COMPETITIVE INTELLIGENCE PRACTICES ADOPTED BY SAFARICOM LIMITED IN KENYA

BY

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DECLARATION

This research project is my original work and has not been presented for an academic award in any other institution of higher learning.

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

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

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ACKNOWLEDGEMENT

My sincere gratitude goes to Almighty God who gave me all the strength, health, wisdom and courage to carry out my research project. I am very grateful to my supervisor MR J. KAGWE and moderator PROF. OGUTU for their helpful comments and suggestions. Thank you to my family and friends for their continued support and encouragement.
DEDICATION

I dedicate this research project to my family: John, Victor and Joy. I thank God for the blessing that you are.
ABSTRACT

The study sought to establish the competitive intelligence practices adopted by Safaricom Limited in Kenya. Competitive intelligence is the action of gathering, analyzing, and applying information about products, domain constituents, customers, and competitors for the short term and long term planning needs of an organization (Fleisher, 2003). Competitive Intelligence (CI) is both a process and a product. The study used an interview guide to collect primary data. The interview guide included structured and unstructured questions and which were administered through drop and pick method to respondents in the top, middle and low level management in the organization. This study sought to identify the link between best practices of competitive intelligence and performance for greater profitability of Safaricom Limited in Kenya, a descriptive research design is deemed the best design to fulfill the objectives of the study. The study found out that Safaricom limited in Kenya employs new market intelligence as a competitive intelligence practice. It was also established that the new market intelligence applied in the firm concentrated on the 4Ps (price, place promotion and product). From the earlier findings, the study also established that New Market intelligence (NMI) is industry-targeted intelligence that is developed on real-time (dynamic) aspects of competitive events taking place among the 4Ps of the marketing mix (pricing, place, promotion, and product) in the product or service marketplace in order to better understand the attractiveness of the market. This study concludes that the product differentiation strategies adopted by Safaricom limited in Kenya to increase profitability include involvement of customers in product development through focused group discussions, aligning products with customer needs and the environment in which they are being offered to ensure customers can identify themselves with. This study recommends that adoption of competitive intelligence practices in the telecommunication sector would be highly recommended.
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LIST OF ACRONYMS

BPR----- Business Process Reengineering
CEO-----Chief Executive Officer
CI----- Competitive Intelligence
KIT----- Key Intelligence Topics
MI----- Market Intelligence
MIS----- Management Information Systems
NMI----- New Market Intelligence
PIC----- Public Investment Committee
TQM----- Total Quality Management
UK----- United Kingdom
4ps----- Price, place, Promotion and Product
CHAPTER ONE:

INTRODUCTION

1.1 Background of the Study

Competitive intelligence is the action of gathering, analyzing, and applying information about products, domain constituents, customers, and competitors for the short term and long term planning needs of an organization (Fleisher, 2003). Competitive Intelligence (CI) is both a process and a product. The process of collecting, storing and analyzing information about the competitive arena results in the actionable output of intelligence ascertained by the needs prescribed by an organization. A more focused definition of CI regards it as the organizational function responsible for the early identification of risks and opportunities in the market before they become obvious (Comai and Joaquin, 2007). This definition focuses attention on the difference between dissemination of widely available factual information (such as market statistics, financial reports, newspaper clippings) performed by functions such as libraries and information centers, and competitive intelligence which is a perspective on developments and events aimed at yielding a competitive edge.

Competitive intelligence should have a single-minded objective to develop the strategies and tactics necessary to transfer market share profitably and consistently from specific competitors to the company. A firm which does not rigorously monitor and analyze key competitors is poorly-equipped to compose and deploy effective competitive strategy and this approach leaves the firm and its markets vulnerable to attack. The basis for CI revolves around decisions made by
managers about the positioning of a business to maximize the value of the capabilities that distinguish it from its competitors.

Competitive intelligence (CI) is a process for supporting both strategic and tactical decisions, and in order to support CI, organizations need systems and processes to gather and analyze reliable, relevant, and timely information that is available in vast amounts about competitors and markets (McGonagle and Vella, 2004). Whatever strategic framework the firm chooses to embrace for the management of its business, no one element remains more fundamental to competitive strategy than competitive intelligence. Competitive intelligence is more concerned with doing the right thing, than doing the thing right. The goal of a competitor analysis is to develop a profile of the nature of strategy changes each competitor might make, each competitor's possible response to the range of likely strategic moves other firms could make, and each competitor's likely reaction to industry changes and environmental shifts that might take place. Competitive intelligence should have a single-minded objective - to develop the strategies and tactics necessary to transfer market share profitably and consistently from specific competitors to the company.

