

**COMPETITIVE STRATEGIES ADOPTED BY COURIER
FIRMS IN KENYA TO COPE WITH COMPETITION IN
THE COURIER INDUSTRY**

BY

NYANKURU B. MAIRURA

REG: D61/P/8409/03

SUPERVISOR: Dr.Martin Ogutu

**A RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF
THE DEGREE OF MASTER IN BUSINESS ADMINISTRATION,
SCHOOL OF BUSINESS
UNIVERSITY OF NAIROBI**

NOVEMBER, 2011

DECLARATION

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

Signed:.....*B. Mairura*.....Date: *14/11/2011*.....

NYANKURU B.MAIRURA

D/61/P/8409/03

This Management Research Project has been submitted for examination with my approval as the University Supervisor.

Signed:.....*Dr M*.....Date: *15/11/2011*.....

DR MARTIN OGUTU

DEPARTMENT OF BUSINESS ADMINISTRATION

UNIVERSITY OF NAIROBI

DEDICATION

This project is dedicated to my husband and friend Dr. Dennis London Mairura for his invaluable support, for believing in my dream and investing both time and money to enable me realize it, To my three lovely children Keith, Alvin and Bevin for being there for me, patient, understanding and for giving me the time and space to complete the programme.

ACKNOWLEDGEMENT

First I want to thank the University of Nairobi, through the Board of Post Graduate studies for offering me an opportunity to pursue studies and extending my studentship that has enabled me to complete my studies that will lead to an award of a Master degree in Business Administration (MBA). Special thanks to all the faculty members at the School of Business Studies from whom I learned a lot from.

I am heartily thankful to my supervisor, Dr. Martin Ogutu, whose encouragement, guidance and support from the initial to the final level enabled me to develop an understanding of the subject. I am grateful for the critical comments on the draft that enabled me to improve the quality of this work. I am equally indebted to my many colleagues for the support, encouragement and prayers. Particular thanks to Ms Elizabeth Ongwae, Charles Mokaya, Caren Onkoba, G Njuguna, Pam Mokaya and Dr. Leonard Wasike for your encouragement and support.

I owe my deepest gratitude to my clients who not only spared their time to complete the questionnaires, but also availed to me very useful data that I analyzed and whose findings are presented herein.

My sincere appreciation to my colleague Purity Wairimu for the time and trouble she took to assist me with the relevant materials, to edit my document and constantly keeping me focused even when the going was tough.

Last but not least, I offer my regards and blessings to my family for all the support they have offered me through this long journey that has finally come to an end. God bless you and I give glory to the almighty God for granting travelling mercies to complete the project.

ABSTRACT

Crafting and formulating a strategy represents just an easy part, adopting the right competitive strategy poses a tremendous challenge. With great competition facing the industry owners of the Courier firms are compelled to adopt more competitive strategies or new strategies to enable them compete in the business.

This research was thus, aimed at establishing the type of competitive strategies adopted by Courier firms to cope with competition in the Kenyan industry. Data collection instrument used were questioners sent to 30 courier managers, 20 supervisors and 10 drivers the response was then collected later from a population sample of 60, 47 responded. Data collected was first checked for consistency, coded and then analyzed to arrive at the various conclusions.

The study concluded that: The competitive strategies adopted by courier firms to cope with competition in Kenyan industry includes, differentiation, cost leadership, differentiation focus, lower-cost, focus strategy, door-to-door delivery, staffing, technology advancement, tracking system and product/service development.

TABLE OF CONTENTS

Declaration	ii
Dedication	iii
Acknowledgement	iv
Abstract	v
Table of contents	vi

CHAPTER ONE: INTRODUCTION	1
1.1 Background to the study.....	1
1.1.1 Concept of Competitive Advantage	2
1.1.2 Competitive Forces.....	3
1.2 Courier industry in Kenya	4
1.3 Statement of the Problem	6
1.4 Objectives of the Study	7
1.5 Value of the study.....	7
CHAPTER TWO: REVIEW OF LITERATURE	9
2.1 Introduction	9
2.2 Strategic groups.....	13
2.3 Concept of competition	13
2.4 Challenges of competition.....	14
2.5 Responses to Challenges of Competition.....	16
CHAPTER THREE: RESEARCH METHODOLOGY	17
3.1 Introduction	17
3.2 Research Design	17
3.3 Target Population	18
3.4 Sample Design.....	18

3.5 Data Collection..... 18

3.6 Data Analysis..... 19

CHAPTER FOUR: RESEARCH FINDINGS..... 20

4.1 Introduction 20

4.2 Descriptive summaries of data collected..... 20

4.3 Respondents Profile..... 20

4.3.1 Profile by Gender 20

4.3.2 Profile by Age..... 21

4.3.3 Profile by Education Level..... 21

4.3.4 Profile by Respondents Length of Service..... 22

4.4.1 Services offered by Courier firms.....23

4.4.2 Market Share 23

4.4.3 Forces of competition.....25

4.4.4 Service Delivery.....26

4.5 Established Challenges of CompetitionEncountered by Courier Firms.....27

4.6 Competitive Strategies used by Courier Firms to Cope with Challenges of Competition.....28

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS.....29

5.2 Conclusion.....30

5.3 Limitations of the Study.....31

5.4 Suggestions for Further Research.....32

5.4 Recommendations for Policy and Practice.....32

REFERENCES.....33

APPENDIX 1: QUESTIONNAIRE.....36

APPENDIX 1: LIST OF RESPONDENTS.....44

LIST OF TABLES

Table 4.3.1	Respondents by Gender.....	20
Table 4.3.2	Respondents by Age.....	21
Table 4.3:3	Respondents by Education level.....	21
Table 4.3.4	Respondents by Level of Service.....	22
Table 4.4.1	Companies by Services Provided.....	23
Table 4.4.3	Forces of competition.....	25
Table 4.5	Established challenges of competition encountered by courier firms...	27

LIST OF FIGURES

Figure 4.4.2 Percentage Market Share by Service Provided.....24

Figure 4.4.4 Percentage Market Share by Service Provided.....26

CHAPTER ONE: INTRODUCTION

1.1 Background to the study

Organizations operate within external environments and are affected by external forces. Ansoff, (1987) noted that since environments are constantly changing, it is imperative for organizations to continuously modify their activities so as to succeed and survive in this volatile and very dynamic environment they operate in. This necessitates organizations to develop competitive strategies to enable them focus on their customers' needs and wants. Consequently, the courier industry in Kenya which is faced with a number of challenges needs to adopt competitive strategies that will enable it to cope with the competition and emerging environmental challenges. Communication Commission of Kenya (CCK, 2001).

The Kenyan business environment has been undergoing drastic changes for a while now. Some of these changes include the accelerated implementation of economic reforms, the liberalization of the economy, discontinuation of price controls, privatization, complications of public sector and increased competition.

In this changing and turbulent environment, organizations are forced to modify their activities and internal configuration to reflect the new external realities, failure of which they may put the future success of their organization in jeopardy (Aosa 1998).

