STRATEGIES ADOPTED BY LOCAL MEDIA HOUSES TO GAIN COMPETITIVE ADVANTAGE IN KENYA

BY

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DECLARATION

I declare that this project is my original work and has not been submitted for examination to any other University.

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D61/67267/2011

Declaration by Supervisor

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

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DEDICATION

I dedicate this research project to my lovely beautiful wife; Everline Njeri Mirang'a, my son Moses Kamau Mirang'a and my unborn child who is due in February 2016 for the moral and emotional support they have given me during their entire research project. May almighty God bless them abundantly!

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS AND ACRONYMS

RBV	**:**	Resource-based view
CA	**:**	Communications Authority of Kenya
SPSS	**:**	Statistical Package for the Social Sciences
ANOVA	**:**	Analysis of Variation
STD	**:**	Standard Deviation
TV	**:**	Television

ABSTRACT

Changes in the global markets resulting from technological advancements, economic restructuring, labor movements, and public demands for better products and services have forced organizations to reconsider their business strategies in order to achieve a sustained competitive advantage. Recent decades have also seen expansive media growth. Not only is the number of media outlets available via cable, satellite, and the Internet greater than ever but the media companies themselves have been growing at an unprecedented pace. The purpose of this study was to determine the strategies adopted by local media houses to gain competitive advantage and whether the strategies adopted helped the Local media houses to gain competitive advantage. Since enactment of freedom of press Act during Kibaki's reign and migration from analogue platform to digital platform many media houses have emerged. This is due to reduced cost of entrance into the market. Digital platform has enhanced clarity of the television thus giving the viewers more option of viewership. This has created interest on the strategies that these new media houses should adopt to compete successfully with the rest of media houses in the industry. A descriptive survey was adopted for this study. The population of interest in this study was all the local media houses in Kenya. This study was concerned with all the thirty local media houses in Kenya. The questionnaires were directed to either a business manager or their representatives for each media house The response rate was seventy percent, indicating that out of the thirty local media houses that the research targeted, twenty one media houses responded. Primary data was collected using structured questionnaires after which descriptive statistics and inferential statistics were used as the methods of data analysis since some of the issues in the study involved perception. The results of the study reveal that most media houses profile their customers and tailor their products to meet their specific needs. Also the study found out that most media houses have divisions within the firm that are designed to cater for the specific client segments. The media houses operate at low costs and they boost their reputation towards the third party by maintaining high quality products. From the research findings it can be concluded that the competitiveness of any media house is determined by how well the media house can satisfy its customers need by analyzing their need and surpassing their expectations. This can also be enhanced by the media houses meeting these need at lowest cost possible and not compromising on the quality of the product. The study provides empirical support for Open system theory which appreciates that firms are strongly influenced by the external forces. The study recommends that managers of media houses should keep abreast with the changing technologies in the media industry locally and abroad to boost their competitiveness. This study adds knowledge on the open system theory which holds that firms are greatly influenced by external forces and also contributes to the existing literature in the field of strategy and competitive advantage. The study is also valuable to the policy makers as it helps them in designing appropriate policies that will regulate the media industry players while decision makers in media industries will design appropriate strategies to purse to gain competitive advantage which will help them compete effectively in the media industry.

CHAPTER ONE

INTRODUCTION

1.1 Background

Pearce and Robinson (2005) defined strategy as a large scale, future oriented plan for interacting with competitive environment to achieve company objective. Strategy can be divided into; General strategy which shows how an objective will be achieved. Corporate strategy defines the markets and the businesses in which the firm operates, while business strategy defines the basis on which the business will compete. Competitive advantage is the ability to stay ahead of present or potential competition; it can be based on either Cost advantage, Differentiation advantage or Focus advantage (Porter, 2003).

Theories of competitive advantages have been advanced. They include; the resource-based view (RBV) which focuses on the application of the bundle of valuable interchangeable, intangible and tangible resources at the firm's disposal (Wernerfelt, 1984). For a firm to transform a short-run competitive advantage into a sustained competitive advantage, it requires that the resources are heterogeneous in nature and not transferable. This translates into valuable resources that are hard to imitate or substitute without great effort. Barney (1991) Theory of dynamic capability was forwarded by Amy Shuen. It focuses on the firm’s ability to quickly integrate, build, and reconfigure internal and external competences to address rapidly changing environments using internal resources.

The other theory is open systems theory which thrives on the concept that organizations are strongly influenced by their environment. The environment consists of other organizations that exert various forces of an economic, political, or social nature. The environment also provides key resources that sustain the organization and lead to change and survival (Harreld, 2007).

A media house refers to a company that is in the business of print media (such as newspapers or magazines), electronic media (such as radio station or TV station) or digital media (such as online) or all of them. Kenya in the recent past has experienced exponential growth of the number of media houses and also the viewership and the number of listeners.

1.1.1 Competitive Strategies

Drucker (1969) notes that strategy is the pattern of major objectives, purposes or goals and essential policies or plans for achieving these goals, stated in such a way as to define what business the company is in or to be in and the kind of company it is or is to be. Competitive strategies have been classified into three types: cost reduction, innovation, and quality-enhancement. Others argue that there is only one essential factor in determining a competitive advantage; the ease with which competitors can enter or expand in a given market (Greenwald & Kahn, 2005). If a company can attract and retain customers through customer satisfaction, lower production costs, or economies of scale, then it can manage these advantages, anticipate competitors' moves, or achieve stability through bargaining and cooperation.

Porter (1980) viewed competitive strategies as a two dimensional phenomenon with a supply side – strategic scope; and a demand side – strategic strength. He later simplified the scheme into three generic strategies, namely ‘overall cost leadership’, ‘differentiation’ and ‘focus”. Johnson and Scholes (2002) on the other hand, perceive competitive strategies from a business level perspective and believe that it is the achievement of competitive advantage by a business unit in its particular market. They advocate for a hybrid strategy which provides a market-facing element to Porter’s model in the form of price as a new dimension and its combination with differentiation. Sidorwicz (2007) on the other hand sees competitive strategies as more skill-based and involving strategic thinking, innovation, execution, critical thinking, positioning and the art of warfare.

Drucker (1969) noted that management is primarily about the continuing development of the organization and its employees. The demands and needs of the environment are constantly evolving and management is about adjusting the company according to the needs and demands of the environment. One of the environmental influences to a business normally arises from competition.

Hannagan (2005) noted that combined strategy of an organization involves matching its corporate objectives and its available resources. In this development of strategy, managers are concerned with reconciling the business the organization is in with the allocated resources. This allocation process is concerned with the general purposes of an organization, whether it is part of the grand plan, the overall objectives or a ‘strategy’ designed to keep the organization in business (Hannagan , 2005).

Past studies have used different sets of criteria to investigate the various aspects of a firm's competitive strategy. One example is a study by Vandermerwe, Lovelock and Taishoff (1994), in which several different aspects of strategy were designed to investigate the strategic use of firms' resources to meet changing customer expectations. The criteria used in their study were: differentiation of market offerings; mobilization of people and partners; leveraging information technology to deliver value; minimizing costs; building of efficient service delivery systems; defining service standards and performance; reliance on local versus expatriate staff; and delivering services across countries.

1.1.2 Competitive Advantage

Competitive advantage is the ability to stay ahead of present or potential competition; it can be based on either Cost advantage, Differentiation advantage or Focus advantage (Porter, 1986). A company has a competitive advantage whenever it has an edge over its rivals in securing customer and defending against competitive forces (Thompson & Strickland, 2002). Sustainable competitive advantage is born out of core competencies that yield the long term benefit to the company.

Prahaland and Hamel (1990) define a core competence as an area of specialized expertise that is the result of harmonizing complex streams of technology and work activity. They further explain that a core competence has three characteristics; one it provides access to a wide variety of markets, secondly it increases perceived customer benefits and lastly, it is hard for a competitor to imitate.

Competitive advantage is also defined as the strategic advantage one business entity has over its rival entities within its competitive industry. Achieving competitive advantage strengthens and positions a business better within the business environment. According to Barth (2003), competitive advantage can be developed from a particular resource and capabilities that the firm possesses that are not available to competitors. The transformation of available skills and resources into a strategic position can only take place under conditions that provide a customer benefit, and normally requires the transformation of multiple competitive methods. The ability to implant a cost leadership, differentiation, or focus strategy is dependent on a firm's ability to develop a specific set of competitive methods. This becomes the basis for the achievement of the firm to be able to perform above average industry performance.

Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can include access to natural resources, such as high grade ores or inexpensive power, or access to highly trained and skilled personnel human resources (Porter 1985). New technologies such as robotics and information technology either to be included as a part of the product, or to assist making it. Information technology has become such a prominent part of the modern business world that it can also contribute to competitive advantage by outperforming competitors with regard to internet presence from the very beginning (Porter, 1985).