1.1.1 The Telecommunication Industry

Telecommunication is the transmission of information, over significant distances, for the purpose of communication. In earlier times, telecommunications involved the use of visual signals, such as beacons, smoke, semaphore telegraphs, signal flags, and optical heliographs, or audio messages via coded drumbeats, lung-blown horns, or sent by loud whistles, for example. In the modern age of electricity and electronics, telecommunications now also includes the use of electrical devices such as telegraphs, telephones, and teletypes, the use of radio and microwave
communications, as well as fiber optics and their associated electronics, plus the use of the orbiting satellites and the Internet.

Telecommunication companies in Kenya are facing a variety of competitive issues as a result of market liberalization. Currently, four major service providers (Safaricom, Airtel, Orange and Yu) are dominating the telecommunication space. Although the market share is not evenly distributed, competitions in every possible way are taking off among the players to expand their market share. Stiff competition has in the recent past had existing service providers engaging in price wars in order to expand their customer base. These trends and pressure shifts emphasis to customer oriented service that did not exist before where customer needs become the central focus of the service provider’s activities.

1.1.2 Safaricom Limited

Safaricom Limited is a leading mobile network operator in Kenya. It was formed in 1997 as a fully owned subsidiary of Telecom Kenya. In May 2000, Vodafone group Plc of the United Kingdom acquired a 40% stake and management responsibility for the company. As of January 17, 2011, Robert Collymore is the CEO; he succeeded Michael Joseph on November 1, 2010, after Joseph's ten years as Safaricom CEO. Recent reports appearing in the cross section of the press indicate that Vodafone Plc of UK only owns 35% and the remaining 5% is owned by a little known company, Mobitelea Ventures Limited. The reports have caused a stir which led to the summoning of its CEO Michael Joseph to appear before the PIC "Public Investment Committee", during which he denied knowing who the other shareholder is. It is widely believed that the former regime arm twisted Vodafone to shed off the 5% as a kickback to high-ranking
officials in the regime. Safaricom's initial public offering of stock, on the Nairobi Stock Exchange, closed in mid April 2008.

Safaricom employs over 1500 people mainly stationed in Nairobi and other big cities like Mombasa, Kisumu, Nakuru and Eldoret in which it manages retail outlets. Currently, it has nationwide dealerships to ensure customers across the country have access to its products and services. As of January 2010, Safaricom boasts a subscriber base of approximately 12 million, most of whom are in the major cities - Nairobi, Mombasa, Kisumu and Nakuru. Its headquarters are located in Safaricom House, Waiyaki Way in Westlands, Nairobi. It has other offices in the city center in I&M building, Kenyatta Avenue, on Kimathi Street and at Shankardass House - next to Kenya Cinema Moi Avenue. Its main rival is Airtel Kenya. Other rivals include Essar's YU and Orange Wireless.

1.2 Research Problem

Accelerated global competitiveness, reduced product life cycles, rapid technological advancements, and dynamic customer requirements have drastically altered the nature of industrial competition. Price (cost) is no longer the sole criteria for creating a sustainable competitive advantage (Hill, 1995). Firms must develop and deploy competitive intelligence driven by market requirements. Many firms have adopted product, process, and service quality improvement as a key strategic initiative for achieving excellent performance levels (Adam, 1992). However, sustainable excellent performance will not occur if there is a misalignment between a firm’s competitive strategies and actual market requirements. In addition, globalization has caused competition to be a constant concern of organizations, by increasing the
need for continuous evaluation of the competitive environment and the information coming out of it.

The increased use of the concept of competitive intelligence in the 1990s, particularly in the United States, has been a function of the globalizing economy. Thus, countries have been using competitive intelligence on a global scale, as a guarantee of a place on the world scene. Japan, for example, has been using it since the Second World War and as a result was able to increase its market advantage in the 1980s, forcing the countries of the West, particularly the United States, to react (Gilad 1994). In the same way Safaricom Limited will benefit from the same.

In Kenya, only two studies have been done on competitive intelligence. Muiva (2001) conducted a survey on the use of competitive intelligence systems in the Kenyan Pharmaceutical Industry while Kipkorir (2001) researched on competitive intelligence practices by FM radio stations operating in Kenya. These studies were however done on different institutions other than players in the telecommunication industry. This is despite the fact that the telecommunication industry in Kenya is facing many challenges posed by the competitive environment in the industry. Despite the adoption of this competitive intelligence there is no study that has been done on the telecommunication industry as well as Safaricom Limited to date.

In this context, it is of fundamental importance for the survival of Safaricom Limited to obtain a competitive edge. The company must anticipate change, recognize opportunities, and monitor continuously the information flow about other businesses and activities in the same field. Safaricom provides individuals and the economy as a whole with a number of important communication services. Even with this context in mind, none of the study has ever investigated competitive intelligence activities undertaken in the communication industry. Towards this end,
it is therefore necessary to carry out a study on how different communication companies apply competitive intelligence to maintain a competitive edge. This study therefore seeks to fill the existing knowledge gap by carrying out an investigation of competitive intelligence practices adopted by Safaricom Limited. Hence answering the research question; what are the various competitive intelligence practices adopted by Safaricom Limited.