The courier industry which is a major delivery sector in Kenya commenced in 1999, when the Kenyan government enacted it under the communication Act of 1998. The industry is associated with playing a very important role in the delivery of services to customers for both domestic and international items. Since the 17th century Kenya Post and telecommunication has provided the courier services. This was because the operating requirements were too demanding. For example the licensing fee was very high, the sector had not yet been liberalized and capital requirement were high to an extent that, only the government could provide these services cost effectively. With the increase of stiff competition and rapid technological advancement, and there was an increase in demand in the courier industry people show the urgency of using the services. This necessitated the birth of the courier industry in Kenya that was meant to meet the ever growing

needs of their customers. This is one sector that people have come to heavily rely on when sending and receiving their documents, packages, parcels and other logistic services.

The industry is entrusted with the role of providing quality courier services that meet international standards as regards to speed, reliability, security and accessibility as per the postal corporation of Kenya (PCK) Act of 1998 standards. This is done in form of door-to-door delivery, through the use of motor cycles, Airfreight, sea transport, hand delivery and also by road freight. This therefore means that courier firms need to adopt competitive strategies that will enable them cope with environmental challenges that they face so as to build a competitive edge over their competitors.

It is against this background that courier firms have adopted and incorporated various strategies into their business to enable them compete effectively in this competitive environment. Some of the strategies used include: Cost-leadership, Differentiation and Focus Strategy (Porter, 1985).

1.1.1 Concept of Competitive Advantage

The maximum satisfaction of consumer wants in a superior way to rivals requires organizations to concentrate on building distinct capabilities based on a series of tightly coordinated activities. To achieve competitive advantage, the activities as above need to be complementary and must result in single-mindedness or consistency in action. A consistent complementary in the activities, to produce for example an effective differentiation strategy, will produce a strongly reinforced approach to differentiation, a strong communication to customers and a consistent message to other stakeholders about the contribution required from them. These interlocking activities can be even further enhanced if a consistency is developed in relation to other steps in an organization's value chain and attempts are made to promote this differentiation in all critical success factor areas.

With this emphasis, differentiation becomes an all-consuming aim of providing differentiated value and exceeding buyer's expectations. A competitive position, built around a culture of providing differentiated value, will be exceedingly difficult for rivals to copy and hence delivers

a sustainable competitive advantage. An organization's competitive strategy is developed as a choice between the three generic strategies: low cost leadership, differentiation and best cost provider strategy (Thompson and Strickland, 2001) and consistency are required between the selection of a strategy and the activities that are needed to support it. The choice of strategy will also be affected by an intention to satisfy a selected group of customers or supply a particular selection of products or services. Michael porter's "generic" business strategies are being adopted by the courier firms in their operations so as they benefit in gaining competitive advantage once they differentiate their services compared to that of their closest competitors.

1.1.2 Competitive Forces

Strategy is all about the company trying to influence where possible the external environment in which the businesses operates and differentiate their services in order to add unique value to their product or services offered to the customers (Ohmae, 1983). The strategies used include the following.

Differentiation Strategy: Courier firms faced by fierce competition are resolving in using differentiation as a competitive strategy to counter their competitors. This is achieved by selecting one or more criteria used by buyers in the market and immediately positioning their businesses uniquely in the minds of their customers.

Cost leadership strategy: Most of the courier firms are aiming to be low-cost providers by segmenting their markets. Once they have done their market research on which market to target at the same time placing a lot of emphasis in minimizing costs to ensure efficiency, profit maximization and ensuring maintenance of their market shares. Exploiting the available opportunities by offering services that are friendly to their customers in form of giving small discounts to their major customers as this will boost their market shares in return and increase sales.

Differentiation focus: in this strategy, their major concern is being focused to differentiate within just one or a small number of targeted market segment which will be to their advantage, in such way their special customers' needs are addressed faster and immediately by making use of the available opportunities within their reach and the application of the concept of real time response

is maximized. Positioning Strategies adopted by firms that offer Courier services (Bosuben, 2009).

Lower-cost, Utilization of cost focus by seeking a lower-cost advantage in just a small number of market segments here. the services may be basic-perhaps similar to the higher-prices and featured market leader at the same time the cost has to be acceptable to sufficient number of consumers, the aim of low-cost leadership strategy is to avail a sustainable cost advantage compared to the close competitor in return use this to under price competitors leading to increase market shares. The other useful competitive strategies available to courier firms include, market leadership, market challenger or market flanking. All these strategies require information on competitors as well as on "environment" for them to yield expected and tangible results.

In order for the above strategies to work more effectively and efficiently, they have to be incorporated by the following key success factors in the courier industry; reliability, timeliness, security, networks, price cut, homogeneity/uniform standards, and personal factors. The five force model developed by (Porter, 1980).can be used to gain insight into competitive dynamics in the courier industry. Although courier services remain attractive in the industry, it is clear that since future trends are a cause of major concern and with the adoption of the above strategies, the industry should be able to cope and survive in the competitive environment.

1.2 Courier Industry in Kenya

Courier industry in Kenya dates back to 1st July 1999 when it was officially liberalized. Initially postal corporation of Kenya was offering the services since the 17th century. Since then, demand for the services has tremendously increased and the environment has changed due to advancement in technology. This has necessitated firms to enter into the business and compete with the already existing firms. Some of the courier firms operating in the country are local while some are international like DHL and united parcel service (UPS) among others.

The flourishing nature of the business seemed to be flourishing led to the mushrooming of unregistered firms with the view to meeting the high customer's needs and demands. It is for this reason that Courier Industry Association Kenya (CIAK) was formed in 1998 to serve as an

umbrella organization for international and domestic operators in this diverse courier business. Their main role being, regulate operations efficiencies within the industry by benchmarking against world-class competitors, setting standards encourage fair competition and fair commercial practices, ensure adherence to the rule of the law, and encourage exchange of ideas on new developments in the industry.

Most of the local courier firms, deal with delivery of letters, documents and other light parcels within and outside Nairobi, while some of the international companies deliver urgent documents and express parcels throughout the world. Some have international document express delivery services that handles business papers, reports, and other office correspondences. Both the local and international courier companies offer door-to-door deliveries. However, international firms like DHL, TNT, UPS, and FEDEX only deliver door-to-door services in major towns like Nairobi, Kisumu, Nakuru and Mombasa. Some firms offer clearing and forwarding services, airfreight services for large items and messenger services. The Matatus and buses are also involved in letter dropping a cross towns. Which are not weighed but a flat rate is charged based on distance.

The use of bicycles and Motorcycles to deliver letters to clients is most applicable where the business is customized. The industry is dominated by major players such as Securicor, DHL, UPS, EMS Speed post, Akamba, Data Rush, FEDEX, TNT Express, Eldoret Express, Mololine, Roy Parcel, Sky Net, Nation courier and those that have recently joined such as Mr. delivery, The messenger, H. Business Express, Courier services among others full list attached at appendix Two.

The challenges firms face includes, competition, poor infrastructures, lack of capital, political situations, improper identification of customer needs and wants, lack of tracking mechanism, changing technology, very high licensing charges, unauthorized dealers, operators, cumbersome procedures of registering the business and undefined objectives. On the other hand, international companies do face tough challenges including lack of local networks, lack of capacity to deal with much consignment, damages on the way, Misplacement of parcels, lack of good customer services, late deliveries, and lack of efficiency leading to high cost of operations, need to

improve delivery standards, high rates of taxation, high cost of transportation and maintenance among others do hinder their operations.

1.3 Statement of the Problem

The entry of many courier firms to the industry currently dominated by over 225 large and small players is of great significance because at the services level they are able to compete at par with the already established players. At the same time they may be enjoying certain advantages such as flexibility and possible lower overheads once they merger and form alliances such as DHL and Securicor, Nation courier with TNT this has intensified competition at this level communication commissioner of Kenya (CCK,2001) .

