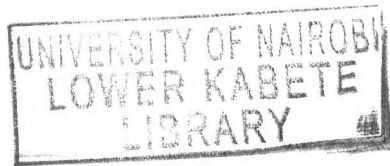


**COMPETITIVE STRATEGIES ADOPTED BY JETLINK EXPRESS
LIMITED IN THE EASTERN AFRICAN REGION**

BY

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

NOVEMBER 2012

DECLARATION


The research project is my original work and has not been submitted for a degree in any other college, institution or university for any academic purpose.

Signed.......... Date..... 09/11/12'

Ochieng' Catherine Opembi
D61/63393/2010

The project has been submitted for examination with my approval as University

Supervisor.

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

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Finally, I am forever grateful to my family for their immense support, patience, advice, and love.

DEDICATION

I dedicate this research study to my family, John Patrick (father), Janet (Mother), Fred, Bob, Humphrey, Daphney for their continued support, encouragement and for sticking with me through the thick and thin. To my friends Liya Mango, Nancy Bokesia and Tozay for their immense support. Thank you.

ABSTRACT

The purpose of this study was to determine the competitive strategies adopted by Jetlink Express Limited within the Eastern African Region. A case study was employed as the unit of analysis was one organization. There is no precedent of such a study specific to the airline and the Region thus presenting a significant gap. Through identifying departmental representatives interview guides were administered to gather relevant information to be used for analytical purposes. This enabled the researcher to interpret the results from the study to analyze the respondents' views about the competitive strategies adopted and the related challenges. The study established that Jetlink adopted competitive strategies that enabled it not only to survive and grow, but to counter the challenges experienced in the East African airline industry. In conclusion strategic management is necessary in a bid to survive and grow, it should be continuous with a keen eye on both internal and external environments looking out for strengths and weaknesses within the company and threats and opportunities in the external environment. The company however has been able to deal with those challenges through the strategies it has put in place which have given it a large market share and has maintained its competitive edge.

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ABBREVIATIONS AND ACRONYMS

ALS	African Leasing Services
COYA	Company of the Year Award
CRJ	Canadian Regional Jets
CSR	Corporate Social Responsibility
EPA	Environmental Protection Agency
GDS	Global Distribution System
HRD	Human Resource Development
IT	Information Technology
JKIA	Jomo Kenyatta International Airport
KCAA	Kenya Civil Aviation Authority
KAA	Kenya Aviation Authority
KLM	Kaiserliche Marine
KQ	Kenya Airways
PESTEL	Political, Economic, Social Technological, Environmental and Legal
SAA	South African Airways
USA	United States of America

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Competition is unavoidable, it is therefore necessary for any organization to have sustainable competitive strategies to survive and grow while competing for resources and market share in order to achieve its objectives. According to Porter (1980), a competitive industry is influenced by five forces namely; threat of new entrants, supplier power, buyer power and threat of substitute goods which in turn leads to the level of rivalry.

By understanding the five forces proposed by Porter, hence the level of rivalry in an industry, a firm is able to develop appropriate strategies to give it a competitive edge over its rivals and an ability to generate greater value for the firm and its shareholders. The more sustainable the competitive advantage, the more difficult it is for competitors to neutralize the advantage. This according to Porter (1985) is what competitive strategy is about.

Jetlink Express Limited a privately owned airline in the Eastern African region is no exception in adopting competitive strategies. Operating in Kenya, Uganda, Tanzania, Somalia and South Sudan, it faces stiff competition from national carriers and longtime players in the industry. For this reason Jetlink finds it necessary to adopt competitive strategies that will give them an advantage over the other players in the industry that is sustainable.

1.1.1 Competitive Strategies

Strategy is the direction and scope of an organization over the long-term, which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations (Johnson and Scholes, 2008). This definition brings out the fact that an organization attempts to achieve advantage or perform better than the competitor in those markets. For this reason a firm needs to develop a strategy that is competitive and sustainable within that market.

There are various topologies of competitive strategy that have been proposed, such as that of Miles and Snow (1978), Mintzberg's competitive strategy (1998), Tracy and Wierseman's (2004) and Porter's Generic model (1980). That of Michael Porter's Generic model has received the most attention. He stated that differentiation and cost leadership are the most practical ways in which a business can gain advantage over other players in their industry sector which can be achieved through the adoption of any number of unique strategies or processes. These competitive strategies include; low-cost strategy, quality and product, innovative products and customer service.

Competitive strategies are necessary in order to achieve competitive advantage over others in the industry whereby short run competitive advantage can be transformed into sustainable competitive advantage, (Barney, 1991), this brings out the issue of the resource based view of strategy to competitive advantage where Barney continues to state that it translates into valuable resources that are neither perfectly imitable nor substitutable without great effort.

1.1.2 Challenges of Competition

Smith (1904) described Competition as allocating productive resources to their most highly-valued uses and encouraging efficiency. Efficiency will help a firm to realize its goals and to justify its existence. A firm's goals should include making maximum returns on investments made.

According to Porter (1980), the five important forces that determine competitive power in a business namely; threat of new entrants, supplier power, buyer power, threat of substitute goods that in turn lead to level of rivalry, may give power to a business, while they may also cause a challenge when there is a high level of rivalry within that industry. The competition can range from performance competition, where each company does its best to win the hearts and minds of the customers, to a head-to-head competition, where a company will not only seek to do better than its opponents but will also try to prevent the competition from performing well. Large companies may use predatory competition to assure their top position (Kurtus, 2007). This may result in price wars accompanied by a multi-lateral series of price reduction leading to lower profits and reduced market share.

In the effort to strive to be market leaders and to increase market share, firms in an effort to combat competition, will also invest heavily on technology research and Development and in Human Resource Development. This is because competition is considered a benchmark for creativity and the main engine that stimulates innovation and production of quality products (Martins, 2012). While this is beneficial to the firm it may demand a lot of company resources and time which if not realized back into the company may cause losses to the firm in the long run.

1.1.3 The Airline Industry in the Eastern African Region

The Kenya tourism board statistical report of 2005 reported that the Eastern African aviation market has been healthy, however some of the largest challenges facing Kenya and the region specifically include a no open skies policy making it considerably difficult and bureaucratic, but not impossible, to obtain traffic rights. On the other hand there are uneven licensing and policies making it difficult to operate in one country in comparison to another. World Terrorism has also been a factor specific to Kenya and Tanzania after the 1998 bombings of the USA Embassies in both countries. Aside from these particular incidents, there has been a significant boom in tourism with all major countries and the tourism sector well on its way to recovery.

