

**STRATEGIES ADOPTED BY POSTEL YELLOW PAGES TO GAIN  
COMPETITIVENESS IN THE PUBLISHING AND ADVERTISING INDUSTRY  
IN KENYA**

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REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF  
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NAIROBI**

## DECLARATION

This research project is my original work and has not been presented in any part or in any other form in any other University.

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## **DEDICATION**

This study is dedicated to God almighty who kept me in good health and provided me with resources throughout the period of study.

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I am particularly indebted to my two sons Charles and Chris who have been my source of inspiration and pray that they may grow to pursue education to the highest level. To my dear parents Wilfred Munyae and Agnes Muteti together with my siblings who supported me in prayers and attended to my children in school during my absence. God Bless you. Not forgetting my best friend Dan who always encouraged me and believed I would make it through.

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## **ABBREVIATIONS AND ACRONYMS**

- SWOT** - Strength Weaknesses Opportunity Threats
- PESTEL** - Politital, Economical, Social Economic, Technological,  
Legal
- ICT** - Information and Communications Technology
- RBV** - Resource Based View

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## **ABSTRACT**

While appreciating that researchers have carried out abundant research on competitive strategies, little effort has been made to investigate competitive strategies adopted by the publishing and advertising industries in Kenya. It is with this notion that the researcher in this study seeks to make these factor be understood fully. The purpose of this study is to make competitive strategies in the context of publishing and advertising be understood better. The researcher conducted a case study of Postel Yellow Pages, a publishing and advertising industry in Kenya. The study sought to determine strategies adopted by Postel Yellow Pages to gain competitiveness in the publishing and advertising industry in Kenya. Two managers were interviewed and primary data was collected qualitatively through face to face interviews. The study notes that Kenya Postel Directories managers are charged with a great responsibility of coming up with competitive strategies to counter challenges brought about by ever changing external environment. While this is true, the study recommends that this responsibility can be discharged more appropriately by way of allowing and facilitating the staff to employ their expertise, knowledge and experience in formulating strategies that are well aligned with overall goals of the organization since they are the implementers. It also notes that suitable systems of strategy evaluation need to be put in place to gage the value of strategies employed. In the comparative discussion, the study supports Porter's model which presents a comprehensive structural framework and analytical techniques to help understand a firm's competitors, its own position and helps evaluate a firm's competitive behavior. The study presents this model along with research-based perspective which explores the role of key resources, assets and capabilities in creating competitive advantage and superior performance.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

With the current dynamic environment, organizations are competing to outdo each other and secure leading positions in their respective industries. Competitiveness at the Industry level arises from Superior productivity either in terms of lower costs than rivals or the ability to offer products with superior value that justify a superior price. Organizations therefore must adapt and change according to the environment or risk failure in the future since yesterday's success is no guarantee of success tomorrow. The essence of strategy formulation is to cope with competition (Porter, 2010). Increased competitiveness of an organization is important as it stimulates the economy. Without strategic planning, businesses simply drift, and are always reacting to the pressure of the day (Lawlor, 2005).

This study is guided by resource-based theory (RBT) and Industrial Organization Economic theory in analyzing the factors underpinning the success of firms in the publishing and advertising industries. Resource-based approach assumes that an organization can use superior resources and capabilities to modify the industry structure or change the rules of a competitive game (Peteraf, 1993). From this perspective the study will show how firms use their strategic resources to become leaders in the Industry. The resource-based theory focuses on the internal resources, capabilities and core competencies of an organization (Barney, 1991). According to the Industrial Organization Economic Theory, a firm's performance depends on the characteristics of

the industry environment in which it competes. Porter (1981) asserts that industry structure determines firms conduct. The study will show how industry structure affects performance based on Porter's five forces framework.

Postel Yellow Pages, like any other Kenyan company is facing tough times as the world transitions to a digital era. Until recently, its sole revenue earner has been publishing the directory. Over time, the company has been experiencing a shrinking market as customers migrate to online platforms making the traditional model virtually obsolete. It has since become increasingly difficult to chart a profitable course in the midst of the digital transition. Although a good number of customers still like flipping through the directory, publishers are faced with the challenge of adapting to multi-media platforms like laptops, mobile phones and social media networks. Persuading the customers to pay for information that was initially free and declining revenues due to lower advertising fees online than in print is a major challenge. Publishers face the challenge of replacing re-press technicians and printing press operators with computers consequently leading to downsizing personnel.

### **1.1.1 Concept of Strategy**

Johnson and Scholes (2005) define Strategy as 'the direction and scope of an organization over the long-term, which achieves advantage in a changing environment through its configuration of resources with the aim of fulfilling stakeholder expectations'. In its determination of long-term direction of an organization strategy involves the interplay of three elements: the organizations external environment, its resources and its objectives. Strategic management therefore is the comprehensive collection of ongoing

activities and processes that organizations use to systematically coordinate and align resources and actions with mission, vision and strategy throughout an organization (Poister and Steib, 2005). Strategy is “A general direction set for the company and its various components to achieve a desired state in the future. Strategy results from the detailed strategic planning process” (Pearce & Robinson, 2011).

While planning a strategy, it is essential to consider that decisions are not taken in a vacuum and that any act taken by a firm is likely to be met by a reaction from those affected, competitors, customers, employees or suppliers. Yabs (2010), further states that strategy, as practiced by army generals, included their plans and logistics of supplying men with ammunition to defeat an enemy. Therefore, strategy has been borrowed from the military and adopted in business. In business context, as in military, strategy bridges the gap between policy and tactics. Effective strategy enables a firm to influence the environment in its favor and defend itself against competition.

Strategic management can thus be seen as a "total" system perspective and not merely as the process of choosing from among alternative long-range plans. It reflects the organization's "strategic capability" to balance the demands imposed by external and internal forces. According to Bradford and Duncan (2004) one of the basic concepts of business strategy is that organizations operate within an external environment. In order to survive within this changing environment, organizations must find a way to fit themselves successfully. This is known as the strategic fit. This is done by assessing key variables of the environment then adopting the organization to those variables. The PESTEL analysis is a framework for assessing macro environment in which the

organization operates. These factors influence the organization but are out of its control. They include, Political, economic, social demographic, technological and legal aspects. Understanding the environment helps the organization to maximize opportunities and minimize threats.

### **1.1.2 Firm Competitiveness**

Firm competitiveness is the ability of firm to design, produce and or market products superior to those offered by competitors, considering the price and non-price qualities (D'Cruz, 1992). Every industry has an underlying structure, or a set of fundamental economic and technical characteristics that gives rise to competitive forces. Sources of competitiveness are those assets and processes within an organization that provide competitive advantage. These sources can be tangibles or intangible. Firm competitiveness is of great importance. Porter argues "it is the firms, not nations, which compete in international Markets", (Porter, 1998). Competitiveness involves "a combination of assets and processes, where assets are inherited (natural resources) or created (infrastructure) and processes transform assets to achieve economic gains from sales to customers" (DC, 2001).

Most companies in Kenya are organized on functional lines such as operations, marketing, finance, sales, and have narrow views about their contribution to the competitiveness of the whole organization. For providing customers with greater value and satisfaction than their competitors, firms must be operationally efficient, cost effective, and quality conscious (Johnson, 1992: Hammer and Champy, 1993). Therefore, competitiveness comes through an integrated effort across different functions and hence

has a close linkage with strategy process. It is therefore important for a firm to define competitiveness as part of its strategy. Competitive strategies are methods by which an organization achieves a competitive advantage in the market (Porter, 1995). There are two basic types of competitive advantage a firm can possess: Low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation, and focus.

