010). Social media encompasses a variety of types and formats, such as blogs, microblogs, social networks, media-sharing platforms, social bookmarking and scoring sites, rating platforms, forums, and virtual worlds (Zarella, 2010). Social media platforms are distinguished by material created by users, which has a greater impact than conventional marketing communications in shaping the attitudes and actions of other users. The adoption of social media in businesses was previously regarded as ineffectual, but this image quickly shifted as social media gained rapid popularity. Presently, there are over 4 billion individuals who use the internet, with more than 3 billion of them actively engaging in social media (Chaffey, 2018).

Data-driven marketing is the practice of formulating marketing strategy by analyzing large volumes of data. This analysis will provide valuable insights into consumer preferences and overarching patterns that possess the capacity to greatly impact the effectiveness of a marketing effort. The increasing number of specialized media platforms and changing customer demands has made data analysis a crucial component of contemporary marketing operations, even if it used to be uncommon to use a data-driven strategy in marketing (Marketing Evolution 2022).

### **1.1.3 Small and Medium Enterprises in Nairobi City County**

The lack of a universal definition for SMEs arises from the existence of varied definitions across various countries and financial institutions. For illustration, UK via its Companies Act (2016), states that SMEs are the enterprises whose sales runs from £10.2million to £36million, the financial statement total from £5.1million to £18million and the workforce ranges between 50-250. In Kenya, the prosperity of

SMEs may be attributed to the government's help in creating a favorable business environment and promoting their products (the Buy Kenya Build Kenya project), and funding through the MSEA. Due to the ability of SMEs to take part in global value chains and supply chain networks, this has enabled a higher level of incorporation into the global market. SMEs that employ digital technology and expertise to create innovative and high-quality products will maintain their global competitiveness (Gok, 2017).

The sector assumes a major role in the Kenyan economy producing around 82% of total workforce and over 40% of the country's GDP (KNBS, 2019). (KNBS, 2019). In Kenya, Nairobi County has the largest number of microbusinesses, which account for around 25% of all sector employment (Ibid). UN Habitat (2016) reaffirmed that despite its substantial role, the SME/informal sector in Kenya is regarded as a marginal economic growth and it is neither sufficiently regulated. In addition to external challenges, MSEA (2020) indicated that enterprises in many counties in Kenya including Nairobi City County are constrained by weak digital platform and high mobile transaction costs.

According to estimates, 7.5 million SMEs in Kenya offer chances for revenue generation and employment in low-income areas of the economy. From 13.8% in 1993 to 40% in 2008, and more than 67% in 2021 the sector's contribution to the nation's GDP has experienced growth. However, given that it is believed that over 60% of small enterprises fail every year due to losses, lack of expertise, inability to access loans to support expansion and low-quality products. Thus, not many SMEs develop into companies whose contributions to the economy are recognized (Kenya Bureau of Statistics, 2019).

SMEs rarely benefit from experience due to their high mortality rates, with 60% of them ceasing operations in the first year, 40% in the second year, and 66% in the third year (ROK, 2019). The majority of SMEs in Kenya fail during the first three years of operation, according to the Sessional Paper No. 2 of 2005. Only 30% of SME companies last through the first generation, and only 10% to 15% make it to the third generation (Dyer & Whetten, 2019). The inadequate performance and high failure rate of SMEs may affect their aims of alleviating poverty, employment creation and economic growth.

SMEs in Nairobi City County include agriculture, professional services such as lawyers and doctor, hospitality, jua kali and repairs and public transport services among many others. SMEs cut across all the demographics in Nairobi City County. Individuals of both genders, spanning all age groups, possessing different levels of expertise, are all engaged in SMEs. The majority of small businesses in this region are family-run and employ two or more people, most of whom are close relatives (County Government of Nairobi City, 2021). The county government of Nairobi City is increasingly aware that in order for low-income people to succeed in the digital marketing, they need a wider range of integrated marketing platforms.

## **1.2 Statement of the Problem**

Despite their critical responsibilities, small and medium-sized enterprises (SMEs) worldwide continue to experience a variety of setbacks, including delayed development and performance, which are exacerbated by adverse environmental conditions. It is estimated that 70% of SMEs will fail by the third year of operation (World Bank, 2018). The research conducted by Kamarudin and Aslan (2017) suggests that in the context of India, these conditions may encompass, but are not limited to, competition, rapid technological advancements, market liberalization, and

inadequate access to capital and markets. eBay, Amazon, fashion and design shops in the United States, and Alibaba in China are among the businesses that have fully embraced online platforms as their place in the four P's matrix and rely entirely on digital marketing for sustainability, as a result of the increasing penetration of smartphones and the internet worldwide (Jain, 2015).

Currently, 45.9% of EU businesses are selling products and services through online platforms, and over 50% of small and medium enterprises that sell through online marketplaces are doing so cross-border through the European digital single market strategy (Sluijs, 2019). The European Business-to-Consumer (B2C) e-commerce turnover was anticipated to reach approximately €602 billion in 2017, representing a growth rate of nearly 14% (Khachatryan, 2018). The interconnectivity of consumers in South Africa has increased as a result of technological advancements, the rise of the internet, and the development of Web 2.0 (Reddy, 2017). Conversely, Nigeria's digital marketing movement is in its infancy; nevertheless, it necessitates government oversight and oversight (Odumosu, 2019). Pasape (2018) observes that the economic performance and development of small and medium-sized enterprises (SMEs) in Tanzania will be enhanced by the adoption of online platforms and digital marketing. SMEs face several obstacles, including limited financial resources and intense rivalry from well-established companies, which impede their ability to generate profits, expand, and sustain their operations (McIntire, 2012). Although intensified marketing efforts may assist in overcoming these obstacles, such endeavors are costly and need specialized expertise that many SMEs lack. The incapacity to effectively promote their products and services has resulted in several detrimental consequences for SMEs, particularly in terms of reduced sales, compromised customer service, limited market awareness, weakened branding, and hindered product and service marketing.

The repercussions of these impacts are also seen on a larger scale, impacting both the individuals working in these organizations and the economies in which they operate. This is mostly due to job losses and reduced tax revenues.

Danhil et al (2014) examined the effects of implementing social media marketing by SMEs in Thailand. The research found that this adoption had an advantageous effect on the marketing performance of the SMEs, resulting in higher sales and enhanced brand image. The investigation was conducted in an alternative situation. Datelink and Bick (2013) undertook a research on the effects of social media marketing on the marketing strategies of SMEs in South Africa. The research demonstrated that social media had a substantial influence on their marketing tactics and comprised the majority of their marketing endeavours. Nevertheless, the research was conducted in a distinct geographic region. Lee (2009) researched on the influence of digital marketing on the baking sector in Latvia. The results suggested that digital marketing had a favorable effect on the sector, resulting in an increase in their market share and a greater rate of customer adoption of their online banking products. Nevertheless, the research specifically focused on the baking business.

Mwangi and Ngugi (2014) assert that digital marketing is a strategy used by companies for marketing communication and product promotion. It enhances the marketing mix by engaging customers and generating leads for new business prospects (Onyango, 2016). In the 2020/21 budget, Kenya's Cabinet Secretary for the Treasury announced that, starting January 2021, foreign and domestic digital enterprises will be subject to a 1.5% tax on their transactions (Ndungu, 2020). Achieng (2014) indicated that the adoption of digital marketing strategies by Kenyan SMEs in Nairobi CBD is moderate, at 30%, and they encounter challenges including insufficient funds for website establishment, inadequate technical expertise for

strategy management, and limited knowledge in digital content creation. The failure to effectively promote their goods and services has resulted in several detrimental effects on SMEs, particularly regarding sales volumes, customer service, market awareness, branding, and the promotion of products and services (Achieng, 2019). This resulted in a performance gap among the already challenged firms, prompting the study subject to examine the influence of digital marketing practice on the performance of small and medium enterprises in Nairobi CBD.

### **1.3 Objectives of the Study**

The study's objectives were divided into general and specific categories

#### **1.3.1 General Objective**

The general objective of this study was to determine the effect of digital marketing practice on the performance of Small and Medium Enterprises in Nairobi City County, Kenya.

#### **1.3.2 Specific Objectives**

The research specific objectives were;

- i) To ascertain the influence of search engine marketing practice on performance of small and medium enterprises in Nairobi City County, Kenya.
- ii) To evaluate content marketing practice effect on performance of small and medium enterprises in Nairobi City County, Kenya.
- iii) To determine the influence of data-driven marketing practice on performance of small and medium enterprises in Nairobi City County, Kenya.
- iv) To assess the influence of social media marketing practice on performance of small and medium enterprises in Nairobi City County, Kenya.

#### **1.4 Research Questions**

- i) Does search engine marketing practice affects the performance of small and medium enterprises in Nairobi City County, Kenya?
- ii) How does content marketing practice affect the performance of small and medium enterprises in Nairobi City County, Kenya?
- iii) How does data-driven marketing practice affect performance of small and medium enterprises in Nairobi City County, Kenya?
- iv) What is the influence of social media marketing practice on performance of small and medium enterprises in Nairobi City County, Kenya?

#### **1.5 Significance of the Study**

This study contributes to the expanding corpus of knowledge on strategic management in developing countries by providing a perspective on the practice of strategic management in the organizational performance of the SME sector in Kenya. The findings will prove advantageous to governments in developing nations. The results of the study can be beneficial to SMEs, as they will provide insight into the factors that influence the performance of strategic management and demonstrate best practices. The primary research findings of this study will enable small enterprise managers to evaluate their competitive strategies in comparison to those of other industry players in the country. This will enable them to identify the strengths and weaknesses of their strategies. This study will be a valuable resource for academics and researchers in the field of strategic management as they conduct additional research in the field.

## **1.6 Scope of the Study**

This study limited its course in analyzing the effect of digital marketing on performance of SMEs, with a particular emphasis on registered SMEs in the CBD, Nairobi City County, Kenya. Independent variable in this study were; search engine marketing, content marketing, data driven marketing and social media marketing while dependent variable was success of SMEs in Nairobi City County, Kenya. The target population comprise of 17,116 SMEs which are registered with the NCC. The Nairobi City County was chosen due to the emergence of many SMEs and the county government's increased budgetary commitment to increasing training on uptake of technology to small-scale traders, necessitating the need to determine whether digital technology have an impact on SMEs' performance in the County. The time frame spanned from 2017 to 2022.

## **1.7 Limitation of the Study**

The research experienced obstacles since most of the respondents who were approached were hesitant to provide information, as they were concerned that the information would be used to intimidate them or to publish a negative image of them or their enterprises. Some individuals declined to complete questionnaires. The researcher obtained an introductory letter from the University and assured them that the information they provided would be treated confidentially and used solely for academic purposes. The researcher also encountered difficulties in obtaining information from the respondents, as the information required was subject to areas of sentiments, emotions, attitudes, and perceptions, which could not be accurately quantified and/or objectively verified. The researcher encouraged the respondents to participate without withholding the information they possessed, as the research instruments did not bear their identities.

