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**EFFECT OF AFFILIATE MARKETING ON THE PERFORMANCE OF
SELECTED SMALL AND MEDIUM AUTOMOBILE ENTERPRISES IN
NAIROBI CITY COUNTY, KENYA**

Edward Mulwa and Dr. Samuel Maina, PhD



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AUTOMOBILE ENTERPRISES IN
NAIROBI CITY COUNTY, KENYA**

Edward Mulwa

Researcher, Kenyatta University

Dr. Samuel Maina, PhD

Lecturer, Department of Business
Administration, School of Business
Economics and Tourism, Kenyatta
University

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Abstract:

Purpose: This study examined the effect of affiliate marketing on the performance of selected small and medium automobile enterprises in Nairobi City County, Kenya.

Methodology: Anchored on the Balanced Scorecard framework, the study adopted a descriptive research design. A census approach targeted 130 respondents drawn from 65 automobile SMEs. Primary data were collected using structured questionnaires administered through the drop-and-pick technique. Data were analyzed using descriptive and inferential statistics, with regression analysis applied to test the relationship between affiliate

marketing and firm performance. An overall response rate of 86.7% was achieved, ensuring reliability of the findings.

Findings: The results revealed that affiliate marketing had a strong, positive, and statistically significant effect on SME performance ($\beta = 0.511$, $p < 0.001$). The model explained 42.3% of the variation in performance, indicating that firms implementing structured affiliate programs experienced increased profitability, enhanced market reach, improved customer retention, and stronger competitive positioning.

Unique Contribution to Theory, Practice and Policy:

The study extends the application of the Balanced Scorecard to digital partnership strategies in emerging economies by empirically linking affiliate marketing to multidimensional SME performance. Practically, it provides a strategic pathway for automobile SMEs to formalize affiliate programs and invest in digital collaboration capabilities. From a policy perspective, the findings support the development of frameworks that promote performance-based digital marketing adoption among SMEs.

Keywords: *Affiliate marketing, SME performance, automobile enterprises, digital marketing, Balanced Scorecard, Nairobi City County.*

JEL Codes: *M31, M37, L25, L62, O33 and O55*

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1.0 INTRODUCTION

Background of the Study

The digital transformation of marketing practices has profoundly reshaped how businesses reach and engage their target customers. Among these emerging marketing approaches, affiliate marketing has gained significant traction as a performance-based strategy that enables businesses to extend their market reach through third-party partners, also known as affiliates, who earn commissions for driving sales or traffic to the sponsoring business (Mang'era, 2021). In the context of small and medium enterprises (SMEs), affiliate marketing represents an accessible and cost-efficient tool that can bridge the gap between limited marketing budgets and the need for broad market penetration. Globally, affiliate marketing has grown into a multi-billion-dollar industry. According to Statista (2025), global affiliate marketing spending is projected to reach USD 15.7 billion by 2024, with significant contributions from retail, automotive, and technology sectors. This growth reflects the increasing reliance of businesses on digital channels to drive sales and strengthen brand visibility. In developed economies such as the United States and the United Kingdom, affiliate marketing programs have been embedded into mainstream digital marketing strategies, particularly for e-commerce platforms and service-based businesses (Rasool et al., 2025).

In Africa, the digital economy is expanding rapidly, with more businesses adopting online platforms to enhance their competitiveness. Kenya, in particular, has witnessed remarkable growth in internet penetration and mobile connectivity, with internet users rising to approximately 22.7 million as of 2023 (Communications Authority of Kenya, 2022). This digital growth has created an enabling environment for affiliate marketing practices to thrive, especially among SMEs operating in dynamic sectors such as the automobile industry. Automobile SMEs in Nairobi City County operate in a highly competitive market where effective marketing strategies are critical to sustaining profitability, growing market share, and retaining customer loyalty. Despite the growing relevance of affiliate marketing, empirical research examining its effects on SME performance, particularly within the Kenyan automobile sector, remains limited. Most available studies focus on large enterprises or general digital marketing practices, leaving a critical knowledge gap regarding how affiliate marketing strategies specifically influence the performance outcomes of automobile SMEs in Nairobi City County. This study, therefore, seeks to address this gap by examining the effect of affiliate marketing on the performance of selected small and medium automobile enterprises in Nairobi City County, Kenya.

