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MASTER'S THESIS

**MARKETING STRATEGIES OF SMALL AND MEDIUM SIZE ENTERPRISES
DURING RECESSION IN EMERGING ECONOMIES:
A CASE STUDY OF MANUFACTURING SMES IN EAST AFRICA**

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ABSTRACT

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Small and medium-sized enterprises (SMEs) are at the forefront in most of the countries in spurring employment levels, innovation and growth. Despite the crucial role played by SMEs, the global crisis has brought them to their knees. The reason for this is that, they are generally small in size and have inadequate resources in terms of managerial competence, financial as well as information. In fact, with recession predominant, several firms have either failed or reduced their operational level. Considering these challenges, SMEs have no other option but to take various actions to survive. The purpose of the study is to determine the marketing strategies of small and medium-size enterprises during recession in emerging economies in East Africa countries (Kenya, Tanzania and Uganda). The specific objective is to explore marketing strategies employed by SMEs in East Africa countries in 2007-2009, to compare marketing strategies employed by SMEs in East Africa and those in European countries, to establish SME marketing strategies response to the recession, to link the SME marketing strategies with performance in 2007-2009 and to identify the challenges faced by SMEs implementing marketing strategies during recession.

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LIST OF ABBREVIATIONS OR SYMBOLS

CRM	Customer Relationship Management
GDP	Gross Domestic Product
IBTs	Internet-Based Technologies
IT	Information Technology
OECD	Organisation for Economic Co-operation and Development
R&D	Research and Development
RBT	Resource Based Theory
RBV	Resource Based View
SME	Small and Medium Enterprise
SPSS	Statistical Package for Social Science
UK	United Kingdom

1. BACKGROUND

This chapter presents the background of the study, the statement of the problem, the objectives of the study, the significance of the study and the scope of the study.

1.1 Background of the study

In most of the cases, SMEs are of the premise that they are the underdogs in economies though they play a crucial role in spurring employment and development in a country. Some SMEs have however been futile courtesy of the worldwide recession. Because of their size and constrained assets, specifically restricted budgetary, administrative and data assets, they are more helpless against outer shock (Cravoy et al., 2009). In their study, Liu and Crwaling (2011) reported that there were mixed signals during the recession. Specifically, most of the SMEs (forty three percent) experienced a decline in revenue, twenty seven percent of them maintained their revenue though twenty eight percent of the SMEs exhibited an improvement in revenue. It is evident that a few of the SMEs experienced a growth in revenue compared to the firms that experienced growth in revenue. This shows that during recession most SMEs are likely to fail, for SMEs to survive during recession they need to make some adjustments in their marketing strategies. However, little has been done to explore marketing strategies that are best in responding to market shocks during recession period.

1.2 Problem statement

In developing nations like East African nations, small and medium-sized enterprises (SMEs) have been viewed as one of the main thrusts of financial development because of their essential part in

work creation and adaptability (OECD, 2009). SMEs assume a noteworthy part in most countries though they are engine of technological development together with employment (Cravoy et al., 2009). For instance, in terms of SMEs contribution to the Gross Domestic Product, they contribute at least eighteen-point four percent to the GDP, twenty five percent of non-farming and seventeen percent of the total work force (Karekezi and Majoro, 2002). Whereas job creation in the formal private sector had 23.8% new jobs in 2008 compared to seventy-four thousand new jobs in 2007 (Economic Survey, 2006).

Regardless of the critical function played by the SMEs in the nation, they keep on facing huge obstacles, with measurements demonstrating that out of five firms, 60% of them fail within their first few months of operation (Kenya National Bureau of Statistics, 2007). Besides, a large number of the SMEs stagnate, not developing and graduating to medium sized businesses (Ferrand, 1999 & GEMINI, 1991). A section of the reasons of SMEs failing is external shock and unpredictable development (Kitching, 2011). Insecure monetary condition forces SMEs to adjust their marketing methodologies keeping in mind the end goal to survive current negative pressures.

SMEs have been particularly hard hit by the global recession. Because of their size and constrained assets, specifically restricted monetary, administrative and data assets, they are more helpless against external upsets. With the economy collapsing, firms are closing up shop while others have to cut spending to survive. These dilemmas have postured huge difficulties for private companies and business people. They have to take different measures against the monetary stun to survive. However, only few studies have indicated strategies SMEs can use in response to recession. For example, during the Asian economic and financial crisis, the Korean SMES came up with

innovative strategies in both technology and marketing for them to survive (Gregory et al. 2002). Furthermore, in an earlier study that was conducted by Shama (1993), it was revealed that SMEs had an upper hand in responding to economic shocks when compared to larger firms. In fact, the SMEs employed market segmentation to keep up float of business. To further augment the above notion, Pearce and Michael (1997) elucidated that improved performance during the economic recessions was attributed to investments in both sales and marketing. Nevertheless, very little has been done in emerging economies such as Kenya, to assess marketing strategies that are capable in enhancing performance during recession periods. Thus, there is a research gap on marketing strategies employed by SME during recession times in emerging economies, warranting the need for this study. Bearing in mind the end goal to address the issues, this study has a few targets, to be specific:

- i. To explore marketing strategies employed by SME in East Africa countries in 2007-2009
- ii. To compare marketing strategies employed by SMEs in East Africa and those in European countries
- iii. To establish SME marketing strategies response to the recession
- iv. To link the SME marketing strategies with performance in 2007-2009
- v. To identify the challenges faced by SMEs implementing marketing strategies during recession

When recessions take place, marketers feel the effect of the retreat much sooner than different divisions in light of new purchaser practices, they have decreased buying power, and thus diminishing sales. In any case, this testing new condition may be a wellspring of new development open doors for those organizations that can react rapidly and adjust their promoting procedures to

changing buyer inclinations. Hence, it is vital for marketers to see how these conduct changes affects their business and utilize this to plan new showcasing procedures (Civi, 2013).

For some SMEs in East Africa, the capacity to execute better promoting methodologies is compelled by constrained budgetary, administrative and human resources. Hence, it is vital for marketers to either direct business in a period of financial recession or to position and streamline their showcasing techniques to withstand such circumstances to comprehend promoting procedures utilized by SMEs in East African nations and their viability to react to recession (Atieno, 2009). However, there is scanty of literature that can offer an insight on these marketing strategies employed by SMEs in East African countries, thus warranting the need to carry out this study.

1.3 Research Questions

During recessions, SME need to adopt marketing strategies that respond effectively with external shocks like what has been experienced in European countries. However, In East Africa the ability to implement best marketing strategies is constrained, thus it is important for marketers to understand marketing strategies employed by SMEs in East African countries and their effectiveness to respond to recession. This leads to the main question of this study that is; *What marketing strategies can small and medium size enterprises use during recession times in emerging economies?*

Moreover, to go more into details the sub questions are;

1. What are the marketing strategies SMEs can use as response to a recession?

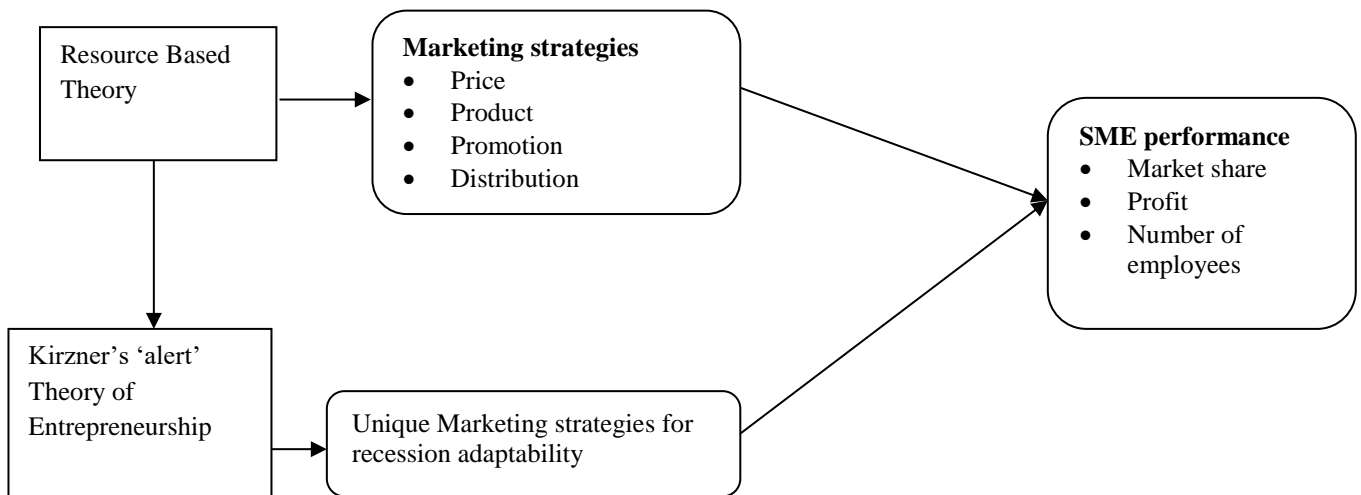
2. What is the relationship between SME marketing strategies and firm's performance in 2007-2009?
3. What are the challenges faced by SMEs in implementing marketing strategies in 2007-2009
4. What is the difference between marketing strategies employed by SMEs in East Africa from those in European Countries during a time of recession?

1.4 Theoretical framework

Theoretically the study was anchored on by Kirzner's 'alert' Theory of Entrepreneurship (Kirzner, 1982) and Resource Based View theory (Wernerfelt, 1984). According to the theory, a firm is typified as an organization devoted to the scheduling of markets in case of uncertainties such as recession. Kirzner (1982) states that during uncertainties (recession) it is a daunting task to engage in entrepreneurial discovery and ingenuity. As such, to have situations that entrepreneurs make profit, it is utmost necessary to have external shocks hitting the economy continuously. According to Kirzner (1973), entrepreneurs are "able to perceive opportunities during unpredicted situations thus, their need to come with imperfect knowledge (e.g. unique marketing strategies) to overcome the uncertainties in the market hence improving their performance. Resource-Based View (RBV) is key in tackling the above problem and is essential in expounding the changes in performance among new firms. Specifically, RBV is beneficial especially when firms translate the resources they have into competencies. Vorhies et al. (2009) suggested that focused marketing competences are borne out of the classical "marketing mix" which is on the premise of product, price, promotion and place. Basing on the RBV, the study offers a novel standpoint to characterize the marketing competences of the firms in times of recession. The thesis therefore relied on Resource based

theory to (1) identify insights unique to marketing capacities and resources during recession, (2) suggest theoretical extensions or adaptations that might be necessary to apply RBT to marketing during recession, and (3) provide guidance and direction for the future use of RBT in marketing research. The theoretical framework for this thesis is depicted in Figure 1

Figure 1: Preliminary conceptual framework



2. LITERATURE REVIEW

Resource-based view has turned out to be the most crucial standout amongst the most compelling and referred to hypotheses ever. Kraaijenbrink, Spender, & Groen (2010) notes that RBV gives an elaborate detail of the sources of a firm's reinforced upperhand such as its promotion procedures. In addition, Roos & Roos (1997) indicate that it was Edith Penrose who was the brainchild of RBV as a hypothesis.

To start off, Penrose offers a sensible explanation to the advancement rate of the firm by illustrating the prevalent connections among organization assets, generation, promotion capacity and implementation. Penrose's worry is basically on effective and inventive exploitation of assets. She guaranteed that groups of beneficial assets controlled by firms could shift altogether by firm and that firms in this regard are on a very basic level varied irrespective of the likelihood that they are in a comparable industry (Barney & Clark, 2007).

Wernerfelt (1984) was not in support of the resource standpoint to scrutinize predecessors of showcasing and at last ranked performance and trusted that assets and advertising of the items are a double-edged sword and firms expand considering available assets and keep on accruing through obtaining practices. Alavi&Leidner (2001) pointed out that the information-based writing of the firm cultivates and builds up the asset-based hypothesis in that it views learning as the most complex of an association's assets. The present predominant perspective of business procedure asset based hypothesis or RBV of organizations depends on the idea of monetary lease and the perspective of the organization as a group of capacities. This perspective of methodology has an intelligence and integrative part that spots it well in front of different instruments of vital basic

leadership. RBT is epistemological representation of the economic state of an organization while (RBV) is methodological concept related more to key competences than the resources.

Ganotakis & Love (2010) utilized the Resource Based Theory (RBT) to clarify the significance of human money to business enterprise. As indicated by RBT, human capital is thought to be a wellspring of upper hand for entrepreneurial firms. As indicated by RBT, Peppard and Rylander (2001) note that human capital is thought to be a foundation of competitiveness for commercial organizations. This prompts particular elevations of proprietary resources. As indicated by RBT, practical upper hand is due to assets that are interesting, unsustainable, implied in nature, and synergistic (Barney, 1991). Consequently, managers should have the capacity to recognize the main assets and engines of execution and incentive in their companies.

The RBT additionally expresses that an organization's upper hand is acquired from the organization's capacity to gather and adventure a suitable mix of assets. Such assets can be unmistakable or intangible, and speak to the contributions of a company's production procedure, for example, capital, gear, the abilities of individual workers, licenses, financing, and capable managers. As an organization's adequacy and capacities increment, the arrangement of accessible assets has a tendency to end up plainly bigger. Through continued utilization, these "abilities", characterized as the limit with regards to a collection of assets to intuitively play out an extend undertaking or a movement, wind up noticeably more grounded and more troublesome for contenders to comprehend and impersonate (R&D expenditures) and can be utilized to expand future generation conceivable outcomes. (Barney & Clark, 2007).

Kirzner (1967) study focused on the question whether a market economy is functional. In the event that it is functional, on what basis is there a balance in the market. The author further elucidated that in the first instance, the market is usually in disequilibrium and the antagonism from active entrepreneurs leads to a balance. Kirzner posits that business sectors are most often not clear. To further elaborate on the matter, Gunning (1992) stated that for transformations to happen, entrepreneurs require stimulating forces that emanate from the difference among experts concerning data and learning.