## **1.8 Organization of the Study**

The research is arranged as follows; chapter one offers an overview of the research. This section offers a concise summary of the research variables, problem statement, objectives, significance, scope, and constraints of the study. Chapter two provides a comprehensive overview of the existing literature that is relevant to the variables that were studied. In the third chapter, the study technique is outlined, including the procedures for data collection, sampling, and analysis. Chapter four captures the research discoveries and discussions. Chapter five discusses the summary of the results, conclusions and recommendations

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The chapter deliberates on the literature that reinforces the research variables. The empirical section presents the gaps identified relating to the study variables. The conceptual framework presents a summary of the research variable indicators and their interrelationship.

#### **2.2 Theoretical Review**

The study variable relationship was supported by the following theories; Technology Acceptance Model, Marketing Equity Theory, Social Penetration Theory and Innovation Diffusion Theory.

##### **2.2.1 Technology Acceptance Model**

This Model was invented by Davis, Bagozzi, and Warshaw in 1989. Its purpose is to examine the theoretical structure of user intention and the degree to which technological systems or new technologies are embraced. The model is formulated within the framework of the Theory of Reasoned Action. The model is widely regarded as the most persuasive and often used theory that describes an individual's information processing system (Lee et al.,2003). The first model consisted of four factors: perceived helpfulness, perceived ease of use, attitude towards use, and actual system use. Subsequently, two elements were included into the model: external influences and societal expectations (Eramus et al.,2015). Similarly, the theory suggests that perceived suitability and perceived usability are impacted by external influences (Alharbi & Drew,2014).

The TAM elucidates the determinants that impact the behavior of end users when using technology. The aim is to elucidate the reasons behind individuals' computer use by examining two cognitive factors: perceived utility and perceived usability (Elliot and Boshoff, 2007). Perceived usefulness is a person's view about the degree to which employing a certain technology would enhance their work performance. Research indicates that individuals are largely driven to embrace a technology based on the functionality it provides and the level of convenience it delivers in using those features. SMEs are likely to benefit from online marketing, since it enhances their performance while keeping costs low. Businesses who have recognized this phenomenon have achieved significant benefits (Sharma & Aragón-Correa, 2005).

SMEs may understand the value of Internet marketing, but they are restricted by their incapacity to use this technology. Due to both skilled IT staff and a lack of IT understanding, this has come to be. The perceived usefulness of the technology significantly influences its adoption by companies, expressly SMEs. Etemad and Wright (2004) argue that technology ought to be comprehensible and user-friendly; this suggests that users' views of credibility are anticipated to be positively impacted by perceived ease of use and inclination to employ internet marketing. Perceived credibility is one party's opinion that the other has the requisite knowledge and expertise to act in a competent and consistent manner. Businesses rely on the reputation of internet marketing for their performance and adoption to be successful. When investing in technology like digital marketing, proprietors consider its usefulness, credibility, and ease of use.

The theory is relevant to this research as digital marketing is an incredibly recent worldwide trend, and such approaches are often simple and user-friendly for anyone

with technical proficiency (Minama,2016). Nevertheless, TAM argues that the acceptance of a technology, such as digital marketing in this instance, is contingent upon the user's impression of its practicality and ease of use (Davis&Venkantesh,2000). Hence, the acceptance and efficacy of digital marketing approaches in SMEs depend on their perceived utility and simplicity of use, unlike constant use of conventional marketing techniques (Minama,2016; Davis& Venkantesh,2000).

### **2.2.2 Marketing Equity Theory**

The theory was postulated by Kim and Kom (1981), asserts that social media marketing strategies have been shown to be beneficial for successful enterprises. The developers of the thesis first concentrated on the promotional methods used by upscale clothing companies. The factors included in this list are: sector-specific satisfaction, customer engagement aligned with corporate objectives, contemporary appeal, customization of goods and services for the intended market, endorsements, and word-of-mouth recommendations. Their evaluation encompassed brand equity, customer loyalty, purchase intent, value equity, and equity links.

Kim and Kom (1981) assert that the model offers a full comprehension of social media marketing. The method is based on five marketing strategies. Tyler (2016) argues that maintaining regular customer participation provides the firm and its management with a significant opportunity and means to directly or indirectly promote the benefits of their products and address any consumer grievances.

The significance of the theory in this study is in its analysis of the correlation between marketing endeavors and enterprise performance. It revealed a correlation between the adoption of social media marketing techniques and the improvement of marketing

skills. Consequently, it offers a solid foundation for examining the effects of social media marketing. However, it is wrong to assume that the identical attributes of social media marketing are universally applicable. Indeed, several practitioners focus on different facets of social media marketing.

### **2.2.3 Social Penetration Theory**

The theory, which was first put forth by Altman and Taylor in 1973, has since been developed. An analysis paradigm for interpersonal relationships was developed by Altman and Taylor. The social penetration theory focuses on individual influences for sharing on social media to describe how human trade creates relationships. The desire to encrypt specific information that people deem private arises from the fact that users of these platforms are forced to disclose themselves during conversations, according to Altman and Taylor (1973). It commences with information that is readily available to others and superficial, like gender, choice of attire, and culture; gradually, as a bond develops, one begins to communicate feelings; one will reveal their deepest aspirations, aspirations, and beliefs (Altman, Vinsel & Brown, 1981).

Humans might be able to segregate these many levels of information in social networks we create for the online social realm. By default, some information will be made available to the public, whereas secret information may pertain to confidential and partially confidential information. The form and frequency of communications, which can be simply recorded online via social media platforms, may be a tool to gauge the levels of relationships. The significance of adhering to the layered intimacy degrees of social infiltration when exposing one's information was recently brought up in a privacy case against Facebook (Gaudin, 2010). Businesses must uphold these standards to give their customers the assurance to provide reliable feedback, which

enables effective contact with the outside world. By putting the social penetration theory into practice, SMEs can learn about individual characteristics to better address their unique demands and provide greater performance.

#### **2.2.4 Innovation Diffusion Theory**

The theory was hypothesized by Rogers (1995) who identified five distinct attributes of innovations that have a substantial impact regarding the procedure of adopting innovations. Venkatraman and Price (1990) agreed with Rogers' contention that certain attributes of goods and services might impact the diffusion process and sway customer receptiveness towards novel offerings. Rogers (1995) defines the comparative benefit of a new product/service as its superiority over current products/services, which leads to expedite the acceptance and implementation by the intended consumer base. Kotler & Keller (2016) emphasized the necessity of ensuring that the revolutionary service and product offer complements the current environment. The adoption of a product by the consuming public is also influenced by the behavior and lifestyle patterns of customers.

The degree of intricacy involved in the acquisition and use of a product also influences the process of dissemination. The diffusion of an innovative service is facilitated by its simplicity of comprehension, acquisition, and use. The rate of acceptance is also influenced by the simplicity of testing and trying the product or service. Observability, as defined by Rogers (1995), refers to the level of visibility or perceptibility of the product. Having an observatory in a novel product pertains to the level to which the advantages of a product or service may be visually viewed, mentally envisioned, and experienced by a prospective user (Kotler, 2006).

Rogers classifies the five phases of the spread of a new idea as: awareness, interest, assessment, trial, and adoption. A person has the potential to decline the acceptance of an innovation at any point in time, either prior to or following process of adoption, which is often referred to as the customer journey. The adoption of a novel electronic payment service by clients is greatly influenced by the number of other clients and businesses utilizing it (Mallat, 2007).

Diffusion is the gradual spread of new technologies, ideas, practices, or products to the intended users in a society. This spread occurs through communication among members of the society who share and disseminate these innovations (Rogers, 2009). The process of adopting innovations is not a singular event, but rather occurs in a series of consecutive stages: awareness of the innovation, persuading oneself to embrace the innovation, making a decision to either adopt or reject the innovation, actually adopting and implementing the innovation, and finally confirming its effectiveness (Rogers, 2009).

Rogers (2009) suggests that the choice to embrace a novel concept is impacted by its perceived benefits, compatibility with current systems and procedures, amount of complexity, ease of experimentation, and visibility of the outcomes. This model is optimal for this research as it elucidates the process of adopting digital marketing and the aspects that motivate SMEs to utilise digital marketing. Kithinji (2014) opines that digital advertising has several advantages, including amplified brand cognizance, boosted sales, and enhanced customer relationships. While digital advertising and conventional marketing may not be entirely compatible, they may be used simultaneously. Moreover, the older generation may find digital marketing to be very intricate, but this obstacle can be surmounted by recruiting competent digital marketers (Minama, 2016). Furthermore, the adoption of digital marketing strategies

in SMEs may result in a surge in sales and brand recognition, a decrease in advertising expenses, the ability to enter new markets, and enhanced client rapport. (Nga'nga', 2015). The notion promotes the use of innovation and technology in marketing by using digital marketing methods to enhance sales income and therefore improve overall success.

## **2.3 Empirical Literature**

This section involved a review of studies that are relevant to the current research. An empirical literature review is characterized as a systematic examination of published research in journal articles and books. This is an extensive review of prior studies pertinent to the study aims (Carpini, Cook & Jacobs, 2014). The researcher identified information gaps overlooked by current studies, which served as the foundation for this investigation. The review was executed in accordance with the factors of the present research.

### **2.3.1 Search Engine Marketing Practice and Organizational performance**

Ndung'u and Mutinda (2022) studied the effect of search engine marketing on the performance of Kenya's Top 100 SMEs. The population was made up of marketing managers of these SMEs in Nairobi City County, Kenya, as per a poll done annually by KPMG and the national media group in 2020. The responders were sampled through a stratified methodology based on company category. The responders were purposely chosen. Data was gathered through questionnaires with a standardized format, Using the mean and standard deviation, quantitative analyses were performed in a descriptive manner. Correlation and regression analysis were utilized for inferential analysis to ascertain the extent of the relationship between variables. It was discovered that search engine marketing significantly impacted the success of Kenya's

top 100 SMEs. The research demonstrated that search engine marketing effectively attracts the attention of the audience at the opportune moment, enabling businesses to provide content and advertisements to a highly engaged target demographic actively seeking similar deals. This is achieved at a cheap cost and without the need to persuade them. The study recommended that companies publish authoritative and relevant information on their websites. This is because a larger number of individuals tend to visit websites that offer high-quality content customized to meet their precise requirements. Consequently, this enhances the website's authority and applicability. The study presents a conceptual gap since study focused on search engine marketing only while the current study focused on more than one digital marketing practices.

