EFFECT OF SEARCH ENGINE MARKETING ON THE PERFORMANCE OF KENYA'S TOP 100 MEDIUM-SIZED COMPANIES

Joseph Muragu Ndung’u¹, Dr. John Mutinda²

¹²Department of Business Administration, School of Business, Kenyatta University, Kenya

DOI: https://doi.org/10.5281/zenodo.7100143

Abstract: The value and importance of medium-sized businesses in a knowledge-based economy has long been recognized. Medium-sized businesses, on the other hand, face enormous difficulties and dangers in order to thrive in a competitive climate. For many organizations, digital marketing for small businesses is unfamiliar territory, and because technology is continuously improving, previous techniques must be updated to fit the current market. As a result, medium-sized businesses confront numerous obstacles when it comes to online marketing. This study therefore, investigated the effects of search engine marketing on performance of top 100 medium sized companies in Nairobi City, Kenya. Descriptive research design was employed. The population consisted of marketing managers of these medium size enterprises within Nairobi City County, Kenya as observed by an annual survey done by KPMG together with the nation media group year 2020. The respondents were sampled using stratified method on the basis of the company category. The respondents were purposively selected. The collection of data was done using questionnaires that was in a structured form. Content validity was used since it has the capability of measuring the level at which a collection of a number of items is representative of what the instrument is intended to achieve. The study assessed the instruments reliability using Cronbach’s alpha coefficient. Analysis of the qualitative data was done using content analysis method. Analyses of quantitative was done descriptively by using mean and standard deviation. The determination of the level at which variables link to one another was achieved through inferential analysis involving correlation and regression analysis. Search engine marketing, was found to have a significant effect on the performance of Kenya’s top 100 medium-sized companies. The study concluded that search engine marketing captures the audience's attention at the right time, which means the organization gets content and advertisements in front of a very interested target audience that is actively looking for comparable deals, all for a low cost and without having to impose on them. The study recommended that the organizations should publish relevant, authoritative content because more people visit sites with high-quality content that is tailored to their needs, which raises the authority and relevance of the organization’s website.

Keywords: Search Engine Marketing, Performance.

1. INTRODUCTION

Medium-sized companies are very important to many governments because of their significant contribution to the economy and the employment opportunities they offer. The fastest growing Information and Communication Technology (ICT) in the digital age has implications for a variety of life processes, involving the business environmental changes and the manner in which consumers are behaving (Ritz, Wolf & McQuitty, 2019). According to Quaye and Mensah (2019) marketing activities are done extensively making use of digital media, up from product promotion to the selling the product.
marketing provides an easy way for the business persons to monitor and effectively address what the potential clients need and desire. Therefore, the persons engaged in promoting the business ought to know the best way of using digital marketing strategies so as to reach the right buyer.

Rohra and Panhwar (2016) observe that a number of developed countries have seen the importance of the medium-sized business industry in supporting their economies. Medium sized companies have played a unique role in development as a source of job creation and income generation. Rohra and Panhwar (2016) further observe that medium sized companies in Pakistan plays a critical role in growing the economy, advancing technology, finding for major enterprises, and supporting economic renewal and social development. According to Sherazi, Iqbal, Asif, Rehman, Shah, (2018) small businesses in Pakistan can use digital marketing in attracting new clients and access existing ones effectively, which has shown to provide significant benefits to medium-sized businesses such as getting market segments, gaining competitiveness and hence better performance.

Medium-sized businesses have also benefited developing countries. In Ghana, for example, the industry employs approximately 70% of the workforce and generates more than half of the country's GDP (Abor & Biekpe, 2017). Despite their significant contributions to economic growth, medium-sized businesses are increasingly facing strong competition from larger businesses as a result of rising technologies, innovation, and the removal of trade barriers. The present scenario presents difficulties for medium-sized businesses to thrive or preserve their market share in locally and globally. Although it can be argued that medium-sized business growth is negatively impacted in the global market, Acker (2018) observes that most businesses in SME industry in Africa, and particularly in Ghana, have in the unique way started using strategies to market their business which have qualified them to maintain their growth.