In the current turbulent economy and volatile environment, courier firms do face various kinds of challenges. This includes, stiff competition, technology advancement, lack of good customer services, poor quality of services, government policies, high licensing fee, poor infrastructure, insecurity, customer needs and wants changing, tough economy, late deliveries, lack of customer feedback, high rate of compensations, lack of tracking systems, high set standards of operations plus very tough government regulations and other social/cultural factors.

The few studies that have been carried on the courier industry in Kenya has focused mainly on the operational issue and on marketing positioning strategies (Masila, 2009). According to the CCK 2001, not many studies on strategies adopted to cope with challenges that face courier industry in Kenya have been conducted consequently; there is knowledge gap in the area of competitive strategies. For courier firms to survive in such a competitive environment, they have had to adjust their strategic response by developing various competitive strategies especially at the service offering level. (A Bekah 1996, Wamathr,1999). Quite a number of courier firms have strengthened their presence in the industry by, forming mergers and alliances, global linkages, services efficiency, ensuring good customer service, good customer care, cost effectiveness, dedicated services, devolved services, extension of credit facilities, building on economies of scale, low - cost of production, gaining customer knowledge and technological innovation, customers incentives, aggressive marketing, use of tracking systems, infrastructural development, advertising, promotions, extending credit facilities and ensuring proper security of

service, applying cost - leadership strategy, brand loyalty, differentiating their services, developing competitive prices and by trying to use the “copy adapt” strategy. Competition has intensified especially at the customer care level due to customers becoming aware of their rights and being more enlightened, (Kimani, 2009). The Postal Corporation of Kenya has adopted the marketing positioning strategies to gain competitive advantage in the mail sector. This study therefore addressed the competitive strategies adopted by courier firms to cope with the competition and challenges that face the industry in Kenya and at the same time attempted to answer the following questions.

- What challenges has competition posed to the courier firms in the Kenyan industry?
- What competitive strategies do courier firms use in coping with the challenges of increasing competition in the Kenyan industry?

1.4 Objectives of the Study

The objectives of the study were to:

- i) Establish the challenges of competition encountered by courier firms in Kenya
- ii) Determine the competitive strategies that courier firms in Kenya were using to cope with the challenges of competition.

1.5 Value of the study.

When this research was finally conducted, it was hoped that it would among others:

Provide the owners and management of the existing courier firms with information highlighting on the general state of competition at the services level and the strategies other firms were using to compete in the Kenyan industry. At the same time increased empirical knowledge and theoretical strategies that other firms adopted in order to build a competitive edge in the market. The research study may assist potential courier shareholders with information on some of the challenges other courier firms were contending with hence, prepare adequately for them. It may further give them an ideal of the competitive strategies in the industry at the customer level. The research may serve as a useful point of reference for understanding the courier competitive scope in the Kenyan industry.

The study may also contribute to knowledge, particularly with respect to the impact of liberalization on the courier industry in Kenya, avail information to the authority on how many courier firms operate currently in the industry and finally, Stimulate further research in other aspects of industries facing the same challenges, competition and help Scholars, for further research in the area of competitive strategies.

CHAPTER TWO: REVIEW OF LITERATURE

2.1: Introduction

In the context of turbulent business environments, strategic management plays a key role in facilitating the development of a firm's resources in an efficient manner to facilitate optimization of the long-term performance of the firm. A firm can emerge, grow and survive if only it continuously adapts to the challenging environment (Capon, 2008). To resolve some of the environment challenges the government instituted several measures to open the economy to market force. By the end of the first quarter of 1994, the government had dismantled most foreign exchange rates, removed importer licensing and liberalized domestic marketing of all major items including grain. The courier industry which is a major services delivery sector in Kenya operates under the membership of the courier industry Association of Kenya (CIAK). That was formed in November 16th 1998.

Implementation of competitive strategies becomes critical especially in light of the increasing competition and complexity of today's world that can make it very difficult for firms to operate in. Firms compete with each other when trying to target same market and position themselves strategically in the eyes of their customers or when employing factors from the same group of suppliers that are identical to that of their competitors (Bosuben,2009) Positioning strategies adopted by courier firms in Kenya.

Environmental forces largely influence competition within an industry especially those that relate to legal and regulatory actions, technology, economic forces, and demographics, social and cultural values. In this regard both the identity of competitors in terms of their characteristics and the type of strategic forces they take may change because of the entry of new firms, deregulation, and changing economic conditions, social cultural values or technology (Guiltinan and Paul, 1994).

Due to the changing environment that brings with it increased competition for the limited resources, market share and new competitive challenges, implementations of competitive

strategies within organizations is very important and very critical. This is essential due to the firms' quest to finding less threatening ways to do business, keeping their customers loyal to the firms' services / product and keeping them off those of competitors. Hence, Competitive strategies do provide a framework for courier firms to respond to the various changes and challenges within their operating environment (Bosuben, 2009). Firms also develop competitive strategies to enable them seize strategic initiative and maintain a competitive challenge that firms have to contend with as they look at research findings on the courier industry pertaining to issues relating to competitive strategies and competitive challenges. (Ansoff, 1988) nailed down a definition of competitive strategy as the distinctive approach, which a firm uses or intends to employ in order to succeed in the market. In examining the concept of competitive strategies, different authors have approached the concept from different angles.

However, studies in this field have been largely the work of Michael Porter who defines competitive strategy as the art of relating a company to the economic environment within which it exists (Bennet, 1999). According to (Porter, 1998) every firm competing in an industry has a competitive strategy that may be explicit that is developed through a formal planning process or implicit i.e. evolved through the various functional planning activities of the firm.

At the broadest, context formulation of competitive strategy in a courier firm may involve taking into account four factors that may determine the limit of what a company can successfully accomplish given enough resources. This includes the firms' strengths and weakness, industry opportunities and threats caused by other forces, personal values of the key implementers of the proposed strategies and broader societal expectations. With this analysis in mind (Porter, 1980) unveiled three generic competitive strategies, that can be viable in the long-term's business environment. These are cost-leadership strategy, differentiation and focus strategies. He also further developed an analytical framework in (1998). That can be applied to come up with competitive strategies in particular important type of industry environment.

Porter further focused on the analysis of industrial structure and competition by using the five fundamental forces that determine the state of competition in an industry, the threat of new

entrants and the ease with which competitors can enter the industry, the threat of substitutes which make it impossible and difficult for firms to raise prices by quite significant amounts given that buyers may easily switch to substitute products and services, bargaining power of buyers, bargaining power of suppliers and jockeying for positions or the extents of competition among existing firms. According to Porter, developing competitive strategies is developing a broad formula for how a business is going to compete i.e. what its goal – the ends should be and what polices /tactics as the means will be needed to carry out the stated goals.

The main goals of competitive strategies are mainly focused towards gaining competitive advantage, cultivating clientele of loyal customers, and outperforming rivals ethically and honorably. This will consist of moves by the firms to attract customers, withstand competitive pressures, stresses and strengthen their market position. Porter further articulated the key aspects of a firm's competitive strategies on what he called the wheel of competitive strategies which contains the key aspects of a firm's strategies such as product line, target markets, marketing rates, distribution locations, manufacturing, labour, purchasing, Research and development, finance and control.

