

**POSITIONING STRATEGIES USED BY FIRMS IN THE
TELECOMMUNICATIONS INDUSTRY IN KENYA**

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DECLARATION

This research project is my original work and has not been presented for examination to any other university.

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

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DEDICATION

I dedicate this work to all my family members who instilled in me the importance of education. May this be an inspiration to you all and to generations to come to strive for even greater heights.

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ABBREVIATIONS AND ACRONYMS

CBK	Central Bank of Kenya
CCK	Communications Commission of Kenya
GoK	Government of Kenya
GPRS	General Packet radio Services.
GSM	Global Systems for Mobile
KP&TC	Kenya Posts and Telecommunications Corporation
MBO	Management by Objectives
PCK	Postal Corporation of Kenya
SBU	Strategic Business Unit
SCA	Strategic Competitive advantage
SMS	Short Message Service
SP	Strategic Positioning.
SPSS	Statistical Package for Social Science
SWOT	Strengths, weaknesses, Opportunities and Threats
TKL	Telkom Kenya Limited
VOIP	Voice over Internet Protocol

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ABSTRACT

The success and sustainability of any organization in a competitive environment is determined by its choice of strategy. However most strategies are replicated by competitors and thus a company must position itself in the minds of the consumer in order to remain competitive. This study was an attempt to determine the positioning strategies applied used by Telecommunication firms in Kenya. From Introduction of Telecommunication services in the colonial times up to 1977, the services in Kenya were managed as part of regional network with neighboring East African community .It collapsed as a result of Establishment of Kenya Posts and Telecommunications Corporation (KP&TC) The challenge at that time was to transform the existing policy Structure from one designed for a monopoly to a policy managing a liberalized telecommunication Market. In 1998/1999, the government Launched the Telecommunications sector reform and introduced competition in certain market segments, while at the same time Disbanding KP&TC (CCK, 2001). There are four major players in the Telecommunications industry in Kenya. These are: Safaricom Limited, Airtel Kenya, Telkom Kenya which operates under the Orange Brand and Essar Telecom Kenya which operates under the Brand name Yu Mobile.

A census study method was used since the number of firms was small and it is a sound basis for gathering insight information from the firms in the Kenyan Telecommunication industry on the positioning strategies they use. The data for the study was primary data collected using semi-structured questionnaires. These questionnaires were administered to persons in charge of Strategic planning function, and in their absence, to persons in charge of the marketing function. Data was analyzed using descriptive statistics such as mean scores, frequency distributions and percentages.

The research objective of this study was to determine the positioning strategies used by firms in the Telecommunication industry in Kenya in the competitive environment. From the research, it was established that most telecommunication firms are preferred by customers because of their competitive prices, product characteristics, technological advancement and superior product characteristics as this affects positioning to a greater extent.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

With increased competition in various industries including the service industry, operators have turned to bundled and converged services to improve their market positions. (De melo, 2000) The ability of operators and their partners to rapidly seize new opportunities anticipate customer demands and be able to quickly modify strategies and position themselves in the consumers mind will determine the ongoing success of industries in the Kenyan Market (Economic survey, 2010.)

Companies in the Telecommunication industry in Kenya have come up with different approaches in developing positioning strategies even though all of them have the common objective of projecting a favorable image in the minds of the consumers. Position strategies can be conceived and developed in a variety of ways from object attributes competition Application, Flexibility, Reliability Dependability, Value for money or the characteristics of the products class. (ICT MTEF Sector report, 2008). New entrants have entered into local communications market from wireless cell phones and networks for wireless internet access to long distance carriers, VOIP internet telephone service providers and cable companies. Today Company's strategic choice has become important to create customer value and keep market shares. To achieve this, it involves positioning strategic decisions in respect to competition. (Business Report, January 5, 2012)

1.1.1 The concept of strategy

The strategic Management process is essentially concerned with the decisions the organizations make about their future direction and the development and the implementation strategies which will enhance the Competitiveness of the organizations.

Strategy has many different interpretations and dimensions. Some of the definitions of strategy include; A Means of establishing the organizational purpose, in terms of long term objectives, action programmes, and resource allocation priorities. Chandler (1962); The basic characteristics of the match an organization achieves with its environment' Hofer and Schendel (1978); The search for a favorable competitive position in an industry, the fundamental arena in which competition occurs. Porter (1980); The direction and scope of an organization over the long term which achieves advantage in the Changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations. Johnson et al (2008).

Strategy is therefore concerned with long term direction, meeting challenges from the firm's business environment such as competitors and changing g needs of customers and using the organizational internal resources and competencies effectively and building on its strengths to meet environmental challenges. Whatever the interpretation is put on strategy, the strategic actions of an organization will have a widespread and long term consequences for the position of the organization in the market place. its relationship with different stakeholders and overall performance.