Furthermore, whenever there is change in the manner in which production takes place, the resulting outcome is disequilibrium (Kirzner, 1973). In the event that there is harmony in the market, the business visionaries have nothing on their plate since every individual has the capacity to complete their trade arrangements. Nonetheless, given that changes have taken place, it would be a challenge to carry out any exercises. Additionally, Kirzner (1982) posited that there is no room for entrepreneurial advancement in terms of revelation and novelty. Therefore, to have open doors for business visionaries there is need for an external sunk cost.

To comprehend the role of the business visionaries, it is important to understand how faults are corrected in the market and the importance of sharpness to seeing how business visionaries recognize faults in the market (Kirzner, 1993). Kirzner further clarifies that in a planet whereby learning is fundamentally dispersed and individuals are unaware of the advancements that have been made in business sectors, entrepreneurs find it profitable to have their benefits outweigh their costs of making purchases since such a move would drive the market towards equilibrium (Kirzner, 1993).

Empirical reviews on RBT and Kirzner’s ‘alert’ Theory of Entrepreneurship applied to marketing

Majority of the empirical studies have adopted resource-based theory as the core theoretical framework. Precisely, the Business Source Premier database indicated that RBT was clearly referenced in the title or abstract. The theory was most often used to back up their hypotheses. The empirical studies were majorly from the marketing sphere. The researchers on marketing applied the theory in a wide array of areas that were grouped in three major spheres: marketing strategy (Fang et al. 2011; Hult et al. 2005; Slotegraaf and Dickson 2004), inter- national marketing (Capron and Hulland 1999; Ruiz-Ortega and García-Villaverde 2008), and marketing innovation (Dutta et al. 1999; Srinivasan et al. 2002).

Table 1: Summary of Empirical Review and Gaps in Knowledge

Author	Objective(s)	Methodology	Findings and Conclusions	Gap in knowledge
Abdulahi, (2011)	Establish SME marketing practices in Kenya	quantitative explanatory research design,	Found that many SMEs used direct marketing to advertise their products. This includes the sale of products and services to the clients without the use of intermediaries	This study however, did not assess Marketing strategies during recession period, further the findings were not conclusive on how marketing strategies help SMEs to grow
Orr et al. (2011)	Marketing, CRM, Brand mgmt., Mktg. employee development (C)c		Marketing employee development capabilities moderate the relationships between firm-level marketing capabilities and customer satisfaction, market effectiveness, and objective financial performance. Such capabilities can be complementary or	

			substitutes in improving performance	
Miller (2009)	The relationship between new product development and growth of SMEs in East Africa	Qualitative method, Case study design , descriptive statistics	New product development marketing strategy affects the development of SMEs in many nations in East Africa	Other marketing strategies were not examined
Evanschitzky (2007)	Market orient. of networks (I);Resources (T & I)e		Resources explain almost twice the variation in firm performance than industry structure does. The market orientation of networks increases the effect of all resources and contributes to SCA through resources	
Vorhies and Morgan(2005)	Array of marketing capabilities		Each marketing capability directly increases firm performance. Marketing capabilities also have synergistic effects on firm performance. Benchmarking of marketing capabilities is a tool for enhancing capabilities to drive SCA	
Hajdija, (2010)	Factors influencing growth and development of Kenyan SMEs	Qualitative method, Case study design , descriptive statistics	The networking of any SME whether large or small is an important strategy of marketing that is critical for its development	There was no direct link between networking as marketing strategy on SME growth. Moreover, the findings do not tell whether networking can be used during recession period

Oketch, (2000)	Utilizing social media to promote advertising and marketing in SMEs in Kenya	Qualitative method, expo factor, design , descriptive statistics	Social media plays an important role in social interaction by utilizing highly accessible and scalable communications methodologies	However, the study used only social media as marketing strategy and there was no inferences
Slotegraaf and Dickson (2004)	Mktg. planning		Firms with strong marketing planning capability engage in less improvisation from an approved marketing plan. However, post plan improvisation can improve intangible firm performance. Marketing planning capability has a curvilinear effect on firm performance.	

Source: Researcher (2016)

2.1 SME marketing strategies in response to the recession

Bryan (2008) notes that economic recession is in most cases of ingenious obliteration, of fiscal reconstruction, amidst which enterprises fail, often fatally, while new paradigms, developments, items and businesses grow and become the key incentives of resultant financial advancement. The factors that lead to recession result in financial advancement in two phases. The first phase is through business beat which entails the passage and exit of firms and the second being adjusting procedures and items with the view of improving firm performance. Therefore, economies can attain equilibrium by adjusting the number of inhabitants in firms and changes made in performing organizational duties.

Investigators have established that during periods of recession, certain firms view recession as an opportunity to increase their scope of operation by venturing into new markets their end goal being the attainment of an upper hand. In fact, majority of the recognized organizations were able to capitalize on recessions and it bore fruits. Specifically, Bryan and Farrell (2008) echoed that the likes of Rockefeller and Carnegie set themselves at forefront positions in oil and steel ventures in the 1870s collapse by taking advantage of new steel and refining novelties amid the shortfalls of competitors. In a similar vein, Lynn (2009) postulated that Edison established General Electric during such economic times. Besides, Hershey capitalized on their image and dispersion amid the 1893 gloom (Rumelt 2008). Further on the same, Microsoft and Apple companies which are leaders in technology at present were both established after the oil crisis in the mid-1970s.

Additionally, not many of the reviews have shown that firms adjust in accordance with recession conditions by objectifying the ventures practises engrossed on speculation, expansion and market growth and such practices lead to improved performance. The examples are: improvements based on focusing on new market opportunities (Picard and Rimmer 1999); increasing the spending on marketing (Roberts 2003; Srinivasan et al. 2005; Pearce II and Michael 2006); ‘value-centric’ pricing systems in which organizations that have abundant resources have a limited focus on quality and branding rather than reducing costs to attract new clients or having evaluative strategies that emphasize on low costs in markets that are price sensitive(Chou and Chen 2002).

Furthermore, Navarro (2005) gave cases whereby US firms that were beneficiaries of counter recessions in terms of human resource administration, capital utilization, procurement and exploiting macroeconomic risks. The review gave a clear picture of how the firms adjust to

subsidence conditions, the reasons as to why they made the adjustments and why such moves resulted in improved business performance. Chou and Chen, (2002) established that those retailers that had restricted assets were considerably less predisposed to be profitable in either price or non-price strategies.

Further reviews have painted subsidence on a positive light (Rumelt 2008; Williamson and Zeng 2009). The depression is depicted by its world-wide nature and the risk that firms in emerging markets may be cleverer than western firms in altering, and consequently gets the lion's share from occupants. To counter the above situation, western firms focus on generating what emerging markets do well that is offering monetary incentives (Williamson and Zeng, 2009). They speculate that firms focus the resources into research on items or management development that gives the same benefit but at a minimal cost.

During periods of recession, SMEs assets and capacities are altered in such a way that there is an increase in their operational efficiency and in certain instances, active competencies might be emphasized on to explore new opportunities, which gave precedence for income period (Whitley, 2007). To utilize their capacities, firms employ a variety of advertising strategies such as new product development, portfolio methodology divestment, marketing new products, expanding to new markets together with financing procedures such as obligation rescheduling and raising value. The techniques are usually executed within the scope of efficiency enhancing activities and the income era. Performance results include deals and the profit of the overall industry attained.

In times of recession, markets encourage firms to adjust to the prevailing conditions or rather reduce risk and in certain cases exit (Geroski *et al.*, 2007). Nonetheless, organizations vary in their

conversion of market signals and the motives of partners' reactions, comprising actual and planned collaborators, competitors, customers, benefactors, financial specialists and the state. Recognizable proof of key dangers and openings, nonetheless, informs nothing concerning the manner in which firms regulate or the reason why the firms engage in certain initiatives during such periods. On a consistent basis, firms carefully employ a given set of techniques despite the fact that decisions made are dictated by assets present and the prevailing conditions. Bigger endeavours, for instance, may have more noteworthy prudence concerning advertising procedure decision inferable from their superior asset base and advanced flexibility than natural stuns. Organizations have to make key decisions about which merchandise and businesses to give and, in this way, which markets to enter or exit, and how to create them, set costs, and pull specific sorts of clients. This is valid for firms amid retreats and in light circumstances.

2.2 SMEs marketing strategies and performance in 2007-2009

Goi (2005) portrays marketing systems as the collection of the showcasing instruments that firms utilize to pursue after their promotion goals in the objective market. Subsequently, the capacity of advertising procedure is to decide the nature, quality, course, and cooperation between the promoting blend components and the ecological figures a specific circumstance. Owomoyela *et al.* (2013) indicated that the point of a company's advertising procedure improvement is to set up, manufacture and shield and keep up its upper hand. Administrative judgment is critical in adapting to ecological equivocality and instability in strategic marketing.

Advertising or marketing strategy gives the road to using the assets of an association keeping in mind the end goal to accomplish its set objectives and targets therefore enhancing its general

execution. Past reviews have set up connections between the promoting procedures and performance (Owomoyela *et al.*, 2013; Shoham, 2002; Theodosiou & Leonidou, 2003). Leonidou, Katsikeas and Samiee (2002) offer a review in which a meta-examination was led to gage the connections between advertising systems and execution and uncovered a critical positive connection between the two.

Taiwo (2010) has demonstrated that vital showcasing hones significantly affect execution factors and that they connect with the distinctive parts to encourage execution. This announcement affirms the perceptions of prior reviews (John and Davies, 2002; Folan *et al.*, 2007; FrancoSantos *et al.*, 2007)

There is a solid relationship between advertising procedures of SMEs and execution as far as development in income and openings for work, enhanced proficiency, and more extensive association with clients (David *et al.*, 2013). Further, it empowers the SMEs to contend decently with bigger players.

In investigations of upper hands created by independent ventures in operations, analysts have recognized that highlighting focused procedure impact the SMEs' execution. Concentrating on a market share makes an organization increase restrictive experience of the conditions, and thus enhancing its responsiveness (Langford and Male, 2001). In this way, centre system may give SMEs some possibility to making upper hand and accomplish unrivalled execution.

Xu *et al.* (2008) contend that SMEs receiving advancement methodology would give the administration bearing and direction which is important to guarantee the right focus on client value.

Chen (2006) insist that substantial firms normally have the preferred standpoint because of

economies of scale in furiously focused circumstances, separation procedure through auxiliary intangibles may be compelling to make progress for little organizations.

Palmatier *et al.* (2006) contends that by highlighting that the ideal way is to deal with the company's market relationship, where markets are clients, wholesalers and providers' systems. Payne *et al.* (2005) assert that partners ought to be seen as potential clients. They are likewise required in advertising programs and can influence the organization's execution. Strategic cooperation is seen as long-haul associations to accomplish vital destinations that are commonly useful to SMEs (Naicker and Saungweme, 2009). Bretherton and Chaston (2005) propose that SMEs can free ride on the greater firms' market advancement endeavours or they can potentially shape key partnerships to constrain settlement by the greater competitors.

Results of a review on the monetary effect of Information Technology (IT) on private companies led on more than 4,000 SMEs in five of the world's biggest and most assorted economies (the United States, Germany, China, India and Brazil) found that cultivated SMEs beat SMEs utilizing little innovation in development, work development and expanded incomes in the course of three years (Ayala, 2013; David *et al.*, 2013). According to Ayala (2013), SME pioneers utilizing innovation have developed their organizations and decreased expenses, and expanded employee efficiency. In subtle elements, the review uncovered that if 15% of those SMEs that utilized little innovation and 30% of SMEs who utilized direct measures of innovation received the most recent IT instruments, they could help their consolidated incomes by Ksh770 billion and make more than 6 million new occupations in simply those aforementioned markets of five countries joined (Ayala, 2013; David *et al.*, 2013).

To make a compelling promoting methodology, it is important to incorporate a correspondence technique to bolster the moves to be made. Tapia (2013) indicated that this methodology ought to also incorporate a calendar that contains both conventional and non-customary media. Conventional media incorporates TV, daily paper, magazine, silver screens and boards. Non-conventional media incorporates web, advanced media, online networking, sites, messages, versatile innovations and video conferencing. The significance of non-customary media is quickly developing, and they can be utilized to make the correct brand administration that will lead into more deals and brand acknowledgment (Tapia, 2013). Note that none of the techniques is superior to the next. Nonetheless, finding the correct blend of both Medias can make the best correspondence/showcasing technique for the organization and particularly for the item being offered available to be purchased.

Taiwo (2010) has demonstrated that key advertising rehearses significantly affect execution factors and that they collaborate with the diverse parts to encourage execution. This announcement affirms the perceptions of prior reviews (Johne and Davies, 2002; Folan *et al.*, 2007; FrancoSantos *et al.*, 2007). David *et al.* (2013) presumes that there is a solid relationship between's showcasing systems of SMEs and execution as far as development in income and openings for work, enhanced proficiency, and more extensive association with clients. Further, it additionally empowers the SMEs to contend decently with bigger players.

2.3 Challenges faced by SMEs implementing marketing strategies in 2007-2009

Compelled by diseconomies of scale, underfinancing, absence of specific administrative capability and time requirements, systems have been broadcasted as the rescuer of SMEs' showcasing

difficulties. SME proprietor/directors have regular, natural aptitudes, perfect with the business sectors as-system way to deal with highlighting. Chaston (2009) notes that the business sectors as-systems position sees firms in systems of interconnected on-screen characters, exercises and asset designs. Firms can fabricate an incentive through collaboration with others in a socially installed point of view.

Past reviews have indicated consistency while depicting SMEs. The majority of the SME in these reviews had constrained assets, both monetary and human (CampbellHunt, 2003), which affected their capacity to lead their showcasing exercises through the conventional methods, value and advancement. Advertising was not a need for the SMEs and consequently little time was committed to it. Rather, promoting was a receptive movement, led on a need premise when business was moderate and done for protecting the SME from contenders. The relative disappointment of customary promoting thoughts to infiltrate SMEs would prompt the suspicion that business sectors as-systems methodologies are a feasible option direction for SMEs.