Organisational performance is a multidimensional concept that encompasses both financial and non-financial outcomes. In the business context, performance reflects an enterprise's ability to achieve its strategic objectives relative to competitors and industry benchmarks (Hamann & Schiemann, 2021). Financial performance is typically measured through profitability indicators such as profit growth, revenue generation, and return on investment. Non-financial dimensions include market share expansion, customer satisfaction, and customer retention, all of which are critical long-term indicators of business sustainability (Wu et al., 2020). For SMEs in the automobile sector, performance measurement must account for the competitive and rapidly

evolving nature of the industry. This study adopts the Balanced Scorecard (BSC) framework as its performance measurement approach, given its capacity to capture multiple performance dimensions simultaneously. The BSC, originally developed by Kaplan and Norton (1992), evaluates performance across four perspectives: financial, customer, internal business processes, and learning and growth. This approach ensures that the study captures both tangible and intangible aspects of SME performance in relation to affiliate marketing strategies.

Statement of the Problem

The automobile SME sector in Nairobi City County operates in an increasingly competitive environment characterised by evolving consumer preferences, digital disruption, and intensifying rivalry among industry players. While affiliate marketing has been identified as a viable strategy for enhancing business performance through expanded market reach, increased sales, and improved brand recognition, its adoption and impact among automobile SMEs in Nairobi City County remains underexplored (Langat & Muathe, 2025). Existing studies on SME performance in Kenya have predominantly focused on financial management, innovation, and supply chain strategies, with limited attention to digital marketing approaches such as affiliate marketing (Njagi & Mutwiri, 2024). Furthermore, the few studies examining digital marketing in the Kenyan context have focused on sectors such as retail, hospitality, and financial services, leaving a significant empirical gap in the automobile SME sector. Without empirical evidence specific to automobile SMEs in Nairobi City County, business owners and policymakers lack a sound basis for making informed decisions regarding affiliate marketing investments and strategies. This study, therefore, seeks to fill this knowledge gap by critically examining the effect of affiliate marketing on the performance of selected small and medium automobile enterprises in Nairobi City County, Kenya. The findings are expected to contribute to both theory and practice in digital marketing management and SME development within the Kenyan automotive industry.

Purpose of the Study

The purpose of this study was to determine the effect of affiliate marketing on the performance of selected small and medium automobile enterprises in Nairobi City County, Kenya.

Research Hypothesis

H01: Affiliate marketing does not significantly influence the performance of small and medium automobile enterprises in Nairobi City County, Kenya.

2.0 LITERATURE REVIEW

Theoretical Framework

Balanced Scorecard Theory

The Balanced Scorecard (BSC) is a strategic management and performance measurement framework originally developed by Kaplan and Norton in 1992. The framework extends beyond traditional financial metrics to evaluate organizational performance across four interrelated dimensions: financial performance, customer satisfaction, internal business processes, and learning and growth (Tawse & Tabesh, 2023). The rationale for developing the BSC was to

address the limitations of classical performance measurement systems, which tend to overlook non-financial and intangible dimensions of organizational success. When applied to small and medium automobile enterprises, the BSC provides a comprehensive approach through which the effects of affiliate marketing on firm performance can be assessed (Barros et al., 2026). From the financial perspective, affiliate marketing can contribute to revenue growth, cost efficiency, and improved return on marketing investment, given its performance-based commission structure. From the customer perspective, affiliate marketing programs extend the firm's reach to new customer segments, thereby improving brand exposure and customer acquisition rates. Studies by Sharabati et al. (2024) confirm that businesses leveraging digital marketing channels, including affiliate networks, achieve higher levels of customer satisfaction and loyalty compared to those relying solely on traditional marketing approaches. The internal business processes perspective of the BSC reveals the importance of operational efficiency in delivering value to customers. For automobile SMEs, affiliate marketing requires streamlined processes for managing partnerships, tracking referrals, and processing commissions, all of which enhance internal operational effectiveness (Dwivedi et al., 2021). Finally, the learning and growth perspective underscores the importance of organizational capability development. Embracing affiliate marketing necessitates investment in digital skills, data analytics, and partnership management capabilities, which collectively strengthen the firm's adaptive capacity and long-term competitiveness. The BSC thus provides a robust and multidimensional framework for evaluating the effects of affiliate marketing on automobile SME performance in Nairobi City County.

