COMPETITIVE STRATEGIES EMPLOYED BY FM RADIO STATIONS IN NAIROBI

BY

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DECLARATION

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

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

Mr. Maalu

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DEDICATION

To my daughter Olivia Moraa.

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I would like to thank my supervisor Mr. Maalu for guiding me through the entire process of writing this project and my husband Henry for his encouragement and financial support.

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ABSTRACT

This study was initiated to determine competitive strategies employed by FM Radio stations in Nairobi and why they employed such strategies. The respondents were marketing managers of the FM radio stations since they're the one's who implement strategies. In addition to the primary data that was gathered using questionnaires secondary data was obtained from literature review, NCCK and journals that focus on media.

The study found out that majority that is 60% of the stations had been in operation for less that 5 years due to liberazation of airwaves that was effected in 2002. Similarly the study found out that most FM radio stations used a combination of strategies to beat competition.

The low cost strategy was mostly used by radio stations that had been in operation for less than five years while those who had been in operation for more than five years used differentiation as well as combination strategies.

CHAPTER ONE: INTRODUCTION

1.1 Background

There has always been intense competition in the media industry in Kenya with the number of industry players increasing each day with new stations coming up, the rivalry among media houses has also intensified. For instance, the news anchors have been moving from one station to the other as they are poached by other media houses. This phenomenon has intensified the rivalry among the media houses with other big media houses seeking to impede the activities of other media houses by taking their talented media personalities. This has been happening in both print and electronic media.

With the entry of new players in the industry competing for the same audience and clients, some of the media houses have been pushed to the brink with the intensifying competition. This has called for the media houses to devise strategies that can position them well in the market to have a competitive edge (Mungai, 2006).

1.1.1 Overview of Competitive Strategies

Competitive Strategies is the broad way in which an organization seeks to maintain or improve its performance. This is relatively enduring and unlikely to change substantially in the short term (Zajac and Shortell 1989). A broad range of management research supports this contention. For example, the literature on population ecology argues that once an organization is established, so its structure and overall approach is set (Hannan and Freeman, 1977), and a range of evidence indicates that organizations are relatively inert; once routines are set they are difficult to change (Amburgey, et al., 1990; Barnett and Freeman 2001).

Porter (1996) argues that competitive strategy is "about being different." He adds, "It means deliberately choosing a different set of activities to deliver a unique mix of value." In short, Porter argues that strategy is about competitive position, about differentiating yourself in the eyes of the customer, about adding value through a mix of activities different from those used by competitors. In his earlier book, Porter defines competitive strategy as "a combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there." Thus, Porter seems to embrace strategy as both plan and position.

Effective strategy may enable a business to influence the environment in its favour and even defend itself against competition. Aaker (1992) asserts that given the current focus in business, there is need to understand competitor strengths in the market and then position one's own offerings to take advantage of weaknesses and avoid head on clashes against strengths. Mintzberg (1994) argues that strategy emerges over time as intentions collide with and accommodate a changing reality. Thus, one might start with a perspective and conclude that it calls for a certain position, which is to be achieved by way of a carefully crafted plan. with the eventual outcome and strategy reflected in a pattern evident in decisions and actions over time.

This pattern in decisions and actions defines what Mintzberg called "realized" or emergent strategy. Mintzberg's typology has support in the earlier writings of others concerned with strategy in the business world, most notably, Kenneth Andrews. Andrews (1980) defines corporate strategy as the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities.

A firm's relative position within its industry determines whether a firm's profitability is above or below the industry average. The fundamental basis of above average profitability in the long run is sustainable competitive advantage. There are two basic types of competitive advantage a firm can possess: low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation, and focus. The focus strategy has two variants, cost focus and differentiation focus. These strategies are further discussed in chapter two.

Strategy is an essential part of any effective business plan. By using an effective competitive strategy, a company finds its industry niche and learns about its customers (Porter, 1980). Porter, (1985) asserts there are 3 basic business strategies –

differentiation, cost leadership, and focus – and a company performs best by choosing one strategy on which to concentrate. However, many researchers feel a combination of these strategies may offer a company the best chance to achieve a competitive advantage (Cross, 1999; Dess and Miller, 1993; Johnson and Scholes, 1993; Fuerer and Chaharbaghi, 1997; Hlavacka et al., 2001). Whatever strategy a business chooses, it must fit with the company and its goals and objectives to gain a competitive advantage (Kippenberger, 1996; Surowiecki, 1999; 1992; Ross, 1999).

Porter purports companies must be competitive to become an industry leader (Murdoch, 1999; Suutari, 1999), to be successful both nationally and abroad (Niemira, 2000; Davidson, 2001; Anon, 1998), and these strategies for gaining competitive advantage apply to all industries in most nations (Brooks, 1993; Median and Chin, 1995; Green et al., 1993; Liff et al., 1993; Campbell-Hunt, 2000).

Boseman and Phatak (1989) argue that if a firm wants to remain vibrant and successful in the long run, it must make impact assessment of the external environment, especially such relevant groups as customers, competitors, consumers, suppliers, creditors and the government and how they impact on its operations, success is dependent on productivity, customer satisfaction and competitor strength. Strategic marketing is crucial to an organization because it takes into consideration fundamental changes in the environment thus making firms proactive rather than reactive.

While various types of organizational strategies have been identified over the years (Miles and Snow, 1978; Chrisman et al., 1988; Porter, 1980) Porter's generic strategies remain the most commonly supported and identified in key strategic management textbooks (David, 2000; Miller, 1998; Thompson and Stickland, 1998) and in the literature (Kim and Lim, 1988; Miller and Dess, 1993). Porter's (1980) generic strategies can yield competitive advantage. Porter (1980) also suggests ensuring long-term profitability, the firm must make a choice between one of the generic strategies rather than end up being “stuck in the middle”.

1.1.2 Media Industry

A media industry refers to a company that is in the business of print media (such as newspapers or magazines) or electronic media (such as radio station or TV station) or both. The media in Kenya is a diverse and vibrant growing industry. It includes five major daily newspapers and more than 70 FM radio stations and the Kenya Broadcasting Corporation (KBC). There is also extensive cross-media ownership in Kenya, with a number of media houses owning newspapers, television stations and radio stations. Kenya is now enjoying a vibrant media industry, offering opportunities for entrepreneurs, both local and foreign. Kenyans now have access to over 8 TV channels keeping them in touch with world developments as they happen. The major media houses in Kenya are Nation Media Group, Standard Group, and Royal Media Services. These have been competing on various strategic business units including radio, television, and print media. Over the recent past, they have taken on aggressive growth strategies to expand their coverage and to target specific markets especially in the radio industry. This is the phenomenon that has not been studied by scholars and hence the motivation behind this study.

These are interesting and frightening times for the news media. It is a sector being radically transformed from within and without by new and emerging technologies. These, depending on how one looks at them can either provide new opportunities for media organisations or lead to their demise. It is now widely agreeable that most newspapers 'die' after 1 p.m. In Kenya, the shelf-life of a newspaper is still slightly longer, but there is every indication that it is growing shorter by the day. When the Kenyan newspaper shelf-life finally settles at 1 p.m, which it will, the question is whether the local news media organisations will survive the challenge (Ogola, 2008).

