INTERACTIVE MARKETING AND MARKETING PERFORMANCE OF MICRO AND SMALL ENTERPRISES IN NYANZA REGION, KENYA

Kenneth Kaunda

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DECLARATION AND CERTIFICATION

Declaration by the Candidate

This thesis is my original work prepared with no other than the indicated sources and support and has not been presented elsewhere for a degree or any other award.

Signature……. Date……...……
Kenneth Kaunda
(PBA/H/01-53374/2018)

Certification by Supervisors

The undersigned certify that they have read and hereby recommend for acceptance of Masinde Muliro University of Science and Technology a thesis entitled **"Interactive Marketing and Marketing Performance of Micro and Small Enterprises in Nyanza Region, Kenya".**

Signature…….…….Date…….
Professor John Kuria Thuo
Department of Business Administration and Management Sciences
Masinde Muliro University of Science and Technology

Signature……...…… Date……...……
Dr. Evans Kwendo
Department of Business Administration and Management Sciences
Masinde Muliro University of Science and Technology

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DEDICATION

I dedicate this thesis to my dear late mum, Martha Achieng Ambayo, and my father Samuel Okoth Agutu; my wife Angeline Awuor Kaunda, My lovely Sons, Ian Kaunda and Kayson Kaunda, my brothers; Moses, Joshua, Chrispine, Victor and my sisters Hannah, Everline and Naomi. In addition, I dedicate this thesis to my mother and farther in law – Philgona Bango and Dick Bango respectively – for their love and encouragement. I do not take the support they gave me for granted.

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ABSTRACT

Currently, Interactive marketing strategies are widely recognized by marketers as key in customer acquisition. The advent of interactive marketing has been accompanied by the declining influence of passive broadcast advertising and one-way persuasive communication. The glaring massive existence of literature on this field with little empirical research poses a challenge for many businesses including micro and small enterprises in Kenya; which has been in the recent past experiencing a failure rate of 60% with majority of them failing to celebrate their third anniversary, implying there could be other factors affecting the outcome of interactive building efforts which has been accompanied by the constant call for empirical studies in this field amidst the rapid development and innovation in new technologies, platform revolution, participating culture and social media proliferation. This study therefore sought to determine the influence of interactive marketing on the marketing performance of MSEs within Nyanza region, Kenya. Specifically, the study determined the influence of interactive commitment, interactive communication and customer trust on the marketing performance of micro and small enterprises. It also investigated the moderating and the mediating effect of socio-demographic factors and marketing effectiveness respectively on the relationship between interactive marketing and marketing performance. The study was anchored on five theories namely: Social exchange theory, Theory of relational market behavior, Diffusion of innovation theory, stakeholders' theory, Technology Acceptance Model (TAM) and unified TAM. The study was premised on positivism paradigm philosophy. Cross-sectional survey research design was adopted in the study. 2,811 MSEs were targeted out of which 362 respondents were sampled by use of Yamane formula and sampling done by stratified, simple random sampling method. Primary data was collected by use of a self-administered semi-structured questionnaire based on a five-point Likert scale. The validity and reliability of the questionnaires was established before they were administered on the respondents. Descriptive statistics consisting of means and percentages summarised the sampled data's properties, while inferential statistics involved the use of regression analysis in testing the research hypotheses and drawing conclusions. Quantitative data analysis was done using SPSS 26.0 and the results presented in tables. The study determined that interactive commitment, interactive communication and customer trust have a significant influence on marketing performance; customer demographic factors have no moderating effect on the relationship between interactive marketing and marketing performance; and marketing effectiveness has a partial mediating effect on the hypothesised relationship. Thus, the study concluded that interactive commitment, interactive communication and customer trust have a significant effect on the marketing performance; and that marketing effectiveness and customer demographic factors have a partial mediating effect and no moderating effect on interactive marketing-marketing performance link, respectively. On the basis of these conclusions, this study recommends that MSEs can improve their marketing performance by embracing interactive commitment through consistent delivery on the brand's value proposition and fostering of relationships; reinforcing their interactive communication systems and embracing information sharing between them and their customers; adherence to the remarks used during promotion and providing excellent and efficient customer service in which consistency in dealing with customers is encouraged and enhanced. As MSEs evaluate the execution of their interactive marketing, the results of this study could be of value in calling for intensified action and implementation of the key dimensions of interactive marketing, which are critical to their marketing performance.

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ABBREVIATIONS AND ACRONYMS

KNCCI - Kenya National Chamber of Commerce Industry

IM - Interactive Marketing

PS - Personalized Services

IC - Interactive Communication

SET - Social Exchange Theory

TRMB - Theory of Relational Market Behavior

TAM - Technology Acceptance Model

DOI - Diffusion of Innovation Theory

LREB - Lake Region Economic Block

SPSS - Statistical Package for Social Sciences

IT - Information Technology

KIPPRA - Kenya Institute for Public Policy Research and Analysis

KYEOP - Kenya Youth Employment Opportunities Project

KEPSA - Kenya Private Sector Alliance

GOK - Government of Kenya

PWC - Price Waterhouse Coopers

OPERATIONAL DEFINITION OF TERMS

Interactive Marketing	Bi-directional value creation and mutual-influence marketing process through active customer connection, engagement, participation and interaction
Commitment	Consumers' ultimate relationship disposition, encompassing beliefs, attitudes, and behaviours toward the brand and their relationship with that brand
Marketing Effectiveness	The function of improving how marketers go to market with the goal of optimizing their marketing spend to achieve even better results for both the short- and long-term objectives**.**
Marketing Performance	The effectiveness and efficiency of an organization's marketing activities with regard to market-related goals, such as revenues, growth, and market share within a business or an organization.
Trust	The belief that a partner's word or promise is reliable and a party will fulfill his/her obligations in the relationship
Communication	Keeping in touch with customers, providing timely and trustworthy information on service and service changes, and communicating proactively if a delivery problem occurs

Micro and Small Enterprises	This is a firm, trade, service, industry or a business activity: whose annual turnover does not exceed five hundred thousand shillings and employs less than ten people

CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

Interactions and dialogues between customers and businesses as well as among consumers themselves, notably through online social networks, have resulted from the global expansion of interactive marketing in terms of breadth and reach. According to Wang (2021), the market has moved beyond the purview of direct marketing and into a forum for conversations and interactions among connected participants via digital and mobile platform especially with the growing use of social media. This shift has been accompanied by the decline in the effectiveness of passive broadcast advertising and one-way persuasive communication.

According to Flavian, Ibaez-Sanchez, and Ors (2019), interactive technology has advanced to the point where it can now monitor and affect the environment rather than just move through it. Kang, Lu, Guo, and Li (2021) show that interactivity through information sharing affects purchase decisions in different ways. Interactive marketing, according to Adetunji, Rashid, and Ishak (2018), enables marketers to build interactive interactions with their customers and businesses. According to Rangaswamy, Moch, Felten, Bruggen, Wieringa, and Wirtz (2020), the connections with customers on digital platforms that include certain related activities might increase customers' loyalty in many ways.

Kane (2017) indicates one of these digital platforms to be the social media and further opines that the widespread use of social media, which has increased consumer power, and the popularity of social networks like Facebook—which boasts more than two billion active users—have forced marketers to rethink their conventional business models. This has had a significant impact on

how people interact with one another by providing a free and convenient online forum for sharing information and experiences.

Buettner (2020) opines that customers' ability to engage with merchants will likely safeguard them and greatly boost their faith in them, which will encourage them to make purchases online. However, despite the Internet, wireless devices, sizable customer databases, and other technological advancements making new forms of direct-to-consumer marketing conceivable, there are still many research problems in interactive marketing that have not yet been resolved, as mentioned by Deighton & Glazer (1998), Wang (2021), Winer & Shankar (2003) and Shankar & Malthouse (2006). Businesses also want their advertising to be more accountable. As two-way interaction and enhanced consumer-brand connections have replaced conventional broadcast advertising and one-way mass media communication, the allocation of resources to interactive marketing is growing quickly.

Interactive marketing is the most recent and modern trend in marketing as noted by Wang, (2021) within different organizations given the dynamic nature of customers in the current growing technological world; According to Stone & Woodcock (2014), it necessitates a greater understanding of consumers, their behavior, and how they like to connect with the business in order to provide them with individualized experiences that they find valuable and interesting. Shankar & Malthouse, (2009) further opines that the marketing shift from the marketer to the consumer and the integrated use of media has caused a paradigm shift from consumer-controlled, interactive communication to marketer-directed, one-way communication to the point that the new market place only rewards more participative, honest, and less directive marketing strategies. Wang (2021), Stone and Woodcock (2014) sees a versed literature on interactive

marketing without empirical evidence which in turn prompts them to call for empirical research in this field.

Micro and small enterprises, according to Jayeola, Ihinmoyan, and Kazeem (2018); Tekele (2019), are essential to the growth of the global economy. They are acting as hubs for innovation, job creation, and revenue generating in many parts of the world. According to Ryals and Payne (2001), any commercially oriented business' capacity to develop and maintain meaningful interactive relationships with customers, which subsequently leads to an increase in customer lifetime profitability, is crucial to its capacity to endure in a setting of escalating competition.

Hussain, Abbas and Khan (2017) give two main approaches of measuring the performance of any firm which include financial and non-financial. Ratnawati, Soetjipto, Murwani and Wahyono (2018) further outlines that the MSEs' innovative performance may be used to gauge their non-financial success, production performance and marketing performance. In this study, marketing performance was used as a non-financial performance metric for MSEs.

Undoubtedly, more people are paying attention to the connection between interactive marketing and marketing effectiveness. Due to the fierce rivalry in today's business environment, stronger firm-customer relationships have emerged, which is advantageous to both sides. To better build its marketing tactics, a firm may now access trustworthy sources of marketing intelligence (Ndubisi, 2006). The ongoing growth of technology was predicted to bring forth new instruments that would enable "very powerful, extremely affordable, and highly invasive direct marketing," as well as new chances and ideas for marketing strategies (Deighton and Kornfeld, 2009). The prediction which to an extent was right as asserted by Xiang and Gretzel (2010) left most

businesses in a surprise state since new technologies did not only empower companies but consumers too.

There doesn't seem to be much consensus regarding how interactive marketing affects marketing performance. According to Barwise and Farley's (2005) study of the state of interactive marketing in seven countries, Permission e-mail and online promotions/incentives are the interactive marketing activities with the fastest growing expenditures globally, Moreover, it suggested that other IM activities should promote new media including wireless and iDTV as well as Web advertising and sponsorship, marketing Web sites and extranets. Qualitative data from the same survey also supported the idea that the fast expansion of IM, mostly at the expense of traditional media advertising, seemed set to continue for the foreseeable future.

In Taiwan, a more recent study by Wang (2018) was conducted to investigate how interactive marketing affected value co-creation in cultural tourism in Taiwan Indigenous Peoples Cultural Park. The study found a positive correlation between interactive marketing and the constructs used within the study which included return on investment, service excellence, aesthetics and playfulness.

In a subsequent study by Majid (2020) on the effect of IM channels on the customer acquisition of services in Europe, it was discovered that three interactive marketing communications channels—word-of-mouth, online review forums, and search engines—were related to higher customer acquisition rates while non-interactive marketing communications channels were associated with lower customer acquisition rates by service firms.

A similar conclusion was made in Ukraine according to a study carried out by Koval, Kovshun, Plekhanova, Kvitka, and Haran (2019) on the role of interactive marketing in agricultural

investment attraction by use of diagnostic method to assess the competiveness of agricultural producers in the market environment which found that there is the need to improve the promotion of Ukrainian agro producers in Internet so as to enhance interactive marketing.

At the regional level, scholars have investigated the influence of interactive marketing and marketing performance and also reported mixed results. Aslam, Hamid, and Arshad's (2015) study on the relationship between interactive marketing, customer satisfaction, and flashes on customer loyalty in South Africa, which concentrated on factors like commitment, trust, familiarity, the quality of employees, service quality, and service personalization efforts as key predictors of customer satisfaction and loyalty, revealed that customer satisfaction completely mediates the relationship between interactive marketing and customer loyalty. Concurring findings were reported by Stone and Laughlin (2016), who focused their research on how interactive marketing is evolving in the financial services industry to examine the effects of the internet and related information and communications technology advances, similar findings were reported. Stone and Laughlin (2016) conclude that interactive marketing is necessary for a positive improvement of the financial service sector to be realized.

Given the current constant technological advancement, there is need for the MSEs to include current marketing strategies in their management so as to improve on their performance. Existing marketing research indicates that IM has a favorable effect on customer retention, satisfaction, acquisition and loyalty, value co-creation, consumers' attitude and other constructs in question (Stone & Laughlin, 2016; Wilson & Makau, 2018; Wang, 2018; Koval et al., 2019; Majid, 2020). However, a void exists with respect to interactive marketing and marketing performance of MSEs especially within the African context.

Studies in Kenya have highlighted the effects and difficulties that firms, particularly SMEs, experience while implementing interactive marketing. Ogweno, Ondiek and Mzee (2014) posit in their study that the average number of clients served in a day after adoption of IT were many as compared with the average number of clients served in a day before adoption of IT, a fact that is further affirmed by who sought to demonstrate the use of online marketing by SMEs as a means of interacting with their customers. In his conceptual paper, Mochoge (2014) also argue that perceived ease of use, usefulness and cost are the key determents of adoption of web-based marketing services and further recommends their consideration while launching any new web-based marketing services as a form of interactive marketing.

In addition, Douglas (2014) showed that interactive marketing is the most implemented strategy compared to e-marketing amongst most businesses. These general results reflecting the implementation of interactive marketing are similar to those reported by Irankunda, Musau and Waithima (2018) when they opined that social media communication sources as a means of interactive marketing in Kenya have influence on the building of brand equity with a majority influence from Facebook and the website blog being the most implemented strategies in the current technological error. According to research by Abera (2012), Inadequate finance, a shortage of workspaces, marketing problems, poor infrastructures, poor management strategies, and technical, entrepreneurial, and politico-legal problems, including bureaucratic bottlenecks, are the eight key problems influencing the functioning of MSEs in sub-cities.

According to KIPPRA (2006), MSEs in Kenya act as catalysts for economic growth and development by generating job opportunities, making goods and services available to consumers, and fostering innovation and competition. SMEs make up over 75% of all firms, employ 4.6 million people (30%), account for 87% of newly generated employment, and produce 18.4% of

the nation's GDP [GDP (GOK, 2009)]. Due to this, the government has decided to distribute the Kenya Youth Employment and Opportunity Programme (KYEOP) throughout the various areas in order to provide entrepreneurship training (Kisumu County, 2019). Despite the fact that the MSEs are receiving such kind of training, KEPSA-KYEOP report of 2019 still give a failure rate of 65%. Meaning that there are other factors still affecting this MSEs not leaving out marketing problems as stated by Abera (2012).

1.1.1 The Concept of Interactive Marketing

Deighton (1996) opines that interactive marketing originated from a traditional form of direct marketing and e-commerce roughly three decades ago. Since then, the term has caught the interest of both academics and industry professionals. Wang (2021) explains how managing client interaction has taken center stage for many companies. In the process, other definitions of interactive marketing have also surfaced.

As cited in Wang (2021), the pioneering researcher in this field, Steuer (1992) opines that interactive marketing is the process of generating value in both ways and influencing marketing choices through direct connections with, involvement from, and contact with consumers. Shankar & Malthouse (2006), on the other hand, define it as an integrated exchange process through which a business uses knowledge of customer behavior, technology to create and manage customer value by sharing and distributing the right ideas to the right consumers through the appropriate channels at the appropriate times.

According to Stone (2010), interactive marketing is the process of promoting companies, goods, and services using digital media and other communication channels so as to reach the target market in the most sophisticated and successful way possible. This approach also has to be

current. According to Miles (2010) interactive marketing is a continual process that involves stakeholders and potential stakeholders in a network so as to explore the changing boundaries of the constructed understanding of themselves and of each other. Additional work by Sekerin et al., (2018) views interactive marketing as a marketing strategy that encourages contact with selected market groups in both virtual and physical environments using current communication channels. This study used a combination of Steuer (1992) and Sekerin et al., (2018) definition of interactive marketing so as to examine the degree to which MSEs in the Nyanza area of Kenya have improved their marketing performance as evidenced by trust, interactive commitment, and interactive communication through interactive marketing.

1.1.2 Customer Demographic Factors

Akram et al., (2016) defines demographic as the study of human population and that which mainly involves personal information as race, family size, income level, educational level, location, ethnicity, gender and age. The influence of demographic factors has drawn significant attention from the marketing community, which contends that variations in consumers' and business owners' responses to and perceptions of marketing could be explained by variations in the consumers' and business owners' demographic characteristics. This study looked at how age and gender affect the connection between interactive marketing and marketing performance of MSEs within Nyanza region, Kenya.

1.1.3 Marketing Performance

Marketing performance, according to Homburg, Grozdanovic, and Klarmann (2007), relates to how successfully a business or organization executes its marketing activities in connection to market-related goals including revenues, growth, and market share. Marketing performance has also been described as the efficiency of a company's marketing activities in relation to market-

related objectives which ultimately lead to adaptability (Ambler, Kokkinaki, & Puntoni 2004; Clark 1999, 2000; Morgan, Clark, & Gooner 2002). Gao (2010) while reviewing literature on marketing performance concludes that the most essential metrics for gauging marketing performance include; how much the customers are satisfied, the business' share in the market, whether or not the customers are retained and how innovate the business is. This study used these metrics to show how much interactive marketing by MSEs in the Nyanza area of Kenya had an impact on marketing performance.

1.1.4 A Review of Micro and Small Enterprises in Nyanza Region, Kenya

An organization, trade, service, industry, or economic activity that employs fewer than ten people, has an annual turnover of less than 500,000 shillings, and has total assets and financial investments of less than ten million shillings in the manufacturing sector and one million shillings or less in the service sector is referred to as a "Microenterprise" under the Micro and Small Enterprises Act Number 55 of 2012. With reference to Session Paper Number 2 of 2005, a business with between one and fifty workers is considered a SME. The World Bank, on the other hand, defines a SME as a legally recognized company with annual revenue of between eight and one hundred million Kenyan shillings, between five and one hundred and fifty workers, and at least 4 million Kenyan shillings in assets. Small firms are essential for economic progress globally, thus their expansion and profitability are essential.

According to Gilmore et al. (2012), SMEs have certain qualities that set them apart from traditional marketing in large firms, making their approach to marketing unique. Fisher (2017) also makes the case that despite an increase in Internet usage over the past few years, it is surprising that the majority of SMEs appears not to understand online marketing thus making most of them to make use of the marketing opportunities that exist online, necessitating the need

for such a study. In general, Wilson and Makau (2018) asserts that the owners or managers of SMEs make the majority of their own decisions, react to recent opportunities and circumstances, and as a result, make decisions haphazardly based on their own personal and professional priorities at any given time. These restrictions will undoubtedly have an impact on and dictate the marketing characteristics of a SME, making the business environment of a SME more adaptable, change-oriented, problem-solving-focused, and action-oriented than large enterprises.

1.2 Statement of the Research Problem

On the basis of the research by the World Bank (2018) and PWC (2017), the majority of MSEs in Kenya are founded by young people and are typically characterized by a high mortality rate, with three out of five of these businesses failing within their first three years of operation and failing to celebrate their third anniversary, which is a failure rate of 60%. The national government expanded the Kenya Youth Employment and Opportunity Programme (KYEOP) to the region in order to provide entrepreneurial training as a result of an increase in MSEs, particularly in the Nyanza region (Kisumu County, 2019). An exceptional performance and a lower failure rate would be anticipated.

Previous research has shown that the majority of MSEs use eleven marketing strategies, which are divided into categories under each of the four Ps of marketing. These strategies include: product strategies, which include variety, new designs, and quality control; pricing strategies, which include flexible pricing and discounts; promotion strategies, which include personal selling, trade shows, membership in associations, and customer service; place strategies, which include location at a convenient location for customers; and, finally, probe strategies, which are used for surveys (Kungu, 2011; Rugut, 2012; Anyanga and Nyamita, 2016). Nonetheless, the

MSEs in the region continue to have performance issues, with a failure rate of 65%, despite the trainings provided and the marketing plans in place (KEPSA-KYEOP, 2019).

Interactive marketing being the most recent and modern trend in marketing as opined by Wang, (2021) within different organizations given the dynamic nature of customers in the current growing technological world; Stone & Woodcock, (2014) demonstrates how it demands a deeper understanding of customers and their behaviour and how they like to interact with the business and the ability to deliver personalized experiences which they find useful and engaging. Wang (2021), Stone and Woodcock (2014) sees a versed literature on interactive marketing without empirical evidence which in turn prompts them to call for empirical research in this field. Following conducted research on the effects of Interactive marketing on customer satisfaction among Sri Lankan wireless communication service companies, Dushyenthan (2012) advises more investigation in other industries before drawing broad conclusions.

Previous studies conducted on interactive commitment and marketing performances were done in developed countries such as Indonesia, Sweden and Portugal (Hultén, 2007; Bricci et al., 2016; Sutanto and Djati, 2017). These studies revealed a positive relationship, given that different countries have varied social, economic and cultural perspective; the results are likely to differ or may not be applicable in other countries. Therefore, the current study on interactive commitment and firm performance amongst the MSEs in Nyanza Region, Kenya is likely to fill the gap

Most studies on interactive communication suggest its effectiveness especially in online marketing; they mainly focus on telecommunication sector like Automobile industry, cellular service providers and visual merchandising (Poovalingam and Veerasamy, 2007; Bista, 2018;

Nabi et al., 2017). There is therefore need to empirically investigate other sectors too since such results cannot be generalized given the structure and organization of businesses within other sectors. This study intends to fill this gap by examining the influence of interactive communication on the performance of MSEs within Nyanza region, Kenya. In addition to this, most studies on communication have been conducted in developed countries like Slovenia, Bangladesh and Finland with majority being case studies within identified industries.

Majority of studies on customer trust mainly focused on its relation with other variables such as customer loyalty, customer engagement and as a mediation between two variables (Utami, 2015; Madjid, 2013; Agyei et al., 2020) leaving out its relation with performance while considering interactive marketing. This empirical study intends to bring out the relationship between trust as an indicator of interactive marketing and Marketing performance of modern businesses so as to fill this gap. Studies on customer trust and interactive marketing have also been done on a limited scope. Mostly: the banking sector, mobile communication industry, insurance industry, online business and the health sector (Purwanto, 2010); Sarwar et al., 2012; Madjid, 2013; Utami, 2015; Agyei et al., 2020) which may not be generalized across all the sectors. This study intends to fill this gap by empirically studying the MSEs within Nyanza region in Kenya. In addition to this, studies relating to trust and performance have shown mixed results with some indicating a positive relationship while some negative, a clear indication that further research on this area is necessary.

Despite the fact that studies on the moderating effect of socio-demographic factors shows mixed results, most of them suggest that factors like age, gender and education moderates different variables such as technological adoption, mobile payment acceptance, E-service quality, online co-creation and perceived ease of use. However, while previous scholars have studied such

relationships, most of these socio-demographic variables were studied independently with none bringing in the element of interactive marketing.

In order to better assess the contribution of socio-demographic factors in interactive marketing, this study developed a model in which the moderating effect of socio-demographics was tested since other studies mainly tested the moderating effects of socio-demographics on other variables for instance acceptance of information systems by Ifinedo (2016); users' deterrents and motivators to co-creation online by Chepurna and Criado (2021); E-service quality as antecedent to e-satisfaction by Sabiote, Frías and Castañeda (2012); accessibility on tourists' satisfaction by biswas et al. (2020); mobile payment Acceptance by Acheampong et al. (2018) and smartphone adoption by Kang et al. (2014) which cannot be generalized across all variable.

In addition to this, while earlier researchers have looked at these connections, the majority of these socio-demographic factors were examined on their own, without any consideration of interactive marketing. This study suggested a model in which the moderating influence of socio-demographics was investigated so as to better analyze the contribution of socio-demographic elements in interactive marketing.

With respect to studies establishing the mediation effects of marketing effectiveness on the interactive marketing – marketing performance association, these are particularly rare. Instead, those available either used marketing effectiveness as an independent variable or as a moderating variable, or linked marketing effectiveness with other variables (Norouzi et al., 2019; Bagheri and Bakhshandeh, 2021). Other studies that examine the mediating role of marketing effectiveness in relation to other variables includes; Sin and Alan (2000), Alpay et al. (2012), Tabatabaei et al. (2014) and Esmaeilpour et al. (2020). It is also observed that most of the studies

that use marketing effectiveness as mediating variable are case studies (Tabatabaei, et al., 2014; Norouzi et al., 2019; Bagheri and Bakhshandeh, 2021). In view of this, while most studies investigating the mediating effect of marketing effectiveness with other variables find it positive and significant, it is not yet clear whether marketing effectiveness explains the process through which interactive marketing and marketing performance are related thus making it unknown. Empirical evidence of such kind was therefore necessary.

1.3 Objectives of the Study

1.3.1 General Objective

The broad objective of this study was to determine the effect of interactive marketing on the marketing performance of micro and small enterprises in Nyanza region, Kenya.

1.3.2 Specific Objectives

The specific objectives of the study were:

I. To determine the effect of interactive commitment on the marketing performance of micro and small enterprises in Nyanza region, Kenya.
II. To establish the effect of interactive communication on the marketing performance of micro and small enterprises within Nyanza region, Kenya.
III. To identify the effect of customer trust on the marketing performance of micro and small enterprises in Nyanza region, Kenya.
IV. To assess the relationship between the combined effect of interactive marketing and marketing performance of micro and small enterprises in Nyanza region, Kenya

V. To investigate the moderating effect of Customer demographic factors on the relationship between interactive marketing and marketing performance of micro and small enterprises within Nyanza region, Kenya.

VI. To evaluate the mediating effect of Marketing effectiveness on the relationship between interactive marketing and marketing performance of micro and small enterprises within Nyanza region, Kenya.

