COMPETITIVE STRATEGIES AND PERFORMANCE OF THE LARGE KENYAN MEDIA HOUSES

BY

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DECLARATION

I declare that this project is my original work and has not been submitted to any other college or university for academic purpose.

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

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DEDICATION

The Project is affectionately dedicated to my loving husband Henry, my two sons Sean and Ryan, my parents and my sister Peninnah. There is no doubt in my mind that without their love and continued support and inspiration this project would not have been made possible. My heartfelt awe and love to all of you!

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ABBREVIATIONS AND ACRONYMS

BBC	:	British Broadcasting Corporation
CCK	:	Communications Commission of Kenya
HR	:	Human Resources
IT	:	Information Technology
OP	:	Organizational Performance
R&D	:	Research and Development
RBV	:	Resource-Based View
R-A	:	Resource Advantage Theory
SPSS	:	Statistical Package for Social Sciences
TV	:	Television
MCK	:	Media Council of Kenya
GST	:	General Systems Theory

ABSTRACT

Competitive strategy is about achieving competitive advantage over competitors. Ideally, the firm should seek to try to achieve some position that is difficult or impossible for rivals to imitate. The essence of formulating competitive strategy is relating a company to its environment. Although the relevant environment is very broad, encompassing social as well as economic forces, the key aspect of firms environment is the industry or the industry it competes with. Industry structure has a strong influence in determining the competitive rules of the game as well as the strategies potentially available to the firm. Forces outside the firm are significant primarily in a relative sense; since outside forces usually affect all firms in the industry, the key is found in the differing ability of firms to deal with them. Media industry in Kenya has witnessed exponential growth with creation of more radio stations, television channels, newspapers and magazines. The users benefit from a drop in prices and a concomitant rise in quality. Mobile and internet services have enabled journalists to easily access information. This has increased pressure on competition among the media houses compelling managers of media houses to set some strategies to enable them survive the changing media competition environment. This study sought to determine the competitive strategies used by the large Kenyan media houses and their effectiveness in improving the performance of the media houses. This was achieved through a cross sectional research. Data was collected using questionnaires distributed to the media staff in the six largest media houses in Kenya. The data was coded and analysed using descriptive statics which included mean standard deviation, percentages and frequencies. Inferential statistics were also used by the researcher to test the correlation and the effect of the strategies on the performance of the media houses. The study found that adopting competitive strategies improved the performance of the media houses. The strengthening of internal control systems, optimizing prices, speedy delivery of information, tailoring promotions and segmenting markets were effective in improving the performance of the media houses. Large Kenya media houses that adopt intensive competitive strategies tend to have superior performance despite the dynamic media industry, so there is a positive relationship between pursuing competitive strategies and the performance of the large Kenyan media houses. The pricing strategy and the type of market affect the performance of the media houses hence the regulatory bodies have to monitor the operations of the media houses. The study provides empirical support for the resource based view, that performance of firm lies in the application of the resources available at firms disposal and adds more knowledge on the Open system theory which holds that firms are strongly influenced by the external environment. The study recommended that managers in the media houses employ clear processes which prevent unwarranted losses in the media houses. The study also recommended that more training be done to the media staff to catch up with the changing technologies and new ways of doing broadcast.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Today's dynamic markets and technologies have kept companies at ease in maintaining competitiveness. Under pressure to improve productivity, quality and speed, managers have embraced tools such as total quality management, benchmarking, and reengineering resulting in a dramatic operational improvement but rarely have these gains translated into sustainable profitability. According to Porter and Millar (1985), a firm develops its business strategies to obtain competitive advantage. To succeed, firms must adopt competitive strategies that are able to offer competitive advantage. The essence of strategy is choosing a unique and valuable position rooted in systems of activities that are much more difficult to match, thus competitive strategy has to have this edge.

Various theories have been brought forward on competitive strategies. This study focuses on two major theories the resource based and the open system theories. The Resource based theory (Grant 2001) looks at competitiveness based on resources. Barney (2001) claims that a balance between relevance and rigor in theories of competitive strategy is most likely to be struck if separate theories are developed on the basis of each logic and further understanding of how to fruitfully move between them acquired. Open systems theory on the other hand brings the concept of how the strategies of other organizations are important to an organization such as the competitive strategies of other organizations. The number of media outlets available via cable, satellite, and the Internet have increased. In addition the media companies themselves have been growing at an unprecedented pace.

The growth in the media industry has brought increasing competition from converged market players who provide TV, telecommunications and internet services, and altering structure of the television broadcasting industry with unparalleled levels of complexity. Given that technological changes are rapid and most of the time unpredictable, one cannot rationally expect competition and regulatory authorities to correctly predict either the outcome of the current changes or the exact nature of the new challenges.

1.1.1 Concept of Competitive Strategy

The idea of competitive strategy was born from Porters argument of competition. Porter (1980) argues that a firm can achieve a higher level of performance over a rival in one of two ways: either it can supply an identical product or service at a lower cost, or it can supply a product or service that is differentiated in such a way that the customer is willing to pay a price premium that exceeds the additional cost of the differentiation. In the former case, the firm possesses a cost advantage. In the latter, the firm possesses a differentiation advantage hence developing a unique products and services in the dynamic market.

In pursuing cost advantage, the goal of the firm is to become the cost leader in its industry or industry segment. On the other hand, differentiation by a firm from its competitors is achieved when it provides something unique that is valuable to buyers beyond simply offering a low price (Porter, 1980, 1985). A firm that is competing on low cost is distinguishable from a firm that competes through differentiation in terms of market positioning, resources and capabilities, and organizational characteristics.

Porter originally viewed cost leadership and differentiation as mutually exclusive strategies. He argued that effectively implementing these generic strategies required total commitment and supporting organizational arrangements that are diluted if there is more than one primary focus. If a firm attempts to pursue both at the same time, it will result in inferior performance, so-called, “stuck in the middle” (Porter, 1980, 1985).

A cost leadership strategy is designed to produce goods or services more cheaply than competitors by stressing efficient scale of operation. When a firm designs, produces, and sells a comparable product more efficiently than its competitors as well as its market scope is industry-wide, it means that the firm is carrying out the cost leadership strategy successfully (Parnell, 2000). Firms often drive their cost lower through investments in efficient-scale facilities, tight cost and overhead control, and cost minimizations in such areas as service, selling and advertising (Porter, 1980). They often sell no-frills, standardized products to the most typical customers in the industry. Thus, the primary thing for a firm seeking competitively valuable way by reducing cost is to concentrate on maintaining efficiency through all activities in order to effectively control every expense and find new sources of potential cost reduction.

With the differentiation strategy, on the other hand, the unique attributes or perceptions of uniqueness and characteristics of a firm's product other than cost provide value to customers. The firm pursuing differentiation seeks to be unique in its industry along some dimension that is valued by customers, which means investing in product R&D and marketing (Porter, 1980). It is the ability to sell its differentiated product at a price that exceeds what was spent to create it that allows the firm to outperform its rivals and earn above-average returns.

A product can be differentiated in various ways. Unusual features, responsive customer service, rapid product innovations and technological leadership, perceived prestige and status, different tastes, and engineering design and performance are examples of approaches to differentiation (Porter, 1980). Rather than cost reduction, a firm using the differentiation needs to concentrate on investing in and developing such things that are distinguishable and customers will perceive. Overall, the essential success factor of differentiation in terms of strategy implementation is to develop and maintain innovativeness, creativeness, and organizational learning within a firm (Porter, 1985).

1.1.2 Organizational Performance

Specialists in many fields consider Organization Performance (OP) as involving strategic planners, operations, finance, legal, and organizational development. OP is an indicator which measures how well an enterprise achieves their objectives (Hamon, 2003). An organization can assess OP according to the efficiency and effectiveness of goal achievement (Robbins and Coulter, 2002).Andersen (2006) states that the concept of effectiveness is a ratio, implying that two entities are required when defining and measuring effectiveness (such as return on assets). Andersen also regards effectiveness as the degree of goal attainment (i.e. the achievement of profitability goals). In other words, OP comprises the actual output or results of an organization as measured against the intended outputs.

Schermerhorn *et al,* (2002)point out that performance refers to the quality and quantity of individual or group work achievement. Recently, OP, effectiveness, and efficiency are synonyms which are interchangeable (Hancott, 2005). Hancott further points out that a number of indicators have been adopted to measure OP since mid-1900, such as profit growth rate, net or total assets growth rate, return on sales, shareholder return, growth in market share, number of new products, return on net assets. In 1990, performance measurement incorporates other new elements, such as return on net assets and return on capital employed. Furthermore, Steer (1975) reviews 17 models of organizational effectiveness and integrated the contents of these various studies concerning the measurement of OP. After reviewing ten different types of measurement, they generalize the results into three dimensions: financial performance, business performance, and organization effectiveness.

In addition, Delaney and Huselid (1996) suggest two ways to assess OP, OP and market performance. The former concerns with product or service quality, product or service innovation, employee attraction, employee retention, customer satisfaction, management/employee relation, and employee relation; the latter concerns with organizational marketing ability, total growth in sale, and total profitability. Tippins and Sohi (2003) propose OP measures on four dimensions: relative profitability, return on investment, customer retention, and total sales growth. Padma *et al.* (2008) point out that performance indicators of an organization quantitatively represent the various organization- and market-related aspects of its products, services, resources, and productivity.

1.1.3 The Media Industry in Kenya

Kenya has a sophisticated, diverse, dynamic and lively mass media sector characterized by television, radio, print and a thriving new media such as internet and mobile telephones. The types of media can be classified broadly as private or independent media; the public state broadcaster; the private local language radio; community radio; the independent religious stations; the alternative press; international media and new media. They serve various and diverse information, education, religious, advertising and entertainment needs of various segments of their audiences in Kenya, (Steadman Group Report, 2008).

There is a tendency towards media concentration and cross-media ownership in Kenya. Though Kenya has more than seven daily newspapers, 100 radio stations,17 television stations and 13 weekly and monthly papers, the market is dominated by four groups popularly referred to as media houses (the Nation Media Group, the Standard Media Group, the Royal Media Group and Radio Africa) each combining print and broadcast media, distribution and publishing. The British Broadcasting Corporation (BBC), Deutsche Welle (DW), Radio France Presse (RFP), Voice of America (VOA) and Radio China among others foreign news agencies represent international media ownership in Kenya (Allen and Gagliardone, 2011).