Empirical Review

Affiliate Marketing and Business Performance

Gracias et al. (2024) conducted an extensive review of digital marketing strategies and their implications for business performance across multiple industries globally. The study, which synthesized findings from over 200 peer-reviewed studies, established that performance-based digital marketing approaches, including affiliate marketing, social media marketing, and influencer marketing, significantly enhance brand visibility, customer reach, and sales conversion rates. The researchers found that businesses integrating affiliate marketing into their broader digital marketing mix recorded an average sales growth of 14% compared to those relying on non-digital channels. These findings underscore the relevance of affiliate marketing as a performance-enhancing strategy for SMEs operating in competitive markets.

Syrdal et al. (2023) investigated the impact of affiliate marketing on e-commerce firm performance in India, using a quantitative survey of 200 small and medium online retailers. Their findings revealed a statistically significant positive relationship between affiliate marketing adoption and key performance indicators including revenue growth ($\beta = 0.43$, $p < 0.001$), customer acquisition rates ($\beta = 0.38$, $p < 0.01$), and market share expansion. The study concluded that affiliate marketing enables SMEs to leverage partner networks for cost-effective market penetration without incurring the substantial upfront costs associated with traditional advertising campaigns. These findings are directly relevant to the present study, given the structural

similarities between e-commerce SMEs and automobile SMEs in terms of market competition and resource constraints.

Wariara et al. (2024) examined the effect of organizational innovation, including digital marketing innovation, on the performance of SME supermarkets in Laikipia County, Kenya. The study found that businesses adopting digital marketing tools, including affiliate and influencer-based marketing strategies, recorded significantly higher performance scores across financial and customer dimensions compared to non-adopters. The researchers recommended that Kenyan SMEs invest in digital marketing capabilities as a strategic response to intensifying market competition. Although the study focused on the retail sector, its findings have important implications for automobile SMEs given the shared challenges of market competition, customer retention, and digital transformation within the Kenyan SME landscape.

Musebe (2024) examined the influence of digital marketing strategies on SME performance in Kenya, using a mixed-methods approach involving 250 SMEs across multiple sectors. The study established that digital marketing adoption positively and significantly influenced firm performance, including sales growth ($\beta = 0.47, p < 0.001$) and customer satisfaction ($\beta = 0.39, p < 0.01$). The researchers identified affiliate marketing as one of the most cost-effective digital strategies available to resource-constrained SMEs, given its pay-per-performance structure that reduces the financial risk associated with marketing expenditure. These findings provide critical empirical support for the present study's focus on affiliate marketing as a driver of automobile SME performance in Nairobi City County.

Performance of Small and Medium Automobile Enterprises

Performance measurement in SMEs is a complex undertaking given the diverse range of metrics that capture different dimensions of business success. In the automobile sector, firm performance encompasses financial metrics such as profit growth, revenue generation, and return on investment, as well as non-financial metrics including market share, customer satisfaction, and customer retention (Barros et al., 2026). The integration of digital marketing strategies such as affiliate marketing into SME operations is increasingly recognized as a key driver of both financial and non-financial performance outcomes. Khisa and Kariuki (2022) investigated the factors influencing the performance of automobile SMEs in Nairobi, Kenya. Using a descriptive survey of 95 automobile dealers, the study identified customer satisfaction and market dominance as the most significant performance drivers in the sector. The researchers found that businesses investing in customer relationship management and digital marketing recorded significantly higher performance scores compared to peers. These findings highlight the importance of customer-centered marketing strategies, including affiliate marketing, in sustaining competitive advantage and business growth in the automobile SME sector.

