

CUSTOMER ANALYSIS STRATEGIES AND PERFORMANCE OF SMALL-SCALE TRADING ENTERPRISES IN KENYA: A SURVEY OF NAKURU, NYANDARUA AND KITUI COUNTIES

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Abstract

Trading enterprises contribute significantly to the economic competitiveness of the country, however, their sales performance has been remarkably low forcing some of them to struggle or go out of business altogether. One of the reasons why these businesses fail is their inability to capture the market. The study, therefore, sought to examine the influence of customer analysis strategy on sales performance of small-scale trading enterprises in Kenya focusing on Nakuru, Nyandarua and Kitui counties. It specifically focused on the influence of customer information, product knowledge, brand knowledge and customer decision-making on sales performance of the trading enterprises. The study was guided by the Customer Engagement Marketing Theory. The study adopted a descriptive exploratory research design targeting 397 randomly selected small scale trading enterprises in Kenya focusing on Nakuru, Nyandarua and Kitui Counties. Data was collected using pretested questionnaires. The results were analyzed using both descriptive involving frequencies, percentages while multiple regression was used for inferential statistical methods. The results revealed that Customer Information abstraction significantly influenced sales performance in Nakuru and Kitui Counties. Customer Decision-Making was significant in Nakuru County while Brand Knowledge played a significant role sales performance of trading enterprises in Nyandarua County. The sales performance of Kitui County trading enterprises was also significantly influenced by Product Knowledge and Brand Knowledge. These results suggest that customer engagement strategies were not necessarily the same across the three counties. The businesses, therefore, need to focus on discovering customer tastes and develop unique ways of delivering products and services to customers.

Keywords: Brand knowledge, Customer analysis, Customer information, Customer decision-making, Product knowledge, Sales Performance, Trading enterprises

Introduction

Most countries in the world are increasingly recognizing the growing influence of small -scale private businesses or trading enterprises on their economic success stories. Businesses provide employment and revenue for the government and citizens, thus, leading to economic stability and prosperity for the country. Consequently, economic planners have realized the importance of private sector and especially trading enterprises in spurring rapid economic development (Cordoza et al., 2016). World over, trading enterprises make up to 90% of businesses and account for between 50 to 60 % of employment (European Central Bank, 2014). The integration into the global economy through opening of markets and finances for trading enterprises is seen as the best way to overcome poverty and inequality (Yesseleva, 2013). As a result, many governments and development organizations have focused on the promotion of businesses as a way of encouraging broader participation in the private sector. For instance, according to Rowe (2008) businesses are the backbone of the British economy. This was also confirmed by the

United Kingdom (UK) Department of Business (2010), Enterprise, and Regulatory Reform and Cambridge Centre of Business Research, which found out that the UK economy was 99% businesses, employing 14.23m people, out of a working population of approximately 30 million. In terms of UK turnover and Gross Domestic Product (GDP), UK small businesses account for 1.48 trillion sterling pounds. Large UK Corporations of 250 employees and over account for 52% of employment and 50.8% of UK turnover, thus the UK economy is largely supported by businesses (Shoal, 2010). In Similarly, in the Far East, small businesses are proving to be the backbone of Singapore's economy, contributing 47% of the country's GDP and generating 62% of available jobs (Chan, 2011). In Africa, SMEs are the mainstay of the economy, for example, in Kenya, there are about 7.41 million small scale businesses. However, only 1.56 million are licensed (GoK Economic Survey., 2018). With this low formalization of their operations, marketing activities are relegated to the periphery.

While the trading enterprises are contributing significantly to the economic competitiveness of the country (Robson, & McCartan 2016), however, the sales performance of the trading enterprises has been remarkably low forcing them to go out of business altogether. Competition is stiff within the small and medium enterprises and product performance has not been effective compared to the last decade. the challenge currently being faced is how small and medium enterprises marketers respond by creatively introducing small and medium enterprises policies, instruments and marketing techniques to serve as a basis for the country's sustained economic development (Muola, 2017). According to Bowen, Morara and Mureithi (2009), majority of the small trading enterprises (TE) fail to make it to their first anniversary of operations. Even for those that remain, they face an uphill task in realizing sales performance in an increasingly competitive business environment (Anyadike-Danes *et al.*, 2013; Nteere, 2012). Moreover, most of them do not grow to become corporates due to low sales performance (Owiye, 2018). One of the reasons why these businesses fail is their inability to capture the market (Bowen *et al.*, 2009). The marketing problems facing these businesses include finding and retaining customers, relying too much on walk in customers, sourcing the right products from the right suppliers, advertising their businesses, compliances among others (Wambugu, 2012). From a marketing perspective, the small businesses are unable to compete with corporates due to the limited marketing strategy to guide them in exploiting the newly emerging markets brought by globalization (Rubio & Aragon 2009). A sales performance model was developed by Paley (2015) who postulates that a good marketing strategy should be drawn from market research and focus on the right product mix in order to achieve the maximum profit potential and sustain the business. It involves taking a critical look at the firm's customer behaviour, understanding of the existing and potential markets/customers, analysis of the competitor activities, understanding the most economic but efficient route to the market (logistics), careful blending of the elements of the marketing mix, evaluation of economics to see whether it makes business

sense and continual revision of the marketing strategy to accommodate contingencies. This study focuses on the customer analysis aspect since all sales begin and end with the interaction of the customer and the businesses.