1.1.3 Overview of the Media Industry in Kenya

The media industry in Kenya is a diverse and vibrant growing industry which faces an uncertain future. Due to liberalization, the industry has witnessed tremendous growth in Kenya. The phenomenal growth of private media, led by the explosion of T.V and radio stations in the region over the past 10 years since liberalization of the sector began has established the dominant position of private media players in the region (Media Diaries, 2007).

Kenya, compared to nations in other developing countries, enjoy a vibrant media industry, offering opportunities for entrepreneurs, both local and foreign. Kenyans now have access to over 40 radio stations. Today, about 70 FM radio stations command the airwaves (CCK, 2008). These broadcast in various languages such as Kiswahili, English, foreign languages as well as vernacular languages.

The upsurge in radio stations in Kenya calls for a special set of strategy in order to survive. As new radio stations come up almost monthly, it calls for firms to devise the fronts on which to compete. Indeed, this has seen the radio stations compete on different fronts. Thus, some compete on the language of communication targeting specific language groups. Others compete on other demographics such as age where radio stations have come up to cater for specific age groups, for instance, the youth, the middle aged, and the aged. There is also a new trend in the market where the radio stations are positioning themselves in terms of the type of music they play. This has seen stations such as X FM (for rock music), Easy FM (Blues and R&B), Classic 105 (greatest hits station), and Milele FM (*Zilizopendwa* –classical African music) (Media Diaries, 2007).

1.1.4 FM Radio Stations in Nairobi

Stations operate mainly in Nairobi and its surrounding areas and include the KBC General and National Services, Nation radio, Capital FM, Kiss 100, Citizen radio, Metro FM, Youth FM, Metro, East FM, Iqra FM, Ramogi FM, Kameme FM, Hope FM, Inooro FM, etc . The broadcasts of most commercial radio stations are made up of music and light entertainment, including talk shows and phone-ins.

There have been controversies in the recent past about the role of vernacular radio stations in Kenya. The Government has been of the opinion that they contributed immensely to the tensions that followed the post-election violence and the subsequent ethnic strife that ensued. Through the discussions made in the stations on air, those opposed to the existence of these stations contend that the radios incited the listeners to rise against the other ethnic groups. This has seen the Government threaten to close some of these vernacular stations. At one time, Kass FM, which broadcasts in Kalenjin, was suspended for the same reasons. Whether the controversies are strategies the stations choose to use remains a question worth exploring in the future.

In terms of ownership, the radio stations are owned by various media houses. For instance, Nation Media Group owns Easy FM, Royal Media Services owns Citizen Radio and several other radio stations transmitting in local languages. The radio stations are usually one of the business units of media houses as most of the media houses have other business units such as TV stations and print media. Kenya Media Diaries provides a comprehensive statistical analysis of radio stations in the country. The report gives a station-by-station analysis of the various radio stations and their reach in the country, based on primary data gathered through a representative national sample. The data is based on the respondents' previous seven days of listening and viewing.

The government must allow the FM industry the freedom and flexibility that a business needs. Acquisitions and sale of businesses is an integral part of the normal growth pattern of any industry. Even in telecom where the companies use government spectrum, they are allowed to buy and sell companies. The spectrum can be sold and bought as part of the business transaction. Even in the case of radio the Government must allow transferability and tradability of licenses.

1.2 Statement of the Research Problem

Effective competitive strategy enables a business to influence the environment in its favour and even defend itself against competition. To succeed in the long term, organizations must compete effectively and out-perform their rivals in a dynamic environment (Trethowan and Scullion, 1997). To accomplish this they must find suitable ways of creating and adding value for their customers. Competitive strategies are very important elements of organizational success. The need to know what the business is about, what it is trying to achieve and which way it is headed, is a very basic requirement determining the effectiveness of every member's contribution(Pearce and Robinson, 1997).

There has been a proliferation of radio stations for the last few years in Kenya. This has intensified competition in the industry never seen before. The intensified competition has forced radio stations to look for ways to survive. Of interest is the way pioneer radio stations have transformed over the last few years. So far, the competition within the industry has not seen an exit of the players but a transformation in order to position well in the market. An example is Nation FM which not only changed its name to Easy FM, but also changed its target audience in terms of the type of music they play. Another example is Hot 96 (formerly Y FM) which changed its name and also its target audience. These radical shifts in terms of positioning of radio stations in Kenya and the competition to command the largest share of the market, be it in Nairobi, regional or nationwide, is a phenomenon that is worth studying carefully to ascertain what competitive strategies are employed.

The local studies dealing with competitive strategies in the media industry are Mbugua (2007) and Mungai (2006). Mbugua (2007) sought to establish competitive strategies adopted by Nation Media Group. Mungai (2006) on the other hand identified the competitive strategies adopted by mainstream daily print media firms in Kenya. Mbugua (2007) only focused on Nation Media Group which at the time only had a radio station, TV station and a daily newspaper as well as magazines. The competitive strategies identified are therefore not specific to the radio stations and may not be construed as such for all the radio stations in Kenya. Mungai (2006) on the other hand focused on print media and not radio stations. The findings of the studies are not therefore specific to the competitive strategies context for radio stations. Given the level of competition among radio stations, it is important to explore further the competitive strategies that are specific to these business units. This proposed study was thus conceived out of this background seeking to investigate the competitive strategies adopted by FM radio stations in Nairobi and the factors that affect the adoption of the competitive strategies. This study seeks to fulfil the gap by answering the following research question: what competitive strategies have the FM radio stations in Nairobi adopted to respond to competition in the industry and what are the factors that influence adoption of these strategies?

1.3 Objectives of the Study

The objectives of this study were:

i. To establish competitive strategies adopted by radio stations in Nairobi.

ii. To identify the factors that influence radio stations to adopt their chosen competitive strategies.

1.4 Importance of the study

The study findings would be invaluable to the following:

Radio Stations Management

The management of radio stations in Kenya would find the results of this study intriguing as a source of information on what competitive strategies are applied in the market and what they need to do in order to be competitive in the market.

Policy makers

The policy makers would obtain knowledge of the FM media industry dynamics and the responses that are appropriate and specific for radio stations; they would therefore obtain guidance from this study in designing appropriate policies that will regulate the sector.

Scholars

The study would provide information to potential and current scholars on strategic management in radio stations in Kenya this would expand their knowledge on competitive strategies employed in radio stations.

CHAPTER TWO: LITERATURE REVIEW

2.1 Concept of Strategy

Steiner (1979) book is close to being a bible on the subject. Yet, he does not bother to define strategy except in the notes at the end of his book. There, he notes that strategy entered the management literature as a way of referring to what one did to counter a competitor's actual or predicted moves. He also points out in his notes that there is very little agreement as to the meaning of strategy in the business world. Some of the definitions in use to which he pointed include the following: strategy is that which top management does that is of great importance to the organization; strategy refers to basic directional decisions, that is, to purposes and missions; strategy consists of the important actions necessary to realize these directions; strategy answers the question: What should the organization be doing?; and strategy answers the question: What are the ends we seek and how should we achieve them? Steiner (1979) was writing at roughly the mid-point of the rise of strategic planning. Perhaps the confusion surrounding strategy contributed to the demise of strategic planning in the late 1980s. The rise and subsequent fall of strategic planning brings us to Henry Mintzberg.