Porter (1985) identified three “generic strategies” (Porter 1985). He termed them as generic because they can be applied to products or services in all industries, and to organizations of all sizes. Porter called the generic strategies “Cost Leadership” (No Frills), “Differentiation” (creating uniquely desirable products and services) and “Focus” (offering a specialized service in a niche market). He then subdivided the focus into two parts: “Cost Focus” and “Differentiation Focus”. According to Porter (1985), cost leadership involves being a leader in terms of cost in your industry or market. This can be achieved through increasing profits by reducing costs, while charging industry-average prices and also by increasing market share through charging lower prices while still marking a reasonable profit on each sale because of reduced costs.

Differentiation strategy involves making the organization product or service different and more attractive that those of those of your competitors Porter (1985). This strategy can be achieved by doing good research, development and innovation. According to Porter (1985) the ability to deliver high quality products or services and through effective sales and marketing so that the markets understands the benefits offered by the differentiated offering. Focus strategy involves concentrating on particular niche markets and by understanding the dynamics of that markets and the unique needs of customer within it, develop unique low-cost or well specified products for the market. This strategy is achieved by building strong brand loyalty among customers thus making that particular market segment less attractive to competitors. Porter (1985)

1.1.3 Competitive Strategies and Competitive Advantage

A strategy is a long term plan of action designed to achieve a particular goal, most often winning (Thompson, 2002). Strategy is differentiated from tactics or immediate actions with resources at hand by its nature of being extensively premeditated and often practically rehearsed. No business exists in a vacuum. The businesses are constantly being subjected to the forces of change; whether the forces are economic, competitive, environmental, or political. Very few of us can escape change - it is all around us. All organizations regardless of size are environment dependent. They depend on their external environment for their inputs and ultimately their outputs. In such an environment, organizations have to constantly adapt their operations and internal configurations to reflect the new external realities. As the external environment changes, organizations find themselves in unfamiliar environment and have to respond by integrating change and internalizing the ability to adapt to the new environment for survival and growth. (Thompson, 2002)

According to Hunt (2002), Organizations respond to turbulence in the environment by formulating new strategies. These provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment. Pearce and Robinson (2005) argued that organizations have to respond to the turbulence by crafting new strategies that they define as a large- scale future –oriented plans for interacting with the environment.

The study of strategic management therefore emphasizes on monitoring and evaluation of external opportunities and threats in light of a corporation's strengths and weaknesses. This statement emphasizes that the environment is constantly changing and so it is imperative that an organization has to constantly adapt its activities to reflect the new environmental requirements. Having a strategy enables you to ensure that the day-to-day decisions fit in with the long-term interest of an organization. Without a strategy, decisions made today would have a negative impact on future results (Thompson, 2002).

The major task of managers is to ensure survival of the companies they manage. In order to achieve success, the companies have to adequately adjust to meet environmental challenges. Failure to do this will cause the companies to experience a big strategic problem. Therefore, strategy is a tool which offers significant help that enable the firm cope with turbulent environment facing it (Johnson & Scholes, 2002).

This problem arises out of the mismatch between the output of the company and the demand in the market place. Strategy is useful in helping managers tackle the potential problems that face their companies (Aosa, 1998). Strategy requires to be taken seriously as a managerial tool not only for the firm but also for a broad spectrum of social organization (Ansoff & McDonnell, 1990).

1.1.4 Media Industry in Kenya

A media house refers to a company that is in the business of print media (such as newspapers or magazines), electronic media (such as radio station or TV station) or digital media (such as online) or all of them. The media industry in Kenya is a diverse and vibrant growing industry. It includes Daily newspapers, more than eight TV Stations and more than 80 FM radio stations. There is also extensive cross-media ownership in Kenya, with a number of media houses owning newspapers, television stations and radio stations. Kenya is now enjoying a vibrant media industry, offering opportunities for entrepreneurs, both local and foreign. Kenyans now have access to over eight TV channels keeping them in touch with world developments as they happen.

The major media houses in Kenya are the Standard Group, the Nation Media Group, Radio Africa Group and Royal Media Services. These have been competing on various strategic business units including radio, television, and print media. Over the recent past, they have taken on aggressive growth strategies to expand their coverage and to target specific markets especially in the radio and TV industry. These are interesting and frightening times for the News media. It is a sector being radically transformed from within and without by new and emerging technologies. These, depending on how one looks at them can either provide new opportunities for media organizations or lead to their demise. It is now widely agreeable that most newspapers 'die' after 1 p.m. In Kenya, the shelf-life of a newspaper is still slightly longer, but there is every indication that it is growing shorter by the day.

When the Kenyan newspaper shelf-life finally settles at 1 p.m., which it will, the question is whether the local news media organizations will survive the challenge (Ogola, 2008). Despite the boundless potential the online media platform avail businesses and audiences, the speed at which it is being embraced by Kenyan news media organizations seems rather desultory. Perhaps it is the false comfort in the brand name. However, loyalty to brand name can never be infinite considering that people's expectations are always in flux. Many media houses with far more venerable profiles have had to embrace the online media platform. Initially looked at as a threat, they are now exploiting this platform as an opportunity.

1.2 Research Problem

Firms do employ strategies to gain competitive advantage. The strategies can either be; General strategies which will focus on how the objective will be achieved or corporate strategies which will define the markets and the businesses the firm is in. Last but not least the strategy can be business strategy which will define the basis on which the firm will compete. Employing these strategies, the firm intends to gain competitive advantage which can be in form of; cost advantage, differential advantage or focus advantage.

In Kenya, there are more than fifty media houses which includes; Nation Media House, Standard Group, Radio Africa Group and Media Max. Most of these media Houses have cross media ownership that is they own Television station, Radio station and also Daily Newspaper.

Previous research studies on strategies employed to gain competitive strategies adopted by various institutions have been advanced. Barney (1991) stated that not all firm resources hold the potential of sustainable competitive advantage; instead, they must possess four attributes: rareness, value, inability to be imitated, and inability to be substituted. Porter (1980) argued that superior performance can be achieved in a competitive industry through the pursuit of a generic strategy, which he defines as the development of an overall cost leadership, differentiation, or focus approach to industry competition. Grant (2005) suggested that the intensity of competition in an industry determines its profit potential and competitive attractiveness.

Chege (2008) researched on the competitive strategies adopted by Equity Bank Limited; he found that competitive strategies had been put in place to provide essential services to help them respond to the demand among the banks. Nyakang'o (2007) carried out a research on the competitive strategies adopted by audit firms in Nairobi. Gitonga (2008) studied on the various response strategies of Equity Bank Ltd to competition in the Kenyan banking industry, he found that Equity bank had implemented various competitive strategies which were ;differentiation strategy, combination strategy, cost leadership strategy and focus strategy. Kisaka (2007) researched on the expansion strategies adopted by the media houses in Kenya, he concluded that the media houses have undertaken expansion so as to grow and position the firm in a competitive manner.

There is limited empirical evidence on strategies employed by local media houses in Kenya to gain competitive advantage in the market. The researcher wants to bridge this gap by carrying out a survey that will investigate the strategies employed by local media houses to gain competitive advantage in the Kenya market. The study seeks to answer the following research questions; what are the strategies employed by local media houses to gain competitive advantage in the Kenyan market? Further, the study seeks to establish whether these strategies do in fact help local media houses that employ them gain competitive advantage in Kenya.

1.3 Research Objectives

The objectives of the study

i) To investigate the competitive strategies adopted by local media houses to gain competitive advantage in Kenya

ii) To explore the effectiveness of the competitive strategies used to enhance performance in the local media houses

1.4 Value of the Study

The study adds valuable knowledge to scholars and academicians who may wish to use the findings of this study as the basis for further research on this subject. It contributes to the existing literature in the field of strategy and competitive advantage, especially those whose focus is on media houses.

The policy makers in the ministry of information, communication and technology benefits from the study as they obtain knowledge of the Media Industry dynamics. The study guides them in designing appropriate policies that will regulate the Industry players. Communications Authority of Kenya (CA) also gets insight of the media houses and the environment the media houses are in.

The managers of local media houses can use the strategies determined by the study to strategize on how to take the advantage of the opportunities available, and also determine the appropriate strategies to pursue.

1.5 Chapter Summary

The chapter covered the background of the study including conceptual and contextual framework of the study. Different theories of competitive advantages as advanced by different scholars were discussed in details, these theories included; Resource-based view which focus on the application of the bundle of valuable interchangeable, intangible and tangible resources at the firm's disposal. The other theory that was discussed was open system theory which thrives on the concept that organizations are strongly influenced by their environments that exert various forces of an economic, political or social nature. The environment also provides key resources that sustain the organization and lead to change and survival. The other theory that was advanced in the chapter was the theory of dynamic capability which focuses on firm's ability to quickly integrate, build and reconfigure internal and external competences to address rapidly changing environment using internal resources.

The media industry in Kenya was also discussed in the chapter and it was noted that in the recent past the media industry in Kenya has experienced exponential growth in the number of media houses and also the viewership and number of listeners. The interaction of competitive strategies and competitive advantage was also looked into depth in the chapter.

