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FACTORS AFFECTING MARKETING TECHNIQUES USED BY JUA KALI ENTERPRISES IN NAKURU TOWN, KENYA

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Abstract

Interest in the role of Jua Kali Enterprises in the development process continues to be in the forefront of policy debates in every town in Kenya. The study focused on assessing the factors affecting marketing techniques used by Jua Kali Enterprises in Nakuru Town. The outcome of this study is significant to the Jua Kali artisans as it will help them know the right marketing techniques to employ to increase sales. It will also help the young entrepreneurs who want to venture into the Jua Kali sector to help them know the right marketing techniques to use. The government also will benefit by using the study in assessing its implication in economic growth. The

study established that ninety three percent (93%) of the respondents were uncertain about online selling. Sixty one (61%) respondents indicated that families and the surrounding communities bought the Jua Kali artisans products and also eighty nine percent (89%) respondents indicated the availability of loyal customers. Budget is not allocated to the Jua Kali artisans in Nakuru town, artisans have adopted one form of communication channel and there exists loyal customers who buy Jua Kali products.

Keywords: communication channels, customer characteristic, jua kali, marketing techniques

INTRODUCTION

There are a number of factors that influence the marketing techniques in various ways. These include: Demographics; how will the composition of your market change and what opportunities or hurdles will this create? How will population and housing demand evolve? Current and projected economic conditions; how will inflation, employment, taxes, and other economic factors affect supply, demand, and pricing? Size, growth

potential, and prosperity of the market; will the size of the market continue to support current business and/or allow the opportunity for business growth? What are the growth options for housing availability in the market? Is there vacant land available? Are there geographic limitations on growth (a mountain range)? Are there zoning, use fees, and other restrictions that might fuel or limit growth? Market potential; strengths and weakness of major competitors. How to capitalize on a competitor's weakness? Market share; what

percentages of current transactions in the market are handled by the company and what factors could change that percentage either positively or negatively? Present customer composition; how do factors such as education, buying frequency, age, income level, occupations and hobbies affect the level of future demand among existing customers? These factors affect the plan and direction of marketing and thus should be carefully examined, (Kotler, 2009).

In Kenya, the Jua Kali as an informal sector was traditionally run in the form of small industries in a few African homes which mainly dealt with blacksmithing activities (Maundu 2012). The advent of the Asian community to Kenya at the turn of the current century marked the gradual shift of 'home-based' Jua Kali activity to urbanized enterprises. Among the initial urban Jua Kali enterprises introduced were motor-mechanics, carpentry, masonry, tinsmiths and blacksmiths (Maundu 2012). With time, the indigenous Kenyans soon entered the market and gradually expanded the industry by producing a wide range of such items as jikos, cooking and frying pans, steel windows, tin lamps, motor spares and leather artifacts (Maundu 2012). Today the Jua Kali industry represents enormous products in many towns and villages across the Republic of Kenya.

Statement of the Problem

Many, perhaps most, of the current Jua Kali sector initiatives are not sufficiently well informed by a clear sense of what support measures are likely to work in future, much less about what has worked in the past. Many mistakes are being made, and many opportunities lost, with much avoidable human suffering. The Kenya Government, as well as some NGOs, have over the years provided technical, financial and moral support to the Jua Kali sector. Further, few of the micro entrepreneurs have the qualifications normally associated with their trade

and many find themselves in circumstances which make it difficult for them to adhere strictly to Government regulations. Many do not make use of the available professionals because of their financial nature. The sector is not fully understood how it operates as there are professionals but the sector does not make use of them to standardize products, ensure quality and identify the market niche. They also do not carry out market research hence prices are not clearly known how they are arrived at. The business growth in Jua Kali is very low when looking at improvement in terms of an enterprise success. Business growth can be achieved either by boosting the top line or revenue of the business with greater product sales or service income, or by increasing the bottom line or profitability of the operation by minimizing costs. Therefore, this study sought to assess the factors affecting marketing techniques used by Jua Kali enterprises in Nakuru Town.

