



Assessing the effectiveness of marketing strategies for small and medium enterprises: The case of small and medium enterprises in Kafue Cbd

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Abstract

This study focused on assessing the effectiveness of marketing strategies by Small and Medium Enterprises in Kafue's Central Business District. The data for this study was collected through primary and secondary sources. Primary data was collected through surveys using questionnaires that were administered to the various owners, managers, and marketing personnel of small and medium enterprises in Kafue, Zambia. The secondary data was collected through the review of literature from journals, articles, and reports related to the topic of the study. This research utilized a descriptive cross-sectional research design which examined the frequency or severity of the variable of interest throughout a specific demographic. The study used regression analysis to assess the impact of marketing strategies on the performance of SMEs, using a multiple logistic regression model. The analysis was carried out using the Statistical Package for Social Sciences (SPSS) version 25. The results of the study show that the odds of a marketing channel being effective for new product entry are approximately 93% lower in the "neutral" category compared to the "very ineffective" category while holding other variables constant. Based on the findings of the study, small and medium-sized enterprises (SMEs) seeking to maximize the efficiency of their marketing in Kafue, might use a comprehensive strategy to improve their efficacy. Utilizing the potential advantageous effects of "Influencer Marketing" and "Social Media Marketing" has the capacity to enhance brand exposure and foster customer involvement.

Keywords: Small and medium enterprises, central business district, marketing, marketing strategies

Introduction

Small and Medium Enterprises (SMEs) play a significant role in the economies of countries globally, including Zambia. In many leading economies such as the United States, United Kingdom, China, Japan, Germany, and India, SMEs make up the second-largest manufacturers and employers, contributing significantly to the economy's revenue through taxes. The European Commission, the executive body of the European Union, with a recommendation of May 2003 has standardized the definition of micro, small and medium enterprises (Adjerid, *et al.*, 2019) ^[1]. However, an acute issue in the literature is the terminology used for the category of businesses that do not fall into the field of large enterprises. One part refers to them as small businesses, others use the concept of small and medium and enterprises, while some refer to them as micro, small and medium enterprises. Although referring to the same class of business, the definitions differ in the degree of involvement of these businesses in the generic name.

A study by Cacciolatti and Lee (2016) found that effective marketing strategies played a critical role in the success of SMEs in the UK. Additionally, Ulkhaq *et al.* (2018) found that marketing is essential for all businesses, regardless of size. SMEs that implement effective marketing strategies can create brand awareness, increase customer loyalty, and boost their bottom line. It is critical to assess the effectiveness of marketing strategies for new product entry in markets, particularly in the context of SMEs in Kafue, Zambia. Research has shown that SMEs often struggle with the implementation of marketing strategies, and this can have a significant impact on their entry into new markets and the ability to compete in the market (Zou & Bo, 2021) ^[10]. A study conducted by (Zhao, *et al.*, 2018) ^[9] on SMEs in

Taiwan found that the lack of marketing expertise was a significant barrier to the success of new products in the market by SMEs. Therefore, by understanding the factors that contribute to the effectiveness of marketing strategies for new product entry in markets, SMEs can improve their chances of success and contribute to the growth and development of the economy.

Literature review

1. Marketing Strategies and New Product Entry

Marketing strategies are plans and approaches aimed at promoting and selling products or services to the target market (Walrave, *et al.*, 2016). To develop successful new products, firms should identify the needs and preferences of the target market (Verhoef & Tammo, 2019). Developing an effective marketing strategy involves selecting a target market, product positioning, creating a unique selling proposition, and selecting the right marketing mix (Shapiro, 2016). In Zambia, SMEs have been identified as key drivers of economic growth, and many have relied on marketing strategies to introduce their products into new markets. According to (Schoenmueller, *et al.*, 2020) ^[8], SMEs depend on marketing strategies to drive their economies forward, and many firms have achieved success through innovative marketing practices.

2. Factors Affecting Marketing Strategy Effectiveness

Marketing is crucial for the success of Small and Medium Enterprises (SMEs) as it helps them achieve a competitive advantage in the market. The effectiveness of marketing strategies used by SMEs, however, is influenced by various factors. In this literature review, we will examine the factors that affect the effectiveness of marketing strategies for SMEs.

The first factor that affects the effectiveness of marketing strategies for SMEs is the level of competition in the market. High levels of competition mean that SMEs must differentiate their products or services and market them effectively to gain a competitive edge.

