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THE INFLUENCE OF DIGITAL MARKETING STRATEGIES ON PERFORMANCE OF SMALL AND MEDIUM-SIZED AGRIBUSINESSES IN NAIROBI COUNTY, KENYA

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ABSTRACT

The digital transformation of agribusiness has become a critical driver of success in the modern agricultural landscape. This study investigated the digital marketing strategies employed by small and medium-sized agribusinesses in Nairobi city County, Kenya and their impact on business performance. The anchoring theories included the Resource-Based View (RBV) by Barney (1991) and the Technology Acceptance Model (TAM) by Davis (1989). The study adopted descriptive survey design research design targeting 61 agribusinesses. The data was analyzed using descriptive statistics and regression analysis. The study found that certain digital marketing strategies are highly prioritized by agribusinesses. Advertisement had the highest mean score (M=3.9184) followed by communication of products (M=3.7959) and Customer Interaction and feedback (M=3.1863). . The study found that Internet Marketing Strategies impacted positively on performance of the agribusinesses. The intensity and direction of the link between Internet Marketing Strategies and Performance are indicated by the standardized beta coefficient of 0.255 which is significant at 0.05 (p=0.007 < 0.05). This finding aligns with a wealth of existing research emphasizing the vital role of internet marketing in enhancing business performance.

KEYWORDS

agribusinesses, digital transformation, internet marketing

INTRODUCTION

The digital revolution has profoundly transformed the business landscape, including the agribusiness sector, which encompasses various activities related to agricultural production, processing, and distribution. Agribusiness companies are realizing that, in order to effectively reach and engage their target audience, they must make use of digital marketing methods, since customers are increasingly depending on digital platforms for information and purchase decisions. Digital marketing is the practice of promoting goods and services and increasing brand awareness through online platforms and technologies like social media, email marketing, content marketing, and engine optimization (SEO). In recent years, researchers and practitioners have paid close attention to how well digital marketing techniques drive performance outcomes like higher sales, customer loyalty, and market share (Smith, 2020).

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According to a study by KPMG (2020), the agriculture and food industry has witnessed a significant shift towards digital marketing strategies, driven by factors such as changing consumer preferences, increased internet penetration, and the need for targeted marketing approaches. This shift has necessitated agribusiness firms to explore innovative digital marketing strategies to effectively engage with their target audience, enhance brand visibility, and ultimately improve their performance in the market.

The agribusiness industry in Kenya has shown resilience and steady growth. The sector has demonstrated its potential to contribute to the country's GDP and foreign exchange earnings. The National Bureau of Statistics for Kenya claims that (KNBS), the agricultural sector accounted for about 34% of the country's GDP in 2020, with significant contributions from crop production, livestock, and horticulture. Furthermore, the agribusiness sector has been a significant source of employment, particularly for rural populations engaged in farming and related activities.

Promoting goods and services using digital channels including websites, search engines, social media platforms, email marketing, and mobile applications is the broad scope of digital marketing efforts. Constantinides and Fountain (2008) claim that as the internet became more and more popular in the late 1990s, the idea of digital marketing began to take shape. At first, it concentrated on search engine optimization and online advertising. But as social media platforms and mobile technology proliferated, so did digital marketing, which now encompasses a wider range of approaches and techniques meant to influence and interact with customers online.

According to Chaffey and Smith (2017), digital marketing gives companies the chance to reach a worldwide audience, customize marketing messages, and track the effectiveness of campaigns in real time. Additionally, digital marketing gives companies the ability to use customer insights and data analytics to maximize their marketing efforts and raise overall efficacy. Utilizing digital marketing strategies has become essential for businesses looking to stay competitive, improve consumer engagement, and spur growth in an increasingly digitalized environment.

Search engine optimization (SEO), search engine marketing (SEM), social media marketing, content marketing, email marketing, and mobile marketing are some of the essential elements of digital marketing (Ryan, 2016).

Advancements in agribusiness practices and technologies have contributed to the evolution of firm performance in the sector. Modern agribusinesses have embraced innovative techniques and technologies, such as precision agriculture, biotechnology, and data analytics, to improve productivity, reduce costs, enhance product quality, and meet evolving consumer demands. These advancements have led to improvements in operational efficiency, supply chain management, and resource utilization, ultimately impacting overall firm performance. Furthermore, as noted by Mishra and Bhatt (2020), advancements in agribusiness have facilitated market access, enabling firms to expand their reach, penetrate new markets, and forge strategic partnerships. Agribusiness firms that effectively leverage these advancements have the potential to achieve sustainable competitive advantages and superior performance outcomes.