Within the Eastern African region that Jetlink operates, it faces competition from some of the oldest players and national carriers, such include; Kenya Airways (KQ)-an international airline with strategic tie up with the Dutch carrier KLM. Kenya Airways flies on domestic (Nairobi-Mombasa, Malindi and Kisumu) and regionally to Dar es Salaam and Juba, the airline was incorporated in January 1977 as a company wholly owned by the Kenyan government (Kenya Airways 2012). The East African Safari Air Express which operated on domestic flights within Kenya on Kisumu, Malindi and Lokichoggio destinations, was bought by Nairobi based, expanding regional low cost carrier Fly 540 which will allow the airline to operate new routes to Juba, Sudan and Hargesia, Somalia and add frequencies on routes such as Kisumu, Mombasa and Malindi (Alternativeairlines.com, 2012).

Other players in the region include Air Uganda, which has been in operation since 2007 and operates from Entebbe –Nairobi, Juba, Dar es Salaam, Zanzibar, Mombasa, Kigali, and Bujumbura. (Air Uganda, 2012) Precision Air, which was established in 1993, serves all major towns in Tanzania including Nairobi and Mombasa (Precision Air, 2012). Other smaller players in the region include Rwanda Air, Safarilink, Aircraft Leasing Services (ALS), Marsland, Juba Airways and Air Kenya.

1.1.4 Jetlink Express Limited

Jetlink Express Limited, also known as Jetlink, is a private Limited Company incorporated in the Republic of Kenya and has been designated IATA Two-Letter Designator J0. It has 1,500,000 authorized ordinary shares of \$1.4 (KES 100) each and has issued and fully paid capital of 1,151,910 shares. The company has plans to proceed to a public offering and it is the vision of the current shareholders that part of the founder's shares will be divided among the staff. The current ownership of Jetlink is 100% Kenyan which holds substantial experience in the Eastern Africa markets, and major international markets, notably Northern and Southern Europe, and has excellent relations and rapport in the aviation industry. Previously, the ownership was instrumental in the growth of Eagle and East African Safari Express Airlines

Over time, Jetlink has identified sustained demand in the short haul domestic and regional travel market, out of Jomo Kenyatta Airport in Nairobi and set out to take advantage of this opportunity. This constitutes its core business today. Jetlink continues to offer limited in-flight service, one service class, cost efficient domestic and regional high frequency scheduled services from its hub at Jomo Kenyatta airport in Kenya

(JKIA). Focus is placed on direct point-to-point flights using homogenous new generation and fuel-efficient aircraft fleet, configured to carry 50 to 70 passengers. The airline maintains a homogenous fleet of medium-sized and new generation aircrafts that leads to a reduction of fuel, maintenance, staff, and overheads. This business model also ensures that the customers' demand for low price, attentive service, route coverage and on time performance of at least 90% is met. Jetlink has also achieved success by tying up with other major international airline companies by way of Code-Share and Interline, to feed, enhance and expand its online network.

Jetlink operates domestic routes to Kisumu, Eldoret and Mombasa, Wajir and regionally to Juba- Southern Sudan, Mogadishu –Somalia. New planned regional route include Dar-Es-Salaam – Mwanza – Dar-Es-Salaam, Dar-Es-Salaam – Kilimanjaro – Dar-Es-Salaam, Nairobi – Juba – Khartoum – Juba – Nairobi, Juba – Malakal – Juba. With its vision being; 'To be an efficient airline with a well-motivated work force that provides incomparable customer service' and stating its mission as; 'To generate value for both our customers and employees while meeting shareholder expectations of profitability. ' Jetlink aims to be one of the most popular airlines in the region. (Jetlink Express, 2011)

1.2Research Problem

Competitive strategy is particularly important in industries where the services or products rendered are similar in nature and the nature of competitive rivalry is high. In these kinds of industries, firms that try to gain large market share make high returns and strive to survive and grow must develop a competitive strategy.

Jetlink Express Limited operates in one such industry that is highly competitive, competing against national carriers and longtime players. It is only through competitive strategies that it can survive and grow. Policies such as that against open skies make it difficult to obtain operating licenses and hence give unfair advantage to the national carriers, uneven aviation policies in different countries within the region make it difficult to operate in one country from another, threats of new airlines in the region, technological advancements from the competitors, economic hardship such as increase in fuel prices, limited market share and having the bigger airlines particularly trying to out compete Jetlink. Despite the intense market rivalry in the industry, Jetlink has been able to not only survive but to grow from a small sized airline to a midsized airline, from owning one aircraft to owning eight aircrafts and winning COYA awards.

A number of studies have been carried out in relation to competitive strategies in the airline industry. Mokaya et al. (2012) conducted a study on the application of the McKinsey matrix in determination of route attractiveness and resources allocation in Kenya Airway (KQ). O'Connell (2006) carried out a study on the corporate rivalry and competition issues in the airline industry. The study addressed the competitive pressure within the airline industry to maintain and exceed the expectation of service; schedules, yields and the accompanying need of operations performance which have become a global reality. The study also looks at the influence in modern day airline competition, now stemming from integrated cost leadership/differentiation strategy or best cost provider strategy. Again Dostaler and Flouris (2004) undertook a study on business strategy and competition for the future in the airline industry. The study attempts to explain and categorize specific strategies that firms use. Kamath and Tornquist (2004)

conducted a study on the strategic issues in the airline industry and the role of Singapore International Airlines. The studies evolve an understanding as to how regulation of the international airline industry may leave an obvious impact on a particular firm's strategy.

These studies are an indication of ongoing research on the competitive strategies within the airline industry. This research however, is more specific and sought to address the knowledge gap and the increased competition, which consequently threatens to reduce market share and profitability of Jetlink Express Limited within the airline industry of Eastern Africa. It is therefore in this light that the researcher sought to fill the academic gap by answering the following questions; what are the competitive challenges faced by Jetlink Express Limited in the Eastern African airline industry and what are the strategies adopted by Jetlink Express Limited in the airline industry in the Eastern African Region?

1.3 Research Objectives

The objectives of the study were:

- i) To determine the challenges of competition faced by Jetlink Express Limited in the airline industry in the Eastern African region.
- ii) To determine the competitive strategies adopted by Jetlink Express Limited to compete in the airline industry in the Eastern African region

1.4 Value of the Study

The findings from this study will be important to the various players and shareholders in the Eastern African Airline industry. Airline companies will find this study useful as it

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will suggest competitive strategies that can be adopted in shaping their operations to counter challenges faced in the Eastern African Airline industry.