Mersid, Dino, and Eldar (2022) explored the impact of search engine optimization (SEO) on firm profitability in a private university in Sarajevo. The examined hypothesis was whether SEO will improve International Burch University's financial performance (IBU). The research technique included examining primary data collected from a case analysis that was developed via a chat with the chief of the IBU Marketing and PR department. A sample of data was taken from Google Analytics (concentrating on the quantity of visits and sessions, the average duration of engagement, keywords, and SERP placement). The results showed that refining a site's rankings on search engine results pages result in a range of advantageous results for enterprises, comprising an upsurge in website traffic, a boost in average visit length, an expansion in student enrollment, and an enhancement in consumer engagement, ultimately leading to an increase in IBU's yearly sales income. There is a contextual gap since the research was undertaken in a Sarajevo which the current study aimed at filling by carrying out a study in Kenya.

Hidayanto, Adha, Jiwanggi, and Melia (2018) examined the impact of search engine marketing on online marketing tactics. Three different publisher websites were examined for the study: a conventional webpage with no SEO, a customized website with basic SEO settings, and a social media plug-in. The webpage log was observed for duration of 4 to 7 months. The analysis discovered that while the social network plug-in offers an extra benefit in relation to traffic production, that traffic is less significant than that produced by search engines. The study presents a contextual gap as the study was done in a different demographic from the current study.

Tomasi and Li (2018) ascertained the impact of search engine marketing on the performance of SMEs. The impact of Search Engine Marketing on webpage and company success was analyzed via the use of many case studies. The research conducted a swift, structured survey among twenty-two SMEs that have a business affiliation with a SEM consulting organization in order to collect data about the case study businesses. The survey focused on enterprises, their allocation of resources towards Search Engine Marketing (SEM), and the impact of such application. It was discovered that search engines have become an essential platform for SMEs to increase their international presence and compete with bigger corporations. SMEs are already using search engine marketing (SEM) as a means to enhance their reputation as a viable business. Effective search engine marketing (SEM) tactics may cause private firms to rank higher in indexed listings than large, well-known corporations. The study presents a conceptual gap since study focused on search engine marketing only while the current study focused on more variables regarding digital marketing practices

### **2.3.2 Content Marketing Practice and Organizational Performance**

Koob (2021) studied the aspects that impact the effectiveness of content marketing. This investigation included a conceptual framework and empirical evidence, with a specific focus on the perspective of management. There is less knowledge on the efficacy, suitable structure, and application of content marketing. According to the authors of this research, content marketing comprises an assortment of operations that rely on and are incorporated into the specific organizational environment. The authors conducted an empirical analysis of the factors that influence content marketing success from a management viewpoint. They utilised primary data obtained from senior marketers in 263 organisations spanning diverse industries and various levels. This is done using this approach. According to the empirical findings, context elements that are linked to greater content marketing success include strategy clarity and commitment, content production that aligns with the informational requirements of the organization's intended recipients, and normative journalistic quality standards. The findings additionally demonstrate that structural specialization, specialization-enabling procedures and systems, and regular measurement of content marketing success and use of data collected as direction for refining content offerings all positively influence content marketing efficacy. The findings of this research could make important theoretical contributions to the study of content marketing and its success. They might also help professionals to better design and carry out content marketing strategies. There was a methodological gap since the study omitted the analysis of correlation. The current study used both the correlation and regression analysis.

Hollebeek and Macky (2019) examined the structure, fundamental beliefs, and outcomes of digital content marketing's role in promoting or nurturing customer

involvement, trust, and value. With the increasing online interactions between customers and firms, digital content marketing (DCM) is gaining popularity as a strategy to enhance brand recognition and consumer confidence. Despite the considerable interest from practitioners, academic research in DCM is falling behind, resulting in a notable gap in understanding. DCM, as defined by the study, refers to the strategic process of generating and sharing relevant and valuable brand-related information on digital platforms. The objective is to foster positive brand engagement, trust, and relationships with existing or potential customers. This approach focuses on building connections rather than directly persuading consumers to make purchases. In addition, the research developed a theoretical framework that emphasizes important factors that influence consumer behavior in DCM, including utilitarian, hedonistic, and authenticity-driven reasons for engaging in DCM activities. DCM's primary goal is the active engagement of consumers in cognitive, emotional, and behavioral activities that contribute to their understanding, connection, and involvement with the brand. The expansion of DCM's third-tier, value-driven outcomes resulting from the equity of both consumers and firms is subsequently supported by these outcomes, which in turn trigger its second-tier, further consequences related to brand trust and attitude. Consequently, the researcher concludes the research by extracting important consequences and summarizing our discoveries in a set of FPs of DCM. The study was done in a demographic that is different from Kenya hence it cannot be generalized in Kenya.

Mobydeen (2021) explored the effects of digital marketing strategies on the operational effectiveness of Jordan mobile phone providers. The research utilized quantitative and descriptive analysis techniques. The information was obtained from a carefully designed questionnaire that was administered to a random sample of

telecommunications firms in Jordan. The questionnaire addressed five sub-dimensions: e-mail advertising, Social Network Marketing, Cellphone Marketing, Website, and Organizational Efficiency. It consisted of 40 questions that were derived from the deliberate manipulation of the research factors. In contrast, the Jordanian telecom business's total number of people employed as managers, team leaders, and supervisors was 178% of the sample size. The research examined the comprehensive impact of digital marketing, in its numerous forms, on the profitability of the telecommunication corporation. The findings indicated that this effect was slightly prominent, with a mean of 3.652 (SD=0.7224). The most significant outcomes were that all Jordanian telecoms firms had seen significant improvements in performance over the past five years, signifying that the efficacy of digital marketing in the success of these organizations was really commendable or exceptional. There is a contextual gap as the research was undertaken in Jordan hence cannot be generalized in Kenya.

Sodikin (2020) examined the impact of content marketing on the comparative advantage of sharia banks. The research conducted a comprehensive analysis of secondary data sources in order to ascertain the extent to which Ihsan's activities contributed to the establishment of customer connections, enhancement of brand image, and improvement of digital marketing efforts. The research aimed to analyze the influence of shared values in facilitating corporate goals and creating a competitive edge, with a specific emphasis on the Covid-19 epidemic period. The research revealed that the use of digital marketing technology enhanced communication efficiency among trade entities, resulting in improved brand performance. This, in turn, provided Islamic banks with a competitive edge. The study presents a conceptual gap since the study was based on sharia banks.

Hasan (2021) studied digital marketing concepts and the influence of social-media on e-promotion and organizational success in India. The analysis found that one method businesses employ to market and advertise their goods is digital marketing. With the growth and significance of social media, digital marketing helps with the marketing mix by engaging with clientele and generating new business chances. Digital marketing is a genuine marketing communication strategy. Businesses who have made investments to leverage the effectiveness of digital advertisement and marketing are clamouring for more profits, more clients, and higher revenues. As per the study's findings, social media use in particular has considerable impact on organizational performance of businesses. It is therefore advised that businesses that have not yet adopted digital marketing extensively do so in order to remain competitive and improve organizational performance. Nevertheless, this study's conclusions are useful to businesses and decision-makers who make decisions regarding marketing and product promotion since they support digital marketing and social media. Along with opening up new employment options, particularly in light of the growth and influence of social media. There was a conceptual gap since the study was based on social media marketing.

### **2.3.3 Social Media Marketing Practice and Organizational Performance**

Amin (2021) studied the effect of search engine marketing on business success in Abuja. A total of sixty-three respondents participated in the survey, which was performed using a basic random sample approach. The data was examined through inferential statistical techniques, including Pearson correlation and regression analysis. The research findings indicated a significant and favorable link between the two aspects of digital marketing examined and company success. Furthermore, the regression analysis revealed a significant impact of both socialmedia and e-mail

marketing on the model. 53.8 percent of the variance in the independent variables accounts for the variation in the dependent variable. Furthermore, the data suggested that social media marketing was the most often employed digital marketing method, adding more substantially to the model than e-mail marketing. There was a contextual gap since the research was based in Abuja Nigeria hence cannot be generalized in Kenya

Ngenga (2018) researched the influence of social media marketing on the expansion of businesses, with Airtel Kenya serving as the subject of analysis. Utilizing LinkedIn and Twitter has been shown to be cost-effective for companies in terms of marketing expenses. Muchuki (2017) researched on the impact of social media marketing on churches, with particular emphasis on the PCEA Evergreen Church in Nairobi. Based on the research, social media marketing has made a substantial contribution to the growth, brand exposure, and customer happiness of PCEA Evergreen Church. Social media has changed the internet into an expansive platform for social interaction, information exchange, and dialogue, enabling users to connect on personal and communal scales (Etter, Ravasi & Colleoni, 2019). Despite its original intention as a platform for social networking rather than organizational purposes, social media has succumbed to external pressures and gained significant popularity, resulting in its adoption by companies as a method of interacting with clients (Shareef, Mukerji, Dwivedi, Rana & Islam, 2019). The study presented is a conceptual gap since the study was based on social media marketing which the current study sought to fill.

Oztamura and Karakadilar (2019) explored the impact of social media on the success of SMEs as a novel marketing strategy tool. The researchers conducted a randomized case study on four firms, selected from both the United States and Turkey. During the period of January and February 2014, they specifically focused on the social media

accounts of selected firms. The research analyzed the Facebook and Twitter profiles of randomly chosen clothing store chains and healthy baking retailing chains to assess the performance of SMEs from the United States and Turkey in the identical sector. The study revealed that US organizations are more inclined to use the fundamental strategies in their utilization of social media, as compared to Turkish enterprises. This enhances client loyalty, retention, and therefore, performance. The emergence of social media has completely reversed the traditional marketer-customer dynamic, since power has shifted from marketers to consumers. The research presented a methodological gap since it adopted a randomized case study of four firms while the current study focused on 17,116 SMEs based in Nairobi.

#### **2.3.4 Data Driven Marketing and Organization Performance**

Tripathi (2019) researched Large Data-Driven Marketing Enabled Business Performance A conceptual framework comprising information, strategy, and client lifetime value. The business ecosystem is becoming much more competitive in the modern world. Corporate management is cognizant of the intense competition that exists to retain customers and increase client lifetime value (CLV). Marketers once employed "gut feeling" and "assumptions" to determine who would be the ideal audience for their products and services when targeting and interacting with consumers. Contrarily, data-driven marketing has improved the operation's performance and, to a considerable extent, placed the business closer to the behaviours and expectations of the target market. The business leader must also place a high priority on improving the information characteristic in order to create multidimensional success measures and define "long-term success." Both the omnichannel experience and cross-channel client interaction are crucial in improving customer retention (e.g., walk-in clientele, social media users, mobile app users, POS

data, etc.). Marketing strategies are developed using the information and recommendations offered by the big data-driven solution. The approach of this research demonstrates the interconnectedness of big data-driven solutions, information quality, longevity of clients, strategic decision-making, and enterprises prosperity. The study also covered the utilization of information with media and creative in an authoritative manner. Additionally, the suggested strategy demonstrates a moderating correlation between user behavior-based recommendations and marketing executives. There was a methodological gap since study did not present the correlation and regression analysis.