One basic boundary in potential systems was the proprietor/chiefs' constrained world-perspective of the multiplicity and depth of the relationship binds to which they were and could be associated. The SMEs viewed positions through a social focal point, containing quick implanted obligations of family relationship and companionship. Awareness was at first low, as the SMEs did not have the capacity to see the greater markets-as-systems picture. Post-mediation, when they graphically portrayed their systems, the members understood the part that formal systems and merchants played in their business development. In any case, Chetty (2003) indicates that their key system

movement, for example, 'working a room well' and the 'wide scattering of business cards' mirrors the previously mentioned and waiting thought of systems as a prevalently social phenomenon.

A centre protest of numerous entrepreneurs is the absence of assets to reserve development. Numerous choices to reserve development are to be found in joining forces in a system. Systems can speak to a suitable alternative for the production of a managed agreeable favourable position through correlative asset blends (Gilmore *et al.*, 2006). SMEs' proprietor/administrators are client-ran and dedicate extensive push to guaranteeing great administration. They are subsequently determined fundamentally by the quest for circumstance endeavouring to adjust as well as advance to encourage the client needs, which may require the work of resources outside their immediate control.

Connected with the innovation redesigning and quality control is the issue of accessibility of opportune data and administrations that improve the market access to SMEs. Data is costly and not broadly accessible, but it is the most effective aggressive edge for business achievement. Even more particularly, this alludes to data and bolster administrations required for choosing target markets, item improvement and bundling, circulation and deals advancement. Hunt (2000) indicates that this is yet another impediment influencing the development and extension of SMEs in developing nations.

Notwithstanding absence of data, the nonattendance of promoting abilities at big business level has prompted SMEs being more creation situated as opposed to ending up noticeably more market arranged. A significant number of the SMEs particularly little scale ventures need abilities on item configuration, bundling and deals advancement, which are essential for being appealing and

aggressive in the market. The common offering strategy for SMEs particularly little scale ventures is to work through their own outlets. Hefty portions of them are additionally not in a position to advance their items and administrations through publicizing and deals advancement because of absence of aptitudes and high cost. The nonattendance of promoting abilities has brought about the early destruction of business ventures (White paper, 2002).

Campbell (2000) asserts that the absence of satisfactory framework, especially in the fields of energy, water, broadcast communications and street get to influence creation, its cost, conveyance lastly advertise intensity of any endeavour independent of its size. The SMEs, uncommonly, think that it is hard to contend with existing firms when they do not approach basic regular offices that are required for a business to run proficiently. The seriousness of this issue should be broken down as far as accessibility, quality, unwavering quality and cost of supply. Like numerous other creating nations, the circumstance is more regrettable for SMEs situated in the rural parts.

2.4 Marketing strategies employed by SME in East Africa Countries

Daunweh (2010) indicates that advertising procedures are an imposing dimension and an prearrangement of actions for communicating and conveying esteems to customers and for the administration of client relationship in a manner that both the association and partners benefit from the relationship.

Abdulahi, (2011) carried out an observational study in Kenya on SMEs promoting practices and discovered that numerous SMEs utilized direct showcasing to publicize their items. This includes offering of items and administrations to the clients without utilizing any middle people. It guarantees that there is immediate engagement between the merchant and the purchaser and in this

manner the client in a place of understanding the item or service that is being sold to them better. Marketing directly was observed to be done through phone calls, mail and other related types of correspondence. The SMEs calls mostly focused on clients advising them about the accessibility of the item being referred to, its traits and the costs on the items being sold. In this type of scenario, the client gets an opportunity to make inquiries on the items being sold to them.

Hajdija (2010) carried out an observational study on variables influencing the development of SMEs in Kenya; she found that systems administrations for any SME however huge or little are a critical advertising procedure important for its development. Misner (2008) found out that SME that utilize systems administration in their businesses and individual associations will get a consistent supply of new business. Additionally, expresses that systems administration for SME must be key and cantered with a specific end goal to help the SMEs move to critical beneficial development.

Oketch (2000) conducted a study on utilizing web-based social networking to expand publicizing and enhance highlighting among SMEs in Kenya. Online networking was observed to be a media for social association, utilizing profoundly available and adaptable correspondence procedures. He contends that online networking which entails the gathering of internet-construct applications that work in light of the conceptual and automatic institutions of the web permit the creation and trade of client produced content. In web-based social networking, the individual correspondence channel includes the social channel comprised of companions, neighbours, relatives and partners chatting on online journals, messages and podcast, which were found to enhance general execution of the

SMEs. The decision of correspondence channel relies upon the goal of the association. The sort of clients that the dealer is focusing on (Kotler and Lee, 2010) equally dictates it.

Kotler (2001) attests that advertising blend techniques, which incorporate the Product, Price, Promotion and Place systems, have been utilized widely in East Africa to accomplish more noteworthy upper hand. The promoting blend is an arrangement of controllable advertising instruments that an organization uses to deliver the reaction it needs from its different target markets. Kotler (2001) found out that advertising researchers and professionals have since a while ago, relied upon similar fundamental components for achievement. The components of effective corporate advertising have customarily come down to the well-known four P's value advancement, item, and place. Organizations normally arrange these components into demonstrated examples, set apart by sensible well-ordered procedures. Business people ought to take innovation and business preparing when they join or begin SMEs, incorporates a showcasing module, which acquaints advertising themes and strategies with business visionaries, for example, components of the promoting blend, raising item mindfulness and client mind to identify with their own business and market conditions (Kotler, 2001).

Partnerships have been developed as viable intends to get access to new markets and uncommon aptitude or contend with others available. Today, ventures of all sizes should depend even more vigorously on overall systems of correspondences and transportation and set up virtual associations to stay responsive and adaptable. To receive efficient production practices, they need to arrange them into new groups as new open doors emerge. Speed-to-market enhances organizations to embrace simultaneous assembling in which all parts of an item's improvement are arranged at the

same time as opposed to sitting tight for R&D stages to end before testing them with clients and creating promotion and benefit procedures. Cross-useful groups communicate to assembling and configuration, promoting, obtaining, conveyance and administration divisions in addition to client agents, some of whom are scattered broadly in various urban areas or nations (Smith, 2003).

2.5 Marketing Strategies employed by SMEs in East Africa and those in European countries

Kotler (2003) conducted a study on marketing strategies; he found that marketing practices were more formalized in developed markets. The review noticed that three phases of promoting practice are recognized as SMEs develop. Entrepreneurial highlighting is identified with the principal improvement stage where the scope of business is high and the level of ratification of advertising practices is minimal. Afterwards and in a more develop stage, highlighting hones end up noticeably detailed promoting. Kotler focus noted that when little organizations make progress, they definitely advance toward more planned promoting. He ascertained SMEs that formalized marketing strategies contributed to faster growth of firms.

Jones (2010) carried out a study on marketing strategies in SMEs in UK found that there was rampant use of innovation in marketing of new products to consumers. This review certainly proposed that promoting in SMEs is interlaced with different exercises and practices in the private company venture and that it was identified with client engagement and advancement. The kind of innovation done by SMEs in the UK was technological oriented than those developed in East Africa. This has given SMEs in UK more competitive advantage than those in the East African region.

Hulya (2011) conducted a study in Turkey to distinguish real measurements of promoting systems utilizing an instance of boutique lodgings and decide to what degree current showcasing approaches in boutique inns added to firm development.

The substantial stimulus of this investigation was instigated from the way that the observational scrutiny of the idea of promotion techniques from the viewpoint of boutique inns has gotten sparse deliberation in the appropriate writing. The investigation was led with semi-organized meeting strategy in nine boutique inns situated in the region of Izmir in Turkey. In light of seven measurements of advertising techniques idea, an exceptional semi organized meeting structure was outlined. This pointed out that web-based promotion is of extraordinary significance for organizations and has been very much embraced and put into successful use by boutique lodgings and different enterprises. Be that as it may, web-based advertising has not progressed rapidly enough in East African nations therefore putting them off guard in quickening upper hand contrasted with their European partners.

Ramsey (2012) conducted an observational study on advertising procedures in SMEs in Ireland to present research prove on the effect of internet-based technologies (IBTs) on the client relationship administration (CRM) exercises of SMEs in Ireland. The study included a blended strategies approach consolidating an online survey, subjective inside and out meetings and a projective system. The investigation was done on 286 respondents, which prompted correspondence with clients and the administration of client data being refined as key ranges inside e-CRM in SMEs. Results demonstrated that to differing degrees, SMEs were receiving moderately straightforward IBTs to enhance client correspondence and data administration abilities and to make upper hand

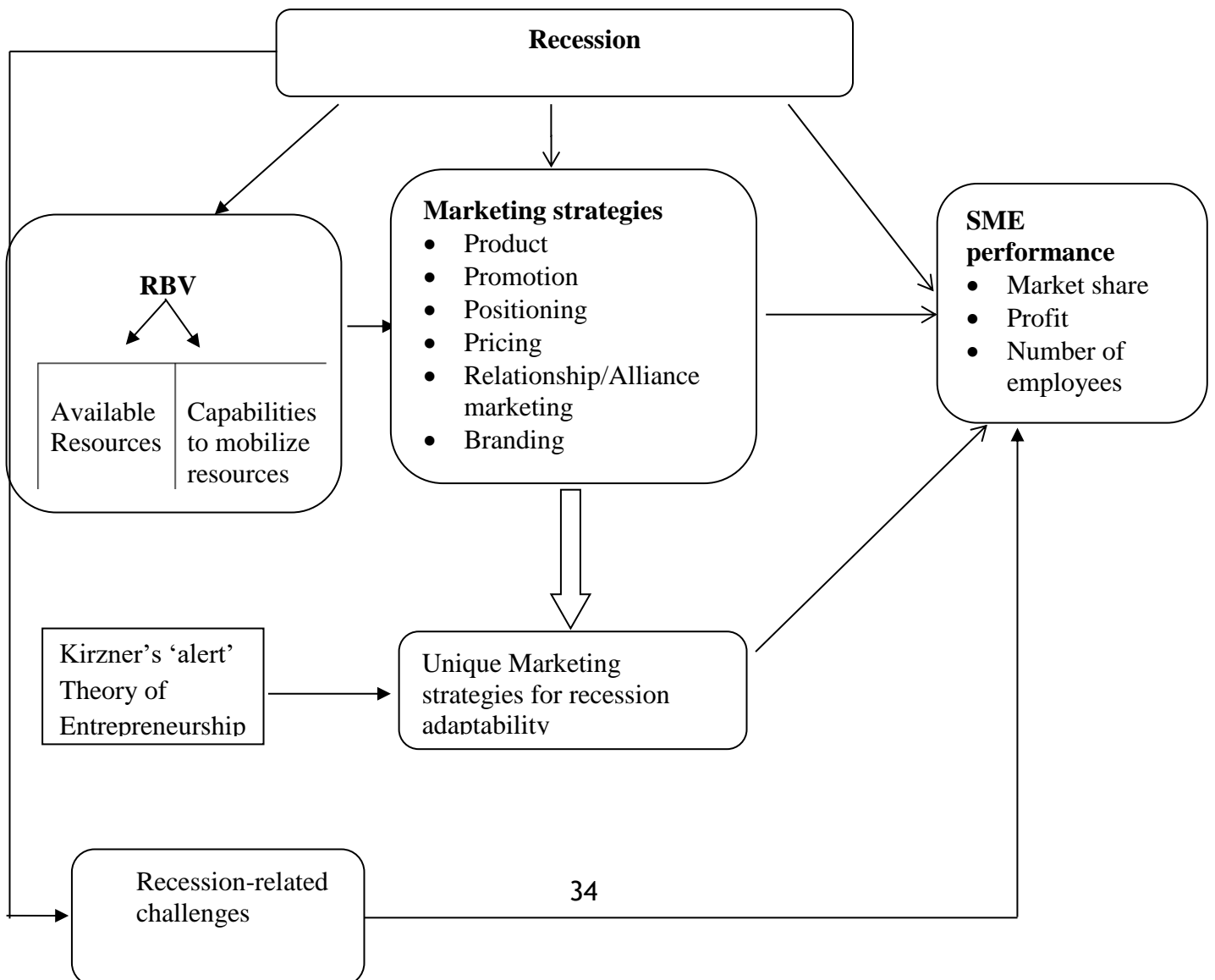
through e-CRM. SMEs discover the correspondence part of e-CRM less demanding yet battle to incorporate client data into their basic leadership. Taking all things together, e-CRM tends to be impromptu as opposed to being vital in small and medium enterprises. Miller (2009) conducted a study and discovered that new item improvement procedure influences the development of SMEs in numerous African nations. The review noticed that inventiveness and consumer loyalty added to new item improvement in numerous East African nations, for example, Kenya.

Zimmerer, Searborough and Wilson (2008) conducted a review on big business advancement. The finding is affirmed by 90% of a sample of 1000 business visionaries who trust that SMEs frustration is because of an absence of specialized and administrative abilities (Roberson, 2008). The above exchanges draw out that no exact review has been done to build up the impact of promotion techniques on the development of SMEs in Nairobi County, Kenya. Varadarajan and Jayachandran (1999), in their fundamental marketing strategy study, their diary as often as possible alludes to elusive market-based resources capacities, for example, market value and client value propose a path forward as far as understanding and clarifying firm conduct in the domain of conveying advertising assets for upper hand.

In most developed markets, each major new item is propelled with a far-reaching and costly global showcasing effort that includes the full scope of promoting apparatuses including media publicizing, complete data packs, and uncommon occasions for specialists, meeting presentations, committed sales workers and increasingly the internet. Deals and dispersion is rising as a noteworthy issue for organizations. Various advertising techniques are being tried. For example, when offering another medication, direct-to-client strategies incorporate exceptional intention,

where the distributors give data to both specialists and patients about the specified medication additionally, and specific websites give data to both experts and patients about a specific medication. Notwithstanding drawing in the consideration of the leaders, the goal is to prepare potential patients to the characteristics of the item and urge them to look for medicine from their doctor. That makes a market pull rather than the conventional push. Progressive media, including TV promotion, is utilized to report the introduction of such new merchandise (Blumberg and Perrone 2001).

