COMPETITIVE STRATEGIES ADOPTED BY ESRI EASTERN AFRICA LTD FOR COMPETITIVE ADVANTAGE WITHIN THE INFORMATION AND TECHNOLOGY INDUSTRY IN KENYA

BY

RUCHA, LISPER GATWIRI

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 project is my original work and has not been submitted to any other university or institution of higher learning for examination purposes.

Signed: .... Date: 9|11|2012

RUCHA, LISPER GATWIRI

D61/71128/2008

This project has been submitted for examination with my approval as the University Supervisor.

Signed: .... Date: 9th/11/2012

Prof. Martin Ogutu,

Associate Professor,

Department of Business Administration,

School of Business,

University of Nairobi

ACKNOWLEDGEMENT

I wish to first appreciate the Lord God Almighty for His loving kindness and favour from the time I began the MBA program. If it were not for God, I would not have made it this far.

I would also wish to express my heartfelt gratitude to Prof. Martin Ogutu for his guidance and invaluable advice that came in handy in the preparation of this work. His input has made this work a success.

I would also wish to thank the lecturers in the MBA program for impacting knowledge and giving me the guidance in my academic studies. To my moderator, Prof. Evans Aosa, may the Lord bless you for taking time to go through this work to ensure that a quality paper was finally produced and submitted.

To Esri Eastern Africa, this work would not have been complete without your relentless support. I wish to specifically thank you for allowing me to study and collect data from your organization, and for offering maximum support during the period in which I was collecting the data for this work. Your support has not gone unnoticed.

Finally, I would like to thank my family, especially my husband, Dr. Samuel Mwenje, who fought this battle with me until the end. Thank you for always being on my side every time I needed you. My daughter, Sheila and Son David, you are the reason why I put in this effort to be an inspiration for you. Thank you for compelling me to work hard.

DEDICATION

This project is dedicated first and foremost to God Almighty for his favour, love and support during the period I was pursuing my MBA.

I would also wish to dedicate this project to my loving husband Dr. Samuel Mwenje, my daughter Sheila Kendi and son David Mwiti, as well as, my dear parents Mr and Mrs Eustace Nyaga. Their inspiration, patience and support has brought me this far. To my son and daughter, may this accomplishment be an inspiration to you in pursuit of your academic and other life goals. Always keep in mind that all things are possible with determination and right attitude.

TABLE OF CONTENTS

LIST OF ABBREVIATIONS

Esri EA – Esri Eastern Africa

GIS – Geographic Information Systems

GPS – Global Positioning Systems

ICT – Information and Communication Technology

IT – Information and Technology

MGIS – Mapping and Geographic Information Systems

LIST OF FIGURES

ABSTRACT

The objective of the study was to establish the competitive strategies adopted by Esri Eastern Africa as an Information and Technology firm in Kenya. The research methodology used for this study was a case study. The data required for this research was collected through the primary and secondary sources. The primary data was collected through an interview guide with open ended questions administered to the six managers of the company. Secondary data was retrieved from the internal records of the six departments of Esri EA, headed by the six managers. The data collected, being qualitative in nature, was analyzed through content analysis. Esri EA has kept in place various competitive strategies namely: shift from product model to solution model, differentiation, innovative solutions, customer support, product development, brand image, use of cost cutting technologies and practices, market niche strategy, relationship management and strategic distribution of products. The study recommends that further research be done to establish the challenges that Esri EA faces in implementing their competitive strategies, that a similar study be to other non-technological based firms for benchmarking purposes and that further research may be done to establish how the company deals with the challenges of strategy implementation. Although the company has put in place various competitive strategies, more requires to be done. The company requires to build the capacity of all the existing staff to use GIS, separate the Training and Support department into separate departments to better services to the clients, understand the business environment in which they operate and perform a better competitor analysis and keep an up to date customer contact information. This study was limited by the research design that the researcher used. This research design was a case study. As such, since only six respondents were interviewed, their observation might not be representative of all the views of the organization.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The contemporary business environment is characterized by turbulence and dynamism which compels organizations to continually craft and execute business strategies that offer sustainable competitive advantages. Understanding the business environment within which the organization operates is pivotal for successful running of any business unit. Rivalry is a key feature of the business environment, as organizations and industries compete for the same customers in the same target markets. Hence, organizations must understand how to effectively compete in the market place by developing new competencies as the old advantage and competencies quickly get eroded by environmental turbulence. A winning strategy must fit the enterprises' external and internal situation, build sustainable competitive advantage and improve the company's efficiency (Thompson, Strickland and Gamble, 2008). It is only the organization's that continually adapt to the changing world and circumstances that will thrive in their operations.

1.1.1 Competitive Strategies

Porter (1996) affirms that a competitive strategy is the search for a favourable competitive position in an industry. He further contends that a competitive strategy aims to establish a profitable and sustainable position against the forces that determine the industry competition. Competitive strategy specifies the distinctive approach that the firm intends to use in order to succeed in each of the strategic business areas (Ansoff, 1985). A firm's relative position within its industry determines whether a firm's profitability is above or below the industry average. The fundamental basis of above average profitability in the long run is sustainable competitive advantage.

The objective of a competitive strategy is to generate a competitive advantage, increase the loyalty of customers and beat competitors. Competitive strategies are significant to companies that compete in heavily saturated markets, providing numerous alternatives to customers, affirm Thompson et al. (2008). The essence of a competitive strategy lies in creating tomorrow's competitive advantages faster than competitors mimic the ones that a firm possess today. It is through the attainment of a competitive strategy leading to sustained competitive advantage, that the future of the firm's financial performance is secured (Porter, 1996). Although various studies in the concept of competitive strategies have been done, major studies have been studied by Michael porter who proposed five forces of industry competition. These include; rivalry, threats of new entry, threat of substitutes, bargaining power of suppliers and bargaining power of buyers (Porter, 1996). These five forces constitute the industry structure and it is from this industry analysis that a firm determines its competitive strategy.

1.1.2 Competitive Advantage

A competitive advantage is essentially a position of superiority on the part of the firm in relation to its competition in any of the multitude of functions/activities performed by the firm (Thompson et al, 2007). Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can include access to natural resources such as high grade ores or inexpensive power, as well as highly trained and skilled personnel (Porter, 1985). A competitive advantage allows an organization to produce and sell goods more efficiently than its rivals.

There are many routes to competitive advantage, but they all involve giving buyers what they perceive as superior value compared to the offerings of rival sellers (Porter, 1980). Superior value can mean a good product at lower price, a superior product that is worth paying more for or a best value offering that represents an attractive combination of price, features, quality, service and other appealing attributes. Delivering superior value whatever form it takes, nearly always requires performing value chain activities differently than rivals and building competencies, resources and capabilities that are not easily matched (Thompson et al, 2007). Porter (1980) identified the two main types of competitive advantage as cost advantage and differentiation. In developing and maintaining their competitive advantage, companies have the option to adopt one of the three generic strategies: cost leadership, differentiation or focus.

1.1.3 Information Technology (IT) Industry in Kenya

Information Technology (IT) is a huge industry in itself, and the source of dramatic changes in business practices in all other sectors (Andrade, 2009). The term IT covers a number of related disciplines and areas, from semiconductor design and production (also covered in the profile of the electronics sector), through hardware manufacture (mainframes, servers, PCs, and mobile devices), to software, data storage, backup and retrieval, networking, and, of course, the internet. In Kenya there are over 4,000 registered ICT companies, with an estimated 3,000 individual ICT consumers in the dealer network (Andrade, 2009). Familiarity with computers is estimated at 10% of the population. Currently the ICT industry as a whole contributes USD 1.56 billion to the Kenyan economy.

Within this industry is the Geospatial technology, also referred to as Geomatics. Geospatial technology is defined as the technology which acquires, manages, interprets, integrates, displays, analyzes, or otherwise uses data focussing on the geographic, temporal and spatial data.

Geospatial technologies is an umbrella phrase associated with a suite of technologies including remote sensing, Global Positioning System (GPS), Geographic Information System (GIS), information technologies, and field sensors, that help in capturing/storing/processing/ displaying/disseminating information tied to a particular location (Simon, 2011). The progressively complex and accelerating pace of change in geospatial technology, offers dramatic possibilities for meeting the increasingly sophisticated geospatial information demands of government, private industry, scientists and the public.

