

**PROMOTIONAL STRATEGIES APPLIED TO DRIVE
COMPETITIVENESS AT ESSAR TELECOM KENYA**

BY

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D61/70124/2011

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

NOVEMBER, 2013

DECLARATION

This research project is my original work and has not been presented for award of any degree in any other university

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ACKNOWLEDGEMENT

My profound gratitude goes to my family for their invaluable support and encouragement. To my Supervisor, Ms. Catherine Ngahu, I am so grateful for her guidance, patience and support. I am also grateful to all staff members of Essar Telecom Kenya Limited who participated in the data collection interviews.

Finally, I am so grateful to God, who has been so gracious to me. This far He has taken me, I can only confess that He is my Ebenezer.

DEDICATION

This research project was unreservedly dedicated to my beloved family; dear parents, Mr. and Mrs. Ngugi, my husband Gitau and our little gift from God, our son Trevor. They have given me the reason to always aim higher.

ABSTRACT

Promotional Strategy seeks to maintain or increase the market share of current products of a company. This can be achieved by a combination of competitive strategies like pricing, advertising, sales promotion and dedicating more resources to personal selling. Promotional strategies seek to secure company dominance of the market. The purpose of this study was to identify promotional strategies used to drive competitiveness by Essar Telecom Kenya Limited. The study adopted a case study design. The researcher used both primary and secondary data. Primary data was collected using interview guide with open ended questions. The respondents for this study included senior managers in the company. Being a case study, conceptual content analysis was used to analyze the data. The study found that the company has engaged in both pull and push strategy as a form of promotional strategy. Sales promotions, personal selling, direct marketing are some of the promotional methods applied. The study recommends that although the company has been successful in neutralizing the challenges brought about by competition in the telecommunication industry, the company should engage in improving service and products quality as a response to its competitors' strategies whose products and services are much better. The study further recommends that Essar Telecom Kenya Limited should heavily advertise itself in other countries and diversify in other countries that are not in East Africa in order to take advantage of economic developments in many countries as a result of globalization. The study recommends that further research should be done on the other companies in the Telecommunication industry so as to get comprehensive information on how the other players in the industry are able to remain competitive in the market.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Promotion is one of the key elements of the marketing mix. It deals with any one or two-way communication that takes place with the consumer. Promotion is the activity used to spread the word about a firm's product or service to target market and stakeholders. After identifying the target market, it becomes clear the best way to reach them, but most businesses use a mix of advertising, personal selling, direct marketing, referrals, sales promotion and public relations to promote their products or services. A promotional strategy involves focusing on achieving quick sales without a significant attempt to form a long term customer relationship.

A push promotional strategy makes use of a company's sales force and trade promotion activities to create consumer demand for a product. The producer promotes the product to wholesalers, the wholesalers promote it to retailers, and the retailers promote it to consumers (Kotler, 2003). This strategy tries to sell directly to the consumer, bypassing other distribution channels. This type of strategy focuses on consumer promotions and advertising as the most likely promotional tools. A pull selling strategy is one that requires high spending on advertising and consumer promotion to build up consumer demand for a product. If the strategy is successful, consumers will ask their retailers for the product, the retailers will ask the wholesalers, and the wholesalers will ask the producers.

Telecommunication industry comprises of the telephone communication through the internet, audio and visual media, postal communication, fax etc. This industry has grown

drastically in Kenya in the recent years rising from a few thousands in the 1990s to over 17M mobile users currently. Though there are a few service providers in Kenya, the competition is stiff and rivalry has gone to the price wars levels. Rapid technological change has created new business environment where innovation has become a top competitive strategy. For any of all the players in this industry to remain competitive, aggressive promotion of their products is mandatory. According to Kotler (2003), increased competition has created fundamental shift in economic environment whereas no organization can hope to remain relevant and competitive if it fails to come up with proper strategic responses. To manage the high competition in the industry, Essar Telecom has adopted a number of promotional strategies. This study is interested in investigating these strategies.

1.1.1 Promotional Strategy

Deciding on promotional strategy is one of the primary roles of the marketing manager. This process involves some key decisions about who the customer is, how to contact them, and what the message should be. These questions can be answered using a three stage process, which is equally relevant for all elements of the marketing mix. These stages are segmentation, targeting, positioning and messaging. Product promotion is one of the necessities for creating brand awareness to the public and attracting new customers. There are numerous ways to promote a product or service. Some companies use more than one method, while others may use different methods for different marketing purposes.

Regardless of the company's product or service, a strong set of promotional strategies can be used to position a company in a favorable light with not only current customers but

new ones as well. Promotion strategies seek to achieve various objectives such as increase the market share of current products through a combination of competitive pricing strategies, advertising, sales promotion and more resources dedicated to personal selling. Promotional strategies also seek to increase customer loyalty and also increase usage by the existing customers hence market penetration. Firms in the telecommunication industry seek to acquire more subscribers, retain them and increase their usage. Promotional strategies such as advertising, sales promotions, personal selling, direct marketing, loyalty schemes, advertising and contests are being applied widely.

