

INFLUENCE OF GUERRILLA MARKETING STRATEGY ON PERFORMANCE OF SMALL AND MEDIUM RETAIL ENTERPRISES IN KENYA

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Abstract: The purpose of this study was to explore the influence of guerrilla marketing strategy on performance of small and medium retail enterprises in Kenya. The study was conducted in Thika Sub- County. The study adopted descriptive and correlation research design. The targeted population of the study was 2,924 registered small and medium retail enterprises in Thika Sub-County. Stratified Sampling Technique was used to draw the right sample size from the targeted population which was used during the study. The primary data were collected through questionnaires which were supplied through drop and pick later method and secondary data was collected by reviewing of relevant passed literature like books, articles and journals. A sample size of 292 which is a ten percent (10%) of the total population was used during the study and were supplied with questionnaire through the mentioned above method. Descriptive statistical and regression analysis was used to analyze data for the study. The results indicated that guerrilla marketing strategy had positive influence on performance of small and medium retail enterprises in Kenya.

Keywords: Marketing, Strategy, Performance, Guerrilla, Entrepreneurship.

1. INTRODUCTION

A strategy is therefore a pattern or plan that integrates an organizations major goal, policies and action sequences into a cohesive whole, Porter (1980). The Kenyan firms, just like any other firms in the world, exist in a complex environment that needs to be assessed and responded to appropriately. Thomson and Strickerland (2003) observed that strategies are at ends and these ends concern the purpose and objectives of the organization. According to Waithaka *et al*, (2014), citing Daunweh (2010) asserted that marketing is an organizational function and a set of process for reacting communicating and delivering values to customers and for managing customer relationship in ways that can benefit the organization and stakeholders.

Andersson, *et al*, (2004) noted that the present global economy offers small and medium-sized enterprises (SMEs) more cross-border opportunities and they now have an increasingly important role in local and international markets. Further the study mentioned that, SMEs have become significantly internationalized and when they can be adequately trained, they can improve that given country's economy thus good performance, (Andersson *et al*, (2004). Bacon *et al*, (2005), also suggested that SMEs need adequate training programs help them improve on their performance and oversea performance which is still required. In the current economic environment characterized by distressed capital markets and inevitable global competition, a company's intangible assets – innovation capabilities, intellectual property, human resources, organizational capital, and the like – are increasingly the keys to survival and growth, Cáceres, *et al*, (2011).

The results of the study carried out by Taghian, (2010), an article of Market fit and business performance suggested that the intangible internal assets of marketing planning, decision-making process, and marketing strategy form the core

capability configuration of an organization and that the market fit measure associates positively with business performance indicators. As innovation becomes central to achieving a dominant competitive position, entrepreneurial companies will need to invest more heavily in intangible assets and monitor them closely. Similarly, investors in capital markets will need to assess the prospects of intangibles-intensive entrepreneurial companies for better performance, Alpkhan, (2010).

According to Bell, (2009), profitability refers to the total amount the seller gets before tax. Further the study mentioned that it is the net balance after the deducting all the expenses from the revenue. It can result to a loss before tax if expenses are higher than revenue. Hicks, J. (1946), classic definition of profit from economic theory stated that profit is equal to the maximum distribution that could be made to shareholders during a period while maintaining constant the economic value of net assets. The study further noted that if the profit goes up, it results to good performance. Bennett (2017), noted that decisions about government expenditures are increasingly made without regard to decisions about their financing. This disconnect has a negative impact on equity, efficiency, and transparency. Restoring the link between revenue and expenditure decisions would provide a more complete accounting of the costs and benefits of government services. Fan. (2015), mentioned that restoring the link between revenue and expenditure decisions would provide a more complete accounting of the costs and benefits of government services thus profit is noted.

According to Wagenhoffer, (2014), in a journal article on the role of revenue recognition in performance report, noted that the issue of when revenue and income should be recognized is among the fundamental questions in accounting theory and is a key issue for determining financial performance. According to Wagenhofer, (2014), citing IASB, (2010b), mentioned that the primary objective of financial reporting is to provide decision-useful information to capital providers, and it refers to stewardship or accountability only as a secondary objective. The study further deduced that the reporting environment has changed more and more timely information is now available, which affects the usefulness of financial information and research has provided new insights into the role and costs and benefits of financial information.