Figure 2: Conceptual Framework



3. RESEARCH METHODOLOGY

This chapter covers the research design, target population, sampling procedure and sample size, data collection method, data validity and reliability, data analysis and presentation, ethical consideration and finally the expected output.

3.1 Research Design

The study adopted descriptive survey design. The design enabled the research to seek opinion on the frequency to which marketing strategies of small and medium size enterprises during recession in emerging economies. Kothari (2012) and Punch (2009) states that descriptive studies presents evidences, prevailing situations regarding the nurture of individuals, a number of objectives or group of procedures and may comprise procedures of listing and induction analysis, organization facts and measurement. Surveys used to systematically meet realistic proven information necessary for judgement making (Kombo& Tromp, 2006; Neumann, 2007; McMillan & Schumacher, 2010). Kothari (2012) noted that a survey is preferred due to the following reasons: the use of descriptive survey allows the investigator to inspect numerous data and the association between other unidentified circumstances in the dominant situations. The research design is concerned with contemporary relationship of variables and procedures taking place in the study area (Neumann, 2007; Saunders et al., 2007; Sekaran & Bougie 2010). The variable influences on a particular time and attitudes held by the respondents being interviewed. The survey makes it possible for the research to gather data from a broader area in a shorter time thus cutting down on costs. Mumbi (2010) added that survey design allows the use of various method of data collection

hence the use of questionnaires, interview schedule and document checklist to ensure validity of the research findings.

3.2 Target Population

The population of study comprised registered SMEs owners/managers in capital of the East African countries (Nairobi, Arusha and Kampala). According to registrar of each capital records there were 33,001 10+ years old registered SMES in Nairobi, 11,711 in Arusha, 14801 in Kampala, (Company Registrars, 2015).

3.3 Sample Size and Sampling Techniques

The quality of research is dependent on the suitability of procedure, arrangement, and appropriateness of the sampling approach that has been implemented (Cohen, Manion & Morrison, 2001; Kothari, 2004). The sampling procedure describes the process of selection respondents who will participate in the study and act as a representative of the whole target or accessible population (Kombo& Tromp, 2006). Mumbi (2010) informs that a perfect sample needs to be sufficient enough so that the researcher can with assurance, within specified bounds be certain that a diverse sample of the same size if drawn using same measures can give roughly comparable outcomes. Chambers and Skinner (2003) noted that the key issue in selecting a sample size is to confirm that the sample size is adequate to act as a picture of the population from which it is drawn. The study used both probability and non-probability sampling designs. For probability the study used simple random sampling to select SMEs, while for non-probability the study used purposive sampling technique to purposely select SME owners. Using simple random sampling had the benefit of yielding research data that was generalized to the larger population. Themes in non- probability

sample are generally selected on the foundation of their convenience or by purposive individual decision of the investigator (Depoy & Gitlin, 2011).

3.3.1 Sample Size

A sample size is a portion of the target population that has been procedurally selected to represent it. According to Kothari (2009), a sample size comprises the number of items that have been selected from the population. From the target population of 59523 SMEs, the study purposively selected SMEs which were operational in the recession period chosen for the study and continued operations for at least a couple of years after and had over 20 employees giving a total of 2034. Further, the study uses 10 percentages of the 2034 SMEs giving a sample size of 203 SMEs. The choice of 10% is justified by separate pronouncement of researchers and Scholar: Particularly, Sekaran and Bougie (2010) elucidate a sample of 10% is representative and worthwhile in social sciences study. Mugenda and Mugenda (2008) maintain that 10 percent of the population can be used to generalize on the entire population.

3.3.2 Sampling Technique

Sampling technique is defined as a procedure of choosing a suitable sample for determining the parameters or a portrayal of the approaches, which the researcher will use to choose representative respondents from the accessible/target population (Adams *et al.*, 2007). The study used Cluster sampling technique to select the SMEs where owners/managers were picked. Therefore, SMEs were divided into three clusters (by location) where the sample size was distributed according to Neyman (1934) allocation formula. The purpose of the method was to maximize survey precision, given a fixed sample size. With Neyman (1934) allocation, the best sample size for stratum h was:

$$n_{h=} \left(\frac{N_h}{N} \right) n \text{ (Taro Yamane, 1973)}$$

Where,

n_h - The sample size for stratum h ,

n - Total sample size,

N_h -The population size for stratum h ,

N - The total population

Hence, distributions were as follows;

Table 2: Sampling (source: Author (2017))

Name of location	Target population	$n_{h=} \left(\frac{N_h}{N} \right) n$
Nairobi	33011	113
Arusha	11711	40
Kampala	14801	50
Total	59523	203

The researcher assigned random numbers to respondents then calculated the maximum value of the sampling interval; the number of individuals in the population divided by the number of individuals to be chosen for the sample, select a random number between 1 and the max-value, and repeatedly add the max value to select the rest of the SMEs. Moreover, Chose the sample by selecting the SMEs corresponding to the number sequence obtained. Nonetheless, after selection of sample size of 203 companies/managers, a total of one hundred and forty-two respondents were

available/opted in or had up to date contact information, which in my case is email addresses, in registrar office. Hence only 142 questionnaires were distributed for the study.

3.4 Data Collection Instruments

This study used questionnaires, to collect the data relevant. The researcher developed the research instruments based on the objectives of the study.

3.4.1 Questionnaires

These refer to the tools to be used for collecting data and how the tools will be developed, Oso and Onen (2005). The research utilized both primary and secondary data. The secondary data is obtained from previous reports as well as the internet. The primary data on the other hand is obtained from questionnaires. Questionnaire is used to obtain the primary data required for the project, which is to be self-administered by the researcher in the field. Questionnaires are best suited for surveys (Saunders *et al.*, 2007). This research employed a Likert scale i.e. strongly disagrees, strongly agree, in rating the various responses. The respondents were required to read, understand and tick an appropriate choice. The respondents comprised of the SME manager/owners. The questionnaires were to be administered by the researcher to obtain more information and obtain clarity of information obtained from the respondents.

3.4.2 Measurement and Sources of the Variables

Recession was measured using 5 items (decline in number of consumers/sales, employee retrenchment cheaper products, no orders for suppliers and loans) adopted and modified from (Association of Chartered Certified Accountants, 2013; Smith, Kestel and Robinson, 2003; Picard, and Rimmer., 1999). Product features was proxies of 7 items developed from Smith, Kestel and

Robinson (2003) and Picard, and Rimmer (1999). Market price was measured by four items from Chou and Chen (2002) while 4 items for distribution were sourced from Anderson and Russell (2009). promotion strategy was measured using 9 items from Taiwo (2010), Ramsey (2012) and Roberts (2003) and market segmentation items were sourced from Taiwo (2010), Srinivasan, Rangaswamy, and Lilien (2005), Varadarajan and Jayachandran (1999). SME Performance (Brik and Mellahi (2011)

3.5 Data Collection Procedures

To collect primary data, questionnaires are used. Sekaran (2013) suggests that questionnaires are efficient data collection apparatus that provide the researcher exactly what is necessary and how to measure the variables of interest. When the permission was granted by the university, the researcher sought appointment with SMEs management offices to approve research conduction in the companies. In addition, the researcher-sought appointment and consult with the SME owners, after which appointments were booked within authorities. The researcher then visited or emailed the respective SMEs to obtain samples of employees. The instructions on how to fill the questionnaires were carefully explained to the respondents.

3.6 Validity

O'leary (2009) indicates that validity is premised on the assumption that what is being studied can be measured and captured. It is thus the extent to which a research instrument is able to measure what it is intended to. According to Fraenkel, Wallen& Hyun, (2012), validity is the degree to which evidence is in line with the elucidations made by a researcher with reliance on the information gathered with the use of a certain instrument. In the study, content validity was tested.

To improve the content validity, literature searches together with pre-testing of the open-ended questions was done. The questions in the questionnaire were brainstormed with colleagues and there after necessary corrections was made. Subsequently, with guidance from the university supervisors and the outcomes of pilot study on the open-ended questions, improvement was made on the content validity.

3.7 Reliability

According to Pantan (2000) reliability is the quality attributed to proposition or measures of the degree to which they conform to establish the truth. For this study, reliability was to be achieved through a pilot test. The research employed the use of questionnaires. The purpose of construct reliability was to show that the items measured were correlated with what they purported to measure and that the items did not correlate with other constructs. Cronbach's alpha was used to determine reliability, where Cronbach's coefficient, having a value of more than 0.7 was considered adequate for such explanatory work (Heir *et al.*, 2006).

3.8 Data Analysis and Presentation.

The study made use of Statistical Package for Social Science (SPSS) in data analysis. Descriptive methods were used in analysing qualitative data where frequencies and proportions were used in interpreting the respondent's perception of issues that were raised in the questionnaires to answer the research questions. Descriptive statistics such as frequency distribution, percentages, means and standard deviations were calculated, and data presented in form of tables, graphs and charts. Inferential statistics were used to draw implications from the data with regard to the person correlation.

3.9 Ethical Considerations

Permission to carry out the study was sought from the relevant authority and from the employees who participated in the study (Kombo and Tromp, 2009). The researcher took into account the effects of the research on employees and acted in a way that protects their decorum. In the study, the researcher assured the respondents that information sought from them were mainly for academic purposes. Besides, the respondents were assured that identify would not be revealed and confidentiality would be of utmost priority. The researcher ensured that the respondents willingly gave consent to participate in the study. They were also informed that they are free to withdraw from the study if they feel uncomfortable. The respondents were assured that anonymity would be emphasized as their names or personal identification numbers would not be reflected in the questionnaires.

4. RESULTS

This chapter provides a presentation of research findings collected through the methodology discussed in chapter three. It provides an introduction of the findings of the empirical research on marketing strategies of Small and medium size enterprises during recession in emerging economies. This chapter opens with a section on the demographic description of participants who were involved in data collection. This is followed by reporting of data pertaining to the research objectives posed in this study.

4.1 Response Rate

From our sample size of 203 companies/managers, a total of one hundred and forty-two respondents were available/opted in or had up to date contact information in registrar office. Hence only 142 questionnaires were distributed for the study. The distribution was done that 95% were through email and the rest were done by personally visiting the companies. The emails were sent and 3 rounds of reminders followed by-weekly so as to increase number of responses. And the visited firms were only in Nairobi, Kenya. From the data collected, out of the 142 questionnaires administered to employees, 114 were filled and returned translating to a response rate of 80%. The high response rates facilitated gathering sufficient data that could be generalized to determine marketing strategies of Small and medium size enterprises during recession in emerging economies.

4.2 Demographic Information

The demographic information of the respondents is considered necessary because the ability of the respondents to give satisfactory information on the study variables may be affected by their

background. The background information put into consideration include the gender, age, level of education, position in the company and the nationality.

The researcher sought the gender of the respondents. As shown in the Table 3, 65.8% are male and 34.2% are female. From the study findings, male individuals comprise the majority. However, Zeffane (2012) provides statistical evidence that both male and female individuals have same overall entrepreneurial potentials. This means that both genders have a chance at succeeding in entrepreneurship.

Table 3: Demographic information (Source: Survey data (2017))

		Frequency	Percent
Gender	Male	75	65.8
	Female	39	34.2
	Total	114	100
Age	19 and under	2	1.8
	20-29	3	2.6
	30-39	47	41.2
	40-49	52	45.6
	50-59	10	8.8
	Total	114	100
Highest educational	Other	2	1.8
	Degree	14	12.3
	Diploma	45	39.5
	Certificate	46	40.4
	Secondary	7	6.1
	Total	114	100
Nationality	Tanzanian	24	21
	Ugandan	43	37.7
	Kenyan	47	41.2
	Total	114	100
Job position	Manager	47	41.2
	middle staff	47	41.2
	production staff	20	17.5
	Total	114	100

The study put into account the age bracket of the respondents. As evidenced in table 3, 45.6% of the respondents are between 30 to 39 years, 41.2% are between 20 to 29 years, 8.8% of them are between 50 to 59 years, 2.6% are between 40 to 49 years and 1.8% of the respondents are 19 years and under. Majority of the respondents according to the study findings were between 30 to 39 years of age.

Furthermore, most organizations use education as an indicator of a person's skill levels or productivity (Benson, Finegold, & Mohrman, 2004). The study therefore deemed it important to establish if the educational level of the employees had a bearing on the marketing strategies by the SMEs during recession. The study put five variables to depict the education attained by the respondents. The variables were Secondary level, Certificate, Diploma, Degree and other. The findings were Secondary 6.1%, Certificate were 40.4%, Diploma were 39.5%, Degree were 12.3% and those with other level of education were 1.8%. These findings implied that most of the respondents were qualified to understand the nature of the study recession and had technical knowledge and skills to respond to recession of 2007-2009.

In addition, the nationality of the respondents is sought by the study because different nationalities may have different marketing strategies to cope with recession and also because the study was covering three different countries. As evidenced in table 3, 41.2% of the respondents are Kenyans, 37.7% Ugandans and 21% Tanzanians. This infers that the study findings will be about the East Africa

The respondents' job position is sought by the study. From the results, 17.5% are production staff, 41.2% middle staff and 41.2% management. Given the contribution of each respondent, there was a diversified base of information.

4.3 Opportunities available and seized during Recession

This section focuses on the opportunities available and seized during recession. The findings are as presented in Table 4. The respondents are asked whether most of the consumers and businesses are looking for solutions to problems during recession. The results from the study revealed that, of the total respondents, 0.9% strongly agreed that most of the consumers and businesses are looking for solutions to problems during recession, 51.8% of them agreed, 19.3% disagreed, 0.9% strongly disagreed while 27.2% of the respondents were neutral. The mean value was 3.32 and standard deviation 0.825 implying that there is still uncertainty as to whether most of the consumers and businesses are looking for solutions to problems during recession.