In cost leadership, a firm sets out to become the low cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. In a differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. The generic strategy of focus rests on the choice of narrow competitive scope within an industry. In cost focus a firm seeks a cost advantage in its target segment, while in differentiation focus a firm seeks differentiation in its target segment. For firms to compete effectively, they must understand the current and future competition drivers, what competitors are likely to do, and how they can position themselves to achieve competitive advantage.

### **1.1.3 Publishing Industry in Kenya**

The publishing industry in Kenya comprises of a wide range of service providers covering all modes of publishing which include book publishing, directory publishing, newspaper publishing dictionary publishing and many others. The industry provides employment and generates vast revenue for the Government in form of VAT and other taxes. In addition, the industry plays a leading role in disseminating information as well

as connecting the seller to the buyer. Global publishers are embracing the opportunities digital technology has brought to the industry. Most publishers in Kenya have been exploring the possibilities of getting written content presented across an increasingly multi-channel platform. The digital world is such a thriving industry that no book publisher can ignore. Kenyan publishers are therefore adjusting their strategy to stay in tune with technology and the changing demands of readers. However, even as digital platforms evolve, traditional publishing is alive and still has a competitive edge. There's still market space for printed books.

The Industry just like other industries is facing fierce challenges which include lack of a policy to govern the creation (authorship), production (publishing) and promotion (bookshops, distribution agencies, and libraries) of books. There is no book development council or lobby group to press for the formulation of such a policy. However, key personalities are pressurizing the Government to establish a coordinating body and support indigenous publishers who are capable of supplying the domestic market which is currently dominated by foreign publishers.

The biggest challenge facing the publishing industry is its inability to adapt to new media forms as quality digital publishing projects have high production costs sometimes way beyond the kind of budgets publishers are used to paying from either editorial or marketing budgets. Publishers also have a big challenge in making decisions on customers' expectations that have dramatically changed in a short period of time. The use of e-readers and tablets has led to declining volumes leaving the publisher very vulnerable. The challenge ahead is to determine how to streamline publishing processes

to keep up with existing customers and customer demand, while being able to accommodate new business opportunities.

#### **1.1.4 Advertising Industry in Kenya**

Advertising is the communication link between a product or service and the consumer. It has now become part of everyday life, influencing everyday's purchase decision consciously or unconsciously. The advertising media include newspapers and magazines, radio, television, online and print directories, radio, posters, bill boards and anything that can be used to inform the customer about a product or service. Advertising in Kenya is believed to have begun with newspapers, in the seventeenth century, which included line or classified advertising. The sale of advertisements, including classified and display ads, is the major source of revenue for most newspapers, magazines and directories. With the development of counties, we are likely to see regional stations with a base in the various forty seven counties. For the advertiser, this will call for a new strategy in advertising especially in radio online and print. With the rapidly growing competition in the market place, companies will have to employ strategies that involve brand communication and experience.

A common challenge to advertisers is deciding which channel to use and how much they should allocate to digital versus print-based channels. Choosing between radio and television, one television channel and another, electronic media and the newspapers or different periodicals call for creativity and innovativeness. This is because the advertising budget is always limited and ought to be utilized in the best way possible. Lack of



influence in business results is a big challenge in that, firms spend large amounts of money year after year expecting effective returns in terms of the quality of sales. This has not always been true because of the high number of competing brands that make competition extremely stiff, making the advertising industry image fade. Changing technology trends and the rising popularity of user-generated adverts is a big challenge to the traditional modes of advertising. Amateurs are now creating lower cost or no cost advertising content that is proving to be as appealing and effective as advertising agency creations. A good example is OLX advertising platform where advertisers are not expected to pay a single coin.

#### **1.1.5 Postel Yellow Pages**

Postel Yellow Pages is a private limited company incorporated in Kenya. The company's core business is the production and distribution of business directories in both print and online version. Postel Yellow Pages came into the market in 1992 after the realization that the market could not easily get access to suppliers of goods and services. Over the years the company has been moving through modern transformation and establishment of structures that promote the flow of ideas, build trust and a unity of purpose, tap the energy and creativity of the workforce, and translate ideas into new products, processes and services which are all aimed at improving the effectiveness of its products to the customers. By extension, these strategies are also aimed at adding value to the customers businesses and ultimately help in growing the Kenya economy to a greater level as focused on Vision 2030 government strategic plan.

Every year Postel Yellow Pages publishes new directories to reflect the current market situation. Contact information such as mobile numbers, website, electronic mail, building and street names, branches logos maps etc are given. Postel yellow pages believe in the power of segmentation. Thus, the different product offerings. Nairobi directory reflects information on Nairobi and its environs. Coast directory represents the Coast region market. Inland directory provides information on regions that do not fall under Coast and Nairobi directory. Travel Discover Kenya targets the local tourism market. This is a tourism guide that has clearly outlined the different counties and their different attraction points found in each county. The company offers online as a compliment to print because this platform gives an opportunity to give more information that would otherwise not qualify in print. The company has made a provision for users to easily access information through mobile devices. Customers looking for company information send the company name to 19000. Immediate feedback in form of an SMS with fixed or mobile line, physical address of the company queried is given. Customers looking for company information send the company name to 19000. Immediate feedback in form of an SMS with fixed or mobile line, physical address of the company queried is given.

As the intensity of competition goes up, margins and returns are driven down. Migration of customers to online platforms has been a major blow to the company. Most customers who used to place big adverts on the print directory now want to place the same ads online. The online adverts are cheaper than the print ads. Internet advertising has grown very first taking a big share of the traditional channels of publishing and advertising. This has led to shrinking profits considering that some of the online platforms are free. This calls for competitive strategies to remain in the industry.

## **1.2 Research Problem**

Porter (1980) argues that strategy is about competitive position, about differentiating yourself in the eyes of the customer, about adding value through a mix of activities different from those used by competitors. The essence of strategy is choosing a unique and valuable position rooted in systems of activities that are much more difficult to match. It helps improve the flow of communication in an organization. Competitiveness refers to how a firm competes in its industry and calls for strategies for a firm's survival. The relationship between strategy and competitiveness is that strategy is the main driver of competitiveness. This relationship is key because it safeguards the firm's competitive position and allows better understanding of the environment (competitor's social economic trends).

Postel Yellow Pages was established in 1992 as the first directory publisher in Kenya. Over time other companies have come on board resulting to stiff competition. However, other than competition the main challenge the company is facing is technological innovation. With more than twenty million mobile lines, four telecommunication providers and reducing tariffs, the public is spoilt for choice. The advertiser who previously had only a few options as to where to place advertisement now has a myriad options. The demand on the print directory is declining at a high rate with customers preferring to advertise online. This has adversely affected revenues since online charges are much cheaper than the print. The above challenges brought about by change in the environment call for competitiveness and the need for appropriate strategies.