3.0 RESEARCH METHODOLOGY

This chapter outlines the methodology used to examine the effect of affiliate marketing on the performance of selected small and medium automobile enterprises (SMEs) in Nairobi City County, Kenya. The study adopted a descriptive research design to establish the relationship between affiliate marketing and firm performance. The target population comprised 65

automobile SMEs, involving 65 proprietors and 65 operators, totalling 130 respondents. Due to the manageable population size, a census approach was applied. Primary data were collected using structured questionnaires administered through a drop-and-pick method. Data were analysed using descriptive statistics, including frequencies, percentages, means, and standard deviations, alongside multiple regression analysis to determine the influence of affiliate marketing and other digital marketing strategies on SME performance. Ethical standards were upheld by ensuring confidentiality, informed consent, and obtaining necessary research authorizations.

4.0 RESEARCH FINDINGS AND DISCUSSION

Response Rate

The researcher administered 130 structured questionnaires to proprietors and operators of selected small and medium automobile enterprises in Nairobi City County. The response rate is presented in Table 1.

Table 1: Response Rate

Response	Frequency	%
Responded	113	86.7
Unresponded	17	13.3
Total	130	100

Source: Field Survey (2025)

Table 1 shows that 113 questionnaires were returned after completion, representing a response rate of 86.7%, while 17 questionnaires (13.3%) were not returned. This response rate surpasses the generally accepted benchmark of 50% considered adequate for survey-based research (Holtom et al., 2022). A response rate approaching 87% reflects the effectiveness of the data collection strategy, including the drop-and-pick method and the researcher's active follow-up with respondents. This high response rate significantly enhances the reliability and validity of the study findings by minimizing non-response bias and ensuring that the data collected is broadly representative of the target population.

Descriptive Analysis of Affiliate Marketing Strategy

The study sought to examine the effect of affiliate marketing on the performance of selected small and medium automobile enterprises in Nairobi City County. The findings are presented in Table 2.

Table 2: Affiliate Marketing Strategy

Statement	SD	D	N	A	SA	Mean	Std. Dev
The business promotes products using various advertising platforms	8.0	12.4	25.7	37.2	16.8	3.42	1.15
The business uses brand influencers to promote the business	9.7	11.5	22.1	34.5	22.1	3.48	1.23

The business products are advertised on all platforms through daily posts and tags to bigger names	10.6	8.8	16.8	44.2	19.5	3.53	1.21
Through marketers, the business gains direct access and influence over highly targeted markets	8.8	6.2	17.7	46.0	21.2	3.65	1.15
Sales promoters help to reach bigger markets and increase customer base	2.7	7.1	15.9	47.8	26.5	3.89	0.97
Affiliate marketing is effective and enhances business performance	11.5	12.4	31.9	32.7	11.5	3.20	1.16
Aggregate Mean Score and Standard Deviation						3.53	1.14

Source: Field Survey (2025)

Table 2 presents findings on affiliate marketing practices adopted by automobile SMEs in Nairobi City County. The first statement, which assessed whether the business promotes products using various advertising platforms, recorded a mean of 3.42 (SD = 1.15), indicating that the majority of respondents agreed with this assertion. This finding suggests that a significant proportion of automobile SMEs in Nairobi City County utilize multiple advertising platforms as part of their affiliate marketing strategy, consistent with the argument by Barros et al. (2026) that multi-platform digital marketing enhances firm visibility and market reach. Regarding the use of brand influencers to promote the business, respondents recorded a mean of 3.48 (SD = 1.23), indicating a moderate-to-high level of agreement. This finding aligns with Hamann and Schiemann (2021), who established that SMEs leveraging influencer-based affiliate marketing recorded higher customer acquisition rates compared to those relying solely on conventional advertising. The positive response reflects a growing awareness among Nairobi automobile SMEs of the value of influencer partnerships in expanding brand reach within targeted consumer segments. The statement relating to the promotion of business products on all platforms through daily posts and tags to larger brand names recorded a mean of 3.53 (SD = 1.21), indicating that most respondents agreed with this practice. This finding supports Dwivedi et al. (2021), who found that consistent digital content creation and strategic brand association are important components of effective affiliate marketing for SMEs. The relatively high agreement on this item suggests that automobile SMEs are increasingly adopting proactive digital content strategies to amplify their affiliate marketing efforts.