Previous research studies on strategies adopted by various institutions as advanced by various scholars were discussed and the research problem of the study identified and also the objectives of the study which includes investigating the competitive strategies adopted by local media houses to gain competitive advantage in Kenya and also the value of the study to the existing literature, policy makers and practitioners are discussed in the chapter.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the various studies as well as literature of the study on the strategies adopted by media houses. The chapter will also seek to identify the research gap that exists between what other researchers have done and what this study seeks to achieve.

2.2 Theoretical Foundation

The theories of competitive advantage have been advanced by various scholars. Johnson and Scholes (2002) noted that for the firm to use RVB as the basis of competitive advantage, it relies primarily on the application of the bundles of valuable interchangeable, intangible and tangible resources at the firm's disposal. To transform a short-run competitive advantage into a sustained competitive advantage requires that the firm's resources are not homogeneous in nature and also not perfectly mobile (Peteraf, 1993). Barney (1991) noted that if the firm's resources satisfy the said condition, then effectively, it translates them into valuable resources that are neither perfectly imitable nor substitutable without great effort.

The resource based view has been a common interest for management researchers and numerous writings could be found for same. It explains firm's ability to deliver sustainable competitive advantage when resources are managed such that their outcomes cannot be imitated by competitors, which ultimately creates a competitive barrier (Mahoney & Pandian, 1992).

Barney (1999) firm's sustainable competitive advantage is reached by virtue of unique resources being rare, valuable, inimitable, non-tradable, and non-substitutable, as well as firm-specific. The resources should have the following attributes in order to create and sustain competitive advantage; they should be valuable in the sense that it should enable the firm to employ a value-creating strategy, by either outperforming its competitors or reduce its own weaknesses. The transaction costs associated with the investment in the resource cannot be higher than the discounted future rents that flow out of the value-creating strategy (Mahoney & Pandian, 1992). Barney (1986) the resource should also be rare such that it makes it hard for competitors to get, otherwise the competitive advantage cannot be sustained.

The resource should also be in-imitable; it should be controlled by only one firm to create competitive advantage. According to Barney (1999) this advantage could be sustainable if competitors are not able to duplicate this strategic asset perfectly. The resource should also be non-substitutable such that competitors cannot substitute the resource with another to get the same result. The four characteristics mentioned are individually necessary, but not sufficient condition for a sustained competitive advantage (Dierickx & Cool, 1989). Within the framework of the resource-based view, the chain is as strong as its weakest link and therefore requires the resource to display each of the four characteristics to be a possible source of a sustainable competitive advantage.

Major concern in RBV is that it is focused on the ability of the firm to maintain a combination of resources that cannot be possessed or built up in a similar manner by competitors. Further it provides us with the base to understand that the sustainability strength of competitive advantage depends on the ability of competitors to use identical or similar resources that make the same implications on a firm's performance. This ability of a firm to avoid imitation of their resources should be analyzed in depth to understand the sustainability strength of a competitive advantage (Besanko, David, David Dranove, & Mark Shanley, 2000).

The RBV theory places its emphasizes on the distinction between capabilities and resources by defining capabilities as "a special type of resource, specifically an organizationally embedded non-transferable firm-specific resource whose purpose is to improve the productivity of the other resources possessed by the firm" (Wernefelt, 1984). Resources are stocks of available factors that are owned or controlled by the organization, and capabilities are an organization's capacity to deploy resources. Essentially, it is the bundling of the resources that builds capabilities (Kay, 1993).

Besanko et al., (2001) argues that based on the empirical writings, RBV provides the understanding that certain unique existing resources will result in superior performance and ultimately build a competitive advantage. Sustainability of such an advantage will be determined by the ability of competitors to imitate such resources. However, the existing resources of a firm may not be adequate to facilitate the future market requirement, due to volatility of the contemporary markets. There is a vital need to modify and develop resources in order to encounter the future market competition.

An organization should exploit existing business opportunities using the present resources while generating and developing a new set of resources to sustain its competitiveness in the future market environments; hence, an organization should be engaged in resource management and resource development (Cowling, 1972).

Cowling (1972) further indicates that industry or market reflects high uncertainty and, in order to survive and stay ahead of competition, new resources become highly necessary. The need to update resources is a major management task since all business environments reflect highly unpredictable market and environmental conditions. The existing winning edge needed to be developed since various market dynamics may make existing value-creating resources obsolete.

Dynamic capacities is another theory of competitive strategy; According to Rainbird (2004), dynamic capability is the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments. The Dynamic Capability strategic planning framework was put into practice worldwide by J.Bruce Harreld, SVP and head of IBM Strategy under IBM CEO who brought IBM back from the brink of insolvency (Gerstner, 2003). Saloner, Garth, Andrea Shepard, & Joel Podolny (2001) argues that the implementation of Dynamic Capabilities supports the strategic transformation of the corporation from "products to services" and built the organizational capabilities by "identifying and seizing new opportunities" in fast-changing environments.

The New Dynamic Capabilities framework focuses on the firm's ability to quickly orchestrate and reconfigure externally sourced competences, while leveraging internal resources such as platforms, know-how, user communities and digital, social and mobile networks (Rainbird, 2004.) The New Dynamic Capabilities framework for corporate strategic management bridges innovation strategy, digital strategy and multinational strategy; experimenting, innovating and learning 10 times faster while orchestrating organizational capabilities worldwide for execution in a globally networked and interdependent environment. Three dynamic capabilities are necessary in order to meet new challenges (Saloner et al., 2001).

Organizations and their employees need the capability to learn quickly and to build strategic assets. New strategic assets such as capability, technology and customer feedback have to be integrated within the company. Existing strategic assets have to be transformed or reconfigured. Teece’s concept of dynamic capabilities essentially says that what matters for business is corporate agility: the capacity; to sense and shape opportunities and threats, to seize opportunities, and also to maintain competitiveness through enhancing, combining, protecting, and, when necessary, reconfiguring the business enterprise’s intangible and tangible assets (Gerstner, 2003). According to Besanko et al., (2001), new dynamic theory requires learning common codes of communication and coordinated search procedures.

Garvin (1988)observes that the organizational knowledge generated resides in new patterns of activity, in “routines”, or a new logic of organization. Routines are patterns of interactions that represent successful solutions to particular problems. These patterns of interaction are resident in group behavior and certain sub-routines may be resident in individual behavior. Collaborations and partnerships can be a source for new organizational learning which helps firms to recognize dysfunctional routines and prevent strategic blind spots.

Besanko et al., (2001) argued that similar to learning, building strategic assets is another dynamic capability. For example alliance and acquisition routines can enable firms to bring new strategic assets into the firm from external sources. The effective and efficient internal coordination or integration of strategic assets may also determine a firm’s performance. According to Garvin (1988) quality performance is driven by special organizational routines for gathering and processing information, for linking customer experiences with engineering design choices and for coordinating factories and component suppliers. Increasingly competitive advantage also requires the integration of external activities and technologies: for example in the form of alliances and the virtual corporation. Fast changing markets require the ability to reconfigure the firm’s asset structure and to accomplish the necessary internal and external transformation (Williamson, 1999).

The capability to change depends on the ability to scan the environment, to evaluate markets and to quickly accomplish reconfiguration and transformation ahead of the competition (Teece, Douma & Schreuder, 2013). This can be supported by decentralization, local autonomy and strategic alliances. Over time a firm's assets may become co-specialized, meaning that they are uniquely valuable in combination. An example is where the physical assets (e.g. the plants), human resources (e.g. the researchers) and the intellectual property (e.g. patents and tacit knowledge) of a company provide a synergistic combination of complementary assets. Such co-specialized assets are therefore more valuable in combination than in isolation. The combination gives a firm a more sustainable competitive advantage (Teece, et el,).

Saloner et al., (2001) notes that if capabilities are dependent on co-specialized assets, it makes the coordination task of management particularly difficult. Managerial decisions should take the optimal configuration of assets into account. "Asset orchestration" refers to the managerial search, selection and configuration of resources and capabilities (Teece, et el,). The term intends to convey that, in an optimal configuration of assets, the whole is more valuable than the sum of the parts. The basic assumption of the dynamic capabilities framework is that core competencies should be used to modify short-term competitive positions that can be used to build longer-term competitive advantage. The academic literature on dynamic capabilities grew out of resource based view of the firm and the concept of "routines" in evolutionary theories of organization (Nelson & Winter, 1982). It thus provides a bridge between the economics-based strategy literature and evolutionary approaches to organizations.

The other theory is open systems theory which thrives on the concept that organizations are strongly influenced by their environment. The environment consists of other organizations that exert various forces of an economic, political, or social nature. The environment also provides key resources that sustain the organization and lead to change and survival (Harreld, 2007).