Geospatial technology in Kenya is over fifty years old, with over twenty registered Geospatial technology companies. Geospatial companies target all sectors of the economy for their market, which in turn use the geospatial technology to map their resources and create geospatial databases among others. Various learning institution have incorporated geospatial and space technology in their syllabuses to equip more students with the necessary skills in the fast growing industry (Simon, 2011). Since its inception in the 1960s, the geospatial technology industry in Kenya has been growing steadily.

1.1.4 Esri Eastern Africa Ltd

Esri Eastern Africa (Esri EA) is the exclusive Distributor for Esri products and solutions, a Trimble Business Partner for Mapping and Geographic Information System (MGIS), and the exclusive distributor for ENVI image processing software in Eastern Africa covering Kenya, Tanzania, Uganda, Ethiopia, Djibouti, and Eritrea. GIS is an information technology that provides tools to understand, question, interpret and visualize data. Esri EA started its operations in April 2007 to provide working and innovative GIS solutions to its customers and to promote geospatial technology as a solution for increased profitability and competitiveness (Simon, 2011)

.The Company's vision is to offer a prosperous society impacted by the use of geospatial technologies, with commitment, servitude and excellence as their core values. The company currently have a client base of 500 organizations within its market region. Located in upper hill Nairobi, Esri EA is headed by a Board of Directors with the Managing Director, Technical Director, Training and Support Manager, Finance Manager, Operations Manager and Sales Manager as its line departments.

Esri EA employs a growing number of staff with diverse backgrounds such as geospatial technology, ICT, finance, and marketing (Simon, 2011).The firm maintains strong relationships with its growing customer base, GIS professionals, educational institutions, government, and private industry players. The company's products include Esri ArcGIS the world's leading GIS software, ENVI advanced Remote Sensing software and Trimble GPS receivers. Esri EA operates an Esri Authorized Learning Centre, which delivers quality education through instructor-led training. They offer an extensive course curriculum, which prepares participants for Esri Technical Certification in different areas of expertise at Associate and Professional level. Esri EA also offers self-study workbooks from Esri Press, self-paced web courses, and free technical sessions on specific topics on a regular basis (Simon, 2011).

1.2 Research Problem

A competitive strategy refers to the distinctive approach which a firm uses or intends to use to succeed in the market. It is the art of relating a company to its economic environment to which it exists. A competitive strategy gives a firm an advantage over its rivals in attracting customers and shielding against the industry forces. Firms pursue competitive strategies when they seek to improve or maintain their performance through independent actions in an industry or a market region. Competitive strategies provide a framework for the firm to respond to the changes in its environment. Firms develop competitive strategies which enable them to develop strategic initiatives and maintain a competitive edge in the market. The highly turbulent business environments have compelled organizations in all sectors to craft and execute competitive strategies to enhance their competitiveness.

Esri EA began trading in 2007 with a total of ten staff and has grown to 27 staff today. When the company began in 2007, it had a client base of approximately 300 organizations and currently has a growing client base of 500 organizations within its market region. Esri EA has spread its operations to become the exclusive Esri distributor in Kenya, Tanzania, Uganda, Burundi, Rwanda, Ethiopia, Djibouti and Eritrea. Esri EA covers the same market region as an appointed reseller for Trimble GPS (Global Positioning System) products, which are bundled with Esri mobile GIS software as an integrated GIS / GPS solution for field data collection. The company has acquired immense recognition from numerous institutions overtime, thrusting it to a key player in the industry. The company's portfolio has grown from a gross sale of approximately KSh. 50 million in 2007 to KSh. 145 million in 2011. This translates to approximately 300% growth in 5 years. The company's investment has also grown from KSh. 7 million to KSh. 50 million in the same period. The company anticipates to continue growing quantitatively and qualitatively within their market region. In the today's competitive and highly turbulent business environments, growth and financial success is unwarranted, hence, the need to study the strategies that have thrust EsriEA to the top of the Industry with an ever growing portfolio base.

Various studies have been conducted on competitive strategies adopted by various firms in in various industries in Kenya (Karani, 2008; Eurry, 2010; Kinyua, 2010; Omondi, 2010; Peter, 2010; Melin, 2010; Njoroge, 2006; Swaleh 2007; Nyatichi, 2009, Ruthiaren, 2010 and Ilovi, 2011). Eurry (2010) conducted a study on the competitive studies adopted by Standard Limited, where she found that the company had adopted cost leadership as one of their main strategies. Omondi (2010) conducted a study on the competitive strategies adopted by Postal Corporation of Kenya (PCK), who also found that they had adopted cost leadership and enhanced customer service as their main competitive strategies. Karani (2008) conducted a study on the competitive strategies adopted by the call centre industry in Kenya and found that the industry had adopted numerous strategies including first call resolution strategy and 24 hours of service. However, although this area of research has been conducted before, the findings of the researchers cannot be generalised as Esri EA has unique internal manifestation as a result of unique competition and management (Simon, 2011). What competitive strategies has Esri EA adopted?

1.3 Research Objective

The objective of this study will be to establish the competitive strategies adopted by Esri Eastern Africa as an Information and Technology firm in Kenya.

1.4 Value of the Study

The findings of this research will benefit various stakeholders namely; the researchers, the policy makers and the management of Esri EA. The findings of the study will add to the wide academia knowledge in this area of study. The researchers and scholars will find this study useful for further discussions and research, especially in replica research to investigate the influence of time and context, on the competitive strategies adopted by Esri EA as an Information and Technology firm in Kenya.

The policy makers may also use the findings of this report to make decisions on how to improve the IT industry and propel it to the next level of performance and excellence. Through the analysis of the competitive strategies adopted by Esri EA, the study will provide an insight to the policy makers on how the industry may be better managed for competitiveness.

The management of Esri EA will benefit from this study through the findings and recommendation chapter, which will outline the possible competitive moves that the company may adopt for competitive advantages within the industry. This study will also inspire the management on the competitive strategies that they have adopted over time, hence, the basis for objective evaluation of the effectiveness of the adopted competitive strategies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The business environment today is characterised by dynamisms which calls for constant alignment and realignment of the organizations' strategic initiatives. The consumer is surrounded by marketing in form of brands, adverts and promotions which all aim at influencing the consumer's behaviour. To be able to attract and retain its buyers a firm must position itself strategically by way of employing competitive strategies in order to withstand competitive pressure and improve its market position (Thompson, Strickland and Gamble, 2008).

According to Johnson and Scholes (2002), a competitive strategy is concerned with a basis on which a business unit might achieve competitive advantage in its market. A competitive strategy specifies the distinctive approach which the firm intends to use in order to succeed in each of the strategic business areas. Organizations must understand how to effectively compete in the market place by developing new competencies as the old advantage and competencies quickly get eroded by environmental turbulence.

2.2 Concept of Strategy

There are various scholars who have defined strategy. Ansoff (1985) defined strategy as a framework through which an organization asserts its vital continuity whilst managing to adapt to the changing environment for competitiveness. Porter (1996) affirms that strategy is about choosing to perform activities differently from what rival do, or choosing activities that are different from rivals. Mintzberg and Quinn (1996) define strategy in 5 Ps namely; plan, ploy, pattern, position and perspective. Johnson and Scholes (2002) define strategy as the direction and scope of an organisation over the long-term: which achieves advantage for the organisation through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations. Thompson et al. (1993; 2008) affirm that strategy is a management's action plan for running the business and conducting operations. Pearce and Robbinson (1997) defined strategy as a large scale, future oriented plan for interacting with the competitive environment to achieve the company's objectives, hence a game plan. Strategy is creating a fit between the external characteristics and the internal conditions of an organization to solve a strategic problem (Aosa, 1992).Though in distinct words, the definition of strategy by the scholars merge on the agreement that a competitive strategy is the basis for competitive advantage.