Tregoe and Zimmerman (1980) define strategy as "the framework which guides those choices that determine the nature and direction of an organization." Ultimately, this boils down to selecting products (or services) to offer and the markets in which to offer them. They urge executives to base these decisions on a single "driving force" of the business. Although there are nine possible driving forces, only one can serve as the basis for strategy for a given business. The nine possibilities are products offered, market needs, technology, production capability, method of sale, method of distribution, natural resources, size/growth, and return/profit. It seems Tregoe and Zimmerman (1980) took the position that strategy is essentially a matter of perspective.

Robert (1993) takes a similar view of strategy where he argues that the real issues are "competitive strategies" and "thinking strategically." For him, this boils down to decisions pertaining to four factors: products and services, customers, market segments, and geographical areas. Like Tregoe and Zimmerman (1980) he claims that decisions about which products and services to offer, the customers to be served, the market segments in which to operate, and the geographic areas of operations should be made on the basis of a single "driving force." Again, like Tregoe and Zimmerman (1980), he claims that several possible driving forces exist but only one can be the basis for strategy. The 10 driving forces cited by Robert (1993) are: product-service, user-customer, market type, production capacity-capability, technology, sales-marketing method, distribution method, natural resources, size/growth, and return/profit.

The notion of restricting the basis on which strategy might be formulated has been carried one step further by Treacy and Wiersema (1995). Treacy and Wiersema (1995) assert that companies achieve leadership positions by narrowing, not broadening their business focus. They identify three "value-disciplines" that can serve as the basis for strategy: operational excellence, customer intimacy, and product leadership. As with driving forces, only one of these value disciplines can serve as the basis for strategy. Their three value disciplines are briefly defined below:

Table 1: Three Value Disciplines that can Drive Strategy

	Value	Definition
1	Operational Excellence	Strategy is predicated based on the production and delivery of products and services. The objective is to lead the industry in terms of price and convenience.
2	Customer Intimacy	Strategy is predicated on tailoring and shaping products and services to fit an increasingly fine definition of the customer. The objective is long-term customer loyalty and long-term customer profitability
3	Product Leadership	Strategy is predicated on producing a continuous stream of state-of-the-art products and services. The objective is the quick commercialization of new ideas.

Treacy & Wiersema (1995, p. 67)

Each of the three value disciplines suggests different requirements. Operational Excellence implies world-class marketing, manufacturing, and distribution processes. Customer Intimacy suggests staying close to the customer and entails long-term relationships. Product Leadership clearly hinges on market-focused R&D as well as organizational nimbleness and agility.

2.2 Competition

An important first step in any discussion of.competition is to recognize that, in entering into competition an organisation is seeking competitive advantage; and that competitive advantage lies at the heart of corporate success (Porter, 1996). Once this has been recognised it is just as important to know that there are only two routes to achieving competitive advantage (Porter, 1996). One route is by adopting a cost-leadership strategy. A company that adopts this strategy will be offering products which are equivalent to those offered by competitors, but will be doing so far more efficiently and therefore at lower cost than competing organisations. The various companies within the value network and the various departments within the value chain will be co-operating with each other, rather than competing with each other which is the approach to TQM advocated by W.E. Deming (Deming, 1995).

In practice, there can only be one cost-leader in any market; so other companies that may exist, and there are often several, are achieving their competitive advantage via the differential route. Here a company will be trying to keep costs close to those of competitors but will be supplying a product which consumers value more highly and are willing to pay more for. Companies compete in terms of both costs and products but their competitive advantage comes primarily from one route or the other.

2.3 Competitive Strategies

A firm positions itself by leveraging its strengths. Porter (1996) has argued that a firm's strengths ultimately fall into one of two headings: cost advantage and differentiation.

Table 2: Porter's Generic Strategies

Target scope	Advantage	
	Low cost	Product uniqueness
Broad (Industry Wide)	Cost leadership strategy	Differentiation strategy
Narrow (Market Segment)	Focus strategy (Low Cost)	Focus Strategy (Differentiation)

Porter, (1980, p. 39).

If the primary determinant of a firm's profitability is the attractiveness of the industry in which it operates, an important secondary determinant is its position within that industry. Even though an industry may have below-average profitability, a firm that is optimally positioned can generate superior returns.

A firm positions itself by leveraging its strengths. Michael Porter has argued that a firm's strengths ultimately fall into one of two headings: cost advantage and differentiation. By applying these strengths in either a broad or narrow scope, three generic strategies result: *cost leadership*, *differentiation*, and *focus*. These strategies are applied at the business unit level. They are called generic strategies because they are not firm or industry dependent.

By applying these strengths in either a broad or narrow scope, three generic strategies result: cost leadership, differentiation, and focus. These strategies are applied at the business unit level. They are called generic strategies because they are not firm or industry dependent. Table 2 above illustrates Porter's (1986) generic strategies.

2.3.1 Cost Leadership Strategy

Another of Porter's generic strategies is cost leadership (Malburg, 2000). This strategy focuses on gaining competitive advantage by having the lowest cost in the industry (Porter, 1979, 1987, 1996; Bauer and Colgan, 2001; Hyatt, 2001; Davidson, 2001). In order to achieve a low-cost advantage, an organization must have a low-cost leadership strategy, low-cost manufacturing, and a workforce committed to the low-cost strategy (Malburg, 2000). The organization must be willing to discontinue any activities in which they do not have a cost advantage and should consider outsourcing activities to other organizations with a cost advantage (Malburg, 2000). For an effective cost leadership strategy, a firm must have a large market share (Hyatt, 2001). There are many areas to achieve cost leadership such as mass production, mass distribution, economies of scale, technology, product design, input cost, capacity utilization of resources, and access to raw materials (Malburg, 2000; Venu, 2001; Davidson, 2001). Porter (1985) purports only one firm in an industry can be the cost leader (Venu, 2001) and if this is the only difference between a firm and competitors, the best strategic choice is the low cost leadership role (Malburg, 2000).

Lower costs and cost advantages result from process innovations, learning curve benefits, economies of scale, product designs reducing manufacturing time and costs, and reengineering activities. A low-cost or cost leadership strategy is effectively implemented when the business designs, produces, and markets a comparable product more efficiently than its competitors. The firm may have access to raw materials or superior proprietary technology which helps to lower costs.

Firms do not have to sacrifice revenue to be the cost leader since high revenue is achieved through obtaining a large market share (Porter, 1979, 1987, 1996; Bauer and Colgan, 2001). Lower prices lead to higher demand and, therefore, to a larger market share (Helms et al., 1997). As a low cost leader, an organization can present barriers against new market entrants who would need large amounts of capital to enter the market (Hyatt, 2001). The leader then is somewhat insulated from industry wide price reductions (Porter, 1980; Hlavacka et al., 2001; Malburg, 2000). The cost leadership strategy does have disadvantages. It creates little customer loyalty and if a firm lowers prices too much, it may lose revenues (Cross, 1999).

2.3.2 Differentiation Strategy

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 (Porter, 1996; Bauer and Colgan, 2001; Hlavacka et al., 2001). Since, the product or service is unique; this strategy provides high customer loyalty (Porter, 1985; Hlavacka et al., 2001; Cross, 1999).

