

**STRATEGIES EMPLOYED BY INTERNET SERVICE
PROVIDERS IN NAIROBI TO GAIN COMPETITIVE ADVANTAGE**

BY

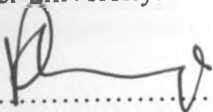
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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT
OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE
OF MASTER OF BUSINESS ADMINISTRATION (MBA), SCHOOL
OF BUSINESS, UNIVERSITY OF NAIROBI**

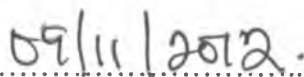
NOVEMBER, 2012

DECLARATION

I declare that this is my original work and has not been presented for a degree in any other university.


.....


Signature


.....

Date

NJAGI, P.K - D61/70024/2009

I confirm that I am the supervisor of this student and that I have read this final project and I believe it to be the student's own original work.


.....

Signature


.....

Date

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I would like to give thanks to The Almighty God who has seen me through the entire postgraduate studies and the final research project. I also wish to recognise my siblings and the entire extended family for encouragement and support.

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Finally I wish to appreciate the moral support accorded from all my colleagues and friends.

DEDICATION

To my wife Joyce for all the support especially during the project research project period.

To my daughter Thaara who kept on giving me strength to work harder. I would also like to recognize the role played by my entire extended family.

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ABBREVIATIONS

CCK	-	Communication Commission of Kenya
DSL	-	Digital Subscriber Line
ICT	-	Information and Communication Technology
IPTV	-	Internet Protocol Television
ISDN	-	Integrated Services Digital Network
ISP	-	Internet Service Provider
KPTC	-	Kenya Post and Telecommunications Company
LAN	-	Local Area Network
MPLS	-	Multiprotocol Layer Switching
SD	-	Standard Deviation
VPN	-	Virtual Private Network
VSAT	-	Very Small Aperture Terminal
VoIP	-	Voice over Internet Protocol
Wi-Fi	-	Wireless Fidelity

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ABSTRACT

Strategy is the activities concerned with formulation and implementation of plans. These are implemented to ensure strategic fit and competitive edge. The purpose of this study was to establish the strategies adopted by ISPs in Nairobi to gain competitive advantage. The study mainly focused on the different types of competitive strategies. In total, there were 29 ISPs according to the CCK, as of January 2012. Given the small number a cross-sectional census survey was carried out. A structured questionnaire was used to collect primary data. Collection was done using a drop and pick and personal interview method. In total, 26 of the 29 ISPs responded, a 90% response rate. Data was analysed using frequencies, percentages and standard deviation. The analysis indicated that most organisations had a well laid down vision and mission. Also, most organisations had a strategy and business objectives in place which was well communicated to the various employees in the organisation at different levels using both formal and informal means. The study established that the main strategies adopted by ISPs include product differentiation and cost leadership. Market penetration and development, along with product development were also identified as the key strategies adopted by the ISPs. The ISP are also cognizant of other forces that shape strategy implementation and some of the most influential emerged as the entrance of new players in the market and the rivalry from fellow competitors. ISPs should remain more innovative and offer a wider range of products. The study was limited due to the fact that it covered Nairobi and also that some respondents indicated that the questionnaire was rather technical.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Many organisations are faced by complex issues in the environment in which they operate. They therefore need a way of dealing with such complexities. Of essence is a strategy. Strategy is the activities concerned with formulation and implementation of plans to achieve organisational objectives (Pearce & Robinson, 1997). It involves how an organisation manages its resources and competences in exploring market opportunities. It is the search of a strategic fit to a changing environment towards achieving a competitive advantage over its competitors in the market. This environment in which firms operate varies in complexity from one firm to another.

Organisations, based on the nature of business they venture in, develop different strategies that add value, gain competitive advantage and meet stakeholder's values and expectations. Porter (1998) expresses that competitive advantage can arise from many sources connected to the various activities that the organisation undertakes. He goes ahead to re-affirm that competitive advantage has helped make strategy more concrete and actionable.

The ICT industry, under which ISPs fall, is one of the most dynamic and interesting industries that we have today. In Kenya, this has largely been fuelled by the enabling business environment and the advancements in technology. ISPs largely depended on satellite and copper wires for over two decades since the first ISP was founded. The then state-owned licensing body, KPTC, proceeded to inhibit the liberalization of the market

by imposing very punitive measures making it very hard to start. Later in the 1990s there was liberalization of the market with the establishment of the Communications Commission of Kenya (CCK). This is the regulatory authority for the communications sector in Kenya that was set up in recognition and response to the global advancements in technology.

With the arrival of the Fiber Optic, the ICT industry has grown tremendously with data access through mobile phones being the main impetus for a 68 per cent growth in Kenyan internet users from 3.2 to 5.4 million over a one-year period. Kenya now has an estimated 14.3 million Internet users, according to the Communications Commission of Kenya (CCK) first quarter report 2012. This is one of the areas that firms need to come up with strategies that fit into the organisation's internal and external environment, help it achieve a competitive edge so as to boost the organisation to better performance.

1.1.1 Concept of Strategy

Strategy has been defined as the direction and scope of activities an organisation undertakes in the long run (Johnson, Scholes, and Whittington, 2005). It involves how an organisation manages its resources and competences in exploring market opportunities. It is the search of a strategic fit to a changing environment in which an organisation operates towards achieving a competitive advantage over its competitors in the market. The environment in which firms operate varies in complexity from one firm to another. Organisations, based on the nature of business they venture in, develop different strategies that add value, gain competitive advantage and meet stakeholders' values and

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expectations. Continuous testing and gradual implementation of the strategy provides improved quality of information for decision making and enables better sequencing of the elements of these decisions to achieve the organisation's vision, mission and objectives.

From a different perspective, it is management's action for running the business and conducting operations (Thompson, Strickland, and Gamble, 2007). The crafting of a strategy represents the managerial commitment to pursue a particular set of actions in doing business, attracting and pleasing customers, competing successfully, conducting and improving the company's market and financial performance.

Firms that have reported stellar performance in their business, locally, regionally or globally, have been known to embrace some form of strategy. There is no dispute regarding the use of strategy in any kind of business, but the way it is implemented is of great importance. Mintzberg (2003) explains that different authors view strategy from different angles. There is no universally accepted way in which strategy is defined. Therefore, a firm tries to acquire a strategic fit in the environment it operates so that it can exploit all the possible available opportunities.

Strategy is about positioning. Kotler and Keller (2004) further allude and deduce that in order for an organisation to penetrate into a market, it needs to position itself strategically over its core rivals. It is a game for getting there to achieve business unit's goals. Distribution, branding, customer relationships and other intangible resources need to be an edge above the other. The strategy it uses to employ these resources matters as much as the strategy itself.

Pearce and Robinson (1997) argue that a strategy is the set of decisions and actions resulting in the formulation and implementation of strategies designed to achieve the objectives of an organisation. They attest that well-thought of and laid decisions help coin a strategy that leads to proper management of resources in a distinct manner taking into consideration of its core competences and the environment in which it operates cognizant of its rivals or competitors.

Many firms around the world operate in dynamic and competitive world. The advancements in technology and the need to be a market leader coupled with the aim to create and add value to the products and services and at the same time satisfy the stakeholders' expectations are some of the reasons firms have given to take distinctive strategies.

In search for a strategic fit, which is indeed strategy development that is driven by the changing environment, firms try to match their capabilities with the existing opportunities in the environment in which they operate. For instance, firms attempt to provide same value to its customers at lower costs or charge higher prices and provide higher and better quality value.

1.1.2 Competitive advantage

This environment in which firms operate varies in complexity from one firm to another. The long-term success of any firm is one of the main objectives of formulating strategies that support a competitive advantage. Organisations, based on the nature of business they venture in, develop different strategies that are not easy to imitate by competitors in the market so as to survive. Thus, competitive advantage is the ability to offer superior

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customer value on an enduring or consistent basis, a situation in which competitors are unable to easily imitate the firm's capacity for value creation (Collis and Montgomery, 1995).

The continuous testing and gradual implementation of the strategy provides improved quality of information for decision making and enables better sequencing of the elements of these decisions (Scholes et al, 2005). Porter (1998) underpins the basis of competitive advantage by presenting value chain as a framework and basic tool for analysing the sources of competitive advantage.