In determining whether customers are likely to look for cheaper options trying to save money during recession, the study revealed that; 36.8% of the respondents strongly agreed, 29.8% of them agreed, 7% disagreed while 26.3% of the respondents were neutral. The results summed up to a mean of 3.96 and standard deviation of 0.959. It can therefore be concluded that customers are likely to look for cheaper options trying to save money during recession.

In a related question of whether during recession, when layoffs are rife, highly qualified, talented and effective individuals can be found much more easily with low salary than during the good times, results from the study revealed that, the question had a mean of 3.91 and standard deviation

of 0.815. This was as a result of 26.3% of the respondents strongly agreeing, 41.2% agreeing, 2.6% disagreeing, and 29.8% being uncertain.

In order to find out whether, during recession there are lower interest rates, meaning cheaper credit and respondents were asked to state the degree to which they concurred with the statement. Of the total respondents, 5.3% of the respondents strongly agreed, 45.6% of them agreed, 15.8% disagreed, while 33% of them were neutral. The results summed up to a mean of 3.4 and standard deviation of 0.817 meaning it has not been fully established if during recession there are lower interest rates, meaning cheaper credit.

The study further enquired from the respondents whether there is less competition. The results revealed that 6.1% of the respondents strongly agreed, 51.8% of them agreed, 1.8% disagreed, 5.3% strongly disagreed while 35.1% of the respondents were neutral. The results summed up to a mean of 3.52 and standard deviation of 0.854 meaning that there is less competition.

To establish whether recession gives start-ups negotiating power, respondents were requested for their opinion and the results were such that, 16.7% of the respondents strongly agreed, 48.2% of them agreed, 6.1% of them disagreed while 28.9% of the respondents were neutral. The results summed up to a mean of 3.75 and standard deviation of 0.804 an indication that recession gives businesses negotiating power.

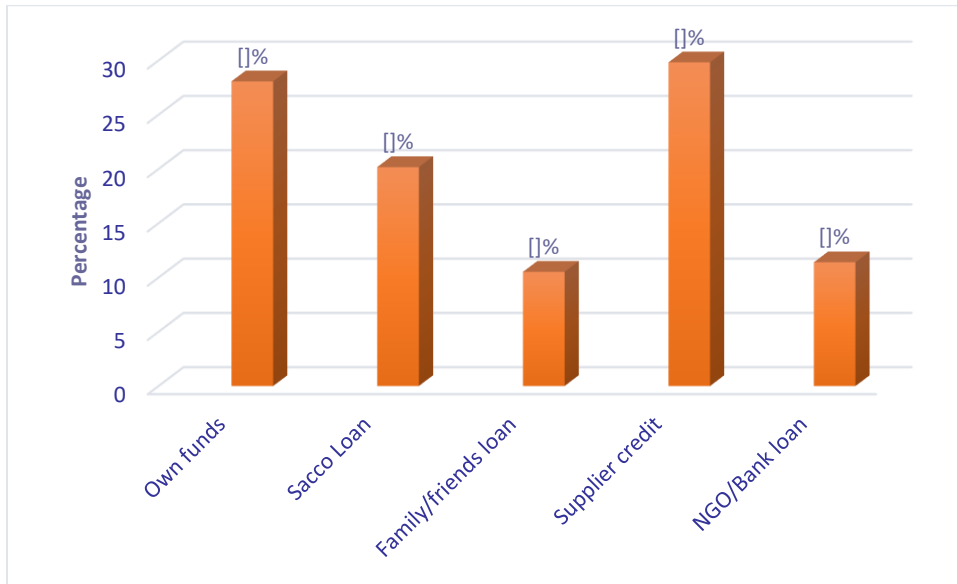
Table 4: Opportunities available and seized during Recession (Source: Survey data (2017))

		SD	D	N	A	SA	Mean	Std. Deviation
During recession most of the Consumers and businesses are looking for solutions to problems	Freq.	1	22	31	59	1	3.32	0.825
	%	0.9	19.3	27.2	51.8	0.9		
During recession customer are likely to look for cheaper options trying to save money	Freq.	0	8	30	34	42	3.96	0.959
	%	0	7	26.3	29.8	36.8		
During recession, when layoffs are rife, highly qualified, talented and effective individuals can be found much more easily with low salary than during the good times	Freq.	0	3	34	47	30	3.91	0.815
	%	0	2.6	29.8	41.2	26.3		
During recession, there are lower interest rates, meaning cheaper credit	Freq.	0	18	38	52	6	3.4	0.817
	%	0	15.8	33.3	45.6	5.3		
There is less competition	Freq.	6	2	40	59	7	3.52	0.854
	%	5.3	1.8	35.1	51.8	6.1		
Recession give businesses negotiating power	Freq.	0	7	33	55	19	3.75	0.804
	%	0	6.1	28.9	48.2	16.7		

4.4 Source of initial investment capital

It was deemed important to establish where SMEs get their capital for initial investment. Figure 3 highlighted the results. findings in the figure, 29.8% of the respondents sought their initial investment from supplier credit, 28.1% own funds, 20.2% Sacco loan, 11.4% NGO/Bank loan and 10.5% from family/friends' loan. From the foregoing results, it is evident that most of the SMEs sought their initial financing from supplier credit and their own funds. Financing from family/friends' loans was least sought by the SMEs.

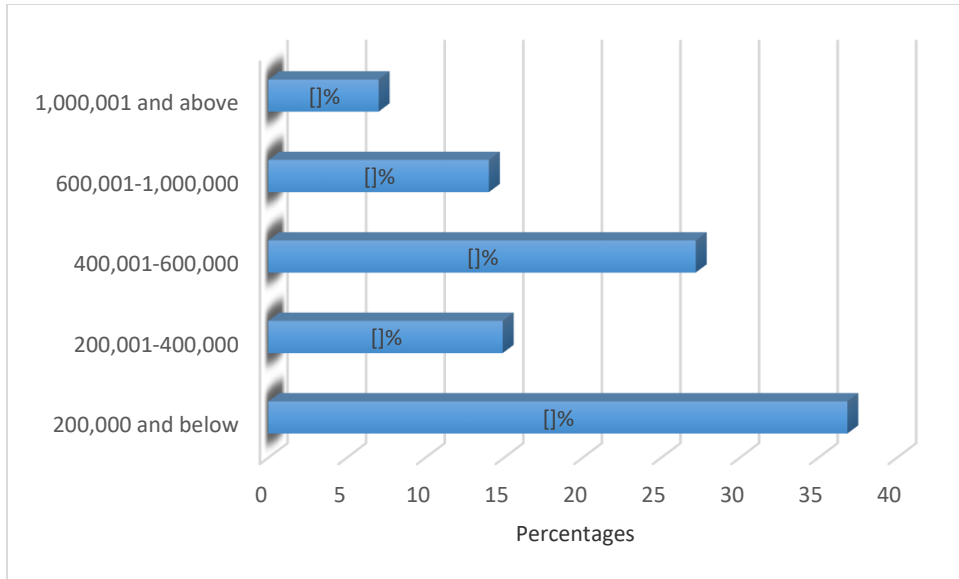
Figure 3: Source of initial investment capital



4.5 Amount of capital invested in the enterprise

The amount of capital invested in the business was also sought. Figure 4 illustrates the results. As indicated in the figure, 36.8% of the respondents noted that the capital invested in the enterprise is below 200,000KSh (1935\$), 27.2% of them stated that the capital invested is between 400,000KSh-600,000KSh (3870\$-5870\$). Additionally, 14.9% noted that the capital invested is between 200,000KSh-400,000KSh (1935\$-3870\$), 14% of the respondents noted that the enterprise has invested capital in the tune of 600,000KSh-900,000KSh (5870\$-9670\$) and 7% of the respondents stated they have invested more than 1 Million KSh (9670\$) in the enterprise.

Figure 4: Amount of capital invested in the enterprise (KSh)



4.6 Value of net asset base and annual sales (KSh.)

Table 5 highlights the results on the value of net asset base and the annual sales. Majority (52.6%) of the respondents affirmed that the net asset base of their enterprise is below 20,000,000 (193,705\$) while the least (9.6%) noted that the net asset base is over 40,000,001 (387,409\$). In terms of annual sales, 62.6% of the respondents stated that the annual sales are below 100,000KSh, 26.3% of them stated that is between 100,000 to 250,000 whereas 4.4% of the respondents noted that annual sales are over 500,000KSh.

Table 5: Value of net asset base and annual sales (KShs.) (Source: Survey data, (2017))

	Frequency	Percentage
Value of net asset base(Kshs)		
20,000,000 and below	60	52.6
20,000,001-30,000,000	31	27.2
30,000,001-40,000,000	12	10.5
Above 40,000,001	11	9.6
Total	114	100
Value of your annual sales (Kshs)		
100,000 and below	71	62.3
100,001- 250,000	30	26.3
250,001-500,000	8	7.0
Above 500,000	5	4.4
Total	114	100

4.7 Measures of Recession

The study sought to measure recession by evaluating five dimensions as seen in this chapter.

Table 6 illustrates the results on measures of recession. In relation to whether there has been a decline in number of consumers/sales, 19.3% of the respondents strongly agreed that there has been a decline in number of consumers/sales, 43% agreed, 9.6% disagreed and 28.1% of the respondents were neutral. The item had a mean of 3.72 (standard deviation = 0.888). This indicates that there has been a decline in number of consumers/sales.

The study also enquired from the respondents whether there is employee retrenchment. The results revealed that 25.4% of the respondents strongly agreed that there is employee retrenchment, 43.9% of them agreed, 14.9% disagreed while 15.8% of the respondents were neutral. The results overall mean was 3.8 (standard deviation = 0.988). This implies that there is employee retrenchment.

In an attempt to find out if cheaper products are chosen, 19.3% of the respondents strongly agreed, 35.1% of them agreed, 9.6% of them disagreed while 36% of the respondents were neutral. The overall mean was 3.64 (standard deviation = 0.904) an indication that cheaper products are chosen.

In order to ascertain whether there are no orders for supplies, machines or raw materials, results were such that, 12.3% of the respondents strongly agreed, 74.6% of them agreed, while 13.2% of them disagreed. The overall mean was 3.86 (standard deviation = 0.797). Generally, there are no orders for supplies, machines or raw materials.

Finally, the study sought to find out if financial institutions were unwilling to give loans. Results indicated that 37.7% of the respondents strongly agreed, 49.1% of them agreed, 6.1% disagreed while 7% of the respondents were neutral. The overall mean was 4.18 (standard deviation = 0.815) implying that financial institutions were unwilling to give loans.

Table 6: Measures of Recession

		SD	D	N	A	SA	Mean	Std. Deviation
Decline in number of consumers/Sales	Freq	0	11	32	49	22	3.72	0.888
	%	0	9.6	28.1	43	19.3		
Employee retrenchment	Freq	0	17	18	50	29	3.80	0.988
	%	0	14.9	15.8	43.9	25.4		
Cheaper products chosen	Freq	0	11	41	40	22	3.64	0.904
	%	0	9.6	36	35.1	19.3		
No orders for supplies, machines or raw-materials	Freq	0	15	0	85	14	3.86	0.797
	%	0	13.2	0	74.6	12.3		
Financial institutions were unwilling to give loans	Freq	0	7	8	56	43	4.18	0.815
	%	0	6.1	7	49.1	37.7		

4.8 SME marketing strategies in response to the recession

The study sought to establish the marketing strategies used by SMEs especially in response to recession.

4.8.1 Number of Employees (Before, during and after Recession)

The study deemed it important to establish the number of employees before 2007, during the recession (2007-2009) and after the recession. The results were summarized and presented in Table 7. The findings showed that the SMEs had a minimum of 2 employees and a maximum of 102. On

average, there are 73 employees (mean = 73.36, SD = 17.794). During the recession, there was a decline in the number of employees to 44 on average (mean = 44.42) then it rose to 79 employees on average after the recession (mean = 79.61, SD = 11.209).

Table 7: Number of Employees (Before, during and after Recession) (Source: Survey data, (2017))

	N	Minimum	Maximum	Mean	Std. Deviation
Employees before 2007	114	2	102	73.36	17.794
Employees 2007-2009	114	1	87	44.42	15.296
Employees after 2009	114	6	140	79.61	11.209

4.8.2 Changes made during the global recession (2007-2009) in relation to product features

This section of the analysis highlights the changes made during the global recession (2007-2009) in relation to product features. The findings are as presented in Table 8. The study sought to establish whether the respondents eliminated some of the product features in order to decrease their cost. From the findings, 22.8% of the respondents strongly agreed that they eliminated some of the product features in order to decrease their cost, 38.6% of them agreed, 7.9% disagreed while 30.7% of the respondents were neutral. The mean value of 3.76 was confirmation that a few of the product features were eliminated in order to reduce their cost while the standard deviation of 0.895 further revealed less degree of variation in the responses.

In an attempt to establish if, the respondents have added new products with fewer features into our product range. From the findings, 15.8% of the respondents strongly agreed, 65.8% of them agreed, 8.8% disagreed and 9.6% of the respondents were neutral. The mean was 3.89 (standard

deviation = 0.773) revealing that the enterprises have added new products with less features into our product range.

Moreover, 20.2% of the respondents strongly agreed, 44.7% of them agreed, 7% of them disagreed that new products and services had been developed while 28.1% of the respondents were neutral. The overall mean was 3.78 (standard deviation = 0.849) an indication that new products and services have been developed.

In order to ascertain that the respondents had enhanced the features of their products, 27.2% of the respondents strongly agreed, 40.4% of them agreed, 0.9% of them disagreed and 31.6% of the respondents were neutral. The overall mean was 3.94 (standard deviation = 0.79). On a whole, the respondents had enhanced features of their products.

In order to find out if the respondents added new products with more features into their product range, 16.7% of the respondents strongly agreed, 38.6% of them agreed, 14% disagreed and 30.7% of the respondents were neutral. The overall mean was 3.58 (standard deviation = 0.93). Thus, it can be noted that majority of the respondents added new products with more features into their product range.