Organizations are faced with turbulent environmental challenges that compel them to align and re-align their activities with the environmental dynamisms. Faced with the changing environment, champions Aosa (1998), organizations have to adapt their activities and internal configurations to reflect their new external realities. Failure to do this, he further contends, may jeopardize future success of those organizations. Organizations have to craft and execute strategies that enhance their ability to cope with globalization pressures, technological change, the use of commerce, situations where customers and suppliers could be both competitors and allies, and a tremendous change from quantity to quality, products to services (Burnes, 2004).

A winning strategy must fit the organization's external and internal situation, build sustainable competitive advantage and improve the company's performance. Excellent crafting and execution of an excellent strategy is the most reliable recipe for turning companies into standout performers contends Thompson et al. (2008). An organization strategy for achieving its performance objectives consists of actions and approaches already in place and scheduled for continuation, supplemented with new actions just underway and additional future moves being mapped out (Thompson and Strickland, 1993).

Thompson and Strickland (1992) suggested ten components of a company strategy, which they referred to as the pattern of moves and approaches that delineate what an organization strategy is. These components include; (1) efforts to make a quantum change in strategy, (2) efforts to respond to changing industry conditions such as shifting demand pattern, new government regulations, the globalization of competition, exchange rate instability and entry or exit on new competitors, (3) fresh offensive moves to strengthen the company's long term competitive position and secure a competitive advantage, (4) defensive moves to counter the actions of foreign or domestic competitors, (5) moves and approaches in functional area activities that define how each function is being managed, (6) moves to improve short term profit performance, (7) actions to capitalize on new opportunities such as new technologies, product innovation, a chance to purchase a rival company and new trade agreements that open up foreign markets, (8) actions to deal with company-specific operating problems and strategy-related internal issues (9) moves to diversify the company's revenue base and enter altogether new industries and (10) efforts to fine tune prevailing strategy

2.3 Concept of Competitive Strategy

A competitive strategy may be defined as a plan for how a firm will compete, formulated after evaluating how its strengths and weaknesses compare to those of its competitors. It is concerned with how a company can gain a competitive advantage through a distinctive way of competing (Porter, 2008).A competitive strategy specifies the distinctive approach which the firm intends to use in order to succeed in each of the strategic business areas. It gives a company an advantage over its rivals in attracting customers and defending against competitive forces (Ansoff, 1985). Firms develop competitive strategies to enable them seize strategic initiatives and maintain competitive edge in the market. The goals of a competitive strategy for a business unit in an industry is to find a position in the industry where the company can best shield itself against the five forces namely; rivalry, threat of substitutes, threat new entry, buyers power and supplier power. These five forces constitute the industry structure and it is from this industry analysis that a firm determines its competitive strategy.

A competitive strategy helps a firm to improve or maintain their performance through independent actions in a specific industry or market. Brescian (2007) attests that competitive business strategies are important strategic alternatives for many firms, but they are not the only business strategic alternatives. Competitive strategy needs to focus on unique activities, contends Porter (1996). He further contends that competitive dominance is an attitude that begins with the realization that leadership is no guarantee for long term success, especially in the global market place.

2.4 Types of Competitive Strategies

Three levels of strategy exists namely the corporate level, the business level and the functional level strategies (Johnson, Scholes and Whittington, 2008).The corporate level strategy defines the business in which the organization is involved; the business level defines how the organization competes, as the functional level stipulates the operational methods to implement the tactics (Ansoff, 1985).Pearce and Robinson (2011) cluster competitive strategies into three categories namely; the generic strategies, the value disciplines and the grand strategies as discussed below.

2.4.1 Generic Strategies

Porter (1980) suggested four generic strategies aimed at the achievement of competitive advantages by organizations. These generic strategies include; cost leadership, differentiation, cost focus and differentiation focus. Figure 2.1 below summarizes the generic strategies by Michael Porter.

Figure 2.1: Porter's Generic Competitive Strategies

Competitive Advantage

Competitive Scope		Lower Cost	Differentiation
	Broad target	1.Cost leadership	2. Differentiation
	Narrow target	3a. Cost focus	3b.Differentiation focus

Adapted from: Porter, M.E. (1985). *Competitive Advantage.* New York: Free Press.

The cost leadership strategies maximize economies of scale; implement cost cutting technologies, stress reductions in overhead and administrative expenses, and use volume sales to propel themselves up the earning curve. Cost leadership strategies also increase the market share through charging lower prices, while making reasonable profit on each sale due to reduced operational costs (Porter, 1980). A firm attempts to maintain a low cost base by controlling its production costs, increasing their capacity utilization, controlling material supply and product distribution, and minimizing other related costs such as advertising.

Differentiation strategies involve making of an organization's products or services different from and more attractive those of its rivals (Porter, 1980). These strategies are designed to appeal to customers with a special sensitivity for a particular product attribute. Differentiation typically involve features, functionality, durability, support and also brand image that the organization's customers value. For differentiation strategy to be successful, an organization requires; good research, development and innovation; the ability to deliver high-quality products or services and effective sales and marketing, so that the market understands the benefits offered by the differentiated offerings.

A focus strategy, whether anchored in a low-cost base or a differentiation base, attempts to attend to the needs of a particular market segment (Porter, 1980). Companies that use focus/niche strategies concentrate on particular niche markets and, by understanding the dynamics of that market and the unique needs of customers within it, develop uniquely low cost or well-specified products for the market. Organizations pursuing this strategy serve customers in their market uniquely well, and tend to build strong brand loyalty amongst their customers. This makes their particular market segment less attractive to competitors. The focus strategy may either be cost focus or differentiation focus. Through this strategy, it is hoped that by focusing its marketing efforts on one or more narrow segments and tailoring its marketing mix to these specialized markets, a firm can better meet the needs of the niche market.

While each of the generic strategies enables a firm to maximize certain competitive advantages, each one also exposes the firm to a number of competitive risks. For instance, a low-cost leader may be challenged by a low-cost technology developed by a competitor, while a differentiating firm risks having imitators. A focussed firm fears invasion by a firm that largely targets customers.

2.4.2 Value Disciplines

These value disciplines namely; operational excellence, customer intimacy and product leadership were proposed by Michael Treacy and Fred Wiersema, international management consultants (Pearce and Robinson, 2011). The consultants proposed the value disciplines as an alternative approach to generic strategy. They believe that the strategies must centre on delivering superior customer value through one of the three disciplines. Operational excellence refers to providing customers with convenient and reliable products or services at competitive prices. Operational excellence is a specific strategic approach to the production and delivery of product and services. Companies that employ operational excellence work to minimize costs by reducing overhead, eliminating intermediate production steps, reducing transaction costs, and optimizing business processes across functional and organizational boundaries (Pearce and Robinson, 2011).

Customer intimacy involves offerings tailored products and services to match the demands of identified niches. Companies excelling in customer intimacy combine detailed customer knowledge with operational flexibility. They respond quickly to almost any need, from customizing a product to fulfilling special request to create customer loyalty (Pearce and Robinson, 2011). Customer-intimate companies are willing to spend money to build customer loyalty for the long term and considering each customer's lifetime value to the company, not the profit of any single transaction.

Product leadership involves offering customers leading-edge products and services that make rivals' goods obsolete. Companies that pursue the discipline of product leadership strive to produce a continuous stream of state-of-the-art products and services. Three challenges must be met to attain product leadership namely creativity, innovation and continual improvements (Pearce and Robinson, 2011).Creativity is recognition and embracing of ideas usually originating outside the company. Innovative companies must commercialize ideas quickly, thus, their business and management must be engineered for speed. Product leaders prefer to release their own improvement, hence, focussing on continual improvement.

2.4.3 Grand Strategies

Grand strategies sometimes referred to as master or business strategies provide a basic direction for strategic actions (Pearce and Robinson, 2011). They are the basis of co-ordinated and sustained efforts directed toward achieving long term business objectives. Pearce and Robinson (2011) identified fifteen grand strategies namely; concentrated growth, market development, product development, innovation, horizontal integration, vertical integration, concentric diversification, conglomerate diversification, turnaround, divestiture, liquidation, bankruptcy, joint ventures, strategic alliances and consortia. Any of these strategies could serve as the basis for achieving the major long-term objectives of a single firm.

