# GAINING COMPETITIVE ADVANTAGE THROUGH DIFFERENTIATION: A CASE OF RADIO STATIONS IN NAIROBI

**BY**

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## DECLARATION

This management project is my original work and has not been presented for a degree in any other university.

Signed.......................................... Date..11/11/2008

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This project has been submitted for examination with my approval as university supervisor.

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LECTURER

UNIVERSITY OF NAIROBI

## DEDICATION

To my family and friends whose faith in me saw me this far.

## ACKNOWLEDGEMENT

I thank my supervisor very much for his patience and guidance throughout this research period. His tireless effort and valuable time has culminated in the realization and successful completion of this study.

I also thank the various media houses that accepted that I conduct my study on them. Without your cooperation, this research would not have reached this far.

I also acknowledge the Almighty God who saw me through the entire period giving me a chance to see the fruits of my hard work.

## TABLE OF CONTENTS

## LIST OF TABLES

## LIST OF FIGURES

# ABSTRACT

Organizations are open systems, that is, changes in the environment shape opportunities and challenges facing the organizations. Studies carried out before liberalization indicates that the reform process has led to stiff competition in key sectors of the economy (Bett 1995, Kombo 1997, Owiye 1999, Njau 2000, and Murage 2001). Decisions generate action that produces results. Organizational results are the consequences of the decisions made by its leaders.

The framework that guides and focuses these decisions is strategy. The framework that guides competitive positioning decisions is called competitive strategy. According to Bourgeo, (1980) the purpose of a competitive strategy is to build a sustainable competitive advantage over an organization's rivals. A competitive strategy defines the fundamental decisions that guide the organization's marketing, financial management and operating strategies.

This was a descriptive survey with the objectives of determining the relationship between differentiation strategy and competitive advantage, determining the differentiation strategies adopted by radio stations in Nairobi and identifying the challenges faced in implementing differentiation as a competitive strategy. A questionnaire was used to collect data which was administered using drop and pick method to the management of various radio stations. Data was analysed using descriptive statistics and correlation.

The study found out that there is a relationship between differentiation strategy chosen by the radio stations and competitive advantage. These findings have implications for the media houses, the management of radio stations and academics.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background

### 1.1.1 The concept of competitive advantage

Sources of competitive advantage include high quality products, superior customer service and achieving lower costs than rivals. To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers will perceive as superior value. This entails either a good quality product at a low price, or a better quality product that is worth paying more for.

The idea of sustainable competitive advantage surfaced in 1984, when Day suggested types of strategies that may help to "sustain the competitive advantage." The actual term "sustainable competitive advantage" emerged in 1985, when Porter discussed the basic types of competitive strategies firms can possess (low-cost or differentiation) to achieve sustainable competitive advantage. Interestingly, no formal conceptual definition was presented by Porter in his discussion. Barney (1991) has come the closest to a formal definition by offering the following: "A firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy. A sustainable competitive advantage is the prolonged benefit of implementing some unique value-creating strategy not simultaneously being implemented by any current or potential competitors along with the inability to duplicate the benefits of this strategy.

Prahalad and Hamel (1990) define a core competence as an area of specialized expertise that is the result of harmonizing complex streams of technology and work activity. They further explain that a core competence has three characteristics first it provides access to a wide variety of markets, secondly it increases perceived customer benefits and lastly it is hard for competitors to imitate. The core competencies pride a base on which firms are able to achieve competitive advantage.

Hunt and Morgan (1995) propose that potential resources can be most usefully categorized as financial, physical, legal, human, organizational, informational, and relational. Prahalad and Hamel (1990) suggest that firms combine their resources and skills into core competencies, loosely defined as that which a firm does distinctively well in relation to competitors. Therefore, firms may succeed in establishing a sustainable competitive advantage by combining skills and resources in unique and enduring ways. By combining resources in this manner, firms can focus on collectively learning how to coordinate all employees' efforts in order to facilitate growth of specific core competencies.

### 1.1.2 Differentiation

Differentiation is a source of competitive advantage. Although research in a niche market may result in changing your product in order to improve differentiation, the changes themselves are not differentiation. Marketing or product differentiation is the process of describing the differences between products or services, or the resulting list of differences. This is done in order to demonstrate the unique aspects of your product and create a sense of value. Marketing textbooks are firm on the point that any differentiation must be valued by buyers. The term unique selling proposition refers to advertising to communicate a product's differentiation

In economics, successful product differentiation leads to monopolistic competition and is inconsistent with the conditions for perfect competition, which include the requirement that the products of competing firms should be perfect substitutes. Differentiation is due to buyers perceiving a difference; hence causes of differentiation may be functional aspects of the product or service, how it is distributed and marketed, or who buys it (Porter, 1980).

Organizations are open systems, that is, changes in the environment shape opportunities and challenges facing the organizations. Studies carried out before liberalization indicates that the reform process has led to stiff competition in key sectors of the economy (Bett 1995, Kombo 1997, Owiye 1999, Njau 2000, and Murage 2001).

Decisions generate action that produces results. Organizational results are the consequences of the decisions made by its leaders. The framework that guides and focuses these decisions is strategy. The framework that guides competitive positioning decisions is called competitive strategy. According to Bourgeo, (1980) the purpose of a competitive strategy is to build a sustainable competitive advantage over an organization's rivals. A competitive strategy defines the fundamental decisions that guide the organization's marketing, financial management and operating strategies.

Frank (1970) argues that competitive strategy enables a firm to define its business today and tomorrow, and determine the industries or markets to compete. Grant, (2000) suggest that the intensity of competition in an industry determines its profit potential and competitive attractiveness. Competitive strategy will assist a firm in responding to the competitive forces in these industries or markets (from suppliers, rivals, new entrants, substitute products, customers). Owiye (1999) argues that a competitive strategies will be vital to a firm while developing its fundamental approach to attaining competitive advantage (low price, differentiation, niche), the size or market position it plans to achieve, and its focus and method for growth (sales or profit margins, internally or by acquisition) The key to strategy formulation lies in understanding and overcoming the system barriers that obstruct the attainment of organizational goals. An effective strategy recognizes these barriers and develops decisions and choices that circumvent them Clayton, (1997).

### 1.1.3 Overview of Radio Stations in Kenya

Gradual liberalization of broadcasting airwaves began in late1989 when the government licensed private owned Kenya Television Network (KTN), to broadcast television services. Later on in July 1990, Stellagraphics Ltd (STV) were granted a licence by the government to broadcast television signals. In 1995, Capital FM became the first private FM station to be licensed by the government. From mid 90's up to now, the government fully liberalized the broadcasting airwaves by issuing broadcasting permits to private entities to venture into the broadcasting sector.

Permits issued by the Ministry of Information and Communications to prospective broadcasters specify the type of broadcasting service(TV and/or sound) and the permitted coverage areas( i.e. region, province or nationwide coverage). The government has also authorized 5 foreign radio stations to operate in Kenya. The liberalization has resulted in a very vibrant broadcasting industry in Kenya , especially FM sound broadcasting, with the demand for broadcasting frequencies outstripping the supply especially in urban areas. As of now, over 110 television channels and 264 FM frequencies have been assigned countrywide to 19 TV and 61 FM sound broadcasters. A number of these broadcasting stations are already on air.

The introduction of the media control bill in parliament this year has caused a lot of heated debate as concerns freedom of expression as granted by the media houses radio stations included and also the newspapers production firms. The industry has been registering high numbers of new entrants. As the competition intensifies in the industry, only those providers with good strategies will survive. Heightened competition has meant that players have to go flat out for anything that differentiates them from the rest of the industry. It is upon this background that this study is formulated to study the competitive strategies adopted through differentiation by the radio stations in Kenya amidst the rising competition.

In the recent past radio stations in Kenya have been making significant progress in applying differentiation in a bid to gain competitiveness. These strategies helps a radio station to be distinct thus attracting its own class of listeners which it intends to have. With a given clientele it's possible for a radio station to grow but more so sustain its profitability. These strategies are also aimed at maintaining a stable relationship with other existing radio stations to avoid conflict of interests. Each station therefore will have its uniqueness as it has differentiated itself. (CCK bulletin issue No. 30, 2005/2006)

**1.2 Statement of the Problem**

The CAP 411 of the Laws of Kenya, otherwise known as KP&TC Act (1978) Section 86 vested authority to the defunct KP&TC to manage the entire radio frequency resource and issue radio communication licenses. Thus broadcasting service considered to make use of the radio frequency resource was partially subject to KPTC in terms of assignment of broadcast frequencies. With the establishment of the Communications Commission of Kenya (CCK) through the enactment of the Kenya Communications Act of 1998 ( KCA 1998), the KP&TC Act was subsequently repealed. CCK. Kenya's communications industry regulator, took over the mandate of planning of broadcasting frequencies as well as assignment of the frequencies for broadcasting although the KCA 1998 did not give it express mandate to regulate broadcasting content. In this regard, a void has existed in as far of the issue of regulation of content is concerned.

A number of local studies (Murage 2001, Gathoga 2001, Karanja 2002, Ngeera 2003, and Kitoto 2005) have been done on adoption of competitive strategies. However these studies have been done on totally different contexts. Nyokabi studied the petroleum industry. Gathoga looked at the banking industry, and Karanja majored on real estates, Ngeera on pharmaceuticals while Kitoto studied its adoption in Kenyan Universities. It is evident from these studies that firms in each respective industry adopt different competitive strategies which are unique in each context. Therefore there is need to formulate studies to provide an understanding on adoption of competitive strategies on various industries in the economy.