The media in Kenya is regulated by a statutory body called the Media Council of Kenya. The MCK is an independent national institution established by the Media Act, 2007 as the leading institution in the regulation of media and in the conduct and discipline of journalists (Mbeke, 2008). It is mandated amongst other things to register and accredit journalists, register media establishments, handle complaints from the public and create and publish yearly media audit on the Media Freedom in Kenya. Standards of professionalism in the media vary from one organization to the next.

Generally, large media organizations such as Nation Media Group, Standard Group, Royal Media Services and Radio Africa produce products and services that indicate a high level of professionalism. The same is not necessarily the case for smaller media organizations (Ogongo 2010). The leading media in Kenya report and reflect a diversity of news from across the country. Their fare includes political, social, cultural and economic events.

The leading news organizations like Nation Media Group (NMG), the Standard Group, KBC and Royal Media Services (RMS) have regional news bureaus. However, the small media houses, especially those that run a single radio station, do not have the capacity to report events outside their usual coverage area. The tendency is to air stories already ran in other leading media or provided by foreign news agencies (Oriare, Okello-Orlale & Ugangu, 2010).

Kenya's media tend to give more priority to advertisements and materials that support commercial interests rather than news and content oriented towards development. Newspaper design appears organized to shore up corporate interests rather than public interest – they have more space for advertisements and entertainment oriented content than for anything else (Ogongo 2010). Music dominates radio airtime while movies, soap operas and soft entertainment programmes take up more airtime than news on private television stations in Kenya (Oriare, Okello-Orlale & Ugangu 2010). The focus on entertainment stems from its renown to bait, capture and deliver audiences to advertisers.

1.1.4 The Large Kenyan Media Houses

There is extensive cross-media ownership and media concentration within the market and a small, elite group dominates the newspaper, television and radio landscape. Government-owned Kenya Broadcasting Corporation (KBC) runs the widest radio and TV network in the country with more than 100 frequencies. KBC is the oldest and largest public service radio provider, with 17regional radio stations, three commercial radio stations and three TV broadcast services (Mshindi, 2008). The Nation Media Group is the most dominant private media organization in Kenya, with outlets in radio, TV, newspapers, magazines and publishing. It consists of Nation Newspapers Limited, Nation Carriers Limited, Nation Broadcasting Limited, and Nation Marketing and Publishing Company Limited.

The Royal Media Services Limited is a popular and dominant broadcasting house in Kenya, controlling Citizen TV a national TV network, and 11 FM stations across the country nine of which are vernacular radio stations. Business magnate S.K Macharia is the principal investor at Royal Media Services Limited (Mshindi, 2008). The Standard Group owns The Standard newspaper, Kenya Television Network and radio Maisha (BBC Survey,2009). Media Max on the other hand is part of TV Africa Holdings. It bought STV from renowned journalist Hilary Ng'weno in 2007. Media Max currently owns television station K24 TV, the Kikuyu language radio station Kameme FM and the People Daily newspaper. Radio Africa Group owns six radio stations; Kiss 100,Classic 105, Radio Jambo, X fm, East Fm and Relax Fm. The group also runs Kiss TV which began with broadcasting in Nairobi but it has increased coverage countrywide, and The Star newspaper, the third largest newspaper in Kenya.

1.2 Research Problem

Today, for a firm to remain competitive in the market and achieve good performance in profitability or otherwise it has to invest in good competitive strategies. This has resulted in greater attention to analyzing competitive strategies under different environmental conditions. According to Porter (1985) organizational performance and competitive advantage can be achieved through some generic strategies that require different resources, organizational arrangements, control procedures, styles of leadership, and incentive systems. The resource-based view of the firm (RBV) has emerged in recent years as a popular theory of competitive advantage which connect the firm's resources planning of the resources to achieve organizational performance. Therefore, appropriate business strategies are needed for a firm to outperform competitors and produce above average profits (Yoo, Lemak & Choi, 2006).

In recent years, Media Industry in Kenya has witnessed exponential growth with creation of more radio stations, television channels, newspapers and magazines. The users' benefit from a drop in prices and a concomitant rise in quality. Mobile and internet services have enabled journalists to easily access information. Media organizations, civil society, and others are able to publish print and audiovisual material online, so that Kenyans wherever they are can easily access media products and keep themselves informed of news in Kenya.

The ownership of large Kenyan media houses such as Nation Media group, Standard Group Royal media Services or Media Max is relatively clear as it is dominated by elite group and they are established commercial companies. These large media houses are slowly stifling diversity and plurality of opinion. This is because they command most of the audience and advertising revenue share. What is left is inadequate to support small and community media. Competition in the media industry has intensified the search for profit, concentration, and suppression of diversity and independence. This is because the large media houses own a variety of platforms, print, online, radio, and television. Also some media houses are unwilling to invest in the production of expensive local digital content simply because they give very small profit margins (Open Society Foundations report, 2013).

Internationally, several studies have been done on competitive strategies. A study by Wang and Shyu, (2008) studied the link between competitive advantage and HR management practices, and economic contribution to organizational performance. Law and Jogaratnam (2005) investigated IT applications as a competitive strategy in the Hong Kong hotel industry. A study by Phillips *et al.*, (2002) studied the relationship between competitive branding and organizational performance in Hotels while a research by Kenny (2005) on the competitiveness of monitoring the customers and monitoring the competitors found that that while most companies did a good job of monitoring customers, they did an “extremely poor” job of monitoring competitors and undertaking a structured competitive analysis.

There has been a great deal of studies on competitive strategies in Kenya. For example, Muinde (2010) studied the strategies employed by national Housing Corporation to achieve competitive advantage. Chesiyna (2010) investigated the competitive strategies applied by flowers firms in Nairobi. Another study by Gikonyo (2009) studied the competitive strategies adopted by small airlines in East Africa. Njiru and Muthoni (2012) studied the strategies used by Matatus in Nairobi to gain competitive advantage. The studies done have focused on competitive strategies in other industries but none has concentrated on the competitive strategies and performance of Kenyan Media houses. This leaves a gap in knowledge on the strategies media houses pursue to remain competitive in the market. This means little is known on competitive strategies and performance in media industry which is a major sector in the economy for passing information to the public. The study therefore sought to establish the relationship between competitive strategies and performance of media houses which are of the same nationality and of the nearly the same market strength and potential. This study therefore sought to answer the question; do competitive strategies enhance performance of the large Kenyan media houses?

1.3 Research Objectives

The study sought to achieve the following both general objective and specific objectives.

1.3.1 General objective

The general objective of the study was to determine and highlight the competitive strategies and performance of the large Kenyan media houses.

1.3.2 Specific objectives

This study sought to achieve the following specific objectives:

i. To determine the competitive strategies applied by the large Kenyan media houses in their operations.
ii. To explore the effectiveness of the competitive strategies used to enhance performance in the large Kenyan media houses.

1.4 Value of the Study

The findings of this study will be of great assistance to various stakeholders both in practice and also in theory. Firstly in practice the study will be useful to the management of the media houses in providing valuable information on the competitive strategies and their effectiveness in the performance of their media houses. They will learn new competitive strategies used by other media houses to successfully compete in the market.

The study will enlighten the members of the regulatory organizations such as The Media Council of Kenya on the strategies used by the media houses and the level of competitiveness. This will help them get more information pertaining media industry and come with proper regulatory framework. Also the same piece of information will be useful to the policy makers in the ministry of information communication and technology when developing policies which ensure healthy and fair competition among the media houses in Kenya.

The information will also be useful to the policy makers in the ministry of information communication and technology in developing policies which ensure healthy and fair competition among the media houses in Kenya. The findings will add more value to the theoretical understanding of the resource based view. This is because the findings will elaborate on how competitive strategies are linked with the performance and resources and capabilities of the media houses, hence add more value on the resource based view theory on firm resources and capabilities. The study will also build more on the theory of open system by providing information on the external environment of the organizations such as competitive strategies used by other media houses and their effectiveness in their performance.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review on the literature on the study which includes the theoretical perspective of the study, the theories guiding the study and the competitive strategies which have been used by different organizations for effective performance.

2.2 Theoretical Foundation

The study was guided by the theory of resource-advantage and open system as discussed in the following sections.

2.2.1 Resource-Advantage Theory

Firms collaborate. Firms also compete. In today's complex business environment, many firms collaborate to compete. Some of these collaborations are able to survive the competitive environment, and some of them are not. Hunt (2002, p. 195). Resource based Value theory proposes that competitive advantage of the firm lies in the application of the resources available at the firm’s disposal (Pearce and Robinson, 2011). As an interdisciplinary theory of competition, resource-advantage theory (R-A theory), developed in Hunt (2000), shares affinities with diverse theories, research programs, and traditions, such as evolutionary economics, Austrian economics, heterogeneous demand theory, differential advantage theory, resource-based theory, competence based theory, and socio-economic and institutional theory. In Barney (1991), firms’ resources include all assets, capabilities, organizational processes, firm’s attributes, information, knowledge, controlled by a firm that enables the firm to conceive and implement strategies to improve its efficiency and effectiveness.

R-A theory defines the process of competition as "the constant struggle among firms for comparative advantages in resources that will yield marketplace positions of competitive advantage for some market segment(s) and, thereby, superior financial performance" (Hunt, 2000, p. 135). The theory stipulates that the fundamental sources and drivers of competitive advantage and superior performance are chiefly associated with the attributes of resources and capabilities, which are valuable, not easy to purchase and difficult to imitate and substitute by the competitors (Barney, 1991).

The key challenge for managers is to transform the resources into core competencies, which form the foundation of superior competitive positions for specific market segments. Resource based theory views resources as the tangible and intangible entities available to firms that enable them to produce market offerings that have value for segments. Further it asserts that the successful firms that are able to sustain their performance have not only heterogeneous resources, but also have resources that are not able to be duplicated or imitated precisely by competitor firms (Schoemaker and Amit, 1994).

R-A theory views firms as combiners of heterogeneous and imperfectly mobile resources, under conditions of imperfect and costly information, with the primary objective of superior financial performance. Due to the heterogeneity and immobility of resources, R-A theory focuses on comparative advantages in resources among organizations. Some firms will have comparative advantages in resources that are available to them, which enable them to effectively and efficiently produce particular market offering(s) that have value for particular market segment(s).