Concentrated growth is a grand strategy in which a firm directs its resources to the profitable growth of a single product, in a single market, with a single dominant technology. The main rationale for this approach, sometimes referred to as a market penetration strategy, is that by thoroughly developing and exploiting its expertise in a narrowly defined competitive arena, the company achieves superiority over competitors that try to master a greater number of product and market combinations. Market development involves selling of present products, often with only cosmetic modification, to customers in related marketing areas by adding channels of distribution or by changing the content of advertising or promotion. Market development allows firms to leverage some of their traditional strengths by identifying new uses for existing products and new demographically, psychographically, or geographically defined markets.

Product development involves the modification of existing products or the creation of new but related products that can be marketed to the current customers through the established channels. This strategy is often adopted either to prolong the life cycle of the current products or to take advantage of a favourite reputation or brand name. The idea is to attract satisfied customers to new products as a result of their positive experience with the firm's initial offering. Innovation is a strategy that seeks to reap the initially high profits associated with creation and customer acceptance of a new or greatly improved product. The underlying rationale of this grand strategy is to create a new product life cycle and thereby make similar existing products obsolete. This strategy differs from the product development strategy of extending an existing product's life cycle.

Horizontal integration is based on growth through the acquisition of one or more similar firms operating at the same stage of production-marketing chain. Such acquisitions eliminate competitors and provide the acquiring form with access to new markets. Vertical integration is based on the acquisition of firms that supply the acquiring firm with input or new customers for its outputs (Pearce and Robinson, 2011).Through this strategy, the acquiring firm is able to greatly expand its operations, thereby achieving greater market share, improving economies of scale, and increasing the efficiency of capital use. Concentric diversification involves the operation of a second business that benefits from access to the first firm's core competencies. With this grand strategy, the selected new businesses possess a high degree of compatibility with the firm's current businesses. The ideal concentric diversification occurs when the combined company profits increase the strengths and opportunities and decrease the weaknesses and exposure to risk. Conglomerate diversification involves the acquisition of a business because it presents the most promising investment opportunity available. The principal concern, and often the sole concern, of the acquiring firm is the profit pattern of the venture. Unlike concentric diversification, conglomerate diversification gives little concern to creating product-market synergy with existing businesses.

Turnaround strategies involve cost reduction and asset reduction by a company to survive and recover from declining profits (Pearce and Robinson, 2011). These declining profits may be as a result of economic recession, production inefficiencies, and innovative breakthroughs by competitors among others. Divestiture involves the sale of a firm or a major unit of a firm as a going concern. Divesture often arise because of partial mismatches between the acquired firm and the parent corporation, corporate financial needs or the government anti-trust action when a firm is believed to monopolize or unfairly dominate a particular market. Liquidation involves the sale of the assets of a business for their salvage value. As a long term strategy, liquidation minimizes the losses of all the firm`s stockholders. The liquidating firm usually tries to develop a planned and orderly system that will result in the greatest possible return and cash conversion as the firm slowly relinquishes its market share.

Bankruptcy refers to when a company is unable to pay its debts as they become due, or has more debts than its assets. In filing for bankruptcy, the firm attempts to persuade its creditors to temporarily freeze their claims while it undertakes to reorganize and rebuild the company's operations more profitably. In joint ventures, companies create a co-owned business that operates for their mutual benefit. Strategic alliances is a grand strategy in which there is a contractual partnership because the companies involved do not take an equity position in one another. Strategic alliances are distinguishable from joint ventures because the companies involved do not take an equity position in one another. A consortium is a large interlocking relationship between businesses of an industry.

Pearce and Robinson (2011) further proposed a four grid model of grand strategy clusters. A grand strategy cluster refers to the strategies that may be more advantageous for a firm to choose under one of the four sets of conditions defined by market growth rate and the strength of the firm's competitive position. The authors suggested that in a firm operating in a rapid market growth environment with a strong competitive position may adopt strategies such as concentrated growth, vertical integration and concentric diversification. Further, they affirmed firms in a slow market growth environment and weak competitive position, a firm may adopt turnaround, retrenchment, concentric diversification, conglomerate, diversification and divestiture strategies. Rapid market growth and weak competitive position may call for firms to adopt strategies such as reformulation of concentrated growth, horizontal integration, divestiture and liquidation. The fourth condition that the authors suggested was that of slow market growth and strong competitive position. Here, Pearce and Robinson (2011) proposed concentric diversification, conglomerate diversification and joint ventures.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is a collective term for the structured process of conducting research. This chapter is a blueprint of the methodology that the researcher used to find answers to the research objectives. In this chapter, the research methodology is presented in the order of research design, data collection methods and data analysis.

3.2 Research Design

This study was conducted through a case study. A case study is a form of qualitative descriptive research that looks intensely at an individual or small participant pool, drawing conclusions only about that participant or group, and only in that specific context (Mugenda and Mugenda, 1999).

A case study was essential for this type of research because it aimed at studying one unit in the Information and Technology industry, from which conclusions were drawn. The case study would provide in-depth information regarding the competitive strategies adopted by Esri EA as an Information and Technology firm in Kenya. No generalizations were required for this study; hence, a case study was appropriate to conduct the research.

3.3 Data Collection

The data required for this research was collected through the primary and secondary sources. Primary data refers to the data that the researcher collects for the sole purpose of answering the question at hand (Kumar, 2005). The primary data was collected through an interview guide with open ended questions. The interview guide was administered to the top management of the company namely; the Managing Director, the Technical Director, the Finance Manager, the Training and Support Manager, the Operations Manager and the Sales Manager.

Secondary data refers to the data that already exists, and which was collected for other purposes, other than the research at hand. Secondary data was retrieved from the internal records of the six departments of Esri EA, headed by the six managers mentioned above. The secondary data was then be used together with the primary data to answer the research questions.

3.4 Data Analysis

The data collected, being qualitative in nature, was analyzed through content analysis. Content analysis is a research technique used to determine the presence of certain words or concepts within texts or sets of texts (Kothari, 2004).The content analysis technique assists in making inference by systematically and objectively identifying specific characteristics of messages and relating them with their occurrence trend (Mugenda and Mugenda, 2003).

Content analysis is the most effective technique for qualitative data analysis (Kothari, 2004). Besides, various researchers have used content analysis successfully in their case studies before. These include; Kandie (2001), Njoroge (2006), Swale (2007), Karani (2008), Nyatichi (2009),Kinyua (2010), and Ilovi (2011). Hence, content analysis was appropriate for this study.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the data analysis and interpretation of the data obtained from various respondents. The study sought to establish the competitive strategies adopted by Esri Eastern Africa as an Information and Technology firm in Kenya. The data collected from the respondents was analyzed using content analysis for meanings and implications to establish the research findings.

Six managers of Esri EA were interviewed using an interview guide as was intended in the research design. These included the Managing Director, the Technical Director, the Finance Manager, the Training and Support Manager, the Operations Manager and the Sales Manager. Their age bracket lies between 26 and 49 years of age. They have served the company for a minimum of 2 years, 8 months and a maximum of six years. All the interviewed managers have a university degree with five of the six managers having a masters degree. Three of the managers have a Master in Business Administration, specializing in strategic management and finance. Other managers in the respondent team have specialized in Geomatics and Information Technology.

The six interviewees included one female and five male, hence, the views of both genders were represented. This gender representation eliminated the gender biasness of the data collected. This group of respondents was found to be knowledgeable on the subject matter of the research, thus, of help in the realization of the research objectives. The respondents indicated satisfaction with their current duties, and were not keen on changing their responsibilities following the various opportunities they cited were available within and without the organization. Some of the opportunities that the managers cited included career development, as well as, the new challenges that come in the course of their duties. All these helped in personal development of the respondents, thus, creating a motivated workforce, whose major dedication was to give the best to the company. All the respondents displayed a commitment to ensure that the company continued to grow qualitatively and quantitatively, and soar to great performance heights.