An open system is an entity that changes its behavior in response to conditions outside its boundaries (Harreld, 2007). Open system theory recognizes that all organizations are unique-in part because of the unique environment in which they operate and that they should be structured to accommodate unique problems and opportunities. Research during the 1960s indicated that traditional bureaucratic organizations generally failed to succeed in environments where technologies or markets were rapidly changing (Pfeffer, 1997). They also failed to realize the importance of regional cultural influences in motivating workers. Environmental influences that affect open systems can be described as either specific or general. The specific environment refers to the network of suppliers, distributors, government agencies, and competitors with which a business enterprise interacts. General environment encompasses influences that emanate from cultural values, economic conditions, legal/political environment and quality of education (Thompson & Strickland, 2002).

2.3 Competitive Strategy in Organizations

Competitive strategy refers to how a company competes in a particular business. (Overall strategy for diversified firms is referred to as corporate strategy). Competitive strategy is concerned with how a company can gain a competitive advantage through a distinctive way of competing (Porter, 1986).

Porter (1986) described competitive strategy as the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs and further explains that competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition. This involves identifying sources of competition in the ever changing environment then developing strategies that match organizational capabilities to the changes in the environment. According to Porter (1985), competitive strategy is about being different. This means deliberately performing activities differently and in better ways than competitors.

Competitive strategy enables a company not only to give money but also leverage its capabilities and relationships in support of charitable causes. Taking this new direction requires fundamental changes in the way companies approach their contribution programs. At the Balanced Scorecard Collaborative session at Harvard School of Business, addressing the question "Is the world changing too fast for companies to have a long term strategy?" Michael Porter, a preeminent strategy expert; in the wake of the dotcom shakeout, said strategy is more important than ever (Ansoff, 1990).

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 & Strickland, 2002). It concerns what a firm is doing in order to gain a sustainable competitive advantage. Porter (1980) outlined the three approaches to competitive strategy these being striving to be the overall low cost producer, that is, low cost leadership strategy, secondly seeking to differentiate one's product offering from that of its rivals, that is, differentiation strategy and lastly focus on a narrow portion of the market, that is, focus or niche strategy.

Competitive strategy enables a firm to define its business today and tomorrow, and determine the industries or markets to compete. Grant (2000) suggested that the intensity of competition in an industry determines its profit potential and competitive attractiveness. Competitive strategy will assist a firm in responding to the competitive forces in these industries or markets (from suppliers, rivals, new entrants, substitute products, customers).

Porter (1980) argued that superior performance can be achieved in a competitive industry through the pursuit of a generic strategy, which he defines as the development of an overall cost leadership, differentiation, or focus approach to industry competition. If a firm does not pursue one of these strategy types, it will be stuck-in-the-middle and will experience lower performance when compared to firms that pursue a generic strategy (Porter, 1980). Today Porter argues that the strategy is about selecting the set of activities in which an organization will excel to create a sustainable difference in the market place.

Owiye (1999) argued that competitive strategies will be vital to a firm while developing its fundamental approach to attaining competitive advantage (low price, differentiation, niche), the size or market position it plans to achieve, and its focus and method for growth (sales or profit margins, internally or by acquisition).

Day and Wensley (1988) focused on two categorical sources involved in creating a competitive strategy; superior skills and superior resources. Other authors have elaborated on the specific skills and resources that can contribute to a design of competitive strategies. For example, Barney (1991) stated that not all firm resources hold the potential of sustainable competitive advantage; instead, they must possess four attributes: rareness, value, inability to be imitated, and inability to be substituted. 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 & Strickland, 2002).

A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson & Strickland, 2002). Sustainable competitive advantage is born out of core competencies that yield long term benefit to the company. Prahalad and Hamel (1990) define a core competence as an area of specialized expertise that is the result of harmonizing complex streams of technology and work activity. They further explain that a core competence has three characteristics. First; it provides access to a wide variety of markets. Secondly, it increases perceived customer benefits and lastly, it is hard for competitors to imitate (Prahalad et el, 1990).

To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers will perceive as superior value. This entails either a good quality product at a low price or a better quality product that is worth paying more for (Porter, 2001). Competitive strategy concerns what a firm is doing in order to gain a sustainable competitive advantage. Porter (1980) outlines the three approaches to competitive strategy these being ; Striving to be the overall low cost producer, i.e. low cost leadership strategy, secondly, Seeking to differentiate one's product offering from that of its rivals, that is differentiation strategy and lastly ,focus on a narrow portion of the market, that is, focus or niche strategy.

2.4 Competitive Advantage

A company has a competitive advantage whenever it has an edge over its rivals in securing customer and defending against competitive forces (Thompson & Strickland, 2002). Sustainable competitive advantage is born out of core competencies that yield the long term benefit to the company. Prahaland and Hamel (1990) define a core competence as an area of specialized expertise that is the result of harmonizing complex streams of technology and work activity.

Prahaland and Hamel (1990) further explain that a core competence has three characteristics; one it provides access to a wide variety of markets, secondly it increases perceived customer benefits and lastly, it is hard for a competitor to imitate. Competitive advantage is also defined as the strategic advantage one business entity has over its rival entities within its competitive industry (Porter 1986).

Achieving competitive advantage strengthens and positions a business better within the business environment. According to Barth (2003), competitive advantage can be developed from a particular resources and capabilities that the firm possesses that are not available to competitors.

Barth (2003) notes that the transformation of available skills and resources into a strategic position can only take place under conditions that provide a customer benefit, and normally require the transformation of multiple competitive methods. The ability to implant a cost leadership, differentiation, or focus strategy is dependent on a firm's ability to develop a specific set of competitive methods (Bharadwaj 1993). According to Barth (2003), Competitive Intelligence is continuous process of gathering data, information and knowledge about actors (competitors, customers, suppliers, government etc) which interact with organization in the business environment in order to support decision making process for enhancing competitiveness of organization. Competitive intelligence is the use of public sources to develop data about competitors and the market environment and its transformation in usable information, thorough analysis. When thinking about Competitive intelligence, public information refers to the information that one can access legally and ethically (Barth, 2003).

Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors (Porter 1985). These attributes can include access to natural resources, such as high grade ores or inexpensive power, or access to highly trained and skilled personnel human resources.

Porter (1985) identified three "generic strategies" (Porter 1985). These are; Cost Leadership, Differentiation and Focus. He then subdivided the Focus strategy into two parts: "Cost Focus" and "Differentiation Focus." According to Porter (1985), cost leadership involves being a leader in terms of cost in your industry or market. This can be achieved through increasing profits by reducing costs, while charging industry-average prices and also by increasing market share through charging lower prices while still marking a reasonable profit on each sale because of reduced costs.

Differentiation strategy involves making the organization product or service different and more attractive that those of your competitors. This strategy can be achieved by doing good research, development and innovation. The market understands the benefits offered by the differentiated offering. Focus strategy involves concentrating on particular niche markets and by understanding the dynamics of that markets and the unique needs of customer within it, develop unique low-cost or well specified products for the market. This strategy is achieved by building strong brand loyalty among customers thus making that particular market segment less attractive to competitors (Porter, 1985).

2.5 Empirical Studies and research Gaps

Many studies have explored the relationships between firm performance and brand image, HR (Enz, 2008), and IT (Jonsson and Devonish, 2009) and that between organizational structure and organizational success (Barth, 2003) but the roles played by market segmentation and promotion strategies especially in local media houses are unexamined issues.

There are several strategies which organizations adopt to ensure they remain competitive in the market. The nature of the relationship between – or the respective roles played by – organizational structure and performance has not yet been clearly identified. For firms to strengthen the *internal* processes is to ensure it identify the firms strengthen, organizational structures in order to ensure effectiveness and success of the firm (Tarigan, 2005).

Companies can also protect profits by achieving cost leadership in a particular market or industry and if sellers cannot price discriminate, the lowest price sellers can charge is the marginal cost of production (Porter 1980). As competition intensifies, companies may have to lower their production costs to protect profits (Gulati and Garino 2000). Companies will have to develop ways to operate in environment with increasing cost and with a potential back drop of revenues and staggering cash flows. Minimizing their cost of production would be critical strategic tool to embrace such turbulence within the environment to stay ahead of competition (Parnell, 2000).

When a firm designs, produces, and sells a comparable product more efficiently than its competitors as well as its market scope is industry-wide, it means that the firm is carrying out the cost leadership strategy successfully (Parnell, 2000). Firms often drive their cost lower through investments in efficient-scale facilities, tight cost and overhead control, and cost minimizations in such areas as service, selling and advertising (Porter, 1980).

2.6 Chapter Summary

This chapter presented a review of the various studies as well as literature of the study on the strategies adopted by media houses. The chapter also sought to identify the research gap that exists between what other researchers have done and what this study sought to achieve. The theoretical foundations of competitive advantage as advanced by various scholars were reviewed.

Competitive strategy is concerned with how a company can gain a competive advantage through a distinctive way of competing and aims to establish a profitable and sustainable postion against the forces that determine industry competition. It enables a firm to define its business today and tomorrow, and determine the industries or markets to compete in. A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces. Core competence is an area of specialized expertise that is the result of harmonized complex streams of technology and work activities which yields competitive advantage that yield long term benefits to the company.