Just like many industries in which firms operate, competitive advantage is key in the Internet provision industry as it is constantly changing due to advancements in technology. This has made organisations to venture into value-adding activities so as to remain ahead in the market segment in which they operate. A firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy (Barney, 2007).

1.1.3 Internet Service Providers

Internet Service Providers (ISPs) are firms licensed by the government to provide various Information Technology and Communication-related services via an array of technologies such as copper wires, fiber-optic connections or satellites by skilled personnel. The services they provide include but not limited to web hosting, e-mail, VoIP (voice over IP), web-space and File Transfer Protocol (FTP).

Digital age has fast been growing and many firms have not excluded innovation and technology into their strategy implementation (Burgelman, Christetensen, and Wheelwright, 2009). Technological advancements, innovation and globalization are key to any business but still challenging for many firms. In the recent past with the information age fast changing, Information and Communications Technology (ICT), has undergone unprecedented revolution which has created numerous opportunities in various industries. As a result, national and international organisations are exploiting it by undertaking huge investments as a business enabler. According to research by the Kenya Export Processing Zones Authority (2007) ICT is the world's fastest growing economic activity. The internet is one of the ICT fields that has benefited in this growth. This was mainly due to the emphasis on research and development that many players have engaged and partnered in. In the late 1990s during the liberalisation of the Kenya telecoms industry, coupled with advancements in ICT, a number of milestones were made. The government provided an enabling atmosphere in which many new firms entered the market.

In Kenya, the first ISPs were established in early 1990s and were faced by challenges such as high acquisition costs requiring huge initial capital outlay, maintenance costs, network capacity, technological challenges, government restrictions among other hindrances. They initially provided limited but very fundamental services such as emails and slow internet, albeit new to many. With the advancement in technology, the firms have diversified to provide additional services such as content storage, digital Video Broadcast and live streaming on the web. Opening up the market for competition created new entrants resulting in a highly competitive environment. As such, each firm had to

boost its capability by fully utilizing the available knowledge to exploit its competences and resources.

In order for firms to be effective and hence successful, they should adapt appropriately to changes that occur in their respective environments (Barney, 2007). The purpose of this study is to establish steps and strategies adopted by ISPs in Kenya to gain competitive advantage and the challenges they face in their implementation.

Internet can be said to be a global network of computers interconnected via different forms of communication links. ISPs are firms that provide corporate or home consumers access to the internet, either for profit, in case of privately owned, or for non-profit, for community-owned ISPs. This research will be within the scope of the ISPs in Nairobi since it is from that perspective that the element of competition in the industry has manifested itself. Different ISPs engage various strategies to provide internet and other services some of which are superior to others already providing a distinct competitive edge.

The first ISP in Kenya was established in the early 1990s during which technology and cost coupled with government restrictions were the hindering factors to the growth of the industry. Full internet services were established in 1995 by private companies despite government objections printed in national newspapers. The defunct Kenya Post and Telecommunications Company (KPTC) then proceeded to inhibit the liberalisation of the market for third parties by imposing the acquisition of a license and the payment of a provisional license fee for five years of Kshs 500,000 payable in advance, and an

operating fee for one year, at 1% of the gross turn-over, or as an interim measure, at Kshs 250,000. Moreover, ISPs had to be over 70% locally owned.

In the late 1990s the ICT industry and by extension IPs became liberalised making it easier for investors to start them up. Amongst the initial ISPs included Africa Online, Net 2000, Interconnect Swift Global and ISP Kenya. This immediately set up the stage for attracting customers and subsequently, an industry open to competition.

A firm that does not embrace any form of strategy is bound to fail since it will not be able to exploit the opportunities in the environment in which it operates. At the same time it will not be able to gain any form of competitive advantage. For ISPs seeking relief from current internet and related services price-war in Kenya, workable strategies must be implemented in order to maintain market leadership and competitive advantage, taking into consideration the threat of new entrants and emerging new domestic players (“Strategies and solutions”, 2012).

1.2 Research Problem

Firms face considerable challenges in the volatile environment in which they operate as a result of divergent forces such as stiff competition. They therefore need to develop ways that enable them to gain competitive advantage over their competitors. This will help increase shareholders value through higher profitability and growth. Formulating and executing a good strategy can aid the organization improve its competitiveness. Companies are also forced to review their strategies to meet expected goals and

objectives. Strategic plans should be shared and communicated widely to employees by translating them to measurable outputs that they can understand. Further, firms need to come up with strategies that grant them a competitive edge over their competitors so as to remain competitive and relevant, in line with the stakeholders' values and expectations. Over the years organisations have discovered different approaches to achieve this. The best strategy for a give firm is ultimately a distinctive creation reflecting its particular circumstances within its operating industry (Grant, 1998).

The need for internet and other ICT services has been on the rise. Organisations are seeking to adopt new technologies to support their business processes. ISPs provide many services as firms seek to embrace ICT in their operations. Many ISPs have been established and the scope of services has also widened. This has also been enhanced by favourable government regulations, the arrival of fibre cable connectivity and entry of other players such as Mobile Service Providers. The information technology arena has been volatile and firms are seeking to maximize profitability. ISPs highly depend on their clients for their success and development. The quest for ISP services by both retail and corporate consumers has widened customer base and they strive to get good services from a provider who can be relied upon. Firms need to continuously scan the environment and deliver value to their clients so as to remain relevant and compete successfully.

Research studies have been carried out on strategy and competitive advantage across different firms around the world with most of them being inconclusive. Such studies

though have revealed that firms are undertaking different cost and differentiation strategies in service delivery.

Mugambi (2003) in his study on financial markets proposed that companies should be more involved in strategic marketing since they all operate in a competitive environment. Kemunto (2009) and Mwaniki, in analyzing competitive strategies employed by FM radio stations and those adopted by Stockbrokers respectively, suggest that products should be differentiated enough to be able to distinguish themselves from other competitors in the market. A study by Wanyande (2006) on application of Ansoff's four growth strategies by internet service providers in Kenya provided growth strategies for competition of ISPs and recommended further studies on all ISPs in terms of growth strategies. Studies by Mwangi (2007) on the East African Breweries Ltd and Gikonyo (2009) on the airline companies confirmed that firms respond differently to environmental challenges.

Other research studies have been generalized and have mainly focused on quality of service and strategic responses in view of the environment in which organizations operate. No specific studies have been done with regard to strategies adopted by ISPs in this changing environment

The dynamics of ICT are on the rise. Due to industry volatility and competition that has been on the upsurge because of various factors such as more players coming in the market, innovation, quest for high quality services and technological advancements, the strategies adopted should be formulated and contextualized in a way that firms still

remain competitive. Which strategies have been adopted by ISPs within Nairobi in order to gain competitive advantage?

1.3 Research Objective

The objective of this study is to identify the strategies employed by ISP firms in Nairobi to gain competitive advantage.

1.4 Value of the Study

This study is important as it will enable ISPs identify and understand the industry within which they are operating and how it affects their organisations and possible responses to the environment in which they operate.

It will also enable investors have a broader and wider picture of the nature of competition and the environment in which they will be operating and this will enable them come up with a more manageable strategy. At the same time, it will be important for them to know and understand the dynamics of the industry in which they would be planning to invest.

Further, managers of ISP firms will be able to select and adopt strategies that have been proved to work and hence increase competitive edge of the organisations they work for. In addition, they will gain competencies in formulation, implementation and evaluation of the strategies.

Researchers, and scholars alike, will have a distinct advantage as the study will highlight other important relationships that require further research; this would be in the areas of

relationships between the best competencies and the implementation of strategies. The results of this study will form a basis for further research.

Marketers will also be able to understand customer behaviour. This will enable them discern what makes a customer return to the same ISP or move to another service provider. Furthermore, it will make them know the correct distribution and marketing channels to undertake in developing and spreading the market share of the firm.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter provides theoretical and empirical information from publications on topics related to the research problem. It examines what various scholars and authors have studied and in attempts to conceptualise and apply strategic management theorem in the field of study.

2.2 Competitive strategy

A company's strategy is work-in-progress and evolves over time. This follows management's effort to match certain aspects of the strategy in response to the unfolding events in the environment in which they operate. Industry environment, characterized by high-velocity changes, requires companies to rapidly adapt their strategies such as the fast advances in technology, the industry in which ISPs operate, with the hope of improving the same over time (Thompson et al, 2007).