2.2.2 Open Systems Theory

The concept of general systems theory (GST) was first advanced by Ludwig von Bertanlanffy in 1940 but did not gain prominence until the 1960's. GST is primarily concerned with how systems operate, and integrates a broad range of systems by naming and identifying patterns and processes common to all of them (Bausch, 2002). An important aspect of GST is the distinction between open and closed systems. Open system theory refers to the concept that firms are strongly influenced by their environment that exerts various forces of an economic, political or social nature.

The environment also provides key resources that sustain the firm and lead to change and survival. The closed systems approach consider the external environment and the organization's interaction with it, to be for the most part inconsequential, open systems approach views the organizations' continuous interaction with the external environment as vital for organizational survival and success. In open systems, any change in any elements of the system causes changes in other elements (Wang, 2004). The lack of coordination between the organization and its external environment in closed systems inhibit the organization's capacity to import sufficient energy from its environment for sustenance.

The R-A theory has been used in this study to provide an insight of how firms compete based on the resources they have in different market segments. In media industry, those media houses which have good equipment and human resources remain competitive due to their advantages in the resources they have in some areas where their competitors cannot have.

The theory of R-A explains how the large media houses in Kenya have some competitive advantages due to their immobility and heterogeneity of some of their resources. On the other hand the theory of open systems theory is used to indicate how media houses approach and react to external environment with other media houses affect their capacity and capability to compete with them. Therefore, the theory emphasizes on the need for a firm to consider the external environment and make competitive strategies with regard to the strategies of other media houses.

2.3 Competitive Strategies and Organizational Performance

One of the major goals of business managers is to achieve superior performance. An effective performance measurement system should be able to capture not only the financial aspect of firm's performance but also the non-financial elements, so as to present a clearer and wider perception and dimension of performance. Prior research has shown strategy formulation and implementation to be key factors in accomplishing effective performance. Porter's (1985) define strategy as positioning a business to maximize the value of the capabilities that distinguish it from its competitors. According to Porter, distinctive value can be achieved by pursuing the following generic strategies: cost leadership, differentiation and focus. He maintained that his strategies were mutually exclusive or at least non-complementary and referred to firms that attempt to pursue more than one generic strategy as "stuck in the middle".

Many media houses develop competitive strategies that aim to secure a strong market position and achieve profitability outcomes. In line with Barney's (1991) approach, such competitive strategies are commonly formulated by assessing the internal resources of the firm such as tangible and intangible assets and organizational capabilities. Enz

(2008) argued that a single resource cannot create competitive advantage. Rather, it is the combination of competitive resources – branding, human resources (HR), information technology (IT) innovations, computer reservation systems, niche marketing and advertising, and pricing tactics – that can increase media houses capabilities and improve performance (Olsen *et al.,* 2008). Media houses with strong resources can distinguish themselves from their competitors and survive in a competitive environment.

The attainment of superior performance is a challenging, if not impossible task, if media houses do not implement an organizational structure that harnesses their internal resources and allows them to respond to the business environment at both the proper time and in an appropriate manner (Galetic *et al.*, 2007). The organizational structure defines the physical environment in which employee behavior occurs (Dalton *et al.*, 1980). Organizational structures can be categorized as either mechanistic or organic.

A mechanistic structure is highly formalized, non-participative, hierarchical, tightly controlled, and inflexible, whereas an organic structure is defined by its informality, decentralization of authority, open channels of communication, and flexibility (Khandwalla, 1977). The former is more suited to industries with low rates of technical and market change (Burns and Stalker, 1961) and can help media houses to monitor cost effectiveness and quality. An organic structure by nature also allows for greater flexibility in staff work activities. The size and nature of the marketplace for radio has enlarged significantly since 2000, with 34 new stations coming on-air, bringing the total in 2005 to 49 (Republic of Kenya, 2006b; CCK, 2005b).

2.4 Competitive Intelligence

Competitive Intelligence can be defined as actionable recommendations arising from a systematic process that involves planning, gathering, analyzing and disseminating information on the external environment for opportunities or developments that have the potential to affect a company's or countries competitive situation (Calof and Skinner, 1998). McGonagle and Vella, (1999) further defined Competitive Intelligence as the use of public sources to locate and develop data that are then transformed into information, generally about competition, competitors, and the market environment in the broadest sense.

According to Poppa (2009), Competitive Intelligence is continuous process of gathering data, information and knowledge about actors (competitors, customers, suppliers, government etc) which interact with organization in the business environment in order to support decision making process for enhancing competitiveness of organization. Competitive intelligence is the use of public sources to develop data about competitors and the market environment and its transformation in usable information, thorough analysis. When thinking about Competitive intelligence, public information refers to the information that one can access legally and ethically.

Competitive intelligence is not industrial espionage and one of key maxim of it is that 90 percentage of all information that a corporation needs to make critical decisions and to understand its market and competitors is already public or can be systematically developed from public data (Teo and Choo, 2001). All authors describe Competitive Intelligence as an ethical and legal business practice and focus on the gathering of information of the external business environment, which is converted into actionable intelligence and utilised in business decision making (McGonagle and Vella, 2002). Actionable intelligence information enables executive management teams to make strategic decisions and actions aimed at enhancing the competitiveness and overall innovation performance of a firm (Ferrier, 2001). The Competitive intelligence process consists in the following steps: monitoring business environment (external data, information and knowledge), gathering, analyzing, filtering and disseminating intelligence that will support decision making process in order to increase competitiveness and improve position of organization.

According to Viviers et al (2002) the key operational areas of Competitive Intelligence are planning and focus, collection, analysis, communication, awareness and culture, and process and structure. The Competitive intelligence process identified in the literature (De Pelsmacker et al., 2005, Viviers, et al, 2002; Wright and Calof, 2006; Hoffman, 2006; Viviers et al, 2005; McGonagle and Vella, 2002; McGonagle and Vella, 1999) includes the constructs of planning and focus, collection, analysis, communication, process and structure, and organisational awareness and culture.

The planning and focus phase concentrates on the identification of needs in order to collect all relevant information, in the second phase. In the third phase all collected information must be evaluated to determine utility and factuality. This information is then communicated in an appropriate way to the relevant parties. The fifth phase requires the appropriate policies and procedures to be in place for CI to make a positive contribution to the organisation. All phases of the Competitive intelligence process are interrelated and therefore the success of the one will determine the success of the other (Strauss and Du Toit, 2010).

2.5 The Media Sector Value Chain

The activities that a media company performs to design, produce, market, deliver, and support its products is represented in its value chain. The value chain reflects a firm's history, its strategy, its implementation, and the underlying economics of the activities themselves. The value activities can be divided into primary and support activities (Noam, 2002). To discuss some of the potential changes in the value chain due to the emergence of the mobile and prepaid services, we must further subdivide these activities.

The five generic categories of primary activities are inbound logistics, operations, outbound logistics, marketing and sales, and services (Porter 2001). Through real-time and advanced demand managing and planning, the media sector enhances both inbound and outbound logistics, and services to consumers and advertising clients (Noam 2002). Real-time services could be offered on the radio and television, from digital content order processing to product development and delivery status and integrated channel management.

Contact with staff in call centers or with customer relation managers in companies could be established through a one-click-button so that customer satisfaction with the integrated virtual and real experience advances. Whereas online transactions often require physical activities in the value chain such as warehousing and shipping as a result of virtual ordering, the mobile Internet will require virtual activities like SMS-based services as a result of consumers' physical activity and roaming. The most profound changes in the value chain of media and entertainment companies will be associated with marketing and sales. The means by which consumers can purchase digital content will extend to all devices connected via a wireless network.

Media companies can tailor mobile wireless media to personal needs via opt-in marketing that ensures personal relevance of content. Means of persuading consumers to purchase, such as advertising and promotion, can be augmented by using wireless communications tools. Mobile Internet or SMS-based surveys as a means of real-time customer feedback are a promising new tool for mobile marketing efforts. Location-based services may have only restricted potential to create competitive advantage in the near future. Evidence from Japan shows that implementing location-based services is very difficult. It requires enormous capabilities in real-time, third party data, and transaction management, and also exceeds current carrier billing models (Funk 2001). However, price-reductions coupons, mobile electronic commerce, and mobile community-building around media content are relevant applications that strengthen customer relations in the media and entertainment companies' value chain (Feldmann, 2002).

The value chain as a basic tool for understanding the influence of the media companies can also be used for the analysis of elements of an industry's value chain. The value chain of the industry consists of four distinct segments that can serve consumers and businesses: these are equipment, networks, software, and services. Players in the equipment segment provide components, infrastructure, and devices. Wireless carriers represent the network segment. Enabling software and services contribute among other things portals, communication and transaction services, and content.

2.5.1 Special Products for Media Companies

Media companies produce and distribute media products, which have special characteristics that distinguish them from other products. From a purely analytical viewpoint, all media products consist of two elements. The first is the immaterial journalistic product and the second is the material carrier by which the content is transported. The material carrier, the medium, can itself generate a benefit for the consumer, for instance through the design of the television set. However, for consumers, this derivative benefit is not the primary reason for the demand for media products. The consumer benefit, and the primary focus of the economic term ‘media product,” is the content and only secondly the content medium. The original product benefit for the consumer is thus based on the content, such as the television programming in the form of information, entertainment or advertisements (Doyle and Gillian 2007).

The fact that content is the primary media output exhibits a number of interesting and unusual features. Since the value of media content generally has to do with attributes that are immaterial, it does not get used up or destroyed in the act of consumption and is not “consumable” in the purest sense of this term, (Anthony 2011). No matter how much a television program is being watched, it remains. In addition, if a person watches a television show, it does not diminish someone else’s opportunity to view it. Because it does not get used up, the same content can be supplied repeatedly to additional consumers. Hence, media operations seem to challenge the very premise on which the laws of economics are based – scarcity, (Doyle and Gillian, 2008). Since value for consumers is tied up with the information or messages media products convey rather than with the material carrier of that information, media products are generally classified as “cultural” goods. Television broadcasts are therefore not merely commercial products but may also be appreciated for the way they enrich our cultural environment.

2.5.2 Media Houses as Business Entities

Media companies operate as business entities. The fundamental objective of any business entity is explained by the so-called “theory of the firm.” The theory asserts that the development and operation of firms are guided by the primary goal of maximizing the profit of the firm, (Poppa, 2009). From an accounting perspective, profit is the money that remains after expenses are subtracted from income. From a managerial perspective, however, profit is a more broad and essential element for the development of the company. Profit is required to provide opportunities to finance improvements in equipment and facilities, experiment with new methods, and develop new products. Profit, therefore, is relevant for both non-commercial and commercial media. If resources and the processes by which they are transformed into products are efficiently and effectively organized and managed, reaching a profit goal becomes possible, (Holden 2011).