Kenya's agricultural sector has seen tremendous growth and has been essential to the socioeconomic development of the nation, enhancing many facets of the national economy and standard of living.

According to Mwai et al. (2019), the evolution of the agribusiness industry in Kenya can be attributed to several factors, including advancements in technology, improved infrastructure, increased access to finance, and supportive government policies. The adoption of modern farming practices, such as irrigation, mechanization, and use of high-yielding crop varieties, has increased production and aided in the expansion of the nation's agricultural industry. Additionally, the development of agro-processing industries, cold storage facilities, and improved transportation infrastructure has facilitated value addition and enabled farmers to access higher-value markets both domestically and internationally.

The agribusiness industry in Kenya has undergone significant changes and advancements, particularly in the context of digital marketing. Digital marketing strategies have emerged as crucial tools for agribusiness firms to enhance their performance, connect with customers, and expand market reach. The evolution of the agribusiness industry in Kenya has been influenced by factors such as increasing internet penetration, rising smartphone usage, and the growing adoption of digital platforms.

Kenya's agriculture industry greatly benefits from the contributions of Small and Medium Enterprises (SMEs) in agribusiness, which create jobs, revenue, and value addition. Gitonga et al. (2017) state that SMEs in the agriculture sector are distinguished by their varied activities along the agricultural value chain, small operational scale, and restricted financial resources.

For businesses of all sizes, including those in the agriculture sector, using digital marketing methods has become more and more crucial in recent years. Due to issues like few resources, a lack of technological know-how, and the particulars of the agricultural industry, small and medium-sized agribusinesses confront particular difficulties when adopting digital marketing tactics. Despite these challenges, the adoption of digital marketing strategies by agribusinesses is crucial to remain competitive in the marketplace and to reach potential customers effectively.

The effect of digital marketing tactics on the performance of agriculture companies has been the subject of numerous studies. For example, Meleddu and Pulina's (2019) study examined how Italian agricultural companies were implementing digital marketing and how that was affecting their bottom line. The study found a positive relationship between companies' financial performance and their use of digital marketing, showing that agribusiness companies who actively adopted digital marketing methods typically saw improved financial results. In a similar vein, Ngek et al.'s study from 2021 examined how digital marketing expertise affected Malaysian agriculture firms' ability to compete. The findings showed a significant positive association between digital marketing abilities and competitive advantage, emphasizing the value of applying these strategies to gain a competitive edge.

Sengupta and Ray (2018) investigated how Indian agribusiness companies were implementing digital marketing tactics. The research findings indicated that digital marketing adoption positively influenced firm performance. The study emphasized the importance of overcoming barriers such as limited digital literacy and access to technology for successful digital marketing adoption in the agribusiness sector. Similarly, Kowo and Adeyeye (2021) focused on the Nigerian agribusiness sector but provides valuable insights applicable to the broader East African region. The usage of digital marketing and business performance were shown to be strongly correlated, according to the findings. Agribusiness companies saw increases in consumer loyalty, better sales, and greater financial performance when they used digital marketing channels like websites, social media, and email marketing. In order to maintain their competitiveness and experience sustained growth, agribusiness companies in the area must make investments in digital marketing capabilities, according to the report.

Locally, Nyamwange and Wachira (2020) looked into how Nairobi, Kenya's agriculture enterprises performed in relation to their usage of digital marketing. The results showed a favorable correlation between firm performance and the adoption of digital marketing. Agribusiness companies that successfully used digital marketing tactics into their marketing campaigns saw improvements in sales revenue, enhanced brand recognition, and higher levels of consumer engagement. Chepkirui, Mugo, and Kahi (2019) investigated how digital marketing affected Kenyan smallholder horticulture farmers' productivity. The findings showed that farmers who used digital marketing techniques had better access to markets, higher sales, and more profitability. In particular, farmers were able to access a larger client base and accept direct orders by using social media platforms like Facebook and WhatsApp, which decreased their reliance on middlemen and increased their profit margins. The research emphasized the capacity of digital marketing to revolutionize the marketing landscape for Kenyan smallholder farmers.