1.1.2 Concept of Competitiveness

Competitiveness and the conditions for it form a complex concept. Competitiveness is the ability to beat competitors in qualifying for an order and getting it with good conditions so the company ultimately makes a profit. Any company or organization that intends to prosper must deliver quality, dependability, speed and flexibility while also being cost effective. Such capabilities are developed based on strategies for example on innovation, continuous improvements, procedures, organization, location and human, physical and financial resources.

These factors play different roles in different industries depending on company characteristics such as size and different capabilities as well as industry characteristics such as rivalry among competitors and supply structures. This whole competitiveness of the firm is then depending on external or context factors such as economic development, national characteristics, cultural values, societal institutions and infrastructure. Some dimensions that can be relevant to observe and analyze within the different parts of the

competitiveness model are strategies, capabilities, external intermediate factors, internal intermediate factors, competitiveness and performance.

1.1.3 Mobile Telephony Industry in Kenya

Mobile telecommunication industry in Kenya comprises of four major players namely, Safaricom, Airtel, Orange and Essar Telecom Kenya Limited (yuMobile). Safaricom is the leader in this telecommunication industry in Kenya. It was found in 1997 as a fully owned subsidiary of Telkom Kenya. Safaricom has a subscriber base of over 70% of the total subscribers in the country. The second by subscriber base is Airtel Kenya which enjoys about 20% leaving 10% to be shared between Orange Kenya and Essar Telecom Kenya (Waema, Adeya and Ndung'u, 2010)

Essar Telecom Kenya is the most recent entry in the mobile telephony industry in Kenya, this entrant has led to a cut throat competition on the market for subscribers. The NSE listed company, Safaricom, and East and Central Africa's most profitable company has a subscriber base of over 12 million and still growing. Its competence has been boosted by its mobile money transfer platform known as M-Pesa services. Airtel comes second with over 4 million subscribers and still growing and it aims at being the cheapest mobile service provider in the country. Telkom Kenya on the other hand hit 1 million subscribers on its first month in the market. Essar Telecom Kenya is the fourth player. It is a part of Essar group and it has had a huge impact on the Kenyan market. Essar aims to offer the lowest rates in the mobile sector in Kenya. Competition in the mobile telephony sector in Kenya has gone to the level of price wars and has called for the regulatory body, Communication Commission of Kenya, intervention. There has been a lot of external environmental changes in this industry such as mandatory subscriber registration and

reduction in the interconnection call termination fee among others. These changes have affected the market condition for all the players since they had to adjust accordingly. Taxation on the mobile money transfer services has been introduced in the recent past and this has seen the players increase their charges for this service to the subscribers. Essar being a recent entrant must come up with promotional strategies to drive competitiveness and remain relevant in the industry. Pricing strategy has worked well to penetrate the market but more is required to acquire more subscribers, retain them and increase on their usage of the company's services.

1.1.4 Essar Telecom Kenya Limited

Essar Telecom Kenya Limited (ETKL) is Kenya's fourth mobile cellular network under the brand "yuMobile" launched in December 2008. yuMobile achieved the fastest network rollout speed in the region, by achieving countrywide coverage in approximately 10 months from launch. Currently, the network has a subscriber base of over 2.3M subscribers and offers subscribers competitive call rates. Essar Telecom Kenya Limited, doing business as yuMobile, operates a mobile service network in Kenya. It offers various prepaid and postpaid services; and voice, SMS, mobile data, mobile money transfer (yucash), electronic mobile top-up (Eneza), caller ring back tones (Dunda), MMS, and international dialing services. Essar Telecom Kenya Limited was formerly known as Econet Wireless Kenya Ltd.

The company was founded in 2008 and is based in Nairobi, Kenya. The company aimed at providing the best network using the latest technology to ensure reliability and quality. The entry strategy was low service price so as to attract a wide customer base and ensure the people at the base of the pyramid get affordable mobile communication. Essar

Telecom Kenya has formed various key partnerships. It partnered with UK-based Cerillion to provide sound customer management and billing systems solutions. The company has also partnered with Equity and K-Rep banks to grow its mobile money transfer (yucash). Essar Telecom Kenya Limited operates as a subsidiary of Econet Wireless International (Pty) Ltd.

1.2 Research Problem

Promotional strategies seek to enhance market penetration and market development. Strategies such as advertising, sales promotions, direct marketing, public relations, personal selling and also competitive pricing can be used to achieve these. Promotional strategies are applied on existing products in existing markets and sometimes on existing products in new markets (Ansoff, Strategic management of technology, 1987). Promotional strategies are mostly used to help any firm achieve its short, medium and long term goals. Through these strategies companies communicate their products to their target markets. They differentiate their products and hence position them strategically. This way, the company is able to qualify, win and get the orders, ultimately driving competitiveness in the market.