#### **2.4 Summary of Empirical Literature Review and Research Gaps**

This section discusses the gaps identified in the reviewed study. Some of the gaps identified relate to contextual gaps, conceptual gaps and methodological gaps. These gaps are tabulated in Table 2.1 and also include how the researcher filled the gaps identified. The table also presents the authors, titles of the research topics and the major findings.

## 2.5 Summary of Literature Review and Research Gaps

**Table 2.1: Summary of Literature Review and Research Gaps**

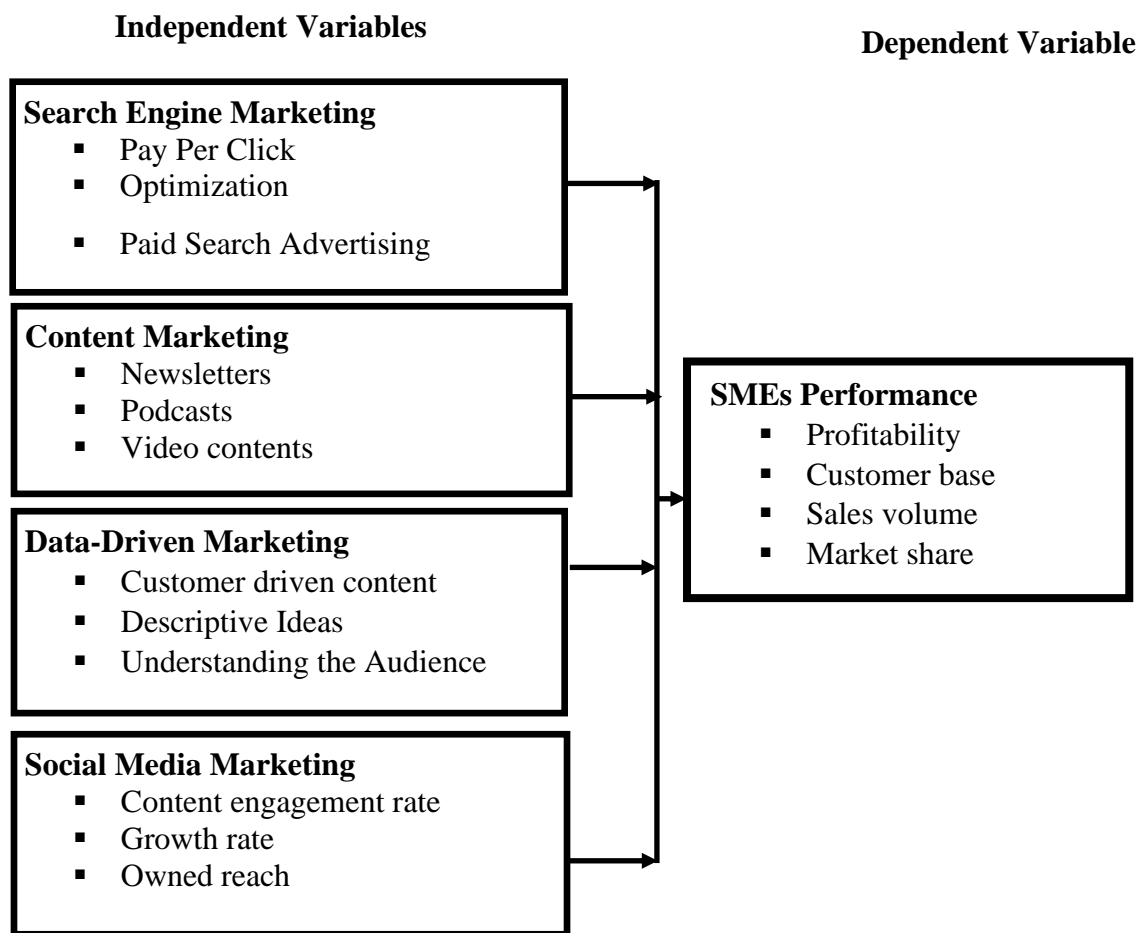
<b>Author</b>	<b>Title</b>	<b>Findings</b>	<b>Identified Gaps</b>	<b>Current Study Focus</b>
Ndung'u and Mutinda (2022)	Effect of search engine marketing on the success of Top 100 SMEs in Kenya	The research found that search engine marketing successfully draws audience at the appropriate moment	There is a conceptual gap since study focused on search engine marketing only	The current study focused on different types of digital marketing practices.
Mersid, Dino and Eldar (2022)	The impact of search engine optimization (SEO) on firm profitability in a private university in Sarajevo	The study demonstrated that enhancing a webpage ranking on SERPs led to many advantageous outcomes for companies, such as a surge in website traffic.	There is a contextual gap since the research was undertaken in a Sarajevo	The current study focused on SMEs in Nairobi City County, Kenya
Koob (2021)	The factors that influence the success of content marketing, including a conceptual framework and empirical results from a management viewpoint	The results also show that assessing content marketing performance on a regular basis and applying the information for refining content offerings has a beneficial impact on the efficiency of content marketing.	There is a methodological gap since the study omitted the analysis of correlation and regression.	The current study used both the correlation and regression analysis
Mobydeen (2021)	The effects of digital marketing strategies on the operational effectiveness of Jordanian mobile phone providers	The findings indicated that the performance of the telecommunication company is influenced by all aspects of digital marketing.	There is a contextual gap as the research was undertaken in Jordan hence cannot be generalized in Kenya	The current research focused on SMEs in Nairobi, Kenya
Amin (2021)	Studied the effect of search engine marketing on business performance in Abuja.	The results indicated that social media marketing was the most frequently utilized digital marketing strategy, contributing	There is a contextual gap since the research was based in Abuja Nigeria hence cannot	The current research focused on SMEs in Kenya

		more significantly to the model than e-mail marketing.	be generalized in Kenya	
Ngenga (2018)	Investigated the impact of social media marketing on business growth using Airtel Kenya as a case study.	It emerged that a corporation may save money on marketing by using Twitter and LinkedIn.	There is a conceptual gap since the study was based on social media marketing	The current study was based different digital marketing practice
Tripathi (2019)	Large Data-Driven Marketing e-Business Success A conceptual framework comprising data, strategy, and enduring value of clients	The big data-driven solution's information and recommendations are utilized to develop the marketing strategies.	There is a methodological gap since study did not present the correlation and regression analysis	The current study utilized both the correlation and regression analysis

**Source: Researcher (2023)**

## 2.6 Conceptual Framework

The conceptual framework is a visual portrayal of the connections between variables in research. It depicts the connection between study variables. Independent variable in this study were; search engine marketing, content marketing, data driven marketing and social media marketing while dependent variable was success of SMEs in Nairobi City County, Kenya.



**Figure 2.1: Conceptual Framework**

**Source: Researcher (2023)**

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The chapter outlines the techniques that were utilized in gathering, examining, and presenting the research results. The part encompasses the research design, intended audience, sample design, research tools, pilot study, data collecting processes, and data analysis.

#### **3.2 Research Design**

This research employed a descriptive research approach. A descriptive study approach aims to ascertain the characteristics, location, and manner in which a phenomenon being investigated occurs (Mugenda & Mugenda, 2008). This technique is apt given that the aim of the research was to assess the impact of digital advertising practices on the success of SMEs in Nairobi County. The research employed descriptive research methodology to enable the extrapolation of the findings to a broader population.

#### **3.3 Target Population**

A population is a compilation of observable items with comparable properties from which conclusions can be drawn (Cooper and Schindler, 2006). Population is used to describe a collective of persons, entities, events, or items that possess certain observable characteristics (Mugenda & Mugenda, 2003). The segment of the population that a researcher examines and then uses to make conclusions that may be applied to the entire population is described as the target population. The research concentrated on SMEs in the Nairobi City County CBD. Only the SMEs with this certification were included in this study's delineation, which takes into account

Nairobi City County (NCC) trading permits. The researcher focused on SME owners and managers in the CBD across all industries listed in the licensing department of Nairobi city and county in 2023. The number of businesses in Nairobi County that possess NCC trade licenses is around 128,600 (Nairobi County, 2022). However, 17,116 are based in Nairobi CBD.

**Table 3.1: Target Population**

Category	Number	Percentage
Retail Sector	3,653	21%
Transport	3,345	20%
Hospitality	1,453	8%
Entertainment	4,233	25%
Pharmaceutical and Health Services	1,879	11%
Technology	1,421	8%
Real Estate	1,132	7%
<b>Total</b>	<b>17, 116</b>	<b>100%</b>

**Source: NCC Business licensing department (2022)**

### 3.4 Sampling Design

For the study, stratified random sampling was employed. There are around 8 clusters of various sub-sectors in Nairobi's central business district that have been organized by NCC using business codes from various industries. The retail industry, transportation, hotel, entertainment, pharmaceuticals and health services, technology, and real estate are the primary industries this study will focus on. According to the Nairobi Business Licensing Department, there are roughly 17,116 of the aforementioned primary industries in the CBD. Krejcie&Morgan (1997) technique was employed to ascertain the sample size of 17,116 SMEs as follows;

$$S = \frac{(-X_2NP(1 - P))}{d_2} (N - 1) + X_2(1 - P)$$

Whereby;

S=Sample Size

$X_2$ =Chi Square Valued @1 level of freedom (3.841)

N=Population

P=Population Proportion (assumed to be .5)

d=Level of correctness expressed as a proportion (.5)

$$S = \frac{3.841 * 17,116 * 0.5(1-0.5)}{0.05^2(17,116 - 1) + 3.841 * 0.5(1 - 0.5)}$$

=290

Therefore 290 was the sample size.

**Table 3.2: Sample Frame**

<b>Population Strata</b>	<b>Target Population</b>	<b>Sample size</b>
Retail Sector	3,653	61
Transport	3,345	57
Hospitality	1,453	25
Entertainment	4,233	72
Pharmaceutical and Health Services	1,879	32
Technology	1,421	24
Real Estate	1,132	19
<b>Total</b>	<b>17, 116</b>	<b>290</b>

### **3.5 Data Collection Instruments**

An organized survey or structured questionnaire was employed to acquire data from the respondents. Utilizing a questionnaire was the most optimal method for conducting the study since it enabled researchers to examine participants' perspectives, attitudes, and experiences, while also gathering veracious data from responders (Baker & Ponton 2013). The questionnaire featured open-ended questions

to aid with elaborating responses to the closed-ended inquiries, serving to provide a broader view on the issue addressed by specific inquiries.

Primary data was utilized by the study, and it was collected through giving respondents' questionnaires. The questionnaire was used in a straightforward manner since the sampled respondents were free to complete it as they see fit. The questionnaire included information on the respondent's history. The independent and dependent variables were both be mentioned, which is crucial. The researcher utilized a Likert scale to gather data from the questionnaire.