In the hub of the wheel are the firm's goals, which are its broad definition of how it wants to compete and its specific economics and non-economic objects. The spokes of the wheel are the key operating polices with which the firm is seeking to achieve these goals. The operating polices vary from industry to industry based on the critical success factors of courier firms. In order to address specific issues unique to this study, it is prudent to identify major key aspects that will be used to identify the competitive strategies adopted by firms in the courier industry.

Ansoff 1988) refers to competitive strategies as the distinctive approaches which a firm uses or intends to apply to enable them succeed in the market, (Bennet, 1999) nailed down these critical success factors and they are what (Porter, 1998) referred to as polices/tactics used to achieve the objectives of a competitive strategy. In services industry, some common critical success factors are such as, fast and reliable delivery, services quality, superior and unique services and good customer care, ease of services modification, appealing features, and the ability to fulfill a clear market need (Bennt,199). Strategies addressed by this study are classified into six categories of

the critical success factors; these are Product and services offering, pricing and cost management, staff training, marketing positioning, location of outlets, good customer care, quality customer services and unique quality services Mintzberg (1987). These strategies will be addressed based on the extent to which courier firms are employing specific strategies to enable them achieve their set goals of competitive advantage, cultivate clientele of loyal customers, and outperforming rivals. Firms may also focus on maintaining overheads costs at the same level of lower than their competitors. These are used to improve organizations' performance in terms of its efficiency and effectiveness.

Marketing strategies include giving customers credit facilities, discounts and gift vouchers or other items. also engage in good public relations, sales promotions or advertising activities in terms of using company colors, brand name, logos, golf tournaments, and other marketing tools that are different from those used by the competitors.

Davidson (1983) identified a company brand name as a key marketing asset that helps promote the company and create a reputation in an industry. It has been established through past research that marketing campaigns at the courier firms in Kenya contribute to creating the perception of superior quality image. This is very crucial in creating a competitive edge over the other competitors in the industry (Wamathr, 1999).

Other special consideration are outlets layout design that include providing enough room, Convenient locations easily accessible locations, conducive environment and general ambience is clean. security measures and real time response. Since courier business is highly urgent and depends on timelines, real time response and good customer care is very important and critical for maintain brand image by offering high quality services. As regards to safety of the parcels and letters is of paramount importance and tracking of parcels is equally important. In such business customer care and services relate to the manner in which the services are conveyed to the customers. Customers are very sensitive and need value for their money. Good customer care and services strategies, involve choosing to strategically serving only a specific type of customers or serving all types of customers, by offering quality services.

2.2: Strategic groups

Strategic group is formed by firms that pursue a similar range of competitive strategies in response to the particular industry conditions facing them. This is result of strong economic forces acting easily in an industry that constrain firms from easily switching from one competitive position or position to another often firms within the same strategic group face similar economic conditions and constraints that differ from those of firms location in other strategic groups. Firms of within the same strategic groups can be similar to each other in terms of any number of different key attributes such as product line, type of technology, same system of tracking parcels, type of customers served, relative emphasis on services/product quality, the type of distribution channels used and number of markets served (Porter, 1998).The firms have to adopt Strategies that will enable them to compete at the same time give quality services at a low cost and offer services faster as time of delivery is key to service industry.

2.3 Concept of competition

Competition is all creating value by offering unique and superior products/services to the customers compared to the closest competitor and by crafting a good strategy that will give an organization a competitive advantage (Porter, 1980). Threat of new entrants and the ease with which competitors can enter the industry, those who foresee the operations have to craft strategy that will enable them to survive in the industry, threat of substitutes, firms are unable to hike prices by quite significant amounts, given that buyers may easily switch to substitute products and services, bargaining power of buyers, bargaining power of Suppliers and Jockeying for positions or the extents of competition among existing firms, well established international and local couriéR firms, small and new joining firms compete for the same services.

Courier firms have continuously based their competition on the degree to which they segment their targeted markets and the geographic market that are served efficiently, they may also build their competition by using competitive prices that are affordable, consistent and may be cheaper compared to other competitors as this will give them a more competitive edge in the market. Brand identity is achieved via advertising and sales force this will help a courier firm to be more aggressive in their services and able to offer quality and good customer care. Many of the firms

are becoming more competitive by having wider distribution networks worldwide, this is mostly applicable to those already established such as DHL, Securicor, and United parcels services (UPS), Nation courier, TNT express and EMS speed post among others.

Services quality, this can be used by many of the courier firms to build their competition base, quality services will prompt a customer to repeat the same services again and again as poor services offered first time will chase away the customers. Those firms that offer good services and extend credit facilities to customers tend to have more business compared to those who do not offer good customer services.

Advanced technology, in this era of technology most of the courier firms able to put in place tracking systems to enable them monitor how the deliveries are done, this helps them save time and is less cost effective in terms of offering compensations due to losses caused by Mis-drops and non-drops of parcels. Also usage of proper packaging, convenience, reliability, positioning and door-to door services has been utilized by the firms as basis of their competition in the business.

2.4 Challenges of competition

In the business environment the competitive forces in the market create many opportunities and challenges that face the industries, with stiff competition profits and market shares are bound to be affected due to firms competition for limited resources available and managers ought to analyze the trends and situations accordingly, so that the firms are able to build a competitive edge in their business. Firms in business compete for profits and are affected by rivals, new entrants, customer's bargaining power, suppliers bargaining power and close substitute services available and all these five forces defines an industry's structure and shapes the nature of competitive interactions within the industry as the more attractive forces determines profitability of the firm. The industry's structure grows from a set of given economic and technical characteristics that determines the challenge of each competitive force in the market (Porter, 1998).

Bargaining Power of suppliers attract the market by charging high prices at the same time limiting quality of their services in terms of supplying labour force and may decide to shift cost to the industry participants. The treat of new entrants to the market, do interfere with the profit maximization in the industry, with many entry of new entrants, the incumbents are forced to reduce their prices so that they can compete with the entrants. Powerful customers may force prices downwards at the same time demanding for better quality services in this way prices may shift prices up as the firms may want to give better services at high prices.

The threat of substitution may be felt highly as a substitute product or service may serve the same or similar functions as the industry's services or product being offered. The substitute may replace the industry's product and if the managers do not act fast, this will affect the firms' profitability and market shares, as the industry will not be able to place a ceiling on their prices. In this case the industry has to aggressively do their marketing through advertising their products or services otherwise their profits will be affected. The organization's operations is generally affected by the external environment and many a times impacts on the environment. As the industry environment is the general conditions that lead to stiff competition that influence all business that provide similar products and services (Pearce, Robinson and Mital, 2010).

Rivalry emerging among competitors may be in form of giving quality services at a cheap or discounting prices, give more quality and excellent services, may introduce new products in the market at the same time increase their market shares through adverting their products or services through media and other forms of advertising in this way the industry will boost up their profits and improve on their product features, improve on the delivery times and build better brand image. Depending on with degree the industry compete may drive their profits downwards, thus, they may need to adopt strategies that may give them competitive advantage (Porter, 1998).

2.5 Responses to Challenges of Competition in the courier industry in Kenya.

Organizations respond to challenges by adopting competitive strategies (Porter, 1980) generic forces, Cost leadership strategy, product and service differentiation strategy and Focus strategy. In applying cost leadership strategy is a clear aim of achieving overall low cost and economies of scale by offering quality product or service compared to that offered by close competitors. Such strategy demands cost reduction of the services offered, cross monitoring of cost margins, overheads controls, and low operational cost in all areas (Porter, 1980).