Kiplagat et al. (2020) have emphasized the necessity for evidence-based insights and guidelines to lead the creation of digital marketing strategies that are specific to the requirements and features of Kenya's agribusiness sector. This study thus sought to investigate the influence of digital marketing strategies on the performance of small and medium-sized agribusinesses in Nairobi County.

LITERATURE REVIEW

This study is anchored in the Technology Acceptance Model (TAM) and the Resource-Based View (RBV). Acceptance Model (TAM) as advanced by Davis' (1989) has been extensively used to foresee and explain people's acceptance and adoption of new technology inside enterprises Accordingly, Perceived utility and perceived ease of use are the two primary factors that influence users' behavioral intentions to accept a technology, A person's assessment of a technology's usefulness is based on how much they believe it will enhance their ability to perform their duties more efficiently or effectively.

Digital marketing tactics in small and medium-sized agribusiness enterprises can benefit from the application of the Technology Acceptance Model (TAM), which offers insightful information on people's acceptance and uptake of new technologies. Perceived usefulness plays a crucial role in the context of digital marketing, as agribusiness firms need to perceive that these strategies can effectively promote their products or services, attract potential customers, and ultimately contribute to business growth. Furthermore, the perceived ease of use of digital marketing tools is significant, as it determines the level of simplicity and convenience in implementing and managing these strategies within agribusiness firms.

On the other hand, Resource-Based View (RBV) centers on how a firm's capabilities and resources contribute to its ability to gain and maintain a competitive advantage. According to the RBV, enterprises can gain a long-term competitive advantage from resources that are valuable, rare, unique, and non-substitutable (VRIN) (Barney, 1991). The RBV's proponents contend that it provides an insightful viewpoint for comprehending how businesses can make the most of their special resources to attain exceptional success. It emphasizes the importance of internal factors, such as organizational knowledge, skills, technology, and reputation, in driving competitive success (Barney, 1991; Teece et al., 1997).

When applied to the context of digital marketing strategies and performance of agribusinesses, the RBV offers valuable insights into how organizations can leverage their resources to enhance their digital marketing efforts and improve overall performance. Proponents of the RBV argue that a firm's resource endowments, such as technological infrastructure, data analytics capabilities, brand reputation, and customer relationships, can contribute to the effectiveness and efficiency of digital marketing strategies (Barney, 1991). By leveraging these resources, agribusinesses can develop targeted and personalized digital marketing campaigns, improve customer engagement, and gain a competitive edge in the digital marketplace.

EMPIRICAL REVIEW

Numerous studies have examined various aspects of digital marketing strategies and their effects on different performance outcomes, such as sales, customer engagement, and brand reputation. For example, Smith and Sanchez (2018) showed that digital marketing strategies, in particular, social media marketing and online advertising, – positively influenced sales performance in their research of American agriculture enterprises. Similar to this, Hinson et al. (2020) found a favorable correlation between customer engagement levels and digital marketing activities when they looked into how digital marketing affected consumer participation in Ghana's agriculture sector.

Nderitu et al. (2020) investigated the usage of digital marketing platforms by small-scale horticultural businesses and its effects on market access and profitability in a study carried out in Kenya. The results showed that these local agribusinesses' financial performance and market access were greatly enhanced by using digital marketing tools like social media and online marketplaces.

Even while empirical research on digital marketing techniques and agriculture performance has advanced, there are still a number of unanswered research questions. First and foremost, further research is required to determine the precise mechanisms and procedures by which digital marketing tactics affect performance outcomes in the agriculture industry. Legislators and practitioners can gain important insights into creating successful digital marketing strategies by comprehending the underlying mechanisms.

RESEARCH METHODOLOGY

The study adopted a descriptive cross-sectional survey research design SMEs working in Nairobi County's agriculture sector made up the research population for this study. The focus was on the total number of SMEs enlisted by the Kenya Climate Innovation Center (KCIC) under the umbrella of agribusiness and innovation. As of 2022, KCIC had enlisted a total of 61 SMEs under its umbrella. This populace was therefore be the focus of this study. Primary data from a questionnaire were used in data collection. Data was analyzed using descriptive and inferential statistics.