In regard to whether the respondents maintained same product line, of the total respondents, 27.2% of the respondents strongly agreed, 28.9% of them agreed, 12.3% disagreed while 31.6% of the respondents were neutral. The overall mean was 3.71 (standard deviation = 1.002) implying that the same product line was maintained.

Finally, the study enquired from the respondents whether they reduced/stopped producing some products. The results revealed that 22.8% of the respondents strongly agreed, 40.4% of them

agreed, 10.5% disagreed while 26.3% of the respondents were neutral. The overall mean was 3.75 (standard deviation = 0.927). This implies that the enterprises reduced/stopped producing some products.

Table 8: Changes made during the global recession (2007-2009) in relation to product features (Source: Survey data, (2017))

		SD	D	N	A	SA	Mean	Std. Deviation
We eliminated some of our product features in order to reduce their cost	Freq.	0	9	35	44	26	3.76	0.895
	%	0	7.9	30.7	38.6	22.8		
We added new products with less features into our product range.	Freq.	0	10	11	75	18	3.89	0.773
	%	0	8.8	9.6	65.8	15.8		
We developed new products and services.	Freq.	0	8	32	51	23	3.78	0.849
	%	0	7	28.1	44.7	20.2		
We enhanced the features of our products.	Freq.	0	1	36	46	31	3.94	0.79
	%	0	0.9	31.6	40.4	27.2		
We added new products with more features into our product range	Freq.	0	16	35	44	19	3.58	0.93
	%	0	14	30.7	38.6	16.7		
We maintained same product line	Freq.	0	14	36	33	31	3.71	1.002
	%	0	12.3	31.6	28.9	27.2		
We reduced/ stopped producing some products	Freq.	0	12	30	46	26	3.75	0.927
	%	0	10.5	26.3	40.4	22.8		

4.8.3 Changes related to market price

The changes related to the market price are as presented in Table 9. In regard to whether products' selling prices was reduced, of the total respondents, 19.3% of the respondents strongly agreed that products selling prices was reduced, 57.9% of them agreed while 15.8% of the respondents were neutral. The overall mean was 3.82 (standard deviation = 0.98) implying that products selling prices was reduced.

Further, respondents were asked whether they stocked their business with low priced goods. The findings revealed that 1.8% strongly agreed, 62.3% of the respondents agreed, 10.5% of them disagreed while 25.4% of the respondents were neutral. The overall mean was 3.55 (standard deviation = 0.705) implying that the enterprises have stocked low priced goods.

In addition, the study sought to find out if the prices remained the same and the findings showed that 1.8% of the respondents strongly agreed, 58.8% of them agreed, 9.6% disagreed while 29.8% of the respondents were neutral. The overall mean was 3.53 (standard deviation = 0.694) indicating that the prices remained the same for some products.

Moreover, the study sought to establish if prices increased and the findings showed that 16.7% of the respondents strongly agreed, 50.9% agreed, 9.6% disagreed and 22.8% of the respondents were neutral. The item reported a mean of 3.75 meaning that there was price increase for some products.

Table 9: Changes related to market price (Source: Survey data, (2017))

		SD	D	N	A	SA	Mean	Std. Deviation
Our products selling prices was reduced	Freq.	8	0	18	66	22	3.82	0.98
	%	7	0	15.8	57.9	19.3		
We stocked our business with low priced goods	Freq.	0	12	29	71	2	3.55	0.705
	%	0	10.5	25.4	62.3	1.8		
Prices remained the same	Freq.	0	11	34	67	2	3.53	0.694
	%	0	9.6	29.8	58.8	1.8		
We increased prices	Freq.	0	11	26	58	19	3.75	0.85
	%	0	9.6	22.8	50.9	16.7		

4.8.4 Changes related to distribution

The study sought to establish the changes related to distribution. Table 10 illustrates the results. In regards to whether the respondents maintained the distribution channels. Of the total respondents, 8.8% of the respondents strongly agreed, 42.1% of them agreed, 22.8% disagreed, and 26.3% of the respondents were neutral. The overall mean was 3.37 mean (standard deviation = 0.934).

In relation to whether the distribution channels increased, the results indicated that 24.6% of the respondents strongly agreed, 48.2% of the respondents agreed while 27.2% of the respondents were neutral. The overall mean was 3.97 (standard deviation = 0.722) implying that there was an increase in the distribution channels.

Further, the study sought to find out if there has been a reduction in the distribution channels. Results indicated that 15.8% of the respondents strongly agreed, 43.9% of them agreed, 9.6%

disagreed while 30.7% of the respondents were neutral. The results summed up to a mean of 3.66 and standard deviation of 0.89.

Table 10: Changes related to distribution (Source: Survey data, (2017))

			SD	D	N	A	SA	Mean	Std. Deviation
We maintained distribution channels	Freq.	0	26	30	48	10	3.37	0.934	
	%	0	22.8	26.3	42.1	8.8			
We increased distribution channels.	Freq.	0	0	31	55	28	3.97	0.722	
	%	0	0	27.2	48.2	24.6			
We reduced distribution channels	Freq.	0	11	35	50	18	3.66	0.86	
	%	0	9.6	30.7	43.9	15.8			

4.8.5 Promotion strategy used and its effectiveness

Table 11 illustrates the results on the promotion strategy used and its effectiveness. From the results in the table, 77.5% of the respondents noted that advertising using magazines is very effective and 22.5% effective. Advertising using magazines was chosen since it could reach a larger audience at a relatively lower cost. The overall means was 3.77 (standard deviation = 0.419).

Similarly, 74.5% of the respondents noted that advertising using newspaper is very effective and 23.2% of them affirmed that it is effective. The overall mean was 3.72 (standard deviation = 0.497).

Furthermore, 74.5% of the respondents stated that the use of brochures is very effective, 23.2% effective and 2.3% least effective. The overall mean was 3.72 (standard deviation = 0.497).

Moreover, 78.4% of the respondents noted that the use of radio is very effective, 19.3% effective

and 2.3% least effective. The overall mean was 3.76 (standard deviation = 0.478). The reason was that it reaches a larger audience hence an effective marketing tool.

Moreover, 80.4% of the respondents stated that the use of road promotions is very effective, 17% effective while 2.6% least effective. The overall mean was 3.78 (standard deviation = 0.475) implying that road promotions are effective. They are effective in the sense that the enterprises are able to attract new customers and have face-to-face encounter with customers. In so doing, customers can get details on the products and services offered and have an opportunity to try out some of the products.

Furthermore, 44.8% of the respondents stated that the use of personal selling is effective, 22.2% least effective and 25.2% not effective at all. The overall mean was 2.35 (standard deviation = 0.944) implying that that personal selling was least effective as a promotion strategy.

Moreover, 68% of the respondents noted that the use of discounts is very effective, 13.4% effective while 15.7% least effective. Overall, results on the use of discounts summed up to a mean of 3.51 meaning that the use of discounts is an effective promotion strategy.

Likewise, 41.2% of the respondents stated that the use of special offers is very effective, 27.1% effective, 21.6% least effective while 10.1% not effective at all. The overall mean was 2.88 (standard deviation = 1.169). Finally, 77.5% of the respondents stated that the use of gifts is effective, 5.2% least effective and 7.5% not effective at all. The overall mean was 3.5 (standard deviation = 0.996).

Table 11: Promotion strategy used and its effectiveness (Source: Survey data, (2017))

		Not effective at all	Least effective	Effective	Very effective	Mean	Std. Deviation
Advertising using magazine	Freq.	0	0	26	88	3.77	0.419
	%	0	0	22.5	77.5		
Advertising using newspaper	Freq.	0	0	52	254	3.83	0.376
	%	0	0	17	83		
Use of brochures	Freq.	0	3	26	85	3.72	0.497
	%	0	2.3	23.2	74.5		
Using radio	Freq.	0	3	22	89	3.76	0.478
	%	0	2.3	19.3	78.4		
Roads promotions	Freq.	0	3	19	92		
	%	0	2.6	17	80.4	3.78	0.475
Personal selling	Freq.	29	25	51	9		
	%	25.2	22.2	44.8	7.8	2.35	0.944
Using discounts	Freq.	3	18	15	78		0.835
	%	2.9	15.7	13.4	68	3.51	
Using special offers	Freq.	12	25	31	47		1.169
	%	10.1	21.6	27.1	41.2	2.88	
Free gifts	Freq.	9	6	88	11		
	%	7.5	5.2	77.5	9.8	3.5	0.996

4.8.6 Changes related to market segmentation

This section focused on the changes related to market segmentation. The findings are as presented in Table 12. The respondents were asked whether they entered different market segments. The results from the study revealed that, of the total respondents, 21.1% strongly agreed, 64.9% of them agreed, 1.8% disagreed and 12.3% strongly disagreed. The mean value was 3.81 and standard deviation 1.172 implying that the enterprises entered different market segments.

In determining whether the enterprises have developed products for upscale customers, the study revealed that; 26.3% of the respondents strongly agreed, 26.3% of them agreed, 1.8% disagreed, 1.8% strongly disagreed while 43.9% of the respondents were neutral. The overall mean was 3.74 (standard deviation = 0.936). It can therefore be concluded that the enterprises developed products for upscale customers.

In a related question of whether the enterprises have tried to concentrate more on current consumers, results from the study revealed that, the question had a mean of 3.82 and standard deviation of 1.269. This was because of 45.6% of the respondents strongly agreeing, 15.8% agreeing, 21.1% disagreeing, 1.8% strongly disagreeing and 15.8% being uncertain.

In order to find out whether, the enterprises withdrew from some markets; respondents were asked to state the degree to which they concurred with the above. Of the total respondents, 33.3% of the respondents strongly agreed, 43.9% of them agreed, 14% disagreed, and 1.8% strongly disagreed while 7% of them were neutral. The overall mean was 3.93 (standard deviation = 1.067) meaning that the enterprises withdrew from some markets because of the recession.

Finally, in regard to whether the enterprises developed products for downscale consumer. Of the total respondents, 47.4% of the respondents strongly agreed, 38.6% of them agreed, 1.8% disagreed, and 1.8% strongly disagreed while 10.5% of the respondents were neutral. The overall mean was 4.28 (standard deviation = 0.861) implying that majority of the respondents agreed that products for downscale consumers were developed.

Table 12: Changes related to market segmentation (Source: Survey data, (2017))

		SD	D	N	A	SA	Mean	Std. Deviation
We entered different market segments	Freq.	14	2	0	74	24	3.81	1.17
	%	12.3	1.8	0	64.9	21.1		
We developed products for upscale consumers.	Freq.	2	2	50	30	30	3.74	0.94
	%	1.8	1.8	43.9	26.3	26.3		
We tried to concentrate more on current consumers	Freq.	2	24	18	18	52	3.82	1.27
	%	1.8	21.1	15.8	15.8	45.6		
We withdrew from some markets.	Freq.	2	16	8	50	38	3.93	1.07
	%	1.8	14	7	43.9	33.3		
We develop products for downscale consumer	Freq.	2	2	12	44	54	4.28	0.86
	%	1.8	1.8	10.5	38.6	47.4		

4.9 Business performance after the 2007-2009 recessions.

The findings are presented in Table 13. In regard to whether there has been growth in profits, of the total respondents, 35.1% of the respondents noted that the growth in profits is very good, 42.1% of them good, 1.8% poor, 1.8% very poor while 19.3% of the respondents were neutral. The overall mean was 4.07 (standard deviation = 0.884) meaning that there was growth in profits after the 2007-2009 recessions.

The study further enquired from the respondents how the business performed in terms of growth of sales. The results revealed that 40.4% of the respondents noted that the performance was very good, 43.9% good, 5.3% poor while 10.5% of the respondents were neutral. The overall mean was 4.19 (standard deviation = 0.833) indicating that there was growth of sales.

In relation to increase in the number of employees, the results were positive with 26.3% of the respondents noting that the increase in the number of employees was very good, 31.6% good, and 14% poor, while 28.1% of them were neutral. The overall mean was 3.7 (standard deviation = 1.024) implying that there was an increase in the number of employees after the recession.

When the respondents were asked how the business performance was, in terms of increase in the market size, the results were such that 21.1% of them stated that the business performance was very good, 43.9% good, 19.3% poor, while 15.8% were neutral. The overall mean was 3.67 (standard deviation = 1.024) implying there was a notable increase in the market size. Furthermore, 40.4% of the respondents stated that the growth in capital from operations is very good, 35.1% good, 22.8% poor while 1.8% of them was neutral. The overall mean was 3.93 (standard deviation = 1.163). This implies that the growth in capital from operations is good.

In addition, 15.8% of the respondents noted the enterprises' creation of positive reputation is very good, 61.4% good, 5.3% poor while 17.5% of them were neutral. The overall mean was 3.88 (standard deviation = 0.734). This is an indication that the enterprises were successful in creating a positive reputation.

Moreover, 29.8% of the respondents noted that customer satisfaction is very good and 70.2% of them noted that it is very good. The overall mean was 3.3 (standard deviation = 0.462). In addition, 31.6% of the respondents stated that the customer loyalty is very good, 8.8% good, 12.3% poor while 47.4% of the respondents were neutral. The overall mean was 3.6 (standard deviation = 1.067) and was confirmation that the customer loyalty is good while the further revealed the degree of variation in the responses.

Finally, 38.6% of the respondents noted that business performance in terms of new customers is very good, 14% good, 35.1% poor and 12.3% of the respondents were neutral. The overall mean was 3.56 (standard deviation = 1.323) implying that the business performance in terms of new customers was good.