### **3.6 Validity and Reliability of Research Instrument**

Pilot testing comprises controlling the questionnaire's quality and nature prior to the primary study (Tandon 2014). Connelly (2008) avers that 10% of the sampled population from the primary study is suitable for pilot testing. 38 respondents, or 10% of the participants in this survey, will be sampled. The pilot study was undertaken in Nairobi County and targeted twenty-nine (29). The researcher used convenience sampling when doing the pilot study. The respondents selected in the pilot was excluded from main study. The pilot study helped in testing the reliability and validity of research tools.

#### **3.6.1 Validity of Research Instruments**

Brains &Manheim (2011) aver that validity is the level to which a notion, verdict, or metric is based on solid evidence and properly represents the real world. Contrarily, validity is the level to which a measurement tool quantifies precisely what it asserts to quantify. The purpose of the inquiry is to ascertain whether the research instrument is valid considering its content. Content validity describes the level at which an instrument adequately includes the study's aims as its focus. It is crucial to

authenticate the tool before distributing them to the sampled population in order to ensure that they collected the information as anticipated. To validate them, other types of validity, including face and content validity, will be used. The researcher consulted with colleagues, research experts, and their supervisor at Kenyatta University to ensure the validity of the questionnaire's content. The parties' input was used to fix any grammatical or spelling issues as well as any other ambiguities that could jeopardize the document's legality.

### **3.6.2 Reliability of Research Instruments**

Reliability is the precision, trustworthiness, and consistency of the results obtained from a measurement. Cooper & Schindler (2011) aver that the research instrument may collect data that can be compared when reliability is ensured and when it is given to different sample groups with similar features. The Cronbach alpha coefficient was applied to assess the level of inner coherence and evaluate dependability in the study. Before the start of the data collecting process, a pilot test was done to assess the validity of the questions and, by extension, the validity of the data that was collected through the instruments.

Internal consistency will be used by the researcher to evaluate the linkages between different instrument items and if other items testing the same main hypothesis provide the same results.

This study's targeted limit of dependability was 0.7, which was considered satisfactory. The reliability outcomes are displayed in Table 3.3 below.

**Table 3.3: Reliability Test**

<b>Variable</b>	<b>Cronbach's Alpha Value</b>	<b>Conclusion</b>
Search Engine Marketing	0.817	Acceptable
Content Marketing	0.798	Acceptable
Data Driven Marketing	0.885	Acceptable
Social Media Marketing	0.814	Acceptable
Performance of SMEs	0.753	Acceptable
<b>Average Score</b>	<b>0.813</b>	<b>Acceptable</b>

**Source: Researcher (2023)**

According to Table 3.3, search engine marketing had an alpha value of 0.817, content marketing 0.798, data driven market 0.885, social media marketing 0.814 and performance of SMEs 0.753. The mean score of all the alpha values was 0.813, suggesting that the questionnaire demonstrated strong reliability as all values above 0.7.

### **3.7 Data Collection Procedure**

Data was gathered in the field through a questionnaire by the researcher. A letter of authorization was first requested from the university to obtain permit to gather data. Following that, the researcher applied for a NACOSTI permit. The questionnaires were distributed physically to the participants. The researcher ensured participants that their input would be handled with the highest level of concealment and that the administered instruments are solely utilized for research purposes. The researcher checked to see if hand-delivered questionnaires had been completely filled.

### **3.8 Data Analysis and Presentations**

The data obtained was first be modified to identify and fix errors and oversights. The completion of this step coincided with the collection of field data. It was then coded and entered into the device in line with classification in order to be processed by

computers. The SPSS version 24 was used to examine the data through both descriptive and inferential statistics. Descriptive statistics contained frequency and rate data for respondents' segment information. Similarly, means and standard deviations were employed for all variables.

Correlation analysis was employed to how the to test the connection amongst variables at 5% significance level. The regression analysis entailed model summary, analysis of variance and coefficients of correlations. The model was tested at 95% confidence interval.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Y = Organizational Performance

$\beta_0$  = Constant

$\beta_1$  to  $\beta_4$  = Coefficients of Variable  $X_1$  to  $X_4$

$X_1$  = Search Engine Marketing

$X_2$  = Content Marketing

$X_3$  = Data Driven Marketing

$X_4$  = Social Media Marketing

### **3.9 Ethical Considerations**

The study ensured that all collected data was to be handled with the ultimate discretion and only for educational reasons. Exclusive expectations of good and valid standards about the opinions and participation levels of objective respondents were adhered to during the data gathering process. Data collection authority was gotten from KU Graduate school and a license from NACOSTI. The respondents were fully aware of the investigation's goal and whether accruing advantages was presented prior to data collection. This was done to ensure transparency.

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSIONS

#### 4.1 Introduction

The chapter covers the analysis and interpretation of data, the graphical depiction of outcomes, and the ensuing discussion on the discoveries. It consists of five components. The first provides the response rate for the questionnaire. The subsequent section presents the socioeconomic details of the participants. The third part discusses the results of the research on the impact of digital marketing on the performance of small SMEs in Nairobi City County, Kenya. The 5<sup>th</sup> step involves doing correlation analysis and regression analysis to investigate the connection between the study variables. The findings were presented via visual representations such as figures and tables, as well as written descriptions in prose. The studied data was organized using themes that aligned with the study's objectives.

#### 4.2 Response Rate

The research intended to collect data from a sample of 290 sample size. However, the study did not get a 100% response rate as there were cases of non-response and incomplete questionnaires. Table 4.1 below reflects the total number of completed and non-returned questionnaires as well as the response rate.

**Table 4.1: Response rate**

<b>Response Rate</b>	<b>Frequency</b>	<b>%</b>
Resubmitted Questionnaires	221	76
Unresubmitted Questionnaires	69	24
<b>Total</b>	<b>290</b>	<b>100.0</b>

**Source Field Data, (2024)**

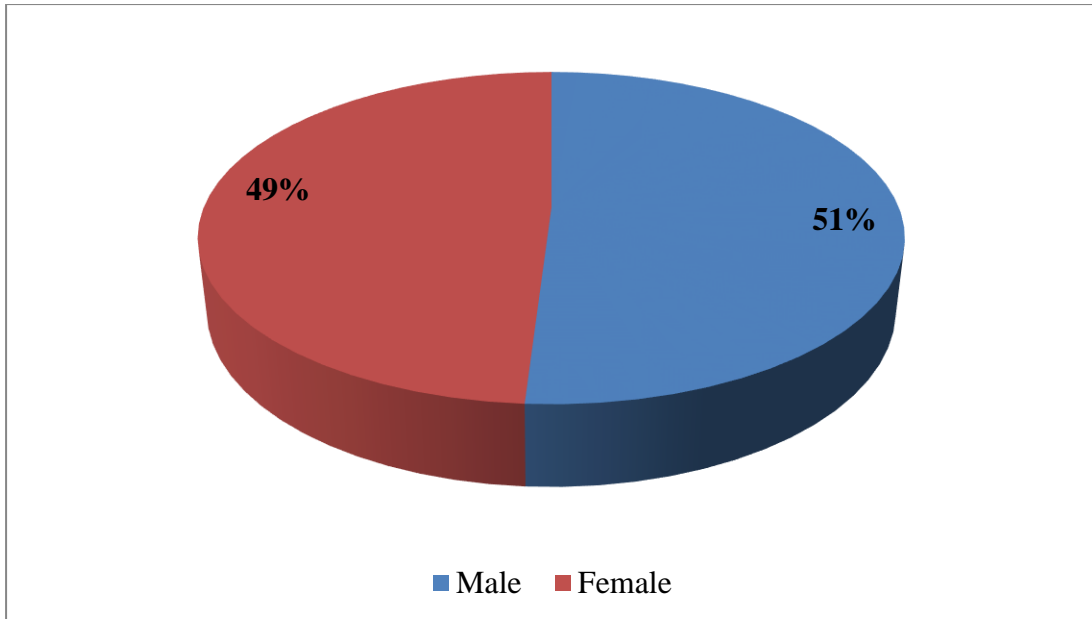
The data in Table 4.1, demonstrate that 290 questionnaires were sent to SMEs in the CBD of Nairobi City County. Out of these, 221 questionnaires were completed and resubmitted, while 69 were not returned or were rejected due to inaccuracies. The total response rate of 76% attained in this study was exceptional, allowing for thorough analysis of the collected data, meaningful discussions, and drawing valid conclusions based on the responses obtained from the sampled participants. Mugenda & Mugenda (2003) contend that a response rate of over fifty percent is sufficient for analysis.

### **4.3 Demographic Characteristics**

This section provides an analysis of the respondents' biographical information. The demographic variables studied included gender, greatest level of education attained, and the industry in which they were employed. The findings were presented as follows;

#### **4.3.1 Gender of the Respondents**

The research objective was to ascertain the gender of the participants. The discoveries are depicted in Figure 4.1 below.



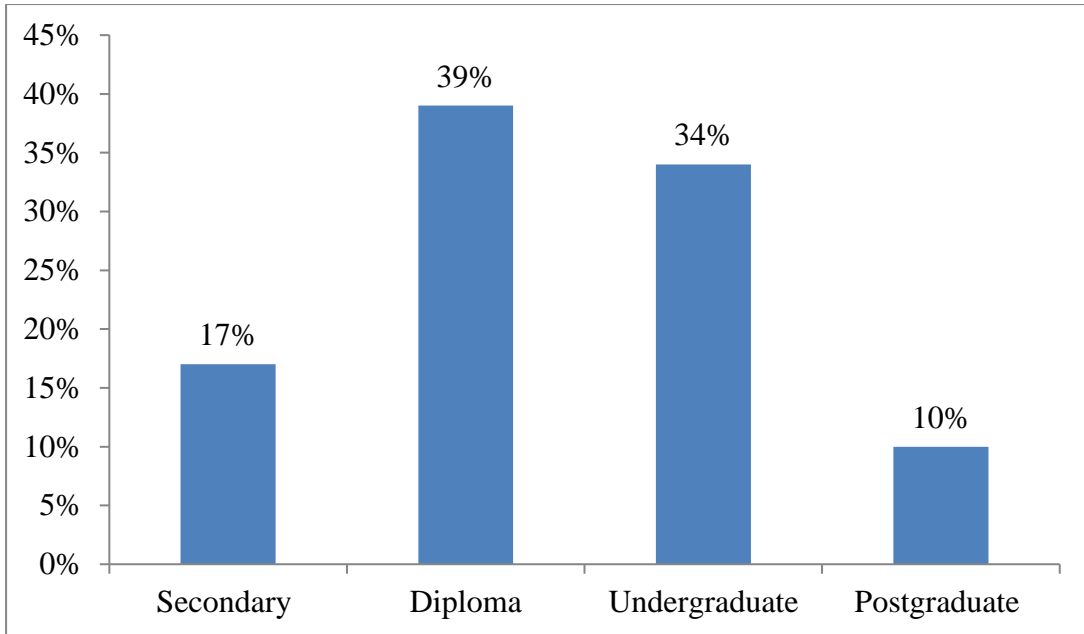
**Figure 4.1: Respondents' Gender**

**Source Field Data, (2024)**

Figure 4.1 reveals that 51% of the participants were male, whereas the remaining 49% were female. This points to a higher participation rate of males compared to females in the study. However, the discovery indicates that the research was unbiased in terms of gender, since it included both male and female, therefore offering a thorough portrayal of viewpoints from both genders.