Communication is very vital to economic growth of the country. It is one of the most invaluable aids to trade, source of information and government revenue through taxation as well as offering opportunities of employments. Given the value attached to this sector, it is important to develop a study on competitive strategies by the radio stations through differentiation by the owners who are one of the key players in the industry, to bridge the study gap that exists. This study will therefore analyze the various differentiation strategies adopted by radio stations in Kenya.

### 1.3 Research Questions

Thus study seeks to answer the following research questions:

i. What is the relationship between various strategies and competitive advantage?

ii. What are the differentiation strategies adopted by radio stations in Nairobi?

iii. What is the impact of differentiation strategies adopted by radio satiations in Nairobi?

## 1.4 Objectives of the Study

The objectives of this study are:

i. To determine the relationship between differentiation strategy and competitive advantage.

ii. To determine the differentiation strategies adopted by radio stations in Kenya.

iii. To identify the challenges faced in implementing differentiation as a competitive strategy by radio stations in Kenya.

## 1.5 Significance of the Study

The government of Kenya has a bill pending discussion in the parliament as concerns control necessary of media houses. The study will therefore be useful to policy makers when developing policies regarding healthy differentiation competitive strategies in communication industry particularly the radio stations. The study is expected to give the management of radio stations and owners an appreciation of the various differentiation competitive strategies that they could adopt. The study will provide a useful basis upon which further studies on competitive strategies could be adopted.

# CHAPTER TWO: LITERATURE REVIEW

## 2.1 Concept of Strategy

According to Grant (2000) there is no agreed all embracing definition of strategy. Indeed, strategy is an elusive and somewhat abstract concept. He argues that this is expected when dealing with an area that is constantly developing. Strategy is the direction and scope of an organization over a long term. Strategies are systematic choices bout how to deploy resources to achieve goals (Safford, 2005). A strategy is a long term plan of action designed to achieve a particular goal, most often "winning" (Thompson et al, 2007). Strategy is differentiated from tactics or immediate actions with resources at hand by its nature of being extensively premeditated, and often practically rehearsed. Strategy is a deliberate search for a plan of action that will develop a business's competitive advantage and compound it.

For any company, the search is an iterative process that begins with recognition of where you are now and what you have now. Your most dangerous competitors are those that are most like you. The differences between a firm and its competitors are the basis of its advantage. If a firm is in business and is self-supporting, then it already has some kind of advantage, no matter how small or subtle. The objective is to enlarge the scope of the advantage, which can only happen at some other firm's expense (Clayton, 1997).

Strategy development is a multidimensional process that must involve rational analysis and intuition, experience, and emotion. But, whether strategy formulation is formal or informal, whether strategies are deliberate or emergent, there can be little doubt as to the importance of systematic analysis as a vital input into the strategy process. Without analysis, the process of strategy formulation, particularly at the senior management level, is likely to be chaotic with no basis for comparing and evaluating alternatives. Moreover, critical decisions become susceptible to the whims and preferences of individual managers, to contemporary fads, and to wishful thinking (Henry, 1978).

According to Collis et al (1995) concepts, theories, and analytic frameworks are not alternatives or substitutes for experience, commitment, and creativity. But they do provide useful frames for organizing and assessing the vast amount of information available on the firm and its environment and for guiding decisions, and may even act to stimulate rather than repress creativity and innovation. The benefit of strategy is not just offering simplification and consistency to decision making, but the identification of strategy as the commonality and unity of all the enterprises decisions also permits the application of powerful analytical tools to help companies create and redirect their strategies. Strategy can help the firm establish long term direction in its development and behavior (Gary& Prahalad, 1993).

Equally important, a strategy serves as a vehicle for achieving consistent decision making across different departments and individuals. Hamel&Prahalad (1989) views organizations as composed of many individuals all of whom are engaged in making decisions that must be coordinated. For strategy to provide such coordination requires that the strategy process acts as a communication mechanism within the firm. Such a role is increasingly recognized in the strategic planning processes of large companies. The shift of responsibility of strategic planning from corporate planning departments to line managers and the increased emphasis on discussion the businesses and the corporate headquarters (as opposed to the formal approval of written plans) are part of this increased emphasis on strategic planning as a process for achieving coordination and consensus within companies (Buzzell & Gale, 1989).

Hrebiniak (2005) argues that increasing, strategic planning processes are becoming part of companies *knowledge management* systems: as management becomes increasingly concerned with how companies create, store, transfer, and deploy knowledge assets, so strategic planning becomes an integral part of how deeply-embedded understanding of businesses and their environments become transferred between business units, divisional, and corporate levels and how the knowledge of many different managers and functional experts becomes integrated within strategy. Strategy is forward looking. A fundamental concern is what the firm (or the individual or the organization more generally) wants to be in the future. Such a view is often made explicit in a statement of company *vision*.

The purpose of such goal setting is not just to establish a direction to guide the formulation of strategy, but also to set aspirations for the company that can create the motivation for outstanding performance. Hamel and Prahalad (1989) argue that a critical ingredient in the strategies of outstandingly successful companies is what they term "strategic intent"—an obsession with achieving leadership within the field of endeavor. Strategy process in facilitating communication and coordination must recognize the importance of intuition, tacit knowledge, and learning-by-doing in complementing more "scientific" analysis. However Unlike mathematics, chemistry, or even economics, strategic management lacks an agreed-upon, internally consistent, empirically validated body of theory. Though it employs theory and theoretical concepts, these are drawn mainly from economics, psychology, ecology and sociology—principally on an ad hoc basis (Buzzell & Gale, 1987).

**2.2 Competitive strategies**

Today's dynamic markets and technologies have called into question the sustainability of competitive advantage. Under pressure to improve productivity, quality, and speed, managers have embraced tools such as TQM, benchmarking, and reengineering (Safford, 2005). Dramatic operational improvements have resulted, but rarely have these gains translated into sustainable profitability. And gradually, the tools have taken the place of strategy. Njau (2000) argues that as managers push to improve on all fronts, they move further away from viable competitive positions. Michael Porter argues that operational effectiveness, although necessary to superior performance, is not sufficient, because its techniques are easy to imitate. In contrast, the essence of strategy is choosing a unique and valuable position rooted in systems of activities that are much more difficult to match.

Hitt et al (1997) holds that a winning competitive strategy is always founded on consistently understanding and predicting changing market conditions and customer needs. The goal of much of business strategy is to achieve a sustainable competitive advantage. A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage). Thus, a competitive advantage enables the firm to create superior value for its customers and superior profits for itself (Kombo, 1997). Cost and differentiation advantages are known as positional advantages since they describe the firm's position in the industry as a leader in either cost or differentiation. A resource-based view emphasizes that a firm utilizes its resources and capabilities to create a competitive advantage that ultimately results in superior value creation.

### 2.3 Differentiation strategy

Aaker (1984) defines a differentiation strategy as one in which a product is different from that of one or more competitors in a way that is valued by the customers or in some way affects customer's choice. A successful differentiation strategy allows firm to earn above the average returns. Aaker (1984) further argues that a differentiation strategy is often but not always associated with higher price because it usually makes price less critical. It provides the organization with insulator to competitors because of the brand loyalty and the need to overcome the uniqueness. Differentiation strategy has successfully been used to build customer loyalty and compete effectively in the market.

Through differentiation a customer is given reason to choose the brand and not any other service or product. Although all products or services can be differentiated not all brand difference are worthwhile or meaningful to the customers (Kotler, 2000; Porter (1980), Aaker, 1984). The challenge is to establish a difference that is relevant to customers. An organization is also faced with a challenge of how many differences to promote (Aaker, 1984). This will help an organization to avoid the risks of over-positioning, under-positioning, confused positioning and doubtful positioning. In addition, success of a differentiation strategy lies in adopting a differentiation that is important to customers, distinctive, superior, per-emptive, affordable and profitable.

Differentiation is one of Porter's key business strategies (Reilly, 2002). When using this strategy, a company focuses its efforts on providing a unique product or service (Hyatt, 2001). Since, the product or service is unique, this strategy provides high customer loyalty (Hlavacka et al., 2001). Product differentiation fulfills a customer need and involves tailoring the product or service to the customer. This allows organizations to charge a premium price to capture market share. The differentiation strategy is effectively implemented when the business provides unique or superior value to the customer through product quality, features, or after-sale support. Firms following a differentiation strategy can charge a higher price for their products based on the product characteristics, the delivery system, the quality of service, or the distribution channels. The quality may be real or perceived based on fashion, brand name, or image. The differentiation strategy appeals to a sophisticated or knowledgeable consumer interested in a unique or quality product and willing to pay a higher price.

The key step in devising a differentiation strategy is to determine what makes a company different from a competitor's (McCracken, 2002; Reilly, 2002). Factors including market sector quality of work, the size of the firm, the image, graphical reach, involvement in client organizations, product, delivery system, and the marketing approach have been suggested to differentiate a firm (McCracken, 2002). To be effective, the message of differentiation must reach the clients (McCracken, 2002), as the customer's perceptions of the company are important (Berthoff, 2002). Van Raaij and Verhallen (1994) suggest bending the customer's will to match the company's mission through differentiation.