The essence of formulating a competitive strategy is to relate the organisation to its environment (Porter, 1998). All organisations are environment dependent and environment serving. They receive their inputs from the external environment and then process them internally into various output products. The output products are then sent back to the external environment for consumption. Thus an organisation cannot operate in disregard of the external environment since that is where it gets the feedback on availability of raw material as well as the product features most needed by the customers. This way the organisation can modify both its input requirements and its products to meet the needs of the market.

Porter (1980) further expounds that competitive strategy comprises both offensive and defensive actions. Offensive actions are those actions taken when an organisation tries to exploit and strengthen its competitive position through attacks on competitor's position. They include front assault which is going neck to neck against a competitor in price, promotion, product features and distribution channels. Others include attack on competitors' weaknesses, e.g. placing products where competitors do not compete and an all-out attack, which includes hitting a competitor with similar products in the same market segment.

Defensive attacks are meant to shield a firm's competitive advantage. An example is counter attack. Others include giving a competitor nothing to attack e.g. by protecting products with patents, having exclusive contacts with suppliers, making competitors believe they will suffer if they attack as well as lowering the incentive to attack, e.g., lowering the costs and hence the prices. These could either be short-lived maneuvers or long-term activities.

The industry in which organisations operate is dynamic and volatile. According to Johnson et al (2005) an organisation exists in the context of a complex political, economic, social, technological, environmental and legal world. This environment changes and is more complex for some organisations than for others. How this affects the organisation could include an understanding of historical and environmental effects, as well as expected or potential changes in environmental variables. Many of those variables will give rise to opportunities while others will exert threats on the organisation. The environment in which businesses operate also can be seen to have an impact on

social systems of a people and should be taken with understanding in order to aid in decision making of where we are going considering where we have come from. This requires strategic thinking.

In developing a competitive strategy, an organisation needs to come with a plan that is complete and well formulated. This should be after clearly evaluating how its strengths and weaknesses compare with other competitors in the market and the opportunities and threats that exist in the environment that it operates.

2.3 Competitive advantage

Competitive advantage is the veritable positive gain over competitors gained by offering consumers greater value, either by means of lower prices or by providing superior quality and service that justifies higher prices. Porter (1980, 1985) demonstrates that a good strategy should form the basis for building achievable competitive advantage. Competitive advantage is not about beating or fighting competitors, but attracting them.

There are a number of strategies that a firm can adopt. Porter (1980) pioneered thinking in this field when he proposed that there were three different 'generic' strategies by which an organisation could achieve competitive advantage. These were: overall cost leadership, differentiation and focus. Over the following 20 years there was much debate as to exactly what each of these categories meant.

2.3.1 Cost leadership

According to Porter (1998) cost leadership is perhaps the clearest of the three generic strategies. In it, the firm sets to become the low-cost producer in its industry. The

sources of cost leadership are diverse and depend on its scope of operation and the structure of the industry. These include pursuit for economies of scale in which it operates technology, access to raw materials, distribution channels and value activities.

This will normally apply to large businesses offering standard products with no consideration to much added quality (differentiation) widely accepted by the majority of customers. A market leader may also choose to offer discounted products and in so doing acquire a significant cost advantage, leading to an increase in market share.

2.3.2 Differentiation

Ansoff and McDonnell (1990) exemplified the notion of differentiation by stating that cost is not the issue. Competition is based on uniqueness of the product. Attributes such as quality, ambience, service delivery, style or technology that a customer accepts at a higher but acceptable price, often reflect extra value-added features provided for the consumers (Kotler, 2001). Cost influences the profit margin and not necessarily the price.

This strategy involves selecting one or more criteria used by buyers in a market and then positioning the business uniquely to meet those criteria about giving customers clear reasons to prefer the product over other less differentiated products. The target is normally a certain market segment win which there are opportunities to provide more differentiated products than the wider landscape of other customers. In the ISP world, this could be some “advantage customers” who pay a premium to have preferential service response in less than an hour at a fee within their premises.

2.3.3 Focused strategy

In focused strategy, the customer is provided with a customised service according to their needs and tastes. This is also commonly known as niche marketing. It provides specialized or personalised service. The main aim is to ensure that for a firm to achieve competitive advantage over others, it will do so because it has capabilities that the others do not have or are hard to imitate. It will try to tap into its core competences and resources to exploit the opportunities in the market.

A focused differentiation strategy seeks to provide high perceived product/service benefits justifying a substantial price premium, usually to a selected market segment. In many markets these are described as premium products and are usually heavily branded (Scholes et al, 2005).

2.3.4 Hybrid strategies

Some organisations seek to apply a mix of both cost leadership and differentiation. They strive to position themselves and gain advantage by seeking to simultaneously achieve both differentiation and a price lower than their competitors. The success the strategy depends on the ability to deliver enhanced benefits to customers together with low prices whilst achieving sufficient margins for reinvestment to maintain and develop the bases of differentiation (Scholes et al, 2005). It is mostly applicable where organisation is clear on the potential key competences in which differentiation can be built.

In a nutshell, competitive advantage has helped make strategy more achievable and actionable. This is achieved from an array of activities that are involved in improving the

value of products distinguishing a firm from its rivals. It is all about creating value. Barney (2007) affirms, in general, a firm has a competitive advantage when it is able to create more economic value than rival firms. That justifies the need for a firm's existence and the reason to stay in the competitive market since it can sustain its operations and meet stakeholders' values and expectations.

2.4 Organisational responses to industry changes

Porter (1998) reaffirms that the nature and degree of competition in an industry revolve around the five forces: threat of potential new entrants and substitutes, bargaining power of both the buyers and suppliers and the nature of competitive rivalry.

The forces framework help identify the sources of competition. He further states that understanding the connections between competitive forces and the key drivers in the macro-environment is essential. For example, technological changes can destroy many of the competitive advantages and barriers that have protected organisations historically. The essence of strategy is to understand the way these five forces can affect a firm and coping with the competitive environment.

2.5 Product - Market expansion and growth strategies

Ansoff (2007) exemplifies product-market expansion strategy with the use of a matrix grid (figure 1). This is usually prepared in conjunction with a gap analysis assessment. It follows a series of steps. These include determining the objectives of the firm, and

plotting the expected sales in order to come up with various strategic options. The firm has an option of four strategic directions to follow for growth.

2.5.1 Market Penetration

Market penetration is usually where an organisation strives to gain market share in a market in which the products it is offering already exist. This includes striving to improve the product in terms of innovation and quality so as to sustain and acquire a dominant market share including acquisition of the competitor's customers.

Johnson et al (2005) allude to the fact that the ease with which an organisation can enhance the policy of market penetration is dependent on market growth rate, resource issues driving or preventing market penetration; complacency of market leaders can allow lower share competitors to catch up as they are not regarded as serious competitors.

2.5.2 Market development

Development or modification of new products in an already existing market is another strategic direction to follow. This is known as product development. It is normally applied for survival but may not represent a considerable opportunity. For instance this could see the introduction of Video on Demand by ISPs, providing access at a fee.

Marketing development is where the existing company products are introduced to new markets in order to increase sales and customers. This is as a result of lack of further opportunities in the current operating markets and organisations are usually selective in the market they aim at. This is driven by market considerations and the capabilities of

the organisations to remain competitive in the current market. It can be enhanced by putting existing products into new uses and also as a geographical spread into new markets. This has been the case especially where Multinational Companies tend to spread their markets into the newly-found markets in Asia and Africa.

2.5.3 Product development

This applies in cases where one introduces new products into already existing markets. This is deemed to be a survival strategy. One needs to understand the changing needs of customers in order to satisfy them at all times to avoid the danger of them shifting to other competitors. Product development may be achieved by applying both existing and new capabilities.

Product development may not always be the best solution and sometimes may raise dilemmas for the organisations. For instance the process of getting a new product line might be expensive and time-consuming. Proper market research and analysis needs to be done so as make sure that the expected returns are realised.