#### **4.3.3 Highest Level of Education**

The research sought to determine the greatest education level attained by the participants. The results are exhibited in Figure 4.2 below.



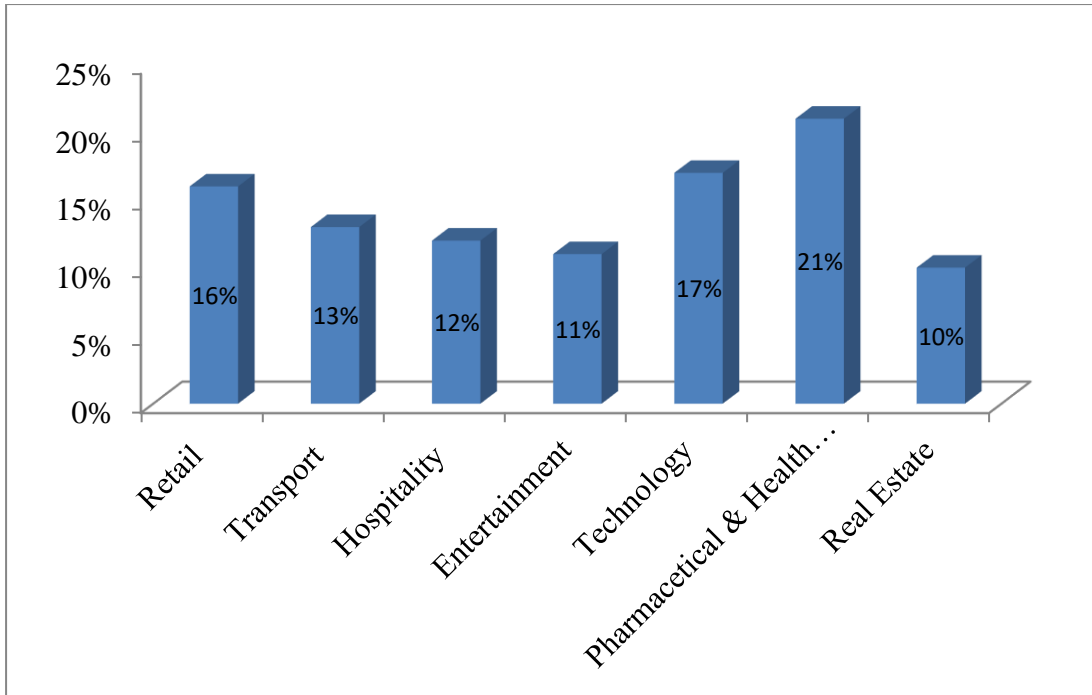
**Figure 4.2 Respondents' Highest Level of Education**

**Source Field Data (2024)**

The data provided in Figure 4.2 reveals that 17% of the respondents had a secondary level of education, whilst 39% held a diploma. The findings further indicated that 34% of individuals had a bachelor's degree, while 10% held a master's degree as their greatest educational attainment. The results indicate that the respondents had sufficient education and comprehension about the impact of digital marketing on the performance of SMEs in Nairobi City County, Kenya.

**4.3.4 Sector Operated in**

The researcher sought to ascertain the sector that the respondents' operated in. The results were as exhibited in Figure 4.3 below.



**Figure 4.3 Sector Operated In**

**Source Field Data (2024)**

Figure 4.3 indicated that 16% of respondents were in retail sector while 13% were in transport sector. The findings further indicated that 12% were in hospitality industry and 11% were in the entertainment industry. The findings also indicated that 17% were in the technology industry, 21% were in pharmaceutical and health services sector while 10% of them were in real estate industry. The findings indicated that majority of SMEs were represented in the study.

#### **4.4 Descriptive Analysis**

In the following part, a comprehensive descriptive analysis was conducted for each of the study variables. This was conducted utilizing data gathered from fieldwork. The researcher obtained pertinent data through the methods of frequency analysis, calculating the mean, and determining the standard deviation. The primary aim of the research was to assess the impact of digital marketing on the operational outcomes of SMEs in Nairobi City County, Kenya. The participants were instructed to apply a

Likert Scale, with the following numerical values assigned to each response option: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree. The results were as follows;

#### 4.4.1 Search Engine Marketing

The research sought to ascertain the level to which participants agree with the following statement relating to the influence of search engine marketing on performance of SMEs in Nairobi City County, Kenya. The findings were as exhibited in Table 4.2 below.

**Table 4.2: Search Engine Marketing**

<b>Statements</b>	<b>N</b>	<b>Mean</b>	<b>Std. Dev</b>
Pay-per-click is effective based on cost because businesses only pay when a user visits their website	221	4.2236	.64894
Pay-per-click enables our company to choose its audience according to demographics such as location, language and device	221	4.5056	.52484
Search engine optimization facilitates the acquisition of more clients for the firm via organic search.	221	4.4562	.78632
Search engine optimization allows companies to provide a reliable digital experience for clients.	221	4.2112	.55156
Paid search advertising enables the organization to have flexibility in making adjustments	221	4.3899	.53092
Paid search advertising allows the company to measure results for each ad, each keyword, and even each user.	221	4.2404	.45722
<b>Aggregate Score</b>	<b>221</b>	<b>4.3378</b>	<b>.5833</b>

**Source Field Data (2024)**

The findings in Table 4.2 above indicate that the participants agreed that Pay-per-click was effective based on cost as businesses only paid when a user visits their website (M=4.2236, SD=.0.6489) and that Pay-per-click enabled their companies to choose its audience according to demographics such as location, language and device (M=4.5056, SD=0.5248). The respondents also agreed that Search engine optimization facilitates the acquisition of more clients for the firm through organic search (M=4.4562, SD=0.7863) and that Search engine optimization allows companies to provide a reliable digital experience for clients (M=4.2112, SD=0.2216). The respondents also agreed that Paid search advertising enabled the organization to have flexibility in making adjustments (M=4.3599, SD=0.5309) and that Paid search advertising allowed the companies to measure results for each ad, each keyword, and even each user (M=4.2404, SD=0.4572). The findings demonstrated that the responders agreed that search engine marketing influenced the performance of SMEs in Nairobi City County, Kenya as demonstrated by an aggregate mean score of 4.3378 and a standard deviation of 0.5833.

The findings are congruent with Tomasi and Li (2018) study that researched the impact of search engine marketing on the success of SMEs and discovered that search engines have become an essential platform for SMEs to increase their international presence and compete with bigger corporations.

#### **4.4.2 Content Marketing**

The research aimed to ascertain the level of agreement among respondents on the impact of content marketing on the performance of SMEs in Nairobi City County, Kenya. The results are displayed in Table 4.3 below.

**Table 4.3: Content Marketing**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std. Dev</b>
We advertise our products using newsletters	221	4.3573	.53491
Newsletters are readily accessible to our clients	221	4.5575	.63494
We use recordings such as digital files, audio and video files	221	4.4169	.64769
The podcasts used are effective in reaching many customers	221	4.3618	.43767
We use video contents in YouTube to advertise our products	221	4.4787	.56984
The video contents are readily accessible by our clients	221	4.3966	.56697
<b>Aggregate Score</b>	<b>221</b>	<b>4.4281</b>	<b>.56533</b>

**Source Field Data (2024)**

The findings in able 4.3 indicates that the participants agreed that they advertise their products using newsletters (M=4.3573, SD=0.5349) and that their newsletters were readily accessible to their clients (M=4.5575, SD=0.6349). The respondents agreed that they used recordings such as digital files, audio and video files (M=4.4169, SD=0.6478) and that the podcasts used were effective in reaching many customers (M=4.3618, SD=0.4377). The respondents also agree that they used video contents in YouTube to advertise their products (M=4.4787, SD=0.5698) and that their video contents were readily accessible by our clients (M=4.3966, SD=0.5670). The results demonstrate that the respondents agreed that content marketing influenced performance of SMEs in Nairobi City County, Kenya as demonstrated by an aggregate score of 4.4285 and a standard deviation of 0.5653.

The research discoveries align with those of Sodikin (2020) who researched the impact of content marketing on the comparative advantage of sharia banks and found that the use of digital marketing technology enhanced communication efficiency

among trade entities, resulting in improved brand performance. This, in turn, provided Islamic banks with a competitive edge

#### 4.4.3 Data Driven Marketing

The research aimed to ascertain the level to which respondents agreed with the following assertion pertaining to how data-driven marketing affect success of SMEs in Nairobi City County, Kenya. The findings were as exhibited in Table 4.4 below.

**Table 4.4: Data Driven Marketing**

Statement	N	Mean	Std. Deviation
We mostly use customer driven content to reach most of our customers in the market	221	4.4618	.69834
The customer driven contents are effective in ensuring more customers are reached	221	4.4180	.53846
We do product feature update in our website pages	221	4.5640	.54633
We employ accurate and vibrant information that create a visual representation in the reader's imagination and evoke sensory experiences.	221	4.4348	.62394
We are considerate to our customers when creating the descriptive contents	221	4.4798	.65257
Audiences are key in developing the advert contents in our sites	221	4.6517	.47716
<b>Aggregate Score</b>	<b>221</b>	<b>4.5016</b>	<b>.58946</b>

#### Source Field Data (2024)

Table 4.4 demonstrate that participants agreed that they mostly used customer driven content to reach most of their customers in the market (M=4.4618, SD=0.6983) and that customer driven contents were effective in ensuring more customers are reached (M=4.4180, SD=0.5385). The respondents agreed that they do product feature update

in their website pages (M=5640, SD=0.5463) and that they employed accurate and vibrant information that create a visual representation in the reader's imagination and evoke sensory experiences (M=4.4348, SD=0.6239). The respondents also agreed that they were considerate to their customers when creating the descriptive contents (M=4.4798, SD=0.6526) and that audiences were key in developing the advert contents in their sites (M=4.6517, SD=0.4771). The findings suggest that the respondents agreed that data-driven marketing affect performance of SMEs in Nairobi City County, Kenya as evinced by an aggregate score of 4.5016 and a standard deviation of 0.5895.

The research conclusions align with those of Tripathi (2019) on Large Data-Driven Marketing Enabled Business Performance and found that data-driven marketing has improved the operation's performance and, to a considerable extent, placed the business closer to the behaviours and expectations of the target market.