The findings of this study will contribute to the reservoir of knowledge in the sector under investigation; it will be important to scholars and businesses and will also form a basis for further research work. The students and academics will use this study as a basis for discussions on challenges encountered by airlines operating in the eastern African region and strategies adopted thereof. This study will also be useful to the airport and aviation authorities in the region to understand the nature of challenges faced by airlines within the region and help them make it easier for the airline companies to operate successfully

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

In this chapter various topics are covered. These topics include; the concept of strategies, competitive strategies; both market and resource based strategies, strategic approaches that may be adopted by an airline, as well as the challenges of competition in the airline industry.

2.2 Concept of Strategy

Strategy is about winning. It is a unifying theme that gives coherence and direction to the actions and decisions of an individual or organization. The basis of the framework is to view strategy as an essential link between the firm and its business environment (Barney, 1986). Strategy is a universal concept, because it is believed to offer those using it an advantage over their rivals. Hence it is a commonly used concept where competitive strength is expected to bring success. The word strategy is derived from two Greek words 'stratos' and 'agein': 'stratos' means an encamped army covering ground; and 'agein' means to lead (Sun Tzu, 1988). Strategy has evolved in the business sphere. However, business theorists and practitioners have to understand the strategic process operating within highly competitive environments; have offered the following definitions for strategy:

Strategy is management action plan for running the business and conducting operations. The crafting of a strategy represents a managerial commitment to pursue a particular set of actions in growing the business, attracting and pleasing customers, competing

successfully, conducting operations, improving the company's financial and marketing performance. Thus, the company's strategy is all about how: management intends to grow the business, how it will build a loyal clientele and out-compete rivals, how each functional piece of the business (research and development, supply chain activities, production, sales and marketing, distribution, finance, and human resource) will be operated and how performance will be boosted (Thompson, Jr., Strickland III, and Gamble, 2010).

Porter (1985) defines strategies as the unifying theme that gives coherence and direction to the decisions of an organization. It is a framework through which organization can assert its vital continuity in adapting and managing environment to gain competitive advantage. Strategy is the determination of the basic long run goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.

2.3 Competitive Strategies

The airline industry, which plays a pivotal part in any country's economy, is one of the most volatile industries, plagued with excessive losses, restructuring and bankruptcies. Different competitive strategies have been proposed by various scholars to generate competitive advantage.

2.1.1 Market Based Competitive Strategy

Porter (1980) argues that it is the industry structure within which organization competes and how they position themselves against that structure which determines how profitable individual firms will be. He suggested that firms' may adopt either a cost-leadership or a

differentiation strategy. Cost leadership means, in essence that the firm attempts to widen its price-cost margin by giving primary attention to production efficiencies and other means of reducing costs. Alternatively, a differentiation strategy attempts to widen the price-cost margin by giving primary attention to the quality of the product or service, such that the firm better serves the client's needs.

2.1.2 Resource Based View Strategy

Peteraf (1993) proposes that the resource-based view takes an inside-out approach. As such, it is often seen as an alternative perspective to Porter's five forces framework. It is a way of viewing the firm and in turn of approaching strategy. The view conceptualizes the firms as a bundle of resources. It is these resources and the way that they are combined that make firms stand out from one another and in turn allow a firm to deliver products and services in the market (Hamel and Prahalad, 1994).

Firm's resources are generally quite loosely defined, tending to include everything internal to the firm. Barney (1986) listed all assets, capabilities, organizational processes, firms attribute, information, and knowledge as resources. Barney (1991) put forward a checklist that identified key characteristics for resources which are strategically important: Valuable- as there is no point having a resource if it does not deliver value to the firm; Rare- resources that are owned by large number of firms cannot confer competitive advantage, as they cannot deliver a unique competing firm; Inimitable resources can only be sources of sustained competitive advantage if firms that do not possess these resources cannot obtain them; Non-substitutability-there must be no strategically equivalent valuable resources that are themselves neither rare nor inimitable;

and Knowledge- which is one particular resource that is being increasingly viewed, as important, strategically.

2.4 Strategic Approaches

In defining a sound and sustainable strategic approach, a firm should be consistent and integrated to the basic strategic question of what management wants to do, should do, can do and is allowed to do. The strategy should be well balanced in all fields of decision-making and aligned to company's available resources, which should in turn allow the firm to go the direction which it would like to follow (Heene, 1997)

According to Weensveen (2010) there are three stages of development impacting the airline industry; hence the strategic approach adopted. These are; regulation, liberalization and deregulation. He continues to state that expansion, consolidation and concentration are phases of industry restructuring resulting thereof. He then further proposes global aviation strategic approaches in the 21st Century as understanding reality of change and becoming flexible, adopting a customer focus strategy, eliminating duplication, organizational accountability, staff relations into strength, updating of airline systems, building partnerships (alliances and interactive marketing), acting decisively, diversifying the business (core and non-core), 'inventing' new ways to reduce future costs and spending of capital, and increased efficiency.

Business doesn't exist in a vacuum: Environmental forces affect the businesses (Narayanan and Fahey, 2001). Due to this, decisions pertaining strategic approaches are affected by the environment and the business cannot ignore the environment in shaping

the strategy. PEST (Political, Economical, Social and Technological) Model proposed by Narayanan and Fahey looks at the political, economic, social and technological factors to analyze the macroeconomic situation of the firm, the stability and dynamism of the environment are critical considerations in the strategy of any firm. The more volatile these parameters are, the greater the uncertainty and the more complex the analysis becomes.

2.5 Challenges of Competition

Thompson et al. (2010) suggest that a company's resource strength represent its competitive assets and therefore determines whether its competitive power in the market place will be impressively strong or disappointingly weak. The challenge for a company is to craft a competitive strategy that, at the very least, allows the company to hold its own against rivals that ideally produces a competitive edge. For a company to produce a competitive edge for themselves, they have to embrace the challenges in the competitive environment.

Indetie (2007) proposes that Africa is the third fastest growing market in the world after Middle East and Asia. As the result of its boom, airlines in Europe and the Middle East are aggressively penetrating the African Market and securing large market shares, taking advantage of the ill-prepared African operators. African airlines operating in a highly competitive environment with many carriers that are unable to stand the competition and high operating cost are folding up. Many Airlines in Africa today are plagued by lack of capital, limited frequency and network (point-to-point operations), low application of IT, use of ageing fleet, poorly motivated staff, lack of commercial agreements/partners,

2.5.1 Technological Advancement

Technology poses serious challenges to the business industry. Technological advancements today are on the increase more than in the previous century. The use of technology by firms can have positive effect as well as negative effect to the firm. Technology provides good service when its performance leads to effective and efficient operation of the firm, leading to corporate profitability and customer satisfaction. On the other hand, it negatively impacts the organization, when it is not capable of providing the services as required.