Customer analysis concerns with and not limited to the following; How much of customer details do small scale businesses gather? How do they track changing customer tastes and preferences? How much of customer value do they get? How do they identify what brands customers look for and how do they satisfy their customers? (Lam et al. 2013). Theoretically, customer value is considered as to be an important constituent of a successful business-customer relationship and the ability of a business to provide superior value to its customers is regarded as successful competitive strategy (Peighambari, Sattari, Kordestani & Oghazi, 2016). A satisfied customer will show a strong tendency to be loyal and repeat the purchase of the goods or services, and thus increase a firm's market share and profits, which signifies its significance to successful competition in customer-centred arena (Hansemark & Albinsson, 2004). A customer-based strategy would go a long way in increasing sales performance of any organization. This is because it will be based on insights about the customer. It can help understand customer wants and needs (Lam et al. 2013; Olson 2013), the cost customers incur to purchase goods (Choi et al. 2014), the convenience of ~~ding~~ getting the right goods (Owiye, 2009), effective communication between the buyer and seller (Oualid 2016). Previous research in Kenya has, however, not explored the issue of customer analysis in relation to sales performance of the firm.

Further, while they are the lowest levels of distribution for major corporates and connects well with the local customer due to proximity, credit arrangements and use of local market days to reach out to the customers, they rarely invest in formal marketing activities. The sales performance of the trading enterprises has been remarkably low owing to the fact that access to new local market declined for financial year 2018-2019 which can be explained from both demand and supply factors. From a demand perspective; the purchasing power of consumers has been weak attributed to loss of jobs, credit access challenges due to interest rate cap and competition from cheap imports. Evidently, marketing interventions, such as, customer analysis, could have significant sales performance impact on the sales performance of the SMEs when leveraged upon. Therefore, the small trading enterprises need to leverage on marketing skills to enable them survive the increasing attrition rate in the ever competitive business environment. However, the effects of these marketing strategy elements on sales performance of small-scale trading enterprises remain unknown. Previous studies done on sales performance of business in the country such as Waithaka.(2016), Muola (2017), Chepkwony (2018), Wilson and Makau (2018) and Mua and Anyieni (2019) did not link customer analysis with sales performance of the small businesses. Therefore, the study sought to examine the influence of customer analysis

strategy on sales performance of small-scale trading enterprises in Kenya focusing on Nakuru, Nyandarua and Kitui counties.

In Nakuru County, the population has been on a steady increase since the post-election violence of the year 2007/2008 therefore triggering a rapid expansion of the small scale trading enterprises. However, this change in demographic patterns has not necessarily translated to improved sales performance of businesses many of which have since closed or are performing poorly or have downsized their operations (Mua & Anyieni, 2019). According to Waithaka (2016), Nyandarua County has a great potential for economic growth as most members are SME owners and farmers, however, for majority of the SMEs owners there are still significant market access challenges for their produce that affects the sale performance of their businesses leading some to diversify in order to get better returns. Kitui consists of a very young population 30 percent of the total population is between 15-34 years. Given the low formal employment prospects in the county, majority are engaged in business. The main economic activities include agriculture, small scale trading and commercial business (Wairimu, 2015). However, the SMEs in the area still register poor returns especially in terms of sales performance. The choice of the three counties of Nakuru, Nyandarua and Kitui was, thus, informed by their well-diversified demographics and the different business operating environments which were unique to the counties. Given the important economic role small scale trading enterprises play in the country, understanding the marketing factors affecting them through research is an imperative for both practice and policy especially in regard to strengthening the national socio-economic blueprints such as the Vision 2030.

Research Objectives

- i. To examine the influence of customer information on sales performance of small-scale trading enterprises in Kenya.
- ii. To determine the influence of product knowledge on sales performance of small-scale trading enterprises in Kenya.
- iii. To assess the influence of brand knowledge on sales performance of small-scale trading enterprises in Kenya.
- iv. To find out the influence of customer decision-making on sales performance of small-scale trading enterprises in Kenya.

Literature Review

Introduction

Customer characteristics are important and refers to geographical distribution, frequency of purchase, average quantity of purchase and numbers of prospective customers. Customer value is considered as to be an important constituent of a successful business-customer relationship

and the ability of a business to provide superior value to its customers is regarded as successful competitive strategy. Researchers Peighambari et al., (2016) see customer value as utility of service based on the perception of what is received and what is given. Some define it as the customer's perception of value representing a trade-off between the quality or benefits, they receive in the product and the sacrifice they perceive in paying the price. Customer value is a strategic weapon in attracting and retaining customers and has become one of the most significant factors in the success of both manufacturing businesses, trading\ and service providers.