#### **4.4.4 Social Media Marketing**

The research aimed to ascertain the level to which respondents agreed with the below assertion pertaining to how social media marketing affected the success of SMEs in Nairobi City County, Kenya. The outcomes were as exhibited in Table 4.5 below.

**Table 4.5: Social Media Marketing**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std. Dev</b>
The company has an account on all major social media sites.	221	4.4573	.63491
The company's content performance has been on the increase	221	4.4348	.57665
The social media growth rate was evidenced in our company	221	4.3346	.62394
The growth rate of the social media was evidenced in all the products	221	4.5798	.70341
We were able to reach more clients after the initiation of social media marketing	221	4.2236	.55644
The number of customers and outreach level have exponentially increased after utilization of social media	221	4.5011	.66719
<b>Aggregate Score</b>	<b>221</b>	<b>4.4218</b>	<b>.62709</b>

**Source Field Data (2024)**

Table 4.5 above indicate that the participants agreed that their businesses had an account on all major social media sites (M=4.4573, SD=0.6349) and that company's content performance had been on the increase (M=4.4348, SD=0.5767). The respondents also agreed that social media growth rate was evidenced in their company (M=4.3346, 0.6239) and that growth rate of the social media was evidenced in all their products (M=4.5798, SD=0.7034). The respondents also agreed that they were able to reach more clients after the initiation of social media marketing (M=4.2236, SD=0.5564) and that the number of customers and outreach level have exponentially increased after utilization of social media (M=4.5011, SD=0.6672). The results indicate that the participants agreed that social media marketing influenced the performance of SMEs in Nairobi City County, Kenya as demonstrated by an aggregate mean score of 4.4218 and a standard deviation of 0.6271.

The research results align closely with those of Amin (2021) on the effect of search engine marketing on business success in Abuja. The research findings indicated a significant and favorable link between the two aspects of digital marketing examined and company success.

#### 4.4.5 Performance of Small and Medium Enterprises

Those polled were tasked with stating their level of concurrence with the assertion about the success of SMEs in Nairobi County, Kenya. The results are displayed below in Table 4.6.

**Table 4.6: Performance of Small and Medium Enterprises**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
The firm's revenues have seen a surge due to the adoption of digital marketing strategies	221	4.5225	.52298
There has been an impressive rise in client numbers.	221	4.6180	.50992
The deployment of digital marketing has led to an enhancement in customer service.	221	4.5730	.53967
We have seen a growth in our market share.	221	4.6461	.49118
The profitability of the company has risen.	221	4.5955	.51462
Our organization achieves a high level of competitiveness through the utilization of digital marketing strategies.	221	4.6517	.47778
The level of customer loyalty has increased.	221	4.6124	.50002
The efficiency of our client management has been enhanced by the implementation of digital marketing strategies	221	4.5787	.49517
<b>Aggregate Score</b>	<b>221</b>	<b>4.5997</b>	<b>.50641</b>

**Source Field Data (2024)**

Table 4.6 illustrates that the respondents agreed that their firm's revenues had seen a surge due to the adoption of digital marketing strategies (M=5225, SD=0.5230) and that there had been an impressive rise in the number of customers (M=4.6180, SD=0.5099). The respondents also agreed that deployment of digital marketing led to an improvement in customer service (M=4.5730, SD=0.5392) and that they had seen a growth in our market share (M=4.6461, SD=0.4912). The participants agreed that the businesses' profitability had risen (M=4.4955, SD=0.5146) and that their organization achieved a high level of competitiveness through the utilization of digital marketing strategies (M=4.6517, SD=0.4778). The respondents also agreed that customer loyalty level had increased (M=4.6124, SD=0.5000) and that the efficiency of their client management was enhanced by the implementation of digital marketing strategies (M=4.5787, SD=0.4952). The data displayed in Table 4.6 above demonstrate that digital marketing practices affected the performance of SMEs in Nairobi County, Kenya as proven by an aggregate mean score of 4.5997 and a standard deviation of 0.5064.

#### **4.5 Inferential Analysis**

This section presents the findings of the correlation and regression studies. Correlation analysis was conducted to assess the impact of correlation, whereas regression analysis was utilized to ascertain the connection between the study variables.

##### **4.5.1 Correlation Analysis**

This section contains a review of the correlation seen between the study variables.

The results are documented in Table 4.7.

**Table 4.7: Correlations**

		Search Engine Marketing	Content Marketing	Data- Driven Marketing	Social Media Marketing	SMEs Performance
Search Engine Marketing	Pearson Correlation	1	.675**	.543**	.834**	.189*
	Sig.(2-tailed)		.000	.000	.000	.001
	N	221	221	221	221	221
Content Marketing	Pearson Correlation	.675**	1	.664**	.740**	.144
	Sig.(2-tailed)	.000		.000	.000	.000
	N	221	221	221	221	221
Data-Driven Marketing	Pearson Correlation	.543**	.664**	1	.612**	.107
	Sig.(2-tailed)	.000	.000		.000	.000
	N	221	221	221	221	221
Social Media Marketing	Pearson Correlation	.834**	.740**	.612**	1	-.045
	Sig.(2-tailed)	.000	.000	.000		.001
	N	221	221	221	221	221
SMEs Performance	Pearson Correlation	.189*	.144	.107	.045	1
	Sig.(2-tailed)	.001	.000	.000	.001	
	N	221	221	221	221	221

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

\* . Correlation is significant at the 0.05 level (2-tailed).

**Source Field Data (2024)**

The findings in Table 4.7 above exhibits the link between study variables. The findings suggest that SMEs performance of search engine marketing ( $r = 0.189$ ,  $p = .001$ ), Content marketing ( $r = 0.144$ ,  $p = .000$ ), data driven marketing, ( $r = 0.107$ ,  $p = .000$ ) and social media marketing ( $r = 0.045$ ,  $p = .001$ ). This suggests that any change in digital marketing practices will result to a corresponding change in performance of SMEs.

#### 4.5.2 Regression Analysis

Regression analysis was employed to ascertain the impact of digital marketing strategies on the performance of SMEs in Nairobi County, Kenya. The model summary, ANOVA, and coefficient analyses are exhibited in Tables 4.8, 4.9, and 4.10, respectively.

**Table 4.8: Model Summary**

Model	R	R – Squared	Adjusted R – Squared	Std. Error of the estimate
1	.917 <sup>a</sup>	.715	.821	.26190

a. Predictors: (Constant), Social Media Marketing, Data-Driven Marketing, Content Marketing, Search Engine Marketing

#### Source Field Data (2024)

The correlation coefficient (R) and adjusted R-squared value of the coefficient of determination are displayed in the model summary above. The R-value of 0.917 signifies a robust correlation between the variables. The adjusted R-squared value of 0.715 suggests that for SMEs in Nairobi County, Kenya, alterations in social media marketing, data-driven marketing, content marketing, and search engine marketing accounted for 71.5% of the variance in their performance. The remaining 28.5% is attributable to additional factors not accounted for in the model of this study.

**Table 4.9: ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Squar	F	Sig.
1	Regression	91.239	4	25.310	54.515	.002 <sup>b</sup>
	Residual	411.866	213	2.069		
	Total	493.105	217			

a. Dependent Variable: Performance of SMEs

b. Predictors: (Constant), Social Media Marketing, Data-Driven Marketing, Content Marketing, Search Engine Marketing

#### Source Field Data (2024)

The F statistic is 54.515, and the p value is 0.0000.05, as illustrated in Table 4.9. This indicates that the research model predicted the dependent variable with statistical significance (an exceptional fit). This substantiates the notion that the performance of SMEs in Nairobi County is influenced by digital marketing practices.

**Table 4.10: Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.705	.194		2.845	.000
1 Search Engine Marketing	.544	.070	.464	5.498	.001
Content Marketing	.397	.171	.162	6.372	.002
Data-Driven Marketing	.427	.255	.249	3.488	.000
Social Media Marketing	.466	.180	.193	5.333	.001

a. Dependent Variable: Performance of SMEs

**Source Field Data (2024)**

The model adopted was:

$$Y=0.705+0.544X_1+0.397X_2+0.427X_3+0.466X_4$$

Whereby:

Y = Organizational Performance

X<sub>1</sub> = Search Engine Marketing

X<sub>2</sub> = Content Marketing

X<sub>3</sub> = Data Driven Marketing

X<sub>4</sub> = Social Media Marketing

Table findings 4.10 shows that search engine marketing had a beneficial and noteworthy effect on the performance of SMEs in Nairobi County ( $\beta = 0.544$ ,  $p < 0.05$ ). This infers that SMEs in Nairobi County will experience a 0.544 improvement in performance for every unit increase in search engine marketing.

The study findings agree with Ndung'u and Mutinda (2022) analysis on the effect of search engine marketing on the performance of Kenya's Top 100 SMEs which discovered that search engine marketing significantly impacted the success of Kenya's top 100 SMEs.

The results further demonstrate that content marketing has an important and beneficial effect on the performance of SMEs in Nairobi County ( $\beta = 0.397$ ,  $p < 0.05$ ). This means that increasing the content marketing by one unit would result in a 0.397 improvement in the SMEs in Nairobi County.

The study outcomes concur with those of Hasan (2021) who studied digital marketing concepts and the influence of social-media on e-promotion and organizational success in India and suggested that social media use in particular has a significant impact on organizational performance of businesses.

The findings also demonstrated that data driven marketing had a beneficial and noteworthy effect on the performance of SMEs in Nairobi County ( $\beta = 0.427$ ,  $p < 0.05$ ). Consequently, a single increment in content marketing would result in a 0.427 rise in the effectiveness of SMEs in Nairobi County.

The findings are similar to Tripathi (2019) research on Large DD Marketing Enabled Business Performance which showed that data-driven marketing has improved the campaign's performance and, to a considerable extent, placed the business closer to the behaviours and expectations of the target market.

Lastly, the findings also demonstrated that social media marketing had a favorable and considerable effect on the performance of SMEs in Nairobi County ( $\beta = 0.466$ ,  $p < 0.05$ ). This means increasing the implementation of content marketing by one unit

would result in a 0.466 improvement in the performance of small SMEs in Nairobi County.

The discoveries concur with those of Muchuki (2017) who researched on the impact of social media marketing on churches, with a specific focus on the PCEA Evergreen Church in Nairobi. Based on the research, social media marketing has considerable contributions to growth, brand exposure, and customer happiness of PCEA Evergreen Church.

In summary, it can be deduced that digital marketing practices had a favorable and substantial effect on the success of small and medium enterprises in Nairobi County.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter offers a concise overview of the results, recommendations, and conclusions. This is accomplished according to the objectives of the research. The chapter further provides suggestions for further study.