Empirical studies were reviewed and research gaps identified. Relationships between firm performance and brand image and between organizational structure and organizational success have been studied, but the roles played by market segmentation and promotions strategies especially in local media houses remained unexamined

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter deals with the description of the methods that will be applied in carrying out the research. It covers research design, population of study, sampling design, data collection and data analysis.

3.2 Research Design

This research adopted a descriptive survey design. Robson (2002) notes that descriptive research portrays an accurate profile of persons, events or situations. According to Orodho (2003), descriptive survey is a method of collecting information by interviewing or administering a questionnaire to a sample of individuals.

Survey allows the collection of large amount of data from a sizable population in a highly economical way. It allows one to collect quantitative data which can be analyzed quantitatively using descriptive and inferential statistics (Saunders et al. 2007). Therefore, descriptive survey is deemed the best strategy to fulfill the objectives of the study.

3.3 Population of the Study

The target population of this study was all the local media houses in Kenya. There are thirty local media houses currently operating in Kenya. This is a according to records with Communications Authority of Kenya (CA) as at April 2015.

This not being a large number, all the 30 media houses was surveyed. This kind of survey is known as Census. This being a census survey, no sampling procedure was required. The media houses in Kenya are in the appendix iii.

3.4 Data Collection

Primary data was collected using structured questionnaires. These questionnaires were directed to either a business manager or their representatives for each media house. The questionnaires were administered through drop-and-pick later method and also through emails. The questionnaire was adequately prepared to provide for both open and closed ended questions in order to capture the objectives of the study.

The questionnaire was divided into two sections, Section ONE and Section TWO (Appendix II). Section ONE captured the general information on the respondents and also the general information of the media house. Section TWO sought responses to the strategies used by media houses in Kenya to respond to increased competition. The researcher also sought secondary information from CA and Ipsos synovate on the performance of the media houses in terms of coverage.

3.5 Data Analysis

Since some of the issues in the study involved perception, descriptive statistics was the most appropriate method of data analysis. A descriptive technique was chosen for this study because they offered more than just a collection of data. They involved measurement, classification, analysis, comparison and interpretation of data with the benefit of describing the state of affairs as it exists (Kombo & Tromp, 2006).

The data collected from this study was edited for completeness and consistency, cleaned, coded and keyed into spreadsheets application (Microsoft Excel) for analysis. The data was then being analyzed using SPSS to measure central tendencies such as mean, frequencies and percentages. To determine the relative importance of the various strategic value dimensions, the study used mean scores and standard deviations .The findings were presented through summarized figures, tables, graphs, and charts.

3.6 Chapter Summary

This chapter covered research design, population of study, sampling design, data collection and data analysis. This research adopted a descriptive survey design. The target population of the study was all the local media houses in Kenya. Primary data was collected using structured questionnaires which were directed to either a business manager or their representatives for each media house.

The data was then being analyzed using SPSS to measure central tendencies such as mean, frequencies and percentages. To determine the relative importance of the various strategic value dimensions, the study used mean scores and standard deviations. Descriptive and inferential statistics analyses was used since some of the issues involved perception and the findings were presented through summarized figures, tables, graphs, and charts.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION

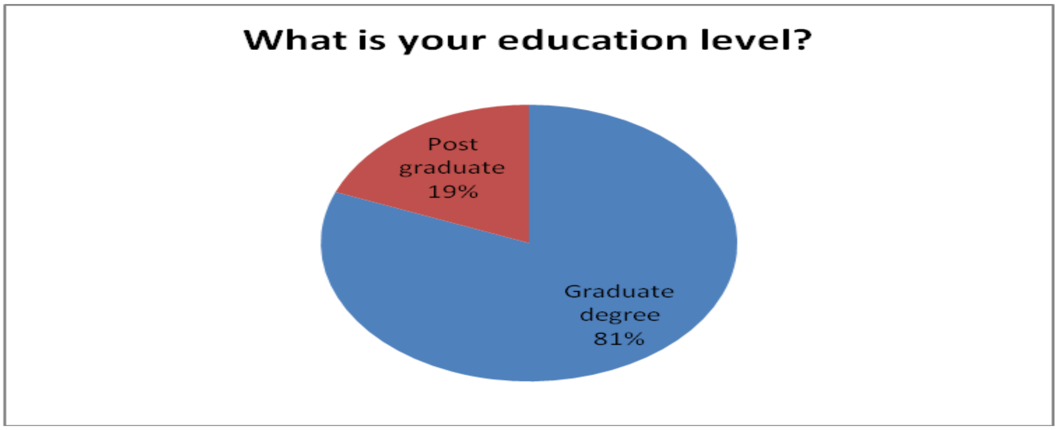
4.1 Introduction

This chapter discusses data findings, analysis, interpretation and presentation. The data collected was analyzed using SPSS and the output presented in forms of table. Descriptive survey was carried out for the study where the target population was all the thirty local media houses in Kenya. Because of the small number of study units, a census survey was conducted as it is more effective rather than carry out the study on sample basis. The response rate was found out to be 70% indicating that out of the thirty Local media houses that the researcher had targeted, 21 of them responded. The research made use of frequencies, percentages and Likert scale to interpret the information.

4.2 Findings from the General Information

This section concentrates on the general information of the respondents and also information regarding the company. The researcher was interested in knowing the name of the company, position of the respondent and the number of years that the respondent had served in their current company, their highest level of education as well as the number of employees in the company. Information in this section enabled the researcher judge whether they had chosen the appropriate persons for the study. It also helped the researcher know whether the company is small, medium or large.

Figure 4.1: Chart presentation of the level of education of the respondents



Source: Primary Data, 2015.

Figure 4.1 above shows that all the respondents had either graduate degree or post graduate degree. 81% percent of the respondents had graduate degrees while 19% had post graduate degree. This could be the shareholders' policy to employ graduate managers.

The researchers sought to know the length of services of the respondents with the current employer. The results are shown in the table 4.2 below.

Table 4.1: Year of service of the respondents' with the current employer

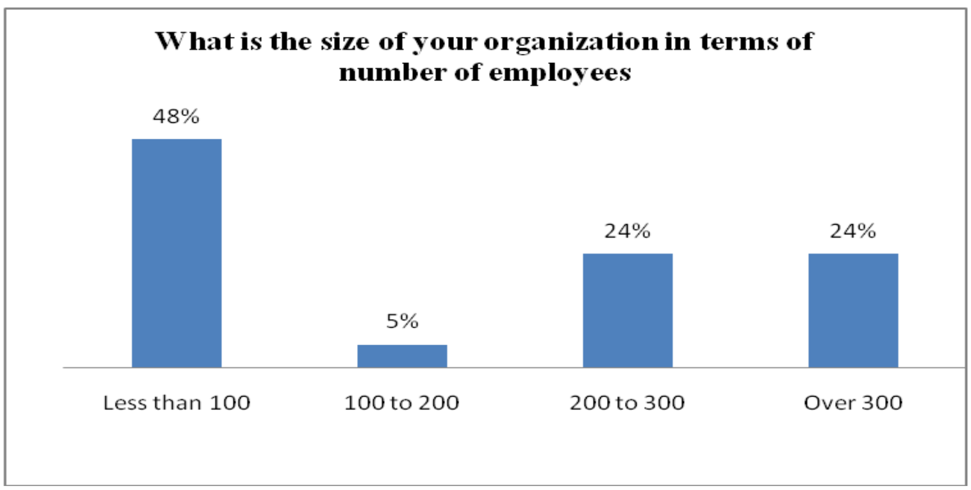
Years	Frequency	Percentage
0-5 years	17	81
5-10 years	3	14
10-15 years	1	5
15 years and above	0	0
Total	21	100

Source: Primary Data, 2015.

Table 4.1 shows that 81% of the respondents had worked for less than 5 years. 14% of the respondents had worked for the current employer for between 5-10 years. 5 % of the respondents had worked for between 10-15 years. None of the respondents in the study had worked for more than 15 years. This might be due to head hunting of managers due to stiff competition witnessed in the industry in the recent years.

The researcher also sought to know to the number of employees in the respondent's firm. Figure 4.3 below shows the finding.