For an organization to offer services, which are relevant, cost effective and compatible with the society needs, modern technology has to be employed. The initial cost of acquiring it, maintaining and running operations using the acquired technology is inhibitive. This is worsened by the short lifespan of most technological innovation which imply that companies and or organizations have to reinvest in current technology frequently so as to sustain their relevance (Narayanan and Fahey, 2001).

2.5.2 Price Wars

According to Green and Porter (1984) and Abreu et al. (1986), Price wars commence among firms due to imperfect information, inability to monitor compliance with an existing agreement leads to the implementation of price war threat in some circumstances. Due to these circumstances, firms are unable to monitor each other's output perfectly, so they cannot distinguish between demand shock and cheating by other firms. Price wars can create economically devastating and psychologically debilitating situations that take an extraordinary toll on an individual, a company, and industry profitability.

A necessary condition for a price war is inter-firm rivalry. Thus, price wars occur in an industry because oligopolistic coordination breaks down, price wars on particular routes are undertaken to signal to another carrier. For instance, if you lower the price on this route that is important to me, then I will lower the price on some other route that is important to you (Brander and Zhang, 1990). Increasingly, price is the weapon of choice in the battle to capture customers and frequently the skirmishing degenerates into price war. The result of one retaliatory price slashing after the other is often a precipitous decline in industry profit. In 1992, price war between American airlines, northwest Airlines and other U.S. Carriers went toe-to-toe in matching and exceeding one another's reduced fares. The result of this price war was the record of volume of air travel and record losses suffered by the Airline industry that year. It exceeded the combined profits for the entire industry from its inception (Brander and Zhang, 1990).

2.5.3 Employee Development

The new trends and current business challenges have created the need for strategic approaches to training and development. Human Resource Development Department must have the ability to formalize a training and development plan, its alignment with the business strategy, and its implementation and evaluation to enhance organizational performance. Training and development does not take place in a void but within specific contexts as perceived by scholars. Many studies demonstrate the importance of understanding the human behaviors (Ronen and Shenkar 1985; Hofstede 2001; Ignjatovic and Svetlik 2003; House, Hanges, Javidan, Dorfman and Gupta 2004).

It should be clearly understood that at the organizational level, culture, values and work force diversity are major features which affect the relationships between training and development of employees and organizational performance. Similarly, ownership, size, technology and organizational structure are few other features which influence HRD activities and organizational performance (Fombrun, Tichy and Devanna 1984; Delery and Doty 1996).

Jackson (2002) opined that some cultural assumptions underlie human resource management with regards to developing employees: he deliberated through an example which highlighted the distinction between the hard and soft approaches on developmental aspects, appearing in the strategic HRM literature. The hard approach assumed the employees in the organizations as mere resources to achieve the objectives of the organization, whereas the soft approach viewed the employees more as valued assets capable of development (Tyson and Fell 1986; Hendry and Pettigrew 1990). The need for developing our employees is compelling because a sound Training and Development plan has its contributions to increase productivity and quality of work. The development strategy reduces staff turnover and absenteeism and also helps in improving motivation among the employees. In order to stay ahead of our competition, training and development plan must incorporate innovation and reinvention and this is only possible when training encompasses a wide range of learning actions. Therefore, an ideal training shall become part of a company-wide strategy and it must be linked to business goals and organizational performance.

Today, the relationship between the organization and the employee has changed. A greater importance is attached to the value of individuals and the team contributions, to

find effective business solutions, which play key role towards successful organizational performance. The employee is viewed as a learning customer, bringing personal preferences and motivation to the workplace, and thereby displaying innovation in his managerial skills. There are positive relationships between training and development strategies and organizational performances; and job satisfaction, competitive advantage and measured performances are the important levers to attain employee's good performance. Performance orientation was included as an important association in training, in a number of studies (Aycan 2003; House et al. 2004; Javidan 2004).

2.5.4 Environmental Concern

The stability and dynamism of the environment are critical considerations in the strategy of any firm. Different tools have been developed to examine environmental factors in the strategic analysis process. A PESTEL (Political, Economic, Social, Technological, Environmental and Legal) Analysis (Oxford University Press, 2007) uses the political, economical, social, technological, environmental and legal factors to analyze the macroeconomic situation of the firm. The more volatile these parameters are, the greater the uncertainty and the more complex the analysis becomes. The airline industry is one that is heavily influenced by its external environment, both industry-specific as well as those pertaining to the broader macro environment. For instance; the regulatory regime in which the firm operates, the economic prospect and disruptive technologies (Dale, 2003). Business doesn't exist in a vacuum: Environmental forces can affect businesses positively by driving sales, or they can cause negative effects by increasing the cost of goods sold or by increasing a business's overhead. A business depends upon its ability to generate a profit despite the external factors affecting it. While most environmental forces may be

outside of a company's control, it can still succeed as long as the potential impacts of such forces are recognized and a plan is put into place to mitigate these effects (Narayanan and Fahey, 2001).

Porter (1980) proposes that macro environmental factors which pose challenges to the effective and efficient operation of a firm have a broader dimension and include: Government regulation where environmental agencies in the various countries regulate businesses and the environmental impacts they may have. An example of such an agency is the Environmental Protection Agency (EPA) in the United States. Regulations may dictate how a business manufactures/provides its products or services, as well as how it disposes of waste material; Infrastructure and Deliverability- a business must be able to deliver its product. While a business can control some factors, such as vehicles and transportation, it can't control those forces that exist within the infrastructure (including the transportation network of air space, roads and railroads); Availability of resources - The rendering of quality service depends upon the availability of resources needed to procure modern equipment. If resources are limited due to low performance within the industry, firms may suffer in its operation (Abdi and Sharma, 2007).

Climatic environmental forces can affect how successful a business is and whether or not it can keep up with demand. Natural disasters are perhaps the most unpredictable of the environmental forces. Floods, hurricanes, and earthquakes are some of the most common and widespread forms of natural disasters that can potentially affect businesses; and lastly, changes in demographics are another external factor that can impact businesses. These occur for a myriad of reasons, sometimes displacing a critical client base, cost of living, the environment, or lack of green space may cause people to move elsewhere (Abdi and

Sharma, 2007; Oxford University Press, 2007). For a business, this environmental force can have a tremendous effect. Likewise, a positive shift may occur, resulting in an increase in potential clients and customers. For example, new businesses may attract more people to move into an area, with the potential to benefit other business owners with the increased client base.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

In this chapter the researcher discusses the methodology that was used in conducting the study. There are a number of issues discussed including the research design, the target population, the sampling design and the sample size, the data collection methods as well as the data analysis and presentation methods

3.2 Research Design

A case study method was employed, since the unit of analysis is in one organization. Case study method enables a researcher to closely examine the data within a specific context. In most cases, a case study method selects a small geographical area or a very limited number of individuals as the subjects of study. This case study derived detailed information regarding the competitive strategies adopted by Jetlink Express Limited, an airline in the Eastern African region.