#### **5.2 Summary of Findings**

The primary aim of the research was to determine the impact of digital marketing practices on the performance of SMEs in Nairobi County. This study is based on four objectives, namely: to determine the effect of search engine market, content marketing, data driven marketing and social media marketing on performance of SMEs in Nairobi County. Data was gathered from SMEs in the CBD of Nairobi City County via the utilization of a well-organized questionnaire. Subsequently, descriptive data analysis was done, along with the use of inferential analysis. Below is the synopsis of the findings.

The first research goal was to ascertain the effect of search engine marketing on performance of SMEs in Nairobi County. The researcher found that Pay-per-click was effective based on cost since most businesses only paid when a user visited their website. Pay-per-click enabled their companies to choose its audience according to demographics such as location, language and device. Search engine optimization facilitated the acquisition of more clients for the firm through organic search and it also allowed companies to provide a reliable digital experience for clients. Paid search advertising enabled the organization to have flexibility in making

adjustments since it also allowed the companies to measure results for each ad, each keyword, and even each user.

The second goal of the research was to ascertain the effect of content marketing on performance of SMEs in Nairobi County. The findings suggested that most firms advertised their products using newsletters which were readily accessible to their clients and that these firms used recordings such as digital files, audio and video files. Podcasts used were effective in reaching many customers. Most of businesses used video contents in YouTube which were readily accessible by their clients to advertise their products.

The third goal of the research was determining the impact of data driven marketing on performance of SMEs in Nairobi County. The study results indicated that most businesses used customer driven content to reach most of their customers in the market which was effective way in ensuring more customers are reached. Most businesses do product feature update in their website pages and that they employed accurate and vibrant information that create a visual representation in the reader's imagination and evoke sensory experiences. These firms were considerate to their customers when creating the descriptive contents and that audiences were key in developing the advert contents in their sites.

Lastly, the fourth research objective was to ascertain the effect of social media marketing on performance of SMEs in Nairobi County. According to study findings, most companies had an account on all major social media sites which had led to Increases Company's performance. Social media growth rate was evidenced in these companies as evidenced in all their products. The companies were able to reach more clients after the initiation of social media marketing and that the number of customers

and outreach level have exponentially increased after adoption of social media marketing.

### **5.3 Conclusion**

The study came to a conclusion that most business were able to operate on cheaper cost since they only paid when a user visited their website. They were to choose its audience according to demographics such as location, language and device. Most businesses were able to acquire more clients for the firm through organic search which also allowed companies to provide a reliable digital experience. Majority of firms were able to have flexibility in making adjustments since search engine allowed them to measure results for each ad, each keyword, and even each user.

The study concluded that most firms advertised their products using newsletters and that they also used recordings such as digital files, audio and video files. Podcasts used were effective in reaching many customers. Businesses used video contents in YouTube which were readily accessible by their clients to advertise their products.

The study concluded that businesses used customer driven content to reach most of their customers in the market which was the most effective way of reaching them. They also did product feature update in their website pages and also employed accurate and vibrant information that created a visual representation in the reader's imagination and evoke sensory experiences. These firms were considerate to their customers when creating the descriptive contents and that audiences were key in developing the advert contents.

Lastly, the study came to a conclusion that most companies had an account on all major social media sites which led to increases company's performance. Social media growth rate was evidenced in these companies. The companies were able to reach

more clients after the initiation of social media marketing and that the number of customers and outreach level had exponentially increased after adoption of social media marketing.

#### **5.4 Recommendations**

The study recommended that these organizations should prioritize achieving high search engine rankings for their website and ensuring that the website is easily accessible. This would improve the general performance of the agencies. The study indicates that using the Internet to acquire a significant share of the market may enhance website performance and increase revenue. They may also need administrative support in addition to SEO marketing analytics.

The study recommended that organizations, regardless of their overall effectiveness in content marketing, should prioritize the creation of an audience. Analyze the coherence and retention of their ideas to enhance their overall effectiveness. The companies should strive to enhance their efficiency in producing content. In most instances, efficiency may be improved by using practical work methods. Companies should ensure that they have reasonable expectations about the potential achievements of content marketing. This may be achieved by setting practical objectives that take into account factors such as the company's size, level of management commitment, business type, total addressable market, competitive landscape, and available resources.

The study recommended that businesses should give priority to conversion rather than leads. In the current market, this involves analyzing data to identify the specific locations where prospective clients allocate their time, and then tailoring relevant material to target them. Businesses must engage in thorough due diligence and

extensive research to guarantee that their investment will provide profitable returns over an extended period of time. Companies must guarantee that each individual client has a uniform and unified purchasing experience, regardless of the platform or channel they choose.

The study recommended that organizations should determine the social media platform on which their target audience allocates the most amount of time. Maximize the use of live videos, since they are gaining significant popularity among companies seeking to actively involve their customers. Compose a narrative that facilitates the establishment of a sentimental connection between the brand and its intended audience. In order to enhance the prominence of their brand, firms should use the suitable hashtag.

### **5.5 Suggestions for Further Studies**

The current study was on how digital marketing practices influence on performance of SMEs in Nairobi County. The digital marketing strategies studied included; search engine marketing, content marketing, data driven marketing and social media marketing. Therefore, the study proposes that a different study should be done that focus on other variables not studied. In addition, it is suggested that another study can be done that focus on other SMEs in other counties apart from Nairobi.

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## **APPENDICES**

### **APPENDIX I: COVER LETTER**

Calvin Omondi Otieno  
Kenyatta University.

Dear Respondents,

#### **Re: Introduction Letter**

I am a MBA (Marketing Option) at Kenyatta University. As prerequisite to graduate with a Master degree, we are supposed to do a project in the area of our specialization.

My project title is; digital marketing practices and performance of SMEs in Nairobi City County, Kenya. Please complete the enclosed questionnaire with utmost honesty.

The supplied information will be utilized solely for scholarly reasons.

**Yours Faithfully**

**Calvin Otieno**

## APPENDIX II: QUESTIONNAIRES

The attached questionnaire collects data relating to digital marketing practices and performance of SMEs in Nairobi City County, Kenya. Use a tick to fill the questionnaire attached.

### SECTION A: BIO DATA

1. Gender

Male[] Female[)

2. What's your highest educational level

Primary[) Secondary[) Diploma[)

Undergraduate[) Postgraduate[)

Other Specify.....

3. Indicate the sector you operate in.

Retail[) Transport[) Hospitality[)

Pharmaceuticals & Health Services[) Real Estate[)

Entertainment[) Technology[)

## SECTION B: SEARCH ENGINE MARKETING

The questions under this section relate to search engine marketing. Fill in the questions in this table using the key

5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree

	<b>Assertion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Pay-per-click is effective based on cost because businesses only pay when a user visits their website					
2	Pay-per-click enables our company to choose its audience according to demographics like location, language and device					
3	Search engine optimization facilitates the acquisition of more clients for the firm via organic search.					
4	Search engine optimization allows companies to provide a reliable digital experience for clients.					
5	Paid search advertising enables the organization to have flexibility in making adjustments.					
6	Paid search advertising allows the company to measure results for each ad, each keyword, and even each user.					

### SECTION C: CONTENT MARKETING

The questions under this section relates to content marketing. Fill in the questions in this table using the key in section B above

	<b>Assertion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	We advertise our products using newsletters					
2	Newsletters are readily accessible to our clients					
3	We use recordings such as digital files, audio and video files					
4	The podcasts used are effective in reaching many customers					
5	We use video contents in Youtube to advertise our products					
6	The video contents are readily accessible by our clients					

## SECTION D: DATA-DRIVEN MARKETING

The questions under this section relates to data-driven marketing. Fill in the questions in this table using the key in section B above

	<b>Assertion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	We mostly use customer driven content to reach most customers in the market					
2	The customer driven contents are effective in ensuring more customers are reached					
3	We do product feature update in our website pages					
4	We employ precise and vivid details that create a visual representation in the reader's imagination and evoke sensory experiences.					
5	We are considerate to our customers when creating the descriptive contents					
6	Audience are key in developing the advert contents in our sites					

## SECTION E: SOCIAL MEDIA MARKETING

The questions under this section relates to social marketing. Fill in the questions in this table using the key in section B above

	<b>Assertion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	The company has an account on all major social media sites.					
2	The firm's content performance has been on the increase					
3	The social media growth rate was evidenced in our SME					
4	The growth rate of the social media was evidenced in all the products					
5	We were able to reach more clients after the initiation of social media marketing					
6	The number of customers and outreach level have exponentially increased after utilization of social media					

## SECTION F: SMES PERFORMANCE

The questions under this section relates to SMEs performance. Fill in the questions in this table using the key in section B above

	<b>Assertion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	The firm's revenues have seen a surge due to the adoption of digital marketing strategies.					
2	There has been an enormous spike in the consumer base.					
3	The deployment of digital marketing has led to an enhancement in customer service.					
4	We have seen a growth in our market share.					
5	The profitability of the company has risen.					
6	Our organization achieves a high level of competitiveness via the adoption of digital marketing strategies.					
7	The level of customer loyalty has increased.					
8	The efficiency of our client management has been enhanced by the implementation of digital marketing strategies.					

## APPENDIX III: APPROVAL LETTER



KENYATTA UNIVERSITY  
GRADUATE SCHOOL

E-mail: [dean-graduate@ku.ac.ke](mailto:dean-graduate@ku.ac.ke)

Website: [www.ku.ac.ke](http://www.ku.ac.ke)

P.O. Box 43844, 00100  
NAIROBI, KENYA  
Tel. 810901 Ext. 4150

Internal Memo

FROM: Executive Dean, Graduate School

DATE: 18<sup>th</sup> March, 2024

TO: Calvin Omond Otieno  
C/o Business Administration Dept.

REF: D53/OL/CTY/26023/2019

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 13<sup>th</sup> March, 2024 approved your Research Project Proposal for the M.B.A Degree Entitled, "Digital Marketing Practices and Performance of Small and Medium Enterprises in Nairobi City County, Kenya".

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking and progress report Forms per semester. The Forms are available at the University's Website under Graduate School webpage downloads.

Also, please ensure that you publish article(s) from your project before submitting it to Graduate School for examination as per the Commission for University Education and Kenyatta University guidelines.

Thank you.

**ANNBELL MWANIKI**  
**FOR: EXECUTIVE DEAN, GRADUATE SCHOOL**

c.c. Chairman, Business Administration.

Supervisors:

1. Dr. John Mutinda  
C/o Department of Business Administration  
Kenyatta University

AM/dm

## APPENDIX IV: NACOSTI PERMIT

 REPUBLIC OF KENYA	 <b>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY &amp; INNOVATION</b>
RefNo: 114334	Date of Issue: 08/April/2024
<b>RESEARCH LICENSE</b>	
	
<b>This is to Certify that Mr.. Calvin Omondi Otieno of Kenyatta University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: <b>DIGITAL MARKETING PRACTICES AND PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN NAIROBI CITY COUNTY, KENYA</b> for the period ending : 08/April/2025.</b>	
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