Product differentiation fulfils 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; Davidson, 2001). 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; Troy, 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 perceives a differentiated product or service as being unique, they are loyal to the company and willing to pay the higher price for its products (Hlavacka et al., 2001; Venu, 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).

2.3.3 Focus Strategy

In the focus strategy, a firm targets a specific segment of the market (Davidson, 2001; Porter, 1979, 1987, 1996; Bauer and Colgan, 2001; Cross, 1999; Hlavacka et al., 2001; Hyatt, 2001). The firm can choose to focus on a select customer group, product range, geographical area, or service line (Hyatt, 2001; Venu, 2001; Darrow et al., 2001; McCracken, 2002). For example, some European firms focus solely on the European market (Stone, 1995). Focus also is based on adopting a narrow competitive scope within an industry. Focus aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors. These niches arise from a number of factors including geography, buyer characteristics, and product specifications or requirements.

A successful focus strategy (Porter, 1980) depends upon an industry segment large enough to have good growth potential but not of key importance to other major competitors. Market penetration or market development can be an important focus strategy. Midsize and large firms use focus-based strategies but only in conjunction with differentiation or cost leadership generic strategies. But, focus strategies are most effective when consumers have distinct preferences and when the niche has not been pursued by rival firms (David, 2000).

2.3.4 Differentiation-Focus Strategy

In the differentiation focus strategy, a business aims to differentiate within just one or a small number of target market segments (Porter. 1996. The special customer needs of the segment mean that there are opportunities to provide products that are clearly different from competitors who may be targeting a broader group of customers. The important issue for any business adopting this strategy is to ensure that customers really do have different needs and wants - in other words that there is a valid basis for differentiation - and that existing competitor products are not meeting those needs and wants.

2.3.5 Combination

An organization may also choose a combination strategy by mixing of the aforementioned generic strategies. For example, a firm may choose to have a focused differentiation strategy. This means the organization has a unique product offered to a targeted market segment. An organization may also choose to have a focused cost-leadership strategy. In this instance, an organization would use a cost leadership strategy targeted to a specific market segment.

There is much debate as to whether or not a company can have a differentiation and low-cost leadership strategy at the same time (Helms et al., 1997). Porter, (1980) felt differentiation and cost-leadership were mutually exclusive. However, research shows this is not the case (Gupta, 1995; Hall, 1983; Miller, 1998; Johnson and Scholes, 1993; Fuerer and Chaharbaghi, 1997, Hlavacka et al., 2001).

Kumar et al. (1997) in their study of generic strategies used in the hospital industry found when hospitals follow a focused cost leadership hybrid strategy they exhibit higher performance than those following either cost leadership or differentiation alone. Similarly in their research on the UK wine industry, Richardson and Dennis (2003) found the hybrid focused differentiation approach was best for niche segments. Spanos et al. (2004) studied the Greek manufacturing industry and found hybrid strategies were preferable to pure strategies.

According to Porter (Argyres and McGaha, 2002), lower cost and differentiation are directly connected with profitability. As research addressed the relationship between strategy and performance, some studies concluded only "pure" strategies (i.e. generic strategies of cost leadership or differentiation) resulted in superior performance, while other research found combination strategies (i.e. low-cost and differentiation) were optimal.

CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction

The methodology of this research included the population to be studied and sampling strategy, the data collection process, the instruments to be used for gathering data, and how data were analyzed and presented.

3.1: Research Design

This study adopted a descriptive survey. According to Gay (1987), a descriptive research design is a process of collecting data in order to test hypothesis or to answer questions concerning the current status of the subjects in the study. The design is normally used when the population of study is not very large as in this case. Thus, it was possible to get results that showed a feel of the whole industry.

3.2: Population of the Study

The population of the study consisted of all FM radios operating in Nairobi as on August 30th 2008. There are 35 FM radio stations in Nairobi as shown in Appendix II. These radio stations were classified in terms of their regional reach as local, national or regional; and in terms of the language used to broadcast as English, Kiswahili, or ethnic languages. This being a census all the FM stations were included in the studies. Thus all 35 FM radio stations in Nairobi were studied.

3.3: Data Collection

3.3.1: Data collection tools

The study used primary data and secondary data. Primary data were collected using semi-structured questionnaires addressed to the marketing managers, while secondary data were in form of literature review. The questionnaire was designed to address the research questions. The questionnaire was divided into two sections; A & B. Section A addressed the general information about the FM radios. Section B addressed the competitive strategies adopted by FM radio stations in Nairobi and factors influencing adoption of the competitive strategies.

3.3.2: Data Collection Procedure

Primary data were collected from the marketing managers of the radio stations, using structured questionnaires. Drop-and-pick later method was used to administer the questionnaires. The questionnaire contained both structured and close questions as well as open ended questions. These types of questions were accompanied by a list of possible alternatives from which respondents are required to select the answer that best described their situation.

The main advantage of close ended questions is that they are easier to analyse since they are in an immediate usable form. They are also easy to administer because each item is followed by an alternative answer and are economical to use in terms of time saving.

3. 4 Analysis

Data was analyzed using descriptive statistics such as frequencies, percentages and cross tabulations. The basis of using descriptive approach was to give a basis for determining the weights of the variables under the study. The findings were presented using tables for easier interpretation.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

The research objective was to establish competitive strategies adopted by FM radio stations in Nairobi and to identify the factors that influence radio stations to adopt their chosen competitive strategies. This section presents the analysis and findings from the primary data that was gathered from the respondents. All completed questionnaires were edited for completeness and consistency. Summaries of data findings together with interpretations have been presented by use of percentages, frequencies and tables.

4.2 Profile of the Respondent

4.2.1: Name of FM station and Year of operation Cross tabulation

Name of FM station		Years of operation			Total
		0 - 5	5 - 10	Above 10	
Easy	Count	1	0	0	1
	% within name of FM station	100.0%	.0%	.0%	100.0%
Capital	Count	0	0	1	1
	% within name of FM station	.0%	.0%	100.0%	100.0%
Chamge FM	Count	0	1	0	1
	% within name of FM station	.0%	100.0%	.0%	100.0%
Citizen	Count	0	0	1	1
	% within name of FM station	.0%	.0%	100.0%	100.0%
Classic 105	Count	0	1	0	1
	% within name of FM station	.0%	100.0%	.0%	100.0%
Coro FM	*Count*	*0*	*1*	*0*	*1*
	% within name of FM station	.0%	100.0%	.0%	100.0%

Family FM	Count	0	0	1	1
	% within name of FM station	.0%	.0%	100.0%	100.0%
Homeboyz	Count	1	0	0	1
	% within name of FM station	100.0%	.0%	.0%	100.0%
Hope FM	Count	1	0	0	1
	% within name of FM station	100.0%	.0%	.0%	100.0%
Hot 96	Count	1	0	0	1
	% within name of FM station	100.0%	.0%	.0%	100.0%
Inooro Fm	Count	0	0	1	1
	% within name of FM station	.0%	.0%	100.0%	100.0%
Iqra FM	Count	1	0	0	1
	% within name of FM station	100.0%	.0%	.0%	100.0%
Kameme FM	Count	0	0	1	1
	% within name of FM station	.0%	.0%	100.0%	100.0%
Kass FM	Count	1	0	0	1
	% within name of FM station	100.0%	.0%	.0%	100.0%
KBC English service	Count	0	0	1	1
	% within name of FM station	.0%	.0%	100.0%	100.0%
KBC Kiswahili service	Count	0	0	1	1
	% within name of FM station	.0%	.0%	100.0%	100.0%
Radio Umoja	Count	0	1	0	1
	% within name of FM station	.0%	100.0%	.0%	100.0%
Koch FM	Count	1	0	0	1
	% within name of FM station	100.0%	.0%	.0%	100.0%
Radio Simba	Count	1	0	0	1
	% within name of FM station	100.0%	.0%	.0%	100.0%