1.1.2 Positioning strategy

Positioning is the act of designing the company's offering and image to occupy a distinctive place in the mind of the target market. The goal is to locate the brand in the minds of consumers to maximize the potential benefit of the firm. (Kotler & Keller, 2006). When a firm or provider establishes and maintains a distinctive place for itself and its offerings in the market, it is said to be successfully positioned. (Al Ries and Trout, 1972) Positioning must establish a position for the product firm in the customers mind should be distinctive providing one simple consistent message and must set the product/firm apart from competitors. It should be noted that a firm cannot be all things to all people and therefore must focus. To be successful in the long term, the operations of a firm must be completely different from those traditional business counterparts. That is the strategic positioning decision of a Telecommunication firm must establish its own unique

competitive advantages over its traditional business competitors and sustain its on regular basis (Klinkerman, 2000; 2001).

Positioning is one of marketing's most critical tasks. For some marketers (e.g., Ries and Trout 1981), positioning is strictly a communications issue. The product or service is a given and the objective is to manipulate consumer perceptions of reality. As Lovelock (1984) rightly points out, however, positioning is more than just advertising and promotion. Positioning strategies can be conceived and developed in a variety of ways. It can be derived from object attributes, competition, application, types of consumers involved or the characteristics of the product .All these attributes represent a different approach in developing positioning strategies, even though all of them have the common objective of projecting a favorable image in the minds of the consumer.

As processes, services have many intriguing characteristics. Judd (1964), Rathmell (1974), Shostack (1977), Bateson (1977), and Sasser, Olsen, and Wyckoff (1978) were among the first to ponder the implications of service intangibility, service perishability, production/consumption simultaneity, and consumer participation in service processes. They found that traditional marketing, with its goods bound approaches, was not helpful in process design, process modification, or process control. If processes are the service equivalent of a product's "raw materials," can processes be designed, managed, and changed for positioning purposes the way physical goods are?

1.1.3 Telecommunication Industry in Kenya

From Introduction of Telecommunication services in the colonial times up to 1977, the services in Kenya were managed as part of regional network with neighboring East African community .It collapsed as a result of Establishment of Kenya Posts and Telecommunications Corporation (KP&TC) (Africa Business Pages, 2003). A telecommunications policy statement was issued in 1977 that set out the Government vision on telecommunications development to the year 2015. The challenge at that time was to transform the existing policy Structure from one designed for a monopoly to a policy managing a liberalized telecommunication Market. In 1998/1999, the government

Launched the Telecommunications sector reform and introduced competition in certain market segments, while at the same time Disbanding KP&TC (CCK, 2001).

There are four major players in the Telecommunications industry in Kenya. These are: Safaricom Limited, Airtel Kenya, Telkom Kenya which operates under the Orange Brand and Essar Telecom Kenya which operates under the Brand name Yu Mobile. Safaricom, Ltd is a leading mobile network operator in Kenya. It was formed in 1997 and is engaged in the provision of mobile phone services, fixed line wireless telecommunication, Internet and data services. It provides such products and services, as general packet radio services (GPRS), third generation (3G), enhanced data GSM environment (EDGE) and mobile money transfer solution M-Pesa. Safaricom PrePay service includes international dialing, voice mail and prepays roaming. Messaging includes ways of communication, such as short message service (SMS), e-mail and multimedia (GoK, 2010). As of January 2010, Safaricom boasts a subscriber base of approximately 12 million, most of who are in the major cities - Nairobi, Mombasa, Kisumu and Nakuru (www.economist.com).

Airtel was launched in Kenya in 2000 as Kencell and rebranded to Zain in 2008 and finally Airtel in 2010. Airtel Kenya offer a host of value added services including: Airtel Money, Prepaid and Postpaid plans, One Network, Blackberry devices and services, International roaming, Local and international text messaging, 24-hour customer care centre, Internet access, Directory enquires, SMS information services, Mobile Top up and Me2U. Airtel in Kenya is a great success story. Their customer base is growing tremendously so have their coverage and our service quality. (CBK, 2011)

Telkom Kenya was established as a telecommunications operator under the Companies Act in April 1999. It was previously a part of the Kenya Posts and Telecommunications Corporation (KPTC) which was the sole provider of both postal and telecommunication services. In 1999 KPTC was split into the Communication Commission of Kenya (CCK), the Postal Corporation of Kenya (PCK) and Telkom Kenya. Telkom Kenya provide integrated communications solutions in Kenya with the widest range of voice and data services as well as network facilities for residential and business customers. The