When using differentiation, firms must be prepared to add a premium to the cost (Hyatt, 2001). This is not to suggest costs and prices are not considered; only it is not the main focus (Hlavacka et al., 2001). However, since customers perceive the product or service as unique, they are loyal to the company and willing to pay the higher price for its products (Hlavacka et al., 2001). Some key concepts for establishing differentiation include: speaking about the product to select panels (McCracken, 2002), writing on key topics affecting the company in the association's magazine or newsletter (McCracken. 2002). becoming involved in the community (McCracken. 2002), being creative when composing the company's portfolio (Tuminello. 2002), offering something the competitor does not or cannot offer (Rajecki. 2002), adding flair and drama to the store layout (Differentiation will be key. 2002), providing e-commerce (Chakravarthy. 2000). making access to company information and products both quick and easy (Chakravarthy, 2000), using company size as an advantage (Darrow et al., 2001), training employees with in-depth product and service knowledge (Darrow et al., 2001), offering improved or innovative products (Helms et al., 1997), emphasizing the company's state-of-the-art technology. quality service, and unique products/services (Hlavacka et al., 2001; Bright. 2002), using photos and renderings in brochures (McCracken. 2002), and selecting products and services for which there is a strong local need (Darrow et al., 2001).

The strategy literature provides numerous theories, research methodologies, and ideas on the strategy-performance relationship. Strategy research has its roots in industrial organization (IO) theory. Within Bain (1956) and Mason (1939), the IO framework of industry behavior, firm performance or profitability is seen as a function of the industry structure. Industry characteristics rather than firm-based issues are found to determine firm performance (Barney, 1986). This structure-conduct-performance model from IO and economics has been used in industries with high concentrations and similar firms (Seth and Thomas, 1994). Studies, however, have not found a link between strategy and performance (McGee and Thomas, 1986, 1992). Others have found the link between strategy and performance lessened by situational variables including a focus on manufacturing and profitability (Davis and Schul, 1993; Zahra, 1993). To investigate the strategy and performance link, many researchers began utilizing approaches found to be generalizable across industries, specifically those proposed by Porter (1987).

Researchers found support for Porter's (1980, 1985) original generic. Dess and Davis (1984) examined industrial products businesses and suggested performance was achieved through the adoption of a single strategy. Hambrick (1983) investigated capital goods producers and industrial product manufacturers and found support for generic strategies. Ross (1999) supported two distinct focus strategies including low-cost and differentiation – one aimed at distinct needs in terms of cost in a narrow target market and the other at distinct customization requirements in a narrow target market. Parker and Helms (1992) found superior performance associated with mixed and reactive strategies as well as with single generic strategies.

In summary, the strategy literature reveals contradictory results on the link between singular generic strategy and performance. As Campbell-Hunt (2000) points out, the dominant paradigm of competitive strategy is now over two decades old, but it has yet to prove its adequacy as a descriptive framework or move beyond its propositions about the performance consequences of different strategic designs. Further research on the relationship between strategy and firm performance, including potential moderators of this relationship, is clearly needed in order to advance strategic theory.

Allen and Helms (2003) examined each specific generic strategy and concluded that there was a relatively small number of strategic practices which were significantly correlated with organizational performance. For the differentiation strategy, innovation seems to be the most critical factor for success. Fostering innovation and creativity as well as innovation in marketing technology and methods were both significant practices. One can see this evidenced in a company like Hewlett-Packard. HP was founded on the core values of innovation and creativity and has used the slogan "invent" in company marketing. This makes sense because a company in the information technology sector must constantly be innovating in order to keep up with the fast-moving, ever changing marketplace (Allen and Helms, 2003).

### 2.4 Competitive strategy models

#### 2.4.1 Ansoff Growth Strategies: Product/Market Matrix

The Ansoff (1957) Product-Market Growth Matrix is a marketing tool created by Igor Ansoff. The matrix allows managers to consider ways to grow the business via existing and/or new products, in existing and/or new markets – there are four possible product/market combinations. This matrix helps companies decide what course of action should be taken given current performance. The matrix consists of four strategies:

**Market penetration (existing markets, existing products)**

Market penetration occurs when a company enters/penetrates a market with current products. The best way to achieve this is by gaining competitors' customers (part of their market share). Other ways include attracting non-users of your product or convincing current clients to use more of your product/service, with advertising or other promotions.

**Product development (existing markets, new products)**

A firm with a market for its current products might embark on a strategy of developing other products catering to the same market. Frequently, when a firm creates new products, it can gain new customers for these products. Hence, new product development can be a crucial business development strategy for firms to stay competitive.

**Market development (new markets, existing products)**

An established product in the marketplace can be tweaked or targeted to a different customer segment, as a strategy to earn more revenue for the firm.

**Diversification (results in the company entering new markets where it had no presence before)**

It usually requires new skills, new techniques, and new facilities. As a result it almost invariably leads to physical and organizational changes in the structure of the business which represent a distinct break with past business experience. The matrix illustrates, in particular, that the element of risk increases the further the strategy moves away from known quantities - the existing product and the existing market.

Thus, product development (requiring, in effect, a new product) and market extension (a new market) typically involve a greater risk than 'penetration' (existing product and existing market); and diversification (new product and new market) generally carries the greatest risk of line, for this reason, amongst others, most marketing activity revolves around penetration. Grant (2000) argues that the Ansoff Matrix, despite its fame, is usually of limited value - although it does always offer a useful reminder of the options which are open.

### 2.4.2 Porter's generic Strategies

Michael Porter has described a category scheme consisting of three general types of strategies that are commonly used by businesses. These three generic strategies are defined along two dimensions: strategic scope and strategic strength. *Strategic scope* is a demand-side dimension and looks at the size and composition of the market a firm intends to target. *Strategic strength* is a supply-side dimension and looks at the strength or core competency of the firm. In particular he identified two competencies that he felt were most important: product differentiation and product cost

#### Cost Leadership Strategy

This strategy emphasizes efficiency (Porter, 1980). By producing high volumes of standardized products, the firm hopes to take advantage of economies of scale and experience curve effects. The product is often a basic no-frills product that is produced at a relatively low cost and made available to a very large customer base. Maintaining this strategy requires a continuous search for cost reductions in all aspects of the business. The associated distribution strategy is to obtain the most extensive distribution possible. Promotional strategy often involves trying to make a virtue out of low cost product features.

To be successful, this strategy usually requires a considerable market share advantage or preferential access to raw materials, components, labour, or some other important input.

Without one or more of these advantages, the strategy can easily be mimicked by competitors (Abernathy et al, 1980). Successful implementation also benefits from process engineering skills, products designed for ease of manufacture, sustained access to inexpensive capital, close supervision of labor, have a tight cost control, and incentives based on quantitative targets.

**Differentiation Strategy**

Differentiation involves creating a product that is perceived as unique. The unique features or benefits should provide superior value for the customer if this strategy is to be successful (Porter, 1980). Because customers see the product as unrivaled and unequaled, the price elasticity of demand tends to be reduced and customers tend to be more brand loyal. This can provide considerable insulation from competition. However there are usually additional costs associated with the differentiating product features and this could require a premium pricing strategy.

To maintain this strategy the firm should have strong research and development skills, strong product engineering skills, strong creativity skills, good cooperation with distribution channels, strong marketing skills, incentives based on subjective measures, be able to communicate the importance of the differentiating product characteristics, stress continuous improvement and innovation, and attract highly skilled and creative people (Porter, 1980).

**Focus Strategy**

In this strategy the firm concentrates on a select few target markets (Porter, 1980). It is also called a focus strategy or niche strategy. It is hoped that by focusing your marketing efforts on one or two narrow market segments and tailoring your marketing mix to these specialized markets, you can better meet the needs of that target market. The firm typically looks to gain a competitive advantage through effectiveness rather than efficiency. It is most suitable for relatively small firms but can be used by any company. As a focus strategy it may be used to select targets that are less vulnerable to substitutes or where a competition is weakest to earn above-average return on investments. Several commentators have questioned the use of generic strategies claiming they lack specificity, lack flexibility, and are limiting. In many cases trying to apply generic strategies is like trying to fit a round peg into one of three square holes: You might get the peg into one of the holes, but it will not be a good fit.

In particular, Millar (1992) questions the notion of being "caught in the middle". He claims that there is a viable middle ground between strategies. Many companies, for example, have entered a market as a niche player and gradually expanded. According to Baden-Fuller and Stopford (1992) the most successful companies are the ones that can resolve what they call "the dilemma of opposites".

## 2.5 Grand Strategies

Firm may respond to increased competition by entering new markets with similar products. These could be markets they are currently not serving, or new geographical markets. Market entry strategies may include acquisitions, strategic alliance and joint ventures. Firms may also react to competitive forces by developing new products. This will be aimed at reducing risks through diversification as a means of responding towards competitive forces could be related or unrelated. Related diversification may take the form of vertical or horizontal integration. In the face of increased competition this has the benefit of cost reduction, defensive market power, and offensive market power. Backward integration takes a firm closer to suppliers while forward integration moves it closer to its customers. Forward diversification may involve acquisitions of businesses not within the current product and market scope (Pearce and Robinson, 1997).