When asked to make a general overview of the company, the interviewees were happy to note that the company has been performing commendably well in all aspects, and has risen to a top player in the market over time, with its main target customers as the government and all other private organizations that needs to analyze and manage geospatial data. The interviews affirmed that the company's growth had been realized in various parameters such as; clients base, investment, human resource and the financial performance since 2008. The company's gross sales have grown by 8%, 56%, 44% and -9% for the years 2008, 2009, 2010 and 2011 respectively. The gross profit margin for the year 2009, 2010 and 2011 has grown by 30%, 35% and 37% respectively. The company's client base has grown from the initial 400 clients in the year 2008 to the current client base of approximately 600. The company began with a total of seven staff in 2008, and has grown to the current 28 staff. The company's departments have also grown to six from the initial five that there were in 2008, with the overall investment estimated at 50 million shillings. The company has increased the number of its resellers from 2 to 5 over time.

The interviewees noted that in the overall, the company has been experiencing positive growth for the past five years. However, due to increase competition and the rise of operational and other variable expenses such as staff salaries, the company's financial performance, as noted by the interviewed managers, had decreased by 9% in 2011. However, the managers highlighted their commitment to improve the overall company's performance in the subsequent years, through maximised usage of fixed assets, as well as, seeking to achieve the most returns with minimal resources. The managers are optimistic that the company's image of quality service delivery, a strategy that the company has focussed on for some time, will differentiate the company's offering in the market, hence, are not afraid of the rising competition.

4.2 Competitive Strategies Adopted by Esri Eastern Africa

When asked about the strategies that the company has been using over time, the interviewees confirmed that Esri Eastern Africa was a main player in the industry. However, just like any other company, they operate in a turbulent environment, which calls for crafting and executing of strategies that helps the firm to remain competitive in the market. According to the interviewees' views that were analyzed, the company has kept in place various competitive strategies namely: shift from product model to solution model, differentiation, innovative solutions, customer support, product development, brand image, use of cost cutting technologies and practices, market niche strategy, relationship management and strategic distribution of products. Below is a discussion of each of the above strategies in reference to the company as found out from the interviewees.

4.2.1 Shift from Product Model to Solution Model of Business

The interviewees were asked to identify the strategy that has enabled the company to remain competitive, and they confirmed that Esri Eastern Africa has in the past years, embraced the product model in their strategic initiatives. The company had concentrated on shipping hardware and software to the clients, without a close interest to the basic need of the client. The company had basically focussed on maximisation of sales. The interviewees, however, highlighted that the company had realized the need for client's need assessment, and has adopted a solution model of business. The firm's technical team has re-organized themselves and is currently focussing on solutions. When a client orders for software, the company does not rush to closing the sale, but seeks to understand what the clients would like to do with the software. Thereafter, the company would provide to the client with the most ideal software to address their assessed needs.

This strategy has been significantly influential to the financial performance of the company, as well as, the growth of client base. This is because client satisfaction and contentment is enhanced through the provision of software that provide solutions to their specific needs. This results in repeat purchases and referrals, due to positive company image. The managers noted that the company was keen to ensure that every client who came in contact with the company received an innovative solution to their problems and not just mere software; hence, delivering value added services to their clients.

4.2.2 Differentiation Strategy

The interviewees were asked whether the company differentiated its products in any way, and they noted that Esri EA have differentiated its products through enhanced product features and functionalities, quality of products, quality of services, customer values and the brand image. The company has put in place a strong customer support which offers after sale service through emails, remote assistance, needs assessment, demos, technical marketing, seminars, brochures and clients' visits. These, the respondents affirmed, differentiates them in the fact that the competitors have not been able to aggressively offer them. The sales team has been inculcated to customer service, where all customer queries must be attended to before the lapse of 24 hours.

The installation of the software is done the same, with an immediate issuance of temporary licences, with the permanent licences getting processed within 60 days. The interviewees confirmed that they sell Trimble GPS equipments in one year warrant, through the Trimble Service Centre which the company has set up. This initiative has helped to improve the quality of service and has had significant contribution to the Esri Eastern Africa Brand awareness.

In order to offer value to customers, the company customizes its products to suit the specific needs of customers. The sales department has a sales process, which has been laid down to assess the quality of the sales pipeline. This sales process is a six stage channel which begins by generating a link, then qualifying the generated link, analysing and assessing the needs of the client, making a proposal, negotiating and finally closing the sale. The company innovatively provides solutions through customized features and functionalities that optimize the needs of the clients. The company seeks to offer the customers with products that directly address their specific needs, hence, customer satisfaction and value addition. The company also ensures that the products features are also adapted to the environments in which they operate. For instance, the company has been able to provide Trimble gadgets that are uniquely adapted to cope with high temperatures, water and immense dust for their customers in Lodwar. These gadgets are designed with a rough surface in order to offer the withstanding quality in harsh environments. The company also capitalizes on product functionalities that add value such as ease of use, as well as, integration with other products and data formats. For instance, the ArcGIS is scalable in the sense that it can start as a desktop user, and then scaled upwards to a mobile component, and finally to an enterprise solution. The company's main intention is to provide quality product features and valued addition as opposed to low cost products.

4.2.3 Innovative Solutions

The interviewees were asked the measure that they have put in place to ensure quality of service, and they affirmed that the company focuses on offering innovative solutions to their clients. This has helped the company to provide quality service and enhance value addition to customers. For instance, the company has successfully managed to offer an innovative solution to the one of the electoral commissions in the region. In this case, the company was able to customize software that helped the commission to map the newly added constituencies. This software helped the constituency to collect the information on where the boundaries of the new constituencies should be.

The company, using the above commission as a case study, has been able to secure another sale, where they are modifying the software used for the electoral commission, to adapt it to fit the functions of one of the revenue collection authorities in the region. The features of the software are being innovatively designed, to ensure that maximum value and efficiency is delivered to the customer. This innovative solutions offering has led to sustainability of the business, due to increased repeat sales and quality referrals, which has seen the company grow in various parameters.

4.2.4 Customer Support

The interviewees were asked if they have put mechanisms to emphasize on customer service, and they attested that company has comprehensive customer support systems with dedicated resources to offer after sales services. The technical support team carries out physical installation of software to the customers, among other technical functions. The Trimble GPS hardware has a support centre where faulty units are brought for free service for one year if on warrant. Those customers whose warrants have expired, have their hardware serviced at a cost, and have the benefit of receiving high quality services through the dedicated and highly trained technical personnel.

The company has also built a user community, where it organizes events either internally or externally, with an aim to bring the users together. These events include the user conferences that the company holds annually, as well as, the technical workshops held bi-weekly. The user community gives a chance to the users to share and learn from each other. The company also takes this opportunity to unveil the technological developments that have taken place. This user community has helped the users to understand and appreciate the software that the company uses, hence, maximising on its usage. This helps to enhance value delivery to the users. Although the company also provide study packs to the users, its main emphasis is on physical training.

4.2.5 Product Development

The interviewees were asked if the company engages in product development as a competitive strategy, and they confirmed that company has allowed the customers to share ideas on the product features and functionalities that they desire in the company products. The company has opened a website ideas.arcgic.com through which the users share ideas. Various users are allowed to make a suggestion on the improvements that they desire in the company products after which all the other participants in the website will vote for the idea. The idea or suggestion with the highest number of votes will get incorporated by the company. There are new tools that are added with each release of products.

This strategy has enhanced the ownership of the products by the users. This arises from the fact that the users feel involved in the process of improving the product and own up the products. As a result, customer satisfaction and loyalty has been enhanced over time. Most of the customers testify that the company products are of great quality and relevance to their unique needs.

4.2.6 Brand Image

The interviewees were asked as to whether they use the brand image as a competitive strategy, and they affirmed that the company aligns itself with the global Esri brand, for whom they are the exclusive distributors for its products and services. This global brand holds the promise and expectations, by which their distributors live. The Esri brand is a recognized brand internationally, and helps them to penetrate the markets easily, based on the strengths of the global brand. Based on the quality of products and services associated with the larger Esri, Esri EA is strongly accepted for distributing genuine products and licences from Esri. The company sources the products and services directly from the suppliers; hence, the quality is not compromised. The same standards are maintained across the globe.