Love 316	Count	1	0	0	1
	% within name of FM station	100.0%	.0%	.0%	100.0%
Milele FM	Count	1	0	0	1
	% within name of FM station	100.0%	.0%	.0%	100.0%
Mulembe FM	Count	1	0	0	1
	% within name of FM station	100.0%	.0%	.0%	100.0%
Musyi FM	Count	0	1	0	1
	% within name of FM station	.0%	100.0%	.0%	100.0%
Egesa FM	Count	1	0	0	1
	% within name of FM station	100.0%	.0%	.0%	100.0%
Ramogi FM	Count	1	0	0	1
	% within name of FM station	100.0%	.0%	.0%	100.0%
Radio Waumini	Count	1	0	0	1
	% within name of FM station	100.0%	.0%	.0%	100.0%
Metro FM	Count	1	0	0	1
	% within name of FM station	100.0%	.0%	.0%	100.0%
Kiss FM	Count	1	0	0	1
	% within name of FM station	100.0%	.0%	.0%	100.0%
Q FM	Count	1	0	0	1
	% within name of FM station	100.0%	.0%	.0%	100.0%
Radio Veba	Count	1	0	0	1
	% within name of FM station	100.0%	.0%	.0%	100.0%
Total	Count	18	5	7	30
	% within name of FM station	60.0%	16.7%	23.3%	100.0%

Source: Researcher, 2009

The demographic profile of the respondent's, that is, the number of years of operations of FM stations indicated that majority 60% of the stations (eighteen) have been in operation for less than five years. 16.7% of the FM stations have been in operation for a period ranging from five to ten years while the rest 23.3% have been in operation for more than ten years. The longest FM stations in the operation are KBC Kiswahili service and English service which have been operating for a period of 46 years.

4.2.2 Number of employees.

The number of employees in each FM station was analyzed to determine the general classification of the companies. The stations were categorized into two categories as shown in table 4.2, that is, FM stations with employees below 500 employees and between 501-1000 employees' .The findings shows that 90% of the FM stations have below 500 employees while 10% had above 500 employees. Of those who had more than 500 employees were Citizen, KBC English and Kiswahili service.

Table 4.2.2 Name of FM station and Number of employees Cross tabulation

Name of FM station		Number of employees		Total
		100-500	501-1000	
Easy	Count	1	0	1
	% within name of FM station	100.0%	.0%	100.0%
Capital	Count	1	0	1
	% within name of FM station	100.0%	.0%	100.0%
Chamge FM	Count	1	0	1

		% within name of FM station	100.0%	.0%	100.0%
	Citizen	Count	0	1	1
		% within name of FM station	.0%	100.0%	100.0%
	Classic 105	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%
	Coro FM	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%
	Family FM	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%
	Homeboyz	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%
	Hope FM	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%
	Hot 96	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%
	Inooro Fm	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%
	Iqra FM	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%
	Kameme FM	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%

	Kass FM	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%
	KBC English service	Count	0	1	1
		% within name of FM station	.0%	100.0%	100.0%
	KBC Kiswahili service	Count	0	1	1
		% within name of FM station	.0%	100.0%	100.0%
	Radio Umoja	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%
	Koch FM	Count	1	0	1

		% within name of FM station	100.0%	.0%	100.0%
	Radio Simba	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%
	Love 316	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%
	Milele FM	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%
	Mulembe FM	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%
	Musyi FM	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%
	Egesa FM	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%
	Ramogi FM	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%
	Radio Waumini	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%
	Metro FM	Count	1	0	1

		% within name of FM station	100.0%	.0%	100.0%
	Kiss FM	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%
	Q FM	Count	1	0	1
		% within name of FM station	100.0%	.0%	100.0%
Total		Count	26	3	29
		% within name of FM station	90.0%	10.0%	100.0%

Source: Author, 2009

4.3 Competitive Strategies adopted by FM Stations

Porter (1996) asserts that strategy is creating a fit among company's activities. The success of a strategy is doing many things well not just a few and integrating them. The organization activities include its effective interaction with its environment in that these activities are geared towards serving external environment. The competitive strategies adopted by FM stations were cross tabulated against the number of employees by using frequencies and percentages.

Table 4.3.1: Number of years of operation the station has employed focus/ niche strategies Cross tabulation

Year of operation		The station has employed focus/ niche strategies					Total
		Strongly agree	Agree	Moderately agree	Disagree	Strongly disagree	
0 – 5	Count	6	4	1	1	6	18
	% within Year of operation	33.3%	22.2%	5.6%	5.6%	33.3%	100.0%
5 - 10	Count	1	2	1	1	0	5
	% within Year of operation	20.0%	40.0%	20.0%	20.0%	.0%	100.0%
Above 10	Count	3	1	1	0	2	7
	% within Year of operation	42.9%	14.3%	14.3%	.0%	28.6%	100.0%
Total	Count	10	7	3	2	8	30
	% within Year of operation	33.3%	23.3%	10.0%	6.7%	26.7%	100.0%

Source: Researcher, 2009

The findings indicated that FM stations with over 10 year of operations strongly agree with the use of focus/niche strategies as compared to those with less than 10 years. in general 33.3% of the FM stations strongly support the use of focus/niche strategies, 23.3% agree, 10% moderately agree while significant 26.7% of the FM stations strongly disagree with the employment of focus/niche strategies. The focus/niche strategy has been adopted by most of vernacular FM stations. This allows them to focus on a particular community. The same has been used by Citizen group to set up vernacular stations for various local languages in the country.

Table 4.3.2: Number of years of operation the station has employed differentiation strategies Cross tabulation

Year of operation		The station has employed differentiation strategies				Total
		Strongly agree	Agree	Disagree	Strongly disagree	
0 – 5	Count	3	6	6	3	18
	% within Years of Operation	16.7%	33.3%	33.3%	16.7%	100.0%
5 - 10	Count	3	0	2	0	5
	% within Years of Operation	60.0%	.0%	40.0%	.0%	100.0%
Above 10	Count	2	1	0	4	7
	% within Years of Operation	28.6%	14.3%	.0%	57.1%	100.0%
Total	Count	8	7	8	7	30
	% within Years of Operation	26.7%	23.3%	26.7%	23.3%	100.0%

Source: Researcher, 2009

The analysis from table 4.3.2 shows that 50% (26.7% strongly agree and 23.3% agree) were of the opinion that FM stations have been employing differentiation strategies in their services. At the same time 50% were of different opinion, that is, 26.7% and 23.3% disagree and strongly disagree with employment of the concept of differentiation strategies in the radio industry.