Table 13: Business performance after the 2007-2009 recessions Source: (Survey data, (2017))

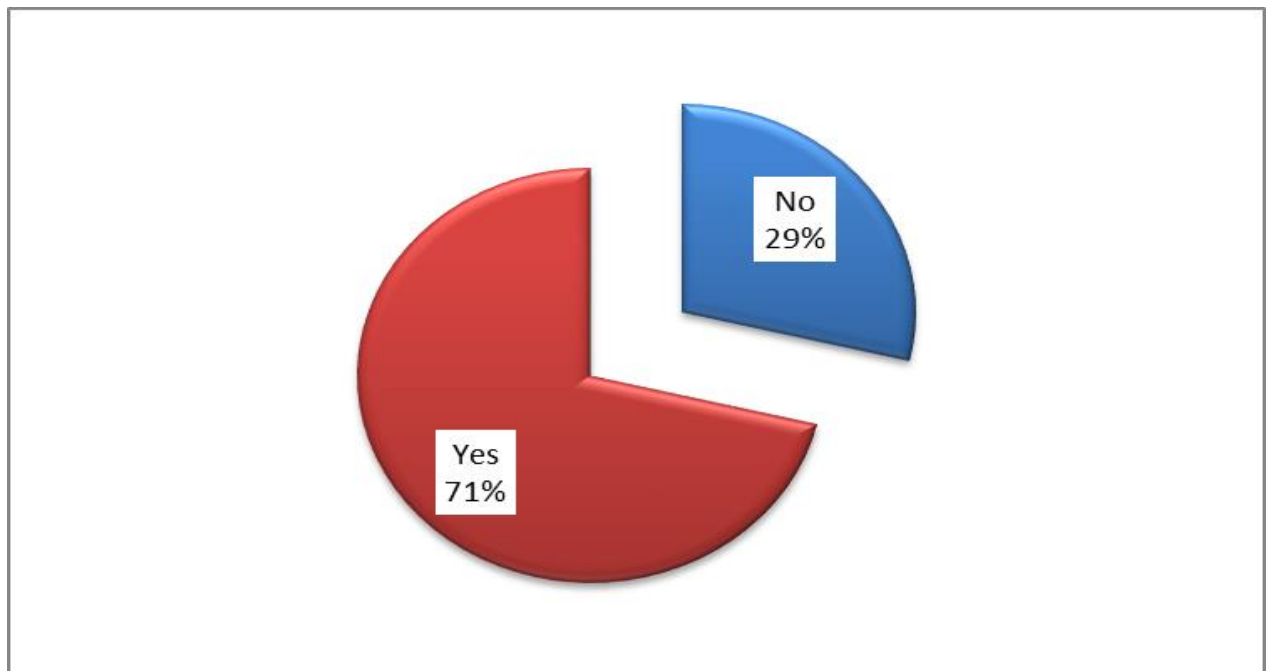
		Very poor	Poor	Neutral	Good	Very good	Mean	Std. Deviation
Growth in profits	Freq.	2	2	22	24	40	4.07	0.88
	%	1.8	1.8	19.3	42.1	35.1		
Growth in sales	Freq.	0	6	12	50	46	4.19	0.83
	%	0	5.3	10.5	43.9	40.4		
Increase in the number of employees	Freq.	0	16	32	36	30	3.7	1.02
	%	0	14	28.1	31.6	26.3		
Increase in the market size	Freq.	0	22	18	50	24	3.67	1.02
	%	0	19.3	15.8	43.9	21.1		
Growth in capital from operations	Freq.	0	26	2	40	46	3.93	1.16
	%	0	22.8	1.8	35.1	40.4		
Successful creation of positive reputation	Freq.	0	6	20	70	18	3.88	0.73
	%	0	5.3	17.5	61.4	15.8		
Customer satisfaction	Freq.	0	0	0	80	34	3.3	0.46
	%	0	0	0	70.2	29.8		
Customer loyalty	Freq.	0	14	54	10	36	3.6	1.07
	%	0	12.3	47.4	8.8	31.6		
New customers	Freq.	0	40	14	16	44	3.56	1.32
	%	0	35.1	12.3	14	38.6		

4.10 Change back to any of the Marketing strategies used before the recession

The study sought to establish if the enterprises changed back to any of the marketing strategies used before the recession. Figure 5 highlights the results. As evidenced in the figure, 71% of the respondents noted that they changed to some of the marketing strategies used before the recession. Particularly, after the recession new products with more features were added into the enterprises product range. There was development of new products and services as well as enhancement of the product features. With respect to price, the enterprises were stocked with premium goods. There was also a slight increase in the price of the goods. On the other hand, there was an increase in the number of distribution channels. In addition, there were promotions in terms of personal selling, discounts, gifts that were previously limited during the recession.

Figure 5: Change back to any of the Marketing strategies used before the recession

(Source: Survey data, (2017))



4.11 SME Performance

This section of the analysis highlights the results on SME performance. Table 14 illustrates the results. To establish the level of growth in sales in relation to expectations, 54.4% of the respondents noted that the growth in sales is very high, 8.8% high, 12.3% low while 24.6% of the respondents were neutral. The overall mean was 4.05 (standard deviation = 1.141).

In order to ascertain the level of growth in sales in relation to competitors, the respondents were asked to respond accordingly. The results revealed that, 52.6% of them noted that it is very high, 36.8% high while 10.5% of the respondents were neutral. The overall mean was 4.42 (standard deviation = 0.68).

Further, 31.6% of the respondents noted that the growth in profits in relation to their expectations is very high, 35.1% high, 15.8% low while 17.5% of them were neutral. The overall mean was 3.67 (standard deviation = 1.354).

In addition, 10.5% of the respondents stated that growth in the profit level in relation to competitors is very high, 21.1% high, 21.1% low while 47.4% were undecided. The overall mean was 3.21 (standard deviation = 0.901).

In regards to the increase in the number of employees, 50.9% of the respondents noted that the increase in the number of employees is very high and 49.1% high. The 4.51 mean and standard deviation of 0.504 further confirmed this position.

In relation to the increase in the market size in new markets in relation to competitors, 21.1% of the respondents noted that the increase in the market size is very high, 50.9% high, and 15.8% low

while 12.3% of the respondents were neutral. The overall mean was 3.61 (standard deviation = 1.278).

In addition, 35.1% of the respondents stated that growth in capital from operations is very high and 40.4% high. The mean was 4.11 (standard deviation = 0.772). Further, the study sought to find out the level of improvement in efficiency and 21% of the respondents stated that the improvement in efficiency is very high, 33% high and 1.8% low while 43.9% of the respondents were neutral. The overall mean was 3.74 (standard deviation = 0.81).

Furthermore, 59.6% of the respondents noted that successful creation of positive reputation is very high, 12.3% neutral, and 28.1% low. The overall mean was 3.91 (standard deviation = 1.366) an indication of successful creation of positive reputation.

In addition, 5.3% of the respondents noted that increase in perception of customer satisfaction is high, 68.4% neutral, 24.6% low and 1.8% poor. The overall mean was 3.51 (standard deviation = 0.984) meaning that generally there is increase in perception of customer satisfaction.

In addition, 45.6% of the respondents noted that there is a very high level of customer loyalty, 45.6% high and 8.8% poor. The overall mean was 4.19 (standard deviation = 1.109) implying that there is a high level of customer loyalty.

Finally, 33.3% of the respondents noted that there is a very high level of new customers, 7% high, 19.3% neutral and 40.4% low. The overall mean was 3.33 (standard deviation = 1.314).

Table 14: SME Performance (Source: Survey data, (2017))

		Poor	Low	Neutral	high	Very high	Mean	Std. Deviation
Growth in sales in relation to your expectations (goals)	Freq.	0	14	28	10	62	4.05	1.14
	%	0	12.3	24.6	8.8	54.4		
Growth in sales in relation to your competitors	Freq.	0	0	12	42	60	4.42	0.68
	%	0	0	10.5	36.8	52.6		
Growth in profits in relation to your expectations (goals)	Freq.	0	18	20	40	36	3.67	1.35
	%	0	15.8	17.5	35.1	31.6		
Growth in profit level in relation to your Competitors	Freq.	0	24	54	24	12	3.21	0.9
	%	0	21.1	47.4	21.1	10.5		
Increase in number of employees	Freq.	0	0	0	56	58	4.51	0.5
	%	0	0	0	49.1	50.9		
Increased market size in new markets in relation to your competitors	Freq.	0	18	14	58	24	3.61	1.28
	%	0	15.8	12.3	50.9	21.1		
Growth in capital from operations	Freq.	0	0	0	46	40	4.11	0.77
	%	0	0	0	40.4	35.1		
Improvement in efficiency	Freq.	0	2	50	38	24	3.74	0.81
	%	0	1.8	43.9	33.3	21.1		

Successful creation of positive reputation	Freq.	0	32	14	0	68	3.91	1.37
	%	0	28.1	12.3	0	59.6		
Increase in perception of customer satisfaction	Freq.	2	28	78	6	0	3.51	0.98
	%	1.8	24.6	68.4	5.3	0		
High level of customer loyalty	Freq.	10	0	0	52	52	4.19	1.11
	%	8.8	0	0	45.6	45.6		
High level of new customers	Freq.	2	8	22	80	2	3.63	0.72
	%	1.8	7	19.3	70.2	1.8		
High ability to develop new products	Freq.	0	46	22	8	38	3.33	1.31
	%	0	40.4	19.3	7	33.3		

4.12 Correlation results

The Pearson Product Moment correlation coefficient was utilized to assess the degree of the relationship between the explanatory factors and the response factor as well as the inter-explanatory factor relationships (Wong & Hiew, 2005; Jahangir & Begum 2008). The correlation coefficient ranges from + 1.0 to -1.0 with values close to 0 indicating a weak relationship, values close to +/-0.5 indicating a mildly strong relationship while values close to +/-1.0 indicating a strong relationship. On the other hand, correlations are not inferring cause-effect relationships between variables. The findings in Table 15 present the correlation results.

Table 15: Correlation results (Source: Survey data, 2017)

		SME performance	Promotion strategy	Changes related to market segmentation	Changes related to distribution	Changes related to market price
Promotion strategy	ρ	0.530**	1			
	Sig. (2-tailed)	0.000				
Changes related to market segmentation	ρ	0.138*	0.045	1		
	Sig. (2-tailed)	0.015	0.425			
Changes related to distribution	ρ	0.519**	0.011	0.653**	1	
	Sig. (2-tailed)	0.000	0.853	0.000		
Changes related to market price	ρ	0.202**	0.011	0.653**	0.409**	1
	Sig. (2-tailed)	0.000	0.853	0.000	0.000	
Product features	ρ	0.409**	0.337	0.880**	0.477**	0.055
	Sig. (2-tailed)	0.000	0.0319	0.000	0.000	0.702
* Correlation is significant at the 0.05 level (2-tailed).						
** Correlation is significant at the 0.01 level (2-tailed).						

The findings in Table 15 showed that there is a strong relationship between SME promotion strategies and SME performance ($\rho = 0.530$, p -value $< .01$) (See Table 15). This means that there is a 53.0% chance that SME performance will increase given an increase in the promotion strategy. Furthermore, the findings showed that changes related to market segmentation has a positive and significant relationship with SME performance, $\rho = 0.138$, p -value $< .05$ indicating that there is a 13.8% that SME performance will increase given an increase in the changes related to market segmentation. In addition, it was shown that changes related to distribution has a positive and significant relationship with SME performance, $\rho = 0.519$, p -value $< .01$ meaning that given an increase in the changes related to distribution, there is a 51.9% chance that there would be increased SME performance. The findings also revealed that changes related to market price have

a positive and significant relationship with SME performance, $\rho = 0.202$, p -value < 0.01 indicating that with increased changes related to market price, there is 20.2% chance that SME performance will increase. Finally, the findings showed that product features have a positive and significant relationship with SME performance, $\rho = 0.409$, p -value < 0.01 such that with increased product features, there is 40.9% chance that SME performance will increase. In addition, there are significant inter-factor relationship between changes related to distribution and changes related to market segmentation, $\rho = 0.653$, between changes related to market price and changes related to market segmentation, $\rho = 0.653$, between changes related to market price and changes related to distribution, $\rho = 0.409$, between product features and changes related to market segmentation, $\rho = 0.880$ and between product features and changes related to distribution, $\rho = 0.477$ all p -values < 0.01 .

5. SUMMARY AND DISCUSSIONS

This chapter presents the summary of findings, conclusion, recommendations and further research recommendations that are deemed important for the extension of the research.

5.1 Marketing strategies SMEs used as response to a recession

During the recession, few of the product features are eliminated or changed in order to reduce their cost. Besides that, the new products that were added had less features. In certain instances, the same product line was maintained, and the enterprises reduced/stopped producing some products. There was reduction in the distribution channels and the products selling prices was reduced. Moreover, low priced goods were stocked. With regard to marketing, the SMEs took advantage of the recession and entered different market segments, developed products for both upscale and downscale consumers and tried to concentrate more on current consumers. The SMEs in East Africa acted consistent with bigwigs such as Rockefeller and Carnegie who took advantage of the recession in the 1870s and established new refining and steel production technologies (Bryan and Farrell, 2008). As such, many were way ahead of their competitors.

5.2 Relationship between SME marketing strategies and firm's performance in 2007-2009

As evidenced in the findings, promotion strategies have a strong relationship with SME performance with 53.0% of the change in SME performance being accounted for by effective promotion strategies such as advertising through magazines, brochures, road promotions, discounts, special offers and gifts while personal selling was least effective method of promotion with the aim of reducing the cost and enabling the reach to a wider audience in a short time. In terms of the choice of the promotion strategy, the businesses considered the cost of the strategy as

well as the capability to reach a larger audience in relatively less time. Furthermore, it was showed that increase in market segmentation results in a 13.8% increase in SME performance especially through strategies such as market expansion to uncharted markets, focus on current consumers in order to retain them, closure of some markets as well as developing tailored products for downscale consumers. In addition, increase in changes related to distribution results in a 51.9% increase in SME performance especially through increasing or decreasing their distribution channels while some SMEs maintained the same distribution channels.