The theory of firm assumes that a company’s every decision is made in order to maximize its profits. It allows economists to predict the behavior of companies by studying the effect that business decisions have on profits. However, the theory neglects the fact that many companies are also driven by alternative motives. In the media business, an alternative motivation might well be the pursuit of public and political influence, (Wright and Callof, 2006). Furthermore, when ownership and control of a media company are separate, managers who carry out the day-to-day operation of the company may decide to pursue goals other than maximizing profits, (Holden 2011).

The growth of a company very often raises managerial value by bringing higher salaries, status, power, and job security. The primary aim of managers might therefore be to expand the company irrespective of an increase in efficiency or profits, Porter 2001). Another reason why managers tend to "build empires" may be because it makes it more difficult for their company to be taken over by a competitor. Expanding a company makes it a more expensive and difficult target for a takeover.

The less likely a company is to be taken over, the greater the job security of its management, (Olsen, et al., 2008). Even though most scholars accept that managers possess some element of discretion in pursuing goals other than maximizing profits, all scholars agree that profitability is crucial to the survival of any company. If media companies are not able to operate profitably, they face difficulties in sustaining their operations. Therefore media houses need to develop the competitive strategies to survive the competitive media industry and ensure it remains profitable.

Decreasing financial resources continually reduce their ability to produce or acquire quality content, upgrade equipment, invest in personnel, or engage in marketing to attract audiences. If allowed to continue, the spiral of decline makes it impossible for the company to continue operating because it can no longer meet its expenses, much less internally to improve its operations. Declining profits make it impossible for the company to continue operating because it can no longer meet its expenses; much less internally improve its operations, (Wright and Callof, 2006).

2.6 Empirical Studies on Competitive Strategies

There are several strategies which organizations today pursue to ensure they remain competitive in the market. These include:

2.6.1 Strengthening Internal Processes

Capitalizing on areas of strength in internal resources plays an important role in the success of a media houses. Many studies have explored the relationships between firm performance and brand image, HR (Enz, 2008), and IT (Jonsson and Devonish, 2009) and that between organizational structure and organizational success (Barth, 2003) but the role played by organizational structure and the question of whether a mechanistic or organic such structure is more appropriate for business implementation are largely unexamined issues.

Further, the nature of the relationship between – or the respective roles played by – organizational structure and performance has not yet been clearly identified (Tarigan, 2005). For firms to strengthen the internal processes is to ensure it identify the firms strengthen, organizational structures in order to ensure effectiveness and success of the firm. This can be achieved through training and coaching of the management and staff to improve on specific skills and implement structural charges. This improve the morale of the employees leading to the effective performance of the firm.

2.6.2 Minimizing Cost of Production

Companies can also protect profits by achieving cost leadership in a particular market or industry. If sellers cannot price discriminate, the lowest price sellers can charge is the marginal cost of production. As competition intensifies, companies may have to lower their production costs to protect profits. Or companies may have to improve their product or service offerings with added values. Even in intensive price competition, better products or services will raise customers' switching costs and still command higher margins. For example, OfficeDepot.com provides added value to customers' order process (Gulati and Garino 2000).

Companies will have to develop ways to operate in environment with increasing cost and with a potential back drop of revenues and staggering cash flows. Minimizing their cost of production would be critical strategic tool to embrace such turbulence within the environment to stay ahead of competition. Organizations embarking on cost reduction strategy must understand that the success depends on a disciplined lifecycle methodology requiring committed and skilled resources from management. It depends also from the support of cross functional organization with a clear understanding of the organization strategy, goals and objectives.

When a firm designs, produces, and sells a comparable product more efficiently than its competitors as well as its market scope is industry-wide, it means that the firm is carrying out the cost leadership strategy successfully (Parnell, 2000). Firms often drive their cost lower through investments in efficient-scale facilities, tight cost and overhead control, and cost minimizations in such areas as service, selling and advertising (Porter, 1980). They often sell no-frills, standardized products to the most typical customers in the industry. Thus, the primary thing for a firm seeking competitively valuable way by reducing cost is to concentrate on maintaining efficiency through all activities in order to effectively control every expense and find new sources of potential cost reduction (Dess and Davis, 1984).

2.6.3 Price Discrimination

To overcome these threats, companies have to employ appropriate pricing strategies for selling products over the Internet. Sellers can employ a price discrimination strategy that makes it difficult for buyers to compare the prices of alternative product offerings (Bakos 1998). By collecting information about buyers, companies can perform more effective price discrimination. For instance, Staples.com charges different prices for different markets by asking customers to enter their zip codes before they can obtain prices.

Sinha (2000) suggests two strategies for price discrimination: price lining and smart pricing. Price lining refers to the practice of offering the same products or services at various price points to meet different customers' needs. For example, American Online charges five different rates that vary according to subscriber usage. Smart pricing refers to the practice of charging various prices from market to market, depending on market conditions and differences in how customers value the product as was the case for the pricing strategy of Staples.com.

2.6.4 Tailored Promotion and Market Segmentation

To remain effectively and efficiently competitive, companies have to employ promotion strategies different from those used by traditional marketing. One tactic is to build a direct link with consumers and enter into a dialogue with them about products (dialogue-based marketing or one-to-one marketing). This allows companies to provide customers with information about their products, collect information about their customers, and engage in data mining. They can then customize products to meet customer needs and offer promotions tailored to specific customer groups. This process helps build a base of loyal and profitable customers (Sealey 2000).

Allan and Fjermestad (2000), also argue that the benefits of personalized promotions will be greatest when customers are interested in detailed product information or the product is marketed as state-of-the-art. The Internet encourages companies to employ this marketing based on direct, personalized relationships with customers (so-called 'relationship marketing'). The goal of every competitive strategy is to achieve sustainable competitive advantage (Stalk & Lachenauer, 2004). This objective is achieved through competitive strategy implementation, which is defined primarily by the strategic advantage of either low cost leadership or differentiation (Porter, 1998).

2.6.5 Speedy Delivery of Products and Services

Quick response can be a competitive advantage. One way is quickly bringing new or improved products or services to the market. Another is being able to quickly deliver existing products and services to a customer after they are ordered, and still another is quickly handling customer complaints. Tedeschi (2000) stated that one way for companies to differentiate their products from rival companies is faster and more efficient delivery of products to their customers.

The speed delivery helps in building the customers' confidence on the media house hence gaining popularity. This ensures that the firms products reach the targeted market early enough. In case of newspapers, a speedy delivery of newspapers to the towns, which are very far from the manufacturing town, is a very effective strategy (Tedeschi, 2000). Delivering the products and services to the customers improves the confidence of the customers to the organization hence increasing the performance of the organization due the loyalty created.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The purpose of this chapter was to describe the research methodology that was used in this study. It concentrates on the research design, details on the target population, data collection instrument, data analysis and data presentation methods to be used in the study.

3.2 Research Design

The study used a cross- sectional survey method which is descriptive in nature. According to Coopers and Schindler (2003), cross-sectional studies are formalized and structured with clearly stated research question as it is in this study.

The study method was used because of several reasons: it serves a variety of research objectives such as descriptions of phenomenon, estimates of proportions of a population that have these characteristics and discovery of relationships among different variables; it is convenient and inference can be made from the results; it involved collection of data at a single point in time from the sampled large media houses. This enabled the researcher to assess the relationship between competitive strategies and performance in the large Kenyan media houses.

3.3 Population of the Study

Mugenda and Mugenda (2003) describe population as the entire group of individuals or items under consideration in any field of inquiry and have a common attribute. The target population of this study was the large Kenyan media houses. The media houses considered large in the study were those which were most popular according to Communications Commission of Kenya (2011), had wider coverage, and had more than one TV station, more than three radio stations and might own print media, and had the largest number of employees. The selected large Kenyan media houses included; Royal Media Services, Nation Media Group, Standard Group, Media Max Communication Group, Kenya Broadcasting Corporation and Radio Africa Group. They have been selected because they have high market share in Kenya, high number of staff and have media outlets that enjoy national coverage. This study focused on a known population, the large Kenyan media houses; hence the census method was used.

3.4 Data Collection

The study used both primary and secondary data sources. Primary data was collected from the respondents using structured and semi- structured questionnaire with both open and close-ended questions. Copper and Schindler (2003), state that structured questions necessitate getting as much information as possible from the limited space on the form. The respondents selected for this study were the Managing Director and the head of departments that will include the Operations Manager, Programs Manager, Marketing Managers, Finance Manager and Human Resource Manager. This is because managing directors and heads of departments had a key responsibility in issues of organizational strategy and performance hence relevant to this study.

For primary data, the respondents were sought to fill the questionnaires offering their quantitative and qualitative views and experiences on competitive strategies applied in their media houses. The questionnaires were administered through drop and pick method, where they were given time to fill, after which the filled questionnaires were collected within a period of three days and follow up made to ensure that there was adequate completion rate. Secondary data was collected from the selected large Kenyan media houses in order to understand pertinent issues that may were unavailable from the primary data sources (Bambeger, 2006). Some of these documents included annual reports, strategic plans and quarterly media monitoring reports.

3.5 Data Analysis

Data analysis was both quantitative and qualitative analysis. Content analysis was used to analyze qualitative data. This process used inductive reasoning, by which themes and categories emerge from the data through the researcher's careful examination and constant comparison (Patton, 2002).

Quantitative data was edited and coded into Statistical Package for Social Sciences (SPSS) for analysis to generate descriptive statistics such as frequencies, mean and standard deviation. The study also used inferential statistics specifically regression analysis and correlation to analyze the relationship of the variables. The proposed model of analysis was: $Y= a_0 + a_1X_1 + a_2X_2 + a_3X_3 + a_4X_4 + a_5X_5 + e$

Where: Y= Dependent Variable (performance)

a_0=constant

$a_{i's}$= coefficients of variables

$X_{i's}$= independent variables (internet process, cost of production, price discrimination, market segmentation and speed of delivery)

e= represents the error term.

Analyzed data was presented inform of frequencies, percentage, averages and measures of variation, such as the means, variances and standard deviation. Diagrammatically, the data was presented in tables, bar graphs, histograms, tables, and pie charts.