STUDY FINDINGS

Of the 61 questionnaires issued, 49 were filled out and returned, yielding a response rate of about 80.3%. Majority of the respondents (79.6%) were male, while 20.4% were female Among the respondents, 40.8 % had at least a university-level education, while 42.9%, reported having a professional education. Only 16.3% indicated having a college-level education. 42.9%, of the participating micro and small Agribusiness (MSA) operators had 1-10 employees, while 30.6% of the agribusinesses had 11-20 employees. 26.5% of the agribusinesses 21-30 employees. The data reveals that a significant portion (51%) of the participants have worked in their respective firms for 1-5 years, indicating a relatively significant experience. Additionally, a substantial number (20.4%) of participants reported having 11-15 years of service, signifying a group of more experienced individuals. Their long tenure within the firms might indicate a deep understanding of the company's operations, which could affect the integration of digital marketing strategies with broader business goals. Furthermore, the presence of respondents with less than one year of service (10.2%) and those with 6-10 years of service (18.4%) reflects the diversity of experiences within the sample, which may lead to variations in digital marketing knowledge, practices, and their impact on Small and Medium Agribusiness (SMA) performance.

Micro and Small Agribusiness (MSA) respondents. (59.2%) of the agribusinesses had been in business for six to ten years, followed by 22.4% with one to five years and 12.2% with fifteen to twenty years.

Only 6.1% of the companies have been in business for more than 15 years. The study found that the agribusinesses adopted various digital marketing strategies as indicated in Table 1.

Table 1. Manifestation of Digital Marketing Strategies

Strategies	Mean	Std. Deviation
Conveying information about products	3.7959	.95698
Engaging with customers and obtaining their feedback (Customer relationship management)	3.8163	.05423
Promoting products or services	3.9184	.01728
Venturing into new markets	3.5918	.01895
Streamlining the tracking of individual employees' sales	3.8163	.85813
Enhancing products or services based on client input	2.8571	.27475
Enhancing communication with other stakeholders	2.6939	.38750
Observing and assessing results	2.8163	.36433
Minimizing operational turnaround time	3.0816	.38198
Enhancing visibility for the firm	3.4694	.08209
Concentrating on specific target customers	3.2449	.25051
Aggregate Valid N (listwise)	3.3729	.1497

Source: Research data, 2023

The strategy with the highest mean score was Promoting products or services information M = 3.9184, SD =.01728) followed by Engaging with customers and obtaining their feedback (M = 3.8163, SD =.05423) and Streamlining the tracking of individual employees' sales (M = 3.8163, SD =.85813) Communication of products information (M = 3.7959, SD =.95698) was also found to be quite popular with the firms. Past research has consistently emphasized the pivotal role of communication in marketing, especially in the digital realm, where customer engagement is key (Churchill, 2019). Further, Customer Interaction and feedback underlines the paramount importance of maintaining strong customer relationships in the digital marketing landscape, aligning with prior studies highlighting its positive impact on business performance (Gatobu, 2018).

Several performance indicators were assessed as shown in Table 2.

Table 2. Manifestation of Firm Performance

	Mean	Std. Deviation
Enhanced financial performance	3.7959	.06553
Expansion of market presence	3.5306	.00212
Stimulated market growth	3.6531	.46934
Enhanced customer allegiance	3.5306	.06266
Elevation of the company's reputation	3.7347	.47416
Augmented competitive edge	3.6939	.93995
Entry into new market segments	3.9592	.09915
Valid N (listwise)		

Source: Research data, 2023

The findings related to performance variables shed light on how small and medium agribusinesses are faring in the context of their digital marketing strategies. Increased Profitability, with a mean of 3.7959, (SD = 0.06553) reflects a slightly higher than average performance. . With a mean of 3.6531, which is somewhat higher than the aggregate mean, Increased Market Growth indicates a considerable degree of performance improvement. The comparatively large standard deviation of 0.46934 suggests some variation in the responses.

Firm's Image Enhancement, with a mean of 3.7347, slightly above the aggregate mean, showcases a moderate level of performance in enhancing the firm's image. The standard deviation of 0.47416 implies some variation in the perceived impact. Increased Competitive Advantage, with a mean of 3.6939, falls in line with the aggregate mean. The large standard deviation of 0.93995 indicates that there are more divergent views regarding the extent of competitive advantage. Agribusinesses have effectively entered new market niches through their digital marketing activities, as evidenced by a mean of 3.9592, (SD = 0.09915).

Regression analysis was done to show the influence of internet marketing Strategies on Performance of the agribusinesses. The results are shown in Table 3, 4 and 5.