company held the monopoly on land-line operations in Kenya, but its business suffered as Kenyans swapped fixed-line phones for mobiles from other providers. (CCK press release, 08/4, 2002). During the privatization process of 2006, Telkom Kenya had 315,000 subscribers out of a population of 35 million, compared to 7 million people subscribed to the mobile phone services. Telkom Kenya Limited tilted towards bankruptcy due to increased competitive pressure from private mobile telephony players. Unbundling of its 60 percent share in Safaricom funded the restructuring of Telkom Kenya Limited's balance sheet and it was privatized free of major government liabilities, including government debts and pension deficits. France Telecom acquired 51 percent stake which later saw the launch of the Orange Brand in Kenya. (www.telkomkenya.co.ke). Essar Telecom Kenya is Kenya's fourth mobile cellular network under the brand "yuMobile" launched in December 2008. Currently, the network has a subscriber base of over 2.3M subscribers and offers subscribers competitive call rates (www.yu.com). Their tariff offer is not only simple but the lowest in the market, ensuring that communication is also affordable to the people at the bottom of the pyramid. With a focus on being the best sales & distribution company in Kenya, they have continued to work diligently towards claiming a place in the mobile telephony market by successfully unveiling exciting packages targeting various market segments by providing services such as money transfer (Yu cash), international dialing, caller ring back tones and more in the pipeline. (www.yu.co.ke)

1.2 Research Problem

An organization's strategy consists of the moves and approaches devised by management to produce successful organization performance. A strategy is thus a management game plan for the business (Thompson et al, 2006). The essence of formulating a competitive strategy is to relate a company to its environment (Porter, 1998). Formulating competitive brand strategy is an important problem for marketing managers but how these strategies are positioned is more important because strategies can always be replicated by competitors. When a firm or provider establishes and maintains a distinctive place for itself and its offerings in the market, it is said to be successfully positioned. In the

increasingly competitive service sector, effective positioning is one of marketing's most critical tasks. Buyer perceptions of brand positions and competitive reaction are important determinants of optimal competitive brand strategy (Hauser, 1988). Success of a company will depend on its ability to quickly modify strategies and position themselves in the minds of the customer

Competition improves the performance of any industry at the same time ensuring quality services to customers; however since the introduction of competition within the telecommunication sector service providers are struggling to survive because there has been throat cut competition that has necessitated firms to critically choose its competitive response strategies that are effective. Telecommunications industry is a changing industry and is expanding rapidly. These changes have been driven by customer needs, technology changes and emergence of new business models and therefore a much more complex. Diverse and competitive telecommunications environment. In the past few years, new service providers have entered the local communications market with products such as wireless cell phones and networks for wireless internet access to long distance carriers, VOIP internet telephone service, money transfer services, discounts on tariffs, cheaper handsets and lap tops. Today Company's Positioning strategic choice has become important to create customer value and keep market shares. To achieve this, it involves positioning strategies in respect to competition

Past studies that have been carried out on similar topics include: Kandie (2001) carried out a study on the strategic responses by TKL in a competitive environment. His findings were that in 2001, TKL was faced with financial, technological, overstaffing, bureaucratic processes and procedures, attitude and culture change, pension liability, planning, strategy challenges and Competition from new entrants in the Market. Kandie's approach focused mainly on the environment, planning & strategy for TKL. He did not examine how to position these strategies in the customers Mind in order to remain relevant in the competitive environment. Omondi (2003) did a case study on Savings & Loans (Kenya) Ltd on responses of mortgage companies in Kenya to threats of new entrants. Omondi found that Savings & Loans responded to the competitive situation by

restructuring, marketing, adopting ICT and cultural changes. Mutugi (2006), studied responses of micro finance institutions in Kenya to the turbulent business environment. Her study found that environmental forces affect the types of products and services developed, positioning and market strategies. Previous studies focused mainly on the practice of strategic management mainly strategy formulation, implementation and evaluation processes. The area of concern is how these strategies positioned in the industry to catch the attention of the consumer. From these studies, there is no clear assessment on positioning strategies in the Telecommunication industry. This creates a knowledge gap and therefore this study is aimed at addressing this gap on strategies used by companies in the Kenyan Telecommunication industry to position themselves in a way of appearing superior in the minds of consumers compared to their competitors. The following question arises from the above: What strategies do organizations in a competitive environment use to position themselves?

1.3 Research Objective

Objective of this study was to determine the Positioning strategies used by companies in the Kenyan Telecommunication Industry.

1.4 Value of the Study

The study was aimed at benefiting: Companies not only in the Telecommunication industry to identify not only how to come up with appropriate strategies to compete but also how to position their products or services in the minds of the consumers in order to remain competitive; Other Researchers who may have an interest in researching deeper into this area as it is a grey area with no well documented literature and further provide a forum of reasons why it is important to anticipate customer demands and be able to quickly modify strategies and Position themselves in Business.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents existing literature as regards to positioning strategies. The concern is how does a business achieve and maintain a superior competitive position in a market. This question is at the heart of the strategy development process and largely defines the field of strategic management. Simply superior competitive strategic position means higher returns and profitability. It is relevant to consumers' willingness-to pay. Sustainable competitive advantage (SCA) is an important concept in strategic management literature. It is often observed that companies position themselves based on their strength, or the advantages they possess compared to their competitors. Therefore, SCA is playing a major role in company's strategic positioning against its competitors.