Figure 4.2: Graphical presentation of the number of employees in respondent's firm

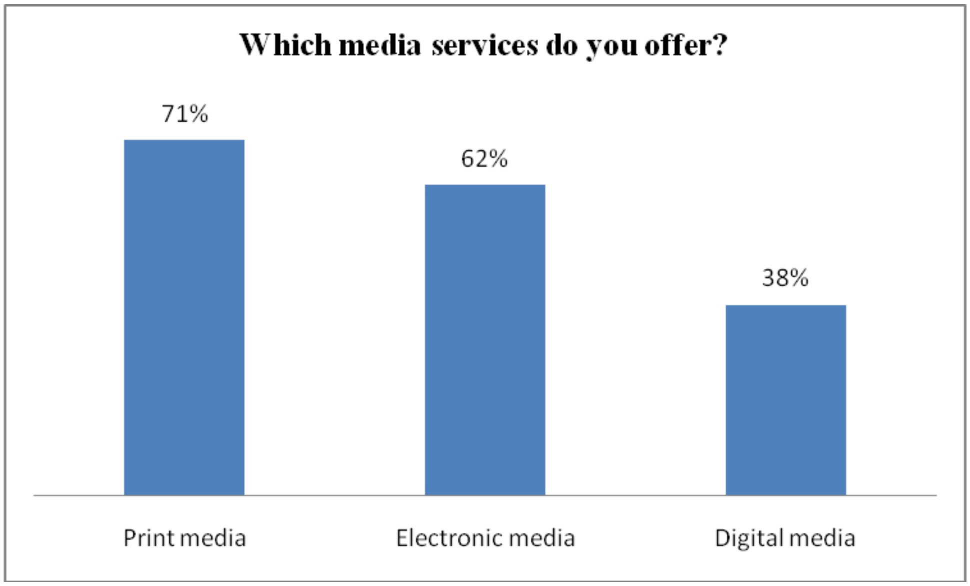


Source: Primary Data, 2015.

From figure 4.2, 48% of the respondents in the study, said that there were less than 100 employees in the firms they worked in. 5% had between 100-200, while 48% had more than 200 employees. This could be the fact that most media houses are emerging in the industry since the freedom of press Act was enacted during president Kibaki's reign.

The researcher also sought to know the media services offered by the respondents firm.

Figure 4.3: The media services offered by the Media house



Source: Primary Data, 2015.

From figure 4.3 above, 71% of the respondents offered print media, 62% offered Electronic media while 38% offered Digital media. This shows that most of the Media houses do offer print and electronic media services while only few media houses have ventured in digital media maybe due to its unpopularity.

4.3 Finding on the Strategies Adopted by Media Houses in Kenya

The researcher wished to establish the respondent's agreement or disagreement with statements regarding market segmentation. Table 4.2 below demonstrates the level of agreement.

Table 4.2: Response on strategies regarding Market Segmentation

Market Segmentation	1	2	3	4	5	Mean score	Standard Deviation
The firm classifies clients into various segments	1	2	2	7	9	4.0	1.183
The firm uses various techniques to identify customers segments and predict their needs	0	3	3	4	11	4.1	1.153
The firms profiles the customers and tailors products to meet their specific needs	0	1	3	6	11	4.29	0.889
There are divisions within the firms that are designed to cater for specific client segments	0	3	5	5	8	3.86	1.108

Source: Primary Data, 2015.

Mean and standard deviation was used to analyze the data so as to get the central tendency of the strategies adopted by media houses. According to the researcher, those statements with a mean close to 5 were considered strongly agreed with while those with a mean score of close to 1 were considered strongly disagreed with. On the same note, the higher the standard deviation, the higher the level of disagreement or dispersion among the respondents. The findings show that firms profile the customers and tailors products to meet their specific needs is the highest with a mean of 4.29 while the weakest is the divisions within the firm that are designed to cater for specific segments with a mean of 3.86. Variation in agreement was minimal in profiling the customers and tailoring the products to meet their specific needs as it had the lowest standard deviation of 0.889.

The respondents were also asked to indicate their disagreement or agreement with statements about their firm's pricing strategies. Table 4.3 shows the findings.

Table 4.3: Response on strategies regarding Pricing

Pricing Strategies	**1**	**2**	**3**	**4**	**5**	**Mean score**	**Std Dev**
Firm does not operate on low cost	10	6	2	3	0	1.90	1.095
What matters most in choosing a supplier is their prices	1	7	4	5	4	3.19	1.203
Firm has the most talented workforce in the industry	0	0	11	6	4	3.67	0.814
Firm has the best credit policy in the market for our suppliers	2	3	8	7	1	3.10	1.044
Cost of advertising with the company is among the highest in the industry	7	5	3	4	2	2.48	1.363

Source: Primary Data, 2015.

Mean and standard deviation was used to analyze the data. According to the researcher, those statements with a mean close to 1 were considered strongly disagree while those with mean close to 5 were considered strongly agree. On the same note, the higher the standard deviation, the higher the disparity among respondents. The results show that the best practice was that of firms having the most talented workforce in the industry which had a mean of 3.67.

They also disagreed on the firm not operating in low cost indicated by mean of 1.9 showing that the firms operated at low cost. The highest discrepancy in respondents was on cost of advertising with their firm being the highest in the industry as indicated by the highest standard deviation of 1.363.

The researcher also wanted to find out the respondent's agreement with statements regarding Delivery and Distribution. Table 4.4 below gives the results.

Table 4.4: Response on strategies regarding Delivery and Distribution

Delivery and Distribution	**1**	**2**	**3**	**4**	**5**	**Mean score**	**Std Dev.**
Firm has opened up more branches across the country to reach more customers	4	4	4	5	4	3.05	1.47
Firm has introduced a wide range of products so as to serve customers conveniently	2	0	6	9	4	3.62	1.117
Firm has variety of entertainment to choose from	0	2	5	10	4	3.76	0.956
Firm operates day and night	4	2	4	6	5	3.29	1.513

Source: Primary Data, 2015.

Mean and standard deviation was used to analyze the data. According to the researcher, those statements with a mean close to 1 were considered strongly disagree while those with mean close to 5 were considered strongly agree. On the same note, the higher the standard deviation, the higher the disparity among respondents. The results show that most media houses have variety of entertainment to choose from with a mean of 3.76.

Opening up of many branches across the country to reach more customers was the least agreed with a mean of 3.05. The highest discrepancy in respondents was note in the firms operating day and night. This is as indicated by the standard deviation of 1.513 signaling that some firms operate day and night, while others operates during the day only.

The researcher also sought the responses of the respondents on the agreement or disagreement with the statements about their firm's promotion strategy. Table 4.5 illustrates the findings

Table 4.5: Response on strategies regarding promotion

Promotion Strategies	**1**	**2**	**3**	**4**	**5**	**Mean score**	**Std Dev**
Advertising is the only means of promotion that the firm utilizes	5	11	3	1	1	**2.14**	1.014
Firm has invested more in the sales force in order to increase the turnover	5	2	4	6	4	**3.10**	1.48
Publicity is never used in the firm as a way of promoting our products	8	9	2	2	0	**1.90**	0.944
Firm's philosophy is to maintain higher quality standards in order to maintain good reputation with third parties	0	1	1	8	11	**4.38**	0.811
Company's products are unique compared to your competitors	0	4	3	12	2	**3.57**	0.926
Company has a good coverage of the product's market	0	4	3	6	8	**3.86**	1.179
Company runs promotions activities to boost the product's sales	1	3	4	5	8	**3.76**	1.261

Source: Primary Data, 2015.

Mean and standard deviation was used to analyze the data. According to the researcher, those statement with a mean close to 1 were considered strongly disagree while those with mean close to 5 were considered strongly agree. From the findings, most firms strongly agree that the firm's policy is maintain higher quality standards in order to maintain good reputation with third parties with the highest mean of 4.38 and the lowest standard deviation 0.928.

Respondents disagreed with the statement that publicity is never used in the firm as a way of promoting their products with a mean of 1.90 indicating that most media houses use publicity to promote their products. Respondents highly differed on the statement that firms invest more in sales force in order to increase the turnover as indicated by high standard deviation of 1.48.

4.4 Findings on Strategies Adopted and Media House Competitive Advantage

The second objective of study aimed at investigating whether the strategies adopted by local media houses help them to gain competitive advantage in Kenya. To achieve this correlation and regression analysis was carried out where market segmentation, price strategies, delivery and distribution and promotion strategies were correlated and regressed with the respective media coverage.

Table 4.6: Correlation Analysis

	Competitive advantage	Market Segmentation	Price Strategies	Delivery and distribution	Promotional Strategies
Competitive advantage	1				
Market Segmentation	0.554	1			
Price Strategies	-0.953	0.452	1		
Delivery and distribution	0.853	0.481	0.85	1	
Promotional Strategies	0.917	0.405	0.965	0.871	1

Source: Primary Data, 2015.

The correlation matrix indicates that competitive advantage was highly correlated with promotional strategies (0.917) and delivery and distribution (0.853). Price strategies had highly negative relationship with the competitive advantage (-0.953). It was importantly noted that there was a strong positive relationship between the market segmentation and competitive advantage (0.554).

Table 4.7: Regression Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.89	0.79	0.75	0.551

Source: Primary Data, 2015.

Model: (Constant), Market segmentation, Price strategies, Delivery and distribution, promotional strategies.

Coefficient of determination (R2) in table 4.4.2.1 above was reported to be 0.79, indicating that 79 percent of the total variation of dependent variable (Competitive advantage) is explained by market segmentation, price strategies, delivery and distribution and promotional strategies. Therefore, market segmentation, price strategies, delivery and distribution and promotion strategies determined the level of competitive advantage gained by the media firm.