Local studies have been undertaken on competitive strategies but under different contexts, they include Mairura (2011) who undertook a research on competitive strategies adopted by courier firms in Kenya to cope with competition in the courier industry. Mumo (2012) studied strategies used by Standard Chartered Bank in building a sustainable competitive advantage in national markets. Masai (2012) studied competitive strategies by registered taxi firms in Mombasa County, Kenya. There is no research that has been conducted to determine the competitive strategies used in the publishing and advertising industry. This industry is unique in that it creates consumer awareness and educates the society. A knowledge gap therefore exists necessitating an undertaking of the research to determine the strategies adopted by Postel Yellow Pages to gain competitiveness in the publishing and advertising industry. What challenges does Postel Yellow Pages face from competition in the publishing and advertising industry in Kenya? What strategies has Postel Yellow Pages adopted to gain competitiveness in the publishing and advertising industry in Kenya?

### **1.3 Research Objectives**

- i. To establish the challenges of competition faced by Postel Yellow Pages in the publishing and advertising industry in Kenya.
- ii. To determine strategies adopted by Postel Yellow Pages to gain competitiveness in the publishing and advertising industry in Kenya.

#### **1.4 Value of the Study**

The study contributes to the two theories by clearly depicting that differences in firm's performance is driven by its unique resources and capabilities as well as the structure of the industry in which it is operating. The study highlights the need for a fit between external context in which a firm operates and its internal capabilities. It shows that sustainable competitive advantage is a continuous process of developing existing and creating new resources and capabilities to respond to rapidly changing environmental conditions.

The study is expected to help bridge the knowledge gap in this area of study by showing the challenges emanating from environmental change and the strategic responses undertaken by firms in this industry to remain competitive. Findings of this study will offer an invaluable source of material in developing and harnessing strategic capabilities in the present day competitive environment. In addition, investors planning to venture in the industry will gain an insight on the nature of the industry and assist them in making proper investment decisions.

For scholars and researchers findings from this study may be used as a source of reference for other researches. The study will form a basis upon which other future related and replicated studies can be based on. It will also contribute to existing literature in the field of strategic management and act as a source of reference for future strategies being formulated. The results of this study may be used by researchers to further explore issues of competitiveness and strategy in organizations.

The findings will be useful to publishing and advertising industries policy adoption, planning and implementation of relevant competitive strategies in the wake of various changes in the industry. The players of the publishing and the advertising industries will gain an understanding of the resources they require to be ahead of competition and how to implement strategy as dictated by the conditions and constraints in the external environment. The study will provide an insight to the managers of Postel Yellow Pages on some of the challenges that may be faced in implementing their strategies and how to avoid pitfalls and capitalize on competitive strategies that will enhance competitiveness.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

Chapter two gives the literature review of the paper. It covers the two theories underpinning the study in detail. The chapter aims to discover the importance of firm competitiveness and firm strategies.

#### **2.2 Theoretical Foundation**

This study is anchored on Resource based view and Industry forces theory. Resource-based view comprises of a dominant area of strategy literature which addresses the question of an organization's identity and it is principally concerned with the source and nature of strategic capabilities. The Porter's industry forces theory helps an organization determine the nature of competition within an industry.

##### **2.2.1 Resource Based View**

The resource-based view of strategy was founded by Edith Penrose (1959). However, it is more commonly associated with the work of Prahalad and Hamel (1990), Rumelt (1991), Barney (1991), Grant (1991) and Peteraf (1993). It is about organization's unique resources and capabilities that provide the basis for its strategy and the primary source of returns. These resources may be finance, unique technology, knowledge, human and other assets (Barney, 1986). It highlights the need for a fit between the external market context in which a company operates and its internal capabilities. It is these resources and the way they are combined that make firms different from each other. The idea that,

through pursuing its present strategy, a firm develops the required expertise required for its future strategy is referred to by Itami (1986) as ‘dynamic resource fit’

Effective strategy in the present builds invisible assets and the expanded stock enables the firm to plan its future strategy to be carried out and the future strategy must make effective use of the resources that have been amassed.

Resource based literature holds different descriptions of resource attributes that render competitive advantage. The main ones include value, rareness and imperfect imitability and substitutability (Barney, 1991). A difference in strategies and performance levels among competitors within an industry is the existence of unique firm characteristics capable of producing core resources that are difficult to imitate (Wernerfelt, 1984; Barney, 1986; Peteraf, 1993).

Prahalad and Hamel (1990) supported the RBV model where core competence, core processes and strategic assets are emphasized. RBV is relevant in this study as it seeks to identify the important ‘bundles of resources’ as these are the sources of the firm’s competitive advantage (Barney and Grant 1991). In the Advertising and Publishing Industry, it helps an organization in building a certain level of skill and competence so that the management can be able to use these skills to exploit the opportunities in the market. Thus differences in firm’s performances across time are driven primarily by their unique resources and capabilities rather than by the industry’s structural characteristics.



### **2.2.2 Industry Forces Theory**

Industry forces theory was founded by Porter (1980), an authority on competitive strategy. He contends that the intensity of competition within an industry is determined by the basic competitive forces. The five forces include; threat of new entrants, rivalry among existing firms, threat of substitute products or services, bargaining power of buyers and bargaining power of suppliers. The strength of the five forces varies according to the stage of industry evolution.

The threat of entry depends on the presence of entry barriers and the reaction that can be expected from existing competitors. Some of the possible barriers to entry are: economies of scale, product differentiation, capital requirements, switching cost, access to distribution channels and Government policy. According to Porter (2008) intense rivalry is related to the presence of several factors, including: Number of competitors, rate of industry growth, product or service characteristics, amount of fixed costs, capacity and height of exit barriers. It refers to the level of competition amongst existing firms and it is the most influential among the five forces.

A substitute product is a product that appears to be different but can satisfy the same need as another product. Porter (2008) asserts that substitutes limit the potential returns of an industry by placing a ceiling on the prices firms in the industry can profitably charge. Buyers affect an industry through their ability to force down prices, bargain for higher quality or more services, and play competitors against each other, while suppliers affect an industry through their ability to raise prices or reduce the quality of purchased goods and services.

With the onset of new online technologies and the cut throat competition, this theory is relevant to the firms in the publishing and advertising industry as firms use the five forces to analyse the external environment and come up with strategies that benefit the competition. The collective strength of these forces determines the ultimate profit potential in both industries where profit potential is measured in terms of long-term return on invested capital.

### **2.3 Firm Competitiveness**

Competitive strategy consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position (Thompson and Strickland, 2002). A firm gains competitiveness when it is able to offer the consumer greater value than the competition. Such value can be in the form of lower prices or quality services. Porter (1985) asserts that there are basic business strategies; differentiation, cost leadership and focus and a company performs best by choosing one strategy on which to concentrate. However, many researchers feel a combination of these strategies may offer a company the best chance to achieve a competitive advantage (Hlavacka *et al.*, 2001)

#### **2.3.1 Differentiation Strategy**

According to Thompson (2008) this strategy seeks to differentiate the company's products from those of rivals to appeal to a broad spectrum of buyers. Pearce and Robinson (2010) states that differentiation requires the business to have sustainable advantages that allows it to provide buyer's with something uniquely valuable to them. Grant (2002) argues that differentiation is not about pursuing uniqueness for the sake of

being different, but it is about understanding the products or services and the customers. Hence the buyer feels the additional cost to buy the product or service is worth compared with the other available alternatives.

