**DECLARATION**

I declare that this is my original work and has not been presented in any University for a degree or any consideration of any Certificate.

STUDENT: MBUTU CHARLES ITATU

Signature……………………………………………………………. Date…………………………………………..

This project proposal document has been submitted with my approval as the University supervisor.

NAME:

Signature……………………………………………………………. Date…………………………………………..

**ABSTRACT**

Bridging the gap between producers and consumers has been a recurring issue in Kenya, particularly given the market's rapid expansion. In order to cut out needless middlemen, this project suggests creating a web application that links producers such as farmers, carpenters, electronic vendors, and service providers directly with consumers.  
  
Producers will be able to list their goods and services on the platform, allowing consumers to safely browse and buy. Web development, user testing, and cooperation with regional producers, service providers, and the general public are important project phases.  
  
Increased producer income, fewer fraud cases, and better consumer access to a wide variety of goods and services are the expected results. PHP and JavaScript will be used in the development of the application, guaranteeing a stable and intuitive user experience. Through the use of technology, this initiative aims to create a sustainable, transparent, and mutually beneficial marketplace for both producers and consumers.

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# **INTRODUCTION**

## BACKGROUND STUDY

Trade, the exchange of goods and services, has been an integral part of human civilization for over 300,000 years. In its earliest form, trade was conducted through barter, where goods were exchanged directly without the use of money. Early hunter-gatherer societies practiced localized trade, exchanging tools, food, and other essential items within their communities. This system, however, had significant limitations, as it required a double coincidence of wants—where both parties needed to desire what the other had to offer.

By around **10,000 BCE**, with the advent of agriculture, human societies transitioned from a nomadic lifestyle to settled farming communities. This shift led to surplus production, enabling trade between villages and laying the foundation for early marketplaces. As communities expanded, specialized traders emerged to facilitate trade, traveling to distant regions to acquire and resell goods. This development marked the beginning of an intermediary system that connected rural farmers with urban settlements, providing access to a more diverse range of products.

By **3,000 BCE**, organized trade networks had formed in major civilizations such as **Mesopotamia, Egypt, the Indus Valley, and China**. This era witnessed the introduction of the first currencies, including silver rings, shells, and early coinage, which revolutionized trade by providing a standardized medium of exchange. The emergence of professional merchants, such as the **Phoenicians**, further strengthened commerce by managing trade logistics and expanding markets over vast distances.

The establishment of the **Silk Road around 130 BCE** played a crucial role in global trade, linking Asia, the Middle East, and Europe. Alongside the expansion of these networks, middlemen became indispensable, serving as brokers, transporters, and distributors to ensure goods reached distant markets. The age of exploration in the **15th and 16th centuries**, spearheaded by figures like **Vasco da Gama and Christopher Columbus,** further expanded global trade, establishing new sea routes that connected Africa, Asia, and the Americas to Europe. This period saw the rise of **mercantilism,** where European powers controlled overseas trade through monopolies and tariffs, further embedding intermediaries in the trading system.

The **18th to 20th centuries** brought the **Industrial Revolution**, which significantly transformed trade. Mass production led to an explosion of consumer goods, increasing both supply and demand. This era introduced more complex trade regulations, tariffs, and international trade agreements, shaping the modern economy. **Wholesalers and retailers** became dominant intermediaries, managing the flow of goods to final consumers and further increasing the distance between producers and buyers.

With the **rise of the internet and e-commerce in the 21st century**, trade underwent yet another transformation. Online platforms like **Amazon, Shopify, and Alibaba** disrupted traditional trade models, allowing businesses to bypass traditional retailers and wholesalers. Cryptocurrencies and **blockchain technology** introduced a new era of decentralized finance, reducing reliance on financial intermediaries. **Dropshipping and fulfillment services** enabled businesses to sell products without holding inventory, creating a more streamlined approach to e-commerce.

Despite advancements, several inefficiencies persist in today’s trading systems. One of the most significant issues is the continued reliance on **intermediaries,** which leads to increased prices, reduced earnings for producers, and fraud risks. Intermediaries often impose high markup costs, limiting the affordability of essential goods and services. In some cases, such as the **2018 Maize Scandal in Kenya,** middlemen exploited the system by falsely posing as farmers, manipulating government programs, and profiting unfairly at the expense of genuine producers. This case highlighted the need for a **transparent, direct-to-consumer** trade model.