1.3 Objective of the study

The objective of the study was to establish the competitive intelligence practices adopted by Safaricom Limited.

1.4 Value of the Study

The study will be useful to the communication sector and to a larger extent other industries. It will help them understand the importance of competitive intelligence and how different firms can achieve competitive edge. The study will also help other managers to know the methods used in gathering and applying competitive intelligence, will help them improve their management styles.

The study acts as a source of reference material for future researchers and other related topics; it will also help other academicians who undertake the same topic in their studies. The study highlights other important relationships that require further research; this may be in the areas of relationships between intelligence and firm’s performance for greater profitability.

The competitive intelligence practices in organizations are of interest to researchers and industry practitioners. This study will serve as a stepping stone for new research in competitive
intelligence practices. Besides, researchers and students in the field of strategic management who want to know more about competitive intelligence practices will also find the study beneficial.
CHAPTER TWO:

LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are theoretical review, competitive intelligence.

2.2 Competitive Intelligence (CI)

The term competitive intelligence is used in various contexts, and it is generally agreed that competitive intelligence is an all-embracing term that has a strategic dimension associated with it (Wright et al., 2002, p). Indeed, competitive intelligence can be viewed as a “process for supporting both strategic and tactical decisions, and in order to support CI, organizations need systems and processes to gather and analyze reliable, relevant, and timely information that is available in vast amounts about competitors and markets” (Cobb, 2003, p. 81). Competitive intelligence officers contribute to the strategic intelligence process in a number of ways. For example, Montgomery and Weinberg (1991, p. 345) state that a strategic intelligence system is about identifying what information is relevant and actionable” and not just about the production of data.

According to Eells and Nehemkis (1984), intelligence is the product of collection, evaluation, analysis, integration, and interpretation of all available information that may affect the survival and success of the company. Well-interpreted information, provided by a properly designed
intelligence function, can be immediately significant in the planning of corporate policy in all of its fields of operations. Stated in both operational and organizational terms, the main purpose of intelligence is to help the chief executive officer fulfill his wide ranging responsibilities. Tan and Ahmed (1999) adopt more of a strategic intelligence perspective and state that intelligence is a continuing and interacting structure of people, equipment, and procedures to gather, sort, analyze and distribute pertinent, timely and accurate information for use by marketing decision makers to improve their marketing planning, implementation and control.

As firms are led to utilize information and knowledge in a complex environment, they often do not act on their own. Besides, alliances between direct competitors set the trend. Indeed, horizontal inter-firm ties have grown in the shape of mergers-acquisitions, partnerships, agreements, and mostly alliances. In the face of the increasing number of strategic alliances, it is advisable to shed light on this type of tie.

Although competition strategies first aim at strategic decision making (Brandenburger & Nalebuff, 2006), adopting a competitive state of mind is not enough: it is important to manage this strategy. Admittedly, this modern strategic model supports the exchange of tacit and non-tacit knowledge and information, but it can present gaps regarding the channeling of informational flows and of the decision-making process, as well at the alliance level (inter-organizational) as at the partner level (intra-organizational). Indeed, the strong propensity of competitors to exchange information makes it difficult to control information flows (Galland, 2004). It can disrupt the decision-making process and ultimately, the ability of the network to
make the right decision at the right time. The publications on competition turn out to rarely tackle the informational aspect.

Now, competitive intelligence has the main function of controlling information and knowledge, whether it is within an organization or in a network of organizations. In his report, Martre (1994) refers three times to the increasingly complex modes of competition characterized by the cooperation-competition relationships to which companies must adapt. He thus recommends using competitive intelligence in order to help firms adjust their strategy to the new paradigm of competition. As for McCord (2002), she states that competition leads to collaboration and competitive intelligence.

2.3 Theory of Strategic Balancing

Strategic balancing is based on the principle that the strategy of a company is partly equivalent to the strategy of an individual. Indeed, the performance of companies is influenced by the actors’ behavior, including the system of leaders’ values (Calori et al., 1989). Further to an empirical study on technological alliances, Aliouat deduced the principle of strategic balancing according to which a technological alliance generates paradoxes and lives by its paradoxes. An alliance wavers between multiple antagonistic poles that represent cooperation and competition. This gives room to various configurations of alliances, which disappear only if the alliance swings towards a majority of poles of confrontation.