CHAPTER FOUR

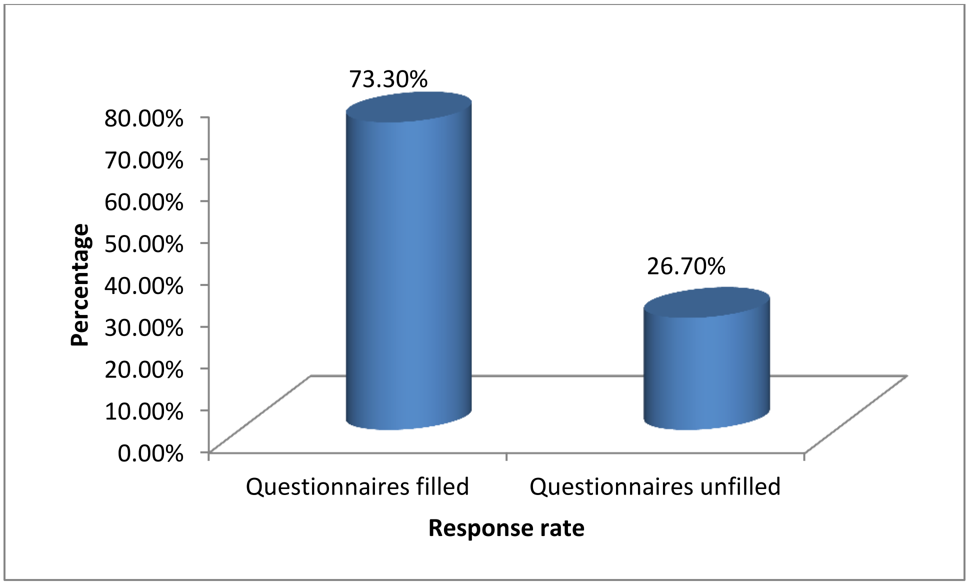
DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter discusses the findings and presentations of the data on the demographic of the respondents and the media houses. The study then discusses the finding on the strengthening of internal control processes, tailoring promotions, speedy delivery of services and products and optimal pricing. There is also a finding on the effectiveness of the strategies, the performance of the media houses and the results from inferential statistics test which include correlation and regression.

4.2 Response Rate

The researcher distributed questionnaires to the each of the head of the departments; Operations Manager, Programs Manager, Marketing Managers, Finance Manager and Human Resource Manager in the six large Kenya Media house. The total number of questionnaires produced and distributed for data collection was 30. The researcher collected 22 filled questionnaires from the managers. Out of the 22 questionnaires filled and collected, 16 of them were stamped and 6 were not stamped, hence the researcher used the 16 stamped questionnaires for the study. A total of 8 questionnaires were not filled. The total response rate was therefore 73.3% as shown in figure 4.1.



Source: Primary Data

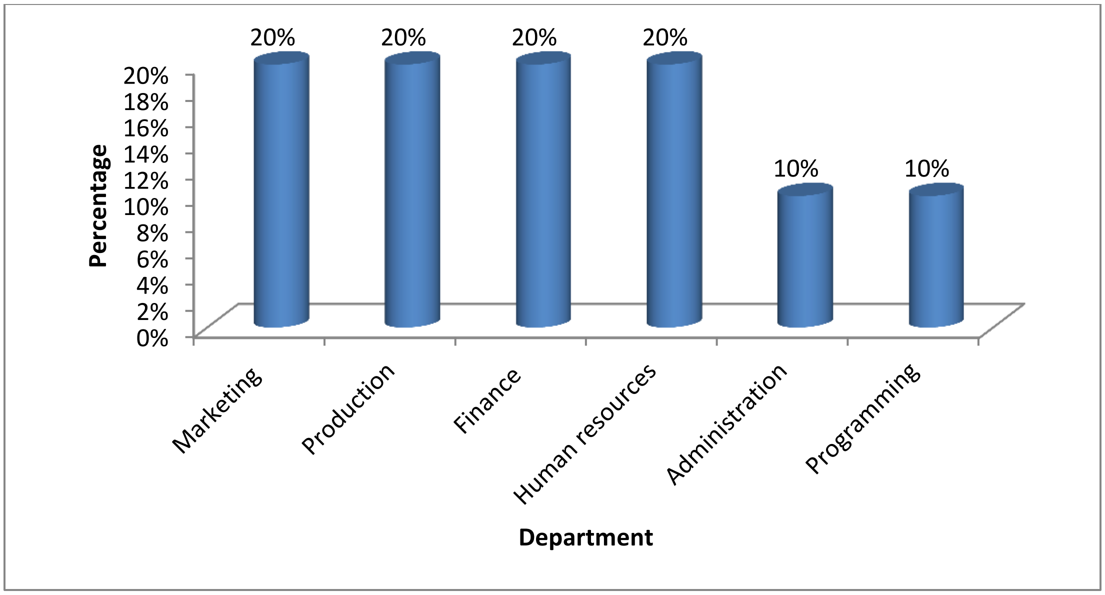
Figure 4.1: Response Rate

4.3 Demographic Information

This study was carried out among the large media houses in Kenya. The study thus collected data from media personnel in the six largest media houses in Kenya, which include; Nation media group, Standard media group, Royal media services group, Kenya Broadcasting Corporation, Radio Africa and Media Max. The following section discusses the background and details of the respondents.

4.3.1 Respondents

The respondents were from the head of departments in the Large Kenyan media houses. The concentration on the management was because they are the front runners in strategy and the key decision makers in the organization. The research involved mainly parties that are involved in decision making or in strategy development the management and the head of departments. The data on the proportion of the respondents from each of the departments is shown in figure 4.2.



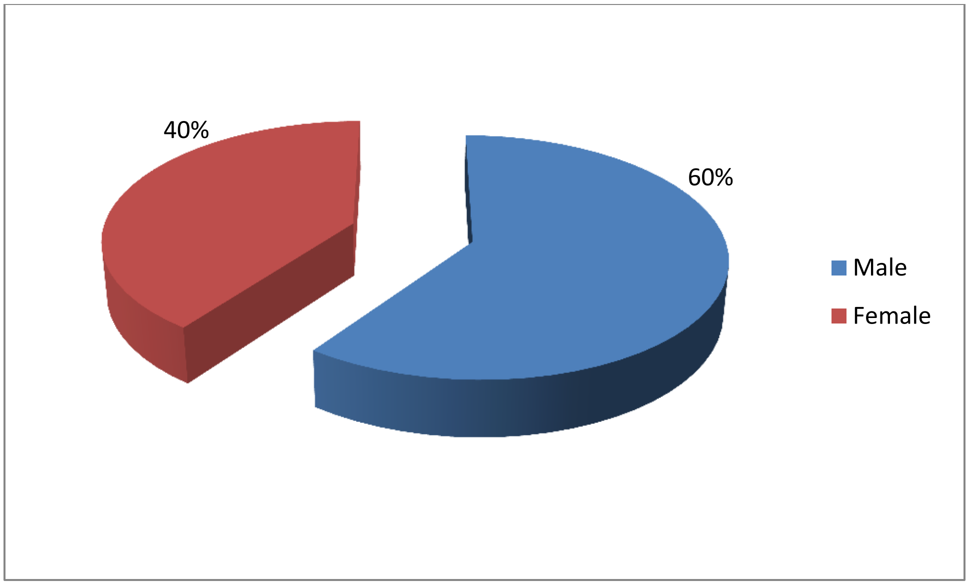
Source: Primary Data

Figure 4.2: Respondents

The information contained in figure 4.2 shows that the number of respondents from the departments of marketing (20%), production (20%), finance (20%) and Human resources (20%) were equal in proportion. The other respondents were from the departments of Administration (10%) and programming (10%). This shows that all the areas of the firms were considered for the study creating a more inclusive atmosphere for the study.

4.3.2 Gender of the Respondents

Gender balance has been over emphasized in most of the aspect of human life. The Kenya constitution provides that no leadership team should include more than two thirds people of the same gender. The gender representation of the respondents is shown in figure 4.3.



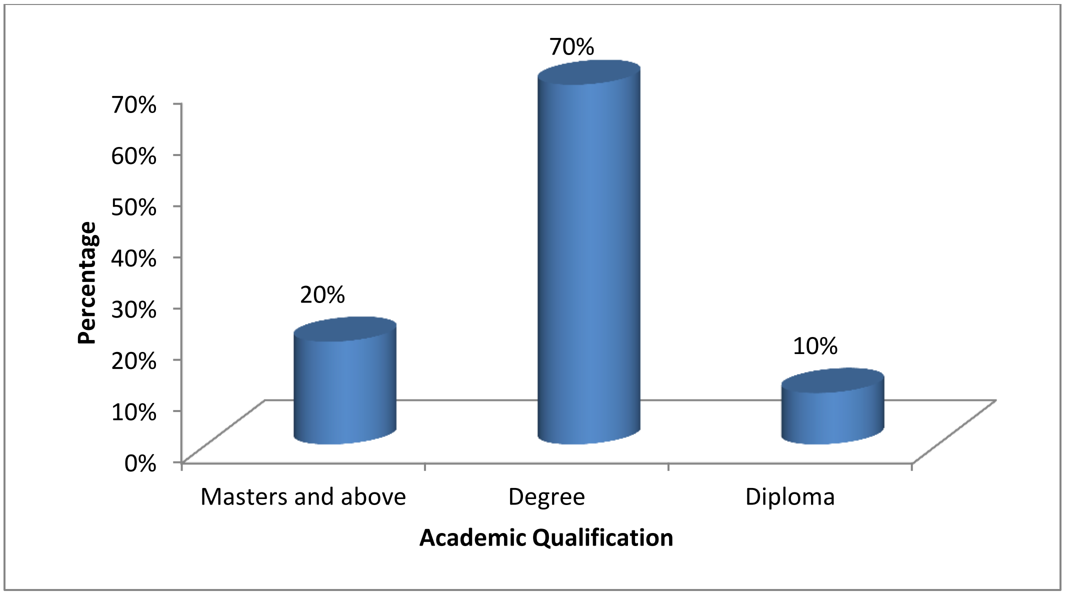
Source: Primary Data

Figure 4.3: Gender of the Respondents

Majority of the respondents who took part in this study were males (60%) while female respondents accounted for only 40% of the total respondents. The differential proportions in gender participation could be attributed to the male dominance in most of the leadership positions in most of the sectors in the country.

4.3.3 Academic Qualification

The level of education a person reflects the person's technical ability. High qualifications are attributable to greater abilities than low qualifications although experience is a very important indicator of a person's potentiality in a certain field than education. The level of education of the respondents who took part in this study is shown in figure 4.4.