Accounting standards on revenue recognition did not simultaneously follow these new developments; either they did not change or if they did, they were late and often addressed only a particular circumstance that had to be rectified. This situation led to conflicting requirements and lack of guidance for many business transactions. Schipper *et al.* (2009). Graham *et al.* (2005), as cited by Wagenhofer, (2014), revenue is one of the most important measures of companies' financial performance. It provides information about the realization of gross earnings from its business activities, which is useful to assess how well a company has performed in the period of time. Indeed, most companies report revenue as the main summary performance measure in the discussion section in their financial reports.

Perhaps even more importantly, revenue serves as the basis to determine gross profit, net income, and other key earnings figures, such as earnings before interest and tax. The study further noted that revenue is ranked as the second most important performance measures reported to outsiders after earnings and before cash flow from the operations of any given company or business organization. Revenue is useful for users of financial statements to understand the sources of profitability and value generation of a company in a particular period. It also assists users in comparing target revenue with actual revenue, with a view of how a company has achieved its goals, and in forming expectations of future revenues based on past revenues and the assumptions in the forecast model. Lev *et al.* (2010). The nonlinear distribution and market share curve as well as the push and pull model developed by Farris *et al.* (1989) have been investigated in the Dutch detergent market. The total detergent market as well as some of its market segments were studied: the data supported the push and pull model. The data also revealed that the detergent market is characterized by a specific market share configuration: extensions of the top brands quickly gain maximum distribution which might explain their higher market share further mentioned that the higher shares portray the higher performance.

2. STATEMENT OF THE PROBLEM

On the study of entrepreneurial marketing strategy, a construct for integrating emerging entrepreneurship and marketing perspectives conducted by Morris, (2002) found out that entrepreneurship is fundamentally an opportunity driven and opportunity seeking ways of thinking and acting. A study conducted by Adewale, Adesola and Oyewale, (2013) on the Impact of Marketing Strategies on Business Performance of Selected Small and Medium Enterprises (SMEs) in Oluyole Local Government, Ibadan, Nigeria, the results showed that Product, Promotion, Place, Price, Packaging and after sales service, were significant joint predictors of business performance in terms of profitability, market share, return on

investment, and expansion. A similar study was conducted by Ebitu and Tom, (2016) on marketing strategies and the performance of small and medium enterprises in Akwa Ibom State Nigeria and the study revealed that there is a significant impact of product quality strategy and relationship marketing strategy on the profitability and increased market share of SMEs in Akwa Ibom State, "this was a case of Nigeria".

Mwangi (2013) conducted a study on marketing strategies as a competitive tool for SMEs and found out that the performance of small and medium enterprises had not been successful in Kenya due to inadequate marketing strategies and proper innovation skills which could make SMEs penetrate the markets, pursued their customers to buy off their products and curb the competitive environment for better performance. The study further indicated that SMEs in Kenya do not graduate into large enterprises, this failure of SMEs in Kenya lead to job losses threatening economic development and Kenya realization of vision 2030. While (Janet & Ngugi, 2014), showed that marketing strategy is a known variable in developed economies that influence growth of SMEs.

The study further noted that lack of entrepreneurial marketing strategy be the cause of high collapse rate of the SMEs in Kenya, the research did not indicate any marketing strategy to be employed by small and medium enterprises to enhance performance. A study on marketing strategies as a competitive tool for SMEs conducted by Mwangi (2013), noted that the performance of small and medium enterprises has not been successful in Kenya due to inadequate marketing strategies. The study used different marketing strategies variables like price, product, place, packaging and promotion to arrive at such conclusion which of course did not focus on guerrilla marketing strategy.

The above studies failed to reveal clearly guerrilla marketing strategy which should be employed by the small and medium enterprises to enhance performance. This study filled the gap which the already done researches never bridged by focusing on Guerrilla marketing strategy and how the strategy works to improve performance on small and medium enterprises.

3. LITERATURE REVIEW

Guerrilla marketing is a method of marketing a strategy where a small business attacks a larger one, it may also target low-cost strategies that changes the rule of the game, Bwisa (2006). Levinson (2013), quoted that, "Guerrilla marketing is a body of unconventional ways of pursuing conventional goals. It is a proven method of achieving profits with minimum money". Levinson (2009), promotes Guerrilla marketing as an inexpensive technique which requires time, energy and imagination. However, mentioned that the essences are basically not for free. We can assume that research in this particular field is highly important for success in practice. When a small business "attacks" a large one. It is thought that with their meagre resources small businesses need, targeted Low- Cost strategies that changes the rules of the game of using the Guerrilla theories like: Not cutting your budget but using it wisely, Rely on brain power not money power, Primary investment should be time not money power and Aim for more and large transactions with existing customers, (Bwisa, 2011).