2.2. The concept of Strategy

Strategy occurs at different levels of organization: The Corporate level, the Business level and the Functional level. (Andrews, 1980). Corporate level strategy occupies the highest level of strategic decision-making and covers actions dealing with the objective of the firm, acquisition and allocation of resources and coordination of strategies of various SBUs for optimal performance. It defines the Business in which the company will compete, preferably in a way that focuses resources to convert distinctive competence in to competitive advantage.

Business-level strategy is – applicable in those organizations, which have different businesses-and each business is treated as strategic business unit (SBU). The fundamental concept in SBU is to identify the discrete independent product/market segments served by an organization (Andrews, 1980). Business strategy is the determination of how a company will compete in a given Business and position itself among its competitors. Functional level strategy, as is suggested by the title, relates to a single functional

operation and the activities involved therein. It deals with relatively restricted plan providing objectives for specific function, allocation of resources among different operations within that functional area and co-ordination between them for optimal contribution to the achievement of the SBU and corporate-level objectives (Andrews, 1980).

Strategic management as a discipline originated in the 1950s and 1960s. Drucker (1954) came up with the idea of what Business an organization wanted to be in. Drucker's contributions to strategic management were many but two most important are the importance of objectives to an Organization and the importance of Intellectual capital. Alfred Chandler recognized the importance of coordinating the various aspects of management under one all-encompassing strategy. Prior to this time the various functions of management were separate with little overall coordination or strategy. Chandler (1962) showed that a long-term coordinated strategy was necessary to give a company structure, direction, and focus. He says it concisely, "Structure follows strategy". The challenge in this period was how to manage companies bettering the face of growth opportunities.

With growing business, there came the disenchantment period which was characterized by dissatisfaction planning because there was increased environmental turbulence, reduced Business opportunities and increased competition. Strategic planning as developed in stable environment could not cope with the challenges of the new turbulent environment because: it lacked orientation; too much emphasis was placed on planning, planning and implementation had been separated and it inhibited strategic thinking. Selznick (1957) introduced the idea of matching the organization's internal factors with external environmental circumstances. This core idea was developed into what we now call SWOT analysis by Learned, Andrews, and others at the Harvard Business School General Management Group. Further, Ansoff (1965) built on Chandler's work by adding a range of strategic concepts. He developed a strategy grid that compared market penetration strategies, product development strategies, market development strategies and horizontal and vertical integration and diversification strategies. He felt that management

could use these strategies to systematically prepare for future opportunities and challenges.

Strategic management had to be rediscovered because it had gone out of fashion and therefore had to be “Rethought” and “Recast”(Porter 1987). This included Linking planning and action, including line managers on planning and implementation, placing more emphasis on action of key issues and enhancing strategic thinking. This era encourage managers to think strategically and come up with solutions that will match the situation at hand. Different strategies suit different situations due to the dynamism of the environment. No one strategy works in all situations. Porter’s *Competitive Strategy* in 1980 initiated the era of generic strategies. These generic strategies represent the three ways in which an organization could provide its customers with what they wanted at a better price, or more effectively than others. Essentially, Porter maintained that companies compete either on price (cost), on perceived value (differentiation), or by focusing on a very specific customer (market segmentation). Porter’s generic strategies are summarized in Figure 2.

Narrow Market scope	Segmentation(Focus Strategy)	
Broad Market scope	Differentiation Strategy	Cost Leadership
	Uniqueness Competence	Cost leadership

Figure 1 – Generic Strategies

Source: Porter, M. E. (1980). *Competitive Strategy*. New York: Free Press.

The most advantageous position for the producer is one that yields the highest rating among the target segments. Whether this is a feasible position or not depends mainly on the company’s specific production and marketing capabilities (Johansson & Thorelly, 1985). Hill (1988) stated that differentiation can be a means for firms to achieve an overall low-cost position and contrary to Porter’s statement, cost leadership and differentiation are not necessarily inconsistent. Moreover, there are many situations in which establishing a sustained competitive advantage requires the firm to simultaneously pursue both low-cost and differentiation strategies because in many industries there is no

unique low-cost position. It is possible to differentiate a relatively homogeneous product if the psychological characteristics of consumers are diverse (Hill, 1988).