The second factor that influences marketing strategy effectiveness for SMEs is the target market. SMEs need to identify their target market and tailor their marketing strategies to appeal to them. A study by (Godes, *et al.*, 2016) [3] found that SMEs that identified and focused on their target market were more likely to achieve success.

The third factor that affects the effectiveness of marketing strategies for SMEs is the level of technological adoption. SMEs that adopt new technologies can gain a competitive advantage in the market. According to a study by (Sahni, *et al.*, 2018) [7], technological advancements have transformed the way SMEs market their products and services.

The fourth factor that influences the effectiveness of marketing strategies for SMEs is the availability of resources. SMEs with limited resources may find it challenging to develop and execute effective marketing strategies. A study by (Rodas, *et al.*, 2021) [6] found that SMEs with limited resources can overcome this challenge by focusing on building strong relationships with customers. This highlights the importance of customer relationship management in marketing.

3. Consumer Behavior and Marketing Strategy

In the business world, understanding the behaviour of customers is crucial for any business's success, including small and medium enterprises (SMEs). Consumers play an essential role in marketing activities as they determine the success of a business, and any marketing activity must consider their behaviour. Consumer behaviour refers to the actions and decision-making processes of individuals and organizations when purchasing goods or services. Understanding consumer behaviour is critical for small and medium enterprises (SMEs) because it enables them to develop effective marketing strategies that resonate with their target audience (Robinson, *et al.*, 2015) [1].

3.1 Culture

Culture is one of the essential factors that influence consumer behavior. Culture refers to a set of shared values, beliefs, customs, and practices that distinguish one group from another. Cultural factors play a significant role in consumer behavior and may impact various aspects, including the language used in advertisements, product design, and promotional activities.

3.2 Social Factors

Social factors refer to the influence that social networks and relationships have on consumer behavior. Social factors include family, friends, and opinion leaders, among others. Social networks play a crucial role in information sharing, socialization, and influence, and SMEs can leverage them to promote their products and services (Dube & Puneet, 2021) [2].

3.3 Psychological Factors

Psychological factors are those that affect the internal workings of an individual, such as their perception,

motivation, learning, and beliefs. For SMEs, understanding psychological factors is crucial as it can help them develop marketing messages that resonate with their target audience.

3.4 Personal Factors

Personal factors refer to individual characteristics such as age, income, lifestyle, and personality traits that may influence consumer behavior. Understanding personal factors can help SMEs to develop marketing strategies that are more targeted and relevant to their customers. For example, SMEs can use demographic data to develop product features that appeal to different age groups, or develop pricing strategies that are sensitive to income levels (Rao & Emily, n.d.).

4. Theoretical Framework

4.1 Diffusion of Innovation Theory

The diffusion of innovation theory, developed by Rogers (1962), explains how new ideas, products, and services are spread among individuals, organizations, and societies. The theory consists of five stages of the innovation-decision process: knowledge, persuasion, decision, implementation, and confirmation. The theory is relevant to this study because it explains the process of adopting new products by consumers and businesses. This study will examine the first three stages of the innovation-decision process, as they are critical in determining the effectiveness of marketing strategies for new product entry. The theory has been widely applied in various fields, including marketing, health, agriculture, education, and technology, to understand and predict the adoption and diffusion of innovations

According to the theory, the diffusion process involves five stages: knowledge, persuasion, decision, implementation, and confirmation. The rate of adoption of an innovation depends on several factors, including the characteristics of the innovation, the communication channels, the adopter's characteristics, the social system's characteristics, and the time factor.