1.4 Hypotheses of the Study

The study will be guided by the following hypotheses:

H_{01}: Interactive commitment has no significant effect on the marketing performance of micro and small enterprises within Nyanza region.

H_{02}: Interactive communication has no significant effect on the marketing performance of micro and small enterprises within Nyanza region.

H_{03}: Customer trust has no significant effect on the marketing performance of micro and small enterprises within Nyanza region.

H_{04}: There is no relationship between the combined effect of interactive marketing and marketing performance of micro and small enterprises within Nyanza region, Kenya.

H_{05}: Customer demographic factors has no significant moderating effect on the relationship between interactive marketing and marketing performance of micro and small enterprises within Nyanza region.

H_{06}: Marketing effectiveness has no significant mediating effect on the relationship between interactive marketing and marketing performance of micro and small enterprises within Nyanza region.

1.5 Significance of the Study

The study is significant to a variety of parties which include county governments, decision-makers in government policies, academics, and researchers.

Given the focus on modern business enterprises by the government especially in the MSEs sector for poverty eradication, this study inform policy on whether interactive marketing is necessary for the continuity of such businesses. This helps the government and policy makers to advice and train developing entrepreneurs effectively.

The findings of this study add to the body of knowledge and lay the groundwork for future research into the influence of interactive marketing on the marketing performance of modern corporate organizations. Also, this study will make a substantial contribution to our understanding of interactive marketing in Kenyan MSEs. The study contributes to the social exchange theory by providing an integrated model that explains the role third forces play in the link between interactive marketing and marketing performance.

Given the competitive nature of the business environment, it has been difficult for emerging modern businesses to take the managerial actions required to improve performance and ensure continuity. Consequently, the results of this study are helpful to practitioners in modern business because they provide objective information on these managerial actions.

1.6 Scope of the Study

The three previously indicated indicators of interactive marketing—interactive commitment, interactive communication, and consumer trust—were the study's primary areas of attention.

The study was conducted in Kenya's Nyanza region, which is primarily made up of six Counties: Kisumu, Kisii, Migori, Siaya, Nyamira and Homa-bay County. It focused on 3,211 micro and small registered enterprises in Nyanza region between June and November 2022 as defined in Kenya Sessional Paper No. 2. (2005). Enterprises not falling within this category were not included in the research. Due to the dearth of local empirical research on MSEs with regards to the IM, the Nyanza region was selected as a research location.

1.7 Limitation of the Study

Mugenda & Mugenda (2011) opines that the study's limitations are thought to be conditions, circumstances, or influences that might have a detrimental impact on the findings. As a result, it appeared that some respondents first feared about their identities during the data gathering process. By not requesting respondents to reveal their identities, the researcher was able to guarantee that they felt safe submitting their information.

Several respondents were said to have trouble filling out the questionnaires and comprehending the research variables since the questionnaires are written in English. The questions were translated into Kiswahili and, in certain cases, local dialects by the researcher and research assistants to address this issue and enable respondents to complete the questionnaires without any difficulties.

The addition of a permission statement that notified respondents that the data was being taken for academic reasons only and that the information they give would be kept private and confidential lowered the restriction of the respondents' perceived low response rate.

CHAPTER TWO

LITERATURE REVIEW

2.1 Overview

Theoretical framework, theoretical review, empirical review, and research gaps are the subtopics under which this chapter evaluates the literature pertinent to the subject.

2.2 Theoretical Framework

In accordance with the research's aims, the study was founded on five theories: the theory of social exchange, the theory of relational market behavior, the theory of the diffusion of innovation, the theory of stakeholders, the technology acceptance model (TAM), and the combined TAM.

2.2.1 Social Exchange Theory

The idea behind SET theory, one of the oldest theories of social behavior, is that any connection between people is an exchange of resources, whether they be intangible (like status, social benefits, or friendship) or physical (like commodities, services, or money) (Emerson, 1976). Social exchange may be defined as a purposeful behavior on the part of people who are motivated by the benefits they expect from other parties (Blau, 1964).

The theory's fundamental tenet is that individuals who engage in interactions freely supply advantages to others, pleading with them to do the same and return the favor (Yoon & Lawler, 2005). The idea, which has roots in the sciences of sociology, contends that social exchanges include a sequence of exchanges between parties that result in duties on the parts of each party (Emerson, 1976). Bagozzi (1975) argues that transactions that are both direct and indirect, or ethereal and physical, are the centerpieces of marketing, which is in line with this point of view.

The core tenet of this theory supports a reciprocating backing that is produced by bonds between exchanging parties as a group (Konovsky & Pugh, 1994). According to Thye, Yoon, and Lawler (2002), social interactions instill in partners emotions of reciprocity, esteem, and trust. This theory is clearly regarded as a useful theoretical underpinning in the field of interactive marketing, as evidenced by the study of SET literature done above. In applying the social exchange theory to the current study, it is concluded that consumers are more likely to be devoted to brands of goods if they receive a higher return from those brands in terms of satisfaction.

As SET gives interactive marketers the building blocks to use to start trade relationships through ongoing interactions, each side of the exchange is required to fulfill their commitments and should profit, if the engagement is to last for a long time. Also, loyal clients or customers are more likely to start thinking about making another purchase because of this perceived fair treatment, which is one of the elements of social exchange theory. Because of this, the more satisfied consumers are, the more likely they are to be loyal, which will eventually result in repurchase intentions.

Since the interactive marketing constructs (customer trust, interactive commitment, and interactive communication) used in this study are based on this theory, the role of SET theory in this study was be to provide the foundation upon which the IM variables was conceptualized.

2.2.2 Theory of Relational Market Behavior

The major goal of ongoing communication with consumers is to establish a friendly rapport that fosters client confidence. A component of SET called relational market behavior shows how effective customer connections may be built from the standpoint of retaining customers

(Parvatiyar & Sheth, 2001). Building ties with customers is a business strategy whose origins date back to the early industrial era (Sheth & Parvatiyar, 1995b).

The authors assert that manufacturers and customers interacted directly while artisans concentrated on creating things that were uniquely their own. Strong relationships were formed between the producers and the customers as a result of this. Nevertheless, the advent of intermediaries during the mass production era in the 1930s made it harder for producers and consumers to communicate directly, which resulted in the development of transaction-oriented marketing. Producers used to manage marketing, but intermediaries took over now that they were more interested in making money than in building relationships with the clients they serviced (Sheth & Parvatiyar, 1995b). Yet as customers became more conscious of the products they wanted and the amount of satisfaction the products might provide, the relationship marketing approach quickly developed and evolved by the 1980s.

This theory thus offers an explanation for how effective business to customer relationships may be formed through appropriate interactions to guarantee customer retention and new client acquisition. The theory gave give this study the rationale it needed to interview the owners or operators of MSEs in order to analyze the nature of the connection between the service they offer and their interactions with consumers. With respect to readiness to participate in interactive marketing and the degree of reciprocal dependency and cooperation, the researcher was able to measure perceptions of the exchange interaction connection using the responses that were received.

2.2.3 Diffusion of Innovation Theory

Oliveira & Martins (2011) assert that there exist several theories that describe the factors of technology adoption at both the individual and corporate level in light of the ongoing innovation and technological development, which have proven to be dynamic in character over time. One of these theories include Diffusion of Innovation theory (DOI) which explains technological adoption at the business or firm level as posited by Venkatesh and Davis (2000) and later affirmed by Oliveira and Martins (2011).

According to the DOI theory, a variety of variables categorized into three categories—individual qualities, internal company characteristics, and external environmental characteristics—have an impact on a business's technological innovation (Oliveira & Martins, 2011). The theory highlights these three qualities as being crucial for fostering corporate innovation, particularly in the area of information technology.

Technology as a marketing idea is seen as a crucial tool for managing consumer data and might explain why some companies outperform others. Although the majority of authors, such as Oliveira and Martins (2011) and Lin and Wu (2014), contend that a company's adoption of innovative technology significantly improves its performance, other authors believe that having the financial means to invest in technology is not a guarantee of a successful outcome and that instead, the adoption, acceptance, and use of this technology is what separates successful technological investments from unsuccessful ones (Venkatesh, 2000). The advantages of adopting technology consequently need widespread adoption, use, and acceptance within the business; however, this adoption rate is influenced by a variety of factors.

As a result, this study will depend on the diffusion of innovation (DOI) theory to offer the framework for investigating the degree of information technology adoption and the types of information technology platforms adopted by the MSEs in Kenya during the interactive marketing process.

2.2.4 Stakeholder and Corporate Social Performance Theory

Bowen (1953) proposed Stakeholder theory to explain the reason why organizations engage in social interactive responsibility practices. It focuses on the premise that corporations must create policies, make choices, and conduct actions that are beneficial to society since they have a range of stakeholders whose interests must be considered. This was largely founded on the idea that businesses held such significant influence that their activities had a wide range of effects on the lives of people living in a particular nation.

Many authors have had varying perspectives on what constitutes corporate social performance; Carroll (1979) describes it as including the economic, legal, ethical, and discretionary expectations society now has of corporations. According to Wood (1991), corporate social performance is the combination of a business organization's social responsibility principles, social responsiveness procedures, and policies, programs, and observable outcomes as they relate to the firm's society interactions. Husted (2000), on the other hand, proposed that a company must constantly fit the wide range of social requirements it encounters in order to attain high levels of corporate social performance. One apparent takeaway from the definitions is that corporate social performance refers to any business initiatives and practices that meet the social demands of the its stakeholders, hence displaying the its level of social responsiveness.

Husted's (2000) definition will be used in this study because it will serve as a foundation for conceptualizing the social performance management variable and since MSEs primarily require a high degree of interactive corporate social performance in order to improve their performance. These practices may include the owners' dedication to interactive communication in order to achieve social objectives, the presence of customer-friendly goods, and, if applicable, the responsible treatment of customers and staff.

2.2.5 Technology Acceptance Model (TAM) and Unified TAM

According to Davis (1989), a number of theoretical models, including TAM, have been put out to make it easier to comprehend the variables influencing the adoption of information technology. The theory contends that the two most crucial elements in determining a user's acceptance and actual usage are perceived utility (PU) and perceived ease of use (PEOU). According to Davis (1989), PU is a person's level of belief that utilizing a certain system would improve that person's performance at work; whereas PEOU is a person's level of belief that using the system will be effortless. According to Park (2009), the TAM is one of the most effective and reliable models for analyzing the adoption behavior of information technology (IT) and information systems (IS).

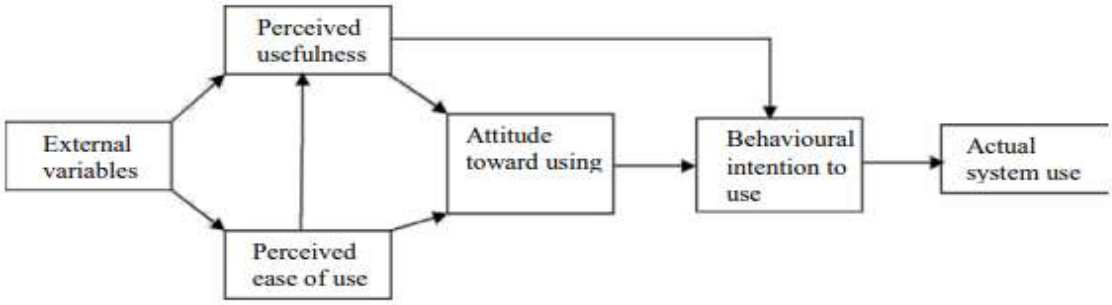

Figure 2. 1: Technological Acceptance Model
Sources: *Davis (1989) and Venkatesh, et al. (2003)*

By expanding the model and creating the Unified Theory of Acceptance and Use of Technology (UTAUT) model, Venkatesh, Morris, and Davis (2003) created an enhancement to the TAM in response to its inherent constraints. Wu and Wang (2005) later approved this development. According to Laukkanen and Pasanen (2008), the UTAUT was created to characterize users' initial information system (IS) utilization objectives and subsequent usage behavior. According to the theory, four key constructs are direct determinants of usage intention and behavior (performance and effort expectancy, social influence, and facilitating conditions) while gender, age, experience, and voluntariness of use serve as controlling factors that affect innovation adoption.

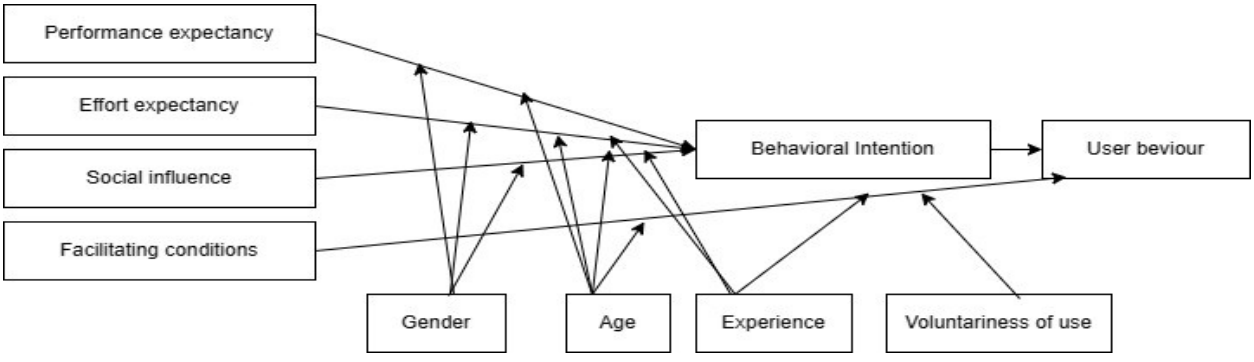

Figure 2. 2: Unified Theory of Acceptance and Use of Technology (UTAUT)
Source: *Venkatesh et. al. (2003)*

According to Kholoud (2009), performance expectancy is the degree to which a person feels that adopting e-commerce will enable them to achieve performance benefits, whereas effort expectancy is the anticipated amount of work that a user must expend in order to understand and utilize e-commerce. On the other side, social influence refers to the extent to which a person believes that significant individuals (supervisors, peers, and subordinates) think that he or she should utilize e-commerce. The provision of assistance for users in terms of computer gear and software required to operate on e-commerce is the last of the enabling circumstances (Venkatesh et. al., 2003).

In the current technological world, MSEs are also not left out in the adoption of technology in their daily business especially with the common use of social media. MSEs therefore need to closely interact with their customers in their marketing effort so as to improve their performance. TAM and Unified TAM has been used in this research to provide an explanation on how interaction can take place between the business and the customer especially during this technological error and the factors that can affect such interactions.

2.3 Conceptual Review

This section provides an overview of the theoretical literature on interactive marketing and several techniques that suggest interactive marketing practices. Customer trust, interactive commitment, and interactive communication are requirements of this technique.

2.3.1 Interactive Marketing

International Telecommunication Union (2009) report which estimated wireless communication subscribers by 2009 to be 4.6 billion clearly brings out the dynamism of the current market, Wang (2021) acknowledges this fact and asserts that due to the widespread use of multiple

devices, including many kinds of engagement, portable devices, computers, and kiosks as well as the businesses they do business with are now interacting in radically different ways than in the past. Because of this, Halbheer et al. (2014) represent interactive marketing as including all forms of current marketing. Majid (2020) shows through a model that the majority of customers would prefer interactive marketing channels (Word of mouth, Review forums, Search engine optimization (SEO)) over non-interactive marketing channels (Direct mail, Signage, Passive advertising) that have a tendency to be one-sided.

Malthouse and Hofacker (2010) did a theoretical inquiry to advance the development of this notion so as to give uniformity in how IM concept should be constructed. Ten components, including E-WOM, search, customization, E-service, recommendation, co-creation, mobile virtual communities and worlds, connection platforms, clickstream models, and e-questions, were postulated by the authors to make up an interactive marketing-based approach. Further research by Sir Dushyenthan (2012) identifies the components of IM as trust, commitment, quality of employees, quality of environment, complaint handling, personalization of services, communication, and familiarity. The conceptualization by Malthouse and Hofacker (2010) and Sir Dushyenthan (2012) is the foundation for this study's adoption of the three dimensions of interactive marketing—customer trust, interactive commitment, and interactive communication—while grouping the components provided by Malthouse and Hofacker (2010) as their indicators.

Interactivity, according to Virvilait and Belousova (2005), is an intermediary factor between a customer and a business that might appear in direct communication but is not required. They go on to say that while it may be thought of as a conversation feature, interaction is not restricted to two people or to direct communication. It might be viewed as a developing response in private or

public communication. Information technology use and employment are not interactive topics in and of themselves. They could be the only intermediaries that help or hinder interactive communication. Interactivity is a result of the environment changing and consumers' growing need for individualized services and goods.

According to Sir Dashyenthan (2012), research reveal a variety of characteristics that affect the effectiveness of interactive marketing, but three primary aspects—trust, interactive commitment, and communication—have repeatedly been identified as crucial. As indications of interactive marketing, this study examined interactive commitment, interactive communication, and consumer trust.

2.3.1.1 Interactive Commitment

Commitment, as described by Hess and Story (2005), is "consumers' ultimate relationship disposition, comprising ideas, attitudes, and behaviors toward the brand and their relationship with that brand". An additional definition of commitment is that it is a psychological state of mind that results in a partner-related attitude that is created with regard to the continuation of the relationship (Rauyruen & Miller, 2007).

According to Dwyer et al. (1987), Anderson and Weitz (1992), and Morgan and Hunt (1994), commitment in the context of the buyer-seller relationship is common in marketing. They also assert that commitment is a topic that is widely acknowledged to be a crucial component of any long-term business relationship. As further proven by Ibrahim and Najjar (2008), partnerships are dependent on reciprocal commitment, and it has been found that the level of commitment is the largest predictor of the consciously decided decision to pursue a relationship. According to Anderson and Weitz (1992), commitment in a relationship includes the desire to establish a

permanent connection, the readiness to make temporary sacrifices to sustain the relationship, and the trust in the durability of the partnership.

When considering commitment as a factor, Morgan and Hunt (1994) define relationship commitment as the belief of one exchange partner that a continuing connection with another is so vital as to merit making all possible attempts to sustain it. According to them, commitment in and of itself drives partners to work together to protect relationship investments. They also opine that, similar ideals, and the conviction that it will be challenging to locate partners who can provide the same value all contribute to commitment.

According to Cai & Wheale (2004), more devoted partners are more likely to make an effort and balance short-term issues with long-term goal attainment. This creates the environment for both parties to achieve individual and shared objectives without worrying about opportunistic conduct. According to Liang and Wang (2005), commitment is one of the preconditions for making recurring purchases. More devoted clients have strong desire to maintain the relationship and generate favorable overall impressions of the partnership's lifetime, taking into account all good and negative interactions (Du Plessis, 2010).

2.3.1.2 Interactive Communication

Consumer communication is described by Hart (1995) as the routine collection of data from clients in order to identify grievances, problems, attitudes, and ideas. According to him, customer communication entails the company regularly disseminating information across a range of channels in order to answer client requests. Communication is also concerned with incorporating the customer's opinions and attitudes into the organization.

According to Mangal (2009) there are seven communication principles which include; the principles of readiness and motivation, possession of effective communication skills, sharing and interaction, suitability and communication content, appropriate media and channel, appropriate feedback, and communication facilitators and barriers. These are the four criteria, Heathfield (2010) identifies for effective communication: The selected mode of delivery must be appropriate to the circumstances and requirements of both the sender and the receiver, and it must also reflect the sender's integrity and sincerity. Moreover, the message's substance must resonate and strike a chord with the recipient.

Hart (1995) contends that as customers are diverse, communication strategies must be created for various market segments, niches, and even specific individuals. Customer communication, in the opinion of Voss et al. (2004), offers a medium via which consumers may communicate their requirements, viewpoints, or opinions regarding the actions and results of enterprises. Companies should consider more than just "how can we contact our customers?" in light of the new interactive communications technology, say Kotler and Armstrong (2006). Also, "how can we discover ways to allow our consumers approach us?" The foundation of a competitive advantage that swiftly increases client loyalty might be a timely reaction with clarification, information, and fixes for errors (Pierce, 2010)

According to Kotler and Armstrong (2006), traditionally, communication between a business and its consumers has only been in one direction. They further contend that, with the exception of personal selling, the traditional methods for corporate to consumer unilateral communication—advertising, sales promotions, publicity, public relations—are non-interactive. Customers today demand faster, more immediate communication. Voss et al. (2011) assert that businesses can pick up new knowledge that will enable them to enhance their goods and services. These

businesses' improvement processes could go more quickly than those of businesses that don't get any client input (Voss et al., 2004). In order to ensure interactive communication, it is crucial for enterprises to set up channels for receiving information from customers.

In their assessment of the literature, Shonubi and Akintaro (2016) discovered and confirmed the synergistic link between effective organizational performance and communication strategy. The evaluated research also advised management to embrace more concept clarity prior to communication attempts and a better grasp of the physical and human context while communicating since there is still opportunity for growth and, as a result, improved performance.

According to Voss et al. (2004), a commonly disregarded component in assessing the link between service quality and customer satisfaction is customer communication, which can be either positive or negative. Negative customer feedback indicates discontent on the part of customers and demonstrates that a company's services fall short of their expectations. The capacity of a business to strengthen its client relationships via delivering good customer service, on the other hand, is attested to by positive customer feedback.

2.3.1.3 Customer Trust

Deakin & Wikinson (1998) define trust as the belief or knowledge on the part of one individual in the dependability or competence of another. Trust has frequently been defined as a vital indication of human connections and one that reduces geographical distance (Cheng et al., 2017). In his early writings, Deutschi (1958) defined trust as the term of confidence and believe that a consumer attaches with a company and considers that what he or she aspects that should be supplied. Furthermore, Kantsperger and Kun (2010) showed that the concept of truth has had a significant impact on marketing, not just for goods but also for services.

According to Harridge (2006), is a necessity while deciding between several items in the same category. According to Leonidou, Talias, and Leonidou (2008), in multinational and multicultural firms, better levels of mutual trust foster fruitful connections that ultimately result in long-term advantages for the organizations. In essence, trust is crucial in e-business. Because building trust in the e-market requires key components like privacy and security

According to Vieira and Damacena (2007), industry managers as well as academics in the field of commerce have long found the topic of client trust to be of great interest especially in marketing. Cazier (2007) also showed how customers' confidence would naturally decline if they consistently feel taken advantage of. As a result, the business should stick to the language it uses to promote and uphold its integrity. Al Hawari (2011) encapsulates everything by outlining customer trust as a crucial factor that improves customer commitment and even goes so far as to claim that the caliber of services improves customer trust.

Increasing client trust, according to Ndubisi (2007), is a result of building consumer confidence and offering top-notch service. Further research by Bramall, Schoefer, and Mc Kechnie (2004) showed that customer' demands for obtaining satisfaction, long-term profitability, and the customer's retention may be obtained through promise, reputation, and offline presence. It also discovered that providing consumers with desirable qualities and providing staff help in any dynamic situation makes them trustworthy (Ruyter, Moorman & Lemmink, 2001). Consumers place more faith in well-known businesses; thus, marketing efforts should emphasize these businesses' distinguishing qualities rather than the benefits of their products (Keh & Xie, 2009).

Perceived credibility, perceived integrity, and perceived goodness are the three main components of consumer trust as stated by Swaen & Chumpitaz (2008). The qualities of openness,

compassion, like, honesty, understanding, and respect, according to Chun Ha, Yang-Kyu, and Cho (2011), are all components of emotional trust. Availability, competence, consistency, discreteness, fairness, integrity, location, openness, promise fulfillment, and responsiveness were the 10 factors, Butler (1991) identified as prerequisites for building consumer confidence.

Colquitt et al. (2007) noted that the inclination to trust and elements of trustworthiness (ability, kindness, and honesty) are essential to the connection of trust and accounts for favorable behavioral outcomes like risk taking. In their early research, McKnight et al. (1998) noted that three basic cognitive assumptions that one person has while evaluating another are beneficence, honesty, and competence.

2.3.2 Customer Demographic Factors

Akram et al., (2016) defines demography as the study of human population and that which mainly involves personal information as race, family size, income level, educational level, location, ethnicity, gender and age. The influence of demographic factors has drawn significant attention from the marketing community, which contends that variations in consumers' and business owners' responses to and perceptions of marketing could be explained by variations in the consumers' and business owners' demographic characteristics. This study looked at how demographic variables like age and gender affect how well a corporation performs in terms of interactive marketing.

Bakshi, (2012) defines gender as the social relationship or roles and responsibilities of men and women and their likely behaviors learned over time and vary within and between cultures. He further opines that gender is not only a market segmentation variable but that which has a strong impact on the decisions with huge differences in attitudinal and behavioral aspects due to

psychological and physiological differences. As stated by Matere (2010), age has been debatably seen as a factor that could influence a person's view of a particular type of individual or group behavior and behaviors.

According to Chepurna and Criado (2021), studies on the factors that encourage or discourage internet users, youthful users have more positive attitudes and are more affected by motivators than older users, who are more likely to experience the negative effects of deterrents. This study will focus on gender and sex as factors that make up the moderating variables within this study.

2.3.3 Marketing Effectiveness

Marketing effectiveness is the process of enhancing how marketers reach consumers with the aim of optimizing their marketing expenditure to meet even more successful short- and long-term goals (McDonald, 2010). According to Ambler et al. (2001), marketing effectiveness refers to how much a company's marketing efforts have aided it in achieving its corporate objectives. Marketing effectiveness is a concept that Webster (1995) links to a number of beneficial organizational outcomes, including long-term growth, stability, increased customer satisfaction, a competitive edge, and a strong marketing orientation.

Marketing effectiveness, according to Morgan et al. (2002), is crucial to the performance and management of marketing. Given the growing demand for marketers' knowledge and the finding by Farris et al. (2010) that marketing effectiveness is influenced by corporate objectives, it is important to concentrate on a framework that allows for the measurement of both the short- and long-term effects of enterprise marketing investment. As a result, a return on the money spent on marketing efforts should be used to quantify their effectiveness. Moreover, Brooksbank and Taylor (2002, p. 456) point out that marketing effectiveness is not the same as profitability and

that the effectiveness of marketing influences sales, return on investment, and other factors. Drucker (1974, p.45) in his conclusion on the detailed meaning of effectiveness opines that effectiveness is the foundation of success and involves doing the right thing.