Essar Telecom Kenya Limited is the latest entrant in the mobile telephony industry in Kenya and hence has to work extra hard in order to acquire subscribers, retain them and increase their usage of the services. To drive this kind of competitiveness Essar Telecom Kenya must be flexible, dependable, fast, innovative and cost effective. This requires deployment of resources, both tangible and non-tangible, commitment and informed leadership.

Various local researchers have reviewed the subject of promotional strategies. For example, Mwaniki, (2003) did an empirical survey of marketing promotion techniques used by NGOs in their social campaign against HIV/AIDs in Kenya. Ndegwa, (2003) did a survey on the application of promotion mix in the Agro Chemical Industry while, Githinji, (2010) studied strategies used by Safaricom Limited in responding to competitive environment.

To the best of the researcher's knowledge, there are limited studies if any that have been done on the promotional strategies applied at Essar Telecom Kenya to drive competitiveness. This is despite the company's success in establishing networks in most of the areas in the country. This study therefore, seeks to fill the gap in knowledge by answering the question of, what are the promotional strategies applied by Essar Telecom Kenya Limited (yuMobile) to drive competitiveness in the mobile telephony industry in Kenya?

1.3 Research Objectives

- (i) To identify the promotional strategies being applied by Essar Telecom Kenya Limited to drive competitiveness.
- (ii) To determine the relationship between promotional strategies and competitiveness of Essar Telecom Kenya Limited.

1.4 Value of the Study

The results of this study would help to better knowledge on what are the mostly applied promotional strategies and how to improve on the application of the ones being perceived to be of little influence especially in relation to subscribers acquisition, retention, and

increased usage. The results could be used to better understand the promotional strategies that are likely to qualify a company for order, win the order and get the order. Moreover, the results would be of importance to the telephony industry by highlighting the promotional strategies whose potential to drive competitiveness has not been discovered yet since they have not been fully exploited.

To the academia and scholars the results of this study could be used to form a basis for further research. The marketing managers at Essar Telecom Kenya could also use the results to review on the promotional strategies that are being applied, their effectiveness and help in identifying the gaps in their promotional programs. The firm could use the results to identify the strategies that have not been applied yet they hold great potential to drive the firm's competitiveness.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other research work done in the same or related field of study. The specific areas covered here are the concept of promotional strategies, competitiveness and the organizational environment.

2.2 Theoretical Perspective

Sales promotion comprises a range of tactical marketing techniques designed within a strategic marketing framework to add value to a product or service in order to achieve specific sales and marketing objective. Sales promotion is a technique which has significant potential to improve short term sales and like direct response work its effectiveness can be tightly measured. Although its strategic value is the subject of considerable debate, it is an important tool of marketing. There are few markets or products where it cannot be used and few brands to which it cannot be applied. There are different types of sales promotions. They include consumer oriented sales promotions that are targeted to the ultimate users of a product or service, and trade oriented promotions that are targeted towards marketing intermediaries such as retailers, wholesalers and other channel partners. Trade oriented promotions include promotion allowances, merchandise allowances, price deals, sales contests and trade shows.

The push theory of sales promotion techniques supports that you promote your goods to a retailer, who will then pass the wares along to their consumers. A push promotional strategy makes use of a company's sales force and trade promotion activities to create consumer demand for a product. The producer promotes the product to

wholesalers, the wholesalers promote it to retailers, and the retailers promote it to consumers. The pull theory varies by focusing on the consumer himself through going directly to the source to introduce the company's goods, and encourage a direct purchase. A pull selling strategy requires high spending on advertising and consumer promotion to build up consumer demand for a product. If the strategy is successful, consumers will ask their retailers for the product, the retailers will ask the wholesalers, and the wholesalers will ask the producers. The combination theory is a slight part of both. A company may supply a retailer with their consumable. He or she will then offer this to a customer with incentives for shopping with them. This strategy is usually used if the distributor is hesitant to carry a product, since it gets its required consumers without having to go to retail outlets (Kotler, 2000).

Sales promotion is giving the customer something extra, rewarding them for their behavior on this particular purchasing occasion. There are several theories which support the concept of reward as a motivator. The conditions of sales promotion are classical and operant conditioning. Whereas classical conditioning is largely associated with advertising operant conditioning is seen as an explanation for consumer behavior in relation to sales promotion. Operant conditioning suggests the response of the individual is likely to be affected by positive reinforcement such as reward.

2.3 Concept of Strategy

According to Johnson and Scholes, (2002), strategy refers to the machinery of the resources and activities of an organization to the environment in which it operates. Strategic responses are the set of decisions and actions that result in formalization and implementation of plans designed to achieve the objectives of an organization (Pearce

and Robinson, 2005). Ansoff and McDonnel (1999) argue that, it is through strategic management that a firm will be able to position itself for any surprises brought about by the changing external environment. They further argue that this can be achieved by positioning of the firm through strategy and capability planning in its rightful competitiveness and also by use of real time response through issue management.