Table 3. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.655[a]	.54	.045	.68756
a. Predictors: (Constant), Internet Marketing Strategies				

Source: Research data

An evaluation of the model's goodness of fit can be done using the key statistics provided by the model summary. The regression model had a R-squared value of 0.54, which shows that Internet Marketing Strategies account for around 54% of the variance in performance of small and medium-sized agribusinesses.

Table 4. ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.547	1	1.547	3.272	.047[b]
	Residual	22.218	47	.473		
	Total	23.765	48			
a. Dependent Variable: Performance						
b. Predictors: (Constant), Internet Marketing Strategies						

Source: Research data, 2023

The ANOVA table offers crucial information on the statistical significance of the regression model. Internet marketing tactics are the indicated predictor, while performance is the dependent variable. The results show a statistically significant correlation between small and medium-sized agriculture performance and Internet marketing strategies. The model appears to be significant overall, and the F-statistic (p = 0.047) indicates that the independent variable (Internet Marketing Strategies) contributes to the explanation of variation in the dependent variable (Performance).

Table 5: Table of coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.712	.555		4.885	.000
	Internet Marketing Strategies	.293	.162	.255	1.809	.007
a. Dependent Variable: Performance						

Source: Research data

The intensity and direction of the link between Internet Marketing Strategies and Performance are indicated by the standardized beta coefficient of 0.255 which is significant at 0.05 (=0.007 $p< 0.05$).

CONCLUSIONS

In conclusion, this study has explored the digital marketing strategies employed by small and medium-sized agribusinesses and their impact on business performance. Through a thorough analysis of descriptive statistics and a simple linear regression, the research has unveiled critical insights. The findings highlight the significance of strategies such as effective communication, advertising, and internet marketing in the agribusiness sector, underscoring their positive influence on performance. The study emphasizes the pivotal role of Internet Marketing Strategies and their potential to enhance performance. Moreover, the variation in respondents' opinions regarding different strategies and their impact offers avenues for further exploration and fine-tuning of digital marketing efforts in this sector.

Furthermore, these findings align with and extend the insights garnered from prior studies in the field. The positive Beta value of 0.255 not only confirms the positive link amid Internet Marketing Strategies and Performance but substantiates this relationship is consistent with the trends identified in previous research. This convergence with existing literature not only reinforces the credibility of the study's results but also supports the relevance and generalizability of findings within the broader landscape of digital marketing research. The standardized coefficient, coupled with the statistically significant p-value, collectively underscores the pivotal role of Internet Marketing Strategies in shaping digital marketing performance, providing practical implications and validating the robustness of the research outcomes.

RECOMMENDATIONS

First and foremost, it is crucial for these businesses to prioritize the development and implementation of effective Internet Marketing Strategies. Since there is a positive link amid internet marketing and performance, agribusinesses can enhance their online presence by utilizing digital platforms, content marketing, social media, and search engine optimization. In order to be competitive in the always changing online environment, this also entails keeping up with the most recent developments in digital marketing trends and technologies.

Second, agribusinesses should focus on improving their communication and customer interaction strategies. The high mean scores for "Communication of products" and "Customer Interaction and feedback (Customer relations)" highlight the importance of effective engagement with customers. Establishing robust communication channels, actively seeking customer feedback, and responding promptly to inquiries and concerns can foster stronger customer relationships and, in turn, boost loyalty and brand perception. Furthermore, agribusinesses should take into account the specific needs and preferences of their target customer segments, as emphasized by the "Focusing on target Customers" strategy. To enhance their digital marketing efforts, businesses must consider segment-specific approaches in their campaigns and tailor their content to better resonate with their intended audience.

SUGGESTIONS FOR FURTHER STUDIES

The study suggests that further research could focus on a longitudinal research for a more thorough understanding of the dynamics of the variables being studies, in order to reveal how the effectiveness of these strategies evolves over time and how external factors influence these relationships. Similarly, comparative studies can assess how digital marketing strategies and their impact on agribusiness performance vary across different types of agribusinesses (e.g., crop-based vs. livestock-based). Such studies could shed light on the nuances of digital marketing in the diverse agribusiness landscape. Lastly, future research should consider including external variables such as economic conditions, regulatory changes, and technological advancements to better assess their influence on agribusiness performance. A more comprehensive model could be developed to capture the complex interplay between internal digital strategies and external factors.

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