Armstrong and Kotler (1999) point out that differentiation can occur by manipulating many characteristics, including features, performance, style, design, consistency, durability, reliability or reparability. This allows an organization to target specific populations and reach customers with special sensitivity for a particular product attribute. Service differentiation can be in form of additional services that accompanies the physical product. An organization can then charge a premium for the product. People differentiation can be realized by recruiting and training better than the competition. This particular advantage which is intangible may be difficult to imitate because its source may not be very apparent to an outsider. Other types of differentiation can be image differentiation usually perceived vide certain brands, quality differentiation exemplified in reliability.

### **2.3.2 Focus Strategy**

Porter (1980) asserts that, focus strategy, whether anchored in a low-cost base or a differentiation base, attempts to attend to the needs of a particular market segment. The target segment or niche can be defined by geographical uniqueness, by specialized requirements in using the product or by special product attributes that appeal only to niche members. Rucha (2012) argues that organizations pursuing this strategy serve customers in their market uniquely well, and tend to build strong brand loyalty amongst their customers making their particular segment less attractive to competition.

According to Porter (1985), focus strategy has two variants: cost focus and differentiation focus. Cost focus strategy concentrates on a narrow buyer segment and out competing rivals at a lower price. Differentiation focus concentrates on a narrow buyer segment and out competing rivals by offering niche members customized attributes that meet their tastes and requirements better than rivals' products. In the differentiation focus, the organization seeks to provide high-perceived value justifying a substantial price premium to a selected market segment (Johnson and Scholes, 2002). Businesses that use both cost and differentiation strategies to achieve competitive advantage usually realize the highest levels of profitability within their industry (Pearce and Robinson, 2004).

### **2.3.3 Cost Leadership Strategy**

According to Pearce and Robinson (2010), cost leadership requires the business to be able to provide its product or service at a cost below what competitors can achieve. It must be a sustainable cost advantage. A firm pursuing cost leadership strategy opts to be the leader in cost minimization. This means that the firm's unit cost of production is the lowest in the industry. Porter (1980) asserts that cost leadership strategies increase the market share through charging lower prices, while making reasonable profit on each sale due to reduced operational costs.

According to Thompson and Strickland (2008), a low cost strategy works best particularly when price competition among rival sellers is vigorous, the products of rival sellers is essentially identical and supplies are readily available, there are few ways to achieve product differentiation, most buyers use the product in the same way and buyers are large and have significant power to bargain down the prices. Porter (1980) asserts that

the biggest pitfall of a low-cost provider strategy is getting carried away with overly aggressive price cutting and ending up with lower, rather than higher profitability. Thompson and Strickland (2007) asserts that a low-cost/low-price advantage results in superior profitability only if prices are cut by less than the size of the cost advantage or the added gains in unit sales are large enough to bring in a bigger total profit despite lower margins per units sold.

## **2.4 Firm Strategies**

Aosa (1992) defines strategy as creating a fit between the external characteristics and the internal conditions of an organization to solve a strategic problem. As pointed out by Ansoff (1993), in order for an organization to optimize its competitiveness and profitability, it has to match its strategy and supporting capability with the environment. Firms that succeed therefore are those that are able to successfully link their strategy to the external environment. Pearce and Robinson (1997) defined strategy as a large scale, future oriented plan for interacting with the competitive environment to achieve the company's objectives, hence a game plan. Johnson and Scholes (2002) define strategy as the direction and scope of an organization over the long-term, which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations.

### **2.4.1 Strategy Formulation**

Strategy formulation requires a firm to analyse the environment in which it is positioned so as to come up with the most effective strategy. Identification of strategic factors

requires systematic analysis of both external and internal environment of the firm. PESTEL analysis is a tool used to analyse the external environment of a firm. The framework categorizes strategies formation factors into six categories; Political factors, economic factors, societal factors, technological factors, Environmental factors and legal factors.

Political factors often have impact on firms and how they do business, hence organizations should be able to respond to the current and anticipated future legislation. Changes in the Government such as a new president or new government policies affect how a firm will position itself in the market. Other changes include; government policy, political stability or instability, labor laws, environmental laws among others. Economic factors have a significant effect on how profitable an organization is. Interest rates affect a firm's cost of capital and therefore to what extent the business grows and expands. Exchange rates affect the cost of exporting goods and the supply and price of imported goods in an economy. Other economic factors include; disposable income of buyers, credit accessibility and inflation.

Social-cultural factors are areas that involve the shared believe and attitudes of the population. These factors have a direct effect on how managers understand customers and what drives them. The factors include; population demographics, distribution of wealth, changing in lifestyles and trends, and education levels. Technological factors affect the organization in three distinct ways; new ways of producing goods and services, new ways of distribution and new ways of communication to the target clients. Hence technological shifts can affect costs, quality and lead to innovation.

Environmental factors include; weather, climate and climate change, waste disposal laws, energy consumption regulations among others. These factors affect strategists as more and more consumers demand that products they buy are sourced ethically and if possible from a sustainable source. Legal factors include; consumer law, health and safety regulations, product regulations, antitrust law among others. They affect how a company operates, its costs and the demand for its products. PESTEL analysis helps managers to generate strategies that take several macro-economic factors into consideration so that the strategy formulation may be as sensitive to current and future environmental factors as possible.

#### **2.4.2 Strategy Implementation**

Strategy Implementation is one of the components of strategic management and it refers to a set of decisions and actions that result in the formulation and implementation of long term plans designed to achieve organizational objectives (Pearce and Robinson, 1997). The assessment of strategy formulation processes becomes crucial for practitioners and researchers alike in order to conduct and valuate different formulation processes (Otley, 1999). According to Robins and Coulter (2002), strategic management is the process that encompasses strategic planning, implementation and evaluation. Its purpose is to complete the transition from strategic planning to strategic management by incorporating adopted strategies throughout the relevant system (Bryson, 1995).

The fatal problem with strategy implementation is the de facto success rate of intended strategies. In research studies it is as low as ten per cent (Johnsen, 2001).

Research emphasizing strategy implementation is classified by Brunsson and Olson (1998) as part of a first wave of studies proposing structural views as important facilitators for strategy implementation success. Strategy implementation on the other hand is concerned with both planning on how the choice of strategy can be put into effect, and managing the changes required (Wang, 2000). Awino (2001) noted that strategy implementation has attracted much less attention in strategic and organization research than strategy formulation or strategic planning. Alexander (1991) suggests several reasons for this: strategy implementation is less glamorous than strategy formulation, people overlook it because of a believe that anyone can do it, people are not exactly sure what it includes and where it begins and ends. Furthermore there are only a limited number of conceptual models of strategy implementation. The implementation phase is concerned with turning the strategic vision for an organisation's future development into tangible and realizable results, and many conceptual frameworks have emerged that attempt to match measurement with business strategy (Thomas et al., 1999)



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter outlines the research design, the procedures and techniques that the researcher used to generate, measure and analyze data. It also describes the research design that was used .

#### **3.2 Research Design**

This refers to the method and procedures followed in conducting the study. The aim of the study was to determine strategies adopted by Postel Yellow Pages to gain competitiveness in the Publishing and advertising Industry in Kenya. The research was conducted as a case study since the unit of analysis is one organization. The main benefit of a case study is that the entire organization can be investigated in depth and with attention to detail. A case study allows an investigation to retain the holistic and meaningful characteristics of real life events. This bias of the study to a particular context makes the case study the most appropriate research design.