After testing the R squared the researcher also investigated the overall validity, reliability and goods of fit of the model using analysis of variance ANOVA. This is depicted in Table below F value indicates 17.264, in that large values of F indicate a (unusual data) and indicate that it is unlikely the null hypothesis is true. The significance level ($p < 0.000$) therefore we reject the null hypothesis and conclude that at least one coefficient is none zero there is a significant linear relationship between market segmentation, price strategies, delivery and distribution and promotional strategies.

Table 4.8: Analysis of Variance

	Sum of Squares	d.f	Mean Square	F	Sig.
Regression	15.726	3	5.242	17.264	.0000
Residual	5.168	17	0.304		
Total	20.894	20			

Source: Primary Data, 2015.

Model: (Constant), Market segmentation, price strategies, delivery and distribution, promotional strategies

Dependent: Competitive advantage.

Table 4.9: Regression Results

	Beta	**Std. Error**	**T**	**Sig.**
Constant		6.222	0.912	0.37
Market Segmentation	0.365	0.285	1.089	0.286
Price Strategies	-0.096	1.035	-2.836	0.03
Delivery and distribution	0.3	1.706	3.662	0.024
Promotional strategies	0.787	0.22	2.275	0.061

Source: Primary Data, 2015.

T-Ratio (T)

This is also called the student ratio and tells the statistical significance of the explanatory variable (market segmentation, price strategies, delivery and distribution and promotional strategies). If t>+2 or -2, the explanatory variable is said to be statistically significant.

From the regression summary table t-ratio is given as: 0.912, 1.089, -2.836, 3.662, and 2.275. This shows that delivery and distribution and promotional strategies are statistically significant and positively related since T-ratio 3.662 and 2.275. Price strategies had an inverse significant relationship since T-ratio was -2.836.

Regression results indicate that coefficient $\beta = -0.096$ with a p value of 0.03; these results suggest that increase in price with one unit decreases Competitive advantage with 0.096 units. ($\beta = 0.3$, $p < 0.024$). In addition, the results depicts that coefficient $\beta = 0.03$ with a p value of 0.024; these results suggest that an increase in one unit of delivery and distribution increases the competitive advantage with 0.3 units. Further, the results indicate that coefficient $\beta = 0.787$ with a p value of 0.061; these results suggest that increase in price with one unit increases Competitive advantage with 0.787 units.

4.5 Discussion

The study collected data from media personnel from twenty one local media houses in Kenya. The respondents were mainly drawn from sales and marketing, and finance departments. Most of the respondents were graduates and had worked in the media industry for less than five years.

The media houses reached their audiences through print media which includes Newspaper, or electronic media which includes TV and radios. Other used digital media which includes online platforms. The study found that most of the media houses had used various techniques to identify customer segments and predicted their needs; this helped them profile their customers and tailor their products to meet their specific needs.

According to Porter (1985), a firm develops its business strategies to obtain competitive advantage. The study explored the competitive strategies adopted by the local media houses to improve their performance. A single resource cannot create competitive advantage and thus several strategies are always advantageous to use than a single one Enz (2008). Therefore, the study explored several strategies specifically on how market segmentation, pricing of products, delivery and distribution of the products and services, and promotion strategies influenced the performance of the local media houses in Kenya. The study found that the media houses set different prices for adverts and local stations.

Most media houses pursued the less costly processes so as to keep the maintenance costs low. This allowed them to charge low prices and give their customers good credit policies. These findings concur with Bakos (1998) arguments that a price discrimination strategy makes it difficult for buyers to compare the prices of alternative product offerings thus increasing the competitive ability of the media houses. The media houses also have segmented the markets so as to capitalize on the needs of each market. This has been done through identifying customer segments.

The findings agree with Sealey (2000) that customization of products and services helps build a base of loyal and profitable customers. Another strategy which the media houses employed to increase their effectiveness and competitive ability is faster delivery of services. Tedeschi (2000) stated that one way for companies to differentiate their products from rival companies is faster and more efficient delivery of products to their customers. The respondents agreed that their media houses had put in place measures to ensure that they conveyed information to audience within the shortest time possible.

The study found that the strategies were attributable to improvement of the media houses. The relationship between the strategies and performance of the media houses was further ascertained by correlation test which showed a positive correlation between the strategies and the performance of the media houses. The regression test indicated that the competitive strategies which included market segmentation, price strategies, fast delivery and distribution and promotions improved the performance of the media houses. The findings reinforce the results of Yoo, Lemak & Choi (2006) that appropriate business strategies are needed for a firm to outperform competitors and produce above average profits (Yoo, Lemak& Choi, 2006).

4.6 Chapter Summary

The chapter concentrated on data analysis and discussion of the findings. Data collected from the 21 local media houses out of the population target of 30 media houses was analyzed using SPSS and output presented in form of tables and charts. From the general information, all the respondent of the study were graduates with 81% of them having graduate degrees and 19% having post graduate degrees. 81% of the respondents have worked for the current media house between 0-5 years with only 19% of the respondents having worked with the media house for more than 5 years.

Most media houses were small organization going by the number of employees were had employed with 48% having less than 100 employees and 24% having more than 300 employees. Interestingly, most of the media houses offered print media, electronic media and digital media. 71% of the respondent offered print media, 62% offered electronic media while 38% of the media houses offered digital media.

The chapter also discussed the findings of the different strategies that the media houses have adopted to gain competitive advantages. Most of the media houses pursued the less costly processes so as to keep the maintenance costs low which allowed them to charge low prices and also gave their customers good credit policies. The study also found that the strategies adopted were attributable to improvement of the media houses as ascertained by correlation test which showed a positive correlation between the strategies and the performance of the media houses.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter provides a summary of key data findings, conclusion and recommendations of strategies adopted by Local media houses to gain competitive advantage. It also highlights the limitations of the study and gives suggestions for further research work.

5.2 Summary

On the demographics, the study noted out that all respondents of the study had a minimum of graduate degree with 19% of them having post graduate degree. Out of all the respondents, 81% had served with the current employer for 0-5years, 14% had served with the current employer for between 5 to 10 years, 5% of the respondents had served with the current employer for between 10-15 years and most notable was that none of the respondents had served with the current employer for more than 15 years. There were less than a hundred employees in majority of the firms representing 47.6%. Firms with between 100 to 200 employees represented only 4.8% while those with 200 to 300 employees and over 300 employees had equal percentage of 23.8% each. As concerns the strategies responses used by media houses, the study established that, profiling of the customers and tailoring products to meet their specific needs by the firm was the highest in regard to market segmentation.

On pricing strategies, the study found out that the best practice is that of firms having the most talented workforce in the industry followed by the firm considering prices while choosing their suppliers as the firms strive to operate at low costs. Charging highly on the services is the least considered in the pricing strategy as most respondents disagreed on the statement that the cost of advertising with their company was among the highest in the industry.

Regarding delivery and distribution, firms having variety of entertainment to choose from was the most regarded in this segment. It was closely followed by firms introducing a wide range of products so as to serve customers conveniently. The two were highly supported by the respondents. However, a firm opening up more branches across the country to reach more customers was the least regarded in the delivery and distribution section followed by the firms operating day and night.

Concerning promotion strategize, maintenance of higher quality standards in order to maintain good reputation with third parties is the most popular. This is followed closely by the firms having good coverage of the market in the industry. The least popular in this section is not using publicity as a way of promoting the company's products. They are of the opinion that publicity is key to promoting the products of the company. Company having a unique product is also not popular in this section as the respondents do not term their products as unique in the industry. The pricing strategy had a negative correlation with competitive advantage.

5.3 Conclusion

Decisions by managers have a great impact on strategies and significantly contribute to strategic change in an organization. The organization is shown as one of a number of competitors in an industry; and to a greater or lesser extent, these competitors were affected by the decisions, competitive strategies and innovations among others. Therefore, various firms in a similar industry for instant the media industry need to come up with competitive strategies that ensure a secured position in the market.

According to the research, media houses have embarked on strategies of profiling customers and tailoring the product to meet their specific needs by introducing a wide range of products so as to meet customers' needs and also having a variety of entertainment to choose from. Media houses have also believed in having the most talented workforce in the industry and operating in low cost. They have also put more emphasis on maintaining high quality standards in order to maintain good reputation with third parties and also investing more in sales force. It is evident that all the Local media houses in Kenya are in healthy competition which is good for positive change in the industry.

5.4 Recommendations

From the research, the researcher wishes to make the following recommendations; the research found out that managerial staff had either graduate or post graduate degree. This could be due to the management regulations of the media houses set by the Communication Authority of Kenya.

It is therefore commendable of the CA for its maintenance of regulations to media houses which has led to good and efficient performance of these media houses which have had positive impact on the customer.