On the statement that through marketers, the business gains direct access and influence over highly targeted markets, a mean of 3.65 (SD = 1.15) was recorded, indicating a high level of agreement. This finding corroborates the argument by Kibet et al. (2023) that affiliate marketing enables SMEs to achieve precise market targeting through partner networks, thereby improving the efficiency and effectiveness of their marketing expenditure. For automobile SMEs, targeted marketing through affiliates who specialise in automotive content or communities represents a particularly effective strategy for reaching prospective buyers. The statement that sales promoters help to reach a bigger market and increase the customer base recorded the highest mean score among all items at 3.89 (SD = 0.97). The low standard deviation further indicates strong consensus among respondents. This finding is consistent with Munyoki and Makau (2023), who

found that affiliate and sales promotion networks were among the most effective customer acquisition channels for automobile businesses in Nairobi. The strong agreement on this item underscores the perceived value of sales promotion partners in driving business growth among automobile SMEs.

The final item, which assessed whether affiliate marketing is effective and enhances business performance, recorded a mean of 3.20 (SD = 1.16). While the majority of respondents agreed with this assertion, the relatively lower mean compared to the other items and the higher standard deviation suggest some variation in respondents' perceptions of the direct performance impact of affiliate marketing. This finding may reflect differences in the quality of affiliate marketing implementation across the sampled enterprises, consistent with the argument by Sharma and Verma (2022) that the performance outcomes of affiliate marketing are moderated by the quality of partnership management and the alignment of affiliate strategies with broader business objectives. The composite mean score for affiliate marketing was 3.53 (SD = 1.14), indicating an overall moderate-to-high level of affiliate marketing adoption among the sampled automobile SMEs. This aggregate finding suggests that affiliate marketing plays a meaningful role in the marketing strategies of these enterprises and is broadly perceived as a contributor to firm performance. The finding supports the theoretical propositions of the Balanced Scorecard framework, particularly regarding the customer and financial performance dimensions, where affiliate marketing is expected to enhance customer reach and drive revenue growth.

Performance of Small and Medium Automobile Enterprises

Performance of small and medium automobile enterprises serves as an indicator of firm progress. These performance measures allow firms to compare their growth and market standing within the competitive industry, thereby assisting in critical decision-making that can further enhance their profitability and sustainability. Respondent views on SME performance were compiled and the outcomes are recorded in Table 2.

Table 2: Performance of Small and Medium Automobile Enterprises

Statement	SD	D	N	A	SA	Mean	Std. Dev
Profit growth enhances performance of the firm	8.8	8.8	15.9	43.4	23.0	3.63	1.19
Increased earnings improve the performance of the firm	8.0	10.6	15.0	46.0	20.4	3.60	1.16
Market dominance boosts the performance of the firm	5.3	5.3	18.6	47.8	23.0	3.78	1.03
Customer satisfaction is significant in increasing firm performance	3.5	23.9	13.3	37.2	22.1	3.50	1.18
Retaining customers at the firm helps to increase performance	6.2	8.8	32.7	33.6	18.6	3.50	1.09
Aggregate Mean Score and Standard Deviation						3.60	1.13

Source: Field Survey (2025)

Table 2 presents findings on the performance of small and medium automobile enterprises in Nairobi City County. The first item, which assessed whether profit growth enhances the performance of the firm, recorded a mean of 3.63 (SD = 1.19), indicating that the majority of respondents were in agreement. This finding confirms the widely held view in the SME performance literature that profitability is a primary indicator of firm success (Kibet et al., 2023). Profit growth not only signals operational efficiency but also provides the financial resources necessary for reinvestment in marketing, technology, and human capital development. The statement that increased earnings improve the performance of the firm recorded a mean of 3.60 (SD = 1.16), indicating high agreement among respondents. This finding is consistent with the financial performance dimension of the Balanced Scorecard framework, which identifies revenue generation and earnings growth as fundamental indicators of organisational success (Kaplan & Norton, 2004). For automobile SMEs, increased earnings generated through affiliate marketing referrals and commissions can directly contribute to this performance dimension.