The strategic balancing gathers three models, namely the relational, symbiotic and deployment models. Competition proves to be part of the relational model and the model of deployment. It can be subject to alternation between the two antagonistic strategies, the one being predominantly cooperative as described by the relational model and the other being
predominantly competing as characterized by the model of deployment. The company can then take turns at adopting the two strategies in order to keep their alliance balanced. This idea is very close to that of Bengtsson & Kock (2000), according to whom there are three types of competitive relationships: competition-dominated, cooperation-dominated, and equal relationships. The latter is similar to the alternation between the relational model and the model of deployment described by Aliouat, (2006).

Competitive intelligence programme should focus on the management-needs identification process and a number of companies have achieved this (for example, Motorola, Merck and NutraSweet). Herring (1999) applied the key intelligence topics (KIT) process in order to identify and prioritize the key intelligence needs of senior management and the organization itself. This ensured that intelligence operations were effective and appropriate intelligence was produced. Herring’s (1999) approach is useful because it allows corporate intelligence staff to identify strategic issues and as a result senior management can ensure that actionable intelligence results. The other advantages are that an early warning system can be put in place and this will allow potential threats to be identified; and further, key players can be identified and monitored (Herring, 1999).

2.4 Porter's Generic Strategy

Generic strategies can be successfully linked to organizational performance through the use of key strategic practices. Porter's (1985) generic strategies of low cost, differentiation, focus and combination strategies are generally accepted as a strategic typology for organizations. Porter’s, (Porter, 1985) view that low cost and differentiation are discrete ends of a continuum that may never be associated with one another has sparked much conceptual debate and empirical
research. This debate may have been encouraged in part because of the absence of conceptual building blocks supporting his value system theory. Scholars have since developed theory to counter Porter’s view, suggesting that low cost and differentiation may actually be independent dimensions that should be vigorously pursued simultaneously (Hill, 1998; Murray, 1988). Empirical research using the MIS database by Miller and Dess, (1993) suggests that the generic strategy framework could be improved by viewing cost, differentiation and focus as three dimensions of strategic positioning rather than as three distinct strategies. The idea that pursuing multiple sources of competitive advantage is both viable and desirable has also been supported by other researchers (White, 1988). Thus, the research in strategic management following from Porter (Porter 1980; Porter 1985) does not provide unequivocal support for Porter’s original formulation.

Although many firms pursuing cost and differentiation simultaneously may become stuck in the middle, there is clear evidence to suggest that at least some firms have been successful in achieving superior economic performance by pursuing both advantages. It is commonly suggested that information strategy planning must not be isolated from strategic business thinking (Davenport (2000). Rather, information strategy has to be mutually aligned with business strategy. On the one hand, business strategy places requirements on the information strategy. On the other hand, information technology may enable new ways of doing business which must be considered in the information strategy. Thus, a thorough analysis of the organization’s business strategy is necessary. Most authors claim that it is not sufficient to only know the business strategy (Rockar, 2004). Instead, they call for an in-depth understanding of the assumptions (internal strengths and weaknesses, external chances and risks, in particular) underlying the proposed business strategy. Good background information on critical success
factors, environmental challenges, resulting opportunities and threats as well as internal strengths and weaknesses are necessary to assess the possible effects of alternative information strategies on the overall business strategy (Rockar, 2004).

In the process of exploring the basic differences between management approaches and applying a host of new methods and techniques, many firms have been redefining the very nature of their businesses (Patterson and Harmel, 1992; Whitfield and Szeto, 1997). Over the past decade two main methods for implementing organization change worldwide are widely known as Total Quality Management (TQM) and Business Process Reengineering (BPR). BPR differs from TQM in two important respects. First, while TQM is focused on continuous improvement, an incremental performance improvement approach, reengineering was founded on the premise that significant corporate performance improvement requires discontinuous improvement – breaking away from the outdated rules and fundamental assumptions that underlie operations. With BPR, rather than simply eliminating steps or tasks in a process, the value of the whole process itself is questioned (Gotlieb, 1993).

Regardless of the change methodology being employed (BPR or TQM) the factors important to innovation success or failure are many, but most authors would agree that strategic awareness or competitive intelligence is an important pre-requisite for success. This is deemed particularly important in highly competitive industries (Luecal and Dahl, 1995; Cartwright et al., 1995). Competitive intelligence (CI) is the process by which organizations gather and use information about products, customers, and competitors, for their short and long term strategic planning (Ettorre, 1995). It is the first step guiding the planning and redesign of processes, products, and organization structure. Without this strategic vision, business changes will be conducted in haphazard fashion and are less likely to produce significant results. To implement their strategic
vision, take advantage of strategic opportunities and address problems, companies have to implement changes to their business processes, products, and/or to the organization itself. The voluminous body of literature on the management of change, including sub-areas such as BPR, and TQM, implicitly or explicitly propose that company strategic intelligence is a pre-requisite for change, and that effective information systems (IS) support is a critical requirement for implementing change. While these two hypotheses are exceedingly important, the existing literature contains little empirical evidence supporting them. Mostly superficial analyses and personal opinions have been published in this basic area.