Bernard (1938) and Simon (1957) recognized that firms on their own cannot create resources and capabilities needed to prosper and grow; they identified collaboration as a viable way of combining resources in business opportunities. As argued by Harrigan (1985) strategic alliances are more likely to succeed when players possesses complementary assets and thus a firm will seek knowledge it considers lacking but vital for the fulfillment of its strategic objectives. A firm will furthermore need to posses knowledge base in the same area, since only such similarity will allow an understanding of the intricacies of the new knowledge as well as of its applicability to the firms unique circumstances (Coher and Levintal, 1990).

Differentiation is used by firms as a response technique to increased competition by firms. A firm can also result to creating entry, mobility and substitute barriers to strategic groups. Such barriers can be in the form of differentiation that makes it difficult to imitate products (Shushil, 1990). Firms can also respond to competition by collaborating with other players in the industry. Such collaborations take the form of strategic alliances, mergers and acquisitions, licensing, franchising among others. Schollei (1999) argues that in order to fortify a firm's position against predators from abroad, it is important to collaborate. Collaboration also reduces the cost of differentiation and enhances competitive advantage (Morrison and Lee, 1990).

**2.6 Franchising**

This is a cooperative strategy that is an alternative to diversification. It provides an alternative to vertical integration that achieves relatively strong centralized control without significant capital investment Hitt (1997). Business format franchising is characterized by an ongoing business relationship between franchiser and franchises that includes not only the product, service and trademark but also the entire business format itself, a marketing strategy and plan, operation manual and standards, quality control and a continuing two way communication.

Radio stations in Kenya have used franchising as an integral part of their growth strategy. Franchising has witnessed growth due to its advantages both to the franchiser and franchisee. To franchiser, it is an inexpensive way to grow and build. It also offers accrued economies of scale in purchasing, marketing and advertisement. Some of the saving is passed to the franchisee in form of lower marketing expenses. Radio stations have long engaged in license agreement with foreign companies as a way to enter new markets with services/products that can benefit from economies of scale. There is an upsurge of foreign radio stations operating in Kenya in the recent past. E.g. BBC news is broadcasted on Kameme fm.

## 2.7 Competitive Strategies and Challenges Facing Local Radio stations

Implementation of competitive strategies can lead to certain challenges which may hinder the effectiveness of firms in utilization of strategies identified and employed. Newman and Colleagues (1989) identify three types of competitive strategies challenges; that they may hamper a firm's ability to grasp new opportunities, they require massive amounts of resources, and the regulatory issues imposed by the government and the ability of company owners and managers. Other challenges may arise from structural and economic barriers inherent in the industry.

Box and Watts (2000) argue that the real challenge in implementation of a generic strategy is in recognizing all support activities and putting them in place correctly. According to Thompson et al (2007) the most important fits are between strategy and organization capabilities, between strategy and reward structures, between strategy and internal support systems and between strategy and organization culture. Fitting the organization internal practices to what is needed for strategic success helps unite the organization behind the accomplishment of a strategy. Nyokabi (2001) found out the challenges facing the Kenyan Independent Petroleum Dealers Association (KIPDA) to include low customer confidence, negative publicity, stiff competition from established outlets, insufficient funds for advertising, having few outlets, insufficient funds for advertising, increased overheads, fluctuating prices and low sales.

Overall the competitive strategies most utilized were identified as looking for reliable suppliers, using suppliers who deliver first and serving all customers. Karanja (2002) found out that the most popular type if competitive strategy employed by real estate firms was on the basis of differentiation. The study further found out the major challenges facing these firms to be the rising level of interest rates and inflation. These studies points out those local firms apply competitive strategies that are unique and sector specific; hence, cannot be generalized.

# CHAPTER THREE: RESEARCH METHODOLOGY

## 3.1 Research Design

A sample survey is considered appropriate for this study. This kind of design has been used by earlier researchers, for example Kipkorir (1998) used sample survey in the study of competitive intelligence by FM radio stations in Kenya. Omamo (2004) used sample survey in analyzing factors used to attract and retain employees in the FM stations in Kenya.

## 3.2 Population of the Study

The population of the study consists of all Radio stations operating in Nairobi.

## 3.3 Sample design

The sample consists of 30% of all radio stations in Nairobi. The mode of selection was simple random sampling.

## 3.4 Data Collection

Primary data was collected using a questionnaire with both close-ended and open-ended questions. A sample questionnaire is included in the appendix. The questionnaire was self administered through personal interviews with the marketing managers of the firms. Personal interviews are advocated by Parasulaman (1986) as having the potential to yield the highest quality and quantity of data compared to other methods because supplementary information can be collected in the course of the interview. This concurs with Cooper and Emory (1985) who state that the greatest value of personal interviews lies in the department and detail of information can be secured.

### 3.5 Data Analysis

Data was analyzed using descriptive statistics and correlation; these include proportions, percentages, and tabulations, which showed the frequency of responses. Cross tabulation were also used. Statistical package for social sciences was used to analyse the data. The basis of using descriptive measure is to give a basis for determining the weights of the variables under the study. The findings are presented using tables, pie-charts and bar graphs for easier interpretation.

attributed to the fact that when competitors are many the avenues for differentiation are exploited.

Inability to differentiate products was also cited as a challenge. this may be attributed to the fact that services offered by the radio stations are quite homogeneous and a radio station may find it difficult to make products or services different.

Technology was also cited as a challenge to strategy implementation, regarding differentiation. This may be attributed to the high cost of new technology which is very expensive and may not be afforded by most of the radio stations. The advent of technology in the business processes has redefined the industry, technology challenges may be originating form the first pace development which become expensive to replace the existing.

Imitation by other radio stations has also been cited as a significant challenge to the radio stations. This challenge may be attributed to the fact that there is limited avenue for differentiation of services by the radio stations, other radio stations therefore pick up ideas from their competitors and are able to successfully use them to compete, sometimes beating their originators, these imitation may are in the form of programmes aired and broadcasting times schedule.

Financial requirements have also been cited as a challenge to differentiation by the radio stations. This may be attributed to the high costs of differentiation that may be incurred. A large resource requirement poses a challenge to small radio stations which are not diversified, because they cannot obtain the finance required easily.

**4.7 Value of differentiation Strategy**

Finally the researcher asked the respondent to indicate whether differentiation strategy had any value to their firm. The results are indicated in the table below

### 4.2.2 Position held in the organization

The respondent were asked to indicate the positions they held in the firm. Different positions were cited. The position held would help in predicting the level of involvement in core decision making activities as regards differentiation and competitive strategy adoption. The results are presented in the table below.

**Table 2 Position**

| Position | Frequency | Percentage |
|---|---|---|
| Manager | **7** | 70 |
| Assistant manager | **2** | 20 |
| Supervisor | **1** | 10 |
| Total | 10 | 100 |

The results above show that majority of the respondent, 70% were managers in their radio stations, the rest were assistant managers, 20% while the rest were supervisors. This indicated that the respondent were better placed to know the strategic decisions undertaken by the firm such as to gain competitive advantage through differentiation, given their high level positions held in the firm.

### 4.2.3 Experience

The respondent was required to indicate their level of experience by indicating the time they joined the radio station. Experience can indicate the level of involvement a respondent has had in the organization's activities such as strategic planning. In addition can show the level of knowledge a respondent has in the competitive level of the firm under review. The findings are as below

**Table 3 Experience**

| Experience | Frequency | Percentage |
|---|---|---|
| Over 5 years | 6 | 60 |
| 2-5 years | 3 | 30 |
| 1- 2 years | 1 | 10 |
| Total | 10 | 100 |

The results above show that majority of the respondent, 60% had been in the firm for over 5 years, this shows that they had been involved in strategy setting in the firm. They were therefore fit for the set questions regarding competitive advantage using differentiation.

#### 4.2.4 Annual turn over

The respondents were required to indicate the annual turn over in their firms, this was intended to indicate the size of the targeted radio stations. The respondents were reluctant to divulge information regarding the turn over levels in their firms, because of confidentiality principles demanded by their company policies. It was therefore impossible to make conclusions regarding the sizes of the firm.

### 4.3 Vision and Mission

The respondents were asked various questions regarding their mission and vision statements, the aim was to highlight the strategic management foundation in the firms studied. The results are as below.

#### 4.3.1 Documented Vision and Mission

The respondents were also asked if their organizations had a formal documented mission and vision statements. All the respondents said that they had documented mission and vision statements. This implies that all the respondents undertook strategic management in their firms and therefore designed strategies to differentiate and remain competitive.

### 4.3.2 People involved in formulation

The researcher sought to investigate the people involved in formulation of mission and vision, the respondent were given a list of possible people to be involved. The results are as below.

**Table 4 People involved in formulation**

| People involved | Frequency | Percentage |
|---|---|---|
| Directors | 7 | 70 |
| Staff | 2 | 20 |
| Stakeholders | 1 | 10 |
| **Total** | **10** | **100** |

The study established that in a majority of the firms directors were involved in formulation of company mission and vision. 20% of the respondent indicated that employees are involved in formulation of vision and mission. This shows that in most of the firms' vision and mission is still a docket of top management, directors. This indicates a possibility of a fall out regarding certain strategies that do not win the support of the lower level employees.