According to Yin (1994) a case study allows investigation to retain the holistic and meaningful characteristic of real life events. Kothari (2004) noted that a case study involves careful and complete observation of the social unit. It is a method of study that places more emphasis on the full analysis of a limited number of events or conditions or other interpretations. Primary data collected from such study is more reliable and up to date.

3.3 Data Collection

Both primary and secondary data was used. Primary data is information gathered directly from the respondents (Kothari, 1990). The primary data was collected by use of a self-administer interview guide, while the secondary data was collected by use of desk search technique from published reports, and other documents. The secondary source included the company's publication, periodicals and information obtained from the internet.

An interview guide was used to collect the data. The interview guide had open-ended questions. The open-ended questions enabled the researcher to collect qualitative data. This was used as it gave better understanding and possibly enable a better and more insightful interpretation of results from the study. The interview guide designed in this study comprised three sections: 1. Background information about the respondent, 2. Information on applicability of the competitive strategies of the company, and 3. Information on the challenges facing the application of competitive strategies in the company.

Interview guides were administered to various department representatives: station managers, commercial manager, E-Ticketing manager, sales and marketing representatives and operations manager. This was a one on one interview method to give the respondent time to respond to the questions at their convenience. The interview guide was designed based on the research objectives developed in chapter one.

3.4 Data Analysis

A content analysis was employed for this study. Content analysis was used to analyze the respondents' views about the competitive strategies adopted and the related challenges facing Jetlink Express Limited in the Eastern African region. Content analysis is a widely used qualitative research technique. Content analysis is a method of analyzing written, verbal or visual communication messages (Cole 1988). The aim is to attain a condensed and broad description of the phenomenon, and the outcome of the analysis is concepts or categories describing the phenomenon.

Therefore, the categories based on the study were developed with regards to the objectives of the study, refer to (Appendix II: interview guide) this enabled to analyze and simplify data that reflect the subject of the study in a reliable manner. Those challenges identified in the industry are in accordance with porters five force model of factors affecting attractiveness of an industry.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The study's objective was to establish the challenges faced by Jetlink Express Limited and the competitive strategies adopted thereof. This chapter presents findings from the field, its analysis and interpretations. Primary data was collected by interviewing section heads and representatives of the airline in the Nairobi head office and its working branches.

4.2 Challenges of competition

Jetlink Express Limited has been seen to operate in a very competitive industry; it faces challenges from the players in the industry. Its challenges are especially due to the type of players in the industry, national carriers as well as long time players.

4.2.1 Major Players in the Industry

The national carriers identified in the industry included Kenya Airways, Air Rwanda and Ethiopian Airlines. Within the same category are National carriers operating in the Eastern African region that are international carriers; namely British Airways, Qatar, Etihad Airways, Airways, South African Airways, Air Mauritius and KLM. The longtime players in the industry include Fly 540, Air Uganda, Precision Air, East African and African Express. Internationally Virgin Atlantic and Emirates were identified.

The National carriers pose a challenge to Jetlink in that they get support from their respective governments such as ready market from parastatals as well as financial aid and

protection. With regards to sky policies, one government would partner with another, issue the other with operating licenses in exchange for another favor or the same. Private Airlines like Jetlink may be barred or given tough conditions to fly in those airspaces. long time players pose the challenge of having favor from passengers who have flown with them over time, as passengers are known to stick to what they know and trust. They also have the advantage of market knowledge through experience. The international airlines on the other hand have the advantage of loads if they are flying both internationally and locally as the passengers will book their tickets in advance either through or connecting tickets.

4.2.2 Threat of New Entrants

According to Porter 1980, this refers to the barriers of entry into an industry. The more difficult it is for other firms to enter a market the more likely it is that existing firms can make relatively high profits. In the case of the Eastern African industry, the market is limited, where entry of a carrier into a route displaces another or a carrier only enters a route where another has exited and this is not that frequent anyway. The industry is characterized by low entry and exit of new and old players respectively.

With regard to the Eastern African Aviation industry, just like any other aviation industry the low entry is as a result of high entry cost, government policies preventing entry to especially protect the National carriers, learning effect from the already existing firms the high loyalty from the existing brands and price wars from existing firms. New management or airlines entering the market come in by buying old players to take advantage of the benefits the existing brand had instead of starting up a fresh or by simply re-branding.

4.2.3 Supplier Power

With regards to aircraft supplies, the company has an average number of suppliers. Not too many neither too little from a number of countries. While looking at employees as a source of suppliers to offering the company manpower, the turnover has increased lately. This has become costly to Jetlink especially for employees such as air hosts and hostesses, pilots and engineers who continuously undergo expensive training and development, only to be poached to other airlines using the same fleet of aircrafts. Nevertheless due to the industry dynamics and economic hardships the company feels the need to reduce the number of employees based on reduction of company routes.

4.2.4 Buyer Power

The buyers in this industry, who are referred to as passengers are price sensitive but despite this fact they are not really considered from their personal perception in setting up prices. What the company does is that it profiles its customers and places them into two categories; those who travel for business who make up 65% and those who travel for leisure that make up 35 % of the travelers. Once the airline has done this profiling the two categories are captured in the pricing, hence different levels of prices.

The prices are available to passengers on a first come first served basis with regards to the cheaper fares. Leisure passengers are seen to book well in advance as they plan for their excursions, business travelers are less price sensitive as most are sponsored and find themselves booking for tickets rather last minute. However from time to time the airline listens to what the passengers are saying with regards to the price, though not too often.

4.2.5 Threat of Substitute Goods

The question as to whether there are other forms of transportation that substitute flying, posed different reactions. While some felt that it had no substitute due to the time factor especially for urgent matters such as business matters others felt that the improvement of the Nairobi-Kisumu Highway, Nairobi-Mombasa Highway and Railway line improving posed a threat.