2.5 Types Of Competitive Intelligence

2.5.1 New Market Intelligence

Market intelligence (MI) is industry-targeted intelligence that is developed on real-time (dynamic) aspects of competitive events taking place among the 4Ps of the marketing mix (pricing, place, promotion, and product) in the product or service marketplace in order to better understand the attractiveness of the market (Fleisher Craig 2003). A time-based competitive tactic, MI insights are used by marketing and sales managers to hone their marketing efforts so as to more quickly respond to consumers in a fast-moving, vertical (i.e., industry) marketplace. Craig Fleisher suggests it is not distributed as widely as some forms of CI, which are distributed to other (non-marketing) decision-makers as well (Skyrme, 1989). Market intelligence also has a shorter-term time horizon than many other intelligence areas and is usually measured in days, weeks, or, in some slower-moving industries, a handful of months.

Market innovation is concerned with improving the mix of target markets and how chosen markets are best served. Its purpose is to identify better (new) potential markets; and better (new)
ways to serve target markets. One has to deal first with the identification of potential markets. Identification is achieved through skilful market segmentation. Market segmentation, which involves dividing a total potential market into smaller more manageable parts, is critically important if the aim is to develop the profitability of a business to the full. Incomplete market segmentation will result in a less than optimal mix of target markets, meaning that revenues, which might have been earned, are misread.

### 2.5.2 Product Differentiation Intelligence

The intelligent products deliver a whole new range of capabilities that cannot be found in other products. For example, many of these products are autonomous and reactive or they can cooperate with other products. Product intelligence as strategy has been widely discussed in the strategy field, where the majority of studies have examined the performance consequences of product intelligence – even though the nature of this relationship still remains largely unresolved (Park, 2002).

Early studies have argued that product intelligence was valuable from a conceptual perspective; increasing levels of product intelligence should have a positive influence on performance due to economies of scope and scale, market power effects, risk reduction effects, and learning effects (Christensen and Montgomery, 1981). In contrast, more recent research has found that conglomerate firms have significantly lower profitability (Varadarajan and Ramanujam, 1987; Davis et al. 1992). It has also been shown that highly diversified firms have less market power in their respective markets than more focused firms (Montgomery, 1985). Product intelligence has been found to be negatively related to firm value (Lang and Stulz, 1994; Servaes, 1996) and to occur in firms with less managerial and shareholder Safaricom ownership (Denis et al., 1997).
Researchers suggest that each form of corporate strategy is associated with a different set of economic benefits (Teece, 1982). In the case of related product diversification intelligence, the main economic benefits are economies of integration and economies of scope. Economies of integration provide the firm with lower costs of production (Klein et al., 1978). Also, in the strategic management literature, researchers have argued that the primary determinant of firm performance is not the extent of product diversification intelligence (Palepu, 1985), but the relatedness in product intelligence.

2.5.3 Technological Intelligence

Rycroft and Kash (1999) claim that competitive intelligence requires a process of co-evolution between technology and cultural perspectives. Technology intelligence exerts a significant influence on the ability to innovate and is viewed both as a major source of competitive advantage and of new product innovation (Gunasekaran et al., 1996; Porter, 1990). Often, firms experience problems in this area, which are caused by lack of capital expenditure on technology and insufficient expertise to use the technology to its maximum effectiveness (Alstrup, 2000).

Hammer (1990) stresses that organisations should obliterate rather than automate believing that technology is often introduced for technology's sake without contributing to the overall effectiveness of the operation. However, firms' traditional lack of resources usually results in a compromise situation (Vossen, 1999). It is important to link technology intelligence to competitive intelligence in sustaining competitiveness. Organisations that can combine customer value innovation (Kim and Mauborgne, 1999) with technology intelligence have an increased chance of enjoying sustainable growth and profit.
2.5.4 Strategic Alliances Intelligence

Burgers et al. (1993) defined a strategic alliance as a long-term, explicit contractual agreement pertaining to an exchange and/or combination of some, but not all, of a firm’s resources with one or more other firms. According to Burgers et al. (1993) strategic alliances are formed as a mechanism for reducing uncertainty for parties of the alliance. The benefits of strategic alliances can be divided into two general categories: those that come about through the reduction of external environmental uncertainty and those that exist through the reduction of internal organizational uncertainty.