Due to a lack of cash, inadequate company management skills, insufficient marketing efforts, and inferior products or services, the rate of failure in SMEs in Kenya is higher, as evidenced OECD (2012) which observe that a 90% of SMEs who fail at when at five years old. Digital marketing tactics, like marketing through social media, websites, SEO and sponsored content are still used by a significant proportion of Kenyan SMEs (Nga'nga', 2015). This is due to Kenya's strong mobile penetration and internet adoption, which has attracted many Kenyans being online and conducting more online shopping, as evidenced by the successfullness of Jumia, Olx, and Kilimall according to Mbugua (2016).

Bordonaba‐Juste, Lucia‐Palacios and Polo‐Redondo (2017) observe that for most firms, digital marketing has been discovered to bring quick, far-reaching, and cost-effective growth. Although a lot of data indicate reflects that the company’s size affects digital channel applications, medium-sized businesses are at the bottom of the adoption curve. Large businesses, on the other hand, are more likely to possess resources and capability in leveraging effectively the already present resources meant for the digital channel. According to Vargo and Lusch (2019) most small and medium sized businesses face many problems such as a lack of initial finance, rivalry from established businesses, and the importing of low-cost items from other countries. It is therefore important that they embrace new marketing strategies that will allow them to compete and flourish in today’s dynamic and competitive market.

The utilization of technology in marketing strategies and processes in business through promoting goods, services, information and suggestions using internet, mobile phones, display advert plus other electronic media is referred to as digital marketing (Baines, Fill & Page, 2013). Chaffey and Ellis-Chadwick (2019) observe that because of the advanced connectivity, digital marketing has provided a chance for many-to-many communications to be made possible and through digital marketing strategies goods and services are able to be sold appropriately, significantly, personalized in a meaningful cost. Digital media has been used largely as marketing strategy from promotion to product offering and selling. Digital marketing strategies adopted for this will be search engine marketing, digital advertising, viral marketing and social media marketing.

Search engine marketing, according to Sen (2015), is a strategy used in business marketing by using paid adverts that display on search engine results pages, with its main components of measurements being keywords, meta-tags, backlinks and content. Search Engine Marketing (SEM) main aim is to enhance brand visibility in search engines by bidding on keywords in Pay-Per-Click (PPC) advertising or by increasing organic visitors through Search Engine Optimization (SEO) by defining a website’s meta-tags and quality backlinks and content marketing. Jansen, Zhang and Schultz (2017) observe that search engine marketing is the process of increasing the prominence of a company on search engines at an event whereby users are looking for related information about the company. Companies that use search engine marketing for the purpose of
generating unique leads, product sale, brand awareness, do change traffic from their competitors hence concentrate on putting additional traffic to the segments of their website they are targeting so as to learn more knowledge in using the search engine marketing. As a result, SEM is a feasible digital marketing technique that provides a company with a lot of freedom.

Kenya’s top 100 SMEs were launched by KPMG in 2008, 2009 in Uganda and 2010 in Tanzania (Kithinji, 2014). The list focuses mostly on the medium-sized businesses that were had reported a fast growth in the aforementioned countries, which are recognized annually. The qualification is that the enterprise must have earned a turnover ranging from Kshs 70 million to Kshs 1 billion from the audited books for the last three years and these companies must not be financial institution, insurance, law firm, accounting of auditing as indicated by Makori (2014).

These medium sized companies are found in food, small-scale production, textiles, communications, agriculture, beauty and other small businesses; they are an integral part of the Kenyan economy through job creation and economic empowerment. In every years more than a thousand SMEs are formed in Kenya. However, about 40% of these do not survive for one year, 80% in the period of five years, and 96% within ten years due to a lack of capital, inadequate knowledge, and poor management skills, as well as a lack of company structures and low product and service quality (OECD, 2012).