When studying the effectiveness of the marketing mix, Brooks and Simkin (2012) opined that marketing effectiveness can be measured in different perspectives as qualitative, quantitative and by use of financial measures. The qualitative measures involved factors such as; customer experience, brand awareness, customer acquisition and perceived quality. Based on the foregoing analysis and a thorough literature assessment, items for assessing marketing effectiveness were constructed particularly for this study (e.g., Kotler et al. 2006; McDonald 2010; Brooks and Simkin 2012).

2.3.4 Marketing Performance

Marketing performance was described from a financial perspective by Milichovsky and Simberova (2011) and Kocmanova et al. (2010) as a return on investment in marketing activities inside the organization. According to Milichovsk and Imberová (2015), marketing performance employs a variety of measurements that are classified into financial and non-financial categories. Marketing performance is concerned with the results of business programs in relation to the resources used to implement them (Walker & Ruekert 1987).

According to Clark (2000), Seggie et al. (2007), and McDonald (2010), assessing marketing performance has historically proven challenging for both academics and practitioners. Effects of marketing activities can be both concrete and abstract. A physical factor, like sales volume, is simple to measure, while an intangible factor, like brand equity, can only be best guessed (Ambler, 2003). Parallel to this, history has an impact on marketing performance. As most

organizations try to account for expenditures annually but measure their impact cumulatively, a change in sales volume in one year may partly reflect activity from earlier years (Sheth et al., 1995).

As opined by Bonoma and Clark (1988), Feder (1965) and Sevin (1965), the early efforts to evaluate the performance of marketing relied heavily on financial indicators (profit, sales, cash flow), a concept that received its share of attention, Clark (1999) breaks it down into three phases while demonstrating a review of the history of measuring marketing performance. The transition from using financial to nonfinancial measurements of production was the first stage.

The use of non-financial output indicators, such as customer happiness, customer loyalty, and brand equity, has since been advocated by Clark (1999), and this has generated a great deal of study interest. Market orientation, marketing implementation, and marketing audit are examples of marketing activities (input) that result in intermediate results like customer happiness, customer loyalty, and brand equity, which in turn cause financial output, the second stage includes monitoring both the marketing input and output in addition to merely the output produced by marketing.

The last step, according to Clark (1999), is a progressive shift in focus from the use of one-dimensional to multidimensional performance measures, which are now known as marketing performance measures. Later, researchers such as; Ambler, Kokkinaki, & Puntoni (2004) and Vorhies & Morgan (2003) concur that marketing performance is multifaceted.

According to Lehmann (2004), Luo and Bhattacharya (2006), and Luo and Donthu (2006)a, a new trend has emerged recently that connects marketing performance to firm value, and particularly shareholder value, as a result of calls for marketing to have greater accountability

and credibility, which has increased the number and variety of marketing performance measures available. After doing a thorough analysis of the literature on marketing performance, Gao (2010) comes to the conclusion that share of the market, customer happiness, customer retention, brand equity, and innovation are the most important variables to consider when evaluating marketing performance. Morgan (2012) confirmed this further by including it as a benchmark for marketing performance in his model. The factors suggested by Gao (2010) to assess marketing performance were modified for the current study.

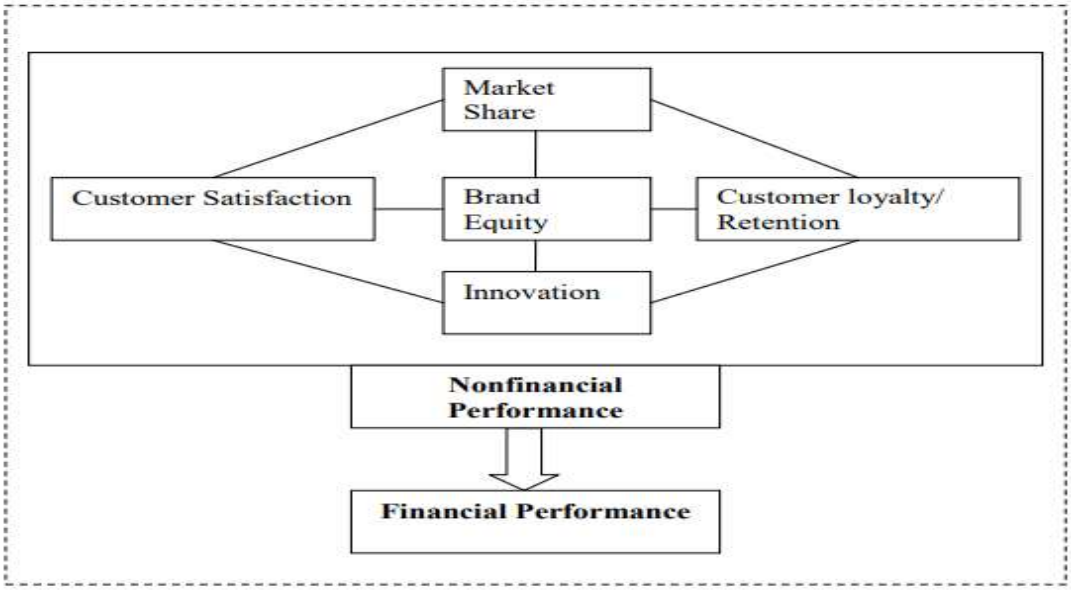

Figure 2. 3: Model for Measuring Marketing Performance (MMMP) Gao (2010)

2.4 Empirical Review

This section examines prior studies on the interactions between the variables being looked at and how they relate to the objective of the study.

2.4.1 Interactive Commitment and Marketing Performance of Firms

Majority of the studies examining the link between interactive commitment and business success have discovered a positive association, showing that participating in interactively stimulating activities stimulates repeat business, which enhances firm performance. Using a five-point Likert

scale questionnaire to assess customer satisfaction, trust, and commitment as predictors of customer loyalty within an optometric practice environment, Vuuren, Roberts-Lombard, and Tonder (2012) found that customer commitment significantly influences customer loyalty within an optometric practice environment, leading to improved performance.

Sutanto and Djati (2017) identified a substantial association between customer loyalty and trust, contentment, and commitment while studying on the impact of these factors at the alfamart retail in Indonesia, which provided more evidence in support of their findings.

In his study, Hultén (2007) showed that compared to passive consumers, who use the services seldom, active customers, are more relational, with high levels of commitment. This was found when employing direct marketing (DM) and online activities as marketing tools to explore the idea of trust, commitment, and relationships in a processing laboratory in Sweden.

On the other hand, Bricci, Fragata, and Antunes (2016) conducted a study to ascertain how client loyalty in the Portuguese distribution business is impacted by trust, commitment, and satisfaction. The study found that loyalty and trust are directly and positively impacted by commitment; as a result, it is crucial for businesses to foster more accountability, team building, employee empowerment, and co-creation of value. The results of a test evaluating the interaction influence of organizational commitment and work participation on different forms of absenteeism among Midwestern bus drivers were similar to those of Mathieu and Kohler (1990).

In their study on customer satisfaction, trust, and commitment as determinants of customer loyalty within an upbeat practice environment, Vuuren et al. (2012) showed that customer commitment strongly influences customer loyalty. In their investigation of the impact of trust, satisfaction, and commitment on client loyalty, Sutanto and Djati (2017) make a similar

observation. Bricciet al. (2016) found that commitment has a direct and beneficial impact on both trust and loyalty in their further research on the relationship between customer loyalty and satisfaction, trust, and commitment in the Portuguese distribution industry. In each of these researches, we examined the relationship between commitment and client loyalty. The current study looked at how commitment affects MSE marketing performance, a topic that seems to be understudied in the majority of earlier studies.

Prior research on interactive commitment and business success was done in industrialized nations including Portugal, Sweden, and Indonesia. Given that various countries have distinct social, economic, and cultural perspectives, these studies found a positive association; nevertheless, the findings may not apply or may differ in other nations. The present research on interactive commitment and marketing performance among MSEs in the Nyanza area of Kenya was therefore expected to close the gap.

2.4.2 Interactive Communication and Marketing Performance of Firms

Samson, Mehta, and Chandani (2014) looked at the Effect of Online Digital Communication on Consumer Purchasing Decision to assess how well it works as a marketing medium for the passenger vehicle segment of the automotive industry. By using stratified random selection to choose 100 respondents from a sample group of different demographic backgrounds. The findings showed that, despite the fact that most people utilize and trust online digital communication sources, television advertising and word-of-mouth were the most effective in drawing potential customers to the showroom. This suggests that while being a potent instrument for informing clients, online digital communication is still not the most popular and impactful media.

By examining the communication process and the communication mix that cellular service providers use to communicate with their consumers, Poovalingam and Veerasamy (2007) researched the Effect of Communication on Customer Relationship Marketing Among Cellular Service Providers. The study was a quantitative cross-sectional study that used a basic random sample and the survey method. Existing contract and prepaid mobile phone customers made up the target population interviewed. According to the survey, the majority of mobile phone users were happy with their service provider's communication efforts and that relationship marketing was effectively promoted by the service providers' communication tools.

Nabi, Foysol, and Adnan (2017) looked at the role and effects of business communication on employee productivity and work satisfaction in a case study on Karmasangsthan Bank Limited in Bangladesh. A questionnaire was used to guide the study in the form of a descriptive survey. Using several expository statistical analysis techniques, the data were examined. The findings clearly imply that efficient business communication has a clear and undeniable impact on employees' general performance and happiness.

In a quantitative case study on the Shoe Stop Oy Company in Pietarsaari, Finland, conducted by Bista (2018), the author looked at how effectively visual merchandising may be used to communicate with customers in the physical retail sector. Significant evidence was discovered to support this claim. The study found that both shop owners and patrons had a strong understanding of the value of visual merchandising tools and could tell the difference between effective and ineffective stimuli. The business employed a lot of visual merchandising components to communicate with its audience, and curiously, these messages were well received. Thus, it came to the conclusion that more efficient and effective use of these technologies may provide solutions to most, if not all, of the issues now encountered by retailers.

Jerman and Zavrnik (2014) study on the efficacy of marketing communications in the Slovenian market and discovered a significant link between the creation of a marketing communication plan and improved marketing communications inside the company. The study used a questionnaire that was addressed to the corporate marketing directors of 850 Slovenian businesses so as to explicitly examine the effect of marketing communications strategy on marketing communications effectiveness. A stratified sample of Slovenian enterprises was also employed in the study.

In their study, Poovalingam and Veerasamy (2007) argue that among cellular service providers, communication is highly correlated with customer relationship marketing. The majority of consumers resort to online digital communication sources and find them dependable and valuable, according to additional research by Samson et al. (2014) that examined the influence of online communication on customer purchasing decisions. The two studies were mostly limited to online interactions, with the first research using a customer's purchasing decision as a dependent variable.

In a case study on the Shoe Stop Oy firm in Pietarsaari, Finland, Bista (2018) illustrated how visual merchandising elements are efficient instruments for communication in the physical retail market. Nabi et al (2017)'s further case study on Karmasangsthan Bank Limited in Bangladesh looked at how company communication affects employee productivity and work satisfaction. The study discovered a favorable and substantial correlation between effective communication and worker performance. In their study on the efficiency of marketing communication in the

Slovenian market, Jerman and Zavrnik (2014) also found a significant correlation between the expansion of a marketing communication strategy and a rise in the effectiveness of marketing communication.

In view of the above therefore, most studies on interactive communication suggested its effectiveness especially in online marketing, they mainly focused on telecommunication sector like Automobile industry, cellular service providers and visual merchandising. There was therefore need to empirically investigate other sectors too since such results could not be generalized given the structure and organization of businesses within other sectors. This study aimed to close this gap by investigating the effect of interactive communication on the marketing performance of MSEs in the Nyanza region of Kenya. Furthermore, the bulk of communication studies had been carried out in industrialized nations like Slovenia, Bangladesh, and Finland, with the majority being case studies within certain businesses.

2.4.3 Customer Trust and Marketing Performance of Firms

When analyzing how interpersonal and intra-organizational trust affect performance, Zaheer, McEvily, and Perrone (2018). Using a structural equation model and data from 107 buyer-supplier inter-firm connections in the electrical equipment manufacturing business, the results demonstrated that interpersonal and organizational trust are linked but separate variables and have different effects on the negotiation and exchange processes. Also, although the precise nature of the connection is slightly different from what was first postulated, the ideas tying trust to performance gain some support.

In order to assess the performance of Solo Raya's private hospitals in terms of service delivery, corporate social responsibility, institutional image, and competitive advantage with reference to

customer trust, Purwanto (2010) conducted a survey of the facilities. According to the study's findings, service delivery quality has a greater impact on consumer trust than corporate social responsibility does.

In a correlational study, Sarwar, Abbasi, and Pervaiz (2012) investigated how customer loyalty and retention were impacted by consumer trust for cellular service providers in Pakistan, the study showed that there is a surprising negative association between customer trust and customer retention, despite the study's finding that customer trust, customer loyalty, and cause-related marketing are all positively correlated.

At Bank Rakyat Indonesia (BRI) Southeast Sulawesi, Madjid (2013) investigated and assessed the function of customer trust as a mediator between customer pleasure and loyalty and found a significant and beneficial effect. Customer trust played a little role in mediating consumer loyalty and customer happiness. For the study, questionnaires and a survey design strategy were used to collect data from a total of 150 respondents chosen by convenience sampling.

Utami (2015) explored how customer trust affects customer loyalty by using a three-dimensional customer trust model that includes expectations, beliefs, and attitudes in addition to customer loyalty using repeat business, persistence, and word-of-mouth marketing. Study used the literature study methodology to examine hypotheses from books and studies based on the results of numerous investigations conducted by other researchers. According to the study's findings, trust levels have an impact on consumer loyalty.

Agyei et al. (2020) looked at the connection between customer engagement and trust variables in a study on the effect of customer engagement on customer loyalty in the setting of life insurance. The study also examined how consumer engagement mediates relationships between customer

loyalty and trust aspects. The study used structural equation modeling to analyze 452 life insurance customers in Ghana (SEM). The results demonstrated that consumer engagement is significantly impacted by trust in the economy, information, regulator, and service provider, with higher levels of customer engagement being driven by confidence in these factors. Moreover, the results demonstrated that customer contact significantly boosts customer loyalty and mediates the relationships between the trust dimensions and customer loyalty.

In the banking business, Madjid's (2013) investigation of customer trust as a mediator between customer pleasure and loyalty revealed that trust had a favorable and substantial effect on customer loyalty. This finding is similar to that of Utami (2015), who found that the degree of trust affects customer loyalty. In their ambitious but flawed study, Zaheer et al. (1998) discovered a favorable but negligible correlation between employee performance and interpersonal trust within the electrical equipment manufacturing sector. The study which used structural equation model based on one element of trust, which is perceived credibility. Most studies on trust have been done in relation to customer loyalty (Purwanto, 2010); Sarwar et al., 2012; Madjid, 2013; Utami, 2015; Agyei et al., 2020).

Majority of studies in this area mainly focused on the relation between customer trust and other factors such as customer loyalty, customer engagement and as a mediation between two variables (Utami, 2015; Madjid, 2013; Agyei et al., 2020) leaving out its relation with performance while considering interactive marketing. This empirical study intends to bring out the relationship between trust as an indicator of interactive marketing and Marketing performance of modern businesses so as to fill this gap.

Studies on customer trust and interactive marketing have also been done on a limited scope. Mostly: the banking sector, mobile communication industry, insurance industry, online business and the health sector (Purwanto, 2010); Sarwar et al., 2012; Madjid, 2013; Utami, 2015; Agyei et al., 2020) which may not be generalized across all the sectors. By conducting an empirical analysis of the MSEs in Kenya's Nyanza region, this study sought to close this knowledge gap. In addition to this, studies relating to trust and performance showed mixed results with some indicating a positive relationship while some negative, a clear indication that further research on this area was necessary.

2.4.4 Moderating Effect of Customer Demographic Factors on the Relationship between Interactive Marketing and Marketing performance of Firms

In a study conducted in 2014 by Kang, Hur, and Son, the moderating impact of socio-demographic factors on smartphone adoption among South Korean smartphone users was investigated using a sample size of 481 participants and data from a cross-sectional survey. The results demonstrated that the relationship between perceived usability and word-of-mouth was moderated by gender. However, Age, gender, and income, according to Penpece (2014), have a detrimental effect on the acceptability and use of mobile money transfer applications in southern Zimbabwe.

Acheampong et al. (2018) used a sample of 1098 respondents using regression analysis to examine how age and gender moderates mobile payment acceptance in Ghana. The findings showed that male respondents' "performance expectancy" and "effort expectancy" were greater than the mean for female respondents, and that female respondents' mean scores for the social impact variable were higher than those of male respondents. Nonetheless, Age exhibited a statistically significant moderating effect.

According to a study by Biswas, Omar, and Rashid-Radha (2020) on how age moderates tourists attractions and accessibility on tourists' satisfaction in Bangladesh using a questionnaire survey, age strongly affected both the accessibility and tourist satisfaction relationships as well as the link between attraction and visitor contentment.

Sabiote, Fras, and Castaeda (2012) examined the moderating effect of culture on the quality of e-services as a forerunner to e-satisfaction in Britain and Spain using a survey with a 300-person sample size. The results showed that cultural characteristics, such as individualism and the avoidance of uncertainty, reduce the impact of service quality features on customers' satisfaction with their online transactions.

In a separate study by Chepurna and Criado (2021) on the influence of demographic characteristics on users' deterrents and motivators to co-creation online in the United Kingdom and Spain discovered that age and gender moderate the effect of the deterrents and motivators on the attitude and participation in co-creation online. The results also showed that young male users had a higher level of positive attitude and that motivators had a stronger influence on attitude, whereas elderly women are more vulnerable to the negative effects of deterrents.

In order to assess the moderating effects of age and computer proficiency on nurses' adoption of information systems, Ifinedo (2016) performed a study that examined two cognitive variables, namely perceived ease of use and perceived usefulness, along with age and computer expertise. The study, which used 197 registered nurses as the sample, collected data via a cross-sectional survey, and utilized PLS and SEM to analyze it, indicated that the demographic factor of age had no discernible influence on nurses' perceptions of the usefulness and convenience of use of information systems.

Various studies have been done with emphasis to Socio-demographic factors as the moderating variable, Cambra-Fierro et al. (2017) emphasized the importance of taking into consideration the users' socio-demographic features especially in services marketing domain. Consequently, various authors through different studies have examined consumer behaviors based on various socio-demographic factors such as income, age and gender (Kang et al., 2014; Penpece (2014); Acheampong et al., 2018; biswas et al., 2020; Chepurna & Criado 2021). Ifinedo (2016) in his study demonstrated that the perceived usefulness and usability were not significantly influenced by age while according to Acheampong et al. (2018); the moderating influence of income was substantial in the acceptability of mobile payments.

Nevertheless, the link between perceived ease of use and word-of-mouth, however, was shown to be impacted by gender, according to prior study by Kang et al. (2020) that examined the moderating impact of socio-demographics on the adoption of smart phones.

Age and gender moderate the effect of deterrents and motivators on attitude and participation in co-creation online, according to additional research by Chepurna and Criado (2021) that dealt with the impact of socio-demographic factors on users' online co-creation barriers and drivers. The findings also showed that those with a low level of education demonstrate a greater degree of the deterrents' effect.

The above analysis therefore appears to indicate that socio-demographic factors like income level, gender and education moderates different factors such as technological adoption, mobile payment acceptance, E-service quality, online co-creation and perceived ease of use. While earlier researchers have looked at these connections, the majority of these socio-demographic factors were examined on their own, without any consideration of interactive marketing. This

study suggested a model in which the moderating influence of socio-demographics was investigated so as to better analyze the contribution of socio-demographic elements in interactive marketing.

2.4.5 Mediating Effect of Marketing Effectiveness on the Relationship between Interactive Marketing and Marketing Performance of Firms

Using 120 export specialists at 20 of Iran's top dry goods export businesses, Norouzi et al. (2019) conducted a case study of dry goods export companies to investigate the effects of export market orientation on export growth emphasizing on the mediating variable marketing effectiveness. According to a study that employed questionnaires to collect data, marketing effectiveness of a firm has a favorable and substantial impact on an organization's export success. According to a case study of export companies in Ahvaz by Bagheri and Bakhshandeh (2021), marketing capabilities and marketing effectiveness mediates the effect of export market orientation on export performance. The study used structured questionnaires with a sample size of 30 companies.

A case study of Export Companies in Ahvaz by Bagheri and Bakhshandeh (2021) on how marketing Effectiveness and Marketing capabilities mediates export market orientation and export performance using structures questionnaires with a sample size of 30 companies showed that marketing capabilities and firm effectiveness mediates impact of export market orientation and export performance.

An investigation by Esmaeilpour, Hamidianpure, and Mohammadi (2020) employing 35 enterprises in Iran examined the effect of market performance as a result of entrepreneurial mindset and market performance of knowledge-based companies. The results of the study, which

included 105 standardized questionnaires, demonstrated that entrepreneurship-oriented strategy significantly improves marketing skills and effectiveness. Also, the findings suggested that marketing capabilities and marketing effectiveness support the indirect influence of entrepreneurship- and marketing-oriented techniques on the marketing performance of knowledge-based enterprises.

By employing stratified random sampling with a sample of 200 hotels, Tabatabaei, Tanhaei, and Hirmanpour (2014) conducted a case study of hotels in Isfahan City to examine marketing effectiveness mediation effects on the link between corporate culture and financial success. The findings demonstrated that the components of corporate marketing culture—closeness to the customer, organizational values, and market orientation—can have an impact on marketing effectiveness

According to a study by Sin and Alan (2000) using 388 service companies in Hong Kong to examine how marketing effectiveness of a firm mediates the effect of company culture on firm performance, organizational cultural values has an effect on both the company's performance directly and indirectly. In their study of how innovativeness leads to superior firm performance using marketing effectiveness as the mediating variable, Alpay et al. (2012) found that marketing effectiveness plays a mediating role in the relationship between firm performance and the product and strategic innovativeness dimensions. The study used structured questionnaires from 112 Turkish-based companies and used hierarchical regression analysis in data analysis.

The management of customer-business interaction through the current dynamic technological platforms is emphasized in IM literature (Shankar & Malthouse, 2009; Stone & Woodcock, 2014; Wang, 2021), but very little is known about the impact of applying marketing

effectiveness in line with an organization's goal of effective customer-business communication. Studies showing that marketing effectiveness has a mediating role in the relationship between interactive marketing and marketing performance are notably scarce. Instead, those that were accessible either correlated marketing effectiveness with other variables or treated it as an independent or moderating variable.

For instance, Norouzi et al. (2019) used 120 export experts in 20 top dry goods export companies in Iran examines the effects of export market focus on export growth with a focus on the mediating variable marketing effectiveness and discovered a favorable and considerable effect on the export performance of the firm. The association between export market orientation and export growth was determined in this study using firm effectiveness, whereas the present study focused on figuring out the connection between IM and business performance. By examining the impact that export market orientation has on export success, Bagheri and Bakhshandeh (2021) aimed to evaluate the mediating roles of marketing effectiveness and marketing capabilities and discovered that marketing effectiveness was positively significant.

Studies showing how marketing effectiveness mediates the relationship between interactive marketing and marketing performance are notably few. As an alternative, those that were accessible either employed marketing effectiveness as an independent variable, as a moderating variable, or as a relationship between firm effectiveness and other variables (Norouzi et al., 2019; Bagheri and Bakhshandeh, 2021). Sin and Alan (2000), Alpay et al. (2012), Tabatabaei et al. (2014), and Esmaeilpour et al. (2020) are some more studies that look at the mediating impact of marketing effectiveness in connection to other factors. Moreover, case studies dominated the research that employed marketing effectiveness of a firm as a mediating variable (Tabatabaei, et al., 2014; Norouzi et al., 2019; Bagheri and Bakhshandeh, 2021).

As a result, even though the majority of studies looking at the mediating effect of marketing effectiveness with other variables found it to be positive and significant, it was still unclear whether marketing effectiveness explains the mechanism by which interactive marketing and firms marketing performance were related, making this relationship unknown. It was consequently vital to have such empirical proof.

2.5 Summary of Research Gaps

In the section above, theories relevant to this study have been reviewed in existing literature. This has been followed by an analysis of the relationships between the study variables, which include interactive marketing, customer demographic factors, firm effectiveness, and marketing performance. As a result of this evaluation, a list of knowledge gaps is produced, which is shown in Table 2.1.

Table 2. 1: Summary of Literature Review and Research Gaps

S/No.	Current study Objective	Author(s) for other studies	Study Focus	Methodology	Findings	Research Gap	Current study Focus
1.	Interactive communication and marketing performance of micro and small enterprises within Nyanza region, Kenya.	Samson et al. (2014)	Impact of online communication on customer buying decision.	Questionnaires used to collect data. Stratified random sampling used.	Majority of the people refer to online digital communication sources and finds them reliable and useful.	Study area restricted to online interactions only (automobile industry) Customer buying decision used as dependent variable.	MSEs within six counties will be covered in terms of their communication with customers both online and physically.
		Poovalingam & veerasamy (2007)	Impact of communication on customer relationship marketing among cellular service providers.	Quantitative cross-sectional survey used. Structured interviews used. Simple random sampling technique used while sampling.	Positive and significant relationship between communication and customer relationship marketing among cellular service providers.	Done within cellular industry.	Study will be carried out on MSEs. Study will use cross-sectional survey.
		Nabi et al. (2017)	The role and impact of business communication on the performances	Case study descriptive survey through	Positive and significant relationship between business	Research done within banking sector.	Research will be done the interactive communication in relation to the

S/No.	Current study Objective	Author(s) for other studies	Study Focus	Methodology	Findings	Research Gap	Current study Focus
			and job satisfaction.	questionnaire. Data analyzed using different expository statistical analysis methods.	communication and employee performance.	Case study design. Restricted to developing country (East of India)	marketing performance of MSEs within six counties of the developing country Kenya.
		Bista (2018)	Effective communication through virtual merchandising in physical retail industry.	Quantitative case study design.	Found significant evidences that suggested that virtual merchandizing elements are effective tools for communication.	Variables of the study were effective communication and merchandizing in physical retail industry. Study limited to one shoe stop company in Finland.	Variable in the study are interactive communication and marketing performance. Study will expand the scope to six counties within Nyanza region Kenya.
		Jerman & Zavrsoik (2014)	Marketing communication effectiveness in Slovenian market.	Correlation analysis used. Questionnaires used for data collection.	Study found a strong correlation between the development of marketing communication	Study done in developed country (central Europe) Study limited to Slovenian	The study will use two research designs which include cross-sectional and correlational.