Objectives of the study

The study's specific objectives were to;

- i. Determine the influence of budget allocation on the current marketing techniques used by Jua Kali Enterprises in Nakuru Town.
- ii. Establish the influence of channels of communication on the choice of marketing techniques used by Jua Kali Enterprises in Nakuru Town.
- iii. Examine influence of consumer characteristics on marketing techniques used by Jua Kali Enterprises in Nakuru Town.

Conceptual Framework

The conceptual framework shows the objectives of the study: extent to which marketing techniques are used, factors affecting marketing techniques and effect of technological change in marketing

technique as the independent variables and marketing techniques as dependent variable. The independent variables if implemented well considering that the firm is average in age and size then the marketing techniques will improve.

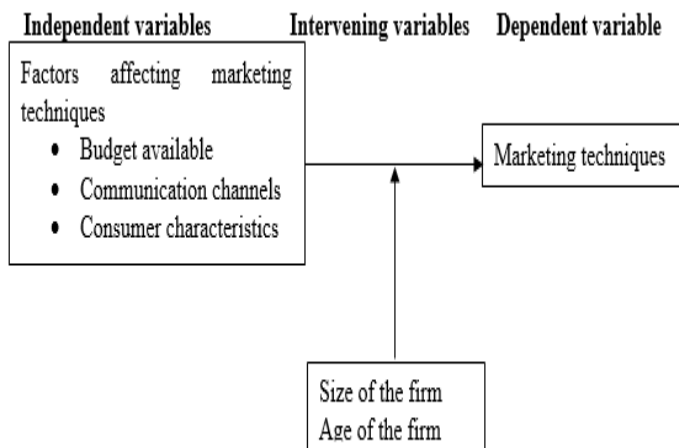


Figure 1: Conceptual framework affecting marketing techniques

LITERATURE REVIEW

Empirical Literature

Some studies estimate that informal businesses account for 35-50% of GDP in many developing countries (Economic Survey, 2010), in Kenya, the informal sector is quite large, estimated at 34.3% and accounting for 77% of employment statistics. Over 60% of those working in the informal sector are the youth, aged between 18-35 years, 50% being women (Ouma et al., 2009). The First 1993 Small & Medium Enterprises (SME) baseline survey revealed that there were approximately 910,000 SMEs employing up to 2 million people. The second SME baseline survey (1995), estimated the size of the SME sector at 708,000 enterprises employing up to 1.2 million people. Compared to the other sectors of the economy, the contribution of the SME sector to the country's Gross Domestic Product (GDP) increased from 13.8% in 1993 to over 18% in 1999, (Sessional Paper No. 2 of 2005). Currently, it is estimated that the contribution to the GDP by this sector stands at over 25%. In Kenya,

the Jua Kali as an informal sector was traditionally run in the form of small industries in a few African homes which mainly dealt with blacksmithing activities (Maundu, 2008). The advent of the Asian community to Kenya at the turn of the last century marked the gradual shift of 'home-based' Jua Kali activity to urbanised enterprises. Among the initial urban Jua Kali enterprises introduced were motor-mechanics, carpentry, masonry, tinsmithery and blacksmithery (Maundu, 2008). With time, the indigenous Kenyans soon entered the market and gradually expanded the industry by producing a wide range of such items as jikos (braziers), cooking and frying pans, steel windows, tin lamps, motor spares and leather artefacts. Today the Jua Kali industry represents an enormous conglomeration of products in many towns and villages across the Republic of Kenya.