Mugenda (1999) proposed the use of case study when an in depth of an individual group, institution of phenomenon is required. Primary data collected from such a study is more reliable and up to date. Cooper and Schindler (2003) also assert that research design is a method of study I depth, rather than breadth and places more emphasis on the full analysis of limited number of events or conditions and other interrelations.

### **3.3 Data Collection**

Primary data was collected through administering interviews with the use of interview guides in order to gain a better understanding and possibly enable a better and more insightful presentation of the results from the study.. The interview guide consisted of open ended questions that allowed the interviewees to answer in their own words. Interviewees were from two key departments namely; Marketing and ICT. This is because they hold the strategic vision of the organization and therefore more conversant with strategy. The interviews took place at their own places of work which ensured minimal interruptions and to collection of sufficient information from the target respondents.

The interview guide consisted of three sections A B and C. Section A was used to collect respondents biodata, section B was used to collect their views on challenges facing the organization while section C outlined competitive strategies used by the organization.

### **3.4 Data Analysis**

Before processing the responses, the completed interview was edited for completeness and consistency. Data analysis sought to analyse challenges of competition faced by Postel Yellow Pages in the publishing and advertising industry in Kenya. It also involved determining strategies adopted by postel Yellow Pages to gain competitiveness in the publishing and advertising industry in Kenya. Once data was collected it was analysed using content analysis technique. Content analysis is a tool of measuring the content of communication. Its objective is to obtain a qualitative description that manifests content

of communication. In content analysis, responses from different respondents are compared and summarized according to the objective of the study.

Content analysis is the best method of analyzing the open-ended questions. It is suitable because of its flexibility as it allows objective, systematic and qualitative description of the content of communication (Cooper et al, 2006)

## **CHAPTER FOUR**

### **DATA ANALYSIS FINDINGS AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents analysis and findings of the study as set out in the research objectives. The data was gathered through interview guide and analysed using content analysis. The results are presented on strategies adopted by Postel Yellow Pages to gain competitiveness in the publishing and advertising industry in Kenya. The study targeted two senior managers who comprised of the ICT Manager and the Marketing Manager. A commendable response rate was achieved after the researcher made frantic efforts to book appointments with the interviewees beyond working hours, hence giving a hundred percent response rate.

#### **4.2 Challenges Faced by Postel Yellow Pages**

The study sought to determine what challenges Postel Yellow Pages was facing from competition. When asked about the technological challenges the company was facing both respondents cited that today's advertising and publishing has definitely changed with emergence of new technological trends. One of the interviewees commented that companies are increasingly using internet to get information about consumers even without knowledge of the consumer. He explained that currently there are interactive sites that customers go to and become even more engaged with the product. Products that used to be advertised in the directory a few years ago are now available online. When asked how this has affected the organization the interviewee explained that this has

posed a great challenge to the print since most of the customers are now migrating to the digital platforms. Over time, the company has witnessed the print directory shrinking day by day due to changing trends.

The study further probed to know if there any specific reasons for the drastic change to online platforms. It was established that online advertising has an advantage over the print since businesses can track what sites their customers use and advertise directly to them. It was further noted that advertisers are able to know the impact of their adverts by getting statistics showing how many people have viewed their adverts. The study noted that this has greatly affected the profit margins and revenues have been driven down because online pricing is much cheaper than print pricing.

The study sought to know if there are any economic challenges affecting the company. One interviewee cited that some economic elements which include high taxes and regulations from the government have affected the business environment by raising business costs. He indicated that a number of clients were not in a position to renew their adverts on print and even online citing that the economy is not favoring their businesses hence advertising budgets have either been slashed or completely done away with. He noted that poor economic performance leading to bad economic situation has made some customers to completely not be in a position to pay for their adverts leading to bad debts which has adversely affected the profit margins. The study further probed to know if the organization has taken any measures to collect the debts. The interviewee explained that in a bid to salvage the loses the organization has employed debt collectors who are paid

on commission. Both interviewees agreed that inflation and low income from customers have been a great challenge to the operation of the organization.

Asked if growth of multiple advertising channels had any effect on the organization, the interviewees said that it has increased the intensity of competition posing a big challenge. They identified radio and television as the major competing channels in advertising. Urguing that businesses sponsor radio shows where hosts talk about the products during the show or at a break, companies advertise their products on a national level so the audience that businesses target becomes much bigger than what yellow pages directory targets. They further explained that the modern trend of selling advertising time to multiple sponsors has become a permanent feature of the commercial television industry in Kenya where customers get to see how products look and know through demonstrations how they are used. On further probing on how this affects the organization, they both agreed that when people see the product, they become more engaged with it than when it is on print. Hence, most print customers have opted to use these two channels.

The study sought to know if there are any political factors that may have posed a challenge to the organization. The interviewees indicated that political instability brought about by post-election violence almost distabilised the operations of the company. On further probing it was established that the sales team could not visit some parts of the country especially rift valley where market actitivity was seriously affected. Others were victims of violence, the political crisis and resulting civil conflict led to massive economic disruptions. In January and February commercial transport was halted through

out the country and market centers were closed. The clients who could be reached feared signing any contract due to uncertainty while on the other hand the company lost very key clients who had their businesses brought down completely.

The study noted that among other challenges was human resource. The interviewees explained that Postel Yellow Pages is a market leader, employees are regularly poached by competing firms particularly the sales executives. This has consequently raised the labor costs as the firm has to higher and train, offer higher salaries and allowances to avoid losing highly qualified and trained workforce to the competition.

The study established that Postel Yellow Pages is facing rivalry among current competitors. It was noted that rivalry in this industry has increased because many firms are competing for the same customers and resources. Intense rivalry has been brought about by low switching costs this is so because customers can freely switch from one product to another hence there is a major struggle to capture customers. Some of the competitors have gone to the extent of lying to unsuspecting customers that they are agents of Postel Yellow Pages. The company has gone to the extent of filing legal suits for competitors practicing unethical business conduct.

Findings from the study revealed that the new entrants are a great challenge to Yellow pages Kenya. Apart from fighting for the same market share, they have adopted a low cost or no cost strategy. OLX has a no cost strategy and it seems to be out-doing all other players in terms of who can give the customers rock bottom prices. But the question remains whether the low cost model is sustainable with the current economic situation.

The study confirmed that rising costs are a major challenge. This has been enhanced by a weakened economy and new legislative laws that are impacting on the costs of the inputs going up. The cost of living is sky rocketing and the economy is almost down to its knees. This has greatly affected the buyer power and most customers are not in a position to buy products since they consider advertising secondary to other financial needs of the company. This being a national problem has a great impact on not just Postel Yellow Pages but on the industry in general.

The study sought to know what alternative or substitute products or services pose a challenge to the organization. The interviewees explained that the internet is the major substitute that can bring the sector down. Internet is a major communication tool and cannot be ignored in this day and age. The study further sought to know how internet acts as a substitute product. It was established that the rise and rise of internet mobile internet user is a big challenge to publishers and advertisers. The study found out that internet use on mobiles and tablets is set to overtake desk top internet use soon due to the fact that revenues generated from advertising on mobile devices are lower than revenues for desktop and print advertisements. It is therefore a challenge for Postel Yellow Pages and other players in this industry to be innovative in order to remain relevant and competitive.