On the statement that market dominance boosts the performance of the firm, respondents recorded the highest mean score of 3.78 (SD = 1.03), coupled with the lowest standard deviation among all performance items, indicating strong and consistent agreement. This finding reveals the importance of market positioning and competitive advantage in the automobile SME sector. Affiliate marketing, by enabling SMEs to expand their market reach through partner networks, can contribute directly to enhancing market share and dominance, as supported by Chege and Wang (2020). The statement that customer satisfaction is significant in increasing firm performance recorded a mean of 3.50 (SD = 1.18), indicating moderate-to-high agreement. This finding aligns with the customer perspective of the Balanced Scorecard, which emphasises customer satisfaction as a key driver of long-term business performance (Niven, 2014). Affiliate marketing programmes that direct satisfied customers to review and recommend business services can strengthen customer satisfaction scores and reinforce positive brand perceptions.

Regarding the statement that retaining customers at the firm helps to increase performance, respondents recorded a mean of 3.50 (SD = 1.09), indicating broad agreement. Customer retention is a cost-efficient performance strategy, as retaining existing customers typically costs less than acquiring new ones. Affiliate marketing that includes loyalty-based commission structures can reinforce customer retention by incentivising repeat purchases and sustained brand engagement, consistent with findings by Mwangi and Kinyua (2021). The composite mean for SME performance across all items was 3.60 (SD = 1.13), indicating that performance is broadly perceived to be driven by profit growth, increased earnings, market dominance, customer satisfaction, and customer retention. This finding confirms that automobile SMEs in Nairobi City County recognise and value a multidimensional approach to performance measurement, consistent with the Balanced Scorecard framework adopted in this study.

Regression Analysis

Model Summary

Table 3 presents the model summary for the regression analysis of the effect of affiliate marketing on the performance of small and medium automobile enterprises in Nairobi City County.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square
1	0.651 ^a	0.423	0.417

a. Predictors: (Constant), Affiliate Marketing

Source: Field Survey (2025)

The correlation coefficient ($R = 0.651$) indicates a strong positive relationship between affiliate marketing and the performance of automobile SMEs in Nairobi City County. The coefficient of determination ($R^2 = 0.423$) demonstrates that 42.3% of the variance in SME performance is explained by affiliate marketing strategies. The adjusted R^2 of 0.417 confirms that the model provides a good fit to the data after accounting for the number of predictors. These results suggest that affiliate marketing is a substantively significant predictor of performance outcomes among automobile SMEs in Nairobi City County, consistent with findings by Sharma and Verma (2022) and Dwivedi et al. (2021).

ANOVA

The ANOVA results in Table 4 assess the overall statistical significance of the regression model.

Table 4: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	22.564	1	22.564	78.413	.000b
Residual	32.796	111	0.295		
Total	55.360	112			

a. Dependent Variable: Performance;

b. Predictors: (Constant), Affiliate Marketing

Source: Field Survey (2025)

The ANOVA results indicate that the regression model is statistically significant ($F = 78.413, p < 0.001$). This finding confirms that affiliate marketing has a significant effect on the performance of small and medium automobile enterprises in Nairobi City County, Kenya. The highly significant F-value justifies the use of the regression model and validates the statistical relationship identified between the independent and dependent variables.

Regression Coefficients

Table 5 presents the regression coefficients for the relationship between affiliate marketing and SME performance.

Table 5: Beta Coefficients for Affiliate Marketing

Model	B	Std. Error	Beta	t	Sig.
(Constant)	1.842	0.348		5.293	.000
Affiliate Marketing	0.487	0.079	0.511	6.163	.000***

a. Dependent Variable: Performance;

***** $p < 0.001$**

Source: Field Survey (2025)

The regression coefficient for affiliate marketing ($B = 0.487$, $\beta = 0.511$, $p < 0.001$) indicates that a one-unit increase in affiliate marketing practices is associated with a 0.487-unit increase in SME performance. The standardized coefficient ($\beta = 0.511$) confirms that affiliate marketing is a strong and statistically significant predictor of firm performance at the 0.001 significance level. These results lead to the rejection of the null hypothesis (H_0), confirming that affiliate marketing significantly influences the performance of small and medium automobile enterprises in Nairobi City County, Kenya. This finding is consistent with Dwivedi et al. (2021), who established that performance-based digital marketing strategies, including affiliate marketing, significantly enhance firm performance, and with Chege and Wang (2020), who found that digital marketing adoption positively and significantly predicted SME performance in Kenya.