Access to finance has been identified as a dominant constraint facing SMEs, (Lader, 2009). A World Bank study found that about 90% of small enterprises surveyed stated that credit was a major constraint to new investment (Parker et al., 2009). Levy (2010) also found that, there is limited access to financial resources available to smaller enterprises compared to larger organizations and the consequences for their low growth and development. This stems from the fact that SMEs have limited access to capital markets partly due to the perception of higher risk, informational barriers, and the higher costs of intermediation for smaller firms. (Biekpe, 2008). Previous studies have identified a growing gap in the financial support offered to Ghanaian SMEs. The high interest rates, collateral requirements and the cumbersome processes have often been mentioned as the main impediments to SMEs' access to bank loans in Ghana (Sowa et al., 2008; Aryeetey et al., 2008; 2009; Buatsi, 2008).

The small and micro enterprises (SMEs) play an important role in the Kenyan Economy. According to the Economic Survey (2008), the sector contributed over 50 percent of new jobs created in the year 2005. Despite their significance, past statistics indicate that three out of five businesses fail within the first few months of operation (Kenya National Bureau of Statistics, 2007). According to Amyx (2010), one of the most significant challenges is the negative perception towards SMEs. Potential clients perceive small businesses as lacking the ability to provide quality services and are unable to satisfy more than one critical project simultaneously. Often larger companies are selected and given business for their clout in the industry and name recognition alone.

As with many developing countries, there is limited research and scholarly studies about the SME in Jua Kali sector in Kenya. The 1999 National Baseline Survey conducted by Central Bureau of Statistics, ICEG and K-Rep Holdings provides the most recent comprehensive picture of SMEs in Kenya. Mead (2008) observes that the health of the economy as a whole has a strong relationship with the health and nature of micro and small enterprise sector. When the state of the macro economy is less favourable, the opportunities for profitable employment expansion in SMEs are limited. This is true especially for those SMEs that have linkages to larger enterprises and the economy at large. Given this scenario, an understanding of the dynamics of SMEs is necessary not only for the development of support programmes for SMEs, but also for the growth of the economy as a whole.

RESEARCH METHODOLOGY

The research design used was descriptive approach and the area of study was Kivumbini area in Nakuru Town. The population of the study was 400 Jua Kali artisans with Nakuru County Council business permits. Data sources were secondary data from

published and unpublished articles and primary data by the use of questionnaires. The questionnaire was constructed in a likert scale format. Data was analysed using descriptive statistics to establish logical conclusions. Data is presented using tables.

RESULTS AND DISCUSSION

Determinants of Marketing Techniques Used by Jua Kali Enterprises

Determinants are the factors that affect the use of marketing techniques and may boost or hinder the development of a sector, in this case Jua Kali Sector. They may be affecting positively or negatively depending on how they are applied.

Table 1: Influence of budget allocation

Factors.	1		2		3		4		5	
	Freq	%	Freq	%	Fre	%	Fre	%	Fre	%
The budget is available	100	74%	27	20%	8	6%	0	0%	0	0%
The budget strategic plan is made	31	23%	98	73%	0	0%	4	3%	2	1%
Limited finance and human resource is exploited	0	0%	3	2%	0	0%	132	98%	0	0%
Review and analysis of the past trends are done	0	0%	0	0%	0	0%	135	100%	0	0%
Marketing strategies are used	20	15%	5	4%	90	67%	18	13%	2	1%
Both long term and short term plan is conducted	10	7%	111	82%	8	6%	4	3%	3	2%

The respondents as seen on table 1, Budget availability, 74% respondents agreed to no extent, 20% respondents agreed to a small extent and 6% respondents were uncertain. This meant that there was no budget in place as many respondents disagreed on its availability. As per Fearon, (2010) a small business generally engages in budgeting to determine the most efficient and effective strategies for making money and expanding its asset base. Budgeting can help a company use its limited financial and human resources in a manner which best exploit existing business opportunities. This

showed that the finding of the study is contrasting with literature.

On the budget strategic plan of the business, 23% respondents agreed to no extent, 73% respondents agreed to a small extent, 3% respondents agreed to a large extent and 1% respondents agreed to a very large extent. The company must also have long-term and short plan, 7% respondents agreed to no extent, 82% respondents agreed to a small extent, 6% respondents were uncertain 3% agreed to a large extent and 2% respondents agreed to a very large extent. This strategy defines its overall company effort in building market share, increasing revenues, and decreasing costs according to Hawkins et al, (2008). This is also not in line with literature.