Strategy is a unifying theme that gives coherence and direction to the actions of an organization. Walker, et al (2006) said strategy is a fundamental pattern of present and planned objectives, resources deployment, and interactions of an organization with markets, competitors, and other environmental factors. Hult (2005) defines strategy as the pattern of decisions, purpose or goals, principles, policies and plans for achieving these goals and defines the range of business the company is to pursue. Ansoff, (1999) argues that theories advanced to explain strategic behavior often differed because they are based on observations of organizations in different settings.

2.4 Promotional Strategies

Organizations use promotion to communicate with customers about products they offer. Therefore, promotion is thus one half of the communication process with customers. Mostly it works co-operatively with market research in an iterative feedback loop so that the constantly changing requirements of users are met by promotional activities that target or even anticipate these expressed needs. These activities need to be managed. They require the allocation and expenditure of resources, whether physical like promotional products, or intangible such as staff time or use of existing facilities. Promotion involves making sure that customers are aware of the products that the company makes available to them. More specifically, a promotional strategy will include

one or more of the objectives such as, provide information, increase demand, differentiate the product, emphasize the value of the product, and to stabilise existing activity levels. Such objectives must be accompanied by an appropriate promotional mix (Rowley, 1998). The promotional mix combines different channels and ways to communicate a promotional message. Promotional mix includes advertising, personal selling, direct marketing, sales promotions, public relations and pricing strategies.

Promotional strategies could be push or pull strategies. Marketing theory distinguishes between two kinds of promotional strategies. Push promotional strategy tends to use the firm's sales force and trade promotion activities to create consumer demand for their product. The producer promotes the product to the wholesalers, the wholesalers to the retailers, and finally the retailers promote it to the consumers (Kotler, 2003). To achieve the objective of giving the channels incentives to promote the offering requires high discounts thus minimizing the producers' need for advertising (Hooley, 2008). In telecommunication, the companies engage the sales force to sell directly to the retailers and consumers for the sake of selling the firm's products.

Pull selling strategy requires high spending on advertising and consumer promotion to build up consumer demand for a product. Once the strategy is successful, consumers will ask the retailers for the product, retailers from the wholesalers and wholesalers from the producer. Use of distribution channels is minimized during the first stages of promotion and a major commitment to advertising is mostly required. A combination of strategies can be used whereby one promotional strategy is used to support another promotional event. Money availability, message being conveyed, complexity of the product or service being promoted, size and location of the market, channels of distribution, product stage in

its life-cycle and who the competition are, are some of the factors that influence the choice of an appropriate promotional mix (Mintzberg, 1998).

A promotional strategy structure addresses who is managing the strategy , promotional techniques for each task in terms of why deploy the technique, how it will be deployed, who will do it, what is the schedule for implementation, required resources and what are the expected benefits and how they will be measured. Moreover, the structure addresses the risk management strategies, its strategic fit with the firm's marketing plan, the internal communication plan and the valuation plan (Rowley J 1998).

2.5 Promotion Methods

Advertising is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor. Its function is to inform consumers about product differences, new products and application possibilities. It plays a role in the competitive process by bringing differences in products or services to the attention of the consumer. Secondly, it persuades consumers to prefer on company's product to those of another and thirdly, it creates value by its communication strategy. The main purpose for advertising is to inform, persuade and remind the consumers about the firm's products or services. Advertising media includes magazines, newspapers, direct mail, radio, television etc. it is a low cost mass-communication method.

Personal selling involves a two-way personal communication between salespeople and individual customers either face to face, by telephone, through video conferencing or by other means. It is a personalized form of communication in which a seller presents the features and benefits of a product to a buyer for the purpose of making a sale. Personal

selling increases marketing intelligence, locating and maintaining customers, generating sales at point of purchase, relationship marketing, provide detailed and up-to-date information to the travel trade. Personal selling aims at increasing sales volumes.

Sales promotion consists of short term incentives to encourage the purchase or sales of a product. It is a blend of marketing activities and material that are designed to intensify the efforts of the company's sales force, induce intermediaries to stock and sell the company's product, and/or persuade consumers to buy the product limited in time period. Sales promotion methods are aimed at three target groups, namely consumers (consumer promotion), salespeople (sales force promotion) and intermediaries (trade promotion). Effective sales promotion have short durations, are difficult to imitate by competitors, are difficult to predict and they are directed at and restricted to specific segments.

Public relations involves building good relations with the company's various publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories, and events. . Public relations helps to build awareness, comprehension, positive attitude, build credibility, stimulate the sales force and channel Intermediaries and sales-and-profit contribution.