5.0 SUMMARY OF THE STUDY

The analysis reveals that affiliate marketing is a moderately-to-highly adopted strategy among small and medium automobile enterprises in Nairobi City County. The study found strong evidence that businesses use sales promoters to reach larger markets and grow their customer base ($M = 3.89$, $SD = 0.97$), gain direct access to targeted markets through partner networks ($M = 3.65$, $SD = 1.15$), and promote products across multiple advertising platforms ($M = 3.42$, $SD = 1.15$). The regression analysis confirms that affiliate marketing significantly influences performance outcomes ($\beta = 0.511$, $p < 0.001$), explaining 42.3% of performance variation. This relationship demonstrates that automobile SMEs with more comprehensive and well-implemented affiliate marketing strategies achieve superior performance across financial, customer, and market dimensions. The findings support the theoretical foundation provided by the Balanced Scorecard framework, emphasizing the importance of multi-channel customer engagement and strategic marketing investment in driving sustainable competitive advantage.

6.0 CONCLUSION

The study concludes that affiliate marketing is a significant and positive driver of performance improvement among small and medium automobile enterprises in Nairobi City County, Kenya. The strong positive relationship between affiliate marketing and SME performance demonstrates that enterprises investing in structured affiliate marketing programs, including sales promotion networks, brand influencer partnerships, and multi-platform advertising strategies, achieve better outcomes in customer acquisition, market dominance, revenue growth, and customer retention. While automobile SMEs demonstrate moderate-to-high levels of affiliate marketing adoption, significant opportunities exist for strengthening the strategic alignment of affiliate partnerships with broader business objectives. The findings reveal that the most impactful affiliate marketing practice among the sampled enterprises is the use of sales promoters to reach broader markets and grow the customer base, followed by targeted market access through affiliate networks. However, the relatively lower agreement on the direct performance effectiveness of affiliate marketing suggests that some enterprises may not be fully leveraging the strategic potential of their affiliate programs. This represents a missed opportunity for improving sales conversion rates, customer loyalty, and competitive positioning within the Nairobi automobile SME sector. Enterprises that develop structured and data-driven affiliate marketing programs are better

positioned to navigate the competitive pressures of the industry and achieve sustainable performance improvements.

6.0 RECOMMENDATIONS

Based on the research findings, the following recommendations are proposed. First, automobile SMEs in Nairobi City County should formalize and strengthen their affiliate marketing programs by establishing clear partnership frameworks, commission structures, and performance monitoring mechanisms (Khisia & Kariuki, 2022). This should include the identification of high-performing affiliates, regular performance reviews, and structured incentive schemes that reward affiliates for quality customer referrals and sustained sales contributions. Second, business owners should invest in digital marketing capabilities and training to maximize the effectiveness of their affiliate marketing strategies (Musebe, 2024). This includes training in data analytics, affiliate program management platforms, and digital content creation, which will enhance the quality and reach of affiliate marketing efforts. Third, automobile SMEs should leverage emerging digital platforms such as automotive comparison websites, social media affiliate networks, and online automotive communities to expand the reach of their affiliate programs and access new customer segments (Sharabati et al., 2024). Fourth, policymakers and business support organizations in Kenya should develop digital marketing capacity-building programs tailored to the needs of automobile SMEs, including access to affordable affiliate marketing platforms and training resources.

7.0 AREAS FOR FURTHER RESEARCH

Future research should consider replication of this study in other regions of Kenya and across different SME sectors to determine the generalizability of the findings. Longitudinal studies examining the long-term impact of affiliate marketing on SME performance would provide valuable insights into the sustainability of performance improvements. Additionally, future research could explore the moderating role of firm size, digital literacy, and market competition in the relationship between affiliate marketing and SME performance. Qualitative studies examining the lived experiences of automobile SME operators in managing affiliate marketing programs would complement the quantitative findings of this study and provide richer insights into implementation challenges and success factors.

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