Empirical approach was based on the identification of market segments (Treace and Wiersema, 1993). They explained that in any sector there are three value disciplines – operational excellence, customer intimacy, or product leadership. Operational excellence means providing customers with reliable products or services at competitive process and delivered with minimal difficulty or inconvenience. Customer intimacy means segmenting and targeting markets precisely and then tailoring offerings to match exactly the demands of those niches. And product leadership means offering customers leading-edge products and services that consistently enhance the customer's use or application of the product, thereby making rivals' goods obsolete (Treacy & Wiersema, 1993). According to Bowman (2008) "Product leadership" is a strategy of differentiation through innovation, and "customer intimacy" is a strategy of differentiation through bespoke service. Bowman strategies are based on the principle of achieving competitive advantage by providing customers with what they want, or need, better or more effectively than competitors.

2.3. Concept of positioning strategy

When a firm or provider establishes and maintains a distinctive place for itself and its offerings in the market, it is said to be successfully positioned. In the increasingly competitive service sector, effective positioning is one of marketing's most critical tasks. For some marketers (e.g., Ries and Trout 1981), positioning is strictly a communications issue. The product or service is a given and the objective is to manipulate consumer perceptions of reality. As Lovelock (1984) rightly points out, however, positioning is more than just advertising and promotion. Market position can be affected by pricing, distribution and, of course, the product itself, which is the core around which all positioning strategies revolve. Apart from promotion, pricing, and distribution, the product is indeed a critical, manageable factor in positioning

Firms are not monolithic entities of a given good or service. Jarillo (1988) wrote about superior mode of organization, the strategic network. Jarillo stressed the importance of complex arrays of relationships between firms established through interaction with each other. These interactions imply investments to build the relationships, which gives consistency to the network. Jarillo sees competition more as a matter of positioning one's firm in the network than attacking the environment. If a firm is able to obtain an arrangement whereby it "farms out" activities to the most efficient supplier, keeps for itself that activity in which it has a comparative advantage, and lowers transaction costs (Jarillo, 1988). Similar to Jarillo, authors Håkansson and Snehota (1995) state that strategy development is about positioning the company in the overall business network through the development of its relationships. It is about maneuvering for a favorable position for the company in the network. The critical issue for management is monitoring the changes in the network structure that affect the position and thus the capability and capacity of the company. Changes must be assessed in terms of their likely impact on the position of the company with respect to the wider activity pattern, resource constellation and web of actors (Håkansson & Snehota, 1995).

There are seven market-positioning strategies which are relevant to a large number of situation (Boyd et al. ,1998): Mono-segment positioning (positioning to a single market segment), Multi-segment positioning (to attract consumers from different segments), Standby positioning (is used to minimize respond time switching from multi-segment to mono-segment positioning), Imitative positioning (position similar to existing successful brand), Anticipatory positioning (position of a new brand in anticipation of the evolution of the segment's needs), Adaptive positioning (periodical repositioning a brand to follow the evolution of the segment's needs) and Defensive positioning (introducing additional brand in a similar position for the same segment to defend itself against competitors) (Boyd, Walker, & Larreche, 1998). Similar to imitative and adaptive positioning strategies, Cockburn et al. (2000) talked about creation and imitation processes in achieving competitive advantage. Firms which are positioned most unfavorably respond

more aggressively to environmental changes to reposition themselves and re-level the playing field (Cockburn, Henderson, & Stern, 2000).

Positioning starts with the product, but positioning is not what you do to a product. Positioning is what you do to the mind of the prospect. That is, you position the product in the mind of the prospect (Ries & Trout, 2001). Positioning can be defined as an organized system for finding a window in the mind. It is based on the concept that communication can only take place at the right time and under the right circumstances. Positioning “...is the act of designing the company’s offering and image to occupy a distinctive place in the mind of the target market. The goal is to locate the brand in the minds of consumers to maximize the potential benefit of the firm” (Kotler & Keller, 2006, p. 310) In strategy terms competitive positioning is described as “...creating brand superiority in the minds of customers. Fundamentally, positioning convinces consumers of the advantages or point of difference a brand has over competitors, while at the same time alleviating concerns about any possible disadvantages (establishing points of parity)” (Keller, 2008, p. 38).

Even though a product’s physical characteristics can be designed to achieve a particular position in the market, customers may attach less importance to some of these characteristics than what the firm expects. Many consumers do not want to be bothered about a product’s physical characteristics because they are not buying these physical properties but rather the benefits they provide. A consumer can typically evaluate a product better on the basis of what it does than what it is. Therefore perceptual positioning analyses are critically important. Boyd et al. (1998) also separate dimensions of attributes how consumers perceive competitive offerings: simple physically based attributes (e.g. price, quality, power or size), complex physically based attributes (e.g. efficiency of computer system, roominess of the car, user friendliness of service) and essentially abstract attributes (e.g. prestige of a car).

2.4. The Concept of competition

Sustainable Competitive Advantage (SCA) is an important concept in strategic management literature and it is gaining more and more popularity among researchers. This work will analyze, systemize and summarize existing literature about SCA. It is often observed that companies position themselves based on their strength, or the advantages they possess comparing to their competitors. Therefore, SCA is playing a major role in company's strategic positioning against its competitors.