Publicity is primarily an informative activity, (opposed to the persuasive one.) Its ultimate goal is to promote client's product or services, and publicity plan, is a planned program aimed to obtain a favorable media coverage for the organization's product, or for the organization itself to enhance its reputation and relationship with the stakeholders. Publicity is non-personal communication, which is typically in the form of a news story that is transmitted through the mass media. The purpose of publicity is to draw favorable

attention to a company and/or its products without having to pay the media for it. A company sends a press release, often with a video tape, to the media with the hope that it is newsworthy enough to be mentioned in the mass media. The advantage of publicity, besides the fact that it is free, is that it seems more credible than advertising.

Social media websites such as Facebook twitter and Google+ offer companies a way to promote products and services in a more relaxed environment. This is direct marketing at its best. Social networks connect with a world of potential customers that can view a company from a different perspective. Rather than seeing your company as "trying to sell" something, the social network can see a company that is in touch with people on a more personal level. This can help lessen the divide between the company and the buyer, which in turn presents a more appealing and familiar image of the company. Most customers who go to a business have already decided to purchase a product. Getting personal information from such customers is helpful. A free product or service can be given in exchange for the information. These are customers who are already familiar with a company and represent the target audience a company wants to market its new products to. When their telephone contacts are available, firms can send the short messages to inform them of new products and offers.

Point-of-sale and end-cap marketing are ways of selling product and promoting items in stores. The idea behind this promotional strategy is convenience and impulse. The end cap, which sits at the end of aisles in grocery stores, features products a store wants to promote or move quickly. This product is positioned so it is easily accessible to the customer. Point-of-sale is a way to promote new products or products a store needs to

move. These items are placed near the checkout in the store and are often purchased by consumers on impulse as they wait to be checked out.

Contests are a frequently used promotional strategy. Many contests don't necessarily require a purchase. The idea is to promote a brand and create brand awareness to the public rather than make money through a hard-sell campaign. People like to win prizes. Sponsoring contests can bring attention to a product without company overtness. Promoting products while supporting a cause can be an effective promotional strategy. Giving customers a sense of being a part of something larger simply by using products they might use anyway creates a win/win situation. This gets the customers and socially conscious image. One way to do this is to give a percentage of product profit to the cause a company has committed to helping.

Product giveaways and allowing potential customers to sample a product are methods used often by companies to introduce new food and household products among other products. Many of these companies sponsor in-store promotions, giving away product samples to entice the buying public into trying new products. Giving away functional branded gifts can be a more effective promotional move than handing out simple business cards. Product name can be put on a wrist bands, ink pen or key chain. These are gifts that customers may use, which keep a brand on sight rather than in the trash or in a drawer with other business cards the customer may not look at.

Contacting customers by telephone or through the mail after a sale is a promotional strategy that puts the importance of customer satisfaction first while leaving the door open for a promotional opportunity. Skilled salespeople make survey calls to customers

to gather information that can later be used for marketing by asking questions relating to the way the customers feel about the products and services purchased. This serves the dual purpose of promoting your company as one that cares what the customer thinks and one that is always striving to provide the best service and product.

2.6 Organizational Competitiveness

This refers to the ability of a firm to provide goods and services which provide better value than their rivals. As there is constant threat from competition it is essential for business to strive to improve competitiveness. Although there is a tendency to look to government to play a role in maintaining the competitiveness of a country's business, in the final analysis it is a matter for individual firms. Firms can increase their international competitiveness by, rationalization output to get rid of high cost plants, relocating to places where labor costs are lower, process innovation, product innovation, incorporating the latest technology into investment, sourcing from outside where appropriate, seeking out new market opportunities, and improving relationships with suppliers and customer.

Governments have a role to play in improving competitiveness of companies operating within their boundaries. Governments seek policies which aim to: encourage R&D spending (e.g. through tax breaks), improve the skills base, improve the economic infrastructure, promote competition between firms, operate macro-economic policies favorable to business expansion, reduce interest rates to stimulate investment, reduce tax rates to stimulate enterprise, effort and investment, deregulation to promote competition, reduce bureaucracy, encourage sharing of ideas and best practice, reduce protectionist barriers to stimulate competition and encourage investment in human capital, (Riley, 2012).

Market research is essential in improving competitiveness. This involves assembling information about a company's current and potential markets, about the consumers of their products and services, and about those areas where your business has the competitive advantage when it comes to introducing and improving new products and services or entering new markets. This market profile should include company's current and future market's size, growth potential, and barriers to entry, key players and the existence of particular niches. Small to medium business enterprise (SME), research tell us that almost 75 per cent of customers come from within a five kilometre radius of the business. Monitoring the progress of a marketing plan regularly reduces the risk of not finding out until it's too late that the plan is not working. Analyzing and reviewing sales results constantly ensures targets are being achieved along with expectations. The plan should then be amended accordingly in the light of the findings and analysis. Brand awareness, profit margins and change can also be reviewed to determine if the plan is working as expected.