S/No.	Current study Objective	Author(s) for other studies	Study Focus	Methodology	Findings	Research Gap	Current study Focus
					strategy and increased effectiveness of marketing communication.	enterprises within the Slovenian market.	Study will be done in developing country Kenya.
2.	Interactive commitment and marketing performance of micro and small enterprises within Nyanza region, Kenya.	Vuuren et al. (2012)	Customer satisfaction, trust and commitment as predictors of customer loyalty within an optometric practice environment.	A mail survey carried out through questionnaire. Multiple regression analysis method used.	Customer commitment significantly influence customer loyalty.	Restricted to health sector. Used customer loyalty as a dependent variable.	The study will cover interactive commitment and marketing performance. Study will be conducted within six counties that make up the Nyanza region.
		Sutanto & Djati (2017)	Effect of trust, satisfaction and commitment on customer loyalty.	Data was collected from a sample of 70 units and analyzed using multiple linear regression.	Commitment has a significant effect on customer loyalty.	Study limited within a few units of retailers in Surabaya east java Indonesia (A developed county)	Current study will have an expanded scope covering six counties in Nyanza region Kenya (developing county)
		Hulten (2007)	Customer segmentation: the concept of trust, commitment and	A mail survey with a sample size of 130 and multiple	Active customers are more relational with high level of commitment while	Mainly dealt with customer segmentation and commitment as a	This study will mainly deal with interactive marketing and

S/No.	Current study Objective	Author(s) for other studies	Study Focus	Methodology	Findings	Research Gap	Current study Focus
			relationship.	regression used.	passive customers are less relational.	construct. Restricted to developed county.	commitment as a construct. Study will relate interactive commitment to the marketing performance of MSEs within Nyanza region Kenya.
		Bricci et al. (2016)	Effect of trust, commitment and satisfaction on customer loyalty in the distribution sector in Portugal.	Exploratory and confirmatory factor analysis used. Reliability analysis was used to empirically test the measurement model.	Commitment haws positive and a direct effect on both trust and loyalty.	Study used customer loyalty as dependent variable. Mainly based within the distribution sector in Portugal.	Study will focus on the MSEs and use performance as dependent variable.
		Mathieu & kohler (2018)	A test of the interactive effect of organization commitment and job involvement on various types of	Moderated multiple regression analysis used.	Positive and significant relationship between the variables.	Focused mainly on the transport sector. Used organizational	Focus will be modern businesses within the informal sector. Interactive

S/No.	Current study Objective	Author(s) for other studies	Study Focus	Methodology	Findings	Research Gap	Current study Focus
			absence.			commitment as a variable.	commitment used as a construct.
3.	Customer trust and marketing performance of micro and small enterprises within Nyanza region, Kenya.	Agyei et al. (2020)	Influence of trust dimensions on customer engagement and the resultant impact of customer engagement on customer loyalty in the context of life insurance in Ghana.	Used structural acquisition model as a tool for data analysis with a sample size of 452.	Information based trust significantly influence customer engagement.	Study limited to insurance industry. Limited sample size.	Current study will focus on MSEs within Nyanza region composed of 6 counties.
		Madjid (2013)	Influence of trust as a relationship mediation between customer satisfaction and loyalty at bank rakyat Indonesia.	Questionnaire use on a sample size of 150 arrived at by use of convenient sampling technique. Partial least squire analysis use to analyze data.	Trust has a positive and significant influence towards customer loyalty.	Trust used as a partial mediating link between the independent and dependent variable. Study done within the banking sector.	Trust will be study will use as a construct and indicator of interactive marketing. Study will be conducted on MSEs within Nyanza region Kenya.

S/No.	Current study Objective	Author(s) for other studies	Study Focus	Methodology	Findings	Research Gap	Current study Focus
		Sarwar et al. (2012)	Effect of customer trust on customer loyalty and customer retention and the moderating role of Couse related marketing in cellular service operators in Pakistan.	Questionnaire used in data collection. Correlation analysis used.	Positive association between customer trust, customer loyalty and Couse related marketing though negative in Pakistani context.	Study was conducted in cellular service operators sector within Pakistan. The study used customer loyalty and customer retention as a dependent variable. The study used Couse related marketing as the moderating variable.	Study will be conducted on MSEs within Nyanza region in Kenya. The study will use socio-demographic factors as a moderating variable and marketing performance as a dependent variable.
		Zaheer et al. (2018)	Effect of inter organizational and interpersonal trust on performance.	Used structural equation model with a sample size of 107.	Positive but insignificant relationship between interpersonal trust and performance.	Restricted to electrical equipment manufacturing industry.	Study will be done on MSEs and will cover 6 counties within Nyanza region.
		Purwanto (2010)	Investigation of private hospital	Secondary data used.	Service delivery performance has a	Study area restricted to	The study will use primary data that

S/No.	Current study Objective	Author(s) for other studies	Study Focus	Methodology	Findings	Research Gap	Current study Focus
			performance measured by service delivery, CSR, institutional image and competitive advantage with the effect towards customer trust.	Exploratory survey technique used.	direct effect towards customer trust.	private hospitals in solo roya. Used secondary data.	will be collected across sampled MSEs within Nyanza region.

Source: Indicated Sources

2.6 Conceptual Framework

The conceptualization in figure 2.4 served as the study's guiding principle. The operationalization of the model's components for the study variables was based on previously published theoretical and empirical research. The independent variable including the interactivity components of communication, commitment, and trust was interactive marketing. These aspects of a company's relationship with its clients are what were thought to have an impact on the degree of firm marketing performance, which served as the dependent variable in this study.

The dependent variable was marketing performance as assessed by firm image, Customer retention and customer satisfaction. Socio-Demographic factors such as age and gender were the moderating variables. Marketing Effectiveness, as determined by customer acquisition, brand awareness and customer experience, served as the mediating variable.

According to the researcher's conceptualization, interactive marketing and marketing performance are related, which is consistent with other study (Aslam et al., 2015; Majid, 2020). It was believed that elements of interactive marketing, such as interactive commitment (Bricci et al., 2016; Sutanto and Djati, 2017), interactive communication (Nabi et al., 2017; Wilson and Makau, 2018), and consumer trust, had an impact on marketing performance (Utami, 2015; Agyei et al., 2020). Moreover, it was thought that customer demographic variables and marketing effectiveness would moderate and mediate the connection between interactive marketing and marketing performance of Micro and Small Enterprises respectively.

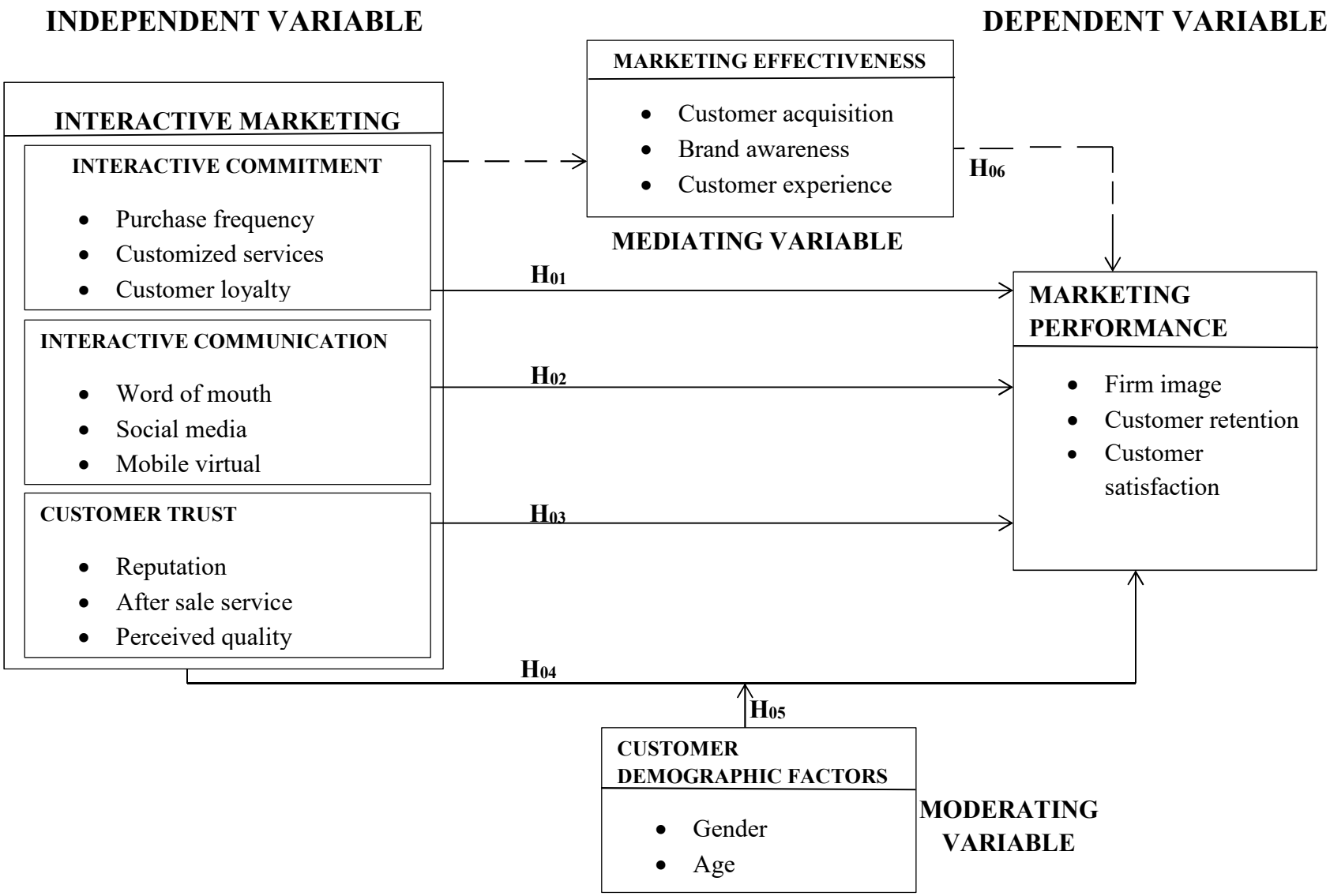

Figure 2. 4 ***Conceptualizing the relation between interactive marketing and marketing performance***
Source: Researcher conceptualization (2023)

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the study area, the research design that was chosen, the research philosophy that the study is based on, the study's target population, the sampling design and procedure that was used, the data collection tools, reliability and validity tools, the data analysis method, and the ethical considerations made throughout the research.

3.2 Research Philosophy

According to Creswell (2012), research philosophy is the fundamental viewpoint that a researcher has towards the proper methods for gathering, analyzing, and using data for a certain study. Saunders, Lewis and Thornhill (2016) on the other hand describes research philosophy as an impression associated to a method for gathering and arranging information in a certain area of interest. Research philosophy, according to additional work by Owino (2014), is the process through which reality-based knowledge and its underlying assumptions are created. Despite the presence of other sorts of epistemological research ideologies, including positivist, interpretivism, pragmatism, realism, and constructivism, Saunders et al. (2012) argue that the three primary ones are positivism, interpretivism, and pragmatism.

According to the positivist school of thinking, there is only one truth that can be known perfectly because of human limits, and researchers can only find this reality by using probability (Reichardt & Rallis, 1994). Positivism, according to Williams (2013), is an empirical, quantitative approach in which facts that may be applied to the broader population are found through hypothesis testing. According to positivism, an event's causes determine its consequences or results. The process often starts by gathering and presenting theoretical

questions under inquiry, after which evidence is gathered to support or refute the theory (Creswell, 2012).

Applying this strategy entails the collection and analysis of data using quantitative methods, which results in predictions based on current theory. On the other hand, Veal (2005) characterizes Interpretivism research as involving the collection of a significant amount of rich material based on the conviction that it is important to comprehend the circumstances and experiences of a relatively limited number of people. Last but not least, the use of both qualitative and quantitative research methodologies together in one study is encouraged by the pragmatic research philosophy. The researcher believes that by doing so, the study will capitalize on the advantages of both methodologies and will result in multiple realities because it will improve understanding of the phenomenon being studied (Saunders, et al., 2011).

According to the analysis above, this study employed positivist research methodology since it gave the researcher the chance to formulate hypotheses based on the specified objectives and statistically evaluate them in order to draw findings that could be compared to theories already in existence. Since the nature of the questions the current study sought to answer would not fit either in an interpretivist or pragmatic approach, positivist research philosophy was chosen. As a result, the study found that using data collection and analysis to experimentally demonstrate the nature of links between the independent, mediator, moderating, and dependent variables, the positivist paradigm was the best strategy.

3.3 Research Design

As the data on the variables in this study were gathered in a snapshot to represent what was happening at that particular moment in time, the researcher used a cross-sectional survey research methodology. Cooper and Schindler (2006) posit that a cross sectional survey design gives the researcher the chance to get information from many organizations at a certain period. In addition, it gives the researcher the chance to collect quantitative or qualitative data from the intended audience.

To understand the nature of the interaction between interactive marketing components (interactive commitment, interactive communication, and customer trust) and the marketing performance of MSEs within six counties of the Nyanza area of Kenya, the cross-sectional survey design was used in the current investigation. This made it possible to gather information from several MSEs at once and analyze it.

3.4 Study Area

Before Kenya's 47 counties were created in accordance with the 2010 constitution, Nyanza Province was one of the eight administrative provinces in the country. Six counties, including Siaya, Kisumu, Homa Bay, Migori, Kisii, and Nyamira, which border Lake Victoria and are a member of the Lake Region Economic Block, were established in the region of the old province (LREB). The Luo, the Kisiis, the Kurias, and the Luhyas are the majority ethnic groups in the area, which is situated in the southwest corner of Kenya surrounding Lake Victoria. The name of the area, which refers to a big body of water and has a circumference of 12,477.1 KM2, is derived from the Bantu term Nyanza. The area has a tropical humid climate.

The population of the region as per the 2019 census is 6,269,579 with Siaya having a population of 993,183, Kisumu 1,155,574, Homa Bay 1,131,950, Migori 1,116,436, Kisii (1,266,860) and Nyamira 605,576 respectively with poverty indices ranging between 38% to 49%. In the last two decades the region has suffered collapse of formal sector and industrial activities. Massive unemployment, degrading education standards and poverty relegates many residents – especially the youth which has intern made them to start small businesses for survival purposes.

The six counties in Kenya's Nyanza region were selected as the research area for a number of reasons. The findings from this research may be easily applied to other counties in Kenya due to the various rural and urban aspects of the six counties of study. Secondly, Kothari (2008) suggests that a researcher's choice of location may be influenced by things like familiarity with the region as a local of the study area. As a resident of Kisumu County, which makes up the Nyanza region block, the researcher was therefore familiar with the area, which helped data collecting, as shown by Cooper and Schindler (2014).

3.5 Target Population

As of September 30, 2022, all MSE owners in the Nyanza area who were registered by Kenya National Chamber of Commerce and Industry (KNCCI) comprised the study's target group. Nyanza area had 3,811 micro and small businesses registered with the KNCCI in Kenya (KNCCI Kisumu, Homa-bay, Migori, Kisii, Siaya and Nyamira Chapter, 2022). Among the 3,811 MSEs, 531 were from Kisumu County, 805 were from Siaya County, 1,033 were from Homabay County, 532 were from Kisii County, 370 were from Nyamira County, and 540 were from Migori County.

Owing to the enormous population size, the sample size was arrived at using Yamane's (1967) formula. MSEs were specifically chosen for the study because they had a variety of qualities and because the empowerment on the social and economic fronts that these kinds of enterprises were thought to provide for Kenyan residents. MSEs contribute significantly to the economy, especially by giving young people jobs (GOK, 2015). So, data gathered was utilized to describe the effect of interactive marketing on the marketing performance of such businesses.

Table 3. 1: Target Population

NO.	County	Number of MSE's Owners
1	Kisumu county	531
2	Siaya county	805
3	Homabay county	1033
4	Kisii county	532
5	Nyamira county	370
6	Migori county	540
TOTAL		**3,811**

Source: ***KNCCI County chapters registration database (2021)***

3.6 Sample Size and Sampling Procedure

3.6.1 Sample Size

The sample size is the overall number of respondents who fit the study's target demographic (Bryman and Bell, 2011). An acceptable confidence interval for choosing the sample size for generalization is one of 1% to 5%. (Saunders et al. 2014). Israel, 1992; Bartlett, Higgins, and Kortlik (2001) posits that the bulk of social science research utilizes an alpha level of 0.05; as a result, hence the researcher chose to employ a confidence interval of 5%. As the target

population was specified, the study used the Yamane (1967) formula to determine the sample size.

$$n = \frac{N}{1 + N(e^2)}$$

Where:

n= preferred sample size

N= Population

e = margin of error at 5% (standard value of 0.05) for 95% confidence level.

The sample size will be determined as follows given the population of 3,211.

$$n = \frac{3{,}811}{1+3{,}811(0.05^2)} = 362.00$$

Hence, the 3,811-target population yielded a sample size of about 362. The sampling fraction f=nf/N was then used to calculate the sample size for each county. Because N is 3,811 and nf is 531, the sample fraction is f=nf/N. As of this point, the population size Nc represents the number of MSE owners in each county, whereas the intended sample size (nfc) represents the required sample size of each category at a 95% confidence level with 5% accuracy. (nf/N)* Nc = Sample Proportion (nfc). For instance, the sample proportion (nfc) of the MSEs in Kisumu County will be determined as follows: nfc= (356/3,811) *531≈50, where nf=362, N=3,811 and Nc=531. The distribution of the sample size among the six Counties that make up the Nyanza area is seen in Table 3.2;

Table 3. 2: Sample Size Distribution per County

NO.	County	Number of MSE's Owners	Sample Size
1	Kisumu county	531	50
2	Siaya county	805	77
3	Homabay county	1033	98
4	Kisii county	532	51
5	Nyamira county	370	35
6	Migori county	540	51
TOTAL		**3,811**	**362**

Source: Current Researcher, 2022

Due to the fact that these respondents are the custodians of data on the research variables, respondents were chosen using a non-probability sampling technique, more precisely, purposive sampling. Purposive sampling, according to Cooper and Schindler (2011), is employed when the researcher wants to choose a sample that complies with specific requirements. Given that they are the most qualified respondents with knowledge of interactive marketing and that most SMEs are run by their owners, the owners of MSEs were the respondents who were specifically sought for in this study.

3.7 Data Collection Instruments

For this study's primary data, questionnaires were used to gather the information. According to Meller (2001), unlike interviews, questionnaires may be given to many respondents at many locations in a short period of time, guaranteeing a lot of responses and a range of data on the

same topic (Grinnell, 2001). Respondents were given the assurance that their answers would be completely anonymous and confidential before the data collecting instrument was administered.

The surveys were distributed by research assistants using a drop-and-pick method, and those who couldn't read or understand the study variables were questioned and had their answers entered into the questionnaire. An introduction letter from the school outlining the goals of the study was given to the responders to help boost response rates even more. Also, they were given the promise of complete secrecy and anonymity and advised that their participation in the study was optional.

The survey used a Likert scale with five possible outcomes: not at all, low, moderate, high, and very high. One represents not at all, two means low, three means moderate, four means high, and five means extremely high. This rating was chosen since it made sure that the five-scale assessment was maintained consistently. Also, it made it possible to gather standardized data that could be represented quantitatively, allowing for both descriptive and inferential analysis on the resulting data (Kasomi, 2015).

By using measurements of variables whose content validity had previously been established in earlier experimental studies, the study took into account the recommendations of Gomez-Haro, Arogon-Correa, and CordonPozo (2011). Hence, as stated in table 3.3, the research variables were operationalized for measurement.

Table 3. 3: Operationalization of the Study Variables

Variable	Nature	Operational Measures	Measure Indicators	Measurement scale	Questionnaire items
Interactive Commitment	Independent Variable	Purchase frequency	-Repeat customer orders -Orders from customer referrals.	Interval, 5-point Rating Likert Scale	Part B Q3(i) Q3(ii)
		Customized services	-Collaborating with customers in value addition. -Regular consideration of customer feedback with an open mind.	Interval, 5-point Rating Likert Scale	Part B Q3(iii) Q3(iv)
		Customer loyalty	-Not easily distracted by competitors. -Customer advocacy. -Customer interactivity on social media platforms.	Interval, 5-point Rating Likert Scale	Part B Q3(v) Q3(vi) Q3(vii)
Interactive Communication	Independent Variable	Word of Mouth	-Offering of timely information to customers,	Interval, 5-point Rating Likert Scale	Part C Q4(i)

Variable	Nature	Operational Measures	Measure Indicators	Measurement scale	Questionnaire items
		Social media	-Regular interactive sharing of accurate information with our customers through different social media platform. -Involvement of customers in product service delivery discussion.	Interval, 5-point Rating Likert Scale	SQ4(ii) Q4(iii)
		Mobile Virtual communication	-Holding of regular interactive forums with the customers, -Customer show of awareness of brand through Share of voice (SOV).	Interval, 5-point Rating Likert Scale	Q4(iv) Q4(v)
Customer Trust	Independent Variable	Reputation	-positive perception of customers on the firm and its products.	Interval, 5-point Rating Likert Scale	Part D Q5(i)
		After sales Service	-Follow up of customers after sale, -Return product policy. -Addressing customers queries after	Interval, 5-point Rating Likert Scale	Q5(ii) Q5(iii) Q5(iv)

Variable	Nature	Operational Measures	Measure Indicators	Measurement scale	Questionnaire items
			sale.		
		Perceived Quality	-Customer confidence in products and services (reliability), -Customers can be relied upon to fulfill their obligations (responsiveness), -consistency in providing quality services to customers , assurance, empathy	Interval, 5-point Rating Likert Scale	Q5(v) Q5(vi) Q5(vii)
Customer Demographic Factors	Moderating Variable	Gender	Sex category of majority of the customers served.	Nominal Male = 1 Female = 0	Part A Q1(i.ii)
		Age	The birth bracket of majority of the customers frequently served	Ordinal	Q2(i,ii,iii)
Marketing Effectiveness	Mediating Variable	Customer acquisition.	-Improved daily sales -time between purchases		Part E Q6(i)
		Brand awareness	-Regular marketing research,	Interval,	Q6(ii)

Variable	Nature	Operational Measures	Measure Indicators	Measurement scale	Questionnaire items
			-Existence of new clients over time	5-point Rating Likert Scale	Q6(iii)
		Consumer experience	-Efficient customer service, -Pleasant customer interactivity with the firm.	Interval, 5-point Rating Likert Scale	Q6(iv) Q6(v) Q6(vi)
					Part F
Marketing Performance	Dependent Variable	Firm image	-Positive perception of the firm by the customers. -positive positioning of the firm against competition.	Interval, 5-point Rating Likert Scale	Q7(i) Q7(ii)
		Customer retention	-Frequent visits and increased purchase volume -meeting and exceeding customer expectation.	Interval, 5-point Rating Likert Scale	Q7 (iii) Q7(iv)

Variable	Nature	Operational Measures	Measure Indicators	Measurement scale	Questionnaire items
		Customer satisfaction			
		Brand equity	-brand differentiation, -brand association, -perceived quality.	Interval, 5-point Rating Likert Scale	Q7(v) Q7(vi) Q7(vii)

3.8 Reliability and Validity of Instruments

3.8.1 Validity of the Data Collection Instrument

Saunders et al. (2016) defines validity as the ability of a study questionnaire or instrument to precisely and meaningfully measure what is intended to be measured. There are four different types of validity which include: face, content, criterion, and construct validity. The study instrument was created using a wealth of pertinent literature that provided guidance for the variable measures utilized, enhancing criterion and construct validity. Previous studies that used the subject variables also utilized the measures.

In order to improve content validity and ascertain how the respondents understood the questions and any subsequent modifications that needed to be made, a pilot research with a small sample of thirty-two respondents from Vihiga County was also undertaken. The measures of the variables were adopted from extant literature and have previously been used to effectively assess the variables in this study. By having experts with knowledge of the relevant constructs, as recommended by Diskiene, Galiniene, and Marinskas (2008), grade and rationally analyze the data, and then incorporating their suggestions into the final questionnaire, the study also improved the construct validity.

3.8.2 Reliability of the Data Collection Instrument

According to Saunders et al. (2016), reliability is the measure of degree to which an instrument yields consistent results or data after repeated trials as well as under different conditions. According to Cooper and Schindler (2006), this research used a cut-off Cronbach alpha value of 0.7, which is regarded as a strong indicator of dependability. By performing a pilot research with MSEs who replied to the questionnaire, the validity of the survey instrument was examined. To

conduct the pilot, 32 questionnaires were sent to a representative sample of MSEs in Vihiga County. The result revealed that the interactive commitment with seven items (α = .746) and interactive communication with five items (α=.837) and customer trust with seven items (α =.820) were reliable. Similarly, marketing effectiveness scale with six factors (α=.743) and marketing performance with seven items were also reliable (α =.839). The reliability results are summarized in table 3.4

Table 3. 4: Reliability statics

Construct	No. of Items	Alpha (α)
Interactive Commitment	7	.746
Interactive Communication	5	.837
Customer Trust	7	.820
Marketing Effectiveness	6	.743
Marketing Performance	7	.839

3.9 Data Analysis

Upon receipt, the affirmative replies from the questionnaires were examined for consistency and completeness in order to get them ready for statistical analysis using SPSS version 26. The study viewed marketing performance as a continuous variable and therefore regression analysis, simple and multiple regression, was adopted as recommended by Field (2009) as it is well suited for investigating the hypothesised relationships and provide information on the strength of the predictor variables. Simple regression was utilised as it ensured individual predictor variables are relevant, not significant by chance, and to increase the likelihood of determining the significance

of each of the relevant variables (Sarstedt & Mooi, 2014). Tests of mediation and moderation effects were conducted using hierarchical regression analysis (Field, 2009).