Limited finance and human resource are exploitation, 2% respondents agreed to a small extent, 98% respondents agreed to a very large extent. Mantel et al, (2009) commends that the available resources as limited as they should be, should be exploited to get the best result in an activity especially when the objective is making profit. As per the findings this is in line with literature.

Review and analysis of past trends, 100% respondents agreed to a large extent. This was in line with literature as proved by Baker, (2008) who suggests that for technical businesses and small businesses the managers should always review and analyse past trends to be able to be efficient and meet the market needs.

The use of marketing strategies, 16% respondents agreed to no extent, 4% respondents agreed to a small extent, 67% respondents were uncertain, 13% respondents agreed to a large extent and 1% respondents agreed to a very large extent. This showed that a large number of respondents either did not know what marketing strategies were or whether they used them. A number of techniques

are employed to make sure that the marketing plan is effectively delivered according to Michael, (2008).

Short term and long term plan, 7% respondents agreed to no extent, 82% respondents agreed to a small extent, 6% respondents were uncertain, 3% respondents agreed to a large extent and 2% respondents agreed to a very large extent. This was not in line with literature as it means keeping long term and short term plans is not something the respondents take seriously and as per Armstrong, (2012) for businesses to succeed and grow there must be a short term plan and a subsequent long term plan in place.

Table 2: Influence of communication channels

Factors	1		2		3		4		5	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
There is use of mobile phones by customers to make payments	0	0%	1	1%	0	0%	4	3%	130	96%
There is use of computers in keeping the information	135	100%	0	0%	0	0%	0	0%	0	0%
There is online selling and advertisement	4	3%	3	2%	126	93%	1	1%	1	1%
There is regular trainings on computer application	131	97%	4	3%	0	0%	0	0%	0	0%
Computers are networked	135	100%	0	0%	0	0%	0	0%	0	0%

Customers making payments using mobile phones, 0.74% respondents agreed to a small extent, 3% respondents agreed to a large extent and 96% respondents agreed to a very large extent. The respondents showed that most of the customers paid through mobile money. According to Bradford et al, (2009) the use of mobile money payment has led to ease of businesses as the businessmen can save and use the money to take loans and expand their businesses, this was in line with literature.

The use of computers to keep information, 100% respondents agreed to no extent. The study showed that keeping of information is not done in

computers, this was in contrast with literature as Awori, (2008) good storage of information should be done in soft copy as the manual paper work has not been conclusive, retrieval is sometimes impossible.

Online selling and advertising, 3% respondents agreed to no extent, 2% respondents agreed to a small extent, 93% respondents were uncertain, 1% agreed to a large extent and 1% agreed to a very large extent. This also contrasted with literature as most of the respondents did not use online selling and others did not know how it is done. Online selling has overtime made businesses grow as it has expanded their market to places that the personalities could not reach, (Baker, 2008).

On regular trainings and application, 97% respondents agreed to no extent and 3% respondents agreed to a small extent. The respondents proved that there were no trainings on computer applications. As per Mantel et al., (2011) in this modern world computer application is the basis of most things, it simplifies work, thus employees of an organization should be regularly trained to be up to date as per technology. Thus, it was in contrast with literature.

Table 3: Influence of consumer characteristics

Factors	1		2		3		4		5	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Families purchase the products	1	1%	2	1%	0	0%	50	37%	82	61%
Community around make regular purchase	1	1%	1	1%	0	0%	50	37%	83	61%
There are loyal customers	1	1%	1	1%	3	2%	10	7%	120	89%
There are vast products available for sale	122	90%	8	6%	0	0%	3	2%	2	1%

Influence of consumer characteristics, that families purchase the products, 1% respondents agreed to no extent, 1% respondents agreed to a small extent, 37% respondents agreed to a large extent and 61%

respondents agreed to a very large extent. This showed that families bought the Jua Kali artisans products.