By adding more value to the core product (the product quality is improved, supporting services are included into the offering, etc.) companies try to improve customer satisfaction so that the bonds are strengthened and customer loyalty thereby achieved. Traditionally customer value was defined and understood in terms of product/service quality and low prices. But today this is changing because of commoditization and shorter life cycle of products/services. Business is continuously searching and exploring different ways to provide customer value (Wang et al., 2004). Delivering superior customer value has become an ongoing concern in building and sustaining competitive advantage by driving customer relationship management (CRM) sales performance (Kardes et al, 2011).

Consumer Information

Researchers characterize CRM as an integrated approach to managing customer relationships with re-engineering of customer value through better service recovery and competitive positioning of the offer. It can help organizations deliver the highest value to customers through better communication, faster delivery, and personalized products and services. Since a large percentage of customer interactions will occur on the Internet rather than with employees. Customer satisfaction is also influenced by customer value. Some researchers see these two terms as interrelated as customer value contributes to an improvement in customer satisfaction and customer satisfaction is a consequence of unique customer-perceived value (Harrigan, Ramsey & Ibbotson, 2012). A satisfied customer will show a strong tendency to be loyal and repeat the purchase of the goods or services, and thus increase a firm's market share and profits, which signifies its significance to successful competition in customer-centred era. Furthermore, it is likely that a satisfied customer will spread positive word of mouth among his or her acquaintances. A CRM strategy can provide high level of satisfaction by optimizing the business processes and making every interaction with the customer more customer centric (Hansemark & Albinsson, 2004).

Yawson (2020) carried out a study on understanding consumer information use in small businesses focusing on the determinants and performance outcomes in Kent, England. Using

qualitative and quantitative approaches focusing on 120 SMEs in the agri-food industry in the North West of England, determinants of consumer information utilisation were identified as information functional and technical qualities, interaction between provider and user, and the market environment. The results illustrate that, in the right circumstances consumer information influence SME performance. In addition, in small business application of consumer information in policy and strategy enhanced financial outcomes, improvements in new products and processes and decision-making ability. Also, there is a level of consumer information utilisation in policy and strategy which is purely for symbolic purpose. Nonetheless, consumer information for knowledge-enhancement improves decision-making ability. However, this particular study while giving important findings on customer information use by SMEs focused on SMEs in the agri-food industry and not trading enterprises in general where the diversity of products modify customer preferences.

Product Knowledge

Product knowledge is the customer's perception of a certain product based on their previous experience in using that product (Sanggor et al., 2018). Product knowledge summarizes how customers feel about the product including every direct or indirect experience they have had with the product. Product knowledge can change customer opinion of a certain product and the way he/she uses that product; however, it does not make the customer shift to alternative products (Salazar-Ordóñez et al., 2018). Customers with high product knowledge have better memory, recognition, and analysis of products than customers with low product knowledge (Sanggor et al., 2018). If individuals have more knowledge of certain products, then they will purchase the products (Le et al., 2017).

Xu, Benbasat and Cenfetelli (2011) examined the effects of service and consumer product knowledge on online customer loyalty in Canada. The study used an experimental design and adopted the measures for service quality, sacrifice, and service outcome from scales validated in prior studies. Service quality was measured with a three-item scale adopted from leading service marketing studies because direct measures of overall service quality serve as better predictors of behavioral intentions than an index of service quality computed from measured dimensions of SERVQUAL. The empirical results indicated that; customer loyalty increases with higher perceived service quality, lower perceived sacrifice, and better perceived service outcome; service quality and sacrifice influence service outcome; customer product knowledge negatively moderates the relationship between service quality and online customer loyalty and positively moderates the relationship between sacrifice and customer loyalty, and; live help technology enhances service quality and reduces sacrifice (Xu et al., 2011). These findings support the theoretical importance of including sacrifice and service outcome (parallel with service quality) as antecedents of online customer loyalty. The study also advanced the theoretical

understanding of what service process consists of and how the service process (i.e. service quality and sacrifice) influences service outcome.

Al Idrus, Abdussakir, Djakfar and Al Idrus (2021) assessed The effect of product knowledge and service quality on customer satisfaction in Indonesia. The objective of this research was to reveal the contribution of product knowledge and service quality to customer satisfaction with competitive advantage as the mediation variable. This research used a quantitative approach. The causal relationship across variables was examined with Structural Equation Modeling-Partial Least Squares (SEM-PLS). The sample of this research involved 140 respondents. Data was collected through a questionnaire and the items in the questionnaire were processed with a software called SmartPLS version 3.3.2. Results of the research indicated product knowledge and service quality can increase competitive advantage and customer satisfaction in East Java SMEs; competitive advantage can act as a mediator in the effect of service quality on customer satisfaction, and; product knowledge can increase customer satisfaction but the increase is not significant statistically.