The fundamental principle of the resource-based view is that the basis for a competitive advantage of a firm lies primarily in the application of the bundle of valuable resources at the firm's disposal. The resource based view of the firm is based on two underlying assertions, as developed in strategic management theory: (1) that the resources and capabilities possessed by competing firms may differ (resource heterogeneity); and (2) that these differences may be long lasting (resource immobility) (Mata et al, 1995). The RBV is the most widespread theory explaining the concept of SCA. It is an introverting approach looking for the sources of competitive advantage inside the company in its assets and capabilities. Comparing to assets (which are tangible resource endowments), the capabilities are more complex entities. The RBV holds that, in order to generate SCA, a resource must provide economic value and must be presently scarce, difficult to imitate, non-substitutable, and not readily obtainable in factor markets.

The term SCA was proposed by Porter (1985), when he discussed the basic types of competitive strategies firms can follow (low cost, differentiation, and focus) to achieve SCA. There is no common meaning for competitive advantage" in practice or in the marketing strategy literature. Sometimes the term is used interchangeably with "distinctive competence" to mean relative superiority in skills and resources (Day & Wensley, 1988). Hoffman (2000) proposed the following definition of SCA: "A SCA is the prolonged benefit of implementing some unique value-creating strategy not simultaneously being implemented by any current or potential competitor, along with the inability to duplicate the benefits of this strategy" (Hoffmann, 2000, p. 1).

The most widespread theory explaining sources of competitive advantage is the “resource-based view” (RBV). Superior skills and superior resources which are also referred to as assets and Capabilities are the main sources of competitive advantage (Day and Wensley, 1988). Assets are the resource endowments the business has accumulated, and capabilities are the glue that keeps these assets together and enables them to be deployed advantageously. Ulrich and Lake (1991) contend that three traditional means of gaining competitive advantage (financial, strategic and technological capabilities) describe only a portion of what managers need to do. They stress organizational capability as a critical source of competitive advantage, which is based on the premise that organizations do not think, make decisions, or allocate resources, but people do. They argue that people issues should be managed simultaneously with other strategies.

Firms should focus their efforts on creating a culture in organization which can drive the success of other tools like quality training, process improvement, and benchmarking associated with Total Quality Management (Powell, 1995). Day (1994) examines the role of capabilities in creating a market-oriented organization. He emphasizes the importance of market sensing capability and customer linking capability. Market sensing is ability of the firm to learn about customers, competitors, and channel members in order to continuously sense and act on events and trends in present and prospective markets. Customer linking is about creating and managing close customer relationship and therefore the products of the company are positioned better in the minds of the consumer.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter highlights the Research Methodology for the Study. It includes Research Design, Population, and Sample Design, Data collection as well as data analysis and ethical issues.

3.2 Research Design

The research design used in this study was a survey design. This Design entails the collection of data of more than one case and at a single point in time in order to collect a body of qualitative or quantifiable data in connection with several variables which are then examined to detect the patterns of association (Bryman 2001).

This design was appropriate because it entails the collection of data from more than one case at a single point in time.

3.3 Target Population

The target population for this study will comprise firms in the Telecommunications industry in Kenya. These firms comprise: Safaricom Limited, Airtel Kenya, Telkom Kenya which operates under the Orange brand and Essar Telecom Kenya which operates under the brand name Yu Mobile.

A census study will be conducted since the number of firms is small. A census is a study of every unit, in a population. It is known as a complete enumeration, which means a complete count.

3.4 Data Collection

Primary data was used in this study. Data was collected using a semi-structured questionnaire which was served to respondents through drop and pick method. Supplementary information was obtained by reading relevant publications of service providers in the industry.

The questionnaires comprised of two sections, these were section I and Section II. Section I covered general information on respondents from the firms. Section II addressed questions on positioning strategies used by these firms. Questionnaires were administered to manager in charge of strategic planning function, and in their absence, to persons in charge of the Marketing function.

3.4 Data Analysis

The data collected was edited for accuracy, uniformity, consistency and completeness and arranged to enable coding and tabulation before final analysis. The data was then coded and tabulation was done to enable the responses to be statistically analyzed.

Descriptive statistics such as Mean scores, standard deviation, Frequency distributions and percentages were used in this study. Findings were presented in Tables and Charts. Data analysis will be conducted through Statistical Package for Social Science (SPSS).

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND DISCUSSION.

4.1 Introduction

This chapter presents data analysis, interpretation and discussion of the research findings. The study adopted Semi-structured Questionnaires to collect the data, which was recorded. The research objective was to determine the positioning strategies used by firms in the Telecommunications industry in Kenya. The data was analyzed and interpreted in line with this objective.