The study noted that conformity is a major challenge that the organization is facing in trying to meet the needs of the customers. The interviewees explained that clients may want to publish their details in a way that is not compatible to the firm's publishing or advertising specifications. In such cases the company ends up losing such clients. To



mitigate such happenings the organization is engaged in monitoring and evaluating the environmental and current trends that may affect its operations and incorporate them in their planning.

#### **4.3 Strategies Adopted by Postel Yellow Pages**

The study sought to determine from the interviewees competitive strategies used by Postel Yellow Pages. First it sought to find out how competition influences the nature of strategies adopted by Postel Yellow Pages. It was established that competition does influence nature of competitive strategies adopted to some considerable extent. The interviewees indicated that although the company responds to competitive forces by implementing competitive strategies, it tries to be proactive so as to remain a market leader in the publishing and advertising industry. The results indicate that the organization uses differentiation strategy which focuses on innovating products that appear different from their competitors and its aimed at making them earn a competitive advantage over competitors. The interviewees cited that with the enormous competition markets today are driven by choice. Targeted customers have too many choices, all of which can be fulfilled instantly. Choosing among options is always based on differences, implicit or explicit, hence it is important to differentiate in order to give the customer a reason to choose your product or service.

The study further prompted to know how the organization has differentiated its products. The interviewees indicated that the organization has adopted a strategy called 360 degree solution. This basically means that the organization is offering a one stop shop interms of products. This is a unique solution that helps businesses to be on print, mobile and online

simultaneously. This has been achieved by developing a range of products which include sms query 19000, customers looking for company information sends the company name to 19000, immediate feedback inform of SMS is given. Other products include, mobile business directory which targets medium small and medium businesses that operate by use of mobile phones only, SMS to call, click to call, Mobile website and Google adwords. The uniqueness of the products provide a high customer loyalty and attraction.

The study notes that the introduction of the 360 degree solution has seen a significant change of the existing customer profile. The interviewees noted that the number of small and medium enterprise companies has increased due to the development of products and services that cater this market. For instance the introduction of the mobile business directory that only caters for businesses that operate only using mobile phone devices is one of the reasons that saw this class of customers profile increase in numbers. The study noted that PostelYellow Pages has given this particular market a healthy and favourable platform to compete amongst their peers. The interviewees added that the introduction of mobile website has also seen a great acceptance by the market. For a long time small and medium businesses could not afford to have their information easily accessible to their potential customers. But with this, it takes a few seconds for a user to download a website due to the technology outlay applied on this product.

The study also established that Postel Yellow Pages has an online interactive presence through facebook and twitter. These two are casual environments which help build brand awareness provide industry information and create communities among customers. The

study further prompted to know what benefits the company has derived from this platforms. The interviewees explained that it helps spread the word by showing customers and prospects who Postel Yellow Pages are and what they can do for them in other terms 'branding the company'. The company uses social media for content marketing, creating and sharing of information on a product or service for the purpose of promoting that product or service to a target market. It's also used as a tool for driving sales through giving customers offers that are so good they will share them with their friends. This can make any promotion go viral. They further explained that it helps the company provide great customer service through listening and responding to customer requests hence it's a powerful customer loop. It helps build deeper relationships with customers, they build trust in Postel Yellow Pages and become loyal to it as a brand and eventually refer others to the products. It is simply word of mouth powered by technology. In Addition, Social media marketing helps drive traffic in Postel Yellow Pages site and increase brand awareness.

It was established that Postel Yellow Pages uses Search Engine Optimisation (SEO) strategy to have top placement in the results pages whenever a specific keyword is typed into the query box. Search engines like google use crawlers to score websites across the Internet. The more sites that link to you, the more important the engines believe your content to be. The study further probed to know how this has benefited the company. The interviewees explained that top placement in search engines generally provide a more favourable return on investment compared to traditional forms of advertising such as radio commercials and television.

On focus strategy the study found out that the company segments the local market according to their various needs, by so doing, the company tailors their product to these unique markets. Thus, the different product offerings. Nairobi directory reflects information on Nairobi and its environs. Coast directory represents the Coast region market. Inland directory provides information on regions that do not fall under Coast and Nairobi directory. Travel Discover Kenya targets the local tourism market. This is a tourism guide that has clearly outlined the different counties and their different attraction points found in each. To ensure sustainability the company has intensified its advertisement through radio and television and billboards. The organization undertakes aggressive marketing of all its products to increase the awareness in the market. In this study we see the interviewees have concentrated mostly on differentiation along with focus method. This appears to be the general outlook in Postel Yellow Pages.

Interviewees also indicated that Postel Yellow Pages has adopted various Promotion Strategies such as participating in promotional fares and exhibitions in Kenya. They further explained that this is aimed at pushing their product to customers and making contacts. They have merchandise such as umbrellas t-shirts, bags calendars and even stationery that are given to staff as well as customers. They also from time to time run promotional competitions on Classic 105 where winners are rewarded with Postel gift hampers and five thousand shillings. This has helped a lot in ensuring their visibility. In so doing, they can arouse curiosity and interests in the markets that are yet to be explored and eventually capture and lock in customers. Postel Yellow Pages has also used bill boards and scatters as powerful tools for their visibility. This acts as a constant reminder to the customers as well as potential customers of their existence and in turn it would

arouse curiosity and in most cases translate to sales. This is a sure way of staying ahead of the competition.

The study established that Postel Yellow Pages employs a strong brand strategy through its strong backing by the government. The Company enjoys strong ties with Telkom Kenya which has 40 percent stake in Postel Yellow Pages. The interviewees were in accord that this aspect of partners and stakeholders is a very big added advantage. The other competitors struggle with content while Postel Yellow Pages gets trusted content from Telkom.

It was established that Postel Yellow Pages has enjoyed a near monopoly in the market for the past fifteen years with very few smaller competitors some of whom closed shop not so long after beginning operations, a case in point is the Nation directory all their subscribers had their figures burnt and now with upcoming competitors customers are more curious. This was a blessing in disguise to Postel Yellow Pages as the subscribers went looking for them..

#### **4.4 Discussion**

The study noted that Postel Yellow Pages has faced various challenges from competition. As a way of staying afloat in the market, the organization has majorly adopted differentiation strategy. Considering that their clients come from diverse backgrounds they offer products that are tailor made for a particular target group. They include, Travel Discover Kenya for tourists both local and foreigners, they have segmented their directory to cater for the upcountry clients, coast clients and Nairobi clients. In addition

they have diverse online products to cater for anyone who can access the internet. The continuous strategies being implemented by the company is an assurance that the product offering is always relevant to its clients. Case and point we all know that the economy is now being driven by small and medium companies if this market is not nurtured to its full potential then the organization will have lost its meaning in the market.

Since competitive advantage was at the heart of a firm's performance in competitive markets according to Porter (1985), we determine from this study that competitive advantage is a major ingredient of success in a firm. Porter (1985) mentions that after years of success and vigorous expansion, many firms forget about maintaining competitive advantage and concentrate on growth and pursuit of diversification. One of the major points driven home by the interviewees was the idea of continued planning on how to keep the business in a competitive position. We can therefore conclude that managers should never tire of strategy re-evaluation and value creation for clients.