Table 4.3.3: Number of years of operation the station has employed low cost strategies Cross tabulation

Year of operation		The station has employed low cost strategies					Total
		Strongly agree	Agree	Moderately agree	Disagree	Strongly disagree	
0 – 5	Count	3	3	6	4	2	18
	% within Years Of operation	16.7%	16.7%	33.3%	22.2%	11.1%	100.0%
5 - 10	Count	0	1	2	1	1	5
	% within Years of operation	.0%	20.0%	40.0%	20.0%	20.0%	100.0%
Above 10	Count	1	2	2	1	1	7
	% within Years of operation	14.3%	28.6%	28.6%	14.3%	14.3%	100.0%
Total	Count	4	6	10	6	4	30
	% within Years of operation	13.3%	20.0%	33.3%	20.0%	13.3%	100.0%

Source: Researcher, 2009

The opinion of the respondents in terms of employing low cost strategies was normally distributed, that is majority (33.3%) were of moderately usage, with 13.3% at strongly agree/strongly disagree and 20%at agree/ disagree. of the FM stations which apply this strategy, it is normally offered on the cost of advertisement, that is, some stations offer price their advertisements cost lower than the market leaders.

Table 4.3.4: Number of years of operation the station has employed a combination of competitive strategies Cross tabulation

Year of operation		The station has employed a combination of competitive strategies					Total
		Strongly agree	Agree	Moderately agree	Disagree	Strongly disagree	
0 – 5	Count	5	2	5	4	2	18
	% within Years of operation	27.8%	11.1%	27.8%	22.2%	11.1%	100.0%
5 - 10	Count	0	2	1	2	0	5
	% within Years of operation	.0%	40.0%	20.0%	40.0%	.0%	100.0%
Above 10	Count	2	2	1	0	2	7
	% within Years of operation	28.6%	28.6%	14.3%	.0%	28.6%	100.0%
Total	Count	7	6	7	6	4	30
	% within Years of operation	23.3%	20.0%	23.3%	20.0%	13.3%	100.0%

Source: Researcher, 2009

Combination of strategies was widely used by majority of the FM stations, that is, 66.6% of the FM stations agree that they employ a combination of strategies. On the other hand a significant percentage of 33.3% of the FM stations were of the opinion that combination of strategies is not widely used.

Table 4.3.5: Number of years of operation Competition is highly perceived among radio stations in Kenya Cross tabulation

Year of operation		Competition is highly perceived among radio stations in Kenya			Total
		Agree	Disagree	Strongly disagree	
0 – 5	Count	5	1	12	18
	% within Year of operation	27.8%	5.6%	66.7%	100.0%
5 - 10	Count	2	2	1	5
	% within Year of operation	40.0%	40.0%	20.0%	100.0%
Above 10	Count	1	1	5	7
	% within Year of operation	14.3%	14.3%	71.4%	100.0%
Total	Count	8	4	18	30
	% within Year of operation	26.7%	13.3%	60.0%	100.0%

Source: Researcher, 2009

As shown in table 4.3.5 above only 26.7% of the FM stations agreed that competition has been highly perceived among radio stations in Kenya, while the remaining 73.3% were of the opinion that there was no high perceived competition among radio stations in Kenya.

Table 4.3.6: Number of years of operation majority of programs target a specific target audience Cross tabulation

Year of operation		Majority of programs target a specific target audience					Total
		Strongly Agree	Agree	Moderately agree	Disagree	Strongly disagree	
0 – 5	Count	5	5	1	1	6	18
	% within Years of operation	27.8%	27.8%	5.6%	5.6%	33.3%	100.0%
5 - 10	Count	2	1	1	1	0	5
	% within Years of operation	40.0%	20.0%	20.0%	20.0%	.0%	100.0%
Above 10	Count	3	1	0	0	3	7
	% within Years of operation	42.9%	14.3%	.0%	.0%	42.9%	100.0%
Total	Count	10	7	2	2	9	30
	% within Years of operation	33.3%	23.3%	6.7%	6.7%	30.0%	100.0%

Source: Researcher, 2009

Programmes aired by FM stations are generally meant for the general public, with very few programmes tailored towards specific audience. This has been confirmed by the finding which indicates that, 33.3% of the respondents strongly agree that majority of programs target a specific target audience. On the other hand 36.7% of the respondents disagree with the statement.

Table 4.3.7: Number of years of operation the Radio station has adopted divergent programs and has introduced target promotional events as a competitive strategy

Year of operation		The Radio station has adopted divergent programs and has introduced target promotional events as a competitive strategy					Total
		Strongly agree	Agree	Moderately agree	Disagree	Strongly disagree	
0 – 5	Count	6	5	2	1	4	18
	% within Years of operation	33.3%	27.8%	11.1%	5.6%	22.2%	100.0%
5 - 10	Count	2	0	0	1	1	5
	% within Years of operation	40.0%	.0%	.0%	20.0%	20.0%	100.0%
Above 10	Count	2	2	1	0	1	7
	% within Years of operation	28.6%	28.6%	14.3%	.0%	14.3%	100.0%
Total	Count	10	7	3	2	6	30
	% within Years of operation	33.3%	23.3%	10.0%	6.7%	20.0%	100.0%

Source: Researcher, 2009

Adoption of divergent programs ensures that customers' different needs and wants are satisfied. The findings indicate that majority of the FM stations actually embrace this strategy, that is, 66.3% of the respondents agreed that Radio station has adopted divergent programs and has introduced target promotional events as a competitive strategy. However 20% strongly disagree with the statement.

4.4 Focus Strategies

Focus strategies are most effective when consumers have distinct preferences and when the niche has not been pursued by rival firms. The respondents were asked to give their opinion of the concept of focus strategies in the radio industry in Kenya.

Table 4.4.1: Focus strategies

Focus strategies		Strongly agree	Agree	Moderately agree	Disagree	Strongly disagree	Total
The firm has opened up more branches across the country to reach more customers	Count	8	10	2	4	6	30
	% within	26.7%	33.3%	6.7%	13.3%	20.0%	100.0%
The firm has introduced a wide range of products so as to serve customers conveniently	Count	6	10	6	2	6	30
	% within	20.0%	33.3%	20.0%	6.7%	20.0%	100.0%
The firm has a variety of entertainment to choose from	Count	13	4	4	5	4	30
	% within	43.3%	13.3%	13.3%	16.7%	13.3%	100.0%
The firm operates late all day and night	Count	10	4	7	2	7	30
	% within	33.3%	13.3%	23.3%	6.7%	23.3%	100.0%
FM radio has adopted differentiation strategies as their marketing strategy	Count	9	2	10	5	4	30
	% within	30.0%	6.7%	33.3%	16.7%	13.3%	100.0%
Product differentiation is highly used as a market strategy	Count						
	% within	30	100.0%	0	.0%	30	100.0%
Product differentiation is highly used as a market strategy	Count	7	2	7	6	8	30
	% within	23.3%	6.7%	23.3%	20.0%	26.7%	100.0%

Source: Researcher, 2009

The results shows that the respondents identified only three focus strategies as the most common and agreeable a cross the industry, that is their FM stations have put in place the following focus strategies; the firm has opened up more branches across the country to reach more customers (60% strongly agree to agree), the firm has a variety of entertainment to choose from (56.6% strongly agree to agree), the firm has introduced a wide range of products so as to serve customers conveniently (53.3% strongly agree to agree).