The significance, goodness of fit and robustness of the general models were validated using F statistics, R-square test and p-values. The determination of the individual significance of the research variables served as the basis for the t statistics and p-values. The relationships between the predictor variables (interactive commitment, interactive communication, customer trust) and the criterion variable (marketing performance) were therefore regressed as shown in models 3.1 to 3.3.

$MP = \beta 0 + \beta_1 ICNT + \varepsilon$ ……. (3.1)

$MP = \beta 0 + \beta_2 IC + \varepsilon$ ……. (3.2)

$MP = \beta 0 + \beta_3 CT + \varepsilon$ ……. (3.3)

Where:

MP = Marketing Performance

B0 = MP intercept or constant

$\beta_1 - \beta_3$ = Regression coefficients

ICNT = Interactive Commitment

IC =Interactive Communication

CT = Customer Trust

ε = Error term

Prior to investigating the effect of interactive marketing on marketing performance, and the moderated and mediated relationship, a multiple regression was done to identify the relative influence of each predictor variable to the criterion value after which a composite index was computed for interactive commitment, interactive communication and customer trust. The weighted index provided for the different weights of the three interactive marketing dimensions (interactive commitment, interactive communication and customer trust) was computed as per the equation, proposed by Gupta (2008), shown in model below.

$MP = \beta 0 + \beta 1 ICt + \beta 2\ ICn + \beta 3\ CT + \varepsilon$……3.4a

Where: MP = Marketing performance

$\beta 0$ = is the intercept

CT = Customer Trust

ICt = Interactive Commitment

ICn =Interactive Communication

ε = error term

$BR = \sum fiwi / \sum fi$……..…….3.4b

Where:

X = Composite index for interactive marketing

f_i = Frequency corresponding to i^{th} variable

w_i = Relative weight corresponding to i^{th} variable

The relationship between the composite effect of interactive marketing variables (interactive commitment, interactive communication, customer trust) and the criterion variable (marketing performance) was modelled as shown below in model 3.5.

$MP= \beta 0 + \beta 4IM + \varepsilon$………………………………………………………………. (3.5)

Where:

MP= Marketing Performance

$\beta 0$ = Constant

$\beta 4$ = Regression coefficient

IM = Interactive Marketing (composite value of interactive commitment, interactive communication and customer trust)

ε = Error term

To establish the moderating effect of demographic factors on the relationship between interactive marketing and marketing performance, moderated hierarchical regression was performed as recommended by Whisman and McClelland (2005). The moderating effects of the individual demographic factors were obtained using models 3.6 and 3.7 for gender, models 3.8 and 3.9 for gender.

$MP = \beta_0 + \beta_4 IM + \beta_6 AGE + \mathcal{E}$......…………………………………………….... (3.6)

$MP = B_0 + \beta_4 IM + \beta_6 AGE + \beta_7 (IM*AGE) + \mathcal{E}$………………………………. (3.7)

Where:

MP= Marketing Performance

B4, β_6, β_7 = Regression coefficients

IM = Interactive marketing

AGE = Moderating variable

IM*AGE = Interaction effect

Ɛ = Error term

$MP = \beta_0 + \beta_4 IM + \beta_8 GEND + Ɛ$..... (3.8)

$MP = B_0 + \beta_4 IM + \beta_8 GEND + \beta_9 (IM*GEND) + Ɛ$..... (3.9)

Where:

MP= Marketing performance

B4, β_8, β_9 = Regression coefficients

IM = Interactive marketing

GEND = Moderating variable

IM*GEND = Interaction effect

Ɛ = Error term

Table 3.5 provides a summary of the selection criteria for the two moderation model equations, 3.2 and 3.3.

Table 3. 5: Decision Criteria for the Moderating Effect

Model 3.6	Model 3.3	Total Effect	Conclusion
$\mathbf{B_4}$; ($\rho > 0.05$)	------	-----	No moderation
$\mathbf{B_4}$; ($\rho \leq 0.05$)	$\boldsymbol{\beta_6, \beta_8}$; ($\rho > 0.05$)	-----	Moderating variable is an explanatory variable
$\mathbf{B_4}$ ($\rho \leq 0.05$)	$\boldsymbol{\beta_7, \beta_9}$; ($\rho \leq 0.05$)	$\boldsymbol{\beta_7, \beta_9}$ ($\rho \leq 0.05$)	Confirmed moderation effect

Source: Whisman and McClelland (2005)

An avenue for the independent variable to influence the dependent variable was provided by the mediator variable. The mediation effect is defined by Edwards & Lambert (2007) as the indirect impact of an independent variable on a dependent variable after passing through a mediating variable. If both the direct and mediated interactions are significant, then there is evidence of mediation (MacKinnon, Fairchild, and Fritz, 2007). If the treatment coefficient is zero in a model with the mediator, the mediating variable mediates the relationship entirely. Even yet, if after accounting for the mediator, the magnitude of the direct association between the independent and dependent variable decreases, the mediation effect is regarded as partial. The test for the mediation effect, as seen in figure 3.1, was conducted using the causal four-step methodology established by Baron and Kenny (1986). The causal steps are shown in models 3.10, 3.11, 3.12 and 3.13

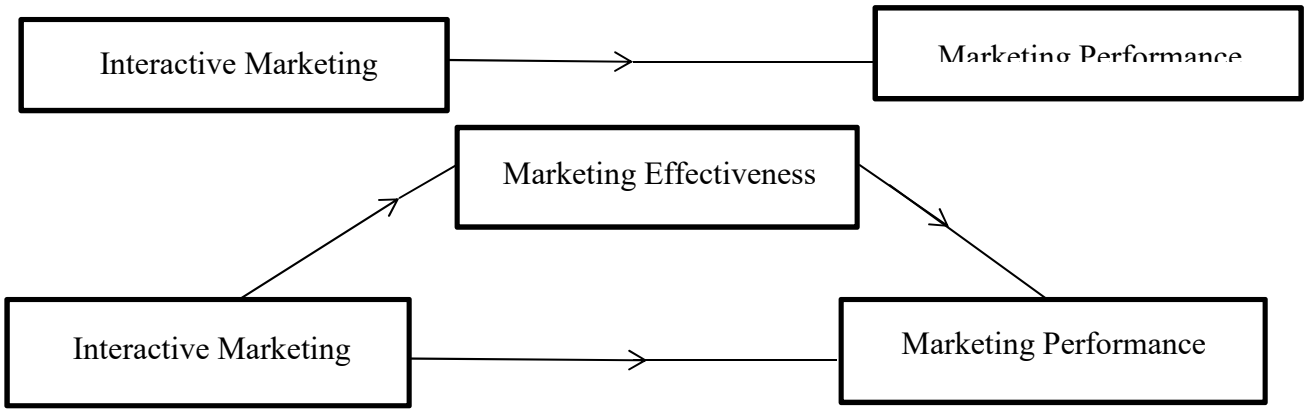

Figure 3. 1 Mediation model
Source: Baron and Kenny (1986)

Step 1: The Influence Interactive marketing on Marketing Performance

To examine the combined impact of interactive marketing on marketing performance, the fourth model (3.4) was used.

Marketing Performance = β_{40}+ β_{41} Interactive Marketing + Ɛ…….……3.10

Where; βii = Beta coefficient

Ɛ = Error term

Step 2: Effect of Interactive Marketing on Marketing Effectiveness

The impact of interactive marketing on marketing effectiveness was examined using the fifth model (3.5).

Marketing Effectiveness = β_{50}+ β_{51} Interactive Marketing + Ɛ...……. 3.11

Where; βii = Beta coefficient

ε = Error term

Step 3: Effect of Marketing Effectiveness on Marketing Performance

The impact of marketing effectiveness on marketing performance was examined using the sixth model (3.6).

Marketing Performance = β_{60}+ β_{61} Marketing Effectiveness + ε …….. 3.12

Where; βii = Beta coefficient

ε = Error term

Step 4: The Combined Influence of Interactive Marketing and Marketing Effectiveness on Marketing Performance

The combined effects of interactive marketing and marketing effectiveness on marketing performance were investigated using the seventh model (3.7).

Marketing Performance = β_{70}+ β_{71} Interactive Marketing + β_{72} Marketing Effectiveness + ε…….....3.13

Where; βii = Beta coefficient

ε = Error term

The decision criteria for the meditation are as depicted in table 3.6.

Table 3. 6: Decision criteria for the mediated Effect

Step 1	Step 2	Step 3	Step 4	Test	conclusion
β_{41} ($p > 0.05$)	-	-	-	-	No Relationship to mediate
β_{41} ($p \leq 0.05$)	-	-	-	-	The is a Relationship to mediate
β_{41} ; ($p \leq 0.05$)	β_{51}; ($p \leq 0.05$)	β_{61} ($p \leq 0.05$)	β_{71} and β_{72} ($p \leq 0.05$)	$\beta_{71} - \beta_{41} = \beta_{51} * \beta_{72}$	There is a partial mediation
β_{41} ; ($p \leq 0.05$)	β_{51}; ($p \leq 0.05$)	β_{61} ($p \leq 0.05$)	β_{71}; ($p > 0.05$) β_{72}; ($p \leq 0.05$)	$\beta_{71} - \beta_{41} = \beta_{51} * \beta_{72}$	There is a perfect mediation

Source: Baron and Kenny (1986)

In accordance with the study's aims and assumptions, an overview of the aforementioned models is shown in table 3.6 below.

Table 3. 7: Summary of Analytical Models

NO	Objective	Hypotheses	Analytical Model	Hypothesis Test	Interpretation of Results
1	To determine the effect of interactive commitment on the marketing performance of micro and small enterprises in Nyanza region, Kenya.	**H_{01}:** Interactive commitment has no influence on the marketing performance of micro and small enterprises within Nyanza region.	Simple Regression Analysis: $Y = \beta_0 + \beta_1 IC_1 + \varepsilon_1$ Where; Y= Composite value for marketing Performance βO=Constant β1 Beta coefficients (slope) for IC IC_1= Interactive Commitment ε_1= error term	H_{01}:β_1=0 H_a:$\beta_1 \neq 0$ Reject H_{01} if p-value is ≤ 0.05 otherwise fail to reject the H_{01} at 5% significance level	**F- Statistics-** Significance of overall model. **R-** Strength of the association between Interactive commitment and the marketing performance of the MSEs. **R^2-** Extent to which variations in marketing performance of MSEs is explained by Interactive commitment, **β** Strength and direction of the relationship between interactive commitment and marketing

NO	Objective	Hypotheses	Analytical Model	Hypothesis Test	Interpretation of Results
					performance.
2	To establish the effect of interactive communication on the marketing performance of micro and small enterprises within Nyanza region, Kenya.	**H_{02}:** Interactive communication has no influence on the marketing performance of micro and small enterprises within Nyanza region.	Simple Regression Analysis: $Y = \beta_0 + \beta_1 IC_1 + \varepsilon_1$ Where; Y= Marketing Performance β_O=Constant β1 Beta coefficients (slope) for IC IC_1= Interactive Commitment ε_1= error term	H_{01}: $\beta_2=0$ H_a: $\beta_2 \neq 0$ Reject H_{02} if p-value is ≤ 0.05 otherwise fail to reject the H_{01} at 5% significance level	**F- Statistics**- Significance of overall model. **R-** Strength of the association between Interactive communication and the marketing performance of the MSEs. **R^2**- Extent to which variations in marketing performance of MSEs is explained by Interactive communication, **β** Strength and direction of the relationship between interactive

NO	Objective	Hypotheses	Analytical Model	Hypothesis Test	Interpretation of Results
					communication and marketing performance.
3	To identify the effect of customer trust on the marketing performance of micro and small enterprises in Nyanza region, Kenya.	**H_{04}:** Customer trust has no influence on the marketing performance of micro and small enterprises within Nyanza region.	Simple Regression Analysis: $Y = \beta_0 + \beta_1 CT_1 + \varepsilon_1$ Where; Y= Marketing Performance β_O=Constant β1 Beta coefficients (slope) for CT CT_1= Customer Trust ε_1= error term	H_{01}:β_4=0 H_a:$\beta_4 \neq 0$ Reject H_{04} if p-value is ≤ 0.05 otherwise fail to reject the H_{01} at 5% significance level	**F- Statistics**- Significance of overall model. **R-** Strength of the association between customer trust and the marketing performance of MSEs. **R^2**- Extent to which variations in marketing performance of MSEs is explained by Customer Trust, **β** Strength and direction of the relationship between customer trust and

NO	Objective	Hypotheses	Analytical Model	Hypothesis Test	Interpretation of Results
4	To assess the effect of interactive marketing on the marketing performance of micro and small enterprises in Nyanza region, Kenya.	**H_{04}:** Interactive marketing has no effect on the marketing performance of micro and small enterprises within Nyanza region.	Multiple Regression Analysis: $Y = \beta_0 + \beta_1 ICNT_1 + \beta_2 ICN + \beta_3 CT + \varepsilon$ Where; Y= Marketing Performance β_O=Constant β1 Beta coefficients (slope) for IC $\beta_2 ICNT_1$= Interactive Commitment $\beta_1 ICN$ = Interactive communication CT = Customer Trust ε_1= error term	H_{01}: $\beta_2=0$ H_a: $\beta_2 \neq 0$ Reject H_{02} if p-value is ≤ 0.05 otherwise fail to reject the H_{01} at 5% significance level	marketing performance **- Statistics-** Significance of overall model. **R-** Strength of the association between Interactive communication and the marketing performance of the MSEs. **R^2-** Extent to which variations in marketing performance of MSEs is explained by Interactive communication, **β** Strength and direction of the relationship between interactive communication and

NO	Objective	Hypotheses	Analytical Model	Hypothesis Test	Interpretation of Results
					marketing performance
5	To investigate the moderating effect of socio-demographic factors on the relationship between interactive marketing and the marketing performance of micro and small enterprises within Nyanza region,Kenya	**H_{05}: S**ocio-demographic factors have no moderating effect on the relationship between interactive marketing and marketing performance of micro and small enterprises within Nyanza region, Kenya.	Hierarchical Regression Analysis Marketing Performance = f (Interactive Marketing) …. equation (i) Interaction term Regression Equation: Marketing Performance = f (Interactive Marketing, Socio-Demographic Factors, interaction term (product of z scores of Interactive Marketing and Socio-Demographic	H_{01}: β_0, β_{21}, β_{31} β_{33}, =0 H_a: $\beta 0$, β_{21}, β_{31} $\beta_{33} \neq 0$ Reject H_{05} if p-value is ≤ 0.05 otherwise fail to reject at 5% significance level	**F** - Statistics-Significance of overall model Changes in; i) **R** ii) $\mathbf{R^2}$ iii) **β** Interactive Marketing iv) **β** Socio-Demographic Factors and value of **β** Interaction Term at $p < 0.05$

NO	Objective	Hypotheses	Analytical Model	Hypothesis Test	Interpretation of Results
			Factors)…….....equation (ii) Marketing Performance = β_{20}+ β_{21} Interactive Marketing + Demographic factors + **ε** Marketing Performance = β_{30} + β_{31} Interactive Marketing + β_{32} Socio-Demographic Factors + β_{33} Interactive Marketing* Socio-Demographic Factors + **ε** Where; βi = Beta coefficient **ε** = Error term		
6	To evaluate the	**H_{06}:** Marketing	Step-Wise	H01:β_6=0	**F- Statistics-**

NO	Objective	Hypotheses	Analytical Model	Hypothesis Test	Interpretation of Results
	mediating effect of firm effectiveness on the relationship between interactive marketing and the marketing performance of micro and small enterprises within Nyanza region, Kenya.	effectiveness has no mediating effect on the relationship between interactive marketing and marketing performance of micro and small enterprises within Nyanza region, Kenya.	Regression Analysis: **Step 1** Marketing Performance = β_{40}+ β_{41} Interactive Marketing + **ε** **Step 2** Performance = β_{50}+ β_{51} Marketing Effectiveness + **ε** **Step 3** Marketing Effectiveness = β_{60}+ β_{61} Interactive Marketing +**ε** **Step 4** Interactive Marketing = β_{70}+ β_{71} Marketing Performance + **ε** Where; βi = Beta coefficient **ε** = Error term	Ha:$\beta_6 \neq 0$ Reject H_{06} if p value is ≤ 0.05 otherwise fail to reject at 5% significance level	Significance of overall model. Changes in; i) **R** ii) $\mathbf{R^2}$ iii)**β** Interactive Marketing iv) **β** Marketing Effectiveness at p < 0.05.

Source: Researcher (2022)

3.9.1 Diagnostic Tests

To make inferences and draw conclusions, diagnostic tests including normality, multi-collinearity, and homoscedasticity were undertaken to establish whether the data were eligible for carrying out the various statistical analysis before making inferences and drawing conclusions.

3.9.1.1 Normality Test

According to Ghasemi and Zahediasl (2012)'s recommendation, the normality test is often used to assess the degree to which the variables of interest assume normal probability distributions. As a result, many statistical tests call for determining the normality of the data. As the Shapiro-Wilk test may identify deviation from normalcy brought on by either skewness or kurtosis, or even both, it was used in the study to check for normality. Whitney & Tests (2015), reveal that the null hypothesis cannot be rejected in the Shapiro-Wilk test when the p-value is larger than 0.05, which implies that the data are normally distributed.

3.9.1.2 Collinearity Test

The tolerance and variance inflation factor (VIF), as advised by Field (2009), was used in this study to test for multicollinearity. Tolerance is determined by 1-R2, and multicollinearity is present when the tolerance value is larger than 0.2. (Garson, 2012). No connection was indicated when the Variance Inflation Factor (VIF) was equal to 1, moderate correlation was indicated when VIF was between 1 and 5, and strong correlation was indicated when VIF was larger than 5 (Ballance, 2012).

3.9.1.3 Homoscedasticity Test

Homoscedasticity refers to the circumstance in which the error term is constant for both values of the dependant variable. According Gastwirth, Gel and Miao (2009), inaccurate inferences regarding the importance of the regression coefficients may result from heteroscedasticity's skewed rises in the error terms. In the present study, homoscedasticity was assessed using Levene's test, which assesses whether or not the variance of independent and dependent variables is equal. The study adopted a 0.05 p-value limit, which meant that if Levene's test for equality of variances was statistically significant at this level, the null hypothesis would be accepted.

3.9.1.4 Sampling Adequacy Test

To check for adequate sampling, Kaiser-Meyer-Olkin (KMO) test was used. The test summarizes statistically how close to zero order the partial correlations are. The KMO measurements range from 0 to 1 was considered sufficient as Williams, Brown, and Onsman (2012) opined that with a 0.5 criterion, values nearer 1 are preferred.

3.9.1.5 Independence of residuals (Auto-correlation)

According to Anderson (1954), autocorrelation describes the degree of independence between the values of the same variables during various times of data observation and is the result of data manipulation, including the omission of some variables, sluggishness during time-series for economic cycle, and the use of lag values for the study's dependent variable. The Durbin-Watson test, which consistently yields values between 0 and 4, was used in this study to examine autocorrelation. A value of 2 implies no autocorrelation, whereas a value less than 2 suggests a positive autocorrelation while higher than 2 denotes a negative autocorrelation.

3.10 Ethical Considerations

The respondents gave their consent to participate in the study, anonymity and confidentiality were maintained by not requesting respondents' names or contact details, and the study complied with the following ethical standards: privacy of participants is protected, and participants give informed consent before participating in the study. The respondents' informed consent was requested and secured prior to the distribution of study questionnaires. The respondents were informed of their freedom to remain anonymous and not participate in the poll by the researcher. The participants in the study were shielded from any harm, particularly with regard to victimization throughout the data gathering procedure.

Permission from different entities was acquired for this investigation. The Directorate of Graduate Studies at MMUST was consulted first for authorization. Second, research permission was obtained from NACOSTI in accordance with the Science and Technology Act requirement.

CHAPTER FOUR
DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

The research findings, analysis, and discussion presented in this chapter are in line with the study's objectives. The response rate, descriptive statistics for the research variables, diagnostic tests, and hypothesis testing are the areas in which the results are presented.

4.2 Response Rate

Three hundred and sixty-two questionnaires (362) were distributed to the MSE owners out of which 360 were filled and returned. Upon initial analysis, 4 incomplete and improperly filled questionnaires were eliminated resulting in 356 complete questionnaires. This translated to a 98% rate of response which was considered satisfactory in this study as recommended by Rogelberg (2006).

4.3 Descriptive Findings

This section outlines the descriptive statistics for the predictor variables (Interactive commitment, Interactive communication and Customer trust), the criterion variable (Marketing performance), the intervening variable (Marketing effectiveness) and the mediator variables (Customer Sex and Age). The sample mean and sample standard deviation were used to summarize the responses in each domain, as is shown and described below.

4.3.1 Customer Sex and Age

Participants in the study were required to specify the gender of the clients they typically serve in order for the research to ascertain the sex of the participants' customers.

Table 4. 1: Sex of the served customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	181	50.8	51.4	51.4
	Female	171	48.0	48.6	100.0
	Total	352	98.9	100.0	
Missing	System	4	1.1		
Total		**356**	**100.0**		

Source: Survey Data (2022)

According to Table 4.1, more males were served by the MSEs. The age range of the clients was shown in table 4.2.

Table 4. 2: Age category of customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Youth (18-35 years)	197	55.3	56.4	56.4
	Middle aged (36-59 years)	139	39.0	39.8	96.3
	Old (Above 50 years)	13	3.7	3.7	100.0
	Total	349	98.0	100.0	
Missing	System	7	2.0		
Total		**356**	**100.0**		

Source: Survey Data (2022)

The result indicated that majority of the customers served were aged between 18 to 35 years (55.3%), followed by middle aged (36-59). Customers above age fifty were the least served, a clear indication that the MSEs mainly relied on the young and middle aged as their customers.

4.3.2 Interactive Commitment

The respondents were asked to score their view of interactive commitment on a scale of 1 to 5, where 1 was not at all and 5 very high extent. The results were calculated and shown as indicated in Table 4.3 for their means, standard deviations, and SE.

Table 4. 3: Response on interactive commitment

	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
Repeat orders from customers	356	3.38	.055	1.007
Orders from referred customers	356	3.28	.056	1.046
Customers encouraged to provide views	356	3.37	.067	1.263
Consider feedback with open mind	356	3.94	.060	1.122
Customers not distracted by competitors	356	2.74	.062	1.155
Customers recommend our business	356	3.73	.060	1.124
Customers follow us on social media	356	2.73	.076	1.440
Aggregate mean		3.31	.062	1.17

Source: Survey Data (2022)

Findings in Table 4.3 show that considering customer input with an open mind had the greatest mean score of 3.94 and standard deviation of 1.122, while social media followers had the lowest mean score of 2.73 and standard deviation of 1.440. This implies that whereas majority of the MSEs considered feedback from customers with an open mind, they agreed to a low extent with customers following on social media.

Further, repeat orders from customers, customer recommendation, provision of views by the customer, orders from referred customers and no distraction from the competitors had mean values of 3.73, 3.38, 3.28, 3.24, 3.37, and 2.74, respectively. The findings also showed that the overall mean score was 3.31. This suggests that interactive commitment was seen as a factor that influences their marketing performance to a considerable amount.

4.3.3 Interactive Communication of Micro and Small Enterprises

On a scale of 1 to 5, where 1 is not at all and 5 is to a very high extent, respondents ranked several characteristics of interactive communication. Table 4.4 displays the responses' means and standard deviations.

Table 4. 4: Interactive communication of Micro and Small Enterprises

	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
Timely information offered to customers	356	3.22	.063	1.194
Regularly share accurate information	356	2.90	.077	1.454
Customers involved in product service delivery	356	2.58	.072	1.353
Interactive meeting held regularly	356	2.23	.070	1.325
Customers show awareness of our brands	356	2.93	.079	1.490
Aggregate mean		2.77	.072	1.363

Source: Survey Data (2022)

The highest mean score of 3.22 and Se of.063 in Table 4.4 demonstrate how highly respondents regarded providing consumers with timely information. Sharing of accurate information, involvement in service delivery, regular holding of interactive meetings and customer show of awareness to brands had a mean of 2.90, 2.58, 2.23 and 2.93 respectively

This indicates that the respondents had just a minimal amount of interactive communication with their clients. Interactive communication replies had an overall mean score of 2.77 and a standard deviation of 1.36. This suggests that the marketing performance of MSEs was moderately influenced by national factors.

4.3.4 Customer Trust on Micro and Small Enterprises

Customer trust was the third interactive marketing best practices that was examined in relation to marketing performance. Participants were supposed to indicate their level of agreement or otherwise on various aspects of customer trust based on a five-point scale where 1=not at all and 5=very high extent. The percentages, mean and standard deviation were computed to analyze the responses. The analyzed responses are tabulated in table 4.5.

Table 4. 5: Customer Trust on Micro and Small Enterprises

	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
Positive feedback from customers	356	3.72	.055	1.034
Customer follow up after sale for feedback	356	3.16	.062	1.164
Return and exchange policy provided	356	3.35	.063	1.190
Customers queries addressed after sale	356	3.34	.062	1.156
Customers have confidence in our products	356	4.02	.047	.878
Customers honest and responsible	356	3.83	.050	.937
Customers consistent in their dealings	356	3.80	.049	.929
Aggregate mean		3.60	.055	1.041

Source: Survey Data (2022)

As depicted in Table 4.5, customers' confidence has the highest mean of 4.02 followed closely by honest and responsible with a mean of 3.83 (Sd = 0.937). This suggests that the respondents highly regarded the responsibility and honesty of their consumers. However, consistency of customers in their dealings, positive feedback from customers, return and exchange policy provided, customer queries addressed after sale and customer follow up after sale for feedback

registered the lowest mean scores of 3.80, 3.72, 3.35,3.34 and 3.16 respectively. With a standard deviation of 1.041, the overall mean score for customer trust was 3.60. As a result, the majority of respondents expressed strong favorable feelings about the elements of consumer trust.