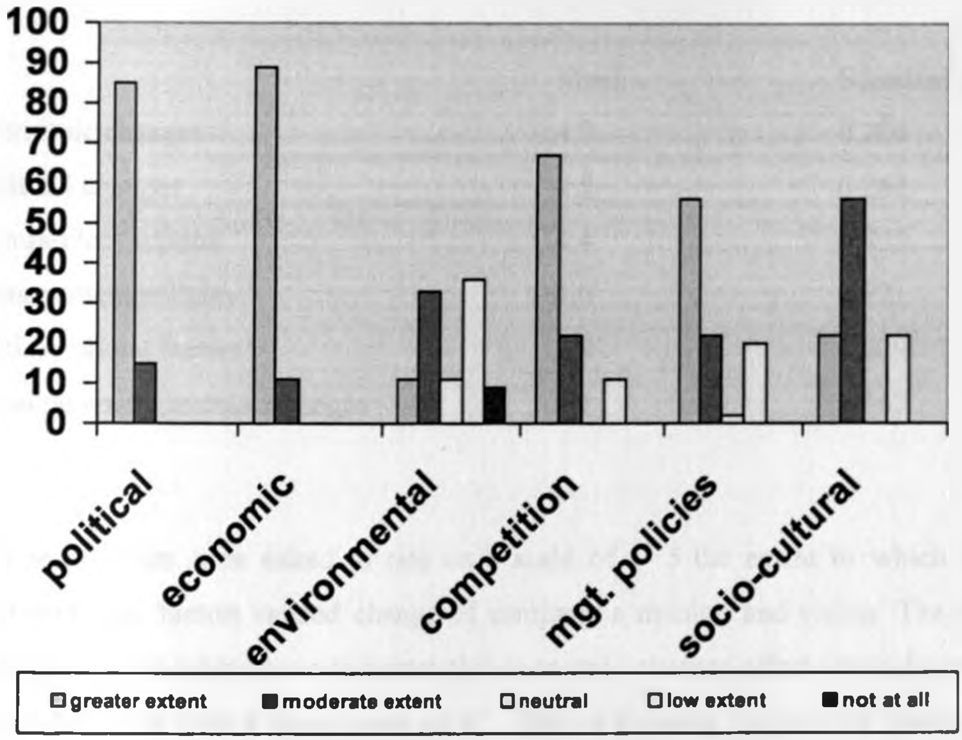
Differentiation as a strategy requires successful involvement of all employees at the critical levels of gaining competitive advantage, the fact that employees are not adequately involved in mission and vision formulation for the radio stations investigated posses a challenge to existing firms in achieving adequate output from their employees.

The respondents were also asked how often they are reviewed. From the responses, the company mission and vision are not reviewed on a definite time period. This implies that the operating environment is not highly dynamic and therefore the change in mission and vision is not necessary.

### 4.4 Environmental factors and change in mission and vision

The respondent were asked to indicate the extent to which the identified environmental factors affect the strategy alteration, the respondent were required to indicate using a likert scale of 1 – 5

**Figure 1: Extent to which environmental factors affect strategy alteration.**




The figure above shows the respondent indication of the extent to which the environmental factors influenced strategy alteration. The most influential environmental factor on strategy alteration is the economic changes, given that differentiation as a strategy is critical in gaining competitive advantage, economic changes influence the level of business in a given industry.

Closely influential factors are political changes and competition in the industry. political changes is very influential for radio stations given the activities that come up during elections periods, this implies that radio stations must find a means to make themselves distinct from others to obtain audience. Competition is also critical because it determines the extent to which a given differentiation strategy will be successful. radio stations have limited bases for differentiation, their ability to distinguish their products is determined by the level of competition in the industry.

**Table 5: Statistical measures on environmental factors influencing alteration of company mission**

| | Mean | Standard deviation |
|---|---|---|
| Economic changes | 4.7 | 0.206 |
| Political changes | 4.5 | 0.262 |
| Competitors actions | 4.4 | 0.827 |
| Management policies | 4.0 | 0.721 |
| Social-cultural factors | 3.8 | 1.529 |
| Physical environmental changes | 3.5 | 1.362 |

The respondents were asked to rate on a scale of 1- 5 the extent to which the listed environmental factors caused change of company's mission and vision. The responses presented in the table above indicates that economic changes affect strategies more than any other factor with a mean score of 4.7. This is followed by political changes with a mean of 4.5. Competition affects strategy alteration to greater extent, given the industry variables that exist in the communication industry.

### 4.5 Competitive strategy

The researcher asked the respondent to indicate the extent to which the strategies identified were adopted to remain competitive in the market. The responses were required to be in a scale of 1-5, 1- no extent and 5- greater extent. The results are as indicated in the table below

**Table 6 Extent of strategy adoption**

| | Mean | Standard deviation |
|---|---|---|
| Offering wide range of services | 4.9 | 0.327 |
| Use of publicity | 4.9 | 0.278 |
| Automation of business processes | 4.8 | 0.171 |
| Intensive staff training | 4.8 | 0.231 |
| Advertisements | 4.8 | 1.291 |
| Engaging highly skilled staff | 4.7 | 0.124 |
| Avoiding loss making areas | 3.3 | 1.209 |
| Reducing operating staff | 3.3 | 1.541 |
| Outsourcing support staff | 3.0 | 0.165 |
| Combining with competitors | 2.9 | 0.190 |

The findings of the study as shown in the above table indicate offering a wide range of services as a differentiation strategy is used to a greater extent, with a mean of 4.9. This as an approach to differentiation is critical in gaining competitive advantage by the radio stations. The fact that the products offered by the radio stations are generally similar it is competitive advantage is only achievable by those firms who are able to invent other products and services that have not been created by the competitors. An addition into the thresh hold of services provided in addition to increasing revenue also makes the radio stations distinct.

Publicity was also found to be highly utilized strategy in differentiation of the radio stations. Publicity creates awareness among the customers and other stakeholders, effective publicity can lead to distinction of a station from another. Radio stations high adoption of publicity may be attributed to the fact that it leads to distinction of a radio station form another, this is the main aim of differentiation. Business automation, advertising and intensive staff training were also equally important as strategies.

Automation importance in the radio stations industry may be attributed to the fact that technology allows access to services even on line without necessarily having the receivers; in addition automation also increases the customer base. Intensive staff training ensures efficiency and quality in service delivery, this strategy high application among radio stations may be attributed to the fact that radio stations rely significantly on the presenters to reach their target customers, highly skilled staff are therefore able to differentiate itself from others by having distinguishable staff.

### 4.6 Challenges experienced in differentiation

The respondent was asked to indicate the extent to which they experience the challenges identified in the implementation of differentiation strategy. The extent were put in a scale of 1 – 5, with 1- indicating no extent while 5 shows greater extent. The results are as in the table below.

**Table 7 Challenges Experienced**

| **Challenges** | **Mean** | **STD DEV** |
|---|---|---|
| Increased number of competitors | 4.92 | 0.567 |
| Inability to differentiate products | 4.90 | 0.593 |
| Technology | 4.83 | 0.729 |
| Imitation from other radio stations | 4.81 | 0.331 |
| Huge financial requirements | 4.67 | 0.291 |
| Attracting large number of customers | 3.91 | 0.459 |
| Unpredictable government policies | 3.43 | 0.139 |
| High cost of maintaining quality service | 3.23 | 0.322 |
| Constant changes in customer needs | 3.12 | 0.354 |
| Foreign competition | 2.87 | 0.672 |

The researcher asked the respondent to indicate the extent to which the challenges above influenced the differentiation strategy adopted by the firm. The most influential challenge was increased number of competitors making the market very competitive. This may be attributed to the fact that when competitors are many the avenues for differentiation are exploited.

Inability to differentiate products was also cited as a challenge. this may be attributed to the fact that services offered by the radio stations are quite homogeneous and a radio station may find it difficult to make products or services different.

Technology was also cited as a challenge to strategy implementation. regarding differentiation. This may be attributed to the high cost of new technology which is very expensive and may not be afforded by most of the radio stations. The advent of technology in the business processes has redefined the industry, technology challenges may be originating form the first pace development which become expensive to replace the existing.

Imitation by other radio stations has also been cited as a significant challenge to the radio stations. This challenge may be attributed to the fact that there is limited avenue for differentiation of services by the radio stations, other radio stations therefore pick up ideas from their competitors and are able to successfully use them to compete. sometimes beating their originators, these imitation may are in the form of programmes aired and broadcasting times schedule.

Financial requirements have also been cited as a challenge to differentiation by the radio stations. This may be attributed to the high costs of differentiation that may be incurred. A large resource requirement poses a challenge to small radio stations which are not diversified, because they cannot obtain the finance required easily.

**4.7 Value of differentiation Strategy**

Finally the researcher asked the respondent to indicate whether differentiation strategy had any value to their firm. The results are indicated in the table below

**Table 8 Value of Differentiation**

| Response | Frequency | Percentage |
|---|---|---|
| Yes | 10 | 100 |
| No | 0 | 0 |
| Total | 10 | 100 |

The respondent were required to indicate the whether differentiation had any value to their firm. the entire respondent showed that differentiation as a strategy had value to their firms.