The enormous increasing number of users of internet all over the world has fueled expansion of digital marketing in Kenya and beyond and most medium sized companies have adopted digital marketing strategies to stay competitive. A research by Kemp (2022) reports that there are 21.75 million internet users in Kenya and 11 million of them have access to social media, hence justifying investment into the digital marketing space. Top fifteen companies among the top 100 SMEs, have attributed their growth to digital marketing strategies such as VIVO active wear which started investing in digital marketing in the year 2015 and grew its company value to six million United States Dollars from seventy thousand United States Dollars within 6 years (Ngwa, 2022).

Digital marketing strategy, like social media marketing, SEO, sponsored content, and website marketing, have been adopted by a large number of Kenyan SMEs (Nga’nga’, 2015), but still most of them are struggling to compete against established companies such as Jumia and OLX due to the technical aspects of setting up digital campaigns and the capital invested in digital marketing strategies (Mbugua, 2016).

Statement of the Problem

A Top 100 company has thrived by steadily expanding its market position within its industrial scope over time, and this expansion usually translates into shareholder-revenues and an equitably comprehensive financial position (Ndegwa, 2015). However, according to Minama (2016), the top 100 medium-sized companies encounter difficulties in operating, controlling, and enhancing the efficiency of their businesses in order to consistently and on time produce quality goods and services. This is because the implementation of marketing strategies in most businesses necessitates a slew of costly and many owners/managers ignore key critical marketing initiatives due to time-consuming changes to the corporate culture and structure.

Medium sized companies have to encounter numerous obstacles, including a lack of finance and fierce competition from stronger enterprises, which prohibit them from generating a profit, developing, and remaining in business (Lattemann, Alon, Chang, Fetscherin & McIntyre, 2019). Additional marketing actions may assist them overcome these obstacles, but these jobs are costly and time-consuming because they require unique information that these entrepreneurs lack. As a result, their sales volume, customer service, market recognition, marketing, and product and service promotion may all suffer unfavorable consequences.

Marketing strategies are very important growing the businesses since they assist in finding the company’s clients it can competitively attend to and tailor offering of product, pricing, distribution, promotions and services these clients (Mafazi, 2018). Sharma, Chen and Lai (2020) observe that marketing is a very dynamic world which contributed by the presence of ever new technologies and methods that are announced daily and theories are now much more complex. Digital marketing for small and medium sized businesses is uncharted territory for many companies and since technology is constantly evolving, the old strategies have to be changed to suit the present situation. As a result, medium-sized businesses confront numerous obstacles when it comes to online marketing.
2. LITERATURE REVIEW

Theoretical Literature Review

Marketing equity theory, developed by Kim and Kom (1981), asserts that successful organizations have been shown to benefit from social media marketing strategies. The theory's developers initially focused on the marketing techniques used by upscale clothing companies to promote their goods. They included amusement in a particular industry, customer engagement based on corporate objectives, trendiness, personalization of goods and services provided to the target market for consumption, recommendations, and word of mouth. Their effect on business performance was looked at in terms of brand equity, customer equity, purchase intention, value equity, and equity linkages. The model provides a thorough understanding of how social media marketing functions, according to Kim and Kom (1981). The strategy's cornerstones are the five marketing tactics.

Tyler (2016) observe that regular client involvement gives the business and its management a great chance and outlet to promote the advantages of their products in a direct or indirect manner, as well as resolve any consumer complaints. The importance of the theory to this research is that it examines how marketing efforts relates with corporate performance. It makes a connection between effective social media marketing strategies and marketing features. This provides a solid foundation for the study on the effects of social media marketing. Although different practitioners look into various facets of social media marketing, the theory makes the error of assuming that the same characteristics of social media marketing apply across contexts.