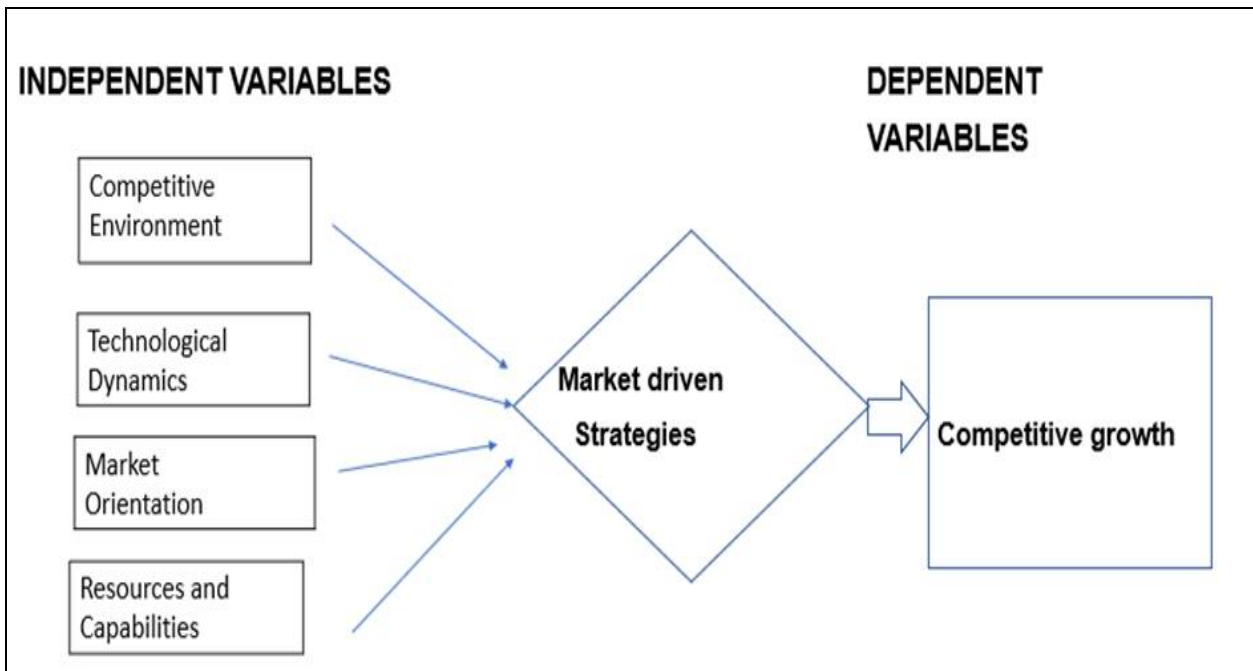
4.2 Customer-Based Brand Equity Model

The customer-based brand equity model, developed by (Dube & Puneet, 2021) [2], explains how consumers perceive and value brands. The model suggests that brand equity is determined by the level of consumer awareness, associations, loyalty, and perceived quality of the brand. The model is relevant to this study because it explains how consumer behavior is influenced by brand equity, which is a crucial factor in determining the effectiveness of marketing strategies for new product entry.

Customer-based brand equity (CBBE) is a concept that has been widely discussed in the marketing literature. It refers to the value that a brand adds to a product or service, based on the relationship it has with its customers. This section reviews relevant literature on the concept of CBBE and its components, and its application in the context of small and medium enterprises (SMEs).

5. Conceptual Framework

A conceptual framework provides a visual representation of the research problem and outlines the key factors and relationships that will be studied. The conceptual framework for this research topic is presented below.



Research methodology

This research utilized a descriptive cross-sectional research design which examined the frequency or severity of the variable of interest throughout a specific demographic. It involved observing and describing the behaviour of a subject without influencing it in any way.

Descriptive survey research design has several merits which

include the ability to provide a clear picture of events and people’s behaviour on the basis of data collected at a point in time (Guetterman, 2015). The importance of descriptive cross-sectional design is that it yields rich data that leads to useful study recommendations.

Research findings



The marketing strategies used by respondents who introduced new products are shown in the Figure above. 24 respondents, or the majority, chose social media as their main marketing strategy. Twelve respondents made up a sizable subset that promoted their items largely via content marketing, particularly through word of mouth.

Surprisingly, just one individual out of the respondents opted for email marketing. These results further demonstrate the widespread use and acceptance of social media as a marketing tool, with content marketing also playing a significant part, whereas email marketing tends to be used less often by the firms polled when launching new items.

2. Regression Analysis of the effectiveness of marketing strategies used by SMEs in Kafue, Zambia

Sales Performance	Odds ratio	P>z	[95% conf.	interval]
Effective marketing channels pro				
Very ineffective	ref	-		
Ineffective	1			
Neutral	0.0676133	0.000	0.015633	0.292432
Effective	1			
Very effective	0.5768063	0.714	0.03031	10.97683
Marketing channels promote new product				
Billboard/Outdoor advertising	ref			
Personal selling	15.26411	0.301	0.087658	2657.967
Print Media	22.01308	0.251	0.111723	4337.287
Social media	16.72903	0.267	0.115729	2418.234
Television/Radio	1	-		
Marketing strategy for the new product				
Content marketing	ref			
Email marketing	1	-		
Influencer marketing	4.037386	0.516	0.059963	271.8411
Social media marketing	2.803168	0.316	0.374516	20.9811
Determinants of price				
Based on the cost of production	Ref			
conducting market research	0.6266789	0.696	0.060123	6.532049
willing to pay for the product	2.715254	0.323	0.374005	19.7126
value-based pricing	2.635245	0.386	0.294458	23.58409
Number of years of Operation	1.034655	0.661	0.888614	1.204698
cons	0.0703583	0.309	0.000423	11.69998

The odds of a marketing channel being effective for new product entry are approximately 93% lower in the "neutral" category compared to the "very ineffective" category while holding other variables constant and with the p-value less than 0.0001 and CI (0.0156,0.2924). The odds ratio of 0.5768063 suggests a decrease in the odds of effectiveness for marketing channels categorized as "Very effective" compared to the reference category while holding other variables constant.