Two sources of external environmental uncertainty are demand uncertainty and market uncertainty (Harrigan, 1988). Demand uncertainty arises from the unpredictability of consumer purchasing behaviour. Strategic alliances are formed so that the partners can gain access to the resources and capabilities required to cope with that uncertainty. Competitive uncertainty is caused by competitive interdependence where the actions of one firm have a direct and significant effect on the market positions of others in the industry often causing reactionary moves in kind (Hay and Morris, 1979). Competitive uncertainty pushes firms to enter into alliances to limit competitive interdependence by limiting the number of competitors.
CHAPTER THREE:

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methods that were used in the collection of data pertinent in answering the research question. It is divided into research design, data collection, data analysis methods, ethical issues and chapter summary.

3.2 Research Design

This research problem was best studied through the use of a case study. A case study is an in-depth investigation of an individual, institution or phenomenon (Mugenda and Mugenda, 2003). The primary purpose of a case study is to determine factors and relationships among the factors that have resulted in the behavior under study. Since this study sought to identify the link between best practices of competitive intelligence and performance for greater profitability of Safaricom Limited, a descriptive research design is deemed the best design to fulfill the objectives of the study.

3.3 Data Collection

The study used an interview guide to collect primary data. A letter of introduction requesting for information accompanied by the interview guide explaining the purpose of the study to the respondent was presented to Safaricom Limited management. The interview guide included structured and unstructured questions and which were administered through drop and pick method to respondents in the top, middle and low level management in the organization.
structured questions were used in an effort to conserve time and money as well as to facilitate an easier analysis as they are in immediate usable form; while the unstructured questions were used to encourage the respondent to give an in-depth and felt response without feeling held back in revealing of any information.

3.4 Data Analysis

Qualitative data was analyzed using content analysis. The descriptive statistical tools helped the researcher to describe the data and determine the extent to be used. The findings were presented using content analysis format.
CHAPTER FOUR

DATA ANALYSIS INTERPRETATION AND DISCUSSIONS

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The study findings are presented to investigate competitive intelligence practices adopted by Safaricom limited in Kenya. The data was gathered exclusively from the interview guide as the research instrument. The interview guide was designed in line with the objectives of the study.

4.2 Findings of the study

On the question of the Market intelligence practices adopted by Safaricom limited, the study found out that Safaricom limited employs new market intelligence as a competitive intelligence practice. It was also established that the new market intelligence applied in the firm concentrated on the 4Ps (price, place promotion and product). From the earlier findings, the study also established that New Market intelligence (NMI) is industry-targeted intelligence that is developed on real-time (dynamic) aspects of competitive events taking place among the 4Ps of the marketing mix (pricing, place, promotion, and product) in the product or service marketplace in order to better understand the attractiveness of the market (Fleisher, 2003). The respondents were requested to indicate the level of concentration of the 4Ps of the marketing mix in the firm. From the study, most respondents reported that there was most concentration on pricing and product.

According to the finding, all the respondents (100%) reported that Safaricom limited used some form of market intelligence as part of new market intelligence. According to the findings in the
literature review, the study found that market intelligence, which involves dividing a total potential market into smaller more manageable parts, is critically important if the aim is to develop the profitability of a business to the full. The study also sought to establish the effectiveness of market segmentation in creating market competitive intelligence for greater profitability. From the results, the majority of respondents felt that market segmentation was very effective and other respondents felt that market segmentation was moderately effective in creating competitive intelligence for greater profitability.

4.2.1 Product Differentiation Intelligence

The findings revealed that product differentiation intelligences employed were such as involving customers in product development through focused group discussions, aligning products with customer needs, CRM and customer service, customer satisfaction survey, introduction of new products based on customer needs, launching and reviewing of existing products to make them more competitive, ASK exhibitions, excellent customer service, provision of products to suit target markets through differentiation and branding of products which achieves customer satisfaction, media advertisement in TV, radio and newspapers and population dynamics.

4.2.2 Technology intelligences employed by the firm

Technology intelligences used by the firm were such as innovation, product integration with new technology, customer relationship management, new technology driven products that respond to technology advancement, use of recent IT systems, use of one type of product to offer a broad range of services, contact centres, going for technology which fits into the business and not the business fitting into it, integration of several sub-systems, implementation of robust IT system in all departments and also having high class communication systems between the departments.
Others were such as use of alternate business channels to service customers through merchants, interconnection/integration with telecoms, partnership with IT and network providers, auto branches, implementation of a robust IT system to cope with volume of transactions and also agency model.