According Kjell *et al*, (2013), essential elements for a Guerrilla marketing strategy include also positioning, profitability, distinctive competencies, small market segments, adherence to the marketing concept, relationship marketing practices, and building company reputation based on long-term mutual benefit with its customers. The study further noted that small firms must incorporate these ideas and become Guerrilla marketers to compete successfully in markets dominated by much larger companies (the gorillas). Sernovitz (2006), noted that Word-of-mouth marketing, or buzz marketing, is fundamentally the same as social media marketing. They both rely on the consumer to initiate and sustain the conversation and that is how awareness is created. The study further mentioned that, marketers can encourage these conversations by providing exceptional, authentic experiences and creating talk-worthy events, but mainly social media and word-of-mouth are both controlled by the individual, not by the advertiser or public relations agency.

Word-of-mouth marketing is "business-to-customer-to-customer" marketing meaning that a marketer gives an idea worth taking about and when a customer repeats it (tells a friend who tells another friend, etc.), the promotion is created, Sernovitz (2006). Stephen P, Ramocki. (2014) noted that a simple but effective exercise can help marketers appreciate their creative abilities. It involves generating ideas for new products that could be made from a technological breakthrough, and enables them to compare their performance individually and as part of a group. The study further mentioned that marketers report that the exercise is effective in helping them understand the idea generation process and enhancing confidence in their creative abilities. According to (O'Leary, S. & Sheehan, K. 2008, Parantainen 2005, 11,

15), as cited by Arminen & Leena, (2010), noted that the most important aspect of buzz marketing is that the marketer uses more creativity, time and energy than money. In buzz marketing it is therefore essential to study and know the buying behavior of a company's customers. The study further mentioned that, by knowing what, why, how, when and where a company's consumer's act, a marketer can then design successful campaigns, reach the target market the most effectively, and solve the consumers' problems. Parantainen (2005), suggested that for buzz marketers it is important to follow the company's core competences in order to deliver the message to customers clearly. Also, buzz marketing differs from traditional marketing so that the marketing is of some use for the customer. Instead of forcing messages and products to customers, a buzz marketer provides knowledge, advice and ideas.

Bernal, J. (2010) as cited by Arminen & Leena, (2010), noted that Sometimes buzz marketing does not even resemble marketing to a customer because he/she is not irritated by it. The study further mentioned that instead of seeking big sales, buzz marketers are seeking good results. Whereas traditional marketers are counting the amount of sales, a buzz marketer counts the quantity of business relationships created. Each new relationship could lead to several sales, Parantainen, (2005). The study further deduced that there is no reason why buzz marketing would not be suitable for Finnish organizations, but most companies trust the traditional ways of marketing, however. This, of course, leaves more opportunities for those who implement buzz marketing actively. Besides, buzz marketing does not replace traditional ways of advertising, but instead they can be used to support each other. Parantainen, (2005).

4. RESEARCH DESIGN

The study adopted descriptive and correlation research design. The targeted population of the study was 2,924 registered small and medium retail enterprises in Thika Sub-County. Stratified Sampling Technique was used to draw the right sample size from the targeted population which was used during the study. The primary data were collected through questionnaires which were supplied through drop and pick later method and secondary data was collected by reviewing of relevant passed literature like books, articles and journals. A sample size of 292 of the total population was used during the study and were supplied with questionnaire through the mentioned above method. Descriptive statistical and regression analysis was used to analyze data for the study.

5. FINDINGS

The respondents were asked whether they think Guerrilla Marketing Strategy is used as one of the marketing strategy in their business and the response were as follows: 54.36% of the respondents said that they were using Guerrilla marketing strategy while 45.64% of the respondents said that they do not use Guerrilla as a marketing strategy in their business. The rest of the finding are shown in figure 1