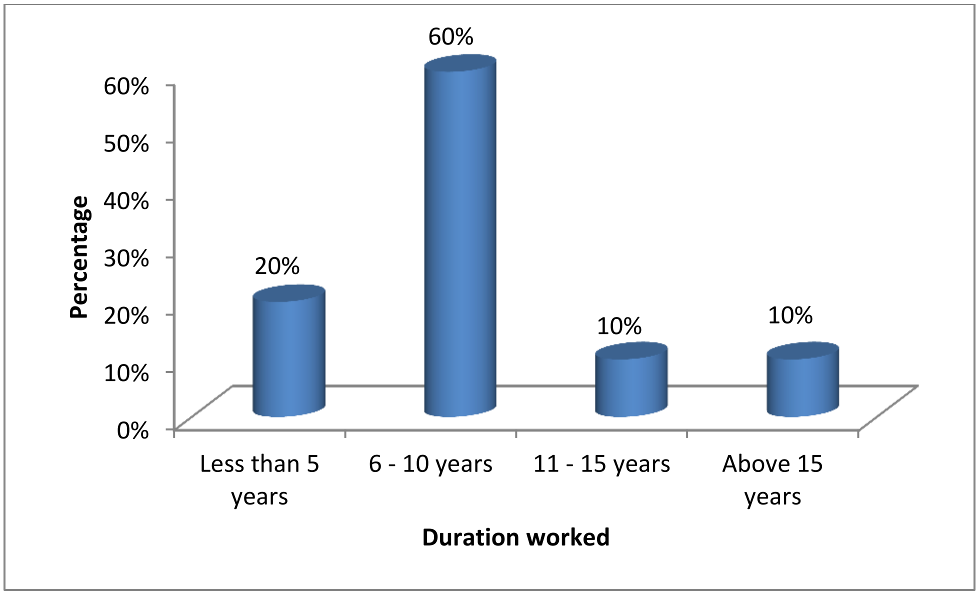
Source: Primary Data

Figure 4.4: Academic Qualification

The greatest proportion of the participants in this study was from undergraduates (70%). The second group was graduate group who had masters and PhD degree. Some small percentage of the respondents had diplomas (10%).

4.3.4 Experience with the Media House

The experience of the respondents with their media houses was captured with regard to the number of years they had worked with the media houses. This gives credence to the respondents' knowledge of the media house operations and has had enough time to transition with the media house through various business growth levels. This is shown in figure 4.5.



Source: Primary Data

Figure 4.5: Experience with the Media House

The finding shows that approximately 60% of the respondents had worked with their media houses for a period between 6 and 10 years. These were followed by respondents who had worked with their media houses for a period of less than 3 years. A good number had good experiences with their media houses of more than 10 years. The findings indicate that most of the respondents had good working experience with their media houses; hence they had good knowledge of the operations of the Media house.

4.3.5 Medium of Communication of the Media Houses

Different media houses convey information to their audience in different medium of communication. The respondents who took part in this study came from different media houses which conveyed information to the audiences differently either through radio, television, newspaper, online or combined ways as shown in table 4.1.

Table 4.1: Medium of communication of the media houses

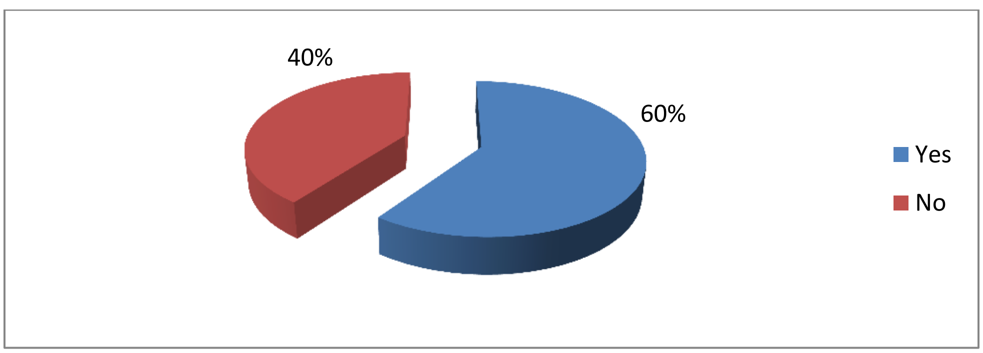
Medium of communication	Percent
TV and Radio broadcasting	60%
Broadcast and newspaper	30%
Broadcast, newspaper and online	10%
Total	**100**

Source: Primary Data

The highest numbers of respondents in this study were from media houses which informed the audience through TV and Radio broadcasts (60%). Some respondents were from media houses which conveyed information to the audience through broadcasts and newspapers while others combined broadcasts, newspapers and online newspapers.

4.3.6 Media Houses with Local Vernacular Stations

The media houses in Kenya have broadened the areas of coverage with a view of reaching as many people as possible. As a result, many media houses have opened local vernacular radio stations to net as many local people at the grassroots. The findings on media houses with vernacular stations are shown in figure 4.6.



Source: Primary Data

Figure 4.6: Media Houses with Local Vernacular Stations

Majority of the respondents who took part in this study were from media houses which had other vernacular stations (60%). This reflects the high number of media houses which have expanded their coverage to cover the local areas, leading to high popularity and being competitive in the competitive media industry.

4.4 Strengthening Internal Processes

Strong internal processes are very crucial in ensuring the internal activities are well coordinated for proper operations. The data on internal processes was collected on a five point likert scale. Mean and standard deviation were used in the analysis of the data as shown in table 4.2. In the analysis variables with a mean close to 4.0 represented “Agree”, variables with a mean close to 3.0 represented “neutral” and those with a mean close to 2.0 and below represented “disagree” and “strongly disagree” respectively.

Table 4.2: Strengthening Internal Processes

Views on strengthening media house internal processes	Mean	Std. Dev
Works to build good image to the public	5.0	0.00
Invests highly in IT	4.9	0.32
The management encourages team work	4.9	0.32
There is high level of accountability which boosts the internal control process	4.6	0.52
Does training and considers welfare of the staff	4.3	0.95

Source: Primary Data

According to the findings shown in table 4.2, the respondents strongly agreed that their media houses worked strongly to build their image to the public (M=5.0), invested highly in IT (M=4.9) and their management teams encouraged team work (M=4.9). On average, the respondents also agreed that there is high level of accountability which boost their internal control processes (M=4.6) and did training and considered welfare of the staff (M=4.3). The respondents agreed the media houses use different strategies.

4.5 Pricing Strategy

Determining the prices of the products and services to customers is a very sensitive issue. This is because a price should not be too high for the customers to afford while at the same time it should not be too little for the media house to make profit. The data on pricing strategy was collected on a five point likert scale. Mean and standard deviation were used in the analysis of the data as shown in table 4.3. In the analysis variables with a mean close to 4.0 represented “Agree”, variables with a mean close to 3.0 represented “neutral” and those with a mean close to 2.0 and below represented “disagree” and “strongly disagree” respectively.

Table 4.3: Pricing Strategy

Pricing for adverts	**Mean**	**Std. Dev**
Charging different prices for adverts on local stations	4.6	0.5
Pursue the less costly process	4.4	0.5
Charging different prices for different people on advertisements	4.4	0.5

Source: Primary Data

The respondents agreed that their media houses charged different prices for adverts and local stations (M=4.6) and pursued less costly processes within the media houses (M=4.4). Further the study found that different media houses charged different prices for different people on advertisements (M=4.4).

4.6 Tailored Promotion and Market Segmentation

Good promotion makes increases the popularity of a media houses and increases the chances of customers to buy the company product. This applies to market segmentation, which ensures that certain targeted customers are availed the services and seduced to buy them. Data on promotion and market segmentation was collected on five-point scale and analysed through use of mean and standard deviation as shown in table 4.4.

Table 4.4: Tailored Promotion and Market Segmentation

Promotions and Marketing	Mean	Std. Dev
Offering promotions tailored to specific customer groups	4.9	0.33
Direct based marketing (one-to-one marketing)	4.7	0.50
Customizes information to reach particular people	4.5	0.53
Does meet- the-people tour to interact with the people at their residence	4.3	0.48

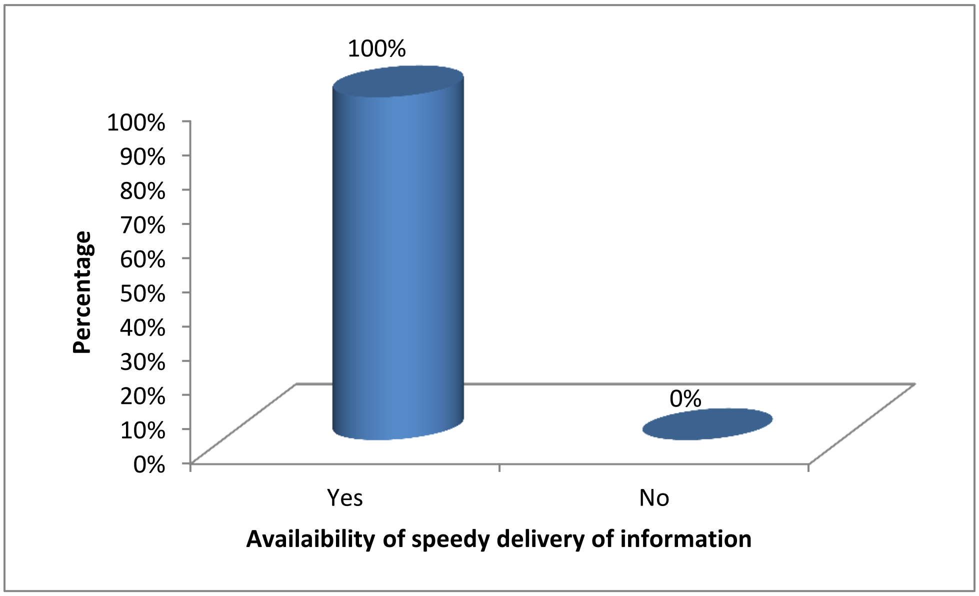
Source: Primary Data

The respondents agreed that they offered promotion tailored to specific customer groups (M=4.9) and emphasized on a direct based marketing which was done one-to-one (M=4.7). The media houses also customized information to reach particular people (M=4.5) and did meet-the-people tour to interact with the people at their residential places (M=4.3).