The company's brand image is enhanced through marketing in workshops, seminars and conferences. The company engages a competitive recruitment system that ensures the selection of young, qualified and experienced employees, with keen interest on GIS, to ensure quality of service delivery. This has helped to raise the brand of the company. The company also ensures that a sustainable relationship with the customers is maintained at all times, through vale delivery and quality support. Every employee is sensitized on the need to be careful on how they treat their customers. This has thrust the company to a top player in the market, with most clients easily identifying with the quality benefits that the company offers.

4.2.7 Use of Cost Cutting Technologies and Practices

The interviewees were if they had put in place any cost cutting technologies and practices, and they noted that though they are distributors for Esri products and services, and does not develop any software, they have put in place cost cutting technologies and practices. These cost cutting technologies and practices, the interviewees noted, have gone a long way in helping to reduce the operational costs such as the overhead and administrative expenses. However, the interviewees further clarified, the company is not keen on becoming the overall low cost provider in the market, but emphasizes on having the best quality regardless of the cost. For instance, the Trimble GPS is the most accurate compared to any other GPS from the competitors, although it is not necessarily the cheapest in the market, the interviewees asserted.

There are various cost cutting technologies and practices that the company has put in place. Firstly, the company has opened a portal where the users can download the software as opposed to physical shipping of the CDs to the clients. This directly reduces the shipping costs for software and licences, although the hardware has to be physically shipped to the clients. The managers affirmed that 80% of their sales could be delivered on soft, and only 20% requires shipping. Secondly, the company uses the internet and telephone to communicate with the clients as opposed to physical travelling to meet the clients. The staffs are compelled to move in few instances such as installation of the software to the clients who require assistance. In the provision of technical support, the technical team accesses the client's computers remotely and assists them. Thirdly, the company has adopted cloud computing. Cloud computing is a general term for anything that involves delivering hosted services over the Internet. This has helped to save its operational costs since upgrading of servers is expensive and has to be done every five years, since they do not have to host themselves.

Fourthly, the company endeavours to facilitate bulk deliveries. Trips to the same direction are scheduled together to minimize the shipping costs through the economies of scale. Fifthly, the company uses web conferencing or web casts in instances that they require communication to partners or users in the Diaspora as opposed to physical travelling. The partners or users conduct power point presentations on webcasts. Sixthly, the company ensures a competitive bidding as opposed to a scenario where a single supplier dictates the price. This helps the company to control the cost of acquiring the service from the bidders. Finally, the company seeks to offer solutions that are repeatable. This has helped to serve a larger clientele with the same software, through software dynamism. For instance, the GIS software that the company offers is more dynamic than the competitor offerings and works with different database systems. While most competitors work can only support two database systems, the company offers one that can support six database systems.

4.2.8 Market Niche Strategy

The interviewees reported that the company has segmented the market into six industry level niches, when asked if they segment their market into niches. The six industry level niches are transportation and business, natural resources, education and health, national mapping and defence, utilities and government. Eight members of staff have been dedicated to take care of the niches. Two people are dedicate to serve the government niche, one person is dedicated to serve the utilities niche, two people serve the natural resources niche, one person takes care of the education and health niche, one person serves the national mapping and defence niche, and finally, one person serves the transportation and business niche. Needs analysis is done in a segment in order to scope solutions that are relevant for a particular segment. This helps the company to tailor their products to the specific needs of the niche, as well as, ensuring that quality is delivered. This segmentation also helps the company to maintain healthy relationships with their clients.

For instance, as a result of understanding their customers and dividing them into market niches, the company was able to provide a tailored product that successfully helped an electoral commission in the region to collect information on where the boundaries of the additional constituencies would be. The company has also been able to tailor their product features to suit the environments in which their specific customers in the industry niches work. For instance, one of their clients in excavation business in Lodwar was able to receive a GPS that was uniquely designed with a rugged surface to withstand high temperature, immense dust and water. An exploration firm was also provided with GPS equipment that withstands heat and dust.

4.2.9 Relationship Management

The interviewees were asked if they embrace relationship management as a strategy, and they affirmed that the company has established strong relationships with key organizations and agencies for long term benefits. For instance, a mapping agency in Kenya has been provided with temporary licences, technical support and trainings at complimentary rates, in order to maintain a healthy relationship with them. This helps to create loyalty for the agency to the company, and in return, the agency gives all their business to Esri EA, the core business of the agency being GIS, to which Esri EA seeks to provide solutions. The agency also keeps the records of land and administration that Esri EA finds useful to their business. In areas where the company seeks to market their expertise to win a tender or project, the mapping agency may be used as a case study. The company has also maintained good relationships with an international development agency in the country, through free installation of software, configuration, training and discounting. This agency in return, markets Esri EA to funding for product monitoring and evaluation.

Esri EA has developed a Customer Relationship Management (CRM) system, which measures customer contact, calls and update in case the client has a new employee. The clients are allowed to update the system, although the company only views the updates. This has helped Esri EA to remain in contact with their clients, since every change including the change of employment for the client's employees is updated and viewed in the system. The company conducts customer visits regularly and also holds user conferences annually. These have a direct link to the customers, motivating customer loyalty.

4.2.10 Strategic Distribution of Products

The interviewees were asked how they distribute their products, and they attested to it that the company mainly distributes its products in two ways namely; direct selling and the use of resellers. The company indirect distribution involves appointment of resellers inUganda, Tanzania, Ethiopia and Djibouti. These resellers are issued with Authorized Reseller Certificates which allow them to resell Esri products on behalf of Esri EA, as well as, providing support to the clients in their countries.

The company also sells directly to clients in Kenya and Eritrea. The company has been unable to appoint a reseller in Eritrea due to political instability in the country. In the event that a client does not want to deal with the company's resellers in Uganda, Tanzania, Ethiopia and Djibouti, the company may still sell directly to the client but share the returns with the reseller. The company has also developed an online portal for clients to download software and licences to save time loss and cost of physical delivery.

This strategic distribution of the company's products has enhanced operational efficiency and customer service and satisfaction. The customer is able to receive their software and licences immediately after paying for them. This has helped reduced on delivery time, making it extremely convenient for the customer.

4.3 Discussion of Findings

Thompson, Strickland and Gamble (2008) contends that the contemporary business environment is characterized by turbulence and dynamism which compels organizations to continually craft and execute business strategies that offer sustainable competitive advantages. Understanding the business environment within which the organization operates is pivotal for successful running of any business unit. Rivalry is a key feature of the business environment, as organizations and industries compete for the same customers in the same target markets. Hence, organizations must understand how to effectively compete in the market place by developing new competencies as the old advantage and competencies quickly get eroded by environmental turbulence.

Understanding the strategic position of an organization and considering the strategic choices open to it are of little value unless the preferred strategies can be converted to organizational action (Johnson, Scholes and Whittington, 2008). The ultimate purpose of all competitive strategies is to anticipate the competitors' moves and countermoves and take action and initiatives to thwart the effectiveness of the competitors' plans. Various studies such as Bateman and Zeithal (1993) and Johnson and Scholes (1993) have reinforced the importance of a firm having a strategy in cognizance of the importance it plays in the current competitive business environment, as well as, effective utilization of the resources at its disposal. This is because a firm's strategy gives the firm a long term direction and attempts to match the organizational resources to its changing environment and in particular its markets, customers or clients so as to meet the stakeholder expectations. Esri Eastern Africa requires to formulate strategies that help them to adapt to the changing needs of their customers, as well as, the constantly changing business environments characterised by high competition.

The findings of this research reinforce the importance of a firm to adapt strategies that will help it to achieve its mission and vision, as well as, cope with the ever business competition. Based on the fact that the operating environment is turbulent, organizations should develop flexible strategies in consultation with the stakeholders. These findings are similar to those made by Karani (2008) and Irungu (2010) who noted that there is a high success rate in a firm's strategies that are developed in consultation with other stakeholders of the firm, and not only by the organization's technocrats. Esri Eastern Africa incorporates the ideas of its users and employees in product improvement, as well as, any other strategic move the company takes.