2.6.1 Measure of Competitiveness

Webster defines competition as 'the effort of two or more parties acting independently to secure the business of a third party by offering the most favorable terms. Competition tends to limit the prices that the company can charge for its goods or services. As competition increases, companies have to offer innovative deals to the customers to try and woo them into buying their goods and services.

The field of economics has proposed two measures that can be used to measure competition to some extent. The first measure that can be used to measure competition is called the four firm concentration ratio. This ratio measures what percentage of the total

sales of an industry is accounted for by the four largest firms in that industry. Secondly, there is the Herfindahl-Hirschman Index (HHI). This index calculates the sum of the percentage market share of all the firms in the industry.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the methodology that was used by the researcher to find answers to the research question. The methodology is presented in the following order: research design, data collection, instruments of data collection and finally the data analysis.

3.2 Research Design

The study adopted a case study research design. According to Yin (1994) a case study design allows the investigation to retain the holistic and meaningful characteristics of real life event. Interviews when conducted appropriately usually provide in-depth responses.

They also allow for probing thus increasing the chances of accuracy in responses. The research design assisted the researcher in identifying the promotional strategies employed by Essar Telecom Kenya Limited to drive competitiveness.

3.3 Data Collection

The research used both primary and secondary data. Primary data was collected using interview guide with open ended questions. The open ended questions allowed the researcher to collect qualitative data.

Secondary data was obtained by use of desk research from published reports and other documents including company periodicals, economic survey reports and statistical abstracts. Respondents included managers in sales, marketing, finance and corporate affairs.

3.4 Data Analysis

Being a case study, conceptual content analysis was the most useful method of analyzing the data. Conceptual content analyses is defined by Creswell (2003) as a technique for making inferences by systematically and objectively identifying specific characteristics of messages and use the same to relate trends.

This method of analysis involves coding or breaking the text down in to manageable categories on a variety of levels. Words, word sense phrases, sentences or themes and then examining them. Conceptual involves counting individual occurrences of concepts based on the number of words. This was the best method to analyze the qualitative data that was collected from the interviews and discussions.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents data findings from the field, its analysis and interpretation. The data was collected using interview guide and analyzed using content analysis. Data was on promotional strategies being applied at Essar Telecom Kenya Limited to drive competitiveness.

Based on the data collected, all the ten senior managers including sales and marketing managers, finance director, corporate affairs manager and the IT manager projected in the previous chapter were interviewed which makes a response rate of 100%. The commendable response was due to good relationship and many follow ups by the researcher.

4.2 Respondents Profile

The study, in an effort to ascertain the interviewees competence and conversance with matters regarding Essar Telecom Kenya Limited asked the position that the interviewee held in the organization. All the respondents were senior managers in charge of various departments such as sales and marketing, finance etc. who had worked in the organization for at least three and half years.

It was confirmed that the departments in which these managers worked are involved in formulation of promotional strategies. Based on the respondents' profiles, their responses had the advantage of good command and responsibility being that they were senior managers and had experience and aptitude owing to their years of experience in the organization.

4.3 Promotional Strategies Being Applied at ETKL

Essar Telecom Kenya Limited had developed some promotional strategies for its products such as advertising, contests, sales promotions, direct marketing, personal selling and public relations. Essar Telecom Kenya Limited has employed both the push and pull strategy as a form of promotional strategy. The promotional strategies seeks to achieve certain objectives such as customer retention, customer loyalty, increase market share through competitive pricing, and perhaps more resources dedicated to personal selling.

4.3.1 Promotion Methods Applied at Essar Telecom Kenya Limited

The push promotional strategy makes use of company's sales force and trade sales promotion activities to create consumer demand for the products. This involves giving big discounts on their products to the channel partners as an incentive to motivate them to push big volume sales of these products to both the wholesalers and retailers.

The firm also offers sales incentives based on targets for their sales force. These kinds of target based incentives are meant to motivate the sales team to engage the retailers more to stock the products in the trade. There are incentive program that are run in the trade that target the retailers who sell more and they are meant to motivate these retailers to engage their customers and sell the benefits of this firm's products hence influencing their buying decision in their favor.

The firm has engaged marketing agencies that recruit foot soldiers that carry out person to person selling on the ground. These teams work closes with the company's sales staff. These sales assistants are said to use giveaways such as branded key rings, t-shirts and

caps to entice their potential customers. This however, has only used to a small extent due to cost implications. They aim to encourage customers to buy high denomination airtime vouchers. These giveaways are also used by the sales force to motivate retailers to stock high denomination vouchers and other products from the company such as modems.

Pull strategy has been used to some extent. This requires high spending on advertising and consumer promotion to build up customer demand from the market. Pull strategy requires direct interface with the end user of the offering whereby use of channels of distribution is minimized during the first stage of promotion and a major commitment required in advertising. There has been minimal mass media advertising since the company is on a cost cutting budget. The company has focused on below the line kind of advertising where point of sale materials such as brochures and posters have been used to communicate the offers and benefits of their products to the consumers.