Differentiation strategy to add unique value to products and services in the eyes and minds of the customers from that of cross competitors by, offering quality services or products other than that of other suppliers. This strategy can be achieved by designing of better and special brand image, adopting new technology features and ways of improving operation such as using tracking systems to monitor movements of the deliveries, at the same time offering quality services, differentiation geared to create insulation against competitive rivalry in the market, gain customer loyalty leading to high returns and increase in market shares. According to (Kimani,2009).Postal Corporation of Kenya have adopted competitive Strategies to give them competitive edge in the industry ,such strategies as Positioning strategy, Differentiation, real time strategy, good customer service and Cost strategy have been adopted.

Focus strategy this is by, mainly selecting or segmenting a certain market area, understanding the market forces, its segmentation and customers (Ohmae, 1983).In this way the industry may be able to achieve competition. Porter argues that by selecting focus strategy the firm is able to determine what type of strategy will work for the firm to gain competitive edge and be able to dominate the area by either adopting differentiation strategy, cost leadership or focus strategy (Porter, 1985)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1: Introduction

This chapter describes the methodology that was used by the researcher to obtain answers to the research questions. The methodology that was used included design, target population, sample study, data collection tools, techniques, data analysis and how it was to be presented.

3.2 Research Design

The research was carried out through a cross sectional survey, according to Dooley (2007), a research design is an outline that is used to give answers to research problems. It has been decided that it should be a survey study, because this phenomenon has not yet been studied fully in the courier industry CCK (2001). Once the study was completed, it gave a clear picture of the courier industry through a survey which was considered to be more reliable and clear unlike a case study that could have only focused on one courier firm in the country and this would not have given us much information to enable the researcher make a conclusive note on what competitive strategies that courier firms in Kenya have adopted to cope with competition, Primary data from such a population or census was more reliable and up to date.

The primary data was collected through a questionnaire with open-ended questions that were divided into three parts. Part one was dealt with the company profile, part two focused on information about the competitive strategies adopted to cope with competition and third and last part addressed the challenges facing that organization. This research adopted a descriptive approach as this captured results of the objectives, giving firms that have the same competitive strategies and highlighting description of the phenomena under study. The communication Commission of Kenya's research study findings recommended that the courier industry in Kenya designs and adopts a competitive strategies that will enable them stand competition in the business (CCK, 2001).

3.3 Target Population

Although the study population included all the registered courier firms operating in Kenya including the Kenya Postal and Telecommunication, only 150 of the 225 officially registered firms and operational were included in the study.

3.4 Sample Design

The study was concerned with the competitive strategies adopted by courier firms to cope with competition in the courier industry in Kenya. A sample size of 47 was selected through systematic random sampling. The sample framework was a CCK report of August 2001 and their study done in (2011) which enumerated the courier firms in Kenya that have officially been represented and number of those that have not yet been represented under the communication Commissioner of Kenya and the Kenya business directory.

3.5 Data Collection

For the purpose of the study, the primary data was collected using a semi structured questionnaire (appendix 1) which according to Mugenda and Mugenda (2003), is the most useful tool as it gives detailed information to the research problem. Consequently, the questions were divided into two parts namely: data collected on the competitive strategies that are adopted by firms in Kenya to cope with the competition and data on challenges that the courier firms in the Kenyan industry is facing.

The questionnaire consisted of both open- ended and closed- ended questions. The former enabled the researcher to effectively collect qualitative data and while the latter that was divided into two parts captured data on competitive strategies that are adopted to cope with competition in Kenya and data related to challenges that courier firms face in Kenya. The target respondents consisted of top managing directors of the firms who gave a brief of the company profile, operations managers and strategy managers. The questionnaires were dropped and picked, while some received them electronically through e-mail.

3.6 Data Analysis

The data collected that was predominantly quantitative in nature was coded, tabulated and analyzed using both inferential and descriptive statistics. Editing and coding was used to give a clear picture of the targeted objectives. On the other hand the frequency distribution enabled the researcher to meaningfully describe the distribution of measurement that was presented as graphs and charts. This analysis enabled the researcher to determine the most common challenges faced by the courier industry in Kenya.

Some of descriptive statistics techniques used included the mean scores and standard deviation. Results from descriptive statistics indicated what proportion of respondents that used competitive strategies and the challenges that the courier firms in Kenya faced. The mean scores also helped to determine the most common strategies used across by the courier firms. The use of frequencies and mean score indicated what number and percent of respondents used what type or kind of competitive strategies and the challenges that them.

Inferential statistics used in analysis included the chi-square test that enabled the researcher to test whether there was any relationship between familiarity of competitive strategies adopted and the degree of adoption. Once the data were collected, the researcher analyzed data with an aim of presenting the findings in respect to the competitive strategies adopted by courier firms in Kenya to compete with close competitors and what challenges they face currently in the industry.

CHAPTER FOUR: RESEARCH FINDINGS

4.1 Introduction

This chapter presents a summary of the research findings after data were analyzed. Of the 60 questionnaires that were sent out, only 47 were completed and returned back accounting for 78% response rate.

Summaries of the collected data in each aspect are presented in percentage and mean scores (as set out in chapter three). These research findings were used to answer the specific objective questions of the study namely: to establish the challenges of competition encountered by courier firms in Kenya and to determine the competitive strategies that courier firms in Kenya are using to cope with these challenges of competition.

4.2 Descriptive Summaries of the data collected

This section summarizes the data collected by use of frequencies, percentages and mean scores. The summary shows the variable with the highest score to the one with the least score. Percentages have been used to show how each proportion of respondents perceived various aspects.

4.3 Respondents Profile

4.3.1 Profile by Gender

An analysis of the respondents by gender reveal that slightly more than four in every five respondents (87%) were males while the remaining (13%) were females. This confirms that there were more male respondents than female.

Table 4.3.1: Respondents by Gender

Gender	Frequency	Percent
Male	41	87%
Female	6	13%
Total	47	100%

Source: Research data

4.3.2 Profile by Age

Table 4.2 below presents the distribution of respondents by age that was divided into three cohorts. It is clear that the cohort 25-35 years had the highest numbers of respondents (70%) This was followed by the cohort aged 35-55 and finally the cohort of less than 25 years that accounted for 23% and 7 % respectively. This confirms the fact that most courier firms are managed by individuals aged between 25 years and 35 years of age.

Table 4.3.2: Respondents by Age

Age groups	Frequency	Percent
Less than 25 yrs	3	7%
25 - 35 yrs	33	70%
35 - 55 yrs	11	23%
Total	47	100

Source: Research data

4.3.3 Profile by Education Level

The level of education completed was divided into three categories; secondary, tertiary college and university. Those who had completed secondary education accounted for 47% of the respondents whereas those who had college level education represented another 43%. It is only 5 of the 47 respondents that had completed university education

Table 4.3.3: Respondents by Education level

Level of Education Completed	Frequency	Percent
Secondary	22	47%
College	20	43%
University	5	10%
Total	47	100%

Source: Research data

4.3.4 Profile by respondents length of service

The distribution of the respondents by their length of service with the firms is presented in table 4.4 below. Almost half of the respondents (51%) had been in the courier service for between 1 to 5 years. Another slightly more than one in every four 28% had been in working for between 6 and 10 years and only a low 17% had been in service for less than one year.