It was also found that increase in change related to market price result in a 20.2% chance that SME performance would increase especially through reduction of selling prices, stocking the business with low priced goods while for some businesses the prices remained the same. Finally, the findings showed that increase in changes related to product features would result in 40.9% chance of SME performance increasing especially by employing strategies such as reduction of cost through elimination of some of the products, addition of new products that had less features hence cost reduction in production as well as ensuring that the price was friendly to the consumers, development of new products and services, enhancement of the product features, maintaining of the same product line and stopping production of some products. As such, the marketing strategies in place have achieved its objective which is to set up, build, defend and maintain a firm's competitive advantage (Owomoyela *et al.*, 2013). Furthermore, previous studies have shown that there is a significant relationship between marketing strategies and performance (Owomoyela *et al.*, 2013; Shoham, 2002; Theodosiou & Leonidou, 2003). Taiwo (2010) also showed that strategic marketing practices have a significant impact on performance variables and inter-relate with the

different components to enhance performance. David *et al.* (2013) similarly concludes that there is a strong relationship between SME marketing strategies and their performance.

5.2.1 Challenges faced by SMEs in implementing marketing strategies in 2007-2009

SMEs were constrained by a number of challenges in their attempt to implement marketing strategies in 2007-2009. For instance, due to underfinancing SMEs found it a harder task to enter different market segments and develop new products to gain a competitive edge. There was also lack of specialized managerial competence. Low competence could be due to low academic qualifications as majority of the respondents had Certificate and Diploma as their highest educational level. Consistently, Campbell and Hunt (2003) speculates that most of the SMEs have limited resources both financial and human making it difficult for them to conduct marketing activities. Gilmore *et al.* (2006) reiterate by alluding that majority of SME owners do not have adequate resources for growth and development. However, the authors suggest that collaborating in a network is a feasible alternative for the creation of a sustained competitiveness using corresponding combination of resources. Furthermore, due to financial constraints, SMEs are not able to market their products and services using advertisement and promotion of sales. The implication is that the SMEs exhibit mediocre performance. The aforementioned challenges hampered the SMEs in their attempts to implement marketing strategies in 2007-2009.

5.2.2 Marketing strategies employed by SMEs in East Africa different from those in European Countries

The study has established marketing strategies that are carried out by SMEs in East Africa, for instance development of new products to enhance the development and growth. The results are in

line with those of Miller (2009) who found out that innovation resulted in the development of new products in many African countries such as Uganda and Kenya. Abdulahi (2011) stipulated that SMEs used direct marketing to advertise their products also presented directing marketing strategy.

As opposed to marketing in SMEs in East Africa, marketing strategies in small business in UK found that there was rampant use of innovation in marketing of new products to consumers. The difference with marketing in SMEs in East Africa is that marketing in SMEs in UK was more technologically oriented (Jones 2010). The other difference is that the use of online marketing is rampant in European countries giving the firms in European countries a competitive advantage. Specifically, a study conducted by Hulya (2011) using a case of boutique hotel revealed that online marketing was of utmost importance in improving the firm's performance. However, the point of convergence is that both SMEs in East Africa and those of Europe use new product development to improve their performance. Innovativeness and customer satisfaction contributed to new product development (Miller, 2009).

5.3 Conclusion

The primary objective of this study was to assess the marketing strategies of small and medium size enterprises during recession in emerging economies specifically focused on manufacturing SMEs in East Africa. The following specific research objectives were used to attain the primary objective: to explore marketing strategies employed by SME in East Africa countries in 2007-2009, to compare marketing strategies employed by SMEs in East Africa and those in European countries, to establish SME marketing strategies response to the recession, to link the SME

marketing strategies with performance in 2007-2009 and to identify the challenges faced by SMEs implementing marketing strategies during recession.

In conclusion, based on the findings presented, the study has established that the SMEs in East Africa made use of several market strategies to cope with the recession in 2007-2009. To mention a few of the strategies, the SMEs made an attempt towards new product development, entering new markets and enhanced the features of their products so as to leverage their capabilities and gain competitive advantage. The marketing strategies brought about performance outcome in terms of growth in capital, market size, profit level, improvement in efficiency and high level of customer loyalty.

Further, when marketing strategies was correlated with SME performance the significance value that is an indication that marketing strategies have a positive effect on SME performance. The above data implies that such new products and services development in addition to the enhancement of the features of existing products and services while utilizing the different promotion strategies such as brochures are key in enhancing revenue growth, enhanced efficiency, and comprehensive link with SME customers. Besides, these strategies enable the SMEs to be competitive alongside the larger businesses in the same line of business. Overall, the marketing strategies employed during the recession contributed significantly to improved SME performance.

Additionally, it came out clearly from the study findings that the SMEs face financial constraints. Financial constraints have hampered SMEs attempts at efficiently utilizing marketing strategies to take advantage or cope with that period of recession. Other than financial constraints, there is lack of specialized managerial competence hence the SMEs do not have the product design skills, sales

and promotion. These skills are important in achieving competitiveness especially during recession. Besides, East African SMEs do not have adequate support services needed for reaching the target markets, development of products as well as product distribution thus affecting the overall growth and expansion.

Finally, the marketing strategies employed by SMEs in East Africa have similarities as well as differences with those employed by SMEs in European countries. In both East African and European SMEs, there is focus on new product development and marketing strategies such as advertisement in the attempt to improve SME performance. The difference however is that the SMEs in European countries are more technologically oriented compared to those in East Africa. Moreover, the SMEs in European countries have focused on online marketing thus; they have an advantage over those in East Africa in that sense.

The study has established that the marketing strategies employed by SMEs during recession have a tremendous influence on their overall performance. As such, it is important for SMEs to view periods of recession as an opportunity for restructuring their business processes in terms of technology used and focus on research, product development and new market segments. Thus, SMEs will be capable of extending their competitive advantage during the periods of recession and beyond.

It is important for SMEs to focus on different market segments in order to gain special experience of the conditions and in turn create competitive advantage. In addition, the SMEs need to focus on both traditional and non-traditional media in their marketing attempts. Focus needs to be majorly on non-traditional media since it is lowly supported among the SMEs in East Africa. These marketing strategies will create the right brand management leading to superior SME performance.

Additionally, to overcome the challenges by SMEs in implementing marketing strategies during recession, there is need for SMEs to focus on networking with larger firms so as to benefits from research and development which might be difficult for SMEs to undertake due to financial constraints. There is also need for a focus on managerial competence for those in management to have the skills on how to effectively apply the marketing strategies and gain competitive advantage. As well, managers need to strive to innovate to facilitate customer needs since they tend to change.

Finally, in order for SMEs in East Africa to be at par with SMEs in European countries, the focus of SMEs in East Africa should be on technologically oriented approach and online marketing strategy rather than focusing only on traditional media. The SMEs should also have alliances to benefit from access to new markets and special expertise. In that way, the SMEs in East Africa will be able to compete with other SMEs on a global scale.

This study expands our knowledge on marketing strategies of Small and medium size enterprises during recession in emerging economies. However, there are several areas that require additional research.

Geographically, this study was limited to East African SMEs and as such, it may not be appropriate to reference the findings to the whole population of SMEs in the rest of the world. Consequently, further empirical investigations in different regions and continents are needed as a means of comparing the findings in order to confirm or dispute.

Questionnaire was the main data collection tool in this study, resulting in mainly quantitative data. Consequently, further research is required utilizing qualitative methodologies and tools or mixed method in order to obtain more information that is richer in understanding the phenomenon. Furthermore, interviews can be used in future researches to add to existing data or to confirm the findings. Finally, a replication of this research on different industries in different geographical regions would provide data for comparison.

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APPENDIX I : QUESTIONNAIRE

SECTION A: BACKGROUND INFORMATION

1. What is your position in the company?
2. What is your gender?
 - Male []
 - Female []
3. What is your nationality?
 - Kenyan []
 - Tanzanian []
 - Ugandan []
4. In what age group are you?
 - 19 & under []
 - 20-29 []
 - 30-39 []
 - 40-49 []
 - 50-59 []
5. What is your level of education?
 - Secondary level []
 - Certificate level []
 - Diploma level []
 - Degree level []

- Other []

6. What was your observation of opportunities available and seized when doing business during recession?

SA= Strongly Agree, A= Agree, N= Neutral, D= Disagree, SD= Strongly Disagree.

	SA	A	U	D	SD
During recession most of the Consumers and businesses are looking for solutions to problems					
During recession customer are likely to look for cheaper options trying to save money					
During recession, when layoffs are rife, highly qualified, talented and effective individuals can be found much more easily with low salary than during the good times					
During recession there are lower interest rates, meaning cheaper credit					
There is less competition					
Recession give startups negotiating power					

Source; Lynch (2013)

7. What was the source of your initial investment capital

- Own funds []
- Sacco Loan []
- Family/friends loan []
- Supplier credit []
- NGO/Bank loan []

8. What is the amount of capital invested in your enterprise (Kshs)?

- 200,000 and below []
- 200,001-400,000 []
- 400,001-600,000 []

- 600,001-1 000,000 []
- 1 000,001 and above []

9. What is the value of your net asset base (Kshs)?

- 20,000,000 and below []
- 20,000,001-30,000,000 []
- 30,000,001-40,000,000 []
- Above 40,000,001 []

10. What is the value of your annual sales in Kshs?

- 100,000 and below []
- 100,001- 250,000 []
- 250,001-500,000 []
- Above 500,000 []

SECTION B: RECESSION

11. The following are some of the measures of recession. Please tick the one that is applicable to your business

SA= Strongly Agree, A= Agree, N= Neutral, D= Disagree, SD= Strongly Disagree.

	SA	A	N	D	SD
Decline in number of consumers/Sales					
Employee retrenchment					
Cheaper products chosen					
No orders for suppliers, machines or raw materials.					

Financial institutions were unwilling to give loans					
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Source; (Association of Chartered Certified Accountants, 2013; Smith, Kestel and Robinson, 2003; Picard, and Rimmer., 1999)

SECTION C: SME marketing strategies response to the recession (2007-2009)

Indicate the number of employees before 2007.....

Indicate the average number of employees during 2007-2009

Indicate average number of employees after 2009.....

12. What were the Changes you did during the global recession (2007-2009) in relation to product features

SA= Strongly Agree, A= Agree, N= Neutral, D= Disagree, SD= Strongly Disagree.

	S	A	N	D	SD
We eliminated some of our product features in order to reduce their cost					
We added new products with less features into our product range.					
We developed new products and services.					
We enhanced the features of our products.					
We added new products with more features into our product range.					
We maintained same product line					
We reduced/ stopped producing some products					

Source; (Smith, Kestel and Robinson, 2003; Picard, and Rimmer, 1999)

13. What were the changes related to market price

	SA	A	N	D	SD
Our products selling prices was reduced					
We stocked our business with low priced goods					
Prices remained the same					
We increased prices					

Source; Chou and Chen, 2002

14. What were the changes related to distribution

	SA	A	N	D	SD
We maintained distribution channels.					
We increased distribution channels.					
We reduced distribution channels					
Explain:					

Source; Anderson, A. and Russell, E. (2009)

15. What promotion strategy did you use and how effective is the promotion strategy?

	very effective	Effective	less effective	not effective at all
Advertising using magazine				
Advertising using newspaper				
Use of brochures				

Personal selling				
Roads promotions				
Using radio				
Using discounts				
Using special offers				
Free gifts				
Others				

Source; Taiwo (2010), Ramsey (2012) and Roberts (2003)

Please indicate why you chose this strategy

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.....

.....

16. Changes related to market segmentation

	SA	A	N	D	SD
We entered different market segments.					
We developed products for upscale consumers.					
We tried to concentrate more on current consumers					
We withdrew from some markets.					
We develop products for downscale consumer					

Source; Taiwo (2010), Srinivasan, Rangaswamy, and Lilien (2005), Varadarajan and Jayachandran (1999)

SECTION D: AFTER RECESSION

17. How did your business perform after 2007-2009 recession?

5 = Very Good; 4= Good; 3 = Neutral; 2= Poor; 1= Very Poor

Growth in sales	1	2	3	4	5
Growth in profits	1	2	3	4	5
Increase in number of employees	1	2	3	4	5
Increased market size	1	2	3	4	5
Growth in capital from operations	1	2	3	4	5
Successful creation of positive reputation	1	2	3	4	5
Customer satisfaction	1	2	3	4	5
Customer loyalty	1	2	3	4	5
New customers	1	2	3	4	5

Source; Brik and Mellahi (2011)

SECTION E: SME PERFORMANCE NOW

18. What year did you start your business?

19. Did you change back to any of the Marketing strategies used before the recession?

Yes [] No []

Please explain.

Price	
Product	
Distribution	
Promotion	

20. Below is a statement that your business might have achieved since inception. Please rate the following statements according to the best of your knowledge
5= very high; 4= high; 3= Neutral; 2= low; 1=poor

Growth in sales in relation to your expectations (goals)	1	2	3	4	5
Growth in sales in relation to your competitors	1	2	3	4	5
Growth in profits in relation to your expectations (goals)	1	2	3	4	5
Growth in profit level in relation to your Competitors	1	2	3	4	5
Increase in number of employees	1	2	3	4	5
Increased market size in new markets in relation to your competitors	1	2	3	4	5
Increased market size in new markets in relation to your Competitors	1	2	3	4	5
Growth in capital from operations	1	2	3	4	5
Improvement in efficiency	1	2	3	4	5
Successful creation of positive reputation	1	2	3	4	5
Increase in perception of customer satisfaction	1	2	3	4	5
High level of customer loyalty	1	2	3	4	5
High level of new customers	1	2	3	4	5

High ability to develop new products	1	2	3	4	5
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Source; Brik and Mellahi (2011)

APPENDIX II : RELIABILITY RESULTS

	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Recession	0.655	0.701	5
SME marketing strategies response to the recession	0.741	0.73	7
Changes related to market price	0.762	0.756	4
Changes related to distribution	0.772	0.774	3
Promotion strategy	0.837	0.84	9
Market segmentation	0.774	0.78	5
business perform after 2007-2009 recession	0.71	0.678	9
SME Performance Now	0.717	0.76	14