**Correlation between strategy and competitive advantage**

| | | DIFFSTRGY | COMPADV |
|---|---|---|---|
| DIFFSTRTGY | Pearson Correlation | 1 | .672 |
| | N | 11 | 11 |
| COMPADV | Pearson Correlation | .672 | 1 |
| | N | 11 | 11 |

From the analysis above, there is a positive relationship between differentiation strategy and competitive advantage.

# CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

## 5.1 Summary

The objective of the study was to determine the differentiation strategies adopted by radio stations in Kenya and to determine the challenges experienced in implementation of differentiation as a competitive strategy. The study explored general information on the radio stations targeted to investigate foundation for strategy in the firms. The study established that a majority of the respondent were from the marketing department. this implies that they were better placed to respond to the questions regarding differentiation of products. The study also established that majority of the respondent were managers, implying that they were aware of the strategies established by their firms to gain competitive advantage such as differentiation.

The study also established that the majority respondent had a high level of experience of over five years. this shows that they have been involved in strategy development and implementation in their firms. As regards turn over, the respondent were not ready to divulge information regarding the annual turn over in their firms. this was to be used as a basis of size classification.

The researcher established that majority of the firms had a documented vision and mission, implying that strategic management is undertaken by the radio stations. The people involved in formulation of the vision and mission were established to be the directors, this implies the top town strategic process, it can therefore be concluded that challenges such as lack of support by lower level employees who are not involved in the process may be experienced

The researcher established that the most influential environmental factor on strategy alteration was the economic changes; this may be attributed to the influences of inflation and high interest rates which lead to high costs. Political challenges also lead to strategy alteration; this may be attributed to the fact that the political environment involves regulations by the government and the political climate in terms of stability. Mission and vision may be altered as demanded by these changes.

Competition was established to influence strategy alteration, given the very competitive environment, radio stations experience many difficulties from the competitive environment. A vision or mission set may be declared obsolete by the activities of competitors. The researcher established that the radio stations undertake the determined differentiation strategies some to a greater extent. Offering a wide range of services as a strategy was used to a greater extent, this may be because of the limited product line that is always offered by the radio stations. Publicity was also established as differentiation strategy to a greater extent, this may be a key strategy to gain a large number of customers.

The radio stations also use automation of business processes as a strategy; this may be the use of online registration and transactions, to reduce cues in the premises. Intensive staff training has also been cited as differentiation strategy to gain competitive advantage. The researcher established that increased number of competitors is the greatest challenge experienced by radio stations in their operations; this may be attributed to the ease of entry and exit in the industry. The radio stations also experience difficulty in differentiating products this may be attributed to the homogeneity of the products in the industry. Technology also pose a challenge to the radio stations, the high costs of equipment used by the radio stations make it difficult to obtain the equipment used in the business.

Imitation by other radio stations was also cited as a challenge experienced by the radio stations. When radio stations easily imitate others, differentiation is a challenge, because a differentiation approach is declared obsolete when other firms have adopted it. The aim of a differential strategy is to make a firm distinct from others, when many firms poses a feature, it no longer becomes a base for differentiation.

The respondent were finally required to indicate whether differentiation as strategy had any value to their firm, all the respondent agreed that differentiation as a strategy was highly valuable to their firm given the positive outcomes that a firm can experience in the end result.

## 5.2 Conclusion

From the study it can be concluded that radio station undertake strategic management, this is because they have a documented mission and vision which are he foundations for strategic management. The staff involved in the process of strategic management was directors of the radio stations, they formulated the vision and mission of the institutions, the staffs are therefore not involved in the process strategic management.

Environmental factors that influence change in mission and vision are economic and political challenges, this were cited as the most influential factors that affect alteration of mission and vision. The radio stations employ different strategies to remain competitive in the industry; they undertake such activities offering a wide range of services to be able to capture a large customer base. The radio stations also undertake publicity as a means to gain competitive advantage; publicity creates awareness and can be used as a strategy to differentiate if a radio station can undertake it in a distinct manner. Business automation is also used by the radio stations to remain competitive, intensive staff training is also adopted by the firms to distinguish themselves from other radio stations.

The challenges experienced by the radio stations in their operations are such as increased number of competitors in the industry, the competitors make it difficult to achieve differentiation because they imitate the services and products. Huge financial requirements and technology also pose a challenge, technology in the sense that the firms cannot adopt the current efficient developments in the technology world given the high costs involved. Differentiation as a strategy is very valuable to the radio stations that undertake it.

## 5.3 Recommendations for further research

The researcher suggests that for effective conclusive study on differentiation as strategy to gain competitive advantage, a replicate study be carried out in another industry for comparison of results. A study should also be carried out on an increased number of radio stations, above the ten undertaken in this study.

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## APPENDIX 1: QUESTIONNAIRE

**Section A: General information**

1. Department/ Section that you are Based..................................
2. Position held in the organization .........................................
3. When did you join the organization (Year)? .........................
4. How many employees are there in your department? ................
5. What is the annual turnover of the company? ...........................

**Section B**

7. (i) Does your organization have a formal documented mission and vision statements?

Yes ( )

No ( )

(ii) If Yes in 7(i) above, please indicate those that were involved in the formulation of the company's mission and vision.

Consultants ( )

Shareholders ( )

Directors ( )

Others? Please specify ………………………………

8. How often are the missions and vision statements reviewed?

After every 5 Years ( )

Annually ( )

Semiannually ( )

Quarterly ( )

Any other period? Please specify ………………………

9. To what extent do the following factors cause the alteration of the company's mission and vision?

| | *Greater extent* | *Moderate extent* | *low extent* | *Not at all* |
|---|---|---|---|---|
| Political changes | ( ) | ( ) | ( ) | ( ) |
| Economical changes | ( ) | ( ) | ( ) | ( ) |
| Physical environmental changes | ( ) | ( ) | ( ) | ( ) |
| Social Cultural factors | ( ) | ( ) | ( ) | ( ) |
| Competitors actions | ( ) | ( ) | ( ) | ( ) |
| Management policies | ( ) | ( ) | ( ) | ( ) |
| Any other? Please specify ………………………………… | ( ) | ( ) | ( ) | ( ) |

10. To what extent do you adopt the following differentiation strategies to remain

competitive in the market?

| | Greater extent | Moderate extent | low extent | Not at all |
|---|---|---|---|---|
| Offering a wide range of services | ( ) | ( ) | ( ) | ( ) |
| Reducing operating staff | ( ) | ( ) | ( ) | ( ) |
| Charging low fees | ( ) | ( ) | ( ) | ( ) |
| Engaging high skilled staff | ( ) | ( ) | ( ) | ( ) |
| Use of publicity | ( ) | ( ) | ( ) | ( ) |
| Outsourcing support staff | ( ) | ( ) | ( ) | ( ) |
| Leasing of vehicles | ( ) | ( ) | ( ) | ( ) |
| Intensive staff training | ( ) | ( ) | ( ) | ( ) |
| Avoiding loss making areas | ( ) | ( ) | ( ) | ( ) |
| Combining with competitors | ( ) | ( ) | ( ) | ( ) |
| Advertisements | ( ) | ( ) | ( ) | ( ) |

Any other? Please

Specify.............................................................................................

.....................................................................................................

.....................................................................................................

...............................................................................................

11. To what extent do you face the following challenges when implementing differentiation strategies?

| | *Greater extent* | *Moderate extent* | *low extent* | *Not at all* |
|---|---|---|---|---|
| High cost of maintaining quality service | ( ) | ( ) | ( ) | ( ) |
| Cost of attracting & maintaining skilled staff | ( ) | ( ) | ( ) | ( ) |
| Attracting large number of customers | ( ) | ( ) | ( ) | ( ) |
| Inability to differentiate products | ( ) | ( ) | ( ) | ( ) |
| Increased number of competitors | ( ) | ( ) | ( ) | ( ) |
| Huge financial requirements | ( ) | ( ) | ( ) | ( ) |
| Foreign competition | ( ) | ( ) | ( ) | ( ) |
| Unpredictable government policies | ( ) | ( ) | ( ) | ( ) |
| Rapid changes in interest rates | ( ) | ( ) | ( ) | ( ) |
| Constant changes in customer needs | ( ) | ( ) | ( ) | ( ) |
| Any other? Please specify | | | | |
| ............................................. | ( ) | ( ) | ( ) | ( ) |

12. In your own opinion, is adoption of differentiation strategies of any value to the firm?

Yes ( )

No ( )