Table 4.3.4: Respondents by Level of Service

	<i>Freq</i>	<i>%</i>
Less than one year	8	17%
1-5yrs	24	51%
6-10yrs	13	28%
Above 15yrs	2	4%
Total	47	100

Source: Research data

4.4.1 Services offered by Courier firms

The various categories of services offered by courier companies studied is presented in table 4.5 below. Slightly more than three quarters (78%) of these courier companies offered parcel services while another 70% of the respondents mentioned mail delivery. Only 32% of these courier firms offered collection services. However, International air mails and money order commission are the least offered services by majority of the courier companies.

Table 4.4.1: Companies by Services Provided

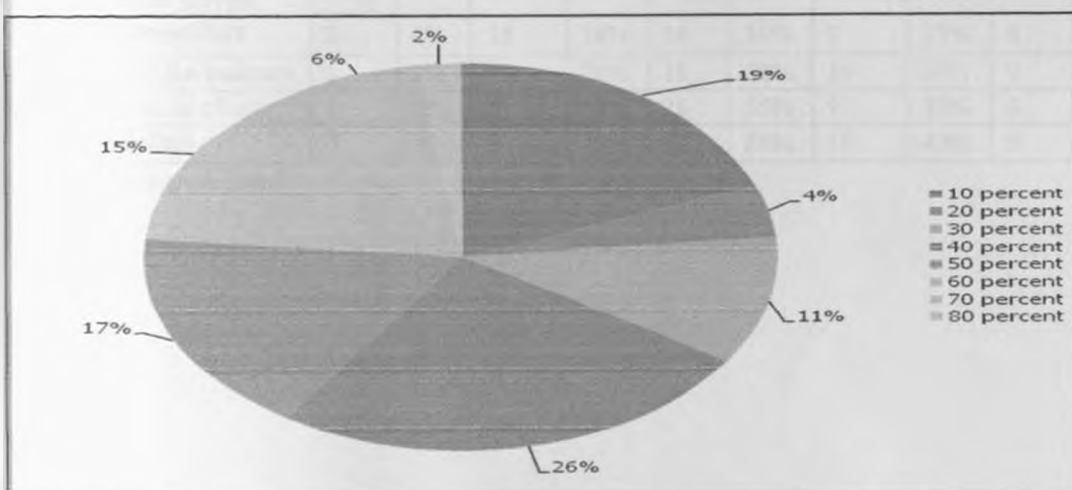
	Not at all		Little extent		Moderate		Great extent		Very great		Mean Score
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	
Collection	29	62%	1	2%	2	4%	3	6%	12	26%	2.32
Door - to-door services	39	83%	1	2%	1	2%	2	4%	4	9%	1.53
Mail	7	15%	1	2%	6	13%	8	17%	25	53%	3.91
Private bag rental	34	72%	2	4%	6	13%	0	0%	5	11%	1.72
International services	40	85%	0	0%	2	4%	2	4%	3	6%	1.47
International air mails	41	87%	1	2%	1	2%	2	4%	2	4%	1.36
Surface Air lifted Mails	38	81%	0	0%	1	2%	2	4%	6	13%	1.68
Parcel services	8	17%	1	2%	1	2%	2	4%	35	74%	4.17
Money order commission	39	83%	2	4%	4	9%	1	2%	1	2%	1.36
Private box commission	35	74%	2	4%	5	11%	4	9%	1	2%	1.6

Source: Research data

4.4.2 Market share

The proportion of services provided by relative to the other services is presented in the pie chart in figure 4.1 below. A total 26% of the courier firms claimed that they commanded a market share of 40 percent while another 19% mentioned that they command a market share of 10% while 17% commands a market share of 50% as shown from the chart below.

Figure 4.4.2: Percentage Market Share by Service Provided



4.4.3 Forces of competition

Powerful suppliers were ranked highly (3.49) implying that they are a major threat to the courier firms. Powerful buyers (clients) were also seen as forces of competition to a great extent by 32% of the respondents. New entrants to the business were found to be moderate while the number of competitors was ranked lowest.

Table 4.4.3 : Forces of competition

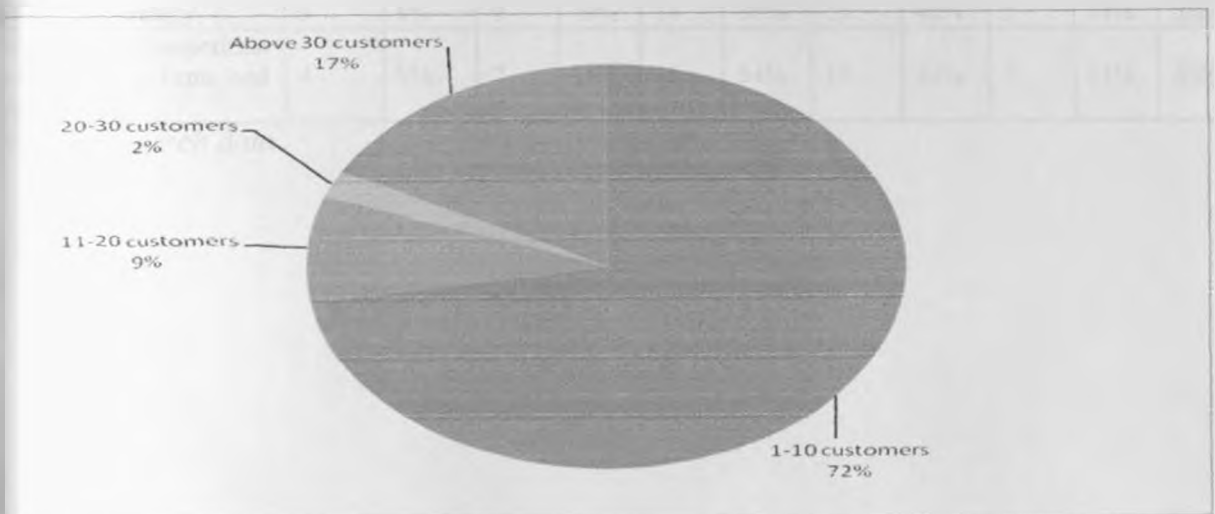
	Not at all		Little extent		Moderate		Great extent		Very great extent		Mean Score
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	
Alternative services that substitute courier service	2	4%	11	23%	23	49%	6	13%	5	11%	3.02
Number of Competitors	2	4%	18	38%	14	30%	9	19%	4	9%	2.89
New entrants to the business	1	2%	12	26%	18	38%	16	34%	0	0%	3.04
Powerful buyers or clients	1	2%	5	11%	26	55%	9	19%	6	13%	3.3
Powerful Suppliers	0	0%	6	13%	17	36%	19	40%	5	11%	3.49

Source: Research data

4.4.4 Service delivery

The quality of service delivery was assessed by analyzing the number of complains that the companies received from clients. All companies agreed that they received complains from their clients. The number of complains was categorized into four groups. The majority of the companies (72%) acknowledged that they received between 1-10 customers complains per day, 9% received between 11-20 customers and only 2% had between 20-30 customers. The remaining 17% received complains from over 30 customers a day.