4.3.5 Firm effectiveness of Micro and Small Enterprises

Firm effectiveness was mainly used as the mediator variable between interactive marketing and marketing effectiveness. On a five-point scale, the respondents were asked to assess how well the descriptions of marketing effectiveness would predict the marketing performance of their respective businesses. In Table 4.6, the means, standard deviations, and standard error are displayed.

Table 4. 6: Marketing Effectiveness of Micro and Small Enterprises

	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
Sales volume improves from time to time	356	3.44	.051	.961
Customers purchase from us frequently	356	3.39	.049	.930
We conduct frequent surveys	356	2.75	.064	1.200
We get new customers from time to time	356	3.52	.053	.997
Customer service goals fulfilled with little effort	356	3.28	.073	1.370
Customers feel free to communicate	356	4.16	.048	.899
Aggregate mean		3.42	0.056	1.059

Source: Survey Data (2022)

The highest mean score of 4.16 and Se of.899 in Table 4.6 demonstrate how highly the respondents regarded their customers' ability to freely connect with them. Averagely, the respondents also valued to a high extent customers’ frequent purchase of the products, improved

sale volume, new customers and the fulfillment of customers goal with little effort. With a standard deviation of 1.059 and a mean score of 3.42 overall, marketing effectiveness was rated as effective. This suggested that the owners of MSEs had better marketing plans designed to boost sales while lowering customer acquisition costs.

4.3.6 Marketing Performance of Micro and Small Enterprises

The dependent variable, marketing performance, was evaluated using seven components, including; customer positive attitude, feedback handling, increased sales, meeting customer demands, uniqueness of product, pride in product association and valuing of products by customers. On the basis of these characteristics, respondents were asked to score the marketing performance. The scale went from 1 to 5, with 1 being completely absent, 2 being of low extent, 3 being of moderate extent, 4 being of great extent, and 5 being of extremely high extent. Table 4.7 displays the findings.

Table 4. 7: Marketing performance of Micro and Small Enterprises

	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
Customers have positive attitude for us	356	3.82	.052	.982
Feedback handled and delivered efficiently	356	3.76	.053	1.007
We realize increased sales and customer visits	356	3.55	.051	.963
We meet customer demands and expectations	356	3.87	.048	.885
Customers uniquely identify our products	356	3.45	.056	1.045
Customers proud to be associated with us	356	4.11	.039	.736

Customers value our products and services	356	4.25	.043	.809
Aggregate mean		3.83	0.048	0.918

Source: Survey Data (2022)

According to Table 4.7, the majority of MSEs believed that their consumers appreciated and expressed pleasure with their goods and services, as shown by the highest mean score of 4.25. Also, as evidenced by a mean score of 4.11 (Sd = 0.736), the customers' pride in their business was also valued as the finest deed performed. This suggests that the respondents valued their customers' sense of pride in their relationship with them. However, meeting of customers' demands and expectation, positive attitude, handling of feedback, increased sales and unique product identification registered the lowest mean scores of 3.87, 3.82, 3.76, 3.55 and 3.45 respectively. Therefore, the firms' level of marketing performance was rated moderately. The overall mean score for marketing effectiveness was 3.83, with a 0.918 standard deviation. As a result, the majority of respondents did engage in a significant way on actions that improve marketing success.

4.4 Inferential Analysis

Regression analysis was used to test all the hypotheses. Before conducting regression analysis, Malhotra and Dash (2011) recommends different underlying assumptions that must be tested. The current study therefore carried out several diagnostic tests to determine whether the data met the assumption.

4.4.1 Diagnostics Tests

According to Chatterjee and Hadi (2012), violation of the assumptions of a linear regression analysis can lead to skewed estimates, overly or underconfident estimations of the accuracy of the regression coefficients, and unreliable confidence levels for significance tests. Instead, a

variety of diagnostic tests, such as the normality test, multicollinearity test, homoscedasticity test, sample adequacy test, and auto-correlation test, were conducted as part of the study to determine whether the data were appropriate for use in the various statistical analyses.

4.4.1.1 Normality Test

The normality test is typically used to determine the degree to which the variables of interest assume normal probability distributions, as advised by Ghasemi and Zahediasl (2012). As a result, determining the normality of the data is a need for many statistical tests. The study tested for normality using Shapiro-Wilk test since it can identify deviation from normalcy caused by skewness, kurtosis, or both. When doing the Shapiro-Wilk test, a p-value larger than 0.05 indicates that the data are likely to be regularly distributed, which prevents Whitney & Tests (2015) from rejecting the null hypothesis. In Table 4.9, the findings for normality are presented.

Table 4. 8: Normality test

	Shapiro-Wilk	
variable	Z statistic	P value
Interactive Commitment	0.491	0.326
Interactive Communication	-1.962	0.968
Customer Trust	0.982	0.273
Marketing Effectiveness	0.986	0.132
Marketing Performance	1.134	0.452

Source: Survey Data (2022)

According to Table 4.8, all of the variables' p-values exceeded the 0.05 alpha threshold that was selected. For this test, the following outcomes were attained: interactive commitment (0.326, > 0.05); interactive communication (0.968, > 0.05); customer trust (0.273, > 0.05); marketing effectiveness (0.132, > 0.05); and marketing performance (0.452, > 0.05); therefore, the null hypothesis that the data came from a population with a normally distributed distribution was not

disproved. The study therefore came to the conclusion that the data were normally distributed and hence appropriate for further analysis.

4.4.1.2Test of Sampling Adequacy

To check for adequate sampling, the study employed the Kaiser-Meyer-Olkin (KMO) metric. The test summarizes statistically how close to zero order the partial correlations are. The KMO measurements range from 0 to 1, and Williams, Brown, and Onsman (2012) opines that values closer to 1 are preferable with a threshold of 0.5.

Table 4. 9: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.842
Bartlett's Test of Sphericity	Approx. Chi-Square	978.171
	df	10
	Sig.	.000

Source: Survey Data (2022)

The sample employed in the study was sufficient and typical of the study population, as shown in Table 4.9, where the KMO test statistics is more than 0.5 and closer to 1. According to Williams, et al. (2013), test statistics greater than 0.5 allow for the generalization of research results to the full population. This suggests that the results of this study may be applied to all MSEs in Kenya. In addition to KMO test, The Bartlett's test of sphericity was used to test for a significant relationship among the observed indicators. Pallant (2010) opines that “a significant relationship is evident with the confirmation that the correlation matrix of the indicators is not an identity matrix which would be an indication of unrelated indicators. The p value that is less than 0.05 is a confirmation at significance level of 0.05 that the correlation matrix of the indicators is not an identity matrix”. With a p-value of 0.000, the Chi-square statistic of the Bartlett's test for the current study was determined to be 978.171.

4.4.1.3 Test for Multicollinearity

The tolerance and variance inflation factor (VIF), as advised by Field (2009), was used in this study to test for multicollinearity. Tolerance is determined by $1\text{-}R^2$, and multicollinearity is present when the tolerance value is larger than 7 (Garson, 2012). No connection was indicated when the Variance Inflation Factor (VIF) was equal to 1, moderate correlation was indicated when VIF was between 1 and 5, and strong correlation was indicated when VIF was larger than 5. (Ballance,2012).

Table 4. 10: Multicollinearity Test

	Collinearity Statistics	
Model	Tolerance	VIF
Communication	.467	2.139
Commitment	.499	2.004
Trust	.520	1.924
Mean	.495	2.022

Source: Survey Data (2022)

Table 4.10 shows the VIF for the dimensions of interactive marketing: interactive commitment (VIF=2.004), interactive communication (VIF = 2.139) and Customer trust (VIF = 1.022). The mean VIF was 2.022. This clearly demonstrates that the independent variables' tolerance values were larger than 0.1 and their VIFs were less than 10, excluding the possibility of multicollinearity (Field, 2022). Hence, the findings suggested that there was no multicollinearity issue between the variables. As all of the predictor variables met the advised threshold, they were all kept in the regression model.

4.4.1.4 Homoscedasticity Test

Levene's test, which assesses whether or not there was an equal variation between the independent and dependent variables, was used in the current study to determine

homoscedasticity. The study used a p-value cutoff of 0.05, which indicated that the null hypothesis was accepted and significant.

Table 4. 11: Homogeneity of Variance test

Variable	Levene Statistic	df1	df2	Sig.
Interactive Commitment	0.292	2	353	0.747
Interactive Communication	3.297	2	353	0.138
Customer Trust	1.570	2	353	0.209
Marketing Effectiveness	0.653	2	353	0.521
Marketing Performance	0.520	2	353	0.595

Source: Survey Data (2022)

The p-values for interactive commitment (p = 0.747>0.05), interactive communication (0.138>0.05), and customer trust (0.209>0.05) are shown in Table 4.11. According to Dansey & Reidy (2004), Assumption of homogeneity of variances had been attained because the p-values for interactive commitment, interactive communication, and customer trust all exceeded the 0.05 cutoff. As a result, the study's regression model was deemed suitable for further estimation.

4.4.1.5 Autocorrelation Test

Anderson (1954) defines autocorrelation as the degree of independence linking values of the same variables during differing time of data observation and results from the manipulation of data, such as the omission of some variables, sluggishness during time-series for economic cycle and the use of lagged values for the dependent variable of the study. Durbin-Watson test was used in this study to check for autocorrelation. The range of this statistic was 0 to 4, with a score of 2 indicating uncorrelated residues as shown in table 4.12.

Table 4. 12: Autocorrelation Test

Predictors	R	R^2	Adj R^2	Std. Error of Estimate	Durbin-Watson
Customer Trust, Interactive Communication, Zscore: Interactive Commitment	0.689	0.475	0.470	0.727	1.847
Marketing Effectiveness, Interactive Commitment, Interactive Communication, Customer Trust	0.725	0.525	0.520	0.692	1.907

b. Dependent Variable: Marketing Performance
Source: Survey Data (2022)

According to the findings shown in table 4.13, the independent variable model's Durbin-Watson statistic was DW = 1.847, closely followed by the second model's predictor variables and mediating variable with DW = 1.907. The analysis came to the conclusion that there was no correlation between the residues for the variables since the DW statistic for the two models was close to 2.

4.5 Tests of Hypotheses

The study's underlying premise was that interactive marketing impacts marketing performance, and that this link is moderated and mediated, respectively, by consumer demographic factors and marketing effectiveness. The statistical significance of the predicted linkages was assessed using simple and multiple linear regressions at $\alpha = 0.05$ (95% confidence level). The findings of the study's hypotheses tests are presented in this section.

4.5.1 Effect of Interactive Commitment on Marketing Performance of Micro and Small Enterprises

To ascertain the effect of interactive commitment on marketing performance, the study evaluated the following null hypothesis:

H_{01}: Interactive commitment has no significant effect on the marketing performance of micro and small enterprises within Nyanza region

In order to test the hypothesis, a simple linear regression was conducted to obtain the scores for the independent and dependent variables, composite indices were computed separately for the respective variable measures. The results of analysis are presented in table 4.13 to 4.15.

Table 4. 13: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.647[a]	.419	.418	.47070	1.738

a. Predictors: (Constant), Interactive Commitment
b. Dependent Variable: Marketing Performance

Source: *Research Study (2022)*

The results in Table 4.13 shows that the adjusted R square (R^2) is 0.418 which indicated that interactive commitment has a moderate explanatory power on marketing performance as 41.8% of marketing performance was explained by interactive commitment variable.

Table 4. 14: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	56.615	1	56.615	255.534	.000[b]
	Residual	78.431	354	.222		
	Total	135.046	355			

a. Dependent Variable: Marketing Performance
b. Predictors: (Constant), Interactive Commitment

Source: *Research Study (2022)*

From the results in Table 4.14, a value of F (1,354) =255.534, $p<0.05$ was obtained, which supports the goodness of fit of the model in explaining the variation in the dependent variable hence its significance. It also means that interactive commitment is a useful predictor of marketing performance of MSEs in Nyanza region, Kenya.

Table 4. 15: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.927	.122		15.837	0.000
	Interactive Commitment	.570	.036	0.647	15.985	0.000

Source: *Research Study (2022)*

The coefficient results of interactive commitment and marketing performance in Table 4.15 indicated a strong positive relationship between interactive commitment and marketing performance which is statistically significant since β= 0.647, p=0.000. On the basis of this results, the study rejected the null hypothesis H_{01} at α =0.05 since p=0.000, and concluded that interactive commitment significantly affects marketing performance of MSEs in Nyanza region, Kenya.

On the basis of the analysis in Table 4.17, the regression model was developed as below:

Y = 1.927+0.647CT ……3.1

Where:

Y = Marketing performance
CT = Interactive commitment

The estimated regression model confirmed interactive commitment as statistically significant at β= 0.647, p=0.000. It can be observed that at 95% level of confidence interactive commitment has a positive linear effect on marketing performance. Further, the model revealed that holding interactive commitment to constant zero marketing performance would be 1.927, while an increase of one unit in interactive commitment is responsible for causing an increase of 0.647 in marketing performance. The study concluded that interactive commitment has a significant effect on the marketing performance of MSEs in Nyanza region, Kenya.

The findings of the study corroborate with Sutanto and Djati (2017) in a study whose findings established that customer commitment significantly influence customer loyalty which in turn leads to improved performance of retail businesses in Indonesia.

The finding also agrees with Bricci et al., (2016) who revealed that there was a positive relationship between commitment and customer loyalty in Portugal distribution sector. The study also confirmed the argument of Du Plessis (2010) that "more committed customers tend to form a positive overall impression of the total duration of the relationship, including different transactions; positive and negative thus exhibit strong intentions to stay in the relationship". This fact was also ascertained by Vuuren et al., (2012) in their empirical study on commitment as a predictor of customer loyalty.

The findings further support empirical studies by Hultén (2007) who determined that commitment had a significant effect on performance indicating that active customers tend to be e more relational, and with high levels of commitment, as opposed to passive customers who are less relational. Further, Cai & Wheale (2004) noted that a high level of commitment provides the context in which both parties can achieve individual and joint goals without fear of opportunistic behavior since more committed partners are likely to exert effort and balance short-term problems with long-term goal achievement.

4.5.2 Effect of Interactive Communication on Marketing Performance of Micro and Small Enterprises

To ascertain the effect of interactive communication on marketing performance, the study evaluated the following null hypothesis:

H_{02}: Interactive communication has no significant effect on the marketing performance of micro and small enterprises within Nyanza region

In order to test the hypothesis, a simple linear regression was conducted to obtain the scores for the independent and dependent variables, composite indices were computed separately for the respective variable measures. The results of analysis are presented in table 4.16 to 4.18.

Table 4. 16: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.554[a]	.307	.305	.51433	1.700

a. Predictors: (Constant), Interactive Communication
b. Dependent Variable: Marketing Performance

The results in Table 4.16 shows that the adjusted R square (R^2) is 0.305 which indicated that interactive communication has a moderate explanatory power on marketing performance as 30.5% of marketing performance was explained by interactive communication variable.

Table 4. 17: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	41.401	1	41.401	156.508	.000[b]
	Residual	93.645	354	.265		
	Total	135.056	355			

a. Dependent Variable: Marketing Performance
b. Predictors: (Constant), Interactive Communication

From the results in Table 4.17, a value of F (1,354) =156.508, $p<0.05$ was obtained, implying the proposed model fitted the data well. This indicated that interactive communication is a useful predictor of marketing performance and thus interactive communication contributes significantly to changes in marketing performance. The independent variable's contribution to the dependent variable was shown in the regression coefficients in Table 4.20.

Table 4. 18: Regression Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.842	.084		33.997	.000
	Interactive Communication	.319	.026	.554	12.510	.000

The coefficient results of interactive communication and marketing performance in Table 4.18 indicated a strong positive linear relationship between interactive communication and marketing performance which was statistically significant since β= 0.554, p=0.000. Hence, the study rejected H_{02} at α =0.05 since p=0.000<0.05, and concluded interactive communication significantly predicts marketing performance.

On the basis of the analysis in Table 4.20, the regression model was developed as shown below:

Y=2.842+0.554CN ……..……...3.2

Where:

Y = Marketing performance

CN = Interactive communication

The estimated regression model confirmed interactive communication as statistically significant at β= 0.554, p=0.000. It can be observed that at 95% level of confidence, interactive communication has a positive linear effect on marketing performance. Further, the model revealed that holding interactive communication to constant zero marketing performance would be 2.842, while an increase of one unit in interactive communication is responsible for causing an increase of 0.554 in marketing performance. The study concluded that interactive

communication has a significant effect on the marketing performance of MSEs in Nyanza region, Kenya.

The findings corroborate with Nabi et al., (2017) in their study on the "role and impact of business communication on employee performances and job satisfactions" which found a significant relationship between communication and performance. This is also echoed by Bista (2018) in his case study on Shoe Stop Oy Company in Pietarsaari Finland. Shonubi and Akintaro (2016) concur that there is a synergic relationship between communication approach and efficient organizational performance. Voss et al. (2004) notes that "positive customer communication confirms the good service quality of a business that allow them to strengthen their relationships with customers while negative customer communication is a sign of customers' dissatisfaction and indicates that a business service does not meet a customer's needs". Završnik (2014) later contends to this fact when he found in his study a strong correlation between communication and performance.

4.5.3 Effect of Customer Trust on Marketing Performance of Micro and Enterprises

To ascertain the effect of customer trust on marketing performance, the study evaluated the following null hypothesis:

H_{03}: Customer trust has no significant effect on the marketing performance of micro and small enterprises within Nyanza region.

In order to test the hypothesis, a simple linear regression was conducted to obtain the scores for the independent and dependent variables, composite indices were computed separately for the respective variable measures. The results of analysis are presented in table 4.19 to 4.21.

Table 4. 19: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.705[a]	.498	.496	.43779	1.803

a. Predictors: (Constant), Customer Trust

b. Dependent Variable: Marketing Performance

The results in Table 4.19 shows that the adjusted R square (R^2) is 0.496 which indicates that customer trust variable has a moderate explanatory power on marketing performance as 49.6% was explained by customer trust variable.

Table 4. 20: Analysis of variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	67.199	1	67.199	350.623	.000[b]
	Residual	67.847	354	.192		
	Total	135.046	355			

a. Dependent Variable: Marketing Performance

b. Predictors: (Constant), Customer Trust

From the results in Table 4.20, a value of F (1,354) =350.623, $p<0.05$ was obtained, which supports the goodness of fit of the model in explaining the variation in the dependent variable. It also means that customer trust is a useful and a significant predictor of marketing performance of MSEs in Nyanza region, Kenya.

Table 4. 21: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.595	.122		13.106	.000
	Customer Trust	.625	.033	.705	18.725	.000

The results in Table 4.21 indicated a strong positive and statistically linear relationship ($\beta=0.705$, $p=0.000$) between customer trust and marketing performance of MSEs in Nyanza region, Kenya.

Hence, the study rejected H_{03} at $\alpha = 0.05$ since $p=0.000<0.05$, and concluded that customer trust significantly affects marketing performance.

On the basis of the analysis in Table 4.23, the regression model was developed as shown below:

Y=1.595+0.705CT …….3.3

Where:

Y = Marketing performance

CT = Customer Trust

The estimated regression model confirmed customer trust as statistically significant at $\beta = 0.705$, $p=0.000$. It can be observed that at 95% level of confidence customer trust has a positive linear effect on marketing performance. Further, the model revealed that holding customer trust to constant zero marketing performance would be 1.595, while an increase of one unit in customer trust is responsible for causing an increase of 0.705 in marketing performance. The study concluded that customer trust has a significant effect on the marketing performance of MSEs in Nyanza region, Kenya.

These study findings agree with the empirical research by Agyei et al. (2020) who ascertained that "trust in service provider, trust in the regulator, economy-based trust, and information-based trust significantly influence customer engagement thus leading to improvement in performance". These findings resonate with Utami (2015) who noted in his study that Customer loyalty and consumer trust were strongly correlated. The direct variation of customer trust with performance agrees with what Cazier (2007) noted that "customer trust will automatically reduce if customers always feel cheated and recommends that the business should adhere to those remarks they use during promoting and maintaining their integrity".

4.5.4 Interactive marketing and marketing performance of Micro and Small Enterprises.

The study also sought to find out the combined effect of interactive marketing practices namely, interactive commitment, interactive communication and customer trust, on marketing performance of micro and small enterprises in Nyanza region, Kenya.

H_{04}: Interactive marketing has no significant effect on the marketing performance of micro and small enterprises within Nyanza region, Kenya.

Prior to investigating this step, a multiple regression was done to identify the relative influence of each predictor variable to the criterion value as shown in model 3.4a

Table 4. 22: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.757[a]	.573	.570	.40454

a. Predictors: (Constant), CusTrust, Intecomu, INTECOMI
b. Dependent Variable: Marketing Performance

Results in Table 4.22 showed the adjusted R^2 value of 0.570, which denotes that interactive marketing variable has a high explanatory power on marketing performance, as 57.7% of marketing performance was explained by interactive marketing.

The study then sought to find out the strength of the relationship between interactive marketing and marketing performance among MSEs in Nyanza region, Kenya. Analysis of variance test was therefore conducted and the results are presented in Table 4.23.

Table 4. 23: Analysis of variance[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	77.440	3	25.813	157.731	.000[b]
	Residual	57.606	352	.164		
	Total	135.046	355			

a. Dependent Variable: Marperfo

b. Predictors: (Constant), CusTrust, Intecomu, INTECOMI

The results, Table 4.23, further showed the regression model as positive and statistically significant, $F\ (3, 352) = 157.731, p = 0.000$<0.05 implying that the proposed model fitted the data well. It also means that interactive marketing is a useful predictor of marketing performance of MSEs in Nyanza region, Kenya. Thus, interactive marketing contributes significantly to changes in marketing performance.

Table 4. 24: Regression Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.335	.121		11.029	.000
	Intecomit	.254	.042	.289	6.038	.000
	Intecomun	.074	.026	.128	2.833	.005
	custrust	.396	.042	.447	9.324	.000

a. Dependent Variable: Marperfo

The summarized statistics in table 4.24 indicated a standardized beta coefficient for interactive commitment of 0.289 and calculated p-value = 0.000, a standardized beta coefficient for interactive communication of 0.128 and significance p-value of 0.005 and a standardized beta coefficient for customer trust of 0.447 and significance p-value of 0.000.

Based on the beta coefficient results, the equation of Multiple Linear Regression model was written as,

Y=1.335+0.289CNT+0.128CN+0.447CT ……. (3.4a)

Where;

Y = Marketing performance

CNT= Interactive Commitment

CN = Interactive communication

CT= Customer trust

From the model above, it can be noted that when all explanatory variables are held constant, marketing performance of MSEs in Nyanza region, Kenya would be equal to 1.335. It can also be noted that when all other factors are held constant, a unit increase in interactive commitment would lead to 0.2289 increase in marketing performance. Likewise holding all other factors constant, a unit increase in interactive communication would lead to 0.128 increase in marketing performance and lastly holding all other factors constant, a unit increase in customer trust would lead to 0.447 increase in marketing performance. The study therefore established that customer trust has the highest effect on marketing performance followed by interactive commitment and lastly interactive communication. The results in table 4.26 further show all variables had p - values of less than 0.05. The study also concluded that interactive commitment, interactive communication and customer trust had a statistically significant effect on marketing performance of MSEs in Nyanza region, Kenya.

On the combined effect, a composite index was computed for interactive commitment, interactive communication and customer trust. The weighted index provided for the different

weights of the three interactive marketing dimensions and was computed as per the equation, proposed by Gupta (2008), shown in the model 3.4b.

BR=∑fiwi/∑fi…… (3.4b)

Where:

X = Composite index for interactive marketing

f_i = Frequency corresponding to i^{th} variable

w_i = Relative weight corresponding to i^{th} variable

Hypothesis four (H_{04}) was tested through regression of the composite index of interactive marketing (independent variable) on the marketing performance (criterion variable). The appropriate results are depicted in Table 4.25 to 4.27.

Table 4. 25: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.727[a]	.529	.527	.42396	1.761

a. Predictors: (Constant), Customer Trust, Interactive Communication, Interactive Commitment

b. Dependent Variable: Marketing Performance

Results in Table 4.25 showed the adjusted R^2 value of 0.527, which denotes that interactive marketing variable has a high explanatory power on marketing performance, as 52.7% of marketing performance was explained by interactive marketing.

Table 4. 26: Analysis of variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	71.416	1	71.416	397.319	.000[b]
	Residual	63.630	354	.180		
	Total	135.046	355			

a. Dependent Variable: Marketing Performance

b. Predictors: (Constant), Customer Trust, Interactive Communication, Interactive Commitment

The results, Table 4.26, further showed the regression model as positive and statistically significant, $F\ (1, 354) = 397.319, p = 0.000$<0.05 implying that the proposed model fitted the data well. It also means that interactive marketing is a useful predictor of marketing performance of MSEs in Nyanza region, Kenya. Thus, interactive marketing contributes significantly to changes in marketing performance.

Table 4. 27: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.705	.109		15.649	.000
	Interactive marketing	.637	.032	.727	19.933	.000

The coefficient results of interactive marketing and marketing performance in Table 4.27 indicated a statistically strong positive and significant linear relationship (β = 0.727, p = 0.000). Hence the study rejected H_{04} at α =0.05 since p=0.000<0.05, and concluded interactive marketing significantly predicts marketing performance of MSEs in Nyanza region, Kenya.