The study has also found out that most media house can be categorized as small and medium companies and that the industry is not saturated and the media houses if managed well can employ more people hence creating employment vacancies. The study found out that profiling the customer and designing products to meet their specific need is also a very good strategy especially if it can be capped by classifying them into various segments (Similar customers with similar needs) and having division within the firm that are designed to cater for specific client segments.

The study also found out the need of the company to maintain high quality product to safeguard its reputation with the third party. It should also operate at low cost but not compromise on quality. It should also invest in sales force to drive the sales of its product and at the same time publicizing its product to the market so as serve the market well.

5.5 Limitations of the Study

The study did not analyze the underlying instruments of information, coordination and resource flow systems. Future research may extend this study to look at specific areas such as knowledge management, financial reporting systems, and employee policies for both locals and expatriates.

The study faced several limitations. Respondent was not 100% attained hence exhaustive and extremely comprehensive research could not be carried on strategies adopted by local media houses to gain competitive advantage in Kenya. The study also faced financial limitations, however the researcher minimized these by sending questionnaires through email to minimize cost of transport. The research was only concerned on local media houses and this may not be used to generalize the strategies adopted to gain competitive advantage as there are many other media houses that operate in Kenya.

5.6 Suggestion for Further Research

The research was concerned on looking at the strategies adopted by local media houses to gain competitive advantage in Kenya, which may limit the generalization of the findings without taking into consideration other factors. The Research based competitive advantage on coverage and viewership. Other aspect of competitive advantage such as financial performance of the media house should be looked into.

Additionally research other strategies that the local media house adopt to gain competitive advantage and sustain the competitive should be carried out as the environment is very dynamic. The contribution of the strategies adopted by the local media houses on other aspect of the competitive advantage which include financial performance. Also research should carried out on strategies used by other media house to gain competitive advantage in Kenya not necessarily local media houses.

5.7 Implication of the Study on Theory, Policy and Practice

This research is valuable to scholars and academicians as it adds knowledge to those who may wish to use the findings of this research as the basis for further research on this subject or related subjects. The study adds knowledge on the Open system theory which holds that firms are greatly influenced by external forces. The study contributes to the existing literature in the field of strategy and competitive advantage, especially those whose focus will be on media houses.

The policy makers will find the research valuable as they can obtain valuable knowledge of the Media Industry dynamics and the appropriate responses. The study will help them in designing appropriate policies that will regulate the Industry players. The government and Communications Authority of Kenya (CA) can also get insight of the media houses and the environment the media houses are in from this research.

The managers of local media houses will be able to use the strategies used by the successful media houses in order to keep pace of the competition, and also determine the appropriate strategies to pursue. The research will also help them appreciate the strategies employed by other media houses to compete effectively in the market.

5.8 Chapter Summary

This chapter provides a summary of key data findings, conclusion and recommendations of strategies adopted by Local media houses to gain competitive advantage. It also highlights the limitations of the study and gives suggestions for further research work.
As concerns the strategies responses used by media houses, the study established that, profiling of the customers and tailoring products to meet their specific needs by the firm was the highest in regard to market segmentation while having divisions within the firms that are designed to cater for specific client segments was regarded lowest in the market segmentation.

In conclusion, decisions by managers have a great impact on strategies and significantly contribute to strategic change in an organization and more so in media industry. media houses have embarked on strategies of profiling customers and tailoring the product to meet their specific needs by introducing a wide range of products so as to meet customers' needs and also having a variety of entertainment to choose from.

The researcher encountered several limitations including lack of 100% respondents from the intended population target and also financial constraints. The researcher minimized the limitation by making follow-ups to ensure response and also sent questionnaires using emails to minimize transport costs. The researcher recommends further studies to be carried concerning strategies adopted by media houses in Kenya even the non-local media houses.

The research has implications on the theory, policy and practice; the study contributes to the existing literature in the field of strategy and competitive advantage, especially those whose focus will be on media houses. The government and Communications Authority of Kenya (CA) can also get insight of the media houses and the environment the media houses are in from this study. . The research will also help decision makers of local media houses appreciate the strategies employed by other local media houses in order to compete effectively in the market

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The Communications Commission of Kenya 2013 (Online www.cck.go.ke)

APPENDICES

Appendix 1: Letter of Introduction

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 17/9/2013

TO WHOM IT MAY CONCERN

The bearer of this letter KAMAU JAMES MIRANG'A

Registration No. D61/67267/2011

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
17 SEP 2013
MBA OFFICE
P.O. Box 30197 - 00100, NAIROBI

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

Appendix II: Questionnaire

Questionnaire for the strategies employed by Local Media houses to gain competitive advantage in Kenya. Please fill in all parts as sincerely as possible by putting a tick where applicable, for those that require your opinion please use the space provided.

SECTION ONE

1. Name of your organization.
2. What is your position in the organization.
3. What is your education level (Tick as applicable)

(i) High school [ ]
(ii) College [ ]
(iii) Graduate Degree [ ]
(iv) Post graduate [ ]
(v) Other – specify [ ]

4. Years of service / working period with the current employer.

(i) 0 – 5 years [ ]
(ii) 5 – 10 years [ ]
(iii) 10 – 15 years [ ]
(iv) Over 15 years [ ]

5. What is the size of your organization in terms of number of employees?

(i) Less than 100 [ ]
(ii) 100 – 200 [ ]
(iii) 200 – 300 [ ]
(iv) Over 300 [ ]

6. Which media services do you offer?

Print Media [ ]
Electronic Media [ ]
Digital Media [ ]

7. Do you own or outsource your Distribution channels?

Please explain.

SECTION TWO

State the extent to which you agree with the following statements by placing a tick based on your rating;

(a) Strongly disagree
(b) Disagree
(c) Neutral
(d) Agree
(e) Strongly agree

Part 1: Market Segmentation

		a	b	c	d	e
8.	The firm classifies clients into various segments (similar customers with similar needs)					
9.	The firm uses various techniques to identify customer segments and predict their needs.					
10.	The firm profiles the customers and tailors products to meet their specific needs.					
11.	There are divisions within the firm that are designed to cater for specific client segments?					

Part 2: Price Strategies

		a	b	c	d	e
12.	The firm does not operate on a low cost. Do you agree with this statement					
13.	What matters most in choosing your supplier is their prices?					
14.	The firm has the most talented workforce in the industry.					
15.	The firm has the best credit policies in the market for our suppliers.					
16.	The cost of advertising with the company is among the highest in the industry.					

Part 3: Delivery and Distribution

		a	b	c	d	e
17.	The firm has opened up more branches across the country to reach more customers.					
18.	The firm has introduced a wide range of products so as to serve customers conveniently.					
19.	The firm has a variety of entertainment to choose from.					
20.	The firm operates late all day and night.					

Part 4: Promotion Strategies

		a	b	c	d	e
21.	Advertising is the only means of promotion that the firm utilizes.					
22.	The firm has invested more in the sales force in order to increase the turnover.					
23.	Publicity is never used in the firm as a way of promoting our products.					
24.	The firms philosophy is to maintain higher quality standards in order to maintain good reputation with third parties.					
25.	The company products are unique compared to your competitors.					
26.	The company has a good coverage of the product's market.					
27.	The company runs promotions activities to boost the product's sales.					

Appendix III: Media Houses in Kenya

1 AFRICA GOSPEL CHURCH

2 BIBLIA HUSEMA BROADCASTING

3 CHRIST CO-WORKERS FELLOWSHIP (CHRISCO

4 DAYSTAR UNIVERSITY

5 EGERTON UNIVERSITY PRESS

6 INTERNATIONAL CHRISTIAN MINISTRIES (Imani Radio & TV Ministries)

7 KALEE LIMITED

8 KENYA MUSLIM YOUTH ALLIANCE

9 KENYA BROADCASTING CORPORATION (KBC)

10 KENYA EPISCOPAL CONFERENCE CATHOLIC SECRETARIAT

11 KENYA INSTITUTE OF MASS COMMUNICATIONS

12 KENYATTA UNIVERSITY (KU)

13 KENYA NATIONAL ASSEMBLY (PARLIAMENT)

14 KANGEMA RANET METROLOGICAL STATION

15 MASENO UNIVERSITY

16 MEDIA MAX LTD

17 MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNLOLOGY

18 MULTIMEDIA UNIVERSITY COLLEGE OF KENYA-MMU(formerly KCCT)

19 NATION MEDIA GROUP LIMITED

20 OSIENALA (Friends of Lake Victoria)

21 RADIO AFRICA LIMITED

22 RADIO SALAAM LTD

23 RAHMA BROADCASTING LTD

24 ROYAL MEDIA SERVICES LIMITED

25 SHOPPERS ADVERTISING MEDIA KENYA

26 SAUTI YA MWANANCHI RADIO & TV STATION

27 THE STANDARD GROUP

28 UNITED STATES INTERNATIONAL UNIVERSITY (USIU)

29 KENYA EXPRESS MEDIA LTD

30 SHREND PUBLISHERS

Source (CA) website: www.ca.go.ke