Figure 4.4.4 : Percentage Market Share by Service Provided



Source: Research data

4.5 Established challenges of competition encountered by courier firms

From the findings, Price cut was rated highly as the major challenge encountered by courier firms. Advertising strategy was found to be a challenge to a great extent by 51% of the respondents. Other factor mentioned includes extent of competition among existing firms and merges.

Table 4.5 Established challenges of competition encountered by courier firms

	Not at all		Little extent		Moderate		Great extent		Very great extent		MS
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	
Threat from substitute services	4	9%	17	36%	17	36%	5	11%	4	9%	2.74
Rivalry from other courier firms	6	13%	16	34%	13	28%	8	17%	4	9%	2.74
New courier firms coming up	4	9%	11	23%	17	36%	14	30%	1	2%	2.94
Powerful buyers or clients	4	9%	8	17%	19	40%	14	30%	2	4%	3.04
Powerful suppliers	4	9%	8	17%	18	38%	10	21%	7	15%	3.17
Price cut	3	6%	4	9%	14	30%	16	34%	10	21%	3.55
Advertising strategy	0	0%	9	19%	14	30%	19	40%	5	11%	3.43
Extent of Competition among existing firms and merges	4	9%	7	15%	16	34%	15	32%	5	11%	3.21

Source: Research data

4.6 Competitive strategies used by courier firms in Kenya to cope with the challenges of competition.

Differentiation was rated highly (3.64) implying that it's a strategy widely used by courier firms to cope with the challenges of competition. Staff training (3.40) and product service development (3.40) was mentioned by the respondents. Others include cost leadership strategy (3.34) and focus strategy (3.32).

Table 4.6 Competitive strategies used by courier firms in Kenya to cope with the challenges of competition.

	Not at all		Little extent		Moderate		Great extent		Very great extent		MS
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	
Cost -leadership strategy	3	6%	10	21%	12	26%	12	26%	10	21%	3.34
Differentiation Strategy	1	2%	3	6%	17	36%	17	36%	9	19%	3.64
Focus Strategy	4	9%	6	13%	14	30%	17	36%	6	13%	3.32
Door-to- door delivery	20	43%	2	4%	8	17%	12	26%	5	11%	2.57
Tracking system	11	23%	3	6%	15	32%	13	28%	5	11%	2.96
Staff training	2	4%	7	15%	14	30%	18	38%	6	13%	3.40
Technology advancement	1	2%	11	23%	21	45%	9	19%	5	11%	3.13
Product/Service development	1	2%	7	15%	16	34%	18	38%	5	11%	3.40

Source: Research data

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The objective of the study was to establish the challenges of competition encountered by courier firms in Kenya and determine the competitive strategies that the various courier firms in Kenya are using to cope with the challenges of competition.

A five point Likert scale was used. Likert scale scores were analyzed using mean scores and introduced in form of a table. Introductory data and demographics data was analyzed by computing descriptive statistics (mean scores, frequencies and percentages). These analyses were achieved from useable questionnaires from the 47 respondents. The conclusions drawn based on the findings and their implications are discussed in the next section.

One of the important challenges that each courier service provider is confronted with is competition from the other existing key players in the industry. Courier services are normally supplied by privately owned companies who compete with one another in order to command a substantial market share. It is however evident that over time, the competitive business environment has been changing and firms are engaging in price cut and advertising in order to remain competitive.

In order to remain competitive in the market, most firms are applying differentiation strategies. This is the most popular and widely used strategy. Most firms are also investing in staff development through training. This is not only important but has become a common phenomenon. Through training, firm employees are equipped with new skills and knowledge which is required if one is to stand the competition and ultimately survive in the industry. Consequently, most courier firms have made efforts to repackage themselves through the development of new products and services.

Like many other business sectors, for survival, the courier sector should be customer-oriented and market driven. It also needs to be innovative, and responsive to the increasing demands of customers. This enhanced quality of service delivery would lead to an improved relationship between the general public and the sector.

Because of the kind of products handled by the courier industry, the level of security is of prime concern. With the rapidly changing environment, security in the courier sector needs to be treated as a priority, ensuring that citizens and businesses can trust the sector with their sensitive and confidential matters that the industry handles.

The courier sector needs to adhere to the Communication Commission of Kenya (CCK) rules and regulations to ensure fair competition in the interest of the citizens in the Postal and logistic sector, as well as to create guidelines for future entry and operation in the sector.

5.2 Conclusion

One of the objectives of the study was to establish challenges of competition encountered by courier firms in Kenya.

The findings indicate that powerful suppliers were the highest ranked challenge implying that they are a major threat to the courier firms. Powerful buyers (clients) were also cited as a major challenge to a great extent. New entrants to the business were also found to be a moderate challenge.

It was interesting to note that a large number of competitors was not perceived to be a major threat by most courier companies interviewed.

The second objective was to determine the competitive strategies that courier firms in Kenya were using to cope with the challenges of competition.

The research found that all courier companies were falling short in terms of quality of services or products given that all respondents indicated receiving a minimum of one complaint a day. It is worth noting that a significant percentage received over 30 customer complaints per day.

To gain competitive edge in the industry most companies largely resorted to price cuts and aggressive advertising.

The findings reveal that the key strategies adopted were positioning strategy, good customer

service and cost strategy. Positioning strategy was achieved through aggressively marketing through advertising , services and product differentiation aimed at gaining customer loyalty leading to higher returns and increase in market share.

5.3 Limitation of the Study

The followings are the limitations of the study.

- ◆ Even though the Communication Commission of Kenya (CCK) has licensed 100 service providers in the country, this study only sampled 47 courier firms for study. Conclusions could probably have been different if the whole population was studied.
- ◆ The study only covered the challenges and factors facing courier firms in Kenya. As it were, these are single items among the many factors and challenges affecting courier firms
- ◆ The analysis was done on primary data, which could be biased. Analysis of secondary data could have provided a basic of comparison of the findings.
- ◆ The fact that most Courier firms are regulated by CCK and are still subject to and constrained by the internal policies reduces the management discretion in providing objective information. A questionnaire sorting the views of the courier firms and the customers could have strengthened the findings of the study.

5.4 Suggestions for Further Research

Future research could cover other categories courier firms in Kenya. Research is also needed to find out the how consumers perceive the competitive strategies used by the courier firms. Similar research could be carried out in future to track progress made by courier firms in the application of competitive strategies.

5.5 Recommendations for Policy and Practice

In Kenya, courier reforms have not been implemented fully in the context of a clear courier sector policy. Decisions to reorganize the courier market and the incumbent are hastily taken to accommodate the timetable of the telecommunication reform or to solve, momentarily, a financial crisis experienced by the courier incumbent. CCK should proactively develop a long term courier strategy, or think through the design of an effective regulatory framework to achieve the courier sector's reform objectives. Formulating a clear policy agenda for courier sector reform is a critical task for policymakers.

The courier sector needs to align the legal and regulatory framework with market realities. Developing countries need to revisit their approach to universal service to make it better suited to their courier market conditions.

Given the failure of the courier sector to provide better and more reliable services, and the increased customer pressure for such service; competitive pressures that are already informally transforming the market cannot be ignored. A clear policy agenda responding to customer needs should be articulated and implemented. New courier laws reflecting market liberalization strategies are the next major milestone in developing countries sector policy reform.