2.5.4 Diversification

An organisation may choose to digress away from both its current products and markets. This is the strategy of diversification. Ansoff (2007) describes diversification as the name given to the growth strategy where a business develops and introduces new products in new markets. This is considered a risky affair since the business is moving into markets that it has not ventured in before and has no experience in it.

An organisation must be having a clear picture and communication of the projected gains and proper business risk analysis must carefully be properly outlined. Diversification can

the organisations to remain competitive in the current market. It can be enhanced by putting existing products into new uses and also as a geographical spread into new markets. This has been the case especially where Multinational Companies tend to spread their markets into the newly-found markets in Asia and Africa.

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An organisation must be having a clear picture and communication of the projected gains and proper business risk analysis must carefully be properly outlined. Diversification can

either be horizontal diversification where a new product is introduced into the current market; vertical diversification, where one moves into firms supplier's or customer's business. Others include concentric diversification where new product closely related to current product is introduced into new market and conglomerate diversification where new product is initially presented into a new market.

Figure 1: Ansoff's Product-Market expansion grid.

		Products	
		Existing	New
Markets	Existing	<ul style="list-style-type: none"> ❖ Protect/Build Consolation Market penetration 	<ul style="list-style-type: none"> ❖ Product development With existing capabilities With new capabilities Beyond current expectations
	New	<ul style="list-style-type: none"> ❖ Market development New segments New territories New uses With new capabilities Beyond current expectations 	<ul style="list-style-type: none"> ❖ Diversification With existing capabilities With new capabilities Beyond current expectations

Adapted from “Exploring corporate strategy: Text and cases (7th ed.),” by Johnson, G., Scholes, K., & Whittington, R., 2005, *Strategy development directions*, p. 341. Copyright 2005.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter will cover the description of the methods applied in carrying out the research study. It will consist of research design, the population under study, and data collection methodologies and procedures. It will also include how data was analysed and presented by the researcher.

3.2 Research design

The research design adopted was a cross-sectional survey. Survey research seeks to obtain information that describes phenomena by asking individuals about their perception, attitude behaviour or values (Mugenda and Mugenda, 2003). It involves the collection of data from a given population for the purpose of analysis for a particular use. It also portrays an accurate profile of persons, events or situations (Robson, 2002).

According to Saunders et al (2007), a census is used when it is possible to collect and analyse data from every possible case or group member. One is therefore able to data from all members of the population for comparison purposes. During the survey, identical questions were presented to respondents from different ISPs in order to obtain responses that facilitated data analysis obtained from the similar attributes that were to be analysed.

3.3 Population under study

The population of interest consisted of all ISP firms in Nairobi. According to the Communications Commission of Kenya there are 29 registered and operating ISPs based in Nairobi.

This being a census survey for all the firms in Nairobi data was collected from all the 29 organisations. All these firms offered a selected range of services to different customers, both consumer and corporate.

3.4 Data collection

Primary data was collected using a standardised questionnaire containing both structured and unstructured questions. The questionnaire was designed to address the research question. The questionnaire was developed by use of relevant literature review and the nature of the industry. Drop and drop and personal interviews modes of data collection were used to collect data. The interviews mainly targeted the senior managers who took part in strategy formulation and implementation.

The questionnaire comprised two parts; part 1 captured information about the general characteristic of the firm, and part 2 that addressed the strategies adopted by organisations. Confidentiality was maintained at all levels of the study. Dichotomous scale was used to elicit different outcomes and the Likert scale was be used to measure how strongly subjects agree or disagree with the statements being measured on a 5-point scale.

3.5 Data Analysis

Descriptive statistics were used to do data analysis. This included the use of frequency tables, percentages and mean scores derived from the attributes of the data under investigation.

Frequency tables were used for arraying data obtained to facilitate working out on various attributes in order to address the objectives of the study. Percentages were used

to reveal proportions of different attributes that were under study for relative comparison while rank ordering helped rank the different attributes and variables in the order of the representation equally to address the objective of the study.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The main objective of the study was to establish the various strategies adopted by various ISPs to gain competitive advantage over and above their competitors. This section outlines the post-data collection activities. It will cover data analysis, presentation and discussion on data collected from the field. The data was analysed using descriptive statistics. This included the use of frequency tables, percentages and mean scores derived from the attributes of the data under investigation.

4.2 Organisation background

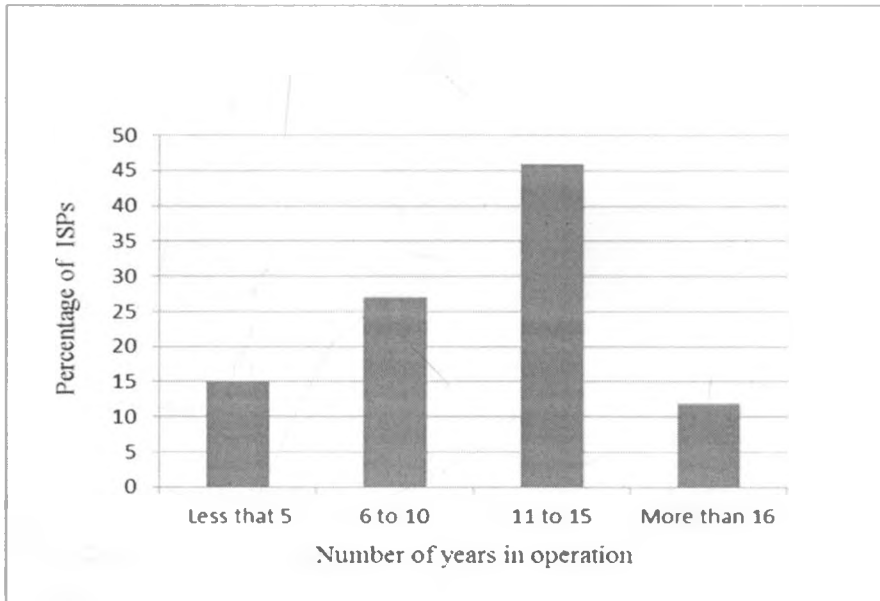
Before embarking on the strategies adopted by various ISPs, it was important to establish their profiles. This section provides the background and a brief profile of the organisations involved in the study as provided by the respondents. The number of years in operation the size in terms of outlets within the city and the overall employee size was some of the information derived from data collected from the questionnaire.

4.1.1 Number of years in operation

The ISP industry has not been there for long. Players started investing in the industry in the late nineties. Therefore the time range was chosen carefully to cover only the period the researcher thought was relevant for the study. From Figure2, it can be deduced that majority of the firms have been in existence for 10 to 15 years. This was a clear indication that this was after the communications industry was liberalized and government restrictions reduced. Only 15% of ISPs studied have been in operation for the

last five years. Also, very few of them were in operation for over 16 years due to the challenges in starting the business and technological challenges.

Figure 2: Graph showing number of years ISPs have been in operation.



Source: Research data

4.1.2 Size of organisations in outlets and number of employees

This section sought to find out the size of the organisation in terms of the number of service outlets and the number of employees. It established that the number of outlets were actually almost directly proportional to the number of employees. Companies that had more outlets basically had more number of employees. Also, most of the companies had less than five employees. Further analysis indicated that those that had more employees were less but were actually taking much of the market share with more outlets.