SoKonnect is a proposed web-based platform designed to directly connect producers, such as farmers, carpenters, and service providers, with final consumers, eliminating the need for unnecessary middlemen. By fostering direct trade, SoKonnect aims to reduce costs for consumers while increasing earnings for producers by eliminating excessive intermediaries. The platform prioritizes transparency and security by implementing verification processes to prevent fraud and build trust among users. Additionally, SoKonnect is designed to facilitate efficient transactions through a user-friendly interface that allows seamless browsing, purchasing, and communication. It also enhances market accessibility by empowering small-scale producers, granting them direct access to consumers without the burden of high marketing costs. Furthermore, SoKonnect incorporates a secure payment system with encrypted transactions, ensuring the safety of financial data and fostering a reliable trading environment.

The platform is designed to cater not only to **farmers** but also to **artisans, small business owners, and service providers**, offering them a fair and equitable marketplace. By leveraging technology, SoKonnect aims to transform trade dynamics, ensuring **fair pricing, reduced fraud cases, and a sustainable economic model** that benefits both producers and consumers.

From ancient barter trade to modern digital commerce, trade has continuously evolved to meet societal needs. However, traditional market structures still favor intermediaries who often exploit both producers and consumers. SoKonnect represents a shift towards **a more transparent, efficient, and direct trading system,** ensuring that producers receive fair compensation and consumers access high-quality products at reasonable prices. By embracing digital transformation, SoKonnect seeks to revolutionize trade, making it **more inclusive, accessible, and sustainable for future generations.**

## Problem Statement

In the modern world, producers and consumers are greatly separated despite coexisting within the same niche, making them so close yet so apart. SoKonnect aims to address this issue by providing a platform where they can directly link and trade. This platform not only facilitates producer-consumer interaction but also eliminates the excessive number of intermediaries.

The role of intermediaries in today’s market has caused more harm than good. Foremost, it leads to hiked prices of goods, which consumers could have acquired more cheaply if purchased directly from producers. Additionally, fraud cases have become increasingly prevalent in systems reliant on intermediaries. For example, the 2018 Maize Scandal in Kenya saw intermediaries posing as farmers supply imported maize from neighbouring countries at the expense of genuine Kenyan farmers. These intermediaries manipulated the system by delivering bulk maize to NCPB(National Cereals and Produce Board)depots using forged documents, falsely claiming to be small-scale farmers. This could have been easily avoided with a dedicated platform like SoKonnect, where due background checks are enforced for producers willing to join.

The scandal was a significant setback for Kenyan farmers, who work tirelessly to ensure the country’s reserves are well-stocked. SoKonnect would prevent such scenarios by fostering transparency and direct transactions between producers and consumers.

The platform’s applicability extends beyond farmers to include carpenters, service providers, and anyone looking to offer their products or services online. Current systems in place are often expensive, with high fees that amount to daylight robbery. With SoKonnect, the issue of extra intermediaries is completely eliminated, creating a system akin to meeting your vendor or client in person. This approach ensures a win-win situation for both parties: consumers enjoy fairer prices, and producers receive a more equitable share of their earnings.

## OBJECTIVE

### **GENERAL OBJECTIVES**

To come app with a webapp that forms the secondary nexus between the producer or service provider and the final consumer.

### **SPECIFIC OBJECTIVES**

These include;

1. To enhance User Experience
2. To Establish Trust and Transparency in Trade
3. To Provide a secure payment system.
4. To Facilitate Local Logistics and Delivery
5. To Support Seller Growth and Analytics

## RESEARCH QUESTIONS

1. Can the system facilitate direct trade with little to no margin of error?
2. Can the system lead to reduction in costs for the consumers and a corresponding increase in earnings on the producer’s side?
3. Can the system’s payment system prove to be secure?
4. Can the system’s implementation cause a decline or rather prevent fraud cases?
5. Can the systems direct to consumer approach lead to an increased market access for the consumer?

## JUSTIFICATION

SoKonnect addresses the challenges in trade caused by the separation between producers and consumers. Intermediaries in the market have led to inflated prices and reduced earnings for the producer not to mention increased fraud cases as seen in the 2018 Maize Scandal. By creating a platform that directly connects producer and consumer, it eliminates the mentioned inefficiencies and provides for a more transparent trading ecosystem.

The platform empowers small scale producers like farmers, carpenters and service providers by offering them access to markets in a fair way. This makes sure that they earn fair compensation while enabling consumers to purchase goods and services at fairer rates. SoKonnect promotes transparency by requiring verified profiles and due background checks for all users, minimizing fraud and exploitation.

In addition, the versatile nature of SoCOnnect in the sense that it isn’t constricted to farmers alone, but to anyone willing to put his/her product or service out there allows it to cater for a wide range of industries making it a scalable solution that adapts to various market needs.

SoKonnect is not just a marketplace but an innovative solution aiming to close the gap between producers and consumers creating a more connected and sustainable trading system.

