


STATE OF

Kenya SME

GO TO MARKET

2019



A scenic landscape with rolling hills and a large rock formation under a sunset sky. The sky is filled with soft, colorful clouds in shades of pink, orange, and blue. The foreground shows a grassy field with some rocks. The overall mood is serene and natural.

Access to market has been cited as one of the challenges SMEs face and leads to the high mortality rate of over 70 per cent within 3 years. Access to export market by SMEs is further hindered by little to no value addition.

Further according to the SME Index 2018 by Viffa consult; access to market was a major aspiration for SMEs coming to 2019.

Similarly according to the 2018 access to finance report by Viffa Consult, expansion to untapped markets and marketing were SMEs highest financing priority. The assumption being that more markets translates to revenue growth and subsequently SMEs playing an even bigger role in the economy.

The survey seeks to establish current SME marketing practices, growth strategies and innovation.

Survey Results

Go to market strategies used in the last one year

- i. Selling existing product/service to new customers locally
- ii. Selling new product/service to new customers locally
- iii. Selling more of existing product/service to existing customers
- iv. Selling new product/service to existing customers
- v. Selling existing product/service to new customers internationally
- vi. Selling new product/service to new customers internationally

Insight

Kenyan SMEs are inherently applying four growth strategies as follows;

New Offering	 Innovate	 Aggressive
Existing Offering	 Penetrate	 Expand
	Existing Market	New Market

1. Penetrate - This is the lowest risk approach to growth as the SME knows their market and how their product/service delivers value. SMEs continue to stagnate due to application of this strategy underpinned on loss of market share due to; low barriers of entry and little to no competitive advantage. This trend is observed with SMEs with annual turnover of below Ksh 500,000

2. Expand - To be successful with this strategy, one need to understand the new market. Increasingly Kenyan SMEs have been applying this as risk mitigation to political risk by expanding to counties other than where they currently are.

3. Innovate - To be successful with this strategy, one need to understand existing customer challenges and deliver value profitably. SMEs especially in retail are applying this strategy by cross selling cooked foodstuff to existing customers in their Deli shops.

4. Aggressive - This is the highest risk and requires the most effort to be successful. To be successful with this strategy, you need to understand the new market and how the new offer delivers value to this market.

Top four reasons customers come to the business

- i. High product/service quality
- ii. Service excellence
- iii. Low product/service cost
- iv. Legal requirement

Top four customer acquisition strategy in the last one year

- i. Referrals/ word of mouth
- ii. Social media
- iii. Walk in customers
- iv. Website

Insight

SMEs in service sector cited product quality and service excellence as major reason for attracting retaining customers while micro enterprises with turnover of less than Ksh 500,000 indicated low product price as their competitive advantage and finally SMEs in aviation sector majorly approved training organization (ATO) indicated that their service was a legal requirement that their customers had to comply with.

Insight

SMEs are relying on low cost low risk strategies to attract customers avoiding traditional strategies of advertisement in mainstream media of Radio, TV and newspapers most of which are expensive.

Person responsible for marketing activities

60% indicated that marketing is the responsibility of every employee while 40% used internal sales and marketing doubling with other responsibilities.



60%
say every employee

40%
say every internal
sales & marketing

Top seven customer nature

- i. Individuals
- ii. Private companies
- iii. Public companies
- iv. NGOs and Civil society
- v. National government
- vi. County government
- vii. Export



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