It is important to note that competition does not necessarily make or break a business. We see this in the case of this research study. Customer satisfaction and responsiveness are an integral part of sustaining and maintaining competitive advantage. Postel Yellow Pages has aggressively done that through the interactive social media. To conclude this discussion, it is important to note that competition is real. Developing strategic responses needs to be a deliberate and tireless effort for every business and the response strategies must be innovatively mastered. The study has established that innovation is at the centre of the company's operations. The most successful companies innovate and continuously seek new forms of advantage in order to open up a competitive gap and then maintain

their lead since few individual sources of advantage are sustainable in the long-run (Porter, 1985). Postel Yellow Pages has properly executed this strategy by always seeking new advantages they have continually beefed up the number of products by giving their customers an array of options of getting what they are looking for any time anywhere by introducing the mobile services among other products. This has greatly improved customer experience and locked in most of their existing customers.

It is notable that the industry has attracted more new market entrants in the last five years as compared to a decade ago when Postel Yellow Pages enjoyed monopoly. The saying goes 'no man is an island' it could never be truer for Postel Yellow Pages since it operates within an environment, an external environment that brings with it the baggage of threats and the blessing of opportunities. Technology, social-cultural changes and economic landscape present platforms to grow any brand even better. From the study we note that the internet is one of the biggest challenges facing the organization at the same time it gives Postel Yellow Pages the opportunity of showcasing its products. At the same time it opened competition from all over the world. Interviewees confirmed that the organization conducts SWOT (Strength Weakness Opportunity Threats) analysis for business planning, competitors evaluation, marketing, business and product development and research reports. It also conducts PESTEL (Political, Economic, Social, Technological) analysis which is a business measurement tool for understanding market growth or decline and as such position potential and direction for their business. These two analysis have been used hand in hand with Porters Five forces to analyse their competitive position and strength as well as determine costs to be borne to compete in the industry and maintain their competitive advantage. The study therefore concludes that the

organization is proactive when responding to changes in the external environment since it has put strategies in place to scan the environment. The study notes that the biggest challenge in this industry is the internet or digital advertising which is seriously taking off. Because of the ever changing dynamics of the internet, there is plenty of scope for growth in this industry. Therefore the organization must find ways to overcome the challenges, come up with better strategies or face decline like their traditional counterparts.



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

The aim of this study was to find out the strategies adopted by Postel Yellow Pages to gain competitiveness in the publishing and advertising industry in Kenya. This chapter provides the summary of the study findings, conclusions and recommendations arising therein. The chapter concludes with limitations of the study and suggestions for further study.

#### **5.2 Summary**

To be successful over time, an organization must be in tune with its external environment and there must be a strategic fit between what the environment demands and what the organization has to offer, as well as between what the organization needs and what the environment can provide. Strategic responses thus involve changes in an organisation's strategic behavior to ensure success in a transforming future environment. In line with this, the study established that Postel Yellow Pages has encountered numerous challenges emanating from its environment some of the challenges include technological advancement, political, economical, social economic threat of new entrants and alternative products. The organization has been proactive in coming up with competitive strategies to counter competition. Some of the strategies employed include; Innovation through differentiation strategy, focus strategy, search engine optimization strategy, product promotion strategies and strong brand strategies among others.

### **5.3 Conclusion**

In the last fifteen years, the Postel Yellow Pages has gone through major reforms with the eventual entry of new entrants in the publishing and advertising sector. This happened during the period when both the internal and external environment were reckoned to be very turbulent with depressed economic activity and political instability. This forced Postel Yellow Pages to review its strategies in order to remain afloat despite the rapidly changing environment and cut throat competition in the industry. The study concludes that Postel Yellow Pages has adopted competitive strategies to achieve internal and external growth. This move signifies that competitive strategies are necessary as a response to the environmental phenomena.

Most of the challenges the organization is facing are not unique to the organization other companies are faced with the same challenges but the only differentiating factor is the strategies that each organization adopts to stay afloat. From the above summary, it is clear that competitive strategies at Postel Yellow Pages have been a great success and have achieved a lot of what was intended to be achieved. However, in spite of this, a number of issues still need to be addressed in order to consolidate gains of competitive strategies. The study notes that there is need for the organization to rigorously engage in research and development to enable it offer a wide range of products. The organization then should go ahead and market the products more aggressively through the print and the electronic media in order to attract more business. The company is doing poorly in this area of advertising as compared to competitors. The company must spend more to create awareness.

Drunker (1985) argues that a firm can often gain advantage over its competitors by recognizing and seizing opportunities in its environment or by promoting innovation within its own ranks. The introduction of 360 degree strategy saw the company innovate products that are well differentiated in the market to remain the market leader in the industry. With traditional goals of control, predictability and error-free operations, many firms may not readily accept new ideas and perspectives. Thus building and sustaining competitive advantage is an ongoing innovative cycle of searching for sources of competitive advantage and acting on them. This literature is in line with the study findings where by innovation was identified as one of the major sources of competitive advantage that Postel Yellow Pages applied to a great extend.

#### **5.4 Recommendations**

The study noted that Postel Yellow Pages is facing several challenges brought about by the external environment. As a result the organization has adopted strategies aimed at gaining competitiveness in the publishing and advertising industry in Kenya. In line with the findings, the study gives the following recommendations.

##### **5.4.1 Implications for Theory**

Organization resources play a major role in helping the company achieve higher organizational performance. Resource based view holds that competitive advantage can be achieved easily by exploiting internal rather than external factors as compared to Industrial organization theory. The study notes that the firm has not invested much on tangible resources probably because they confer little advantage as they can be easily

imitated. However, intangible resources such as brand reputation, human resource, knowledge and skills of employees are a major source of competitive advantage for Postel yellow pages. While the company has done well in brand reputation the study noted that there has been a problem of competitors poaching skilled employees to their firms. The organization should therefore contact an employee satisfaction survey and come up with strategies to enhance employee loyalty. In line with this theory the study recommends that the organization should place a premium in nurturing and developing their firms' intangible resources so as to achieve long-term competitive advantage.

From a firm's point of view, the most important and relevant aspect of environment is the industry in which the firm competes. The study established that among the five forces of competition threat of new entrants development of substitute goods and intensified rivalry have increased the intensity of competition in this industry. In line with the industrial forces theory, the study recommends that use of the five competitive forces would help the organization identify its strengths and weaknesses relative to the actual state of competition. We can also conclude that the best approach is to look at both external and internal factors and combine both theories to achieve and sustain competitive advantage.

#### **5.4.2 Managerial Policy**

As a Publishing and advertising industry Postel Yellow Pages bears responsibilities of a highly public nature, to provide high quality products and stable services. The rate of growth of Advertising and publishing industry in Kenya is expected to grow rapidly owing to the internet experience. Therefore Postel Yellow Pages needs to come up with

middle-to-long-term measures to improve the management structure. Currently the company has four departments namely; human resource, production, finance and sales. The study established that little research and development is done. It is therefore paramount to incorporate research and development department. It has been apparent that future economic progress will be driven by invention and application of new technologies. Research and development (R & D) is a key element and when well planned and used will enable the company to generate innovate new products essential to keep ahead in the field.

The study established that there is need for basic policy regarding strategy formulation. The study recommends that Postel Yellow Pages incorporates a participatory approach in the strategy process to include non-management staff as they are the implementers of strategies and they need to own the strategy and feel involved. The interviewees though participating in implementing the strategies were of the opinion that there could be better alternative strategies. Various changes in procedure and policy can be recommended here such as reward policy an open door policy to encourage the employees to share information in good time.