Brand Knowledge

Huang and Sarigöllü (2014) investigated how brand awareness relates to market outcome, brand equity, and the marketing mix. Brand awareness construct was measured using four types of measures; namely, brand performance, brand image, brand judgment, and brand feelings. A consumer-packaged goods company provided the brand awareness and brand equity data. This company tracked 11 important brands in a consumer-packaged goods category for household use in the United States. The sales revenue of the 11 brands constitutes around 90 percent of the total category sales in the U.S. during the data collection period, from January 2004 to December 2006. The data collected through the questionnaires was analyzed using the descriptive statistics. Results revealed consumers' brand usage experiences contribute to brand awareness, implying experience precedes awareness in some contexts. The results also confirm positive association between brand awareness and brand equity. Lastly, the current work demonstrates the importance of distribution and price promotion in building brand awareness in a consumer-packaged goods category.

Zhang (2020) assessed the influences of brand awareness on consumers' cognitive process using an event-related potentials study in China. Using event-related potentials (ERPs), the influences of two different brand awareness on consumers' cognitive process was investigated. Phone pictures with high or low brand awareness and girl pictures were used to carry out this experiment research. An amended oddball task was designed in which girl photos were taken as target stimuli, and phone pictures were taken as non-target stimuli. Subjects were asked to identify the girl pictures. Smaller ERPs components N2 and P3 along with high brand

awareness phone pictures were found compared to the low brand awareness ones. The amplitude variation in N2 and P3 indicated that the cognitive process of identification and attention distribution were changed along with the magnitude of brand awareness, which meant consumers could allocate different attention resources to distinguish high or low brand awareness product unconsciously. This may indicate the identification and attention distribution caused by brand awareness can be detected by N2 and P3, and event-related potentials methodology may be a sensitive measurement technique for brand awareness.

Kilei, Iravo and Omwenga (2016) investigated the impact of brand awareness on market brand performance in the services sector within the context of a developing economy, in particular the banking industry in Kenya. The study was necessitated by lack of empirical evidence from a developing economy's context linking brand awareness measures from the perspective of the customer and brand market performance measures from the brand managers' perspective. The study adopted a positivist, quantitative research design, with cross-sectional field survey data collection method. Data were collected from stratified, randomly selected sample of 347 consumers of financial services of 35 commercial banks in Kenya and 35 senior managers of these banks. Correlation analysis was conducted to investigate the impact of brand awareness variables on market brand performance. The study found that brand recall and brand recognition are positively and significantly correlated, and that brand recall and overall brand awareness are significant predictors of market brand performance. However, brand recognition has no significant correlation with market brand performance. These results suggested that marketing/brand managers should continue to develop and implement effective brand awareness campaigns in order to attract and enhance consumers' attention towards their brands and thus enhance market brand performance.

Customer Decision-Making

Consumers are people who buy or use the product to meet their needs and desires. In modern society, consumer decisions occur based on the impact of advertising. In any given marketing situation, the advertisers and marketers continuously try to understand the mindset of consumers, motivators and environmental situation of consumers (Keegan & Rowley, 2017). It is not so easy because the factors influencing consumer behavior, set, and they are constantly changing. To identify them accurately, requires knowledge of the subjects like psychology, sociology and anthropology, which are conducted on the basis of fundamental research of consumer behavior and preferences of the audience (Olson & Reynolds, 2001). Understanding the consumer decision making process is key to identifying marketing challenges and opportunities. It's important to align marketing efforts with the steps customers undertake to decide what to buy. This is true both for B2C and B2B products and services (Hutt, Sharma & Speh, 2014). A business can have the most compelling ad or point-of-sales collateral, but it will

go to waste if the information is not available where and when the customer is ready to process it. Consumers are complicated! Marketers traditionally look at the consumer decision making process in terms of five steps that start with a problem-solving task and end with a decision. These five steps are; Problem recognition, Information search, Evaluate Alternatives, Product Choice and Post-purchase Evaluation (Sornsri, 2018). This perspective actually dates back to 1910, when John Dewey proposed a sequential approach to decision making in general. These steps were integrated into the seminal Howard Sheth model of buyer behavior in 1969, and this model has been the foundation for traditional thinking about consumer decision making since that time (Shankar, Inman, Mantrala, Kelley & Rizley, 2011).