Community around making regular purchases, 1% respondents agreed to no extent, 1% respondents agreed to a small extent, 37% respondents agreed to a large extent and 61% respondents agreed to a very large extent. This showed that the community around purchased the products from the Jua Kali artisans.

Loyal customers, 1% respondents agreed to no extent, 1% respondents agreed to a small extent, 2% respondents were uncertain, 7% respondents agreed to a large extent and 89% respondents agreed to a very large extent. This showed that the artisans had loyal customers.

Vast products available for sale, 90% respondents agreed to no extent, 6% respondents agreed to a small extent, 2% respondents agreed to a large extent, 1% respondents agreed to a large extent and 1% agreed to a very large extent. The study showed that there were no vast products available for sale.

Summary

The study has established budget availability, as a large number of respondents agreed to it. On the availability of a budget strategic plan, is available to a small extent. The study also established that there is exploitation of limited finance and human resource, as many respondents agreed to a large extent. Respondents agreed to a large extent that review and analysis of past trends is done. The respondents were uncertain on the use of marketing strategies. The short term and long term plan are in place, to a small extent according to the respondents.

The study established customers making payments using mobile phones, to a large extent. It is evident from the result that the artisans do not use computers in keeping their information. Online

selling and advertising is evident that it does not take place as a large number of respondents are uncertain on that matter. Regular trainings and application are also not done to the artisans or they do not go for trainings and workshops.

The study established that the influence of consumer characteristics on how families purchase products is dwelt on in the course of the business. From the study it is also seen that the Community around makes regular purchase. The study also established that there are loyal customers in the Jua Kali business. As per the study there are no vast products available for sale. As shown in table 3.

Conclusions

There was no budget in place as many respondents disagreed on its availability. There was no budget plan. According to the study findings the limited finance and human resource were exploited. Review and analysis of past trends was done. A large number of respondents either did not know what marketing strategies were or whether they use them. Short term and long term plans were not conducted as per the study. Thus the objective of budget allocation was not well met affecting the marketing techniques as its impact is not felt. Customers made payments using mobile phones. There was no use of computers to keep information. There was no online selling according to the study conducted. The respondents proved that there were no trainings on computer applications. Computers were not networked. Thus the artisans did not use any computers because they did not have them and did not know either their importance or how to use them. Thus, as per the channels of communication they utilised the one they had and knew about. The artisans marketing techniques are affected as they do not use the communication channels to expand their market. The families bought the Jua Kali artisans products and the community around purchased the products from the Jua Kali artisans.

The artisans also had loyal customers but the study showed that they had no vast products available for sale. Thus, the consumer characteristics are making the artisans dwell on a number of products and see no need of marketing.

Recommendations

The artisans should have a budget in place as many respondents disagreed on its availability as it will help them work effectively and efficiently. There should be a budget plan so that the artisans may be able to predict the future from current budget. There should be trainings on how to exploit the limited finances and the limited human resources so as to be able to completely exploit the available resources. Review and analysis of past trends should continue to be done. The artisans should be taught marketing strategies so that they can be able to use them to increase sales and make more profits. The artisans should be taught the importance of having long term and short term plans for their businesses. Strategic planning should be taught as it will help them focus more in the future. Customers made payments using mobile phones and that should be encouraged to discourage theft. Online selling should be taught and introduced to artisans as it will bring them more customers and thus make more sales than they are making. This will also save them storage costs as they pay for storage. The artisans should be taught computer applications and regular trainings be done so as to be able to embrace technology and expand their market. The Jua Kali artisans should consider the community needs of their location so that the products can be purchased more by the community around as that is their available market. They should also consider making more products to attract more customers and have more loyal ones.

Suggestions for Further Study

A study should be conducted on the customer needs when it comes to Jua Kali products so as to help the

artisans know the products to add so as to expand the market.

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