Other media houses increases coverage of their stations to increase their audience and offers local programs to reach more people and increase their popularity. The media houses focus on the audience in the rural area hence increasing their popularity. The respondents from different media houses agreed their respective media houses use various competitive strategies to remain competitive.

4.7 Speed Delivery

The speed with which the information reaches the audience in media industry is a very important undertaking. This is to ensure that they build confidence to their client and more popularity in the market. The findings on the pace of delivery of information to the audience are shown in figure 4.7.



Source: Primary Data

Figure 4.7: Speed Delivery

All the respondents (100%) in this study agreed that their media house companies worked and had put measures in place to ensure speedy delivery of information collected to the audience.

4.8 Effectiveness of the Competitive Strategies

The extent of effect of a competitive strategy is measured through monitoring the extent of effectiveness of such a competitive strategy to the firm's performance. Just like in the previous sections, the data was collected on a five point likert scale and analysed using mean and standard deviation as shown in table 4.5.

Table 4.5: Effectiveness of the Competitive Strategies

Competitive strategies	Mean	Std. Dev
Speed delivery strategies	4.4	0.53
Internal control strategies	4.4	0.52
Costing strategies	4.3	0.48
Pricing strategies	4.2	0.42
Marketing strategies	4.2	0.42

Source: Primary Data

The most effective strategies were speed delivery strategies (M=4.4) and internal control strategies (M=4.4).The costing strategies (M=4.3) were also effective in their use to improve the performance of the media houses. The study found also pricing (M=4.2) and marketing strategies (M=4.2) employed by the media houses were also effective in boosting the performance of the media houses. The implementation of the competitive strategies has a positive impact on the performance of the Media house.

4.9 Performance of the Media Houses

The level of effectiveness of the competitive strategies was measured against the performance indicators of the media houses. The findings on the extent of performance were analysed through use of mean and standard deviation as shown in table 4.6.

Table 4.6: Performance of the Media Houses

Performance	Mean	Std. Dev
Net or total assets growth	4.70	0.48
Customer satisfaction	4.70	0.48
Quality services/products	4.70	0.48
Growth in market share	4.67	0.50
Profit growth rate	4.60	0.52
Return on sale	4.50	0.53

Source: Primary Data

The findings indicate the use the competitive strategies is a good performance indicators for the media houses. The net and total assets grew by a very great extent (M=4.7) and the media houses were able to satisfy their customers to a very great extent (M=4.7). In addition, the respondents rated the services and products to be of great quality (M=4) which influences more viewers. Other performance indicators included growth in market share (M=4.67), the rate of profit (M=4.6) and returns on sale (M=4.5). These indicators show a high performance of the large Kenyan media houses with regard to the use of the competitive strategies.

4.10 Relationship between Competitive Strategies and Performance

The study carried some inferential statistics to determine the type of relationship and the strength of the association of the competitive strategies and media house performance.

4.10.1 Correlation

The researcher did a correlation test to determine how the competitive strategies associated with each other. The findings are reflected in table 4.7.

Table 4.7: Correlation

Variables		Performance	Internal processes	Speed delivery	Pricing strategy	Promotion & segmentation
Performance	r	1	.436	.882	.490	.513
Internal processes	r	.436	1	.560	.575	.631
Speed delivery	r	.882	.560	1	.260	.707
Pricing strategy	r	.490	.575	.260	1	.722
Promotion & segmentation	r	.513	.631	.707	.722	1

Source: Primary Data

The information showed in table 4.7 shows that all the competitive strategies had a positive correlation with the performance. Strengthening internal processes (r=0.436), speed delivery (r=0.882), pricing strategy (r=0.490) and use of promotion and market segmentation (r=0.513) were positively correlate with performance. Thus increase of any of these competitive strategies was always accompanied by a positive increase in the performance and vice versa.

4.10.2 Regression

A regression was done to determine the effect of the competitive strategies on the performance of the media houses. The findings are discussed in the following sections.

Table 4.8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.941	.885	.792	.20339

Source: Primary Data

The value of R square was 0.885. This means that the competitive strategies in the model accounted for 88.5% of the variation of the performance. The rest 11.5% was explained by other factors which were not in the model.

Table 4.9: ANOVA

Anova Output	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Regression	1.585	4	.396	9.581	.015
Residual	.207	5	.041		
Total	1.792	9			

Source: Primary Data

The ANOVA test was used to indicate the extent of statistical significant between performance and the independent variables –the competitive strategies in the model. The F-statistic was 9.581, p=0.015 indicating that the independent variables (competitive strategies) in the model were statistically significant in predicting the behavior of the dependent variable (performance). When competitive strategies are used in the media houses there is improved performance.

Table 4.10: Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
Variables	**B**	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	3.422	1.541		2.221	.077
Internal processes	.214	.310	.150	3.691	.020
Speed delivery	.271	.099	.739	2.729	.041
Pricing strategy	.524	.277	-.526	1.921	.017
Promotion and market segmentation	.367	.466	.275	3.988	.046

Source: Primary Data

The results show that all the competitive strategies were significant in predicting the performance of the media houses. All the strategies strengthening internal processes (p=0.020), speeding delivery (p=0.041), pricing strategy (p=0.017) and promotion and market segmentation (p=0.046) had p values of less than 0.05 indicating statistical significance on the effect. The resulting equation becomes:

$$Y = 3.422 + 0.214\ ICS + 0.271SD + 0.524PS + 0.367PMS$$

The resulting regression model shows that the performance of the media houses would be 3.422 units when all other factors are held. When all factors are held constant, a unit increase in internal processes would increase the performance of the media houses by 0.214 units. A unit increase in speed delivery when other factors are held constant increases the performance by 0.271. Increasing the pricing strategies by one unit would increase the performance by 0.524 when other factors are held constant and lastly a unit increase in promotion and market segmentation leads to an increase in performance by 0.367.

4.11 Discussion

The study collected data from media personnel in the first six largest media houses in Kenya. The respondents were drawn from different departments such as marketing, technical services, finance and production. The highest number of respondents were males. Majority of the respondents were undergraduates with 6-10 years working experience. The media houses informed their audiences through TV and Radio broadcasts while others informed them through broadcasts, newspapers and online newspapers. Further, the study found that most of the media houses also had local vernacular stations so as to increase their areas of coverage.

According to Porter and Millar (1985), a firm develops its business strategies to obtain competitive advantage. The study explored the competitive strategies employed by the media houses to improve their performance. Enz (2008) argued that a single resource cannot create competitive advantage and thus several strategies are always advantageous to use than a single one. Therefore, the study explored several strategies specifically on how strengthening internal control processes, speeding delivery of information, optimal pricing, doing promotions and market segmentation influenced the performance of the media houses. The study found that the media houses worked hard to strengthen their internal control systems and processes. This was achieved through different activities through which the media houses employed such as building their image, investing highly in IT, encouraging team work, cultivating a high level of accountability within the media houses and constant training to improve on the productivity of the staff.

The media houses employed an optimal pricing strategy. The study found that the media houses set different prices for adverts and local stations. This enabled the media houses to make profits on the profitable products while concentrating on localized segmented markets. Also different people were charged different prices so as to make both the rich and the poor good customer relations. Lastly, the media houses pursued the less costly processes so as to keep the maintenance costs low. These findings concur with Bakos (1998) arguments that a price discrimination strategy makes it difficult for buyers to compare the prices of alternative product offerings thus increasing the competitive ability of the media houses.

The media houses also have segmented the markets so as to capitalize on the needs of each market. This has been done through tailoring promotions such as doing the meet-the–people tour in local languages. Direct based marketing has been done one-to-one in an effort to reach increase the size of the audience. The information is also customized so that the specific people get the information in a simplified manner and in language which they can understand. For example media houses use billboards to advertise in roads leading to urban centers since the people targeted are passengers. The findings agree with Sealey (2000) that customization of products and services helps build a base of loyal and profitable customers. Another strategy which the media houses employed to increase their effectiveness and competitive ability is faster delivery of services. Tedeschi (2000) stated that one way for companies to differentiate their products from rival companies is faster and more efficient delivery of products to their customers. The respondents agreed that their media houses had put in place measures to ensure that they conveyed information to audience within the shortest time possible.

The above mentioned strategies were found to be effective in improving the performance of the media houses. The study found that strengthening internal processes, delivery information within a short time, minimizing costs of operations, optimizing prices and employing good marketing strategies were very effective in improving the performance of the media houses. An organization can assess OP according to the efficiency and effectiveness of goal achievement (Robbins and Coulter, 2002). The strategies employed by the media houses were found to be effective in improving the performance of the media houses. The study found that the strategies were attributable to improvement of the media houses. This was reflected by net and total assets growth, satisfaction of the customers, quality products and services, large markets share, growth in profits and returns to sale.

Tippins and Sohi (2003) proposed that organizational performance could be measured on four dimensions: relative profitability, return on investment, customer retention, and total sales growth. The relationship between the strategies and performance of the media houses was further ascertained by correlation test which showed a positive correlation between the strategies and the performance of the media houses.

The regression test indicated that the competitive strategies which included strengthening internal control processes, optimizing prices of the services and products,, tailoring promotions and markets, and speedy delivery of information improved the performance of the media houses. The findings reinforce the results of Yoo, Lemak & Choi (2006) that appropriate business strategies are needed for a firm to outperform competitors and produce above average profits (Yoo, Lemak& Choi, 2006)

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter summarizes the whole of the study and relates with the previous literature and studies. It draws the conclusion from the findings, makes recommendations and suggests further areas of study.

5.2 Summary

The purpose of this study was to determine the competitive strategies employed by the large Kenyan media houses, their effectiveness and the relationship between the competitive strategies and the performance. Findings from the study shows that the respondents agreed the media houses use various competitive strategy which influences the performance of the media house. The findings also in this study indicate that on average, the respondents were in agreement that with the process of implementation of competitive strategies media houses can enjoy the values brought about by outsourcing, example popularity, high profits, revenue growth, improved operation, clients and staff satisfaction and increased competitive advantage.

The media houses use different strategies to achieve competitive advantage. In recent years, firms have been developing various kinds of competitive strategies in order to solve problems related to the cost, quality and speed of services. Downsizing, elimination of some functions or processes, developing strategic relationships through franchising or contracting out or leasing arrangements can be seen as examples for these decisions.

Main values that could be gained through outsourcing include:-Freed up internal resource and concentrate on core competence, Take advantage of technological advances, Focus on competitive strategies, Reduce or eliminate internal cultural differences, Integration into the firm's value chain to maintain competitive advantages and obtain additional flexibility.