Chiou, Hsiao and Su (2014) study in Taipei, Taiwan sought to determine between professional and consumer commentators whose online reviews have the most influences on consumers in cultural offerings. The study used a 2 (cultural offerings: elite vs mass) 2 (commentators: professional vs consumer) between-participants factorial design to examine the proposed hypotheses. A total of 195 participants were randomly assigned to one of four experimental cells. Through the ANOVA results, the study found that the credibility of online cultural reviews is significantly higher for professional commentators than for consumer commentators across both elite and mass cultural offerings. Furthermore, the results confirm that there is a significant cultural offering type by commentator interaction on a consumer's offering evaluation, overall attitude, and behavioral intention. These findings demonstrated that perceived trust directly and positively influences customer satisfaction and customer loyalty. This aspect was strengthened by Lin and Wang (2006) whose study on implementation of customer relationship management in China small scale businesses concluded that trusting beliefs could lead to customer satisfaction, which, in turn, influences customer loyalty.

Njuguna (2018) carried out a study on the influence of e-marketing on consumer buyer behaviour in supermarkets in Nairobi County. This research aimed to find out the influence of e-marketing on consumer buyer behavior in supermarkets in Nairobi County. The study adopted descriptive cross-sectional study. The study utilized population of all supermarkets in Nairobi County. The research depended on data from primary sources that was gathered through the use of structured questionnaires. The study found out that social media, online marketing and email marketing positively influenced consumer buyer behavior. The study concludes that inquiries were received via social media about new and existing product. Promotions done via Social Media led to increased sales in supermarkets. Supermarkets had many site visits once a product has been launched. Online marketing attracted more customer and customers perceived online marketing as convenient mode of transaction. Use of email helped in customer retention and customer provided feedback on the email sent.

Theory of Customer Engagement Marketing

The theory of customer engagement marketing was developed by Harmeling, Moffett, Arnold and Carlson (2017). Defining customer engagement as behaviors outside the core transaction also has the benefit of clearly distinguishing the concept from behavioral loyalty (i.e., repeat purchases) and other transaction-focused behaviors frequently studied in marketing (Dick & Basu, 1994). The question thus remains, how can firms strategically guide customer engagement in ways that benefit their performance? Engagement marketing represents the firm's deliberate effort to motivate, empower, and measure a customer's voluntary contribution to its marketing functions, beyond a core, economic transaction (i.e., customer engagement). It actively enlists customers to serve as pseudo-marketers for the firm. Effective engagement marketing can reduce acquisition costs, promote customer-centric product innovations, and enhance post-purchase service quality (Malthouse et al. 2013; Nambisan, 2002). It can provide a means to monitor behaviors outside the core transaction, to capture a more holistic view of the customer and more accurate measures of customer value (Kumar 2013), as well as enhancing customer satisfaction, loyalty, and, ultimately, firm performance (Ranjan & Read, 2016; Rapp et al. 2013). Engagement marketing aims to improve the customer trajectory, but there may be unintended effects too. It could disrupt existing mechanisms that facilitate repurchase behaviors, such as habit, dependence, or relational loyalty (Henderson et al. 2014).

In summary, the marketing environment has radically transformed into one in which the customer can exert influence over more marketing functions than ever before, altering the requirements for competitive success (Kumar & Pansari, 2016). These conditions create the need for engagement marketing, or a firm's deliberate efforts to motivate, empower, and measure customer contributions to the firm's marketing functions beyond the core, economic transaction. In this study, the customer engagement marketing theory was useful in analyzing how the firms engage with an already empowered customer to ensure that the customer is willing to do business with them. The theory's focus was exclusively on engagement while it is possible and often true that in a competitive business world, business rivals resort to similar or different tactics and resources at their disposal to attract the customers from their competitors. However, the customer engagement theory could not answer the question of the competitor behavior and their resource advantage. Hence, the Resource-Advantage Theory was considered.

Methodology

This study adopted a mixed method approach employing the exploratory research design. Marketing research draws extensively from human behavior research methodologies and, as such, explorative studies which are capable of measuring the constructs used human research can also be adopted for marketing research. The present study was concerned with application of marketing related factors that influence enterprise sales performance over a variety of

businesses spread over a wide area. It was aimed at discovering how the marketing related factors are applied in small scale trading enterprises. Therefore, the explorative research design was ideal.

According to information obtained from the office of business licensing in Nakuru County, there were 36,631 licensed trading enterprises in the county as of 2016 (Nakuru County Government, 2016). Nyandarua had 14,995 registered businesses as of 2017 (Nyandarua County Government, 2017), while Kitui had 12, 082 SMEs (Kitui County Government, 2017) These counties were selected since they represent different counties in their very nature; Nakuru represents cosmopolitan counties and is unique due to its centrality where all it serves almost all cultures, Nyandarua represents agricultural reliant counties and its historical significance and tag of The White Highlands makes its unique while Kitui represent counties within the Arid and Semi-Arid (ASAL) environments, it acts as the gateway to the Eastern and Coast regions giving it a convergent nature of ASAL residence. Majority of the above businesses have been in existence for more than one year, hence, it was reasonably expected that their management have been involved in marketing the businesses in the area in which they are established. Therefore, the population for this study comprised of the proprietors of the businesses since by virtue of size, majority of these do not have more than five employees and as such the owners also act as the marketing managers of the trading enterprises. The main reason for this choice was that they are the key persons in the trading enterprises when it comes to marketing and, hence, can be expected to give reliable information for the study purposes