The research also found out that the rapidly growing competition in the industry such as the Open Source products which offers a lot of free trials software, the cracks software and the Chinese counterfeits is still a daunting challenge to Esri Eastern Africa. However, with the competitive strategies adopted by Esri Eastern Africa, the research found out that the organization has been able to grow its customer base in terms of increased revenue, service quality delivery and overall performance. In addition, the research found out that for effective and efficient business operations, an organization requires to have appropriate resources in place both human and non-human, as well as, proper utilization of the resources. This is backed up by a competitive recruitment process that the company follows. It ensures that the right people are recruited for the job. These findings are similar to the ones found by Gacheri (2010) when she observed that the organizational resources are unique to every organization and are only effective if they are properly utilized.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the research findings, conclusions and recommendations as observed by the researcher. It also points out the limitations of the study and provides suggestions for further research. The conclusion and recommendations that were drawn were aimed at achieving the research objectives which were to determine the competitive strategies adopted by Esri Eastern Africa as an Information and Technology firm in Kenya.

5.2 Summary of the Findings

This study found out that Esri Eastern Africa has adopted various competitive strategies. The strategies identified were shift from product model to solution model, differentiation, innovative solutions, customer support, product development, brand image, use of cost cutting technologies and practices, market niche strategy, relationship management and strategic distribution of products. The shift from the product model to solution model of business was cited as the major strategy. This strategy has seen customization of the products sold to customers enhancing customer satisfaction and resulting to the overall growth of revenue.

The study established that customer support, as well as, differentiation also played a major role in improving the financial performance of the company. The company has comprehensive customer support systems with dedicated resources to offer after sales services. The company has also built a user community, where it organizes events either internally or externally, with an aim to bring the users together. The user community gives a chance to the users to share and learn from each other. The company also takes this opportunity to unveil the technological developments that have taken place. The study also established that the company has differentiated its products through enhanced product features and functionalities, quality of products, quality of services, customer values and the brand image. This strategy helps to enhance value delivery to the users.

The interviewees noted that the company the company focuses on offering innovative solutions to their clients. This has helped the company to provide quality service and enhance value addition to customers. This innovative solutions offering has led to sustainability of the business, due to increased repeat sales and quality referrals, which has seen the company grow in various parameters. The company has allowed the customers to share ideas on the product features and functionalities that they desire in the company products for product development. This strategy has enhanced the ownership of the products by the users. This arises from the fact that the users feel involved in the process of improving the product and own up the products. As a result, customer satisfaction and loyalty has been enhanced over time. The study also established that the company's brand image has played a significant role. The company aligns itself with the global Esri brand, for whom they are the exclusive distributors for its products and services. This global brand holds the promise and expectations, by which their distributors live. Based on the quality of products and services associated with the larger Esri, Esri EA is strongly accepted for distributing genuine products and licences from Esri.

The interviewees also noted that the company has embraced the use of cost cutting technologies. There are various cost cutting technologies and practices that the company has put in place. Firstly, the company has opened a portal where the users can download the software as opposed to physical shipping of the CDs to the clients. This directly reduces the shipping costs for software and licences, although the hardware has to be physically shipped to the clients.

Secondly, the company uses the internet and telephone to communicate with the clients as opposed to physical travelling to meet the clients. Thirdly, the company has adopted cloud computing. This has helped to save its operational costs since upgrading of servers is expensive and has to be done every five years, since they do not have to host themselves. Fourthly, the company endeavours to facilitate bulk deliveries. Trips to the same direction are scheduled together to minimize the shipping costs through the economies of scale. Fifthly, the company uses web conferencing or web casts in instances that they require communication to partners or users in the Diaspora as opposed to physical travelling. Sixthly, the company ensures a competitive bidding as opposed to a scenario where a single supplier dictates the price. This helps the company to control the cost of acquiring the service from the bidders. Finally, the company seeks to offer solutions that are repeatable.

The company has segmented the market into six industry level niches. The six industry level niches are transportation and business, natural resources, education and health, national mapping and defence, utilities and government. Eight members of staff have been dedicated to take care of the niches. The study also established that the company has established strong relationships with key organizations and agencies for long term benefits. Esri EA has developed a Customer Relationship Management (CRM) system, which measures customer contact, calls and update in case the client has a new employee. The study also established that the company has adopted a strategy for distributing its products. The company mainly distributes its products in two ways namely; direct selling and the use of resellers. The company indirect distribution involves appointment of resellers in Uganda, Tanzania, Ethiopia and Djibouti. The company also sells directly to clients in Kenya and Eritrea. The company has also developed an online portal for clients to download software and licences to save time loss and cost of physical delivery.

5.3 Conclusions of the Study

A well crafted and executed strategy of a firm or organization can contribute to growth, profitability, market penetration, cost reduction, cutting edge differentiation of products and services and a sustainable competitive advantage of a business firm. A good strategy is one that will help a firm to achieve its objectives with the use of minimum costs and resources. To be most cost efficient, a firm requires to craft and execute strategies that fit into the internal and external situation of the firm. This requires the firm to clearly define its corporate objectives and clearly communicate them to all the strategy implementers. Involving the stakeholders in the crafting and executing of the strategies is fundamental to enhance ownership and participation of all the stakeholders. This is because the stakeholders feel part of the decision that gets made.

The results from the study indicate that the company has adopted ten different types of competitive strategies in order to compete effectively in the market. The adoption of the cost cutting technology and practices has seen the management and the employer of the company come up with ways of reducing costs by use of various techniques and at the same time, the ensure that they have in place a strong customer support reinforced by a highly qualified technical team. The company has differentiated its products through enhanced product features and functionalities, quality of products, quality of services, customer values and the brand image. This strategy has helped to enhance value delivery to the users.

The shift from product model of business to the solutions model of business has enhanced customer satisfaction and repeat sales, due to unique addressing of the individual needs. This highlights the importance of a firm to know their clients, since it helps the firm to provide what the market needs. The company has segmented the market into six industry level niches. The six industry level niches are transportation and business, natural resources, education and health, national mapping and defence, utilities and government. Eight members of staff have been dedicated to take care of the niches. Needs analysis is done in a segment in order to scope solutions that are relevant for a particular segment. This helps the company to tailor their products to the specific needs of the niche, as well as, ensuring that quality is delivered. This segmentation also helps the company to maintain healthy relationships with their clients.

5.4 Limitations of the Study

This research design was a case study. As such, since only six respondents were interviewed, their observation might not be representative of all the views of the organization. A much more detailed research encompassing the views of most of the staff of Esri EA might be needed to get more representative views. In addition, the views of most stakeholders such as customers and the board would have been important in this research considering the critical role they play in the organization.

The study was confined to Esri EA, hence, the findings of this research cannot be generalised to the entire Information and Technology industry. However, despite the limitation, the researcher was able to acquire the necessary information required for the research since there was more research materials provided by both the company, management and the internet resource based materials.

5.5 Suggestions for Further Research

The study recommends that further research be done to establish the challenges that Esri EA faces in implementing their competitive strategies. The study has established that the Esri EA has adopted various competitive strategies as Information and Technology firm in Kenya, however, a gap exists on the challenges that the company faces in implementing the competitive strategies. The study further suggests that a similar study be to other non-technological based firms for benchmarking purposes. This study also recommends that further research may be done to establish how the company deals with the challenges of strategy implementation.

This study confines itself to Esri EA as an Information and Technology firm in Kenya. Hence, the findings of this study cannot be generalized as the industry practice due to differences in systems, organizational structures and capabilities. This research should therefore be replicated in other Information and Technology companies in order to establish whether there is consistency among the companies on the competitive strategies that they adopt.

5.6 Recommendations for Policy and Practice

Esri EA has adopted various competitive strategies and strategic practices to enhance their performance in the market. However, the company requires incorporating more strategic initiatives to reinforce their superior performance in the market. Firstly, the company requires to build the capacity of all the existing staff to use GIS. This will help all the staff members to confidently market the software to the clients, hence, increased sales and enhanced customer support and satisfaction.

Secondly, the company requires separating the Training and Support department into separate departments to better services to the clients. This will enhance efficiency and the quality of services offered due to specialized service delivery. The current situation is that the technical department is responsible for training, support and solutions development. The process would be improved if the departments were separated to ensure a dedicated and qualified team was assigned each role.