Figure.3: Number of service outlets within Nairobi

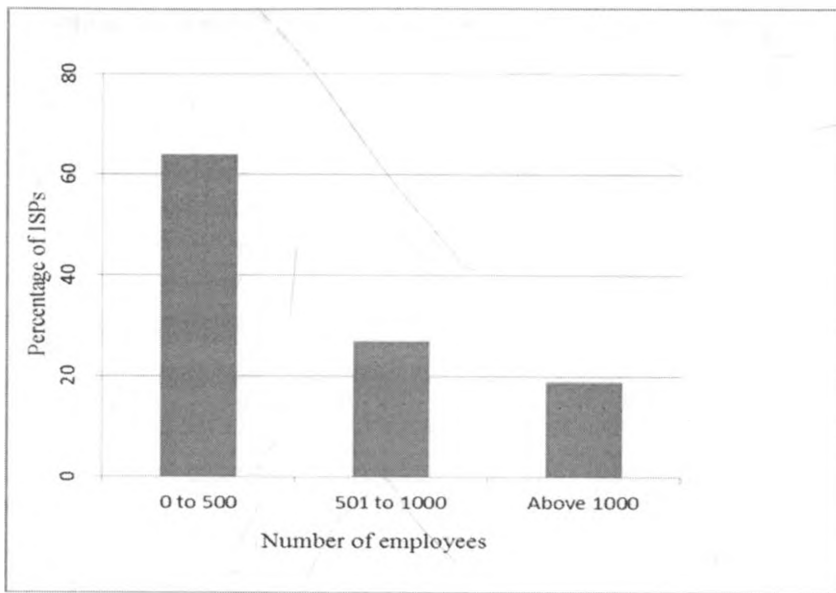
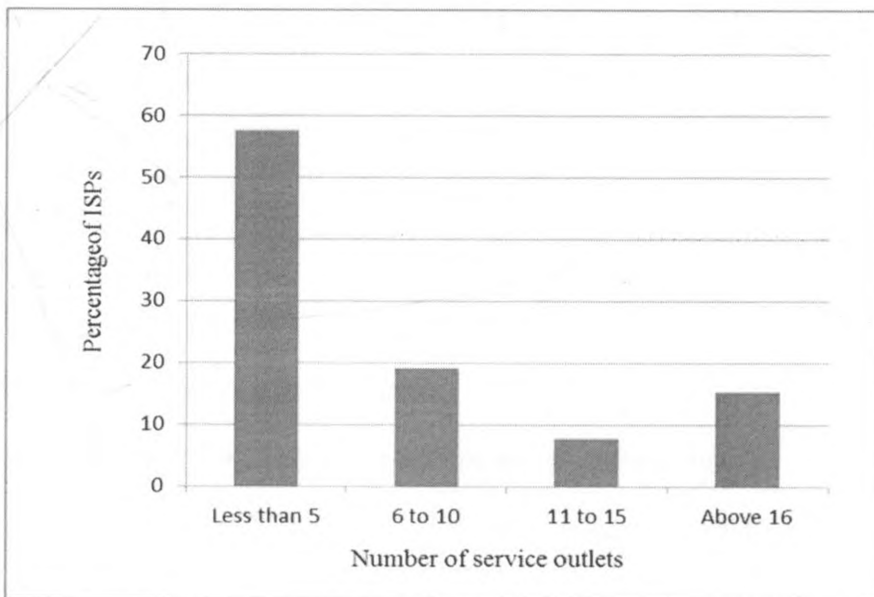


Figure 4: Number of Service outlets



Source: Research data

4.1.3 Mission and vision

This section sought to find out if companies had embraced vision and mission statements. A mission of an organisation is a brief description of a company's fundamental purpose and a vision statement is where an organisation wants to be in the future. It was clear that most organisations knew what business they were in and where they were headed as depicted by table 1. A total of 77% of respondents indicated that they had a vision and mission since inception. However, a further analysis indicated that 5 % of those had to change their vision and mission mid-way even after their inception.

Table1

Table Showing Distribution of Vision and Mission Statements.

RESPONSE	Frequency	Percentage
Yes	20	77
No	6	23
TOTAL	26	100

Source: Research data:

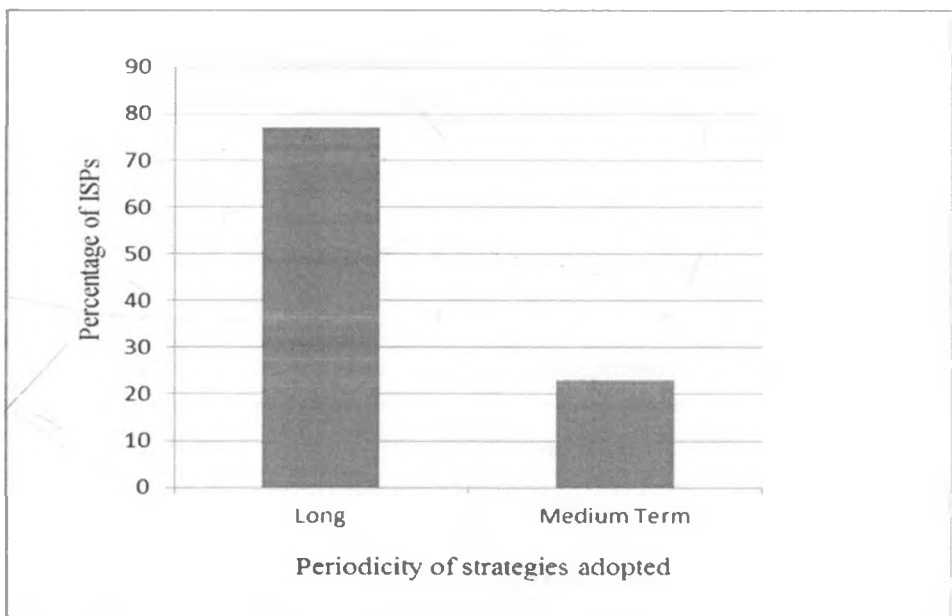
4.1.4 Strategy and objective development

Strategy is the process of formulating, implementing and evaluating business strategies to achieve future objectives (Harvey, 1988). Strategy development is fundamental to creating and running a business. Strategies are likely to be concerned with the long-term direction of an organisation. However, due to the size of some ISPs, this research established that there are both medium and long-term strategies in that industry. These are based on the objectives that different ISPs have. From the study, 20 companies (77%) were found to have adopted long term strategies.

The other 3(23%) had medium term strategies but were confident that they would formalize them into long term strategies.

Objectives were seen to be set both at the top and middle level management. An analysis of different ISPs found out that most of these are set at the top level and communicated downstream to the operations level.

Figure 5: Percentage of the companies with long versus medium term strategies.



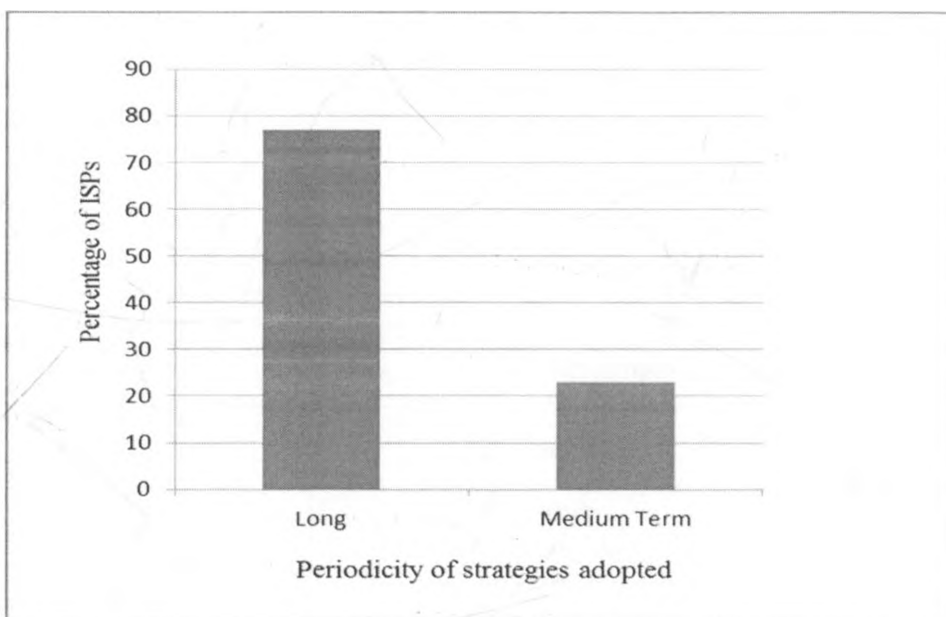
Source: Research data

This ensured that the organisations objectives were understood by all stakeholders. This also brought a clear understanding to where the organisation is going to. Most of these objectives were communicated and reviewed during meetings and others are communicated officially, both formally and informally, from the management to the operations level.