Those for, argued that the improved highways made it safer to travel by road and in fact using one's personal vehicle to the remote areas is a blessing as one may use the same vehicle in running personal errands and traveling within the area. the other argument was that it was now comfortable to travel by road as the new bus companies even go the extra mile of having televisions, cabin crew to attend to passengers while on board, self-contained cabins as well as refreshments similar to those on board aircrafts. The railway improvement serves the same purpose and provides the same services as those on the bus and aircrafts and recently at the Mombasa show it was announced that trains that will take only two hours between Nairobi and Mombasa beating the time factor that airplanes has advantage over other forms of transportation.

4.2.6 Information Technology

The question of IT investment based on competitors move to do the same comes second, as primarily IT investment is captured in the core values of the airline, stating that it will use technology as a key business enabler. This it does with regular updates especially due to the fact that their business starts and ends with technology. IT is seen from the booking of tickets at the airlines sales outlets, connecting with agents, the airline's online portal

and Inter Airline messaging. The IT investment sees the airline in the GDS, making it accessible globally.

The heavy investment in IT, that is seen to be costly, does not end there. The kinds of aircraft machinery the airline invests in is modern giving comfort and safety. Moves recently seen by the KQ carrier to suddenly dispose of their fleet due to threats of others with better equipment in the Eastern African market are avoided at all costs by regularly studying the market in getting the latest models and regularly upgrading to avoid the sudden moves.

4.2.7 Government Involvement

Indirectly the government is involved in the operations of the airline through bodies like KCAA, KAA and through the ministry of tourism, but only to some extent. Tax is regulated by the government which weighs heavily on the airline where in most cases the cost is partially shifted to the passengers. For instance, the air navigation tax has increased significantly and insurance issuance, to that extent, the government is involved, that is through licensing and tax regulation, but it must not be ignored that these tax increments are as a result of environmental pressure such as fluctuation of the United States Dollar and increase in price of fuel.

4.3 Competitive Strategies Adopted by Jetlink Express Limited

Jetlink Express has been seen to operate in a highly competitive industry. It therefore feels the need to employ competitive strategies in order to counter the challenges and to survive.

The main aim in pricing is to make profits while on the other hand not to be too high to discourage passengers. The pricing strategy that Jetlink employed was market penetration, its initial pricing was low and once it penetrated into the market, it raised its prices in order to make the profits it needs for survival. This strategy has helped the airline in gaining favor from the passengers because they continue to perceive their fares as low even after there has seen an increase in their prices.

Jetlink does not engage in price wars with other airlines and especially national carriers which may have a way of recovering forgone revenue from other international routes or where they may have monopoly. However it keeps an open window to negotiating for group rates thus offering bulk discounts. The rates differ, hence having a price range with the criteria of first come, first served basis on the cheapest fares. The cheaper fares are low enough to encourage passengers while the higher fares are high enough to earn the airline the desired revenue per flight.

4.3.1 Incentives and Gaining Passenger Favor

The airline recently launched the frequent flyer programme named JLC (Jetlink Loyalty Club) with benefits to its passengers. With the accumulation of miles traveled a passenger can redeem them for partial payment of a ticket or for shopping at *Nakumatt*. The move may be recent but in the previous years, Jetlink had a different form of incentive to its passengers. For every ten tickets utilized, a passenger would get one free ticket where they would only pay for the taxes. Cash incentives were awarded to travel agents and commission awarding has always been a form of incentives to the agents.

Despite the fact that Jetlink does not invest heavily on media advertising, it is still able to gain favor from both new and repeat passengers. This it does through good customer service, word of mouth due to having a strong brand, good Public Relations and customer complaint handling by the commercial department CSR and their inflight magazine. Its participation and awards in the COYA awards has also made it favorable. The kind of fleet it operates is also a bonus for the airline, being second in Africa after South African Airways (SAA) in operating the CRJ (Canadian Regional Jet) which is very comfortable, modern and fast and is of good size, not too big neither too small. Jetlink goes an extra mile which goes a long way in the hearts of the passengers, for instance, during the Kisumu Airport construction when other airlines pulled out, the airline went the extra mile to acquire a different kind of aircraft that can handle short runway takeoff and landing.

4.3.2 Convenient Flight Scheduling and Service Differentiation

With regards to flight scheduling, Jetlink flights are highly competitive, either having more than what the competitor has, equal to or just slightly less than the competitor on each route it flights. The timings of the flights are spread evenly throughout the day to cater for early birds and late workers alike.

In terms of service differentiation, its services are differentiated through good customer service which has received a lot of praise from the passengers, Jetlink got ahead of the pack by pioneering the M-Pesa services in paying for tickets. Their beautiful, elegant uniforms set them apart as well and with their slogan 'fly with a smile' making passengers feel at home every time they fly. Investment in the CRJ's has helped the airline gain a competitive edge. This fleet of aircraft is both comfortable and fast. Finally

simple policies as not charging clients for not showing up for their scheduled flight is a deliberate move to differentiate its product, not forgetting the fact that they do not charge clients for change of reservation.

4.3.3 Internal Strength

The airline has its own strengths from within that it uses as a strategy and as means to implement its strategies. The management for instance is well equipped with managerial skills; they also have directors who are well conversant with the aviation industry due to their many years of experience. An open door policy is in place at the airline which is useful in decision making where fast response and action is needed, the strong brand the airline works for their good as well, good networking and young vibrant working team whose market reaction is also seen to be fast. Investing in the same fleet of aircrafts has helped in utilizing pilot and engineering staff as well as other cabin crew as they can work on all the aircrafts without separating and employing a separate group of crew. The recent move to build its own hangar is of good internal strength to the airline. Seeing as it will now save on a lot of money it used to spend on parking fees.

4.3.4 Inter Airline Relationships

The airline being a private locally owned airline may not be able to automatically enjoy the same benefits as those enjoyed by international airlines, such as enjoying high loads from clients connecting from international destinations and connecting to a local flight of the same carrier to a local destination because of benefits as cheaper aggregate fares and larger sized baggage allowance. For this reason Jetlink has partnered with some international airlines in order to enjoy this benefit of having the connecting passengers.

The inter airline relations are in place with such airlines as Emirates, Qatar, Air Uganda, Rwanda Air, Etihad and Sn Brussels.

4.4 Discussions of Findings

The study looked at the challenges encountered by Jetlink Express Limited within the Eastern African Region. It was discovered that the challenges do exist and must not be ignored, as Jetlink has been able to grow it employed strategies that gave it a competitive edge. This is in line with Johnson and Scholes (2008), where the company gets direction and scope over the long-term, which achieves advantage for the organization within a challenging environment.