Since the target population of this study was sufficiently large, comprising of 63,708 licensed trading enterprises in the selected counties and from each one person to be sampled, the sample size was thus calculated using the formula proposed by Israel (1992) with the population parameters available;

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

Where N was the population and e = 0.05 was the error allowed in obtaining the required sample size. Therefore, upon substitution in equation (i), the sample size at 95% confidence level was 397.5 or 397 businesses. The sample per county and in relation to the business type was developed using proportionate sampling strategy.

Data for the study consisted of both primary and secondary data which was collected in the form of both qualitative and quantitative data. Quantitative data was necessary for comparison. Data was collected using semi-structured questionnaires, interview schedules and unobtrusive observation. The questionnaires were administered to all the respondents. This was done by the researcher and trained enumerators. The data was analyzed using both descriptive and

inferential statistical methods. Descriptive statistical analysis was done using, frequencies and percentages to describe the basic characteristics of the data. Inferential data analysis was done using the Pearson's Product- Moment Correlation Coefficient and multiple regression analysis. Correlation analysis was used to determine if there was any significant bivariate relationship between the independent variables and dependent variable. Multiple regression analysis was then used to establish if the relationship between the independent variables and the dependent variables were statistically significant in a joint model. The outcome was then fitted into a multiple regression model which was assumed to hold under the equation;

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

Results and Discussion

Customer Analysis and Sales performance of SSTE in Kenya

The study sought to evaluate the effect of customer analysis on the sales performance of small-scale trading enterprises in Nakuru, Nyandarua and Kitui Counties, Kenya. The findings are presented in Table 1.

Customer Analysis Strategies and Performance of Small-Scale Trading Enterprises in Kenya: A Survey of Nakuru, Nyandarua and Kitui Counties

Table 1 Customer analysis and Sales performance of SMEs in Kenya

Statement	SA Freq (%)	A Freq (%)	N Freq (%)	D Freq (%)	SD Freq (%)	χ^2	p- Value
My business attracts customers from all walks of life	45(20)	103(46)	11(5)	31(14)	34(15)	111.14	0.001
I follow my customers buying trends and use the information to stock my business	7(3)	128(57)	45(20)	45(20)	0	53.79	0.005
I try to find out more about my customers and group them accordingly	25(11)	55(24)	25(11)	119(53)	0	75.11	0.002
Grouping customers help me in understanding their buying trends	29(13)	63(28)	18(8)	110(49)	7(3)	115.77	0.001
I try to ensure that my customers know the products by taking time to explain the qualities of the products to them	31(14)	96(43)	36(16)	45(20)	13(6)	54.41	0.005
I always inform my customers when I bring new products	78(35)	78(35)	9(4)	49(22)	9(4)	123.41	0.001
I always try to find out which brands our customers prefer	40(18)	85(38)	18(8)	43(19)	40(18)	74.42	0.002
I have created a brand for my business so that my customers can easily identify my business and products	58(26)	25(11)	20(9)	85(38)	36(16)	71.77	0.002
Most of my customers tend to buy goods that are branded	31(14)	81(36)	20(9)	67(30)	25(11)	64.48	0.002
I always encourage my suppliers to carry out brand promotion of their products around my business premises	45(20)	103(47)	38(17)	20(9)	18(8)	83.51	0.002
I always insist on displaying the prices of our products so that our customers can find it easy to decide on purchasing them	40(18)	99(44)	38(17)	25(11)	22(10)	54.24	0.005
We have all the contact details of our customers who come to buy	22(10)	29(13)	43(19)	103(46)	27(12)	47.88	0.005
We at times carry out impromptu surveys among our customers to find out how best to do business with them	9(4)	83(37)	13(6)	96(43)	22(10)	95.72	0.001

Table 1 shows that majority of the respondents agreed that their business attracts customers from all walks of life with 20% strongly agreeing with the statement and 46% agreeing. Most of the respondents tended to follow their customers buying trends and use the information to stock

their business as indicated by 3% who strongly agreed and 57% who agreed compared to those who disagreed (20%). However, most did not try to find out more about my customers and group them accordingly as indicated by 53% who disagreed with the statement. Further, most of the respondents did not group their customers help them understand their buying trends as indicated by 49% who disagreed and 3% who strongly disagreed.