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4.1.5 Services offered by various ISPs

Table 2

Services Rendered by Various ISPs

SERVICE	Frequency	%	SERVICE	Frequency	%
Internet services	26	100	ISDN	10	38.4
Web hosting	20	76.9	ATM	5	19.2
Web design services	20	76.9	Frame relay	6	19.2
Storage	6	23.1	Security, e.g. firewall services	10	38.4
eMail services	23	86.1	LAN services	22	84.6
Voice over IP(VoIP)	7	26.9	IPTV surveillance	7	26.9
Video Conferencing Facilities	9	34.0	Payment options e.g. MPESA, Credit/Debit Card	19	73.1
Audio/Video Streaming Services	8	20.7	Wi Max/ Radio/Microwave	9	34.6
DSL	5	19.2	LAN services	20	76.9
VPN	4	15.3	Corporate Applications Hosting	5	19.2
Microwave	4	15.3	Cloud services	4	15.3
VSAT	4	15.31	Wi-Fi services	24	92.30
MPLS	3	11.54	Call hunting	4	15.38

Source: Research data

The researcher was also interested in knowing the services that these ISPs offer. These ranged from the basic internet access to the more complex and emerging services such as cloud services and Enterprise Systems hosting and development. The bigger companies

offered both the simple and the sophisticated services. Some of these services require a big capital outlay and therefore the smaller ISPs were found to be at a disadvantage in trying to establish a niche in those markets. Table 2 shows a summary of the services and the number of companies offering each of the services. It is evident that some services are offered by all the players in the market.

4.1.6 Sources of Competition

Porter's five forces are key in determining the competitive intensity and hence the strategies that an organisation will undertake in order to acquire a strategic fit in the operating environment. A research on the five forces, along with other factors affecting competition, was carried out. The responses from different ISPs were tabulated and analysed as demonstrated on table 3.

From the study, it is evident that as the organisations come up with strategies, they are cognizant of the volatile environment in which they operate. All strategies are constrained by different forces in the market in which they operate. It was therefore necessary to find out from the respondents the perception they have in terms of competition in the market in which they operate.

The analysis of various sources of competition clearly shows that rivalry from other competitors in the market and economic challenges in the country are some of the elements that affect the kind of strategies that organisations undertake in an industry. It however shows that there is less impact by the changes in organisation policies and government regulations have eased up in the last few years.

Table 3

Competitive Forces and Challenges

COMPETITIVE FORCES	MEAN	SD
Rivalry from competitors	2.15384	0.54349
Substitute of products sold by other players in the market	3.34000	0.577350
New competitors who keep on entering the market	2.84610	0.674821
The bargaining power of suppliers in the market	2.80000	0.76376
The bargaining power of your buyers(customers)	2.80000	0.66583
High staff turnover	2.80769	0.749359
Lack of sufficient technological skills	2.80769	0.80096
Government regulations	3.15384	0.731699
Economic changes in the country	2.50000	0.648074
Changes in organizational policies	3.23076	0.90808

Source: Research data

Note: The above table represents the analysis of responses given by various ISPs regarding competition in the environment in which they operate. These were rated on a 5-point Likert scale where: “1” - very strongly agree, “2”- strongly agree, “3” - moderate, “4” – little and “5” – disagree. Mean scores were used to determine the extent to which different factors influenced strategies. The standard deviations were used to determine the varying degrees by the respondents in the survey.

4.3 Strategies adopted by ISPs

The set of activities concerned with formulation and implementation of strategies to achieve organisational objectives is what defines as strategy (Pearce & Robinson, 1997). It is the long term direction and scope of an organisation to achieve competitive advantage through the configuration of resources within a changing environment. It is a plan – some sort of consciously intended course of action. Strategies have two essential characteristics; they are made in advance of the actions to which they apply, and they are developed consciously and purposefully (Mintzberg, 2003).

4.3.1 Competitive strategies

There are different strategies that an organisation can adopt in order to survive. Some of these are overall cost leadership, differentiation and focus. Competitive advantage may also be achieved in form of other activities that an organisation undertakes in order to add value and remain competitive to the satisfaction of the stakeholders.

From table 4, it can be deduced that ethical considerations and competitive recruitment were very popular strategies. This was so as to ensure customer loyalty and also make sure that the best were picked from the job market. Differentiation and client services were also key strategies that were widely considered important by many of the companies.

In the research, various competitive strategies were listed and respondents asked to respond on a 5-point Likert scale.

Table 4

Different Strategies Adopted by ISPs

STRATEGY	Mean	SD
Product differentiation	2.00000	0.55470
Cost leadership – provision of cheap services in the market	2.25925	0.59437
Client Service(timely service, follow-up on technical issues)	2.00000	0.55470
Some products target a particular group of clients	2.25925	0.74431
Corporate Social Responsibility (CSR) involvement	2.77777	0.97402
Continuous Staff Training	2.14814	0.53376
Ethical considerations – considering customer data is key	1.81481	0.62246
Competitive recruitment	1.96296	0.58713
Outsourcing	2.96296	0.70609
Review of Service Level Agreements with Clients	2.85185	0.76980
On-site support	2.85185	0.86396

Source: Research data

Note: Scale of “1” reflects very strongly agree, “2”- strongly agree, “3” - moderate, “4” – little and “5” – disagree. Mean scores were used to determine the extent to which competitive strategies were applied by the various organisations. Standard deviation was used to show the deviation of adopted strategies from the mean.

The higher the mean score the more the utilization of a strategy. On consideration of SD, there was a significant variation in some strategies like the corporate Social responsibility and on-line support. This shows a variation in such strategies that are mainly dictated by other capabilities of the company such as number of staff for on-site support and additional resources for CSR, which small companies might be lacking.

4.3.2 Product – Market growth matrix

The product-market matrix is one of the growth strategies and a tool that is used by various organisations. It has proven to be very useful when a company is seeking to determine opportunities for growth. Although it has been there for a while, the product/market grid of Ansoff remains a valuable model for communication around business unit strategy processes and business growth. It looks at the industry from the market and the product perspective and how the two can be used for market growth.

Table 4

The Product-Market Growth Matrix Strategies

STRATEGY	MEAN	SD
Market penetration		
Increasing more services	1.9130	0.68836
Giving more incentives such as extra bandwidth	2.07692	1.016782
Market development		
Identification of new potential customers	1.9200	0.49328
Expanding regionally	2.4444	0.82057
Targeting new market segments	2.5600	0.71118
Product development		
Adding new product features/refinement	1.96153	0.52769
Expanding the product line	2.038461	0.720042
Developing a new generation product in line with the changing technology	2.80769	0.69392
Developing new products for the existing market	2.19230	0.84943
Diversification	2.80769	0.89528

Source: Research data



Note: The elements of the product-market growth strategy were weighed on a 5-point Likert scale where: “1” - very strongly agree, “2”- strongly agree, “3” - moderate, “4” – little and “5” – disagree. Mean scores were used to determine the extent to which the growth strategies were applied by the various organisations. The standard deviations were used to determine the varying degrees by the respondents in the survey.

From the statistics, it can be deduced that market penetration is the most used form of growth strategy. Increasing more services and they strive to attract more customers come out strongly with a mean of 1.9130 and 1.9200 respectively. This shows that these companies want to retain their existing clientele at the same time looking out to woo new ones for the services they offer.

4.4 Discussion of the findings

From the analysis of data collected, it can be deduced that many organisations continue to put emphasis on the environment and their internal capabilities. They strive to anchor their strategies towards proper positioning with unique marketing propositions and full utilization of their internal competencies in order to remain competitive. There is need for the organisation to therefore consider the resources at its disposal and leverage the same to the advantage of the organisation (Scholes et al, 2005).

4.4.1 Comparison with extant theory

Johnson et al (2005) concede that an organisation exists in the context of a complex political, economic, social, technological, environmental and legal world. When adopting any form of strategy, an organisation should consider these factors so as to acquire a strategic position in the operating environment. It should strive to take advantage of the

opportunities and manage threats accordingly. From the collected and analysed data, various ISPs come up with different strategies such as innovation of unique products. An example is internet bundles that grant customers cheaper internet access rates for longer so as to remain competitive in the volatile environment in which they operate. This was seen as a positive outcome, a clear indication that the environment has to be thoroughly scanned before a strategy is selected and implemented so that these products are accepted as they are introduced, giving the organisation greater competitive advantage over its rivals.