4.2.3 Competitive edges gained from technology intelligence

From the responses, these competitive edges were such as engaging in custodial services (sales and purchase of shares) after investing on the trading IT platform known as custodial Know. This was done at a time when Kenyans had started losing confidence in the firm. Embarking on financial products and services by integrating the financial systems with the core telecommunication systems, thus the firm is able to benefit from the massive data of 10 million customers maintained in the core telecommunication system. Online staff training through the firm’s intranet systems which enables staff to be trained and tested on all new products and services two weeks before roll out, reduced turnaround time on transactions. Other competitive edges included; introduction of intelligence software which has enhanced functionality to receive and counts cash and subsequently credits customers’ accounts instantly without any human intervention. Huge integration with the telecommunications companies (convergence with the telecoms) and other service providers such as through Zain through Yu

In the earlier findings, the study also established that it is important to link technology intelligence to competitive intelligence in sustaining competitiveness. Organisations that can combine customer value innovation (Kim and Mauborgne, 1999) with technology intelligence have an increased chance of enjoying sustainable growth and profit.
### 4.2.4 Strategic Alliance Intelligence

According to the results, these strategic alliance intelligences were mergers and acquisitions of other firms for example Safaricom partnered with financial institutions to offer their m-pesa service market, cross-border listing and trading in Uganda stock exchange, change of business processes, engaging in strategic alliances with other telecommunication (financial) institutions for example insurance business and mortgage industry, global intelligence alliance, use of research and innovation feedback, customer focused intelligence, venturing into new markets through acquisitions, agency approach and also partnerships. This is in addition to the value chain approach with institutions such as banks.

On benefits of strategic alliances, respondents felt that there is the reduction of external environment uncertainty. Other benefits stated were such as cost of investment is minimal and also it takes advantage of already available expertise (years of experience). The study findings concur with the literature review. Burgers et al. (1993) study found that strategic alliances are formed as a mechanism for reducing uncertainty for parties of the alliance. The findings on the benefits of strategic alliance in the reduction of internal uncertainty also concur with Burge et al (1993) study. From the study, the majority of respondents said the operational uncertainty, while other respondents indicated scarcity of resources as the blocks to achieving good strategic alliances. According to Burgers et al. (1993) strategic alliances are formed as a mechanism for reducing uncertainty for parties of the alliance. The study sought to establish the extent that Safaricom firm employed the strategic alliance strategies provided in the above table for competitive intelligence. From the study strategic alliance with other organizations was employed was to a great extent, while mergers and joint ventured were employed to a moderate extent.
On the question of the main challenges facing Safaricom in adoption of the competitive intelligence practice? The study found, these challenges were such as initial positioning of the firm as microfinance hinders free penetration to the corporate market, high costs in adoption of technology including training costs, coping with corporate culture differences after acquisition, lack of adequately trained/skilled personnel in some divisions, failure to prioritize on competitive intelligence, too many things happening at the same time, interdependency on other players for support and enhancing innovation after roll out of product. Other challenges were such as diverse category of customers over the entire spectrum, changing customer needs, high expectations by customers, challenges in getting right instructions, copy-cats in the market, poorly laid down legal and ethical practices in the telecommunication industry, focus on market acceptance of products unknown in the industry and also industrial espionage.
CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter provides the summary of the findings from chapter four, and it also gives the conclusions and recommendations of the study based on the objectives of the study. The objectives of this study were to investigate competitive intelligence practices adopted by Safaricom limited in Kenya.

5.2 Summary of the Findings

The study aimed to investigate competitive intelligence practices adopted by Safaricom limited in Kenya. From the findings, the study found that there was a positive but weak relationship between the dependent variable and the independent variables. Of all the four independent variables, technology intelligence had the highest relationship with the firm’s profitability followed by product intelligence. Market intelligence had the weakest, while strategic alliance came third.

The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in market intelligence practice will lead to decrease in profitability. This could be possible in the short run because market intelligence does not contribute directly and immediately to profitability. Market intelligence was identified as more of a cost in the short run because it involves trying to understand and interpret the factors in the operating environment and how the same impacts on the firm’s performance. The full benefits of market intelligence would more often than not be realized in the long term as compared to the other three independent variables studied. An increase in product intelligence will lead to an increase in
profitability; an increase in technology intelligence will lead to an increase in profitability while an increase in strategic alliance practice will lead to an increase in profitability. This infers that technology intelligence contributed more to the profitability of the firm.

5.3 Conclusions

This study concludes that the product differentiation strategies adopted by Safaricom limited to increase profitability include involvement of customers in product development through focused group discussions, aligning products with customer needs and the environment in which they are being offered to ensure customers can identify themselves with the same, Customer Relation Management, carrying out regular customer satisfaction surveys, introduction of new products based on customer needs, re-launching and revamping of existing products to make them more competitive, extensive pilot testing of all products before roll out, participation in ASK exhibitions across the country, excellent customer service, provision of products to suit target markets through differentiation and branding of products which achieves customer satisfaction, media advertisement in TV, radio and newspapers and population dynamics. These product intelligences lead to lower costs of production.