## SCOPE

The research focuses on Kenyan Producers and consumers as the user base, aiming to improve market access and reduce fraud by eliminating intermediaries. The project focuses on web development using Java script and PHP with the first phase limited to only transactions within the country. The time-frame for initial development, testing and launch of the platform is 8 weeks. It does not include mobile app development however these it could be considered in future expansions of the platform.

## LIMITATIONS

The platform will be initially developed as web application only with no immediate plans for a mobile app due to time constraints. AI powered recommendations or real-time logistics tracking have to be deferred to future versions of the platform. The initial project timeline of 8 weeks may be a limiting factor for user testing in the early stages.

## ASSUMPTIONS

It is assumed that the local producers in Kenya together with their consumers will be open to joining the platform and actively using it to list and sell their goods or services. In addition, it is assumed that these producers and consumers will have basic understanding of the internet infrastructure enabling them to interact in the web app.

# **LITERATURE REVIEW**

## INTRODUCTION

The increased adoption of digital marketplaces has transformed how producers and their consumers interact. In Kenya, market access has many times hindered local producers, such as farmers from reaching thei target customers in an effective way. Studies conducted on e-commerce stress the role of technology in closing this gap and improving market transparency and in return boosted economic opportunities for small scale businesses.

This literature review examines previous studies on digital marketplaces with aid of example case studies and the impact of technology on market accessibility exploring how similar platforms have been implemented in other regions, the challenges faced and how innovations in web development ,secure transactions and user engagements can enhance trust in a Kenyan marketplace.

## Case study

### **CASE STUDY 1; OLX.**

OLX (Online Exchange) entered the Kenyan market in 2012 and quickly became one of the most popular online classified platforms. It allowed users to buy and sell items such as cars and electronics in a peer-to-peer (P2P) manner. The platform gained widespread popularity due to several key factors. First, it provided free listings, allowing sellers to list their items without incurring costs. Additionally, its simplicity made the website and app easy to use for a wide range of users. OLX also invested heavily in aggressive marketing campaigns, which helped establish it as a household name in Kenya. By 2014, it had become the leading platform for secondhand items, surpassing competitors like PigiaMe. However, despite its early success, OLX faced significant challenges that eventually led to its decline and shutdown. The biggest issues were fraud and scams, as fake listings and unscrupulous sellers frequently duped users into sending money before receiving goods. Additionally, the lack of a secure transaction strategy meant that OLX did not handle payments directly, forcing users to trust strangers for transactions. The failure of OLX highlights the importance of security and trust in online marketplaces, offering valuable lessons for SoKonnect. To avoid similar pitfalls, SoKonnect must implement thorough user verification and background checks to ensure a secure and trustworthy trading environment.

### **Case study 2: Jiji**

Jiji was founded in 2014 in Nigeria as an advertisement platform before expanding into Kenya in 2019 through the acquisition of OLX. This strategic move allowed Jiji to inherit OLX’s existing user base and quickly establish itself as the leading online shopping platform in Kenya. Unlike OLX, Jiji introduced structured product categories, allowing users to list and sell their items based on classifications such as electronics, vehicles, real estate, jobs, and services. The success of Jiji can be attributed to several factors. Firstly, the acquisition of OLX provided an immediate competitive edge by transferring an already established user base. Secondly, Jiji implemented improved security and trust measures, including user verification, to reduce the number of fake accounts and fraudulent activities. Additionally, Jiji introduced a monetization strategy by offering paid listings, allowing sellers to boost their advertisements for greater visibility, which became a major revenue stream. However, despite its success, Jiji faces ongoing challenges, primarily competition from other platforms such as Jumia and Kilimall, as well as the growing preference for social media platforms where users can interact directly with sellers. While Jiji significantly improved security measures compared to OLX, fraud remains an issue that is difficult to eliminate entirely. By learning from Jiji’s model, SoKonnect has the potential to create an even more secure marketplace for local producers and consumers by further enhancing trust and transaction security.

### **Case study 3: Alibaba**

Alibaba began as a business-to-business (B2B) marketplace aimed at helping small businesses sell their products internationally. Over time, it expanded into multiple e-commerce platforms, including Alibaba.com, Taobao, and Tmall, each tailored to specific markets. Today, Alibaba dominates China’s e-commerce sector and competes with global giants such as Amazon and eBay. The success of Alibaba can be attributed to several key factors. One of its most significant innovations was the introduction of a secure escrow payment system, where money is held until buyers confirm receipt of their goods, thereby fostering trust in transactions. Additionally, Alibaba invested heavily in logistics and delivery infrastructure by partnering with shipping companies to ensure fast and trackable deliveries, making international trade more accessible and efficient. Moreover, Alibaba introduced business-friendly policies, including financing options and digital business tools, which helped small enterprises scale up and succeed in competitive markets. Despite these advancements, Alibaba continues to face challenges, particularly with counterfeit products, which have led to legal disputes and trust concerns among consumers. SoKonnect can learn from Alibaba’s model by integrating escrow payments to enhance transaction security and incorporating digital marketing tools to help local producers expand their market reach and grow their businesses effectively.