Empirical Literature Review

Tomasi and Li (2015) research evaluated the influence of search engine marketing on SME performance. The impact of SEM on website and business performance was investigated using a multiple case study methodology. The study gave a quick structured survey to twenty-two SMEs who had a commercial relationship with a SEM consulting firm to acquire information about the organizations in the case study. The survey gathered information on businesses, their investments in and usage of SEM, as well as the impact of that use. It was observed that search engines are now an important conduit for SMEs to grow their worldwide reach while additionally rivaling bigger organizations. Subsequently, SMEs are utilizing SEM to further develop their business perceivability. Accordingly, private ventures could show up in front of tremendous, notable organizations in indexed lists assuming they utilize productive SEM systems.

Khraim (2015) study investigated the impact of search engine marketing on the performance of companies using online advertisement in Jordan. The researcher personally handed questionnaires to 121 companies in Jordan. Analysis of regression was used together with factor analysis. The outcomes exhibit that though SEM association was not huge, the other three aspects were.

The search engine marketing impact on the internet marketing strategy was studied by Hidayanto, Adha, Jiwanggi and Melia (2018). The research looked at three different publisher websites: a standard website with no SEO, a modified website having simple SEO configuration and social media plug-in. The website log was run and traced for four and seven months. The study found that the social media plug-in gives an extra advantage in terms of traffic generation; nevertheless, the traffic generated is less important than that generated by search engines.

3. RESEARCH METHODOLOGY

Descriptive research design was employed. The population consisted of marketing managers of these medium size enterprises within Nairobi City County, Kenya as observed by an annual survey done by KPMG together with the nation media group year 2020. The respondents were sampled using stratified method on the basis of the company category. The respondents were purposively selected. The collection of data was done using questionnaires that was in a structured form. Since the study population comprises of 100 respondents, 10 respondents were involved in the pilot study to ensure in case any errors or items have been left are identified and solved. Content validity was used since it has the capability of measuring the level at which a collection of a number of items is representative of what the instrument is intended to achieve. The study assessed the instruments reliability using Cronbach's alpha coefficient. Analysis of the qualitative data was done using content analysis method. Analysis of quantitative was done descriptively by using mean and standard deviation. The determination of the level at which variables link to one another was achieved through inferential analysis involving correlation and regression analysis.
4. FINDINGS

The descriptive results on search engine marketing are presented in Table 1.

### Table 1: Search Engine Marketing

<table>
<thead>
<tr>
<th>Statement</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>M</th>
<th>Std.Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay-per-click is effective based on cost because businesses only pay when a user visits their website</td>
<td>41.2</td>
<td>34.1</td>
<td>12.9</td>
<td>8.2</td>
<td>3.5</td>
<td>4.01</td>
</tr>
<tr>
<td>Pay-per-click enables the companies to choose its audience according to demographics like location, language and device</td>
<td>35.3</td>
<td>49.4</td>
<td>4.7</td>
<td>4.7</td>
<td>5.9</td>
<td>4.04</td>
</tr>
<tr>
<td>Search engine optimization enables the companies to bring in more customers through organic search</td>
<td>38.8</td>
<td>55.3</td>
<td>3.5</td>
<td>2.4</td>
<td>0.0</td>
<td>4.31</td>
</tr>
<tr>
<td>Search engine optimization enables company to create a trustworthy web experience for customers</td>
<td>36.5</td>
<td>49.4</td>
<td>11.8</td>
<td>2.4</td>
<td>0.0</td>
<td>4.20</td>
</tr>
<tr>
<td>Paid search advertising allow the companies to be flexible in making optimizations</td>
<td>45.9</td>
<td>44.7</td>
<td>0.0</td>
<td>5.9</td>
<td>3.5</td>
<td>4.24</td>
</tr>
<tr>
<td>Paid search advertising allows the company to measure results for each ad, each keyword, and even each user</td>
<td>39.5</td>
<td>46.6</td>
<td>6.3</td>
<td>4.7</td>
<td>2.6</td>
<td>4.16</td>
</tr>
</tbody>
</table>