4.5: Dimensions of Low Cost Strategies

Low-cost strategy focus on low-cost manufacturing, workforce committed to the low-cost strategy, willingness of an organization to discontinue any activities in which they do not have a cost advantage and outsourcing of activities to other organizations with a cost advantage. The respondents were asked to show the strategies that their FM stations has adopted in its positioning. The respondents' opinions were cross tabulated against the number of years in operation.

Table 4.5.1: The FM radio has adopted successful low cost strategy for its products

Year of operation		The FM radio has adopted successful low cost strategy for its products					Total
		Strongly Agree	Agree	Moderately agree	Disagree	Strongly disagree	
0 – 5	Count	2	8	6	1	1	18
	% within Year Of operation	11.1%	44.4%	33.3%	5.6%	5.6%	100.0%
5 - 10	Count	0	2	2	1	0	5
	% within Year Of operation	.0%	40.0%	40.0%	20.0%	.0%	100.0%
Above 10	Count	0	3	2	1	1	7
	% within Year Of operation	.0%	42.9%	28.6%	14.3%	14.3%	100.0%
Total	Count	2	13	10	3	2	30
	% within Year Of operation	6.7%	43.3%	33.3%	10.0%	6.7%	100.0%

Source: Researcher, 2009

Majority of the FM stations (83.3%) have adopted low cost strategy for their products. This strategy was more embraced by FM stations that have been in operation between zero to 5 years. Of the FM stations that have been in operation for above 10 years 28.3% disagree with the adoption of low cost strategy for their products.

Table 4.5.2: Strategies contribute to the market positioning against competitors for your radio station

Year of operation		Strategies contributes to the market positioning against competitors for your radio station					Total
		Strongly Agree	Agree	Moderately agree	Disagree	Strongly disagree	
0 – 5	Count	1	7	9	1	0	18
	% within Year Of operation	5.6%	38.9%	50.0%	5.6%	0%	100.0 %
5 - 10	Count	0	1	3	1	0	5
	% within Year Of operation	.0%	20.0%	60.0%	20.0%	0%	100.0 %
Above 10	Count	1	2	2	2	0	7
	% within Year of operation	14.3%	28.6%	28.6%	28.6%	0%	100.0 %
Total	Count	2	10	14	4	0	30
	% within Year of operation	6.7%	33.3%	46.7%	13.3%	0%	100.0 %

Source: Researcher, 2009

Market positioning is a process by which marketers try to create an image or identity in the minds of their target market for its product, brand, or organization. It is the 'relative competitive comparison' their product occupies in a given market as perceived by the target market. A strong position that targets a market niche is much more likely to help a firm make a dent in the market. It provides your business with an identity, and gives customers who are unfamiliar with the firms business a reason to consider dealing with them. It also helps the firm defending its customer base.

The findings in table 4.5.2 indicate that majority of the FM stations 46.7% (across the number of years of operation) moderately agree that Strategies contributes to the market positioning against competitors for their radio station. At the same time 33.3% of the respondents agreed with the application of the strategy at their stations. Through this strategy FM stations are able to define their market position and as a result translate to a great opening play for a new business, or a business breaking into a new market.

Table 4.5.3: Your FM radio adopted Low cost strategies to counter other FM radio stations

Year of operation		Your FM radio adopted Low cost strategies to counter other FM radio stations					Total
		Strongly Agree	Agree	Moderately agree	Disagree	Strongly disagree	
0 – 5	Count	1	8	4	3	2	18
	% within Year of operation	5.6%	44.4%	22.2%	16.7%	11.1%	100.0 %
5 - 10	Count	1	1	2	0	1	5
	% within Year of operation	20.0%	20.0%	40.0%	.0%	20.0%	100.0 %
Above 10	Count	2	2	0	2	1	7
	% within Year of operation	28.6%	28.6%	.0%	28.6%	14.3%	100.0 %
Total	Count	4	11	6	5	4	30
	% within Year of operation	13.3%	36.7%	20.0%	16.7%	13.3%	100.0 %

Source: Researcher, 2009

Establishing a relatively low cost for a product or service, usually to stimulate demand and acquire market share. FM stations attempts to maintain a low cost base by controlling production costs, increasing their capacity utilization, economies of scale, technology, product design, learning curve benefit, work force dedicated for low cost production, reduced sales force controlling material supply or product distribution and minimizing other costs including R&D and advertising.

The findings shows that a cross the number of years of operation 36.7% of the respondents agreed that their FM stations have adopted Low cost strategies to counter other FM radio stations. Specifically majority of the FM stations with operation years of less than 5 years have significantly adopted the strategy. On average 70 %(strongly agree to moderately agree) of all, the respondents were of the opinion that low cost strategy has been put in place by their stations to counter competitors.

Table 4.5.4: Adopting combined competitive strategies

Year of operation		Adopting combined competitive strategies					Total
		Strongly Agree	Agree	Moderately agree	Disagree	Strongly disagree	
0 – 5	Count	6	5	5	2	0	18
	% within Year of operation	33.3%	27.8%	27.8%	11.1%	0%	100.0 %
5 - 10	Count	1	2	1	1	0	5
	% within Year of operation	20.0%	40.0%	20.0%	20.0%	0%	100.0 %
Above 10	Count	4	1	1	1	0	7
	% within Year of operation	57.1%	14.3%	14.3%	14.3%	0%	100.0 %
Total	Count	11	8	7	4	0	30
	% within Year of operation	36.7%	26.7%	23.3%	13.3%	0%	100.0 %

Source: Researcher, 2009

Combination of strategies offers added advantage to the operations of FM stations. The results indicate that FM stations who have been operating for more than 10 years strongly agree with the adoption of combined competitive strategies, 40% of the FM stations with 5 to 10 years of operations agree with the combination of strategies, while 33.3% of the FM stations with less than 5 years of operations strongly agree with the same. Generally, 86.7% of the respondents' adoption of combined strategies while only 13.3% disagreeing with the same.

4.6: Combination of Generic Strategies

The respondents were to give their independent opinion on the strategy/strategies that their FM stations had adopted in its positioning in a five point Likert scale. The range was 'strongly agree (1)' to 'strongly disagree' (5). The scores of strongly agree/agree have been taken to present a variable which had mean score of 0 to 2.5 on the continuous Likert scale ;($0 \leq$ S.E <2.4). The scores of 'moderate agree have been taken to represent a variable with a mean score of 2.5 to 3.4 pm the continuous Likert scale: $2.5 \leq$ M.E. <3.4) and the score of disagree/strongly disagree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; $3.5 \leq$ L.E. <5.0). A standard deviation of >1.5 implies a significant difference on the impact of the variable among respondents.

Table 4.5.5: Adoption of combined competitive strategies

	Mean	Std. Deviation
Adopting combined competitive strategies	2.1333	1.07425
Market positioning against competitors	2.5667	1.43078
Various external factors have influenced adoption of a combination of strategies in the station	3.2333	1.47819
Classification of clients into various segments (similar customers with similar needs)	3.0667	1.31131
Use of various techniques to identify customer segments and predict their needs	3.0000	.94686
Profiling the customers and tailors products to meet their specific needs	2.5000	1.10641
Setting aside firms to cater for specific client segments	2.9667	1.58622
Advertising as the only means of promotion that the firm utilizes	2.7000	1.48904
Investing more in the sales force in order to increase turnover	2.5667	1.43078
Reduction on its expenditure on charity activities in the society as this is a waste of resources	2.8000	1.29721
Publicity is never used as a way of promoting the products	2.9000	1.66816

Source: Researcher, 2009

The findings above show that only adopting combined competitive strategies had a mean ranking of 2.1333 with a standard deviation of 1.07425. This shows that majority of the FM stations strongly agree that they have adopted a combination of strategies. The rest of the strategies were classified as having been moderately been adopted by all the FM stations.