It emerged that customer care department plays a major role in direct and marketing. The persons in this department call the existing customers to create awareness of the current promotions and also to get feedback on the quality of the services they are receiving. They also reach out to the potential customers to inform them on the benefits of their products and also the promotion offers that are currently running in the market. This is meant to earn customer loyalty in case of the existing customers and new subscriber acquisition in case of the potential customers and hence grow the market share.

Essar Telecom Kenya Limited has used the social media platform such as twitter and Facebook to engage its customers. Digital marketing is used to some extent. The

company uses the Short Messaging Service to communicate to its customers on any kind of customer promotions. The method has worked well though there have been complaints from a few customers who find the texts a nuisance.

The study proceeded to determine the effectiveness of the promotional strategies chosen on the market and it emerged that push strategy in form of personal selling and trade promotions are the most effective tools in which Essar Telecom Kenya Limited has used since they have helped to develop direct contact with their customers for the sake of selling the company's product. The application of these tools has also been very effective for the company because the costs involved are much lower compared to the pull strategy tools.

The study showed that the company should be more aggressive on internet marketing and social media and take it a notch higher since most of their target market is conversant and has access to the internet. It is being used but very minimally. They can achieve this by creating and keeping up an interactive conversation with the customers by for example, offering key customers a platform in the company's website where they can express their needs, expectations and get detailed information about products.

Contests have been used but with minimal response from the customers. Only a small number of customers seem to be engaging in these contests. The nature of the contests, the way they are communicated to the customers, the means of communication and the benefits should be clear and simplified in a way that the customer will understand the concept of the contest easily and be enticed to participate.

Publicity and public relations have been barely used. However, the firm has been involved in a number of corporate social responsibility activities such as helping children homes, contributing towards initiatives that help Kenyans involved in any kind of disaster such as Kenyans for Kenya.

4.4 Relationship between Promotional Strategies and Competitiveness at Essar Telecom Kenya Limited.

The study found that the company has engaged in both the pull and push promotional strategy. The push strategy makes use of the firm's sales force and trade promotions to create consumer demand for their products. According to Hooley et al (2008), pull strategy is one that requires high spending on advertising and consumer promotion to build up consumer demand for a product. The pull selling strategy requires direct interface with the end user of the offering.

These strategies were said to be used hand in hand with the competitive pricing strategy that involves setting of lower than higher prices in order to achieve a large and dominant market share and a successful penetration pricing. These strategies mainly include offering tariffs with long off peak hours, offering competitive prices for voice calls and messaging, reducing transaction costs and offering competitive prices and discounts for internet services. The firm was currently having the cheapest voice call rates both on and off the network. Their data rates were also the lowest compared to the other players in the industry at the time of this study.

Sales volumes, profit margins and market share have been the main determinants of competitiveness in many firms playing in different industries, though customer loyalty

and brand awareness are sometimes used as indicators of competitiveness. Personal selling and trade promotions activities have been used with success in the market in terms of increasing sales volumes, market share and generating revenue for the company according to the findings of the study. The more trade sales promotions the higher the recorded sales volumes and hence the higher the margins.

It also emerged that direct marketing and personal selling have contributed heavily on customer loyalty, brand awareness and the firms' market share growth. Competitive pricing is a market penetration strategy has been used hand in hand with the promotional strategies to grow the market share and earn customer loyalty. Use of social media more aggressively would help engage the customers more and offer quick response platform to their queries and this would probably increase customer loyalty.

Pull strategy has been used also and it has contributed to drive competitiveness in terms of brand awareness. This method has been used to educate the consumers on tariff comparisons for both voice calls and data. This has helped the existing consumers to understand the difference in tariff and how much money they save by using the firm's products hence increase revenue in usage and customer loyalty. Essar Telecom Kenya Limited had a market share of about 6% at the time of study.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of key data findings, conclusions drawn from the findings highlighted and recommendations. The conclusion and recommendations were made in attempt to address the research question or achieving the research objectives which were to establish the promotional strategies applied at ETKL to drive competitiveness and the relationship between these strategies and the competitiveness of the organization.

5.2 Summary of Findings

The researcher found that the company has engaged in both pull and push promotional strategy. Pull strategy that requires high spending in advertising and consumer promotion activities. Push strategy requires use of personal selling and trade promotion activities. The study showed that promotional methods aimed to maintain and increase the market share through a combination of competitive pricing, advertising, sales promotions and more resources being dedicated to personal selling among others. This helps to increase the sales volume and hence revenues and profitability.