Thanks for your responses

# APPENDIX 11: LIST OF RADIO STATIONS IN NAIROBI

| LOCATION | | Identity | FM Frequency (MHz) | Status |
|---|---|---|---|---|
| Nairobi | 1 | Stangy Boyz | 87 9 | on Air |
| | 2 | Kenya Episcopal Conference | 88 3 | on Air |
| | 3 | Garissa FM | 88 7 | on Air |
| | 4 | Kalee Ltd | 89 1 | on Air |
| | 5 | KBC | 89 5 | on Air |
| | 6 | Radio France International | 89 9 | on Air |
| | 7 | Biblia Husema Studios | 90 7 | on Air |
| | 8 | Bridge media | 91 5 | on Air |
| | 9 | China Radio International | 91 9 | On Air |
| | 10 | KBC | 92 9 | on Air |
| | 11 | Christ is the answer ministries (NPC) | 93 3 | on Air |
| | 12 | BBC | 93 9 | On Air |
| | 13 | EATN | 94 3 | Court Case |
| | 14 | Radio One IPP | 94 7 | on Air |
| | 15 | IQRA | 95 1 | on Air |
| | 16 | KBC | 95 6 | on Air |
| | 17 | Royal Media Services | 96 | on Air |
| | 18 | Nation Media Group | 96 3 | on Air |
| | 19 | GO Communications | 97 1 | on Air |
| | 20 | Radio Holdings | 97 5 | Not on air |
| | 21 | Capital Group | 98 4 | on Air |
| | 22 | Royal Media Services | 98 9 | On air |
| | 23 | KBC | 99 5 | on Air |
| | 24 | Radio Africa | 100.3 | on Air |
| | 25 | Regional Reach | 101 1 | on Air |
| | 26 | Neural Digital | 101.5 | on Air |
| | 27 | KBC | 101 9 | on Air |
| | 28 | Toads Media Group | 102 7 | on Air |
| | 29 | Future Tech Electronics | 103 9 | on Air |
| | 30 | Kitambo Communications | 105 2 | on Air |
| | 31 | Lingam Enterprises | 106 3 | On Air |
| | 32 | Royal Media Services | 106 7 | on Air |
| | 33 | International Broadcasting Bureau (VOA) | 107 5 | on Air |
| Mombasa | 1 | EATN | 87 9 | Court case |
| | 2 | Radio Africa | 88 7 | on Air |
| | 3 | KBC | 89 1 | on Air |
| | 4 | Lingham Enterprises | 89 5 | On Air |
| | 5 | Stangy Boyz | 89 9 | on Air |
| | 6 | Pro-Phase marketing | 90 7 | on Air |
| | 7 | Universal Entertainment | 91 5 | on Air |
| | 8 | Radio Holdings International | 92 3 | on air |
| | 9 | Southern Hills Development Agency | 93 1 | Not on Air |
| | 10 | British Broadcasting Corporation | 93 9 | on Air |
| | 11 | Neural Digital | 94 7 | Not on Air |

| | | | | |
|---|---|---|---|---|
| | 12 | Bridge Media | 95 1 | Not on Air |
| | 13 | Feba Radio | 95 5 | on Air |
| | 14 | Royal Media Services | 97 3 | on air |
| | 15 | Future Tech Electronics | 97 9 | On air |
| | 16 | Capital Group | 98 4 | on Air |
| | 17 | KBC | 100 7 | on Air |
| | 18 | Nation Media Group | 101 5 | On air |
| | 19 | Christ is the answer ministries (NPC) | 101 9 | on Air |
| | 20 | Kalee Ltd | 102 7 | on Air |
| | 21 | KBC | 103 1 | on Air |
| | 22 | KBC | 104 4 | on Air |
| | 23 | KBC | 104 7 | Not on Air |
| | 24 | Toads Media Group | 105 1 | on air |
| | 25 | Radio France International | 105 5 | On Air |
| | 26 | Sirwo Enterprises | 105 9 | on Air |
| | 27 | Tony Msalame Productions | 106 6 | On Air |
| | 28 | GO communications | 107 5 | Not on Air |
| **Kisumu** | 1 | KBC | 87 7 | On air |
| | 2 | Kalee Ltd | 91 | onair |
| | 3 | Osienala | 92 1 | on Air |
| | 4 | Radio Africa | 92 5 | on Air |
| | 5 | Bridge Media | 93 5 | Not on Air |
| | 6 | Ke-Wi Media | 94 3 | On air |
| | 7 | TBN Family Media | 96 6 | on air |
| | 8 | Neural Digital | 97 3 | Not on Air |
| | 9 | EATN | 99 7 | Court case |
| | 10 | Radio Holdings | 100 1 | Not on Air |
| | 11 | KBC | 100.5 | Not on Air |
| | 12 | KBC | 100 9 | On air |
| | 13 | Nation Media Group | 102 1 | On air |
| | 14 | KBC | 104 1 | Not on Air |
| | 15 | KBC | 104 5 | Not on Air |
| | 16 | Toads Media Group | 105 3 | on air |
| | 17 | Royal Media Services | 107 6 | On air |
| **Bondo (Ndori)** | 1 | Bondo Community Multimedia Centre | 98 1 | Not on Air |
| **Nakuru** | 1 | Neural Digital | 87 7 | Not on air |
| | 2 | Royal Media Services | 89 8 | on Air |
| | 3 | Kalee Ltd | 92 5 | on air |
| | 4 | KBC | 94 5 | on Air |
| | 5 | Sirwo Enterprises | 94 9 | on Air |
| | 6 | Radio Holdings International | 96 9 | on Air |
| | 7 | Nation Media Group | 97 7 | On air |
| | 8 | Radio Africa | 98 1 | On air |
| | 9 | Capital Group | 98 5 | on Air |
| | 10 | Regional Reach | 99 3 | on Air |
| | 11 | Royal Media Services | 100 5 | on Air |

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|---|---|---|---|---|
| | 12 | Sauti ya Mwananchi FM & TV | 100 9 | Not on air |
| | 13 | Future Tech Electronics | 102 1 | On air |
| | 14 | Biblia Husema Studios | 102 9 | on air |
| | 15 | EATN | 103 3 | Court case |
| | 16 | KBC | 104 1 | on Air |
| | 17 | Toads Media Group | 104 5 | on Air |
| | 18 | International Children's Mission | 105 3 | on Air |
| | 19 | GO communications | 106 5 | on Air |
| | 20 | KBC | 106 9 | Not on air |
| **Nyahururu** | 1 | Radio Holdings (Nyadundo) | 97 3 | on air |
| | 2 | KBC (Nyadundo) | 99 7 | on air |
| | 3 | KBC (Nyadundo) | 107 7 | Not on air |
| **Nyeri** | 1 | KBC | 87 6 | on Air |
| | 2 | Bridge Media | 89 3 | Not on Air |
| | 3 | EATN | 90 9 | Court case |
| | 4 | Regional Reach | 92 3 | on Air |
| | 5 | KBC | 97 | on Air |
| | 6 | Royal Media Services | 97 8 | on Air |
| | 7 | Capital Group | 98 5 | on Air |
| | 8 | Radio Holdings | 99 3 | Not on Air |
| | 9 | Radio Africa | 100 1 | on Air |
| | 10 | KBC | 100 7 | On air |
| | 11 | KBC | 102 3 | On air |
| | 12 | Royal Media Services | 104 3 | on air |
| | 13 | Nation Media Group | 104 9 | on Air |
| | 14 | Toads Media Group | 105 7 | Not on Air |
| | 15 | GO communications | 106 1 | Not on Air |
| | 16 | Metrological Department | 106 5 | Not on Air |
| **Eldoret** | 1 | Radio Africa | 89 1 | on Air |
| | 2 | Kalee Ltd | 90 | on Air |
| | 3 | Royal Media Services | 90 4 | On air |
| | 4 | Biblia Husema Studios | 96 3 | on air |
| | 5 | Word of truth Ministries | 97 1 | on air |
| | 6 | KBC | 97 9 | on Air |
| | 7 | Sauti ya Rehema RTV Network | 98 7 | on Air |
| | 8 | Radio Holdings International | 99 5 | Not on air |
| | 9 | Regional Reach | 101 9 | Not on Air |
| | 10 | Sirwo Enterprises | 102 3 | on air |
| | 11 | Nation Media Group | 102 7 | on air |
| | 12 | Royal Media Services | 107 | On air |
| **Timboroa** | 1 | British Broadcasting Corporation | 88 1 | on Air |
| | 2 | KBC | 88 6 | on Air |
| | 3 | KBC | 91 5 | on Air |
| | 4 | Capital Group | 93 | on Air |
| | 5 | Christ is the answer ministries (NPC) | 93 9 | on Air |

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|---|---|---|---|---|
| | 6 | Biblia Husema Studios | 101 5 | on Air |
| | 7 | International Children's Mission | 105 9 | on Air |
| | 8 | Sirwo Enterprises | 106 3 | on Air |
| **Webuye** | 1 | KBC | 89 5 | Not on air |
| | 2 | Community broadcasting services | 91 7 | on air |
| | 3 | West Media | 94 9 | on air |
| | 4 | Radio Holdings International | 95 3 | Not on air |
| | 5 | KBC | 100 7 | Not on air |
| | 6 | KBC | 103 5 | Not on air |
| | 7 | Radio Africa Ltd | 104 7 | Not on Air |
| | 8 | GO Communication | 107 9 | Not on air |
| **Machakos** | 1 | Sauti Communications | 91.1 | Not on air |
| | 2 | Eastern Broadcasting | 92 5 | On air |
| | 3 | Biblia Husema Studios | 96 7 | on Air |
| | 4 | Daystar University | 103 1 | on Air |
| | 5 | Radio Holdings International | 103 5 | on Air |
| | 6 | Sirwo Enterprises | 105 5 | on Air |
| **Meru** | 1 | Regional Reach | 88 3 | on Air |
| | 2 | KBC | 90 4 | on Air |
| | 3 | KBC | 90 7 | Not on Air |
| | 4 | Neural Digital | 91 1 | Not on air |
| | 5 | Bridge Media | 91 5 | Not on Air |
| | 6 | Radio Holdings International | 92 7 | Not on air |
| | 7 | Radio Africa Ltd | 93 5 | Not on air |
| | 8 | Nation Media Group | 93 9 | on air |
| | 9 | Royal Media Services | 94 3 | on air |
| | 10 | Royal Media Services | 95 1 | On air |
| | 11 | KBC | 97 5 | Not on air |
| | 12 | GO communications | 99 1 | Not on air |
| | 13 | Digitopia | 101 5 | Not on Air |
| | 14 | KBC | 103 5 | on Air |
| | 15 | Capital Group | 103 9 | Not on Air |
| | 16 | Toads Media Group | 105 1 | Not on air |
| | 17 | Sirwo Enterprises | 105 5 | Not on Air |
| | 18 | EATN | 107 1 | Court case |
| **Kitui** | 1 | GO communications | 87 7 | Not on air |
| | 2 | Eastern Communication Systems | 88 7 | Not on Air |
| | 3 | Royal Media Services | 89 9 | Not on air |
| | 4 | KBC | 92 9 | Not on air |
| | 5 | Royal Media Services | 97 6 | Not on air |
| | 6 | KBC | 98 1 | Not on air |
| | 7 | KBC | 99 7 | Not on air |
| | 8 | KBC | 101 7 | Not on air |
| | 9 | Bridge Media | 104 5 | Not on air |
| | 10 | Radio Holdings | 104 9 | Not on air |
| | 11 | Seventh Day Adventist | 105 3 | on air |