However, 14% strongly agreed while 43% agreed that they tried to ensure that my customers know the products by taking time to explain the qualities of the products to them while majority (70%) indicated that they always informed their customers when they brought new products. The findings also indicate that 18% of the respondents strongly agreed and 38% agreed with the view that the SME proprietors always tried to find out which brands their customers preferred. However, most of them had not created brands for their business so that their customers can easily identify their businesses and products as indicated by 16% who strongly disagreed and 38% who agreed. Of the respondents 14% were of the view that their customers tended to buy goods that are branded. At the same time, 36% agreed that they bought branded goods. Further, 20% of the respondents strongly agreed and 47% agreed that most of the business owners also always encourage their suppliers to carry out brand promotion of their products around their business premises. Additionally, the findings indicate that 18% of the respondents strongly agreed and 44% agreed suggesting majority of the proprietors always insisted on displaying the prices of their products so that their customers can find it easy to decide on purchasing them. However, 46% of the respondents agreed that small scale businesses did not acquire the contact details of their customers who come to buy. More respondents disagreed (43%) and strongly disagreed (10%) that they at times carried out impromptu surveys among their customers to find out how best to do business with them.

Multiple Regression Analysis Results

The study sought to establish the effect of marketing related factors on sales performance of small-scale trading enterprises in the three counties. Four measures were used; Customer analysis, Competitor Behavior, Logistical Systems and Integrated Marketing Communications. The results are discussed in the following sections. The three counties were first analyzed separately to reveal the discrepancies between them as marketing factors are not constant everywhere.

Table 2: Regression results (Nakuru County)

	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
(Constant)	2.25	1.059		2.125	0.034
Customer Information	0.445	0.084	0.51	5.295	0.000
Product Knowledge	0.177	0.103	0.181	1.718	0.086
Brand Knowledge	0.069	0.108	0.058	0.639	0.579
Customer Decision-Making	0.358	0.117	0.256	3.059	0.002
R Squared		0.499			
Adjusted R Square		0.479			
F-Statistic (df, n)	(4, 134)	24.06			0.000

The results in Table 2 show that the adjusted R^2 was 0.479 and the F statistic was 24.06; $P < .05$. Therefore, the model as it was could explain up to 47.9% variation in the dependent variable while the rest of the variations (52.1%) can be explained by the variables not fitted in the model. The results further indicate that the beta coefficient of Customer Information in the model was positive and statistically significant at ($\beta = 0.445$; $t = 5.295$; $P < .05$). However, the coefficient of Product Knowledge was not statistically significant at ($\beta = 0.177$; $t = 1.718$; $P > .05$); the coefficient of Brand Knowledge was also not statistically significant at ($\beta = 0.069$; $t = 0.639$; $P > .05$) contrary to expectations since the county is fairly urban and widely accessible, the coefficient of Customer Decision-Making is also positive and significant at ($\beta = 0.358$; $t = 3.059$; $P < .05$).

Table 3: Beta Coefficients (Nyandarua County)

	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
(Constant)	2.01	1.539		1.306	0.194
Customer Information	0.144	0.284	0.107	1.211	0.228
Product Knowledge	0.063	0.108	0.055	0.583	0.561
Brand Knowledge	0.175	0.103	0.161	2.099	0.019
Customer Decision-Making	0.158	0.117	0.279	1.350	0.179
R Squared		0.243			
Adjusted R Square		0.197			
F-Statistic (df, n)	(4, 48)	8.447			0.000

The results in Table 3 show that the estimated regression model that taking the independent variables at zero, the effect of marketing related factors on sales performance of small-scale trading enterprises in Nyandarua County would be 2.01 (the model constant), meaning that other variables not specified in the model also affect the sales performance of small-scale trading enterprises in the area. Further, the adjusted R^2 was 0.197 and the F statistic was 8.447; $P < .05$. Therefore, the model as it was could explain up to 19.7% variation in the dependent variable while the rest of the variations (80.3%) could be explained by the variables that were not examined in the study. The results further indicate that the beta coefficient of Brand Knowledge was the most positive and statistically significant variable in the model at ($\beta = 0.175$; $t = 2.099$, $P < .05$). However, contrary to expectations, the coefficient of Customer Information in the model was not statistically significant at ($\beta = 0.144$; $t = 1.211$; $P > .05$); the coefficient of Product Knowledge, too, was not significant at ($\beta = 0.063$; $t = 0.583$; $P > .05$), and; the coefficient of Customer Decision-Making also not significant at ($\beta = 0.158$; $t = 1.35$; $P > .05$).