Finally, the organization needs to establish a monitoring and evaluation system with clear measurable goals be put in place to gauge the value of strategies adopted. Interviewees did point out that some rapid results initiative's that over time were accepted as strategies though their real value was in the short-term and were counterproductive in the long run. An example is the mobile directory.

### **5.4.3 Managerial Practice**

One of the most important responsibilities of management is to lead organization to develop a hierarchy of strategic intent that incorporates and is mutually supportive set of mission, vision goals and objectives. Good management is strongly linked with good performance therefore it is important for firms to make good practices a priority. Different approaches exist to describe participative management practices. However, variation in strategic management practices is in line with the proposition that management is sensitive to the context in which it is practiced Management involves planning, organizing, leading and controlling the work of organization members in order to achieve stated goals.

The study established that rewards are only given to sales executives who perform above average. It is therefore recommended that the company adopts a strategic reward system that addresses four areas ; compensation, benefits, recognition and appreciation. A winning system should therefore recognize and reward two types of employee, activity-performance and behavior. Communication practices as well as formal method of communication play a very important role in any organization. There is need to strengthen and streamline communication to ensure that information flows more effectively between strategy formulators and strategy implementers. When strategy is initiated in a top-down manner, top managers have to ensure a horizontal and vertical communication that flows continuously and intensively in both directions, bottom-up as well as top-down. This will enable Postel Yellow Pages remain responsive to

environmental forces and help it to come up with the right strategies to remain competitive in the market.

The study recommends that Postel Yellow Pages adapts better people management practices in order to attract and retain employees. This is about how managers reward, train and motivate employees. However, Postel Yellow Pages has never before examined its own practices or evaluated how effective they are. These practices have have long been recognized as having a direct impact on business outcomes.

### **5.5 Limitations of the Study**

The study faced a number of challenges. The available time for the interview was limited as both managers have tight schedules. The interviews had to be rescheduled quite often to suite their daily programs. This meant that I could not finish collecting data at the intended time. The study depended on interviews and discussions with interviewees in top management, hence the need to validate the findings with success from interviews with the lower middle management and staff in lower cadres. This study used case study method which has several shortfalls. Data collected using this method cannot necessarily be generalized to the wider population and thus due to this there is usually some difficulty in drawing definite cause and effect relationship from the findings.

The other limitation was scope. Due to the general nature of the study various aspects of competitiveness were not covered in depth, this together with the fact that this study only focused on one company forms basis for recommendation for further studies by other researchers. Interviewees were also very careful on the information they divulged as the

manager's code of conduct has strict guidelines on unauthorized release of information considered to be confidential to third parties and the suspicion that the study would expose the company to outsiders. However, this did not bar them from giving information that they considered factual and necessary.

## **5.6 Suggestions for Further Research**

The project aimed at determining strategies adopted by Postel Yellow Pages to gain competitiveness in the publishing and advertising industry in Kenya as well as establishing the challenges of competition. The following recommendations were suggested; first there is need to replicate this study to other publishing and advertising organizations to establish their experience in competitive strategies and determine whether the same conclusions can hold true.

Secondly, the study also suggests that a survey method be used in future instead of a case study method. This is because generalizing the results of a case study is limiting and hence surveys would act as better pointers of competitive strategies in publishing and advertising industry in Kenya.

This study only focused on Postel Yellow Pages and has made conclusions and recommendations based on the same company. Although the results of the study may be applied to other players, it is recommended that a study be undertaken on other companies in to compare strategies across the industry.



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## APPENDICES

### APPENDIX 1

#### LETTER OF INTRODUCTION

Dear Respondent,

I am an MBA student at the school of Business, University of Nairobi. I am currently undertaking my research on “Strategies Adopted by Postel Yellow Pages to gain competitiveness in the Publishing and Advertising Industry”. The attached questionnaire is for gathering data, which will be useful in the mentioned research.

You have been selected as one of the respondents in this study. I therefore request you to kindly facilitate the collection of required data by answering the questions herein.

Please note that the information sought is purely for academic purposes and will be treated with utmost confidentiality.

I look forward to your co-operation.

Yours Faithfully,

Mary Muteti

Professor Martin Ogutu

University of Nairobi

Business School

## APPENDIX II

### INTERVIEW GUIDE

### STRATEGIES ADOPTED BY POSTEL YELLOW PAGES TO GAIN COMPETITIVENESS IN THE PUBLISHING INDUSTRY IN KENYA

#### SECTION A: BIODATA

1. How long have you worked for the firm? \_\_\_\_\_
2. What is your academic background? \_\_\_\_\_
3. How long have you worked in this department? \_\_\_\_\_

#### SECTION B: CHALLENGES FACED

4. Are there any political, economic social-cultural, technological, legal interference that at one point affect operations of the organization? Explain.

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5. What effect does multiple advertising channels have in the operations of the organization?

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6. What can you say about rivalry in the industry and threat of new entrants?(if any)

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7. Is the organization capable of monitoring and evaluating the environmental trends/changes that could have an effect on their operations and accomodate such changes in their planning and management cycles?

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8. Are there any substitute or altanative products and services from competitors that pose a challenge to the organization?

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9. Please indicate some of the difficulties you encounter in trying to meet the needs of your customers?

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## SECTION B: COMPETITIVE STRATEGIES

### Cost Leadership Strategy

7. Does the organization focus on providing goods or services at a lower cost than the competitors, or superior goods or services at an equal cost in order to attract customers?

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8. Does the organization have a workforce committed to low-cost strategy aimed at attracting customers? \_\_\_\_\_

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9. Do you assess each competitors cost structure and relate this to their prices when setting the prices to charge on products? \_\_\_\_\_

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10. How are the product prices as compared to competitors? \_\_\_\_\_

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11. Does the organization emphasize on efficiency in operations? \_\_\_\_\_

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12. How are the organization costs as compared to competitors? \_\_\_\_\_

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### **Differentiation Strategy**

13. Does your organization focus its efforts in unique, market driven products and services to differentiate itself from others? Please Explain. \_\_\_\_\_

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14. Does the uniqueness of the product provide a high customer loyalty and attraction? Explain. \_\_\_\_\_

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15. How does the organization create a unique position in the market through provision of goods or services? \_\_\_\_\_

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16. How has the organization improve its services to customers compared to Competitors? \_\_\_\_\_



## Focus Strategy

17. Does the organization identify a particular customer segment or geographical market and come up with products suitable for the segment? \_\_\_\_\_

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18. What is the organizations competitive scope? Why is it best suited to the organization?

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19. Does the organization pursue either cost or differentiation strategies once the segment is identified?

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20. Does the organization have different products for the different segments?

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## Grand Strategies

21. How does competition affect the nature of competitive strategies adopted by Postel Yellow Pages?

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22. How does the organization handle marketing, advertising and promotion as a way of market development? \_\_\_\_\_

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23. What media does the organization use for advertisement and promotional appeals?

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24. In order to improve product development, is the organization involved in research and development? \_\_\_\_\_

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25. Due to the stiffening competition, does the organization have an innovation team that comes up with new ideas/technology and create market? \_\_\_\_\_

26. Does the organization have any joint ventures to diffuse risk and become more competitive? \_\_\_\_\_

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