The respondents' opinion did not vary much in most of the predetermined strategies except the strategy of setting aside firms to cater for specific client segments which had a standard deviation of 1.58622; this shows that the strategies used across the FM station are common.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings of the study; in addition it also presents the conclusions and recommendations of the study. The findings of the study are summarized according to the objectives set.

5.2 Summary of findings

The objective of the study was to determine the competitive strategies that FM radio stations in Nairobi employ in their operations, in addition, the study also set to determine the factors that influence radio stations to adopt the strategies.

The demographic findings on general information of the respondents indicate that majority (60%) of the stations (eighteen) have been in operation for less than five years. 16.7% of the FM stations have been in operation for a period ranging from five to ten years while the rest 23.3% have been in operation for more than ten years. The longest FM stations in the operation are KBC Kiswahili service and English service which have been operating for a period of 46 years. Most common period of zero to 5 years of operation was in line with the liberalisation of air waves in 2002, this saw the establishment of many FM stations.

Most stations (90%) had below 500 employees while 10% had above 500 employees. Of those who had more than 500 employees were Citizen, KBC English and Kiswahili service. Employee size (less than 500 employees), was attributed to the fact that the majority are small and have yet to roll out their services nationally

Cross tabulation of number of employees against competitive Strategies adopted by FM Stations, indicated that; focus/ niche strategies, differentiation strategies, use of combination of strategies and programs targeting a specific target audience were the commonly used competitive strategies amongst the FM stations. On the other hand the respondents were of the opinion that there was no high perceived competition among radio stations in Kenya.

Three focus strategies identified respondents as the most common and agreeable a cross the industry, that is their FM stations have put in place the following focus strategies; the firm has opened up more branches across the country to reach more customers, the firm has a variety of entertainment to choose from and the firm has introduced a wide range of products so as to serve customers conveniently.

The low cost strategy used by various radio stations. The entire predetermined low cost strategies have been adopted by FM stations. Specifically stations with less than five years of operation have adopted successfully low cost strategy as compared to those with over five years of operation.

Combination of generic strategies indicated that only adopting combined competitive strategies was applicable to the great extent amongst all the FM stations. The rest of the strategies were classified as having been moderately been adopted by all the FM stations.

5.3 Conclusion

The study set to determine the competitive strategies adopted by FM radio stations in Nairobi and the factors that influence their choice of the strategies. Based on the findings of the study, it can be concluded that FM stations employ various strategies such as low cost strategy to beat their competitors. The FM stations also use differentiation strategy to create a market position in the ever growing competition.

5.4 Recommendations

In line with the findings of the study, the study recommends that successful FM stations should ensure their products are differentiated enough to be able to distinguish them from other competitors. In addition, the study recommends that to overcome impediments in their operations, they must put in place strong strategies that achieve success.

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APPENDICES

Appendix I: Research Questionnaire

SECTION A: GENERAL INFORMATION

1. Name of FM Radio ....

2. Years in operation...

3. Number of employees.

   a. 100 – 500
   b 501 – 1000
   c 1001 – 1500
   d 1501 – 2000
   e Above 2001...

4. Rage of products / programmes offered

   (i) News broadcasting.
   (ii) Advertisement.
   (iii) Interviews
   (iv) Promotions.
   (v) Entertainments
   (vi) Interactive programmes
   (vii) Education programmes
   (viii) Others

SECTION B: COMPETITIVE STRATEGIES

Scale:

1. Strongly agree
2. Agree
3. Moderate
4. Disagree.
5. Strongly disagree

1. The table below shows competitive strategies adopted by firms. To what extent do you agree to the strategy/ strategies that your FM has adopted in its positioning.

Competitive Strategy	1	2	3	4	5
The station has employed focus/ niche strategies					
The station has employed differentiation strategies					
The station has employed low cost strategies					
The station has employed a combination of competitive strategies					
Competition is highly perceived among radio stations in Kenya.					
Majority of programs target a specific target audience					
The Radio station has adopted divergent programs and has introduced target promotional events as a competitive strategy					

FOCUS STRATEGIES

2. To what extent do you agree with the following statements?

Focus Strategy/ Differentiation strategies	1	2	3	4	5
The firm has opened up more branches across the country to reach more customers.					
The firm has introduced a wide range of products so as to serve customers conveniently.					
The firm has a variety of entertainment to choose from					
The firm operates late all day and night.					
FM radio has adopted differentiation strategies as their marketing strategy.					
Product differentiation is highly used as a market strategy					

18 DIMENTIONS OF LOW COST STRATEGIES

3. The table below shows Low cost strategies adopted by firms. Tick the strategy/ strategies that your FM has adopted in its positioning.

LOW COST STRATEGIES	1	2	3	4	5
The FM radio has adopted successful low cost strategy for its products					
Strategy/ies contributes to the market positioning against competitors for your radio station					
Your FM radio adopted Low cost strategies to counter other FM radio stations					

19 SECTIONS D: COMBINATION OF GENERIC STRATEGIES

4. The table below shows combination of generic strategies adopted by firms. Tick the strategy strategies that your FM has adopted in its positioning.

COMBINATION OF GENERIC STRATEGIES	1	2	3	4	5
The FM Radio has adopted combined competitive strategies					
The FM radio has a combination of the strategies that has contributed to the market positioning against competitors					
Various external factors have influenced adoption of a combination of strategies in the station					
The firm classifies clients into various segments (similar customers with similar needs)					
The firm uses various techniques to identify customer segments and predict their needs					
The firm profiles the customers and tailors products to meet their specific needs					
There are divisions within the firm that are designed to cater for specific client segments					
Advertising is the only means of promotion that the firm utilizes.					
The firm has invested more in the sales force in order to increase turnover					
The firm has significantly reduced its expenditure on charity activities in the society as this is a waste of resources.					
Publicity is never used in the firm as a way of promoting our products.					

Thank you for your time and cooperation.

Appendix II: FM Radio Stations in Nairobi

1. Easy FM 500
2. KISS FM
3. Capital FM
4. Chamge FM
5. China Radio International
6. Citizen Radio 500
7. Classic 105
8. Coro FM
9. East FM
10. Bibilia Husema
11. Family FM
12. Ghetto Radio
13. Homeboyz Radio
14. Hope FM
15. Hot 96
16. Inooro FM
17. IQRA
18. Kameme FM
19. Kass FM
20. KBC English Service
21. KBC Kiswahili Service
22. Radio Veba
23. Radio Umoja
24. Koch FM
25. Radio Simba
26. Love 316
27. Milele FM
28. Mulembe FM
29. Musyi FM
30. Egesa FM

31. Ramogi FM
32. Radio Waumini
33. Metro FM
34. Q FM
35. Radio Star