The study also concludes that the new markets intelligence practices employed by Safaricom limited to impact on their profitability were market segmentation. The technology intelligence practices that impact on profitability adopted by Safaricom limited were innovation, product integration with new technology, partnerships and integration with the other companies, customer relationship management, new technology driven products that respond to technology advancement, use of recent IT systems, use of one type of product to offer a broad range of services, contact centers, going for technology which puts into the business and not the business
putting into it, integration of several sub-systems, implementation of robust IT system in all departments and also having high class communication systems between the departments, use of alternate business channels to service customers through merchants, auto branches, implementation of a robust IT system to cope with volume of transactions and also agencies model.

The study finally concludes that the strategic alliance intelligence practices for greater profitability adopted by Safaricom limited were mergers and acquisitions of other firms for example, Safaricom partnered finance and microfinance institutions to penetrate the in the financial market, trading through listing of its shares to the stock exchange, change of business processes, engaging in strategic alliances with other (financial) institutions for example insurance business and mortgage industry among others.

5.4 Recommendations

This study recommends that adoption of competitive intelligence practices in the telecommunication sector would be highly recommended. Clearly notable as the researcher interacted with the respondents was the impact of technology intelligence to the firm which has led to huge levels of automation, cost reduction and efficiency enabling the firm to almost deal seamlessly with their large client base of over 10 million customers. In applying competitive intelligence in both Safaricom Limited and the rest of the telecommunication sector, the four main competitive intelligence practices that should be considered for greater profitability are market intelligence, product intelligence, technology intelligence and strategic alliance intelligence.

The study also recommends that the firm should make use of technology intelligence among other intelligences to increase their competitiveness in terms of product innovation, customer
satisfaction and market orientation. These intelligences ensure that internal strengths of the firm are utilized for the betterment of the firm which leads to profitability.

As found in the earlier studies, the study also recommends that competitive intelligence should have a single-minded objective - to develop the strategies and tactics necessary to transfer market share profitably and consistently from specific competitors to the company. The basis for CI revolves around decisions made by managers about the positioning of a business to maximize the value of the capabilities that distinguish it from its competitors. Failure to collect, analyze and act upon competitive information in an organized manner can lead to deterioration of the firm’s profitability and ultimately the failure of the firm itself.

5.5 Limitations of the study

During the study, the following limitations were encountered: Secrecy of the institution-Most of the institutions in Kenya practice high level measures of security. Therefore, it was hard to convince the management staff of Safaricom limited on the intention of my research in order to obtain information from the organization. There was the issue of uncooperative respondents, due to initial suspicious attitude of the respondents that became a hindrance to the study. Sourcing the data was not easy because the management staff was too busy and also reluctant to provide adequate information.

5.6 Recommendations for Further Research

This study has investigated the competitive intelligence practices adopted by Safaricom Limited in Kenya. To this end therefore a further study should be carried out on other firms dealing with other services such as banking and others.
Moreover, a study should be carried out to investigate the challenges faced in the implementation of an efficient competitive intelligence practice.
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APPENDICES

APPENDIX: Interview Guide

COMPETITIVE INTELLIGENCE PRACTICES ADOPTED BY SAFARICOM LIMITED IN KENYA

Section A: Background Information

1. State your gender? ..............................................................................................................

2. State your Age Bracket? ...................................................................................................

3. What is your highest academic qualification? .................................................................

4. Position at Safaricom Limited? ............................................................... 

5. How long have you been in the telecommunication industry?

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Section B: Competitive Intelligence (CI) Practices Adopted By Safaricom Limited

1. What are the competitive intelligence practices adopted by Safaricom limited?

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2. How do these practices affect the competition in the industry?

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3. In your own opinion what can you say should be done about the competitive intelligence practices at Safaricom Ltd to ensure the company stays ahead of the other service providers?

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Section C: New Market Intelligence

4. What New Market Intelligence insights are used by marketing and sales managers to hone their marketing efforts?

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5. What time horizon does market intelligence have and how is it usually measured?

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6. What is market intelligence concerned with and how does it best serve chosen markets?
7. What are some of competing activities involved in the new market intelligence competitive practice?

Section D: Product Differentiation Intelligence

8. What set of economic benefits is corporate strategy associated with product differentiation intelligence?

9. What makes product differentiation intelligence valuable from a conceptual perspective?

10. What makes product differentiation intelligence to be negatively related to firm value?

Section E: Technological Intelligence
11. What is the significant influence of technological intelligence exerted on the ability to innovate?

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12. What are the challenges faced in implementation of technological intelligence at Safaricom Limited?

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13. What are the possible solutions to the challenges of implementation at Safaricom Limited?

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14. Does Safaricom Ltd combine customer value innovation with technological intelligence?

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Section F: Strategic Alliances Intelligence

15. Why are strategic alliances intelligence formed?

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16. What are the benefits associated with strategic alliances intelligence?

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17. What pushes firms to employ the strategic alliances intelligence and why?

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