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|---|---|---|---|---|
| | 12 | Capital Group | 106 5 | Not on air |
| Malindi | 1 | Neural Digital | 87 7 | Not on Air |
| | 2 | KBC | 90 1 | on air |
| | 3 | Rahma | 91 3 | Not on Air |
| | 4 | Pro-Phase marketing | 92 1 | Not on Air |
| | 5 | KBC | 93 3 | on air |
| | 6 | KBC | 96 5 | On air |
| | 7 | Royal Media Services | 97 4 | Not on Air |
| | 8 | Radio Holdings International | 98 1 | Not on Air |
| | 9 | Feba Radio | 99 3 | On Air |
| | 10 | Southern Hills Development Agency | 99 7 | Not on Air |
| | 11 | Capital Group | 104 5 | Not on Air |
| | 12 | GO communications | 106 9 | Not on Air |
| Garissa | 1 | Pro-Phase marketing | 89 5 | Not on Air |
| | 2 | KBC | 89 9 | Not on Air |
| | 3 | Rahma | 91 9 | Not on Air |
| | 4 | Royal Media Services | 95 7 | Not on Air |
| | 5 | KBC | 96 3 | Not on Air |
| | 6 | North Eastern Media & Telecomms | 97 1 | On Air |
| | 7 | KBC | 99 5 | Not on air |
| | 8 | Neural digital | 100.7 | Not on Air |
| | 9 | Transworld Radio | 101.1 | Not on Air |
| | 10 | Capital Group | 102 7 | Not on Air |
| | 11 | Radio Holdings | 104 3 | Not on air |
| | 12 | Horizon FM | 106 7 | Not on Air |
| | 13 | Garissa fm | 107 5 | on Air |
| Madogashe | 1 | Kulan Groups Ltd | 98 1 | Not on air |
| Mandera | 1 | Kulan Groups Ltd | 94 7 | Not on Air |
| | 2 | North Eastern Media & Telecomms | 97 1 | Not on Air |
| | 3 | KBC | 97 9 | Not on Air |
| | 4 | Transworld radio | 100 7 | Not on Air |
| | 5 | KBC | 101 5 | Not on Air |
| | 6 | KBC | 105 1 | Not on Air |
| Wajir | 1 | KBC | 92 9 | Not on Air |
| | 2 | KBC | 96 1 | Not on Air |
| | 3 | Nation Media Group | 96 6 | Not on Air |
| | 4 | North Eastern Media & Telecomms | 97 3 | Not on Air |
| | 5 | Transworld radio | 101 7 | Not on Air |
| | 6 | KBC | 102 9 | Not on Air |
| Kericho | 1 | Yepchinit FM &TV Ltd | 88 9 | Not on air |
| | 2 | Sayare FM | 90 5 | Not on air |
| | 3 | Faith Ministries and churches International | 98 9 | Not on air |
| | 4 | African Gospel Church | 103 7 | on air |
| | 5 | Chrisco | 107 3 | Not on air |

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|---|---|---|---|---|
| Kisii | 1 | Radio Holdings International | 89 3 | Not on Air |
| | 2 | SDA Nyamira conference | 89 7 | Not on Air |
| | 3 | KBC | 91 7 | Not on air |
| | 4 | Royal Media Services | 94 6 | on Air |
| | 5 | Star Radio & TV Network | 96 1 | On Air |
| | 6 | GO communications | 96 9 | Not on Air |
| | 7 | Royal Media Services | 98 6 | on Air |
| | 8 | Kalee Ltd | 99 3 | On Air |
| | 9 | KBC | 101 7 | Not on Air |
| | 10 | Sauti ya Rehema RTV Network | 102 9 | on Air |
| | 11 | KBC | 103 3 | Not on Air |
| | 12 | Bridge Media | 106 5 | Not on Air |
| Kibwezi | 1 | Mang'elete | 89 1 | on air |
| | 2 | Sauti Communications | 89 5 | Not on air |
| | 3 | Royal Media Services | 92 2 | Not on air |
| | 4 | KBC | 93 1 | Not on Air |
| | 5 | Royal Media Services | 95 4 | Not on air |
| | 6 | KBC | 101 9 | Not on Air |
| | 7 | Eastern Communication Systems | 102 3 | Not on air |
| | 8 | Digitopia | 104 3 | Not on Air |
| | 9 | Radio Holdings | 104 7 | Not on Air |
| Voi | 1 | Neural digital | 88 1 | Not on air |
| | 2 | Digitopia | 89 7 | Not on Air |
| | 3 | KBC | 90 5 | Not on air |
| | 4 | Royal Media Services | 91 8 | on air |
| | 5 | KBC | 96 9 | Not on air |
| | 6 | KBC | 98 9 | Not on air |
| | 7 | Eastern Communication Systems | 100 1 | Not on air |
| | 8 | KBC | 103 7 | Not on air |
| | 9 | Capital Group | 104 9 | Not on air |
| | 10 | Radio Holdings | 105.7 | Not on Air |
| | 11 | Sauti Communications | 107 3 | Not on Air |
| Lamu | 1 | Eastern Communication Systems | 91 1 | Not on air |
| | 2 | Rahma | 91 5 | Not on air |
| | 3 | Pro-Phase marketing | 92 7 | Not on Air |
| | 4 | KBC | 93 1 | Not on air |
| | 5 | KBC | 96 3 | Not on air |
| | 6 | Transworld radio | 101 1 | Not on air |
| | 7 | KBC | 103 1 | Not on air |
| | 8 | Radio Holdings | 104.7 | Not on air |
| Narok | 1 | Meteorological Dept | 89 3 | Not on Air |
| | 2 | KBC | 90 5 | Not on Air |
| | 4 | Royal Media Services | 95 5 | Not on Air |
| | 5 | Radio Holdings | 97 3 | Not on Air |
| | 6 | Neural digital | 104 9 | Not on Air |

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|---|---|---|---|---|
| | 7 | KBC | 100 1 | Not on Air |
| | 8 | KBC | 105 7 | Not on Air |
| | 9 | Sauti Communications | 107 3 | Not on air |
| **Kapenguria** | 1 | International Christian ministries | 88 8 | On air |
| | 2 | Sauti ya Rehema RTV Network | 91 1 | Not on air |
| | 3 | Royal Media Services | 94 5 | Not on air |
| | 4 | Saloso | 97 8 | Not on air |
| | 5 | Radio Holdings | 99 7 | Not on Air |
| | 6 | KBC | 101 3 | Not on air |
| | 7 | West Media | 104 1 | Not on air |
| | 8 | GO communications | 105 7 | Not on air |
| **Lodwar** | 1 | KBC | 88 7 | Not on air |
| | 2 | KBC | 91 9 | Not on air |
| | 3 | International Christian ministries | 92 8 | Not on air |
| | 4 | Sauti ya Rehema RTV Network | 93 9 | Not on air |
| | 5 | KBC | 98 3 | Not on air |
| | 6 | Transworld Radio | 101 9 | Not on air |
| **Maralal** | 1 | Royal Media Services | 95 9 | Not on air |
| | 2 | KBC | 93 3 | Not on air |
| | 3 | KBC | 96 5 | Not on air |
| | 4 | Radio Holdings | 97 3 | Not on Air |
| | 5 | KBC | 99 7 | Not on air |
| **Marsabit** | 1 | KBC | 89 1 | Not on air |
| | 2 | Kulan Groups Ltd | 94 7 | Not on air |
| | 3 | KBC | 95 5 | Not on air |
| | 4 | KBC | 98 7 | Not on air |
| | 5 | Transworld radio | 101.1 | Not on air |
| **Moyale** | 1 | KBC | 92 5 | Not on air |
| | 2 | Kulan Groups Ltd | 94 5 | Not on air |
| | 3 | KBC | 95 7 | Not on air |
| | 4 | KBC | 99 3 | Not on air |
| **Lokichokio** | 1 | KBC | 92 5 | Not on air |
| | 2 | KBC | 95 7 | Not on air |

**Source: www.cck.go.ke**