According to the results of the beta coefficient, the regression model 3.5 was developed,

Marketing performance = 1.705 + 0.727 interactive marketing ……...3.5

The estimated regression model confirmed that interactive marketing is statistically significant at β= 0.727, p=0.000. It can be observed that at 5% level of significance interactive marketing has a positive linear effect on marketing performance. Further, the model showed that retaining interactive marketing to constant zero marketing performance will be 1.705, while an increase of one unit in interactive marketing is responsible for causing an increase of 0.727 in marketing performance. The study concluded that interactive marketing has a significant effect on marketing performance of MSEs in Nyanza region, Kenya.

The findings corroborate with Wang (2018) who investigated the effects of interactive marketing on value co-creation in cultural tourism in Taiwan Indigenous Peoples Cultural Park; and found a positive correlation between interactive marketing and ROI, top-notch customer service, beauty, and fun.

The findings also resonate with a study conducted in Europe by Majid (2020) on the effect of interactive marketing channels on service customer acquisition which discovered a substantial and favorable association between the two variables. Similar findings were reported in Ukraine through a research conducted by Koval et al., (2019) on the role of interactive marketing in agricultural investment attraction and discovered a substantial and favorable connection between interactive marketing and performance.

These findings also resonate with a study by Aslam et al., (2015) conducted in South Africa on the effect of interactive marketing, customer satisfaction and flashes on customer loyalty and showed that customer loyalty and satisfaction are significantly influenced favorably by interactive marketing. Concurring findings were reported by Stone and Laughlin (2016) when

they concluded that interactive marketing is necessary for a positive improvement of the financial service sector to be realized.

The results in Kenya are consistent with those of Irankunda et al., (2018) who contended that social media communication sources as a means of interactive marketing have influence on the building of brand equity with a majority influence from Facebook and the website blog being the most implemented strategies in the current technological error. This is further affirmed by Wilson and Makau (2018).

4.5.5 Moderating effect of customer demographic factors on the link between interactive marketing and marketing performance of MSEs

The following null hypothesis was tested to establish the moderating effect of consumer demographic factors on the relationship between interactive marketing and marketing performance:

H_{05}: Customer demographic factors has no significant moderating effect on the relationship between interactive marketing and marketing performance of MSEs in Nyanza region, Kenya.

To determine the moderating effect of customer demographic factors on the relationship between interactive marketing and marketing performance, hierarchical regression analysis was performed as recommended by Whisman and McClelland (2005). This involved testing two sub-hypotheses (H_{05a} and H_{05b}) derived from the individual customer demographic characteristics; age and gender. The tests of moderation and prediction of models 3.6, 3.7, 3.8 and 3.9, were done as per the procedure advocated by Whisman and McClelland (2005).

Before the test of moderation was done, diagnostic tests were conducted on age and gender to ensure non-violation of the basic assumptions of linear regression. The test results as shown in Appendix G indicated that these assumptions were not violated, and therefore they were found suitable for regression analysis.

H_{05a}: Customer age has no significant moderating effect on the relationship between interactive marketing and marketing performance of MSEs in Nyanza region, Kenya.

In step one, marketing performance (criterion variable) was regressed on the composite index for interactive marketing (predictor variable). This step has been established in hypothesis four (H_{04}) whereby interactive marketing variable had a high explanatory power on marketing performance since 52.7% of marketing performance was explained by the interactive marketing variable and the coefficient results of interactive marketing and marketing performance in Table 4.26 indicated a statistically significant, positive and linear relationship ($\beta = 0.727$, $p = 0.000$). Hence the study concluded that interactive marketing has a significant influence on marketing performance.

On step two, marketing performance (independent variable) was regressed on the composite index of interactive marketing (predictor variable) and customer age (moderating variable). The regression test outcomes are depicted in Table 4.28.

Table 4. 28: Regression of marketing Performance on interactive marketing and customer age.

Estimation statistics					
Model			**Test Statistics**	**P-Value**	
3.6	Adjusted R2		0.532		
	R2		0.536		
	F (2,354)		95.335	0.000	
3.7	Adjusted R2		0.534		
	R2		0.539		
	F (3, 354)		68.573	0.000	
Regression Model Outcome					
Model		**B**	**β (Beta)**	**t-value**	**p-value**
3.6	Interactive marketing	0.736	0.571	11.457	0.000
	Customer Age	0.041	0.058	1.745	0.062
	Constant	0.615		3.241	0.000
3.7	Interactive marketing	0.652	0.745	7.635	0.000
	Customer Age	-0.030	-0.033	-0.166	0.869
	IM*Age	-0.013	-0.054	-0.253	0.800
	Constant	1.770		5.958	0.000
Dependent Variable: Marketing performance					

Source: Survey Data (2022)

These results in table 4.28 showed Adj. R^2 as 0.532. This implied that 53.2% of marketing performance was explained by interactive marketing and customer age. There was an increase of 0.03% when age was introduced to the interactive marketing model, and thus a greater explanatory power on marketing performance was obtained due to an increase from 52.9% to 53.2% of the adjusted R Squared. Table 4.28 depicted the regression model as statistically significant, F (2, 354) = 95.335, p= 0.000<0.05, implying that the proposed model was well fitted. The coefficient results of customer age and marketing performance in Table 4.28 indicated an effect that is statistically insignificant (β= 0.058, p=0.062>0.05). Thus, the study concluded that customer age does not have a significant influence on marketing performance of MSEs in Nyanza region, Kenya.

Using the analysis in Table 4.28, the regression model was developed as below:

Marketing performance = 0.615 + 0.571 interactive marketing + 0.058 customer Age….3.6

In step three, the independent variable (interactive marketing) was interacted with the moderating variable (customer age) and introduced to the model. The interaction effect results are shown in Table 4.28.

As depicted in Table 4.28 adjusted R^2 was 0.534 when interactive marketing interacted with customer age. This means that interactive marketing interaction with customer age explained 53.4% of change in marketing performance. This is an increase of 0.5% from the 52.9% explained variance of interactive marketing alone. The results in Table 4.28, further indicated the model as statistically significant, F (3, 354) = 68.573, p=0.000

The results in table 4.28, also revealed a statistically significant interactive marketing coefficient (β=0.745, p=0.000). However, the coefficients of customer age and interactive marketing interacted with customer age were not statistically significant at β = -0.033, p=0.869>0.05 and β = -0.054, p = 0.800>0.05 respectively. Thus, at 95% level of confidence, H_{06a} failed to be rejected. Therefore, the study concluded that age does not have a moderating effect on the relationship between interactive marketing and marketing performance of MSEs in Nyanza region, Kenya.

On the basis of the above analysis, Table 4.28, the regression model 3.3a was developed:

Marketing Performance = 1.770 + 0.745Interactive marketing + -0.033 Customer age + -0.054 Interactive marketing*Customer age ……3.7

The regression coefficient 1.770 denotes the marketing performance value in the absence of predictor variables. A coefficient of regression of 0.745 implies a unit variation in interactive marketing can result to a 0.745 rise in marketing performance. The coefficient of regression -0.033 infers that a unit change in customer age can cause a -0.033 decrease in marketing performance. Further, a regression coefficient of -0.054 indicates the chance in marketing performance when interactive marketing and customer age interact with each other, implying that a unit change in the interaction of interactive marketing and customer age would lead to a -0.054 decrease in marketing performance.

H_{05b}: Gender has no significant moderating effect on the relationship between interactive marketing and marketing performance of MSEs in Nyanza region, Kenya.

In order to perform hierarchical regressions, gender was coded using dummy variables to enable easy implementation and straightforward interpretation of the results (Aguinis, 2004), thus gender was coded as "Male=0, Female=1".

In step one, marketing performance (criterion variable) was regressed on the composite index for interactive marketing (predictor variable). This step has been established in hypothesis four (H_{04}) whereby interactive marketing variable had a high explanatory power on marketing performance since 52.7% of marketing performance was explained by the interactive marketing variable and the coefficient results of interactive marketing and marketing performance in Table 4.26 indicated a statistically significant, positive and linear relationship ($\beta = 0.727$, $p = 0.000$). Hence the study concluded that interactive marketing has a significant influence on marketing performance of MSEs in Nyanza region, Kenya.

On step two, marketing performance (independent variable) was regressed on the composite index of interactive marketing (predictor variable) and gender (moderating variable). The regression test outcomes are depicted in Table 4.29.

Table 4. 29: Regression of marketing Performance on interactive marketing and gender.

Estimation statistics					
Model			**Test Statistics**		**P-Value**
3.8		Adjusted R2	0.543		
		R2	0.537		
		F (2,354)	136.191		0.000
3.9		Adjusted R2	0.558		
		R2	0.541		
		F (3, 354)	138.174		0.000
Regression Model Outcome					
Model		**B**	**β (Beta)**	**t-value**	**p-value**
3.8	Interactive marketing	0.568	0.493	7.945	0.000
	Gender	0.423	0.391	5.894	0.000
	Constant	1.214		5.916	0.000
3.9	Interactive marketing	0.602	0.687	5.888	0.000
	Gender	0.055	0.045	0.253	0.800
	IM*Gender	0.017	0.059	0.270	0.788
	Constant	1.655		4.813	0.000

Dependent Variable: Marketing performance

Source: Survey Data (2022)

These results in table 4.29 showed Adj. R^2 as 0.543. This implied that 54.3% of marketing performance was explained by interactive marketing and gender. There was an increase of 1.4% when gender was introduced to the interactive marketing model, and thus a greater explanatory power on marketing performance was obtained due to an increase from 52.9% to 54.3% of the adjusted R Squared. Table 4.29 depicted the regression model as statistically significant, F (2, 354) = 136.191, p= 0.000<0.05, implying that the proposed model was well fitted. The coefficient results of gender and marketing performance in Table 4.29 indicated an effect that is statistically significant (β= 0.391, p=0.000>0.05). Hence, the study concluded that gender has a significant influence on marketing performance of MSEs in Nyanza region, Kenya.

Using the analysis in Table 4.29, the regression model was developed as below:

Marketing performance = 1.214 + 0.493 interactive marketing + 0.391 gender ……3.8

In step three, the independent variable (interactive marketing) was interacted with the moderating variable (gender) and introduced to the model. The interaction effect results are shown in Table 4.29. As depicted in Table 4.29 adjusted R^2 was 0.558 when interactive marketing interacted with gender. This means that interactive marketing interaction with gender explained 55.8% of change in marketing performance. This is an increase of 2.9% from the 52.9% explained variance of interactive marketing alone. The results in Table 4.29, further indicated the model as statistically significant, F (3, 354) = 138.174, p=0.000

The results in table 4.29, also revealed a statistically significant interactive marketing coefficient (β=0.687, p=0.000). However, the coefficients of customer age and interactive marketing interacted with customer age were not significant statistically at β = 0.045, p=0.800>0.05 and β = 0.059, p = 0.788>0.05 respectively. Thus, at 95% level of confidence, H_{06b} was not rejected. Therefore, the study concluded that gender does not have a moderating effect on the relationship between interactive marketing and marketing performance of MSEs in Nyanza region, Kenya.

On the basis of the above analysis, Table 4.29, the regression model 3.9 was developed:

Marketing Performance = 1.655 + 0.687Interactive marketing + 0.045 Gender + 0.059 Interactive marketing*Gender ……3.9

The regression coefficient 1.655 denotes the marketing performance value in the absence of predictor variables. A coefficient of regression of 0.687 implies a unit variation in interactive marketing can result to a 0.687 rise in marketing performance. The coefficient of regression

0.045 infers that a unit change in customer gender can cause a 0.045 decrease in marketing performance. Further, a regression coefficient of 0.059 indicates the chance in marketing performance when interactive marketing and customer gender interact with each other, implying that a unit change in the interaction of interactive marketing and customer gender would lead to a 0.059 decrease in marketing performance.

The criterion used in arriving at the moderation decision is shown in table 4.30.

Table 4. 30: Summary of the Moderating effect of Demographic Characteristics

Model	R	R2	Adj. R2	Beta	p-value	Significance
Model 3.5	0.727	0.529	0.527	0.727	0.000	Significant
Model 3.7	0.732	0.539	0.534	-0.054	0.800	Non-Significant
Model 3.9	0.722	0.537	0.558	0.059	0.788	Non-Significant

Source: Survey Data (2023)

As indicated in Table 4.30, since models 3.7 and 3.39 were not statistically significant; the study did not reject H_{05} and thus concluded that customer demographic factors do not have a significant moderating effect on the relationship between interactive marketing and marketing performance of Micro and Small Enterprises in Nyanza region, Kenya.

Interactive marketing and the interaction terms are not statistically significant, as can be shown from table 4.30. So, in this instance, at a 95% level of confidence, customer demographic factors do not moderate the association between interactive marketing and the marketing performance of MSEs in the Nyanza area of Kenya. The study therefore failed to reject H_{04} and thus concluded that customer demographic factors do not have a significant moderating effect on the relationship between interactive marketing and marketing performance of Micro and Small Enterprises in Nyanza region, Kenya.

The research findings differ from Biswaset et al., (2020) who found out that age significantly moderated the relationship between attraction and tourist satisfaction as well as accessibility and tourist satisfaction. The findings also differ from Chepurna and Criado (2021) who found out that cultural context, age, gender and educational level moderate the effect of the deterrents and motivators on the attitude and participation in co-creation online. On the other hand, the findings corroborate with Ifinedo (2016) who found out that demographic determinant of age did not have any significant effect on perceived ease of use and perceived usefulness.

Acheampong et al. (2018) while studying on the moderating role of Age and Gender on mobile payment acceptance in Ghana found the moderating effect of Age to be significant while that of Gender was insignificant. Kang et al., (2014) also differed from the findings by concluding that the relationship between perceived ease of use and word of mouth was moderated by gender. Additionally, Penpece (2014) while exploring the moderating effects of socio-demographic variables on consumer acceptance and use of mobile money transfer services (MMTs) in southern Zimbabwe found that age, gender and income negatively affect mobile money transfer applications and its acceptance.

4.5.6 Mediating effect of firm effectiveness on the Relationship between interactive marketing and marketing performance of MSEs

Marketing effectiveness was used as a mediator between IM and marketing performance. The associated null hypothesis (**H_{06}**) was constructed as firm effectiveness does not significantly mediate the relationship between interactive marketing and MSE marketing performance in the Nyanza area of Kenya. To investigate the mediation effect, four-step regression analysis was used, as advised by Baron and Kenny (1986). Regression analysis was the first step between interactive marketing and marketing performance. An investigation of the relationship between

interactive marketing and marketing effectiveness was done in the second stage. Regression analysis was used in the third phase to compare marketing effectiveness and marketing performance. Regression analysis was used in the fourth phase to compare interactive marketing, marketing effectiveness, and marketing performance.

Step 1: Regression of marketing Performance on interactive marketing

In the first step, marketing performance (criterion variable) was regressed on the composite index of interactive marketing (predictor variable). The results for model 3.5 were discussed in the preceding section 4.5.4 where the coefficient results of interactive marketing and marketing performance indicated a statistically significant, strong positive and linear relationship ($\beta = 0.727$, $p = 0.000$). Hence the study concluded interactive marketing significantly influences marketing performance. This is as shown in model 3.5:

Marketing performance = 1.705 + 0.727 interactive marketing ……..3.10

Step 2: firm effectiveness on interactive marketing

In the following stage, firm effectiveness on interactive marketing was subjected to regression analysis. Table 4.31 displays the statistical summaries.

Table 4. 31: Regression of marketing effectiveness on interactive marketing

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.717[a]	.514	.512	.47847

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	85.552	1	85.552	373.701	.000[b]
	Residual	81.042	354	.229		
	Total	166.594	355			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.096	.123		8.910	.000
	Interactive marketing	.697	.036	.717	19.331	.000

Source: Research data (2022)

The results in table 4.31 showed adjusted R^2 as 0.514, implying that the interactive marketing has a high explanatory power over marketing effectiveness as 51.4% of satisfaction was explained by the interactive marketing. The results in Table 4.31 revealed the regression model as statistically significant, F (1, 354) = 85.552, p=0.001< 0.05, implying the proposed model fitted the sample data well and that interactive marketing is a useful predictor of marketing effectiveness.

The coefficient results of interactive marketing and marketing effectiveness in Table 4.31 indicated a statistically significant strong positive linear relationship between interactive marketing and marketing effectiveness (β= 0.717, p=0.001). Hence the study, at α =0.05 since p=0.001< 0.05, concluded that interactive marketing significantly affects marketing effectiveness.

The regression model 3.11 was developed on the basis of analysis in table 4.31:

Marketing effectiveness = 1.096 + 0.717interactive marketing ……3.11

The estimated regression model confirmed a statistically significant effect of interactive marketing on marketing effectiveness at β= 0.717, p=0.001. It is evident that at 95% confidence level, interactive marketing has a positive linear influence on marketing effectiveness. Further, the model revealed that holding interactive marketing to constant zero, marketing effectiveness would be 1.096, while an increase of one unit in interactive marketing is responsible for causing an increase of 0.717 in marketing effectiveness. The study, thus, concluded that interactive marketing has a significant effect on marketing effectiveness.

Step 3: Regression of marketing Performance on marketing effectiveness

Regression study of marketing performance on firm effectiveness was the third phase. Table 4.32 provides the summary information for the regression of marketing performance on marketing effectiveness.

Table 4. 32: Regression of marketing Performance on marketing effectiveness

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.629[a]	.396	.394	.47998

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53.491	1	53.491	232.185	.000[b]
	Residual	81.555	354	.230		
	Total	135.046	355			

Coefficients[a]

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.

		B	Std. Error	Beta		
1	(Constant)	1.892	.130		14.577	.000
	Marketing Effectiveness	.567	.037	.629	15.238	.000

Source: Research data (2022)

The results, table 4.32, show Adj. R^2 as 0.396, which suggested that marketing effectiveness has a moderate explanatory power on marketing performance since 39.6% of marketing performance was explained by marketing effectiveness. The results also indicated the regression model as statistically significant at F (1, 3354) = 53.491 and p= 0.000< 0.05 implying the proposed model fitted the sample data well. This also implied that marketing effectiveness contributes significantly to variations in marketing performance. The coefficient results of marketing effectiveness and marketing performance in Table 4.32 indicated a statistically significant positive relationship between marketing effectiveness and marketing performance (β= 0.629, p=0.001). Hence the study, at α =0.05 since p=0.000< 0.05, concluded that marketing effectiveness significantly affects marketing performance.

The regression model 3.12 was framed on the basis of analysis in Table 4.32:

Marketing Performance = 1.892 + 0.629firm effectiveness ……. 3.12

The estimated regression model confirmed that the effect of marketing effectiveness on marketing performance is statistically significant at β= 0.629, p=0.000. It can be observed that at 95% level of confident, marketing effectiveness has a positive linear effect on marketing performance. Further, holding marketing effectiveness to constant zero, marketing performance would be 1.892, while an increase of one unit in marketing effectiveness is responsible for

causing an increase of 0.629 in marketing performance. The study concluded that marketing effectiveness has a significant effect on marketing performance.

Step 4: Regression of marketing performance on interactive marketing and firm effectiveness.

Regression study of marketing performance in relation to interactive marketing and firm effectiveness was the fourth phase. Table 4.33 lists the regression's findings.

Table 4. 33: Regression of marketing Performance on interactive marketing and firm effectiveness

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.744[a]	.553	.550	.41357

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	74.668	2	37.334	218.275	.000[b]
	Residual	60.378	353	.171		
	Total	135.046	355			

Coefficients[a]

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.486	.118		12.633	.000
	Interactive marketing	.497	.045	.568	11.127	.000
	Marketing effectiveness	.200	.046	.222	4.360	.000

The test statistics above, table 4.33, showed adjusted R^2 as 0.550. This implied that interactive marketing and marketing effectiveness have a high explanatory power on marketing performance since 55.0% of marketing performance was explained by interactive marketing and marketing effectiveness. The results from Table 4.33 also indicated the regression model as statistically

significant at F (2, 353) = 218.275 and p=0.000< 0.05 implying that the proposed model is well fitted.

The coefficient results of marketing effectiveness and marketing performance in Table 4.33 further indicated a statistically significant effect of marketing effectiveness on marketing performance (β= 0.222, p=0.001). Therefore, the study at alpha =0.05 and since p=0.000<0.05, concluded that marketing effectiveness has a significant effect on marketing performance of MSEs in Nyanza region, Kenya.

The coefficient results of interactive marketing and marketing effectiveness on marketing performance are statistically significant at β= 0.568, p=0.000< 0.05 for interactive marketing and β= 0.222, p=0.000< 0.05 for marketing effectiveness. Thus, at 95% level of confidence, the study concluded that interactive marketing combined with marketing effectiveness has an effect on marketing performance. The regression model 3.13 was developed from the analysis of Table 4.33:

Marketing Performance = 1.486 + 0.568Interactive marketing + 0.222Marketing Effectiveness ……3.13

The regression coefficient 1.486 represents the marketing performance value when marketing effectiveness and interactive marketing are zero, while 0.568 signifies a unit rise in interactive marketing can result in 0.568 rise in marketing performance when marketing effectiveness is held at zero. On the other hand, 0.222 denotes a growth in marketing effectiveness by a unit would lead to 0.222 rise in marketing performance when interactive marketing is held at zero.

Based on the above regressions on models 3.10, 3.11, 3.12 and 3.13 and Table 3.34 on the mediation decision making criteria, the study rejected H_{06}, and concluded that marketing

effectiveness has a significant mediating effect on the relationship between interactive marketing and marketing performance of MSEs in Nyanza region, Kenya. In lieu of the above finding on the mediating effect of marketing effectiveness, the criteria used to make a decision on the mediation of satisfaction was described in Table 4.34.

Table 4. 34: Mediation Outcome

Outcome	Conclusion
β1 significant in model 3.10	
β1 significant in model 3.11	
β1 significant in model 3.12	Partial Mediation
β1significant and β2 significant in model 3.13	

Source: Survey Data (2022)

Table 4.34 findings show that all four models' beta coefficients; 0.727, 0.717, 0.629, 0.568 and 0.222, which are required to assess whether firm effectiveness mediates the link between interactive marketing and MSEs' marketing performance, were statistically significant at the 95% level of confidence. Perfect mediation is not possible, as shown by model 3.6 statistical significance of β1.

In contrast, the link between interactive marketing and marketing performance is somewhat mediated by marketing effectiveness. Furthermore, full mediation would have required that marketing effectiveness fully carry the influence of interactive marketing on the marketing performance of MSEs. This suggests that, in the case of total mediation, β1 in model 3.7 would

not have passed the 95% level of confidence statistical significance test. As a result, the study's findings suggest that marketing effectiveness partially mediates the link between interactive marketing and MSEs' marketing performance in Nyanza area of Kenya.

These findings correspond with research by Norouzi et al. (2019) who confirmed that marketing effectiveness has a positive and significant mediating effect on the export performance of the organization. This was later affirmed by Bagheri and Bakhshandeh (2021) when they concluded in their study that marketing capabilities and marketing effectiveness play a mediating role in the impact of export market orientation on export performance.

This result is also in agreement with Esmaeilpour et al., (2020) who noted that the indirect impact of entrepreneurship and marketing-oriented approaches on firm performance of knowledge-based firms is confirmed by marketing capabilities and marketing effectiveness. In addition, the result resonates with the findings by Alpay et al. (2012) that marketing effectiveness mediates the relationship between firm performance and product and strategic innovativeness.

Table 4:35: Summary of Hypotheses Tests Results

Hypothesis	Hypothesis Test	Decision	Conclusion
H_{01} Interactive Commitment has no significant effect on Marketing Performance of Micro and Small Enterprises within Nyanza region, Kenya	$\beta = 0.647$ $p = 0.000$ Reject H_{01} if p-value ≤ 0.05 Fail to reject H_{01} if p-value >0.05	Reject H_{01}	Interactive Commitment has a significant influence on Marketing Performance of Micro and Small Enterprises within Nyanza region, Kenya.
H_{02} Interactive Communication has no significant effect on Marketing Performance of Micro and Small Enterprises in Nyanza region, Kenya.	$\beta = 0.554$ $p = 0.000$ Reject H_{02} if p-value ≤ 0.05 Fail to reject H_{02} if p-value >0.05	Reject H_{02}	Interactive communication has a significant influence on Marketing Performance of Micro and Small Enterprises within Nyanza region, Kenya.
H_{03} Customer Trust has no significant effect on Marketing Performance of Micro and Small Enterprises in Nyanza region, Kenya.	$\beta = 0.705$ $p = 0.000$ Reject H_{03} if p-value ≤ 0.05 Fail to reject H_{03} if p-value >0.05	Reject H_{03}	Customer Trust has a significant influence on Marketing Performance of Micro and Small Enterprises within Nyanza region, Kenya.
H_{04} Interactive marketing has no significant effect on Marketing Performance of Micro and Small Enterprises in Nyanza region, Kenya.	$\beta = 0.289$ $p = 0.000$ $\beta = 0.128$ $p = 0.003$ $\beta = 0.447$ $p = 0.000$ Reject H_{04} if p-value ≤ 0.05 Fail to reject H_{04} if p-value >0.05	Reject H_{03}	Interactive marketing has a significant effect on Marketing Performance of Micro and Small Enterprises within Nyanza region, Kenya.
H_{05} Customer Demographic Factors has no significant moderating effect on the relationship between	Age ($\beta = -0.054$, $p = 0.800$) Gender ($\beta = 0.59$, $p = 0.788$) Reject H_{04} if p-value ≤ 0.05 Fail to reject H_{04} if p-value	Fail to Reject H_{04}	Customer Demographic Factors has no significant moderating effect on the relationship between Interactive Marketing and Marketing Performance of

Interactive Marketing and Marketing Performance of Micro and Small Enterprises in Nyanza region, Kenya.	>0.05		Micro and Small Enterprise within Nyanza region, Kenya.
H_{06} Marketing Effectiveness has no significant mediating effect on the relationship between Interactive Marketing and Marketing Performance of Micro and Small Enterprises within Nyanza region, Kenya.	$\beta = 0.222$ $p = 0.000$ Reject H_{05} if p-value ≤ 0.05 Fail to reject H_{05} if p-value >0.05	Reject H_{05}	Marketing Effectiveness has a significant mediating effect on the relationship between Interactive Marketing and Marketing Performance of Micro and Small Enterprises within Nyanza region, Kenya.

CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

The study results are summarized in this last chapter. Conclusions are made based on the data, and the study's contributions to the theory are described. Suggestions for further research are also noted.

5.2. Summary of Findings

Several studies and taskforce reports have reported that most businesses in the global market, particularly MSEs, are facing a challenge of closure with majority failing to celebrate their third anniversary. Given that MSEs are considered to be the backbone of the economy in most of the countries, the government has most of the time taken initiative to ensure the survival of such enterprises by providing financial support and entrepreneurial training; Kenya being in the frontline. Further research has also shown that despite the support, MSEs still experience a lot of challenges with an increased failure rate, an indication that more strategies need to be put in place for their stability and sustainability. One of the strategies that have a versed literature with limited empirical research as identified by past researchers is interactive marketing.

Due to the underlying issues, this study sought to investigate the effect of interactive marketing on the marketing performance of micro and small enterprises in Nyanza region, Kenya. The study also sought to establish the mediating effect of firm performance on the relationship between interactive marketing and marketing performance of micro and small enterprises in Nyanza region, Kenya. Additionally, the study sought to determine the moderating effect of demographic factors on the relationship between interactive marketing and marketing performance of micro and small enterprises in Nyanza region, Kenya

5.2.1 Effect of Interactive Commitment on Marketing Performance of Micro and Small Enterprises.

The first study objective sought to determine the effect of interactive commitment on marketing performance of micro and small enterprises in Nyanza region, Kenya. The model summary findings on interactive commitment indicated that there existed a relationship between interactive commitment and the marketing performance of MSEs in Nyanza region, Kenya. Further, the ANOVA findings showed that interactive commitment had a statistically significant effect on the marketing performance of MSEs situated in Nyanza region, Kenya. As a result, the first null hypothesis was rejected, and it was determined that interactive commitment had a statistically significant impact on the marketing success of MSEs in the Nyanza area of Kenya.

5.2.2 Effect of Interactive Communication on Marketing Performance of Micro and Small Enterprises.

The second objective aimed to establish the effect of interactive communication on marketing performance of micro and small enterprises in Nyanza region, Kenya. The summary of the interactive communication model findings revealed a connection between interactive communication and the marketing performance of MSEs in Nyanza region, Kenya. According to the ANOVA results, interactive communication practices had a statistically significant effect on MSEs' marketing performance in Nyanza region, Kenya. As a result, the second null hypothesis was rejected, and it was determined that interactive communication significantly affected MSEs' marketing performance in Nyanza area of Kenya.

5.2.3 Effect of Customer Trust on Marketing Performance of Micro and Small Enterprises.

The third study objective had the goal of establishing the effect of customer trust on marketing performance of micro and small enterprises in Nyanza region, Kenya. The model summary results on customer trust indicated that there existed a relationship between customer trust and the marketing performance of MSEs within Nyanza region, Kenya. ANOVA results indicated that the practice had a statistically positive significant effect on the marketing performance of MSEs in Nyanza region, Kenya hence the rejection of the third null hypothesis leading to a conclusion that; customer trust had a statistically significant influence on the marketing performance of MSEs in Nyanza region, Kenya.

5.2.4 Effect of Interactive Marketing on Marketing Performance of Micro and Small Enterprises.

The fourth study objective aimed to determine the influence of interactive marketing on marketing performance. As an independent variable interactive marketing was operationalised by the dimensions of interactive commitment, interactive communication and customer trust. The model summary results on the three predictors indicated that there existed a relationship between interactive marketing and the marketing performance of MSEs within Nyanza region, Kenya. ANOVA results indicated that interactive marketing had a statistically positive significant effect on the marketing performance of MSEs in Nyanza region, Kenya thus the rejection of the third null hypothesis.

5.2.5 Moderating Effect of Customer Demographic Factors on the Relationship between Interactive Marketing and Marketing performance of Micro and Small Enterprises.

The fifth goal was to ascertain if the association between interactive marketing and the marketing performance of MSEs in the Nyanza area of Kenya was moderated by consumer demographic parameters (age and gender). This goal concentrated on demographics like the age and gender of

the MSEs' primary clientele. Gender has no moderating impact on the link between interactive marketing and the marketing performance of MSEs in the Nyanza area of Kenya, according to statistical research, which found that gender and the interaction term are not statistically significant with gender. The same was true for age, where there was no statistically significant relationship between the interaction term and age. As a result, the anticipation of this particular purpose was not realized.

5.2.6 Mediating Effect of Marketing Effectiveness on the Relationship between Interactive Marketing and Marketing performance of Micro and Small Enterprises.

The sixth objective of this study was to determine how marketing effectiveness mediated the association between interactive marketing and the marketing performance of MSEs in the Nyanza area of Kenya. Based on a four-step causal method, a statistical test for mediation was conducted, and the results showed that marketing effectiveness mediates the link between interactive marketing and the marketing performance of MSEs in the Nyanza area of Kenya to some extent. As a result, the anticipation of this particular target was verified. Therefore, the study determined that marketing effectiveness has a partial mediating effect on the relationship between interactive marketing and marketing performance of micro and small enterprises in Nyanza region, Kenya.

5.3 Conclusion

This study sought to establish the effect of interactive marketing on marketing performance of micro and small enterprises in Nyanza region, Kenya. The summary of findings offered an acceptable statistical foundation for making conclusions with regard to the particular research objectives based on the outcomes of the quantitative and qualitative data analysis. As a result, the study made the following conclusions.

To begin with, the study findings determined interactive commitment significantly influences marketing performance. In light of this, the study concluded that interactive commitment influences marketing performance. This implies that correct and efficient interactive commitment will probably result in higher marketing performance. Secondly, the study findings determined that interactive communication has an effect on marketing performance among micro and small enterprises in Nyanza region, Kenya. Thus, the study concluded that interactive communication has an effect on marketing performance of MSEs within Nyanza region, Kenya. Therefore, regular and engaged customer communication is likely to lead to enhanced marketing performance.

Thirdly, the study findings established that customer trust has an effect on marketing performance of micro and small enterprises in Nyanza region, Kenya. Therefore, the study concluded that customer trust has an effect on marketing performance of micro and small enterprises in Nyanza region, Kenya. Hence, firms which enhance customer trust are likely to boost their marketing performance.

Fourthly, the study findings determined that interactive marketing has an influence on marketing performance of micro and small enterprises within Nyanza region, Kenya. Therefore, the study concluded that interactive marketing has an influence on marketing performance among micro and small enterprises in Nyanza region, Kenya. Hence, MSEs which create strong interactive bonds with their consumers, have a higher chance of maintaining such consumers and acquiring new ones. Effective interaction that involves; communication, commitment and trust is likely to improve marketing performance thus leading to stability and market sustainability.

By introducing both the moderator and the mediating variable, the research further expanded the conceptualization of the study beyond the direct relationship between the predictor and criterion variables. The study findings established that customer demographic factors (age and gender) do not have a moderating effect on the relationship between interactive marketing and marketing performance of MSEs in the Nyanza region of Kenya. As a result, the study came to the conclusion that consumer demographic factors (age and gender) do not moderate the association between interactive marketing and the marketing performance of MSEs in the Nyanza area of Kenya. However, age and gender had a direct influence on marketing performance, implying that age and gender can be used as bases to segment the marketing of entrepreneurial products of MSEs since the age and gender of consumers are more likely to directly affect marketing performance.

Finally, the research revealed that the link between interactive marketing and the marketing performance of MSEs in the Nyanza area of Kenya is partially mediated by marketing effectiveness. The study came to the conclusion that the link between interactive marketing and the marketing performance of MSEs in the Nyanza area of Kenya is mediated by marketing effectiveness. The implication of this conclusion is that good interactive marketing increases marketing effectiveness and boosts marketing performance. Thus, a justification for why efficient marketing strategies that are well planned out through interactive marketing are likely to increase the marketing performance of organizations.

5.4 Recommendations for policy and practice

A number of policy recommendations can be obtained from the study findings. The study established that interactive commitment has a significant effect on marketing performance. Therefore, MSEs managers need to develop interactive marketing programmes aimed at building

commitment between them for their brands. The managers should also have a desire to build a solid connection, a willingness to make short-term sacrifices to sustain the relationship, and confidence in the durability of the relationship.

The study also revealed that interactive communication positively affects marketing performance of micro and small enterprises in Nyanza region, Kenya. Therefore, MSEs management should strengthen their interactive communication platforms and support information exchange with their clients. The management should also provide a platform for consumers to voice their requirements, perspectives, or opinions concerning their activities and performances. This is supported by the finding that interactive communication effects marketing performance. The customers should feel more involved and aware of the services and products offered. The business management should therefore develop methods for collecting input from customers, use positive language in their communication, be concise and clear, and personalize their interactions.

Further, the study revealed that customer trust positively affects marketing performance of micro and small enterprises in Nyanza region, Kenya. Thus, managers are recommended to ensure they uphold the claims they make during advertising, as customer trust primarily depends on their availability, competence, fairness, honesty, location, openness, promise fulfillment, and responsiveness. Given the competitive nature of such businesses and the constant technological improvement, the management should do all within their power to provide exceptional customer service, be open with their clients, and be accessible to new clients. This is because if consumers forget their dealings with a given business, they will not forget a business that offers them what others cannot, in terms of a competence, honest advice that are cost effective with assured quality and quick response on service delivery.

Based on the research findings on marketing effectiveness which was established to positively mediate the relationship between interactive marketing and marketing performance in Nyanza region, Kenya. Micro and small enterprise managers should work on enhancing their customer experience so as to boost awareness, acquisition, loyalty and customer retention. This can be done by providing excellent and efficient customer service in which consistency in dealing with customers is encouraged and enhanced. This strategy will guarantee the durability of the efficient marketing procedure in addition to giving comprehensive explanations of it. As a result, this study showed that improving marketing performance requires a solid road plan based on firm marketing effectiveness.

Finally, in a globalised and digitalised business environment, management of micro and small enterprises can develop and use a digital interactive app that incorporates the means for two-way interactive platform, so that consumers can interact with the business and provide feedback relating to their experience and be informed about any product improvements and promotions concerning to the services offered, online reviews and referrals made by other consumers can also be shared. This two-way interaction strengthens brand relationship, increases customer satisfaction and consequently increases performance.

5.5 Contribution to Theory

By conceptualizing and gathering empirical data on the direct, moderating, and mediating effects of the study variables - interactive commitment, interactive communication, customer trust, customer demographic factors, and marketing effectiveness - on marketing performance, this study aimed to advance the theoretical underpinnings of interactive marketing.

Conceptually, the literature that is currently available on interactive marketing suggests that interactive marketing has a direct impact on customer loyalty, customer retention, customer satisfaction, customer acquisition, value co-creation, and customer attitude. However, studies that support this claim have primarily been conducted in the context of various industries in developed countries, giving rise to contextual and conceptual partialities.

With a focus on MSEs in Kenya, a developing country, the current study, however, broadens this theoretical argument by concentrating on interactive marketing and its impact on marketing performance. The study also offers a conceptual framework that hypothesizes the influence of moderating and mediating factors on the strength of the correlation between interactive marketing and marketing performance.

Aside from the aforementioned conceptual contribution, the current study makes an empirical contribution by providing evidence on the nature of direct, moderating and mediating influence existing between the study variables (interactive commitment, interactive communication, customer trust, customer demographic factors and marketing effectiveness). After numerous theoretical reviews on interactive marketing by various researchers (Wang, 2021; Dushyenthan, 2012; Majid, 2020; Stone & Woodcock, 2014; Shankar & Malthouse, 2009) that led to a call for empirical research so as to support the existing literature. This study therefore heeded to this call by providing empirical evidence on: first, interactive commitment as a predictor of marketing effectiveness; second on interactive communication as a predictor of marketing effectiveness; third on customer trust as a predictor of marketing effectiveness; fourth on the moderating effect of customer demographic factors on interactive marketing-marketing performance association; and finally, the mediating effect of marketing effectiveness on interactive marketing-marketing performance association.

The study also backed up claims made by the social exchange theory and theory of relational market behavior that, in interactive exchange relationships, any behavior with a positive or rewarding outcome has a high likelihood of repetition under similar circumstances and conditions when compared to the outcomes of other interactive exchange alternatives. Hence, marketing performance for interactive marketing gets better as the financial, psychological, and social benefits increase.

The current research also advances our knowledge of the types of interactive relationships that MSEs in Kenya ought to develop with their clients and the necessity of measuring innovative interactivity from all parties involved in the exchange process, a problem that is consistent with the theory of the diffusion of innovation.

The study also provided evidence in support of the stakeholders' and corporate social performance theory, which holds that a company's performance is influenced by the policies it has designed, the choices it has made, and the desirable level of engagement with its customers—all of which must be in line with its many social needs. Last but not least, the study supported the theoretical claims of the technology acceptance model and unified TAM that performance expectancy, effort expectancy, social influence, and facilitating conditions are crucial factors in usage intention since intentions to adopt interactive marketing activities are dependent on acceptability by both the firm (MSEs) and the customers.

5.6 Suggestions for further Research

The research was only allowed to look at how interactive marketing influenced MSEs' marketing performance in the Kenyan area of Nyanza. Therefore, in order to corroborate the results and

conclusions of the current research, it is essential to conduct comparable studies on more established businesses in additional counties and regions of Kenya.

Also, future studies can investigate the relationship between interactive marketing and other response variables like service delivery, financial performance and market choice which the current study could not investigate due to time constraints. Furthermore, by including additional moderating factors, such as the years of experience of the MSEs owner, the conclusions drawn by this study on the interactive marketing's effects on the marketing performance of MSEs in the Nyanza area of Kenya could be further enhanced from a practical standpoint.

Finally, since the current study was unable to locate a longitudinal study conducted from the Kenyan or African context and had to rely on data from empirical studies carried out in the developed countries, longitudinal studies on the long-term evolution of marketing performance in the informal sector in Kenya and in Africa in general are needed. The results of such a study can be used by marketing professionals to monitor changes in marketing performance, identify their causes, and create effective strategies to counteract any decrease in marketing performance. They can also serve as a source of information for future studies.

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APPENDICES

Appendix A: Letter of Introduction

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS AND ECONOMICS

Dear Sir/ Madam,

RE: INTERACTIVE MARKETING AND MARKETING PERFORMANCE OF MICRO AND SMALL ENTERPRISES IN NYANZA REGION, KENYA

I am a post graduate student wishing to carry out a research on the above mentioned topic. The attached questionnaire is meant to gather information for this study. Data obtained will be held in confidence and the identity of respondents will be kept anonymous. The responses you provide will only be used for academic purposes and will be strictly confidential. Your cooperation in this data collection exercise will be highly appreciated.

Thank you in advance for your cooperation.

Yours sincerely,

KENNETH KAUNDA

Appendix B: Questionnaire for MSE operator /owner

Instructions:

In the boxes given, please tick appropriately.

PART A: Customer Demographic Factors

1. What sex would you say the majority of your customers are?

   i. Male [ ]
   ii. Female [ ]

2. Under which age category do the majority of your customers fall

   i. Youth (18-35yrs) [ ]
   ii. Middle-Aged(36-59yrs) [ ]
   iii. Old (above 60yrs) [ ]

PART B: Interactive Commitment

3. Please indicate the extent to which each of the following statements characterizes your collaborative interactivity between your business and customers as a result of your interactive marketing activities.

INTERACTIVE COMMITMENT INDICATORS	Not at all (1)	Low extent (2)	Moderate extent (3)	High extent (4)	Very high extent (5)
i. We do get repeat orders from our customers.					
ii. We do get orders from customers referred to us.					
iii. We encourage our customers to provide their views and opinion about our products.					
iv. We regularly consider customers' feedback with an open mind.					
v. Our customers are not easily distracted by our competitors.					
vi. Our customers happily recommend our business to their friends and family.					
vii. Majority of our customers do follow us on social media marketing channels.					

PART C: Interactive communication

4. Please indicate the extent to which each of the following statements characterizes your interactive communication approach between your business and customers as a result of your interactive marketing activities.

INTERACTIVE COMMUNICATION INDICATORS	Not at all (1)	Low extent (2)	Moderate extent (3)	High extent (4)	Very high extent (5)
i. Our business offers timely information to customers					
ii. We regularly share accurate information with customers through different social media platform.					
iii. We regularly involve customers in product service delivery discussions through social media platforms.					
iv. We hold regular interactive meetings/forums with our customers					
v. Our customers do show awareness of our brands through Share of Voice.					

PART D: Customer Trust

5. Please indicate the extent to which each of the following statements characterizes your customers' belief in your business as a result of your interactive marketing activities.

CUSTOMER TRUST INDICATORS	Not at all (1)	Low extent (2)	Moderate extent (3)	High extent (4)	Very high extent (5)
i. We get positive feedback from our customers with regard to our products and services.					
ii. We do follow up our customers after sale so as to get their feedback about our services/products.					

iii.	We do provide a clear return and exchange policy detail to our customers regarding products offered.					
iv.	Our business is committed in addressing customers' queries after sale.					
v.	Our customers have confidence in our products and services (reliability)					
vi.	Our customers are honest and responsible (they have high integrity)					
vii.	Our customers are consistent in their dealings with us					

PART E: Marketing Effectiveness

6. Please indicate the extent to which each of the following statements characterizes your business marketing performance as a result of your interactive marketing activities.

Item		Not at all (1)	Low extent (2)	Moderate extent (3)	High extent (4)	Very high extent (5)
i.	There is always an improvement of sales volume from time to time.					
ii.	Customers do make purchases frequently from our business.					
iii.	We do conduct frequent surveys to determine the extent to which customers know our products.					
iv.	We do get new customers from time to time.					
v.	We do fulfill customer service goals with minimum amount of effort.					
vi.	Customers do feel free to communicate with us in case they need any help.					

PART F: Marketing performance

7. Please indicate the extent to which each of the following statements characterizes your business marketing performance as a result of your interactive marketing activities.

Item		Not at all (1)	Low extent (2)	Moderate extent (3)	High extent (4)	Very high extent (5)
i.	Customers do have a positive attitude regarding our business.					

ii.	We always handle and deliver feedback in a pleasant and confident manner without judgment while maximizing on positive language.					
iii.	There is increased sales growth and improved customer visits in our firm.					
iv.	We do meet our customer demands and expectations.					
v.	Ours customers uniquely identifies our products and easily distinguish them from those of our competitors.					
vi.	Our customers are always proud to be associated with our products and services.					
vii.	Our customers value our products and services because of the quality we do offer.					

Thank you for your time and participation

Appendix C: Approval of proposal

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY (MMUST)

Tel: 056-30870
Fax: 056-30153
E-mail: directordps@mmust.ac.ke
Website: www.mmust.ac.ke

P.O Box 190
Kakamega – 50100
Kenya

Directorate of Postgraduate Studies

Ref: MMU/COR: 509099

26th September, 2022

Kenneth Kaunda
PBA/H/01-53374/2018,
P.O. Box 190-50100,
KAKAMEGA.

Dear, Mr. Kaunda,

RE: APPROVAL OF PROPOSAL

I am pleased to inform you that the Directorate of Postgraduate Studies has considered and approved your PhD proposal entitled '***Interactive Marketing and Performance of Micro and Small Enterprises in Nyanza Region, Kenya.'*** and appointed the following as supervisors:

1. Prof. John Kuria Thuo - SOBE, MMUST
2. Dr. Evans Kwendo - SOBE, MMUST

You are required to submit through your supervisor(s) progress reports every three months to the Director Postgraduate Studies. Such reports should be copied to the following: Chairman, School of Business and Economics Graduate Studies Committee and Chairperson, Department of Business Administration and Management Sciences. Kindly adhere to research ethics consideration in conducting research.

It is the policy and regulations of the University that you observe a deadline of three years from the date of registration to complete your Master's thesis. Do not hesitate to consult this office in case of any problem encountered in the course of your work.

We wish you the best in your research and hope the study will make original contribution to knowledge.

Yours sincerely,

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY DIRECTORATE OF POSTGRADUATE STUDIES P.O. BOX 190 - 50100 KAKAMEGA (K) Date:..... Sign:.....

Prof. Stephen O. Odebero, PhD, FIEEP
DIRECTOR, DIRECTORATE OF POSTGRADUATE STUDIES

Appendix D: Research license

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **275942**

Date of Issue: **14/October/2022**

RESEARCH LICENSE

This is to Certify that Mr.. kenneth kaunda of Masinde Muliro University of Science and Technology, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Homabay, Kisii, Kisumu, Migori, Nyamira, Siaya, Vihiga on the topic: INTERACTIVE MARKETING AND MARKETING PERFORMANCE OF MICRO AND SMALL ENTERPRISES IN NYANZA REGION, KENYA for the period ending : 14/October/2023.

License No: **NACOSTI/P/22/20730**

275942

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

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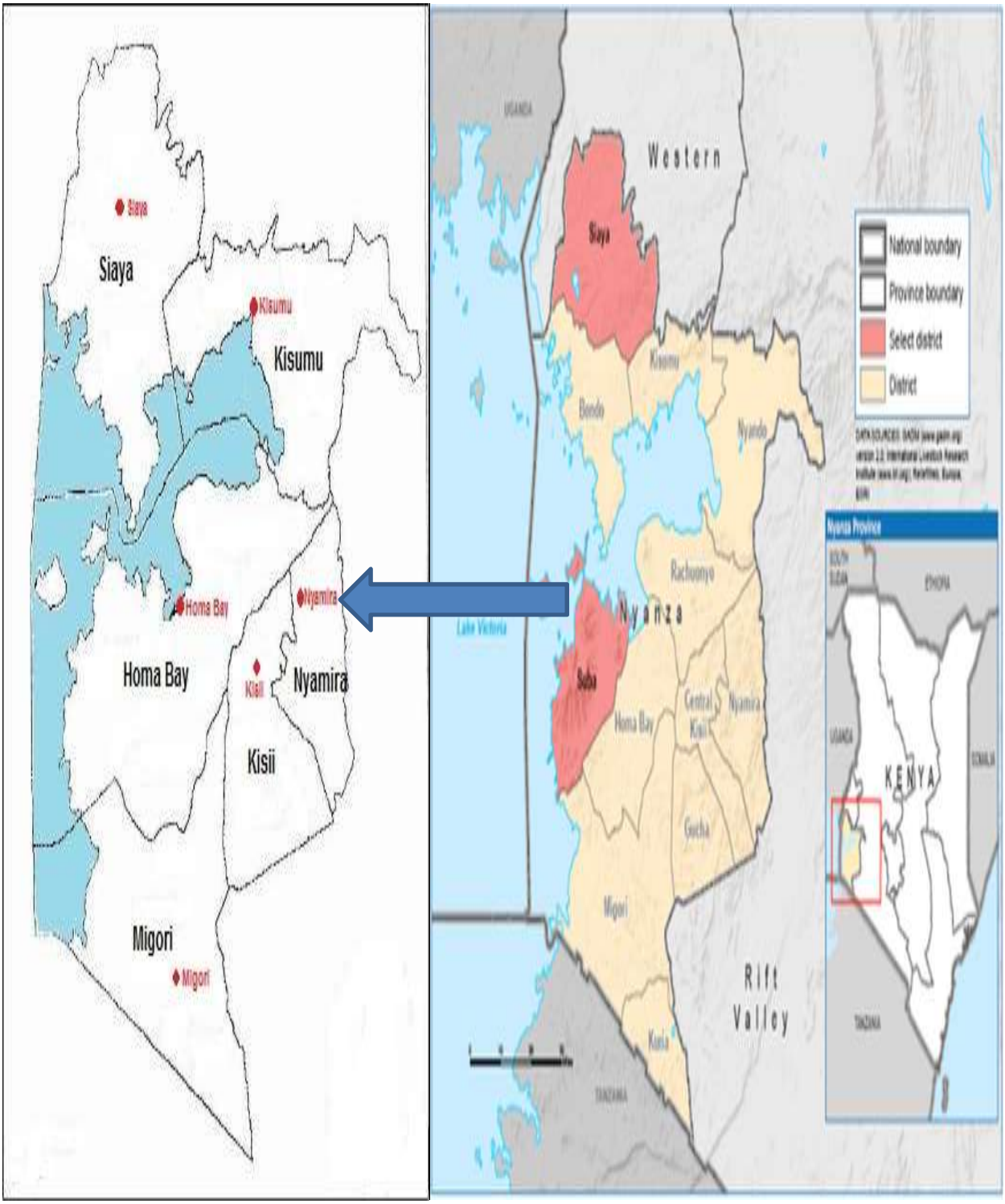
See overleaf for conditions

APPENDIX E: Map of Nyanza Region, Kenya



Map of Nyanza region

APPENDIX F: List of registered MSEs

COUNTY	NUMBER OF REGISTERD MSEs
Kisumu county	431
Siaya county	705
Homabay county	933
Kisii county	432
Nyamira county	270
Migori county	440

Source KNCCI

Appendix G: Diagnostic Tests for Customer Demographic Factors

Normality test

	Skewness	Kurtosis	Conclusion
Age	0.386	0.849	All met the threshold recommended for skewness of +/-3 and kurtosis of +/-7 by Hair, Black, Babin, and Anderson (2010).
Gender	0.473	0.942	

Linearity Test

	Pearson r	P-value	Conclusion
Age	0.129	0.001	All variables had a linear relationship with marketing performance
Gender	0.369	0.000	

Multicollinearity Test

	VIF	T (Tolerance)	Conclusion
Age	1.893	0.658	All variables met the set threshold of VIF<0.1 and T>0.1 as per Field (2009)
Gender	1.084	0.913	

Homogeneity of Variance test

	Levene Statistic	p-value	Conclusion
Age	0.487	0.891	All variables met the threshold of p>0.05 on homogeneity of variance assumption set by Dansey and Reidy (2004).
Gender	1.979	0.125	

Autocorrelation Test

	Durbin Watson Statistic	Conclusion
Age	1.985	The independence of errors assumption was met where the Durbin Watson statistic was found to be close to 2 as recommended by Field (2009)
Gender	1.791	