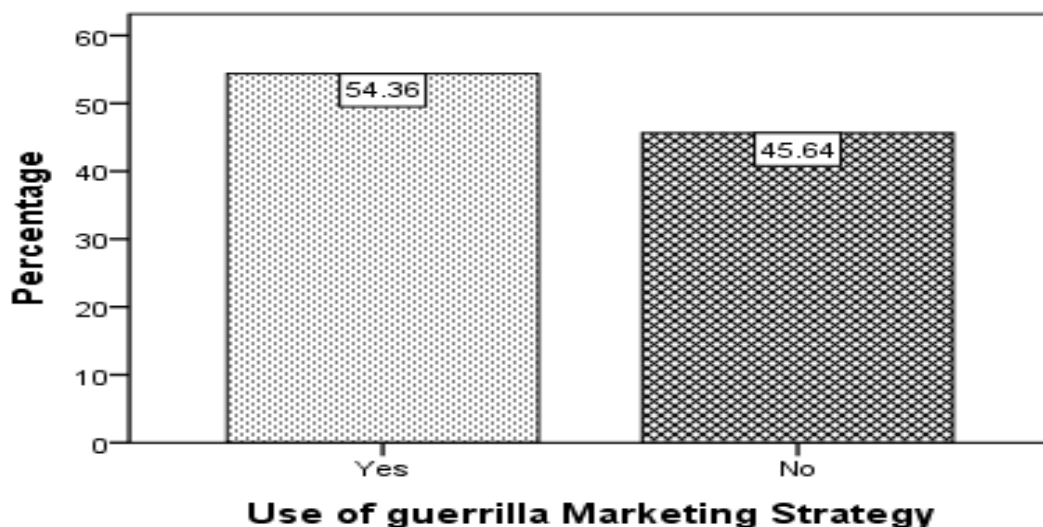


Figure 1: Use of Guerrilla marketing strategy

The cross tabulation in table 1 shows the relationship between type of Guerrilla marketing strategy and those enterprises who were using Guerrilla marketing strategy. The result shows that majority 33.6% of the respondents were practicing Creative type of Guerrilla marketing strategy. 28.2% of the respondents were using mobile marketing as a method of Guerrilla marketing strategy, 26.7% of the respondents were applying buyers thinking strategy while 11.5% were practicing buzz marketing strategy as a method of Guerrilla marketing strategy. Majority of the respondent said that they are practicing creativity as a method of Guerrilla marketing strategy because it was more convincing to customers and it reaches many customers at shortest time possible similar reason was also cited by those who were practicing other methods of Guerrilla marketing strategy.

Table 1 Types of Guerrilla marketing strategy * use of Guerrilla marketing strategy Cross tabulation

			G1 = (YES) Selected	Total
Types of Guerrilla marketing strategy	Creative	Count	44	44
		% within G1 = 1 (YES)	33.6%	33.6%
	Know your buyer thinking	Count	35	35
		% within G1 = 1 (YES)	26.7%	26.7%
	Buzz Marketing	Count	15	15
		% within G1 = 1 (YES)	11.5%	11.5%
	Mobile marketing	Count	37	37
		% within G1 = 1 (YES)	28.2%	28.2%
Total	Count	131	131	
	% within G1 = 1 (YES)	100.0%	100.0%	
G1= Use of Guerrilla marketing strategy				

The study sought to determine the influence of Guerrilla marketing strategy on performance of the small and medium retail enterprises in Kenya. The respondents were asked to rate the extent to which performance of their business depends on the creativity. 43.5% strongly agreed, 42.7% agreed 12.6% were neutral, 9.9% were neutral 3.1% disagreed and 0.8% strongly disagreed. On the other hand, on scale of 1 to 5, an average score rate of 4.25 was recorded with standard deviation of 0.817. This indicates that performance of the small and medium retail enterprises in Kenya depends on creativity. Again whether knowing what your buyer thinks has influence on the performance of their business, majority at 40.5% agreed 27.5% strongly agreed while 22.1% were neutral, 6.1% disagree and 3.8% strongly disagreed. On a scale of 1 to 5, an average score rate of 3.82 was recorded with standard deviation of 1.029. This indicates that knowing what your buyer thinks has influence on the performance of the small and medium retail enterprises in Kenya depends on knowing your buyers thinker