Thirdly, the company needs to understand the business environment in which they operate and perform a better competitor analysis. The company does not have up to date competitor analysis data. Competitor analysis helps a company to align and realign itself to the operational environment for sustainability in the market. Competitor analysis will help Esri EA to identify the gaps in the market for their products and services, assist them to price their products both competitively and strategically and may also give the company ideas for new technology and methodology that could be applied within the organization. In conducting a competitor analysis, the company could engage in market research directly or involve a third party to conduct the market research on behalf of the company. This will also help the company to establish its market share.

Fourthly, the company require to have an up to date customer contact information. The company requires to be proactive in managing the customer information and ensuring that it is up to date. This will improve on the communication between the company and the clients. The company also requires following up on how the clients are using the software on selling it to be able to ensure that they are using them well. The company also requires to document proactively the success stories of the clients who have used their software successfully, and use them as a case study or reference to other customers. This will help in marketing of the products, hence increasing the sales of the company.

REFERENCES

Andrade, A. (2009). Information Literacy in Kenya. *The Electronic Journal on Information Systems in Developing Countries, 39.* Retrieved from <http://www.ejisdc.org/ojs2/index.php/ejisdc/article/viewFile/613/296>

Ansoff, I. (1985). *Corporate Strategy*. USA, Penguin.

Aosa, E. (1992). *An Empirical Investigation of Aspects of Strategy formulation and Implementation within Large Private Manufacturing Companies in Kenya.* Unpublished PhD Thesis, University of Strathclyde, Glasgow, Scotland.

Aosa, E. (1998). The Leadership Challenge Facing Kenyan Organizations *.Journal of the Institute of Certified Public Accountant of Kenya,* [January –March, pp. 24-26].

Bateman, T.S. and Zeithaml, C.P. (1993).*Management: Function and Strategy*. New York, NY; Irwin Publishers.

Brescian, S. (2007). Corporate Environmental Strategy: A Must in The New Millennium. *International Journal of Business Environment,* 1 (4), P. 488-501.

Burnes, B. (2004). *Managing Change: A Strategic Approach to Organizational Dynamics.* Prentice Hall. England.

Gacheri, A. (2010). *Strategic Response by Tuskys Supermarket to Changing Competitive Environment.*(Unpublished MBA Research Project).University of Nairobi, Nairobi, Kenya.

Irungu, C.W. (2010). *Strategies Used by Safaricom in Response to the Competitive Environment.* (Unpublished MBA Research Project).University of Nairobi, Nairobi, Kenya.

Johnson, G. and Scholes, K. (2002). *Exploring Corporate Strategy.* New York, Prentice Hall.

Johnson, G., Scholes, K. and Whittington, R. (2008).*Exploring Corporate Strategy.* USA, Prentice Hall.

Karani, J.W. (2008). *Competitive Strategies Adopted by the Call centre Industry in Kenya.* (Unpublished MBA Research Project).University of Nairobi, Nairobi, Kenya.

Karanja, E. (2010). *Competitive Strategies Adopted by Standard Limited.* (Unpublished MBA Research Project).University of Nairobi, Nairobi, Kenya.

Kothari, C.R. (2004). *Research Methodology.* Chennai, Age International Publishers Limited.

Kumar, R. (2005). *Research Methodology: A step by Step Guide for Beginners.* Singapore, Pearson Education.

Mintzberg, H. and Quinn, J.B. (1996).*The Strategy Process: Concepts, Contexts, Cases.* Upper Saddle River, New York, Prentice Hall.

Mugenda, O.M. and Mugenda, A.G. (1999).*Research Methods: Qualitative and Quantitative Approaches*. Nairobi: Acts Press.

Pearce, J.A. and Robinson, R. (1997).*Strategic Management: Strategic Management and Implementation.* Irwin, Boston.

Pearce, J.A. and Robinson, R.B. (2011).*Strategic Management: Formulation, Implementation and Control.* Irwin, McGraw Hill.

Porter, M. E. (1980).*Competitive Strategy: Techniques for analyzing industries and competitors.* New York: Free Press.

Porter, M.E. (1985). *Competitive Advantage: Creating and Sustaining Superior Performance.* New York: Free Press.

Porter, M.E. (1996). *What is Strategy?* New York: Free Press.

Simon, W. (2011).Geographic Information Systems (Feature). *Biashara Leo, the Forum for Business Management.* Retrieved from<http://www.asantemedia.co.ke/feature_esri.html>

Syekei, J. and Olweny, N. (2011).Silicon Savannah: Information Technology and Outsourcing in Kenya and Beyond. *CH and Coulson Harney Advocates Africa.* Retrieved from <http://www.coulsonharney.com/News-Blog/Blog/TMT-Silicon-Savannah-Information-Technology-and-Outsourcing-in-Kenya-and-Beyond-2011>

Thompson, A. and Strickland, A. (1992).*Strategic Management: Concepts and Cases* .Irwin, McGraw Hill.

Thompson, J., Strickland, A., and Gamble, J. (1993).*Strategic Management: Concepts and Cases.* Pennyslvania, Irwin Publishers.

Thompson, J., Strickland, A., and Gamble, J. (2008).*Crafting and Executing Strategy.* New York, NY; Irwin Publishers.

APPENDICES

APPENDIX 1: INTRODUCTION LETTER

July, 2012

The Managing Director,

Esri Eastern Africa Ltd,

P.O. Box 57783-00200,

Nairobi, Kenya.

Dear Sir,

RE: MBA RESEARCH PROJECT

I am a student at the University of Nairobi pursuing a Master of Business Administration (MBA) degree. In partial fulfilment of the requirement for the degree of MBA, I am required to undertake a research project on real problems affecting firms in Kenya. I would, therefore, wish to conduct the research project using Esri EA as my case study, to determine the competitive strategies the company has adopted in the IT industry in Kenya, as well as, the challenges it faces in implementing its competitive strategies.

I intend to conduct my research through an interview with the Managing Director, the Finance and Operations Manager, Sales and Marketing Manager, and Training and Services Manager. I would also wish to use relevant documents from the company for more information. I kindly seek your authority to conduct the research at your esteemed organization.

The information retrieved from this process will be used for academic research purposes only and will therefore be treated with strict confidence. Thank you in advance.

Yours faithfully,

Lisper G. Rucha.

APPENDIX 2: INTERVIEW GUIDE

The information gathered from this interview will be treated confidentially and will only be used for academic purposes.

Name: ....

Department: ....

Position: ....

Length of time in the company: ....

1. Which competitive strategies have Esri EA adopted over time?
2. Do you differentiate the company's product offering from rivals?
3. If yes, have you differentiated your products in any of the following ways?
    a. Product features/ Functionality? b. Quality of products? c. Quality of Services? d. Brand Image? e. Customer Values?
4. How is the above product differentiation done?
5. Do you strive to achieve lower overall costs than rivals in your target market?
6. If yes, have you put any of the following measures to facilitate cost leadership?
    a. Economies of Scale? b. Use of cost cutting technologies? c. Reduction in overhead and administrative expenses? d. Use of volume sales?
7. Do you use focus strategies that address to the needs of a market niche?
8. What strategies have you used to attend to the needs of the niche market?
9. Do you use any of the following value disciplines in your strategic initiatives?
    a. Operational excellence? b. Customer intimacy? c. Product leadership?
10. How does the company pursue the above value disciplines?
11. Does the company engage any of the following strategies?
    a. Concentrated growth? b. Market development? c. Product development? d. Innovation? e. Horizontal Integration? f. Vertical Integration? g. Concentric Diversification? h. Conglomerate Diversification. (i) Strategic Alliances?

12. How does the company do the above?

13. Who are the main competitors of Esri EA?

14. How does the company distribute its products?

15. How effective do you find the competitive strategies that Esri EA has adopted over time?

16. In your opinion, what else can be done to make the competitive strategies in Esri EA more effective?

17. What is the company's main target market?

18. How would you describe the growth of Esri EA in the past five years?

19. How has the growth of Esri EA been for the past five years in the following parameters?

   a. Client base/ market share
   b. Investment
   c. Human resource
   d. Financial performance
   e. Any other...

Thank you for your time.