While Jetlink faces competition from larger airlines international and national carriers alike who have protection and support from their governments, these airlines use predatory tactics which is in line with Kurtus (2007) who states that large companies may use predatory competition to assure their top position which may result in price wars. While Jetlink avoids price wars as it is accompanied by multi-lateral series of price reduction leading to lower profits and reduced market share, the airline works hard to implement other strategies that have in turn helped it to survive and grow.

The aviation industry in the Eastern African Region is characterized by low entry and exit of new and old players respectively. This in agreement with Porter (1980) is due to high barriers of entry such as high entry cost, learning effect of long time players, government policies, high loyalty level from existing players as well as aggression from them and the cost of exiting is high as well. This poses a challenge to Jetlink where it is the intending new entrant into a route and once in, exit costs are high. On the other hand the existing

players such as Jetlink face the challenge of losing their market share or to be completely displaced where a new entrant breaks into the market.

Suppliers are seen not to have too much power, this is because Jetlink has more than one supplier and even better they are from different countries. With regards to buyers, the prices set by the airline are a combination of a number of things from tax considerations to profit considerations and the passengers too have to be considered. It should be noted that in this industry the buyers who are the passengers have to some extent some power. despite the fact that Jetlink adjusted their fares upwards in order to avoid making losses, it gives the passengers who are considered price sensitive a consideration by leaving an open window for group rate negotiations as well as offering the lower fares on first come first served basis after classifying their passengers into leisure passengers and businessmen with difference in price sensitivity. Going by Porter (1980), if both suppliers and buyers have power then it cuts back into the profits of the company, while in the case of Jetlink it is moderate power from both parties.

Railway and road improvements are not seen as a threat by some interviewees stating that time cannot be matched up. Others on the other hand felt it was a big threat arguing that the new modern buses were comfortable and had cabin crew services just like the airlines, the other means of transportation were safe too. This according to Porter's five force model is a threat to market share and in turn returns to the airline.

The challenge with regards to Information Technology is to keep up as well as meeting the heavy cost of investment. This agrees with Narayanan and Fahey who state that, 'For an organization to offer services, which are relevant, cost effective and compatible with

the society needs, modern technology has to be employed. The initial cost of acquiring it, maintaining and running operations using the acquired technology is inhibitive. This is worsened by the short lifespan of most technological innovation which imply that companies and or organizations have to reinvest in current technology frequently so as to sustain their relevance (Narayanan and Fahey, 2001).’Seeing as JETLINK’s operations begin and end with technology, this poses a major challenge.

Decisions pertaining strategic approaches are affected by the environment and the airline cannot ignore the environment in shaping the strategy. Business doesn't exist in a vacuum: Environmental forces can affect businesses positively by driving sales, or they can cause negative effects by increasing the cost of goods sold or by increasing a business's overhead. Because Jetlink understands this, it has to monitor and abide by the rules of the government, while it is outside of a company's control, it can still succeed as long as the potential impacts of such forces are recognized and a plan is put into place to mitigate these effects this is in accordance with Narayanan and Fahey (2001).

Going by the famous Porter’s Generic model, Jetlink is in agreement that cost leadership and differentiation are practical ways in which a business can gain advantage. While differentiation is still being utilized in the airline through their commendable customer service, type of fleet of airlines the company has invested in, pioneering the M-Pesa ticket payment, elegant uniforms and customer friendly policies, the company moved away from this model after penetrating the market and getting a good amount of market share. They increased their prices to adopt a mixture of cost based and customer based pricing, where making profits was put into consideration as well as pricing a fare that

passengers will be prepared to pay. The initial low pricing has given the perception that Jetlink is cheaper at all times.

Due to the fact that the airline does not invest heavily on advertisement it has to find another way to make its brand known and favored over the competitor. Contrary to Gilliland and Johnston (1997) who explain that brand awareness is best done by media advertising, Jetlink uses a different approach to brand awareness and seeking favor from clients such as word of mouth due to a strong brand name, an in-flight magazine, participating in awards, service differentiation as well as incentives to frequent flyers.

The internal strengths identified in this study that Jetlink uses as strategies and as a means to implement its strategies goes to show that Jetlink is in agreement with Peteraf's resource based view strategy that takes an inside out approach to strategy which is often seen as an alternative perspective to Porter's Five Force. The view conceptualizes the firm as a bundle of resources.

In line with Kurtus (2007), large companies use predatory competition to assume their top position, the Eastern African Aviation Industry is characterized by the same. Whereas there are price wars, Jetlink avoids these as it leads to losses in the industry do to multi-lateral series of price reduction. In order to combat the challenge of competing against the larger companies as well as the international airlines it has partnered with other bigger airlines so that they complement each other and benefit from each other making them a stronger unit.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The research study addressed the objective of establishing the competitive strategies adopted by Jetlink Express due to the challenges it faces. This chapter presents summary and conclusions of the findings, limitations and suggestions for further research. It also provides recommendations for policy and practice in the same field.

5.2 Summary of Findings

This study identified the challenges experienced by Jetlink Express in the Eastern African region as; competing against national carriers and longtime players. This poses as a challenge because the national carriers have advantage over Jetlink as they get protection support and favor from their governments as well as other partner governments not forgetting the ready markets from governmental bodies. The longtime players have the advantage of market knowledge through experience. The threat of new entrants into the market pose the threat of displacing Jetlink as an existing carrier in a certain route while Jetlink as an entrant faces barriers to entry. Loss of employees as a source of labor supplier is on the increase whereas aircraft suppliers do not have power over Jetlink as a supplier as the airline has alternative suppliers. Buyers on the other hand are not considered from personal opinion how much to price the airline's air fares however from profiling the airline's passengers the prices are set with an open window to negotiating on group fares.

With the improvement of road and railway as well as improved bus services the threat of substitute services from the above mentioned has increased. This question however brought forth a different argument that the time factor that air transportation offers has no substitute. Information technology was considered an important investment as the airline's business begins and ends with technology. Finally, government involvement was seen through bodies like KCAA, KAA as well as the ministry of tourism only to some extent. Tax regulation by the government weighed heavily on the airline for which was understood to route from the external economic environment anyway.

Further to the challenges identified from the study, competitive strategies were identified; strategies that helped the airline compete in an industry full of competition and rivalry. They include; competitive pricing strategy, where they employed market penetration pricing strategy. Once they adjusted the fares, the airline offers discounts to groups and employing a first come first served policy on the cheapest fares availability. Incentives are awarded to frequent flyers through their JLC program and favor is sought from the passengers through good customer service, CSR and by participating in the COYA awards as well as investing in modern comfortable fleet of jets.