The study also established that competitive pricing strategy has been used hand in hand with the promotional strategies in order to increase the sales volumes, grow the market share and also earn customer loyalty. Direct marketing, contests and social media have been applied minimally. It was clear that products themselves or marketing and promoting the products should be adjusted according to the requirements of different customers and their different needs. The study established that differentiation of the

products has been achieved through introduction of products for special applications such as borrow airtime, Dunda tunes etc. Customized products such as matching customers' yu numbers with their alternative numbers and giving customers an opportunity to reserve their numbers has contributed in growing the market share, increase brand awareness and increase customers' loyalty. These promotion methods give the firm competitive advantage.

5.3 Conclusion

ETKL has been able to keep pace with the rivalry in the telecommunication industry in Kenyan market by adopting promotional strategies for its products. From the findings of the study, the researcher concludes that the company has engaged in both the pull and push promotional strategy. It was clear that personal selling and trade promotions are often the most effective promotional tools used at Essar Telecom Kenya Limited.

The company engages its sales force to direct contact with the customers for the sake of selling the company's products. The study also concludes that pricing strategies such as setting lower tariffs with longer off peak hours has been used together with the promotional methods such as trade promotions, personal selling, direct marketing, advertising, contests and social media to enhance their effectiveness and increase the market share, sales volume and customer loyalty. Based on the study findings, it was clear that the competitiveness of Essar Telecom Kenya Limited rides mainly on the promotional and pricing strategies being applied.

5.4 Recommendations

5.4.1 Recommendation for Policy

The study recommends that although telecommunication firms in Kenya have been successful in keeping up with the competition, the companies should engage in more price reduction as a response to their competition strategies whose products and services keep varying in time. The Communication Commission of Kenya has played a big role in reducing the local calls termination fee that has enabled lower calling rates. The players in this industry should focus on improving their other services such as data speed, improve on network and other systems such as mobile money transfer efficiency to drive their competitiveness and win their customers. They need to ensure their systems are running on the most recent technology to enhance efficiency.

The study further recommends that ETKL should heavily advertise and diversify in other countries other than the East African region in order to take advantage of economic growth in other countries as a result of globalization. They should undertake appropriate, persuasive and sustained advertisement, marketing and campaigns on product and services so as to change the negative perception in the industry, increase its market share and customer loyalty. This would increase the market share of this firm and enable it to compete better with competitors such as Airtel Kenya who are currently in over 15 African countries.

5.4.2 Recommendation for Practice

Based on the findings of this research, the study recommends that telecommunication companies seeking to increase their market share should conduct market research to determine the most appropriate and effective market share consolidation strategy. In doing this, the company should consider the competitor reaction in order to achieve the firm's promotional and marketing objectives.

5.5 Limitations of the Study

Being that this was a case study on one company, the information gathered may differ from promotional strategies that other companies in the telecommunication industry have adopted to drive competitiveness. This is because different companies adopt different strategies based on their both short and long term goals. The study however, constructed an effective research instrument that sort to elicit general and specific information on the promotional strategies that companies adopt to drive competitiveness.

The company faced both time and financial limitations. The duration that the study was to be conducted was limited hence exhaustive and extremely comprehensive research could not be carried on promotional strategies. The managers involved in this study have tight schedules and it was hard to get enough time to interview them exhaustively since they were always in a hurry.

5.6 Suggestion for Further Research

The study recommends that further study should be done on the other companies in the telecommunication industry so as to get comprehensive information on how the other players in the industry are able to drive and remain competitive. The study also

recommends that further research should be carried out to establish how indigenous companies are able to drive competitiveness based on what acclaimed scholars have postulated as the best strategic responses framework.

More research needs to be done to determine what effect the increased promotional campaigns have had on the performance of the company. The contribution of the promotional strategy to the overall performance of Essar Telecom Kenya Limited should be explored in depth. Another area that requires further research is whether the company is willing to exploit other promotional methods to the maximum such as public relations, publicity, and contest and whether these methods are of equal effect as advertising and sales promotions and their sustainability.

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APPENDICES

Appendix: Interview guide

Dear respondent,

This interview intends to obtain information regarding the promotional strategies being applied to drive competitiveness at Essar Telecom Kenya Limited. The details derived will remain confidential and will not be used for any other purpose but academic research.

Please tick where necessary and comment where appropriate.

PART A: GENERAL INFORMATION

1. Kindly state the position currently held in the company.....
2. For how long have you worked in this company?Years.
3. is your department involved in formulation of promotional strategies.....

PART B: PROMOTION STRATEGY

4. In your opinion has Essar Telecom Kenya Limited developed promotional strategies for its products? If yes please list a few.
.....
.....
.....
.....

5. Has the company engaged in pull strategy or push strategy as a form of promotional strategy?

.....

6. How effective has the promotional strategy stated above been on the market?

.....

7. How are the promotional strategies stated in 4 above relevant to the company's marketing objectives?

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.....

8. Which strategies have been successful in the market in terms of increasing the market share and generating revenue for Essar Telecom Kenya Limited?

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9. Any other comment in relation to the promotional strategies being applied in the company?

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Thank you for your response.