5.3 Conclusion

Considering the research question of this study, various observations have been made that lead to the following conclusions. The study concludes that strengthening the internal control processes increases the effectiveness of the media houses which in turn increases the performance of the media houses. This is because strong control systems help to prevent fraud, wastage of resources and productivity of the staff members. The study notes that setting affordable but profitable prices for the products helps the media houses to retain their customers and attract more others. This is through differential pricing of different products and services. The study concludes that tailoring promotions to suit specific people or localities and segmenting market helps to reach many members of the public. This is done through vernacular stations and meet-the-people tours among others. There is a general need for media houses to develop effective competitive strategies to achieve superior performance in the dynamic media environment.

The last strategy used by the media houses was quickened information delivery. The study noted that those media houses which were quick in disseminating information to the public stood a better chance of being listened to than others. The study notes that the strategies increased the effectiveness of the performance of the large Kenyan media houses. The strategies helped the media houses to improve performance in areas such as increasing the total assets, the profits, satisfaction of the audience, increase of market share and improved quality of services and products. Therefore the study illustrates that there is a significant relationship between the competitive strategies and competitive strategies in large Kenyan media houses. Competitive strategies can be regarded as part of the foundation of effective organizational performance.

5.4 Recommendations of the Study

The study noted that majority of the large Kenyan media houses have established local vernacular stations to reach a large audience. This helps such media houses in spreading the information to many people at the local areas, hence improved performance. It is therefore recommended that management of media houses localize their operations so that they reach as many people as possible. The study also noted that tailoring promotions to suit certain people helped the media houses to extent their areas of coverage. The study recommends that media house conduct more promotions in the rural areas to ensure all people receive their news and services.

The study has found that strong control processes help the media organization in preventing fraud and other misappropriations within the media houses. Thus, it is recommended that managers in the media houses employ very strong and clear processes which prevent unwarranted losses in the media houses. The study also found that one of the performance indicators for the media houses is the acquisition of net assets and total assets. At the same time the human capital asset is an important aspect. It is recommended that more training be done to the media staff to catch up with the changing technologies and new ways of doing broadcast.

5.5 Limitations of the Study

When carrying out the research project, the researcher encountered a number of different constraints in the research process. Firstly, some respondents were not willing to disclose information about their organization that could prove quite valuable and hence failed to fill the questionnaires and others were not willing to stamp the questionnaires for verification purposes. It was also time consuming since the researcher had to follow up with the respondents to ensure the questionnaires were filled, to some extend the researcher had to forgo other duties for the duration of the research hence making the research process expensive.

The information collected in this study was from the large and able media houses in Kenya. The data and the findings are biased towards one type of media houses with potential and heavy financial base. Thus the findings cannot be reliably used to generalize on the other small media houses because they are limited by their size and financial strengths.

Other limitation is that it is time consuming and by the time the research is complete a lot of time lost and to some extent the researcher avoids their primary duties for the duration of the research. Other limitations incurred was that to carry out the research project , a lot of time was required for planning, finding instruments to collect data, analyzing the data. Another concern I had when carrying out this project was narrowing the research to specific respondents mainly been managers who are always busy so that it was not too general, and most important, that it was possible to obtain results out of it that could help other researchers. I found this constraint especially challenging due to the complexity of the subject.

Another concern I had when carrying out this project was narrowing the research to specific respondents mainly been managers who are always busy so that it was not too general, and most important, that it was possible to obtain results out of it that could help other researchers. I found this constraint especially challenging due to the complexity of the subject.

5.6 Suggestions for Further Research

The study collected data from the management of the largest media houses in Kenya. Therefore the data and the findings reflect a high potential and able media houses characteristics. This may not be the case with the local stations which are small and have no financial strength. It is recommended that a similar study be done among the small Kenyan media houses which own either one radio station or more and compare the findings of the two studies will give a more reliable findings for the entire media industry in Kenya.

The study concentrated on the large Kenyan media houses and hence the results are applicable to the locally owned large media houses. This may not be the case for the International media houses operating in the Kenyan market, which have higher financial sources and compete in the same market and therefore it is recommended that a research to be done on the relationship between competitive strategies and performance of the international media houses in the Kenyan market. The findings of the two studies will give a reflective and more reliable findings for the entire media industry in Kenya, thus help all the management in decision making for superior performance and enable their media houses to survive in the dynamic media industry.

5.7 Implication of the Study on Policy, Theory and Practice

The study has revealed that pricing and type of market affect the performance of the media houses. Therefore the regulatory bodies have a role to play in stabilizing the media market by monitoring the operations of the media houses such as regulating the pricing of the media products and in reducing unfair competition. This in turn provides a conducive environment in the market for all the media houses to work in the market without undue favour for one media house over another.

The study adds more knowledge on the open systems theory which holds that firms are strongly influenced by their external environment. The study found that the customized marketing such as segmented market helps to reach to specific market with a specific need. Thus the findings indicate that the environment exert various forces of an economic, political or social nature while providing key resources that sustain the firm and lead to change and survival.

The study found that the internal processes and the speed with which customers were served influenced the performance of the media houses. The two factors are internal factors which can be within the organization by the management. Thus the management should undertake continuous monitoring and evaluation of the internal operations with a view of improving the functionality of their operations.

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APPENDICES

APPENDIX I
LETTER OF INTRODUCTION

Mutie Jacqueline Nthenya (D61/72850/2009)
University of Nairobi,
P.O BOX 30197,
Nairobi.

8th July, 2014

Dear Sir/Madam

RE: LETTER OF INTRODUCTION

I am Jacqueline Mutie, a student at University of Nairobi. I'm carrying out a study on **'*Competitive Strategies and Performance of the Large Kenyan Media Houses*'**, in pursuance of a Masters degree in Business Administration of the school of Business, University of Nairobi.

Your company has been selected to participate in this study and you are kindly required to provide the requisite information on the competitive strategies and practices that are carried out within your firm. I would kindly request your assistance in filling the attached questionnaire. The information provided will be strictly used for academic purposes only and will be handled with complete confidentiality. Your assistance and co-operation is greatly appreciated.

Yours faithfully,

Jacqueline Mutie
Student- University of Nairobi

APPENDIX II

RESEARCH QUESTIONNAIRE

Section A: Demographic Information

1. Name of the media house ………………………………………………………….
2. What is your department in the organization?

   ……………………………………………………………………………………

3. State your gender

   Male [ ] Female [ ]

4. What is the highest academic qualification

   Masters and above [ ]

   Degree [ ]

   Diploma [ ]

   Others specify [ ]

5. How long have you worked in the media industry?

   Less than 5 years [ ]

   6- 10 years [ ]

   11- 15 years [ ]

   Above 15 years [ ]

6. How does your media house pass information to the audience?

   TV and Radio broadcasting [ ]

   Newspaper [ ]

   Broadcast and newspaper [ ]

   Broadcast, newspaper and Online [ ]

   Radio broadcasting [ ]

   Radio broadcasting and online [ ]

7. Does your media house have other local vernacular stations?

   Yes [ ] No [ ]

Section B: Competitive Strategies Employed by Media Houses

Strengthening Internal Processes

8. Indicate in the blank spaces whether the following are true according to your company.

Strategies	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Works to build good image to the public					
The media houses does training and considers the welfare of the staff					
The media house invests highly in IT					
The management encourages team work					
There is high level of accountability which boosts the internal control of processes					

9. In what other ways does your media house strengthen internal processes ?

…………………………………………………………………………………………

Pricing Strategy

10. Indicate in the blank spaces whether the following are true according to your media house on cost management.

Strategies	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Pursue the less costly process					
Charging different prices for different people on advertisements					
Charging different prices for adverts on local stations					

11. What other pricing strategies does your media house employ ?

……………………………………………………………………………………….

Tailored Promotion and Market Segmentation

12. Indicate in the blank spaces whether the following are true according to your media house on promotions and advertisement.

Strategies	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
Direct based marketing (one-to-one marketing)					
Offering promotions tailored to specific customer groups					
Customizes information to reach particular people					
Does meet-the –people tour to interact with the people at their residence.					

13. What other promotional strategies does your media house use ?

………………………………………………………………………………………..
………

Speed Delivery

14. Does your media house consider speed delivery of information to the public as a strategy?

Yes [ ] No [ ]

If yes, how does it ensure speed delivery of services to the public ?

…………………………………………………………………………………………
………What other strategies does your media house use ?

…………………………………………………………………………………………
………

Effectiveness of the Strategies used by Media Houses

15. Indicate the extent to which the strategies used by your media house have been effective.

Type of strategies	Very effective	Effective	Moderately effective	Less effective	Not effective
Internal control strategies					
Pricing strategies					
Marketing strategies					
Costing strategies					
Speed delivery strategies					

16. What other strategies do you think can help your media house to remain competitive in the media industry ?

Performance of the Media Houses

17. Indicate the extent to which the competitive strategies have contributed to the following aspects of organizational performance.

Performance indicators	Very great extent	Great extent	Moderat extent	Low extent	No extent at all
Profit growth rate					
Net or total assets growth					
Return on sale					
Growth in market share					
Customer satisfaction					
Quality services/products					

Thank you for your time

APPENDIX III

LIST OF THE LARGE KENYAN MEDIA HOUSES

No.	Media House	Radio Stations	Television Stations	Print media
1.	Royal Media Services	Citizen FM , Radio Inooro Radio Ramogi , Radio Mulembe , Radio Musyi, Radio Muuga, Radio Chamgei, Radio Egesa, Hot 96, Radio Wimwaro, Bahari FM ,	Citizen TV	
2.	Nation Media Group	Easy FM QFM	Nation TV Q TV	Daily Nation Taifa Leo Business Daily Saturday Nation Sunday Nation
3.	Standard Group	Radio Maisha	Kenya Television Network (KTN)	The Standard Newspaper
4.	Radio Africa Holdings	Kiss 100 FM Classic FM Jambo FM XFM Relax FM East FM	Kiss TV Classic TV	The Star
5.	Kenya Broadcasting Corporation (KBC)	KBC English Service Radio Taifa Mwatu FM Coro FM Kitwek FM Pwani FM Radio Venus; Ingho FM Nosim FM Minto FM	Channel One TV	
6.	MediaMax	Kameme FM	K24 STV	The People

Source: Communications Commission of Kenya (CCK) July, 2011