A firm positions itself by leveraging its strengths. Porter (1998) argues that a firm's strengths ultimately fall into cost leadership, differentiation and focus. This is clearly demonstrated by the fact that most of the firms were found to have adopted these strategies in order to remain competitive. ISPs were seen to considerably lower costs so as to remain competitive and attract more customers. The research also established that focused strategy, such as packages for corporate products were employed by many firms. Similarly, differentiation strategy was a widely adopted strategy. Differentiation is seen as the process of adding a set of meaningful and valued differences to distinguish the company's offering from competitors' offerings (Kotler, 2003). Many firms adopted this by providing, for instance, online support for their clients and also a one unique package that would incorporate many different but related services.

Hax and Majluf (1996) argue that strategy is needed in order for organisations to obtain a viable match between their environment (external) and internal capabilities. From the study, a number of forces that shape competition in the environment were identified.

Looking at the statistics, it is clear the most identifiable strategies were rivalry within the industry and the threat of new entrants into the market. These do have a direct impact on the strategy a firm undertakes. Other factors that influenced strategy formulation included high staff turnover and economic changes in the industry. However, factors such as substitutable products were seen to have little impact. Also, the government influence on this area was seen to have eased up with the regulations having been relaxed. Some of these forces dictate the strategy to be adopted by an organisation.

Therefore, before a firm chooses which strategy to undertake, it is important a proper analysis of the environment in which it is operating is done, accurately identifying the opportunities and threats. The need to identify the relevance and capability of current strengths and weaknesses in dealing with the changes taking place in the business environment is of utmost importance (Thompson et al, 2007). Different ISPs built internal capabilities such as competitive recruitment and training so as to overcome any weaknesses thereof.

Ansoff's product-market growth strategies have also been applied by most of the ISP firms as they try to maintain and gather new clientele. Firms develop new products so as to remain competitive ahead of their competitors in the market in which they operate (Ansoff, 1990). Market development was adopted by ISPs by marketing their existing products into new markets.

4.4.2 Comparison with other studies

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Mugambi (2003) proposed that companies should be more involved in marketing strategy especially since they all operate in a competitive environment. This was evident in the

study on ISPs since market penetration and development were seen as key strategies in the acquisition and maintenance of clientele. However, a clear understanding of the operating environment is crucial so as to reduce risky undertakings.

Kemunto (2009) in analyzing competitive strategies employed by FM radio stations recommends that successful FM stations should ensure that products are differentiated enough to be able to distinguish themselves from other competitors. From the study on ISPs a mean of 2.0 indicated that most companies strongly agreed that the strategy worked for them. This is a clear indication how competitive this industry is and the way they strive to remain competitive.

Mwaniki (2010) on competitive strategies adopted by stockbrokers in Kenya outlined the challenges and competitive forces that affect operations of stockbrokers including technological advancements, industry profitability and falling public confidence. Some of these forces, such as rivalry from competitors and new entrants in the market are some of the forces that affect competitiveness in the ISP world. Organisations strive to overcome these by carefully analysing the market and positioning themselves by undertaking strategies such as cost leadership.

A study by Wanyande (2006) on application of Ansoff's four growth strategies by internet service providers in Kenya identified growth strategies in ISPs and recommended further studies on all ISPs in terms of growth strategies. This, he noted are core to a sustainable competitive advantage considering the very volatile technological environment ISPs operate in. This matches some of the strategies that ISPs in Nairobi have adopted for both product and market growth. However, the diversification growth

strategy has not been embraced by many ISPs, especially the small ones and those that have not been in existence for long. This is an indication that they are unwilling to take major risks.

Most of all these studies have been built around generic strategies to a great extent. Cost leadership, differentiation, focused strategy to other growth strategies such as market penetration and development, organisations go further to undertake other considerations that they consider key enablers in their businesses such as competitive recruitment and ethical considerations like clients' data privacy and maintain their confidence. These strategies draw a mean of 1.96296 and 1.81481, an indication that they are seriously taken into consideration for the purpose of maintaining clients. Other strategies such as outsourcing and Corporate Social Responsibility are not common across many of the ISPs since they are considered to be applicable to big companies. Also, the large SD of 0.97402 indicates that there is a big deviation from the mean. This is an indication that there are some companies that uphold these strategies while others have not adopted them at all.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a brief summary, conclusions and recommendations on competitive strategies used by ISPs in Nairobi to gain competitive advantage. This is based on the data collected from the 26 ISPs and the findings gathered from the data analysis. This accounted for 90% response rate.

5.2 Summary of findings

The findings indicate that majority of the firms had a mission statement since inception. This accounted for 77% of those who responded. Also most of the firms that have many outlets have been in operation longer than the ones with the lesser outlets. It can also be deduced that most of the companies that have been in operation for less than five years registered fewer number of employees compared to the ones that have been there longer.

The researcher also sought to find out if the firms have long or short term strategies. It was found that indeed majority of the firms have adopted long term strategies with clearly defined objectives. These objectives are set bot at the top and middle level and communicated downstream to other employees.

As for services being offered by ISPs, it was evident that there are the very common services offered by almost all ISPs such as internet and web-hosting. However, ISPs need to continue with the spirit of innovation since technology is fast growing and there are other untapped potential services such as cloud, Wi-Fi Services and corporate applications and development

Regarding the strategies adopted by different firms it was found that generic strategies are still in use. These included differentiation and cost leadership. Others were seen as playing a big role in sustaining competitive advantage included Client Services, competitive recruitment and privacy of clients' data (ethical considerations). Regarding the product-market matrix in the industry, most ISPs were found to have adopted product development and market penetration strategies. This is so as to continue with innovation and provide new products and at the same time try to get a wider market share in the industry. Though diversification and market development were adopted, it was not to a large extent.

The researcher also sought to find out the various competitive forces in the environment in which they operate. The main forces were seen to be rivalry within the industry and the threat of new entrants due to the threats of new entrants into the market.

5.3 Conclusion of the findings

Various challenges such as globalisation, new entrants are just but some of the challenges generally facing the smaller firms in the ISP industry. In an effort to outdo each other firms engage in a variety of strategies. No matter what industry one is in, the key generic strategies that play a big role include overall cost leadership, differentiation and focus which are tailored in the industry in which an organisation operates. Others are usually activity based, coined to compete in that industry, meant to add value and make the firm more competitive. Porter (1998) re-affirms that the activity based view of the firm also provides the foundation for thinking about strategy across multiple businesses.

The whole essence of strategy for any organisation is to acquire a strategic fit while taking into consideration the five forces that shape strategy. The strategies adopted must ensure they are well implemented so as to meet or exceed the stakeholders' expectations of profitability and also gain a sustainable competition against the backdrop of forces that shape competition in the environment in which they operate.

For managers of small firms, they would need to come up with strategies that will enable them compete in the big markets and also that will help them grow and position themselves strategically.

5.4 Implications of the study

Considering that ISPs operate in the ICT industry, they need to be more innovative since this is a field that is constantly developing and changing. The players need to be aware of the dynamics of this industry and undertake the appropriate strategies to mitigate any negative impacts as a result of technological advancements.

Also, due to the wide range of products that are coming up as a result of innovations, ISPS need to come up with different strategies for different products in order to remain competitive. This will ensure that, for instance, they can offer a wide range of products as a package to customers.

Besides demonstrating various strategies that various organisations undertake to remain competitive the study reveals that there are other areas that organisations need to tap into. The findings will also provide a basis for other researchers who can use the analysed data as a basis for further studies.

5.5 Limitations of the study

The studies were carried within Nairobi only; this is because of the challenges involved in moving from one corner of the country and also time constraints. The results would have been somewhat different had the study been done countrywide.

Also, despite some respondents being in senior management, there were challenges in data collection whereby the researcher had to explain some of the technical terms associated with ISPs which the respondent was not so familiar, for one reason that he or she did not ascend to management from the technical department.

5.6 Recommendations for further research.

The current study was within Nairobi city only. Further studies should be carried across the entire country so that a proper perception

Also the researcher feels that a number of aspects need further research in future. This is because the internet era is moving very fast and many more players are coming in the market. There are also other products that, with the broadband internet that ISPs in Kenya can start undertaking so as to be more competitive even with other players who have infiltrated the internet services market.

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APPENDICES

Appendix 1: Questionnaire

The questionnaire has two parts: Part one consists of company background, while part two consists of aspects of strategy and competitive strategies undertaken by various companies.