## Summary

SoKonnect has several strengths, including a wide user base and accessibility, low operational costs, and secure transactions. However, it faces challenges such as trust and fraud issues, despite ongoing efforts to curb them, and limited verification systems, which can lead to trust concerns. The platform has significant opportunities, including market expansion due to the vast e-commerce space and the potential for diversifying its services. However, threats such as increasing competition, evolving regulatory challenges that may raise compliance costs, and the persistent issue of counterfeit goods and scams remain critical concerns for any online marketplace.

## Research Gap

Despite the growing success of online marketplaces, there is a noticeable gap on the impact of digital platforms on local producers in developing markets like Kenya. Attention to empowering local producers especially local farmers is very limited.

Limited studies have dealt with the adoption rates and challenges thet small scale farmers face in using digital platforms.

## Proposed Methodology

The proposed methodology here will be mixed methods. First there will be research and requirement analysis to get the detailed insights of both consumer and producer.

Then comes the V-model methodology which will emphasize on a parallel relationship between development phases therefore ensuring quality of every component in the development cycle.

# RESEARCH DESIGN AND METHODOLOGY

## Research Design

This study will adopt a descriptive research design to provide a detailed analysis of how SoKonnect can effectively bridge the gap between producers and consumers. A descriptive design is suitable as it allows for an in-depth examination of user interactions, system usability, security measures, and overall market impact. Both qualitative and quantitative approaches will be employed to gather comprehensive insights, ensuring a well-rounded understanding of the platform’s effectiveness.

## Location of the study

The study will be conducted in Kenya, focusing on both urban and rural regions to capture the diverse experiences of producers and consumers. Major towns such as Nairobi, Mombasa, and Kisumu will be considered due to their high internet penetration and active e-commerce participation. Additionally, rural areas will be included to evaluate how the platform can support small-scale farmers and artisans in accessing broader markets.

## Target population

The target population for this study includes producers, consumers, and e-commerce experts. Producers encompass small-scale farmers, carpenters, electronic vendors, and service providers who seek to sell their products directly to consumers. The consumer segment consists of individuals who frequently purchase goods and services online. E-commerce professionals, including developers and digital marketers, will provide insights into system design and security aspects.

## Sample Size and Sampling Techniques

A total of 200 respondents will be selected for the study, including 100 producers, 80 consumers, and 20 e-commerce experts. Stratified random sampling will be used to ensure representation from different sectors, such as agriculture, carpentry, and electronics. Within each category, purposive sampling will be applied to select individuals with active engagement in online trading, ensuring that responses come from those with relevant experience.

## Data Collection Techniques

Both primary and secondary data collection techniques will be employed. Primary data will be gathered through structured questionnaires, interviews, and focus group discussions with producers and consumers. Online surveys will also be used to capture user experiences and feedback. Secondary data will be obtained from existing reports on e-commerce platforms, case studies on online marketplaces, and government publications related to trade and technology.

## Data Analysis

Data analysis will involve both qualitative and quantitative approaches. Statistical tools such as SPSS and Excel will be used to analyze numerical data, including transaction costs, consumer satisfaction rates, and fraud cases. Thematic analysis will be applied to qualitative data from interviews and focus groups to identify common trends, challenges, and potential improvements for SoKonnect. The findings will be presented through graphs, charts, and descriptive narratives to facilitate a clear understanding of the study results.

## Logistical and Ethical Considerations

### **Logistical Considerations**

To ensure smooth research execution, logistical factors such as transportation, internet access, and participant coordination will be carefully planned. Data collection tools, including printed questionnaires and online survey platforms, will be prepared in advance. A structured schedule will be followed to cover different study locations efficiently. Necessary approvals from local authorities and research institutions will be sought to facilitate smooth interactions with respondents.

### **Ethical Considerations**

Ethical guidelines will be strictly observed throughout the research process. Informed consent will be obtained from all participants before collecting data. Confidentiality and anonymity will be maintained to protect respondents’ privacy. Participants will have the right to withdraw from the study at any stage without facing any consequences. Additionally, data collected will only be used for research purposes and will not be shared with third parties without authorization.