To determine if buzz marketing of goods and services has influence on the performance of small and medium retail enterprises in Kenya. Majority of the respondents 36.6% agreed, some 26.7% of the respondents strongly agreed, 22.9% were neutral, 11.5%5 just disagreed and 2.3% strongly disagreed. The average score rate was 3.74 out of 5 with standard deviation of 1.049 thus indicating that buzz marketing of goods and services has influence on the performance of small and medium retail enterprises in Kenya. Lastly to find out if mobile marketing of goods and services influence the performance of small and medium retail enterprises in Kenya s Majority of the respondents 50.4% agreed, 28.2% of the respondents strongly agreed, 14.5% were neither here nor there, 3.1% just disagreed and 3.8 strongly disagreed. The average score rate was 3.96 out of 5 with standard deviation of 0.948 was recorded. The finding also suggest that mobile marketing of goods and services have influence on the performance of small and medium retail enterprises in Kenya. In general average rate of responses was 3.943 out of possible 5 with standard deviation of 0.961 confirming that Guerrilla marketing strategy affects performance of small and medium retail enterprises in Kenya. The rest of the findings are shown in table 4.8.The finding were therefore in line with what Levinson (2013), quoted that, "Guerrilla marketing is a body of unconventional ways of pursuing conventional goals, it is a proven method of achieving profits with minimum money".Rujgut, (2012) on marketing strategies adopted by small and medium enterprises in Nairobi Central Business District in fulfilment of a (MBA), School of Business, University of Nairobi concluded that the SMEs adopt different marketing strategies which depend always on the organization's goals to be achieved.

Table 2 Guerrilla marketing strategy Descriptive Analysis

Statement	S.D	D	N	A	S.A	Mean	Std. Dev
Performance of your business depends on the creativity.	0.8%	3.1%	9.9%	42.7%	43.5%	4.25	0.82
Knowing what your buyer thinks has influence on the performance of your business.	3.8%	6.1%	22.1%	40.5%	27.5%	3.82	1.03
Buzz marketing of goods and services influence the performance of your business	2.3%	11.5%	22.9%	36.6%	26.7%	3.74	1.05
mobile marketing of goods and services influence the performance of your business	3.8%	3.1%	14.5%	50.4%	28.2%	3.96	0.95
Total						3.94	0.96

Table 2 indicates the model summary for the regression between Guerrilla marketing strategy and Performance. An R squared of 0.231 indicates that 23.1% of Performance of SMEs is explained by changes in Guerrilla marketing strategy capabilities.

Table 3: Model Summary Guerrilla marketing strategy

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.481 ^a	.231	.228	8.96356	1.942
a. Predictors: (Constant), Guerrilla marketing strategy(X1)					
b. Dependent Variable: Performance of SMEs (Y)					

The ANOVA table 4 showed that the regression model between Guerrilla marketing strategy and Performance of SMEs was significant (it indicates the goodness of fit for the regression model established between dependent variable and independent variable). F statistic of 71.771 indicated that the overall model was significant as this was further supported by a probability value of 0.000 which less than 0.05 ($p=0.00<0.05$).

Table 4: ANOVA- Guerrilla marketing strategy

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	5766.444	1	5766.444	71.771	.000 ^b
Residual	19202.550	239	80.345		
Total	24968.994	240			

The regression coefficient table 5 shows that the regression model between Guerrilla marketing strategy and Performance of SMEs was given as $Y = 10.875 + 7.666X_1$ which indicate that there was a positive and significant relationship between Guerrilla marketing strategy and Performance . The regression coefficient of 7.666 indicates that for every unit increase of Guerrilla marketing strategy, Performance of SMEs increases by 7.666.

Table 5: Regression Coefficients- Guerrilla marketing strategy

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
1 (Constant)	10.875	3.589		3.030	.003
Guerrilla marketing strategy	7.666	.905	.481	8.472	.000

a. Dependent Variable: Performance of SMEs

6. CONCLUSION AND RECOMMENDATIONS

According to the finding of this study, it was found out that guerrilla marketing strategy influence performance of small and medium retail enterprises in Kenya. The descriptive statistical analysis generally supported this through achieving a general average rate of responses of 3.943 out of possible 5 with standard deviation of 0.961 confirming that Guerrilla marketing strategy affects performance of small and medium retail enterprises in Kenya. This was also observed in the regression analysis which had a sum square of 5766.444, and standard deviation factor of .001 which rested on a

significant figure of 0.000 showing a better proof that the guerrilla strategy influenced the SMEs performance. The ANOVA table 4 showed that the regression model between Guerrilla marketing strategy and Performance of SMEs was significant (it indicates the goodness of fit for the regression model established between dependent variable and independent variable). F statistic of 71.771 indicated that the overall model was significant as this was further supported by a probability value of 0.000 which less than 0.05 ($p=0.00<0.05$), the study concluded that guerrilla marketing strategy influence performance of SMEs in Kenya, and it was recommended as a strategy for small and medium retail enterprises in Kenya.

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