Table 4: Beta Coefficients (Kitui County)

	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
(Constant)	0.242	0.301		0.804	0.423
Customer Information	0.185	0.065	0.209	2.846	0.005
Product Knowledge	0.182	0.083	0.176	2.192	0.030
Brand Knowledge	0.578	0.181	0.515	3.193	0.002
Customer Decision-Making	0.155	0.118	0.179	1.314	0.191
R Squared		0.527			
Adjusted R Square		0.448			
F-Statistic (df, n)	(4, 49)	18.261			0.000

The findings in Table 4 indicate that the adjusted R^2 was 0.448 and the F statistic was 18.261; $P < .05$. Therefore, the model as it was could explain up to 44.8% variation in the dependent variable while the rest of the variations (55.2%) can be explained by other variables not fitted in the model. The results further indicate that the beta coefficient of Customer Information in the model was positive and statistically significant at ($\beta = 0.185$; $t = 2.846$; $P < .05$); the coefficient of Product Knowledge was positive and significant at ($\beta = 0.182$; $t = 2.192$; $P < .05$); the coefficient of Brand Knowledge was also positive and statistically significant at ($\beta = 0.578$; $t = 3.193$; $P < .05$). However, the coefficient of Customer Decision-Making not significant at ($\beta = 0.155$; $t = 1.340$; $P > .05$).

From the research findings on customer trends, it is evident that most businesses were not

constrained to specific clientele and attracted customers from all walks of life. The customer trends informed their stocking decisions businesses in the areas surveyed. However, there were strong indications that this approach was mostly carried out by businesses operating in Nakuru County than in the other two counties. This was consistent with the findings Andreassen and Lindestad (2008) that customer behavior was about targeting the right people with the right message. These findings agreed with a study by Frambach, Fwass and Ingenbleek (2015) who found evidence indicating that highly performing firms configure themselves around their customer orientation. Additionally, it was observed that some only 23% of businesses in Nakuru County, in Nyandarua and Kitui had some contact details of their customers who came to buy from them. This negates with the results of Reijonen and Laukkanen (2010) who found that great differences in the activity of different marketing tasks, e.g., following how the customer relationships develop and pursuing profitable customers are performed often, whereas such tasks as segmentation and differentiation in terms of marketing communication are carried out less frequently. The SMEs that are micro-sized, operated in the industry of other personal services and in customer markets seemed to put less effort on marketing practices than did the other studied enterprises.

The findings on product knowledge suggested that the SME proprietors viewed this as an important business practice and took time to explain to their customers more about the product so as to improve their purchasing decisions. Most traders often informed their customers whenever they brought new products especially if they were regularly buying from these outlets. This created trust between the business and the customer of which Chiou (2014) explains that perceived trust directly and positively influences customer satisfaction and customer loyalty. When it comes to Brand knowledge, the proprietors ought to find out which brands their customers prefer. However, more businesses in Kitui and Nakuru than in Nyandarua had stocked particular brands to enable their customers to easily identify with them and their products. Further, it was established that most of the customers tended to buy goods that were from these branded outlets. The SMEs suppliers were also encouraged to carry out brand promotion of their products around the SME business premises. This was to avoid customers buying directly from the suppliers and the trader missing the margin. The findings are also consistent with Javalgi and Moberg (2007) who suggest that branding positively affects customer loyalty and customer satisfaction.

There were indications that 18% of the proprietors strongly agreed that they always displayed the prices of their business products so as to enable their customers make faster purchasing decisions. Others deliberately avoided displaying to allow haggling of prices. Bargaining of prices was a major element in almost all businesses. The displayed price label did not deter price discussions. It seemed that both the buyer and the seller were too aware that price must be

discussed. Negotiation skills of either would win the day. The seller however has a negotiation margin through which he lets the customer to go if he pushes bargain below the set threshold. There seemed that except Nakuru, these other two counties had social cultural ties with a large number of customers who felt obliged to buy from particular businesses. Most customers had social cultural ties with the traders in Nyandarua and Kitui counties unlike the case in Nakuru county. As such, some of them were using these social cultural ties to get goods on credit.

Conclusions

The study concludes that Customer analysis significantly affect the sales performance of small-scale trading enterprises in Nakuru, Nyandarua and Kitui Counties in Kenya. Specifically, The results revealed that Customer Information abstraction significantly influenced sales performance in Nakuru and Kitui Counties. Customer Decision-Making was only significant in Nakuru County while Brand Knowledge played a significant role sales performance of trading enterprises in Nyandarua County. The sales performance of Kitui County trading enterprises were also significantly influenced by Product Knowledge and Brand Knowledge. These results suggest that the approaches to customer analysis and also customer behavior were not necessarily the same across the three counties. Therefore, consistent with the Customer Engagement Theory, it was evident that Kitui County trading enterprises had much more focus on customer engagement than the other two counties Nakuru and Nyandarua respectively and this could enable them appraise and improve the customer trajectory.

Recommendations

The businesses need to focus on discovering customer tastes. They need to pick finer details of the customers who visit them rather than relying on walk in customers. This can best be done by encouraging customers to leave contacts. The traders need to develop unique ways of delivering products and services to them rather than copying the strategies of their competitors. By engaging the customers directly, the businesses can develop unique products and leveraged services that can result in better customer attraction and retention. The idea that the trader gives more information about the business through receipts and cards is not guarantee that the customer will call. This negates the marketing strategic approach where the trader should be the one reaching out to the former, existing and potential customers.

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