PART ONE

Section A: GENERAL BACKGROUND

1. Name of organisation

2. Number of years your organisation has been in operation.

<= 5 years [] 6 to 10 [] 11 to 15 [] >16 years

3. Number of service outlets in the country.

<= 5 years [] 6 to 10 [] 11 to 15 [] >16 years

4. Number of employees the organisation has currently.

<=50 [] 51 to 100 [] 101 – 150 [] 151 – 200 [] Above 200 []

Section B: STRATEGY FORMULATION

5. Does your company have a vision statement?

Yes [] No []

6. Does your company have a mission statement?

Yes [] No []

APPENDICES

Appendix 1: Questionnaire

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PART ONE

Section A: GENERAL BACKGROUND

1. Name of organisation

2. Number of years your organisation has been in operation.

<= 5 years [] 6 to 10 [] 11 to 15 [] >16 years

3. Number of service outlets in the country.

<= 5 years [] 6 to 10 [] 11 to 15 [] >16 years

4. Number of employees the organisation has currently.

<=50 [] 51 to 100 [] 101 – 150 [] 151 – 200 [] Above 200 []

Section B: STRATEGY FORMULATION

5. Does your company have a vision statement?

Yes [] No []

6. Does your company have a mission statement?

Yes [] No []

7. Do you have a mission statement since your inception?

Yes [] No []

8. Did you have to change your mission statement since its formulation?

Yes [] No []

9. Do you have a set of objectives for your organisation?

Yes [] No []

10. At what organizational levels are these objectives set(you may tick all applicable)

Top [] Middle []

11. Do you communicate the objectives to your employees

Yes [] No []

12. If yes to question 14, how do you communicate them to the employees?

In Meetings [] Written Formal [] Informal []

13. Do you have any strategic planning process in your organisation?

Yes [] No []

14. Are these strategies long term or medium term?

Long [] Medium []

15. Please tick some of the services your firm provides(tick as appropriate)

Internet services	[]	ISDN	[]
Web hosting	[]	ATM	[]
Web design services	[]	Frame relay	[]
Storage	[]	Security, e.g. firewall services	[]
eMail services	[]	LAN services	[]
Voice over IP(VoIP)	[]	IPTV surveillance	[]
Video Conferencing Facilities	[]	Payment options e.g. MPESA, Credit/Debit Card	[]
Audio/Video live Streaming Services	[]	Wi Max/ Radio/Microwave services	[]
DSL	[]	LAN includes services as cabling, system integration.	[]
VPN	[]	Corporate Applications Hosting and Development	[]
Microwave	[]	Cloud services	[]
VSAT	[]	Wi-Fi services	[]
MPLS	[]	Call hunting	[]

Others (please specify)

PART TWO: COMPETITIVE STRATEGIES ADOPTED BY YOUR ORGANISATION

Some of the competitive strategies adopted in Kenya by ISPs include the following. State to what extent your firm has adopted them to the scale of “1” to “5” where: “1” - very strongly agree, “2”- strongly agree, “3” - moderate, “4” – little and “5” – disagree

		1	2	3	4	5
1	Product differentiation	[]	[]	[]	[]	[]
2	Cost leadership – provision of cheap services in the market	[]	[]	[]	[]	[]
3	Client Service(timely service, customer premises services, follow-up on technical issues)	[]	[]	[]	[]	[]
4	Some products target a particular group of clients	[]	[]	[]	[]	[]
4	Corporate Social Responsibility involvement	[]	[]	[]	[]	[]
5	Continuous Staff Training	[]	[]	[]	[]	[]
6	Ethical considerations – considering customer data is key	[]	[]	[]	[]	[]
7	Competitive recruitment	[]	[]	[]	[]	[]
8	Outsourcing	[]	[]	[]	[]	[]
9	Review of Service Level Agreements with Clients	[]	[]	[]	[]	[]
10	On-site support	[]	[]	[]	[]	[]

Others(please specify)

The following are some of the marketing strategies many firms have adopted in Kenya. Select the extent to which your firm has adopted them in order to remain competitive in the scale of “1” to “5” where: “1” - to a very large extent, “2”- to a large extent, “3” – to some extent, “4” – to some extent and “5” – no extent.

	STRATEGY	1	2	3	4	5
Market penetration						
1	Increasing more services	[]	[]	[]	[]	[]
2	Giving more incentives such as extra bandwidth at no cost	[]	[]	[]	[]	[]
Market development						
1	Identification of new potential customers	[]	[]	[]	[]	[]
2	Expanding regionally	[]	[]	[]	[]	[]
3	Targeting new market segments	[]	[]	[]	[]	[]
Product development						
1	Adding new product features/refinement	[]	[]	[]	[]	[]
2	Expanding the product line	[]	[]	[]	[]	[]
3	Developing a new generation product in line with the changing technology	[]	[]	[]	[]	[]
4	Developing new products for the existing market	[]	[]	[]	[]	[]
5	Diversification – entry into new unknown territory	[]	[]	[]	[]	[]

There are different sources of competition. Please rate the level at which the following strategic issues affect your business in the industry in which your firm operates. On the scaling of “1” to “5” where “1” - to a very large extent, “2”- to a large extent, “3” – to some extent, “4” – to some extent and “5” – no extent

	COMPETITIVE FORCES	1	2	3	4	5
1	Rivalry from competitors	[]	[]	[]	[]	[]
2	Substitute of products sold by other players in the market	[]	[]	[]	[]	[]
3	New competitors who keep on entering the market	[]	[]	[]	[]	[]
4	The bargaining power of suppliers in the market	[]	[]	[]	[]	[]
5	The bargaining power of your buyers(customers)	[]	[]	[]	[]	[]
6	High staff turnover	[]	[]	[]	[]	[]
7	Lack of sufficient technological skills	[]	[]	[]	[]	[]
8	Government regulations	[]	[]	[]	[]	[]
9	Economic changes in the country	[]	[]	[]	[]	[]
10	Changes in organizational policies	[]	[]	[]	[]	[]

What other strategies have you adopted to remain competitive in the market?

Appendix 2: List of Internet Service Providers in Kenya.

	COMPANY	LOCATION
2	Nairobi Net Ltd.	Anniversary Tws, 19th Flr
3	Internet Solutions Ltd.	Chancery Bldg,7th Flr Valley Rd
4	Seacom Kenya	Bruce Hse, 6th Flr
5	Airtel Ltd	Parkside Tws, Mombasa Rd
6	Safaricom Ltd	Safaricom Hse, Waiyaki Way
7	Access Kenya Group	Museum Hill Center 3rd, Muthithi Rd
8	Kenyaweb.Com Ltd.	TransNational Hse, 9th Flr
9	Swift Global	Parkside Tws, Mombasa Rd
10	Wananchi Online Ltd.	Laptrust Tws, 1st Flr Loita St
11	MTN Business	Parkside Tws, 2nd Flr Mombasa Rd
12	Jamii Telecoms Ltd.	Adhouse, Korosho Rd Valley Arcade
13	Kenya Data Networks Ltd.	Parkside Tws, 7th Flr Mombasa Rd
14	Iway Africa Kenya Ltd	Rahimtullah Tws, 15th Flr Upper Hill
15	Orange Telkom	Telkom Plaza, Ralph Bunch Rd
16	Essar	Zep-Re Bldg
17	KENET	University of Nairobi
18	MyIsp	Vanguard Hse, Chiromo Rd
19	Flashcom Ltd.	Barclays Plaza 3rd Flr
20	Sahannet Limited	Lonhro Hse, 11th Flr Standard St
21	Tangerine Ltd	Lonrho Hse, 20th Flr Standard St
22	One Comm Ltd	One comm Hse, Waiyaki Way
23	CallKey E.A Ltd.	Eden Sq, 3rd Flr Chiromo Rd
24	UUNET Kenya Ltd, Nairob	Parkside Towers, 2nd floor, MSA Road
25	Corporate Technical Services	Gitanga Rd
26	Karibu Networks Ltd.	Bruce Hse, 6th Flr
27	Zuku Kenya	Head office Harambee Avenue
28	Xtranet telecommunication Ltd	Citadel Building muthithi rd
29	Bandwidth and Cloud Services	Citadel Building muthithi rd 1st flr

Source: The Telecommunications Services Providers Association of Kenya (TESPOK)