Source: Survey Data (2022)

The mean score of 4.24 indicates that the respondents agreed on the statement that Paid search advertising allow the companies to be flexible in making optimizations with standard deviation of 0.76. This was strongly agreed by 45.9% of the respondents, 44.7% agreed, 5.9% disagreed and 3.5% strongly disagreed. These findings concur with the research done by Tomasi and Li (2015) that evaluated the influence of search engine marketing on SME performance and it was observed that search engines are now an important conduit for SMEs to grow their worldwide reach while additionally rivaling bigger organizations.

The mean score of 4.20 indicates that the respondents agreed on the statement that Search engine optimization enables company to create a trustworthy web experience for customers with standard deviation of 0.80. This was strongly agreed by 36.5% of the respondents, 49.4% agreed, 11.8% neutral and 2.4% disagreed. This finding is supported by the study on search engine marketing impact on the internet marketing strategy that was studied by Hidayanto, Adha, Jiwanggi and Melia (2018) and found that the social media plug-in gives an extra advantage in terms of traffic generation; nevertheless, the traffic generated is less important than that generated by search engines.

### Results of Regression Analysis

### Table 2: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.869*</td>
<td>.755</td>
<td>.744</td>
<td>.630</td>
</tr>
</tbody>
</table>

The results in Table 2 shows that the adjusted $R^2$ which is the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables 0.744(74.4%) of the changes in the performance of top 100 medium sized companies could be attributed to the measures of search engine marketing. This means that other variables not studied contribute to 0.256(25.6%) of the performance of top 100 medium sized companies excluding search engine marketing.
Table 3: Analysis of Variance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>3.755</td>
<td>1</td>
<td>3.755</td>
<td>17.384</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>20.960</td>
<td>96</td>
<td>0.216</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>123.705</td>
<td>97</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results as indicated in Table 3 indicates that the significance value of 0.000 which was less than the level of significance value at 0.05. In addition, the F value was 17.384 higher than the mean square value at 3.755. Therefore, it can be concluded that the model was significant in predicting performance.

Table 4: Coefficient

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.145</td>
<td>0.045</td>
<td>.405</td>
<td></td>
</tr>
<tr>
<td>Search engine marketing</td>
<td>.691</td>
<td>.160</td>
<td></td>
<td>.001</td>
</tr>
</tbody>
</table>

The results in Table 4 indicate that when performance would be at a factor of 1.145 when by keeping search engine marketing at constant. In addition, when search engine is increased by 1 unit, the performance of top 100 medium sized companies in Kenya would increase by a factor of 0.691. This is expressed in a regression equation as follows:

Performance = 1.145 + 0.691 Search engine marketing

The results also show that the value of t representing the search engine marketing was positive at 4.319. Thus it can be concluded that search engine marketing had a positive significance with the performance of top 100 medium sized companies in Kenya.

5. CONCLUSIONS

The study concluded that search engine marketing captures the audience's attention at the right time, which means the organization obtains, at a low cost and without having to impose, access to a highly engaged target audience that is actively looking for comparable offers. A SEM campaign can be set up quickly and easily, and adjustments can be made as needed. This lets one adjust the website content, keywords, and spending to the preferences of their target audience.

6. RECOMMENDATIONS

The study recommended that the organizations should publish relevant, authoritative content because increased site traffic from well-written content written specifically for the target audience raises the authority and relevance of the organization's website. On a regular basis, audit the content and make updates as needed. It is critical for the organization to review and update metadata as the site evolves. Increase the text's authority and credibility by including relevant links. Use alt tags, or alternative text descriptions, whenever possible to give information about the organization's images and videos. These make it possible for search engines to find the page, which is crucial for users of text-only browsers or screen readers in particular.

REFERENCES