4.2 Response Rate

Out of the 13 questionnaires distributed to the respondent, only 10 were completely filled and returned. This indicated a response rate of 77%. However, each of the four Companies was adequately represented.

4.2 Job Position in the Company

The researcher sought to establish the respondents' job titles. 46.1% of the respondents were front office staff while 7.7% were from did not identify their positions in the company. This was advantageous to the researcher since most respondents were from senior level position which means that they were able to articulate issues before responding due to vast background knowledge.

Table 4.2: Respondents' Job Position in the Company

Job Category	Frequency	Percentage
Manager	4	30.8
Technician	2	15.4
Front Line Staff	6	46.1

Unidentified	1	7.7
Total	13	100

4.3 Job Experience

The researcher established that of the respondents 76.9% had worked in the Telecommunication industry for more than 3years while 23.1% had worked less than two years. This shows that most employees in the company are experienced.

Table 4.3: Respondents' Years of Experience in the Company

Years of Experience	Frequency	Percentage
Below 2 years	3	23.1
3 – 5 years	10	76.9
Total	13	100

4.4 Positioning Strategies based on product attributes

Table 4.4 shows perceived customer preference for various product attributes. These attributes consist of competitive prices, technological advancement, superior product characteristics and relevant use of the products. The average score presented in table 4.4 shows a mean score of 4. This implies that the four attributes constitute an effective positioning strategy for the firms. Previous studies have indicated that products physical characteristics can be designed to achieve a particular position in the market though customers may attach less importance to some of these characteristics. This therefore means that the attribute with the highest rating is the most effective in positioning a product in the customer's mind.

Table 4.4: Rating of product attributes based on customers' preference

Product attributes	Mean	Standard deviation
The products and services of my company are preferred by customers because of competitive prices	4.38	1.191
The products and services of my company are preferred by customers because of technological advancement	4.38	1.191
The products and services of my company are preferred by customers because of superior product characteristics	4.15	1.191
The products and services of my company are preferred by customers because of convenient and relevant uses of the product	4.15	1.191

4.5 Perceived Influence of Positioning Strategies on the firms competitiveness

Table 4.5 shows perceived influence of positioning strategies on the firms' competitiveness. The positioning strategies comprise Prices, product Technology, product portfolio and other attributes not captured in the likert scale but mentioned by respondents and this include Geographical coverage, product innovation and customer service. This means that most of the attributes identified by the researcher through intuitive literature review affects positioning strategies to a great extent. Previous literature has established that apart from positioning strategies perceived by respondents on firms' competitiveness, the product itself is the core around which all positioning strategies revolve.

Table 4.5: Perceived superiority of the various positioning strategies

Positioning strategies	Mean	Standard deviation
My company is superior to the competitors because of prices	4.38	1.191
My company is superior to the competitors because of product technology	4.31	1.191
My company is superior to the competitors because of product portfolio	4.38	1.191
My company is superior to the competitors because of others	2.10	1.191

4.6 Perceptions of the link between positioning strategies and Brand choice

Respondents were asked to rate statements describing the influence of positioning strategies on customers' brand choice. The results are presented in table 4.6 as shown in the table. Price (as a positioning strategy) has the greatest perceived influence in customer brand choice (mean=4.85), followed by quality of service with a mean score of 4.77. The strategy with the lowest influence was range of products and services with a mean score of 4.23. Intuitive Literature review indicates that competitive advantage of a firm lies primarily in the application of bundle of valuable resources at firm's disposal. Previous studies also indicate that Price influence a customer's brand choice the Most. This is because most consumers are price sensitive.

Table 4.6: Perceived influence of Positioning strategies on brand choice

Statement	Mean	Standard deviation
Prices have influence on customer brand choice	4.85	1.191
Tariffs have influence on customer brand choice	4.54	1.191
Range of services and products have influence on customer brand choice	4.23	1.191
Quality of service have influence on customer brand choice	4.77	1.191
Technology have influence on customer brand choice	4.62	1.191

4.7 Perceived use of positioning strategies

Table 4.7 shows the perceptions of the use of positioning strategies in telecommunication industry. The average composite score for the first two attributes is 5 out of a maximum of 5. This means that are used to a greater extent. However, the use of positioning strategies for marketing is the lowest with a mean score of 1.0. This is surprising since positioning is expected to have positive influence on the customers' perceptions of the quality of the products/ services. No studies have been done on this finding. Previous studies have indicated positioning to have a positive influence on the customers' perceptions of the quality of the products/services.

Table 4.7: Perceived use of positioning strategies

Statement	Mean	Standard deviation
My company uses positioning as a strategy for countering competition in the telecommunications industry	4.54	1.191
Positioning strategy gives my organization competitive edge within the telecommunications industry in Kenya	4.87	1.191
My organization has a strategy implementation or marketing team	1.00	1.191

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter covers summary, discussions, conclusion, recommendations, study limitations and suggestions for further research.