The airline also has convenient flight schedules with considerable number of frequencies as well as spacing them out throughout the day. Service differentiation is also a strategy that the airline has sought to employ. It does this through commendable customer service, pioneering the M-Pesa services for payment of air tickets, beautiful elegant uniforms and investing in the CRJ fleet of aircrafts. In terms of differentiation, flexibility with changes on unused tickets such as no charge for missing a flight as well as free change of reservation. their internal strength that they use both as a strategy as well as a booster to

implement other strategies include management that is well equipped with managerial skills, directors who are well conversant with the aviation industry due to many years of experience in the field, an open door policy useful for quick response and turn around decisions, good networking and a young vibrant workforce that's quick on market reaction. Finally inter-airline relationships has helped the locally and privately Owned airline to have some benefits that it may not be able to enjoy if alone, benefits that internationally owned airlines may be enjoying such as ready market from connecting passengers due to the benefits offered.

5.3 Conclusions of the Study

The conclusion of the study is that Jetlink Express Limited faces challenges in the industry and region within which it operates. The company however is able to deal with those challenges through their pricing strategy where they leave an open window for group rates having penetrated the market through their market penetration pricing strategy, giving their passengers incentives through the JLC and gaining their favor by participating in the COYA awards while investing in modern Jets. They also have convenient flight schedules and service differentiation. The airline also uses their internal strength as a strategy to get ahead. Building Inter-Airline relationships has also gone a long way in giving the airline a competitive edge.

5.4 Limitations of the Study

The study looks at the competitive strategies adopted by Jetlink Express, being a case study it is limited to one airline. It should be noted that within the same industry having the same challenges as Jetlink, other airlines may adopt different strategies in order to

stay afloat. Also depending on the type of airline, either national carrier or privately owned or differing in the number of years of operation within the Industry, the challenges faced by different companies may differ.

The study sought to gather information from employees in different departments. Some of the interviewees approached were too busy to find time for the interview or were unavailable due to traveling to an extent where one interviewee was reached via teleconferencing at his convenience. Other employees felt the study was beyond them assuming that they did not have information useful enough for the study. One or two respondents had difficulties in providing comprehensive responses falling outside their areas of specialization and therefore in-depth information of some specific issues required further clarification.

5.5 Suggestions for further research

The study is on the competitive strategies adopted by Jetlink Express in the Eastern African Region, the study looks at an individual airline since it's a case study. While the firms in the Eastern African Region differ in sizes, number of years worked in the industry as well as ownership, the challenges each airline faces may differ and the strategies they adopt thereof may differ as well. It is therefore in light of this that further research be carried out comparing the different airlines.

The industry is seen to have a high level of rivalry amongst its players. While this study looks at the competitive strategies adopted by one of its players Jetlink, it is suggested that further research be carried out on the corporate rivalry and competition issues within

the Eastern African region. The study should probe into the competitive pressure within the industry to maintain and exceed the expectation of services.

5.6 Recommendations for Policy and Practice

The competition faced by airlines in the Eastern African Region is stiff. Strategic management therefore becomes necessary and important to survive and to gain competitive advantage over others in the industry, otherwise they face a possibility of being faced out or making losses. In light of this, one needs to think about policies that are mutually exclusive of the benefits strategies provide by helping firms compete successfully as well as overall growth.

Proper research needs to be done before a strategy is put in place. A good survey will analyze the players of the industry in totality and will help management in benchmarking itself with the industry leaders or classifying ones airline in relation to the rest. It will help the airline to know its strengths that will work to their advantage and to know its weaknesses as well in order to improve on them. It will also help through the environmental analysis other companies' that it will identify as competitors' strengths and weaknesses. This is done once the airline is fully aware of what it wants to achieve and where it wants to go.

Once the environmental analysis has been done, and the airlines mission is clearly highlighted, the airline will be in a position to understand the challenges it faces better as well as their implication on the business with regards to survival and growth. it will therefore identify its goals and objectives that will in turn help to set up strategies, plans

that will help to elevate the airline to the required status or keep it afloat where needed and to give it competitive advantage and stay ahead of the park.

The implementation of a strategy does not mark the end of the process to combat competition .the strategies need to be reviewed constantly to see that they are in line with the original plan and with the changing environment. Research and development needs to keep an open loop for feedback and re-evaluation and corrective measures are taken where necessary.

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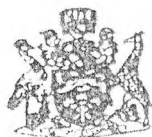
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APPENDICES

Appendix 1: Letter of Introduction



UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone 020-2059162
Telegrams: "Varsity", Nairobi
Telex 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 08/08/12

TO WHOM IT MAY CONCERN

The bearer of this letter MUKHUNG CATHERINE OPEMBI

Registration No. D61/63393/10

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.



[Signature]
IMMACULATE OMANO
MBA ADMINISTRATOR
MBA OFFICE, AMBANK HOUSE

Appendix 2: Interview Guide

COMPETITIVE STRATEGIES ADOPTED BY JETLINK EXPRESS LIMITED IN THE EASTERN AFRICAN REGION

Section A: Back Ground Information about the respondent

Name:

Position in the company:

Period worked in the company:

Period worked in the industry:

Section B: Challenges of competition faced by Jetlink Express Limited

1. Which airlines are the major players in the Eastern African region?
2. How many of the players in the region are National Carriers?
3. Is the industry characterized by high entry and exit of new and old players respectively?
4. How often do you get employee turnover?
5. Are there many alternatives in getting supplies for aircraft spares?
6. Are the buyers considered to be price sensitive and are they put into consideration in price determination.
7. Are other forms of transportation considered threats to substitute air transportation?
8. Is IT considered a necessary investment in the company based on the competitors move to do the same?
9. How often is tax amount reviewed and how heavy do they weigh on the airline?

10. How much is the government involved in the operations of the airline?

Section C: Competitive strategies adopted by Jetlink Express Limited

1. Does Jetlink feel the need to employ competitive strategies with regards to the industry in which it operates?
2. How do their travel fares compare to the competitor? Are they high enough to ensure profits but low enough to discourage new entrants?
3. Does the airline offer discounts and offers besides their normal fares in order to encourage consumers and stop them from using alternative means of transportation?
4. Do loyalty programmes exist in the airline?
5. What are the route frequencies to each destination compared to the competition?
6. How does the company differentiate its services from the competitors'?
7. What strengths within the company does the airline use and consider being of advantage over the competitors?
8. What does the airline do to gain favor from its frequent flyers and to become known to the public?
9. How many Inter Airline relationships are in place?
10. With regards to suppliers, does Jetlink Express have a policy of keeping alternative suppliers as contingency?