The odds ratio of 15.26411 indicates the increase in the odds of effectiveness for "Personal Selling" compared to "Billboard/Outdoor advertising in marketing channels used to promote new product whilst holding other variables constant. However, the p-value of 0.301 indicates that this observed effect is not statistically significant at conventional significance levels 0.05.

A good Sales Performance is almost four times more likely with "Influencer Marketing" than with the reference category "Content Marketing," as shown by the odds ratio of 4.037386. This effect is not statistically significant at the level of significance used in this study, as shown by the associated p-value of 0.516. The estimate is questionable, as shown by the large confidence range (ranging from -0.0599 to 271.8411).

The calculated odds ratio of 0.6266789 for the variable determinants of price for the category "Conducting Market Research" indicates a possible decrease of 37.3% in the odds of affecting price when compared to the reference category which is "cost of production" while holding other variables constant. Nevertheless, the p-value of 0.696, which did not reach statistical significance of 5%, and the broad confidence range ranging from 0.0601 to 6.532, indicate little evidence to support the observed findings

The odds ratio of 2.635245 associated with "Value-Based Pricing" show that the likelihood of this factor influencing sales performance is roughly 2.64 times greater when compared to the reference category when all other variables are held constant.

Discussion

The results illuminate the varied terrain of small companies in Kafue, Zambia, spanning from a firm founded just eight

months ago to one that has been in existence for more than fifty years. Kafue's business scene is as diverse and ever-changing as the city itself. A significant amount of creativity and flexibility can be seen in the local business community, as shown by the fact that forty percent of the surveyed SMEs had introduced new products in the previous year.

Particular emphasis was placed on the significance of researching the local Kafue town market while developing new products. The research found that SMEs use a variety of strategies, from focusing on their immediate region to expanding into the national market. Some of the marketing strategies used by the local SMEs include social media marketing, print media, the use of billboards, E-mail marketing and using influencers.

Understanding the target market for new products is emphasized by Kamukama and Bahizi (2019) in Rwanda, and this emphasis has a favorable effect on SME performance, similar to the Kafue results. Local, provincial, and national markets are all highlighted in both sources as being important for strategic thinking

In line with the finding's results that emphasized the significance of creative strategies in launching new products, Chamisa, Kadhila, and Shindume (2019) in Namibia conducted an empirical study that found that entrepreneurial marketing was a crucial driver of SME development. This recurring idea highlights the ever-changing nature of SMEs and the need of flexible marketing strategies.

Conclusion and recommendations

The purpose of this research was to assess the effectiveness of marketing strategies for SMEs in Kafue. The study was necessitated by the growing number of SMEs in Kafue's CBD and the impact of SMEs on the Zambia's economy. To achieve this, the study employed a qualitative and quantitative research design by collecting 286 responses from known SMEs operating within Kafue's CBD. The expectation was that market strategies have an effect on the introduction of new products to the market by SME.

The findings of this study have brought to light some of the marketing strategies that can be effectively used by SMEs to grow and develop their products. The study has also brought

to light that sometimes SME fail to live to their full potential due to poor advertising strategies among other issues. Using marketing strategies such as email marketing can highly benefit SMEs and improve their competitiveness in the market.

Based on the findings of the study, small and medium-sized enterprises (SMEs) seeking to maximize the efficiency of their marketing strategies for introducing new products in Kafue, might use a comprehensive strategy to improve their efficacy. Utilizing the potential advantageous effects of "Influencer Marketing" and "Social Media Marketing" has the capacity to enhance brand exposure and foster customer involvement. In addition, the examination of "Value-Based Pricing" via the use of the odds ratio has the potential to enhance the linkage between perceived value and price methods. Simultaneously acknowledging the lack of substantial impact shown by email marketing in comparison to content marketing highlights the need for small and medium enterprises (SMEs) to prudently distribute their resources, prioritizing channels that successfully connect with their intended recipient base

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