5.2 Summary of the findings and Discussion

As a general rule for a firm to exist in a market, it has to have a reason for its existence and this is to be able to offer goods and/ or services to the market in a competitive manner. The essence of formulating a competitive strategy is to relate a company to its environment (Porter, 1998). It is argued that competition improves the performance of any industry at the same time ensuring quality services to customers; however, since the introduction of competition within the telecommunications sector, service providers have tried to come up with means of positioning their products in the market in order to remain superior. From the research, it was established that most telecommunication firms are preferred by customers because of their competitive prices, product characteristics, technological advancement and superior product characteristics as this affects positioning to a greater extent.

The study revealed that there was stiff competition from all established and new competitors entering into the now liberalized market. The respondents' average score showed a mean of 4 except for other attributes not captured in the likert scale but mentioned by respondents. These attributes include Geographical coverage, product innovation and customer service. This means that there is a lot of competitions among the service providers as these attributes determine their superiority in the market. The reason for this was found to be ranging from market liberalization to technological advancement.

Another finding from the study was on brand choice. Positioning attributes affect the choice of brand by customers to a greater extent. It was found that almost all of the respondents gave a maximum rating to the influence of positioning strategies on brand choice.

On the issue of positioning strategies in the telecommunications industry, Prices, tariffs, Range of Services and Quality of service are the attributes used to position the products in the industry. Positioning strategies are common among the competitors because they were all rated above average. Use of positioning strategy for marketing purposes was low. The reason for this is not obvious

5.3 Recommendations

Following the current opening up of Kenyan markets by the government, the country has witnessed a fundamental change in the competitive environment, causing a lot of cut throat competition that has necessitated firms to choose carefully their competitive positioning strategies that are effective. From the research findings, the researcher recommends that service providers should consider the issue of change management in the organization. This is to ensure that employees are able to embrace and accept change that is always constant in a competitive environment .Service providers should also consider taking full advantage of the strategies it has over its competitors. For example it can focus on Technology as a positioning strategy if it has a well established Technology compared to other competitors. It should also-consider giving a full budget allocation to those strategies that are proved to be most effective i.e the marketing and advertising strategy is said to be effective yet is not given full resource allocation. This can be achieved by limiting resources on strategies that are considered less effective. Considerable investment on research and development (R & D) is another factor that can never be ignored in a technology–based telecommunication industry.

5.3.1 Recommendation for further research

Since the researcher focused only on Service provider offices in Nairobi, it is suggested that further research should be conducted not only on Service providers upcountry but also on other telecommunication operators in the county so as to obtain more comprehensive findings.

5.4 Limitations of the Study

One of the noted limitations of the study was lack of seriousness in completing the questionnaire by some respondents as some questionnaires were partially completed. Another limitation of the study was lack of adequate resources so as to extend the research to focus on other Service providers that are situated in the countryside thus, limiting the scope to only the Service providers at the headquarters in Nairobi.

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<http://www.yu.co.ke>

APPENDIX QUESTIONNAIRE

INSTRUCTIONS:

Please tick inside the brackets beside your chosen alternative. For questions without a bracket, Please outline your answers in the spaces provided.

Section A

1. Age

Below 25 years	()
26-30 Years	()
31-40 Years	()
Over 40Years	()

2. What is your job position in the company?

Manager	()
Technician	()
Front Line staff	()
Other (specify)	()

3. Which of the following describe level of experience in the organization?

Below 2years	()
3-5 Years	()
6-10 Years	()
10 Years and above	()

Section B

Please rate the extent to which the aspects listed in Serial Number 1-5 below describe your organization by ticking the appropriate Bracket:

Scale Ranges from 1-5. 1 being to a very low extent and 5 being to a very great extent.

1. The product(s) and services of my company are preferred by Customers because of the following:

	1	2	3	4	5
Competitive Prices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Technological Advancement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Superior Product Characteristics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Convenient and relevant uses of the Product.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. My company is superior to the competitors because of the following areas

	1	2	3	4	5
Prices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product Technology	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product portfolio	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (Specify):	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. The following aspects of positioning have influence on customer Brand Choice

	1	2	3	4	5
Prices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tariffs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Range of Services and products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality of Service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Technology	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. My company uses positioning as a strategy for countering competition in the Telecommunications industry to a:

5. Positioning Strategy gives my organization competitive edge within the Telecommunications industry in Kenya to

6. a) My organization has a strategy implementation or a marketing team?

Yes ()

No ()

No idea ()

b) If yes, rate the effectiveness of the team using the scale below

() () () () ()

7. Some of the problems that my company encounters when marketing its product to customers are

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

8. Give an Opinion on how best your organization can position its product/service in the minds of the Consumer/Customer.

.....
.....