REFERENCES

- Ansoff, H.I. (1980). Strategic issue management. *Strategic Management Journal* , 1, 131-148.
- Awino, S.C.A. (2008). Marketing Positioning Strategies adopted by courier Companies Kenya. Unpublished MBA Project. *University of Nairobi, Kenya*.
- Barney, J. B. (2007). Gaining and sustaining competitive advantage (3rd ed.). *Upper Saddle River, New Jersey: Pearson - Prentice Hall*.
- Carlori, R. & Ardission, J.M. (1988). Differentiation Strategies in Stalemate industries. *Strategic Management Journal*, 9th 3,255-70.
- Communication Commission of Kenya. (CCK, 2011). *Postal Courier delivery Services*. Retrieved on 20th July, 2011 from <http://www.cck.go.ke/resc/statcs.html>
- Communication Commission of Kenya (CCK. 2001). *All courier firms operating in Kenya, Under the act of Courier Association of Kenya and Licensed Register-Postal and Courier firms report*.
- Creswell, J. & Crilfenden, W. (2003). Research Design: Qualitative, Quantitative and Mixed Methods approaches. *Thousand Oaks: Sage Publications, Inc*.
- Dess, G.S.Davis.P.S. (1984). Porter's (1980) generic Strategies as determinants of Strategic Group's Membership and organization performance, *academy of management Journal* 27, 3,467-88.
- Dooley. (2007). Social Research Methods. *New Delhi: Prentice Hall*.
- Duro, R.B. & J. W. & Sons. (1989). *Winning the Marketing War*.
- Fred, R. D. (1998). Strategic Management, Concepts and cases, 7th Edition, *Prentice Hall, Upper Saddle*.
- Gerry, J. & Kevan. S. (2002). Exploring Strategy 6th Edition. *Prentice Hall*.

- Gerry, J. & Kevan, S. (2003). Exploring Corporate Strategy – Text and cases, 6th Edition. *Prentice Hall*.
- Gregory, D. & Lumpkin, G.T. (2003). Strategic Management – Creating Competitive Advantage, *McGraw Hill: New York*.
- Hall, W.K. (1980). Survival Strategies in a Hostile Environment. *Harvard Business Review*. Sept-Oct, pp 75-85.
- Hammermesh, R.G. & Silk, S.B. (1979). How to Compete in Stagnant Industries. *Harvard Business Review*. Sept-Oct, pp 161-168.
- Herbert, T.D. & Deresky, H. (1987). Generic strategies: An empirical investigation of Typology validity and strategy content. *Strategic Management J.*, 1987; 7.
- Jaffee, S. (1993). Exporting High Value Food Commodities. World Bank Discussion pp 198.
- Keegan, W.J. (1989). Global Marketing Management, 4th Edition. *Prentice Hall International Edition*.
- Kimani, P.K. (2009). Strategies adapted by Postal Corporation of Kenya to gain competitive Advantage in the mail Sub-sector in Kenya. Unpublished MBA Project. *University of Nairobi, Kenya*.
- Mintzberg, H. (1987). The five Ps for Strategy, *California Management Review*, fall.
- Mugenda, O.M. & Mugenda, A.G. (2003). Research Design: Quantitative and qualitative Approches, *Acts press, Nairobi*.
- Pearce, J.A. & Robinson, J.B. & Mital, A. (2010). Strategic Management Formulation Implementation and control. *New Delhi: Tata McGraw-Hill, 10th Edition*.
- Porter, M.E. (1990). Competitive Advantage of Nations. *New York: The Free press*.
- Porter, M.E. (1998). Competitive Strategy. Techniques for analyzing Industries and Competitors.

The Free Press

Porter. (1996). What is Strategy. *Harvard Business Review*, 79, Vol.3, 62-78.

Porter. M.E. (1986). *Competitive Strategy*. Boston: *Harvard Business School Press*.

Porter. M.E. (1985). *Competitive Advantage*. New York: *The Free Press*.

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

Ries, A. & Trout, J. (1981). *Positioning: The Battle for Your Mind*. McGraw Hill.

Strategic management Journal, Vol. 8 No 2, pp 135-148.

Thompson, A.A. Strickland, A.J., & Gamle, J.E. (2001) *Crafting and Executing strategy*, Text and Readings. New York: *McGraw Hill Irwin*, 15th Edition

Appendix 1: Questionnaire

INSTRUCTIONS: (Tick or Fill in as Appropriate)

1. What is the Name of you company?

2. For how long has the company been in business?

3. (a) What services does your company offer? (tick where appropriate)

- | | | | |
|-----------------------------|-----|--------------------------|-----|
| Delivery | () | Surface Air lifted mails | () |
| Collection | () | Surface Air lifted mails | () |
| Door-to-door services | () | Parcel services | () |
| Mail | () | Money order commission | () |
| Private bag rental | () | private box rentals | () |
| International services mail | () | | |
| International air mails | () | | |

4 (b) Are there any other services you provide that is not given in 3 (a) an above?

Yes ()

No ()

(c) If yes in 3 (b) above, which one's are they?

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

5. (a) To what extent do the following market forces affect your competitive edge

in the industry? (Tick where appropriate)

Extent:

1. High
2. Affect
3. Somewhat affect
4. Least affect
5. Not affect

	1	2	3	4	5
1. Substitutes of the products/services	()	()	()	()	()
2. Number of competitors	()	()	()	()	()
3. New entrants	()	()	()	()	()
4. Bargaining power of buyers	()	()	()	()	()

	1	2	3	4	5
5. Bargaining power of suppliers	()	()	()	()	()

From 5 (a) above, to what extent has the management tried to deal with the situation?

7. (a) Which of the following challenges does your firm face in service offering business?

(Tick where appropriate)

	1	2	3	4	5	6
1. Threat of close substitutes	()	()	()	()	()	()
2. Rivalry	()	()	()	()	()	()
3. New entrants	()	()	()	()	()	()
4. Bargaining power of buyers	()	()	()	()	()	()
5. bargaining power of suppliers	()	()	()	()	()	()

- 6. packaging () () () () () ()
- 7. Change in Technology () () () () () ()
- 8. Economic slowdown/political situation () () () () () ()
- 9. Lack of wide distribution network () () () () () ()
- 10. High cost of operations/transportation () () () () () ()
- 11. Poor infrastructures () () () () () ()
- 12. Poor customer services () () () () () ()
- 13. Cumbersome procedures of registering. () () () () () ()
- 14. Early delivery () () () () () ()
- 15. Competition () () () () () ()

(b) Are there any other challenges that the company encounters/faces?
(Please specify)

(d) Are there other challenges unique to your firm?
(Specify)

(e) From the above challenges are there challenges that give you competitive edge?
(Tick where appropriate)

Yes ()

No ()

(f) If yes in 7 (e) above, what are these challenges?
(Please specify)

8 (a) Indicate the extent to which you face the following challenges?

(Tick appropriate)

Key:

- 1. Very high
- 2. Not very high
- 3. Normal
- 4. Fairly high

	1	2	3	4
1. Competitors lowering prices	()	()	()	()
2. Availing of substitutes in the market	()	()	()	()
3. Technological change	()	()	()	()
4. Political interference	()	()	()	()
5. New entrants	()	()	()	()
6. Social/cultural challenges				
7. Legal				

9 (a) Which of the following competitive strategies has firm adopted to cope with the cut throat competition?

(Tick appropriate)

	1	2	3	4	5
1. Cost-leadership	()	()	()	()	()
2. Differentiation strategy	()	()	()	()	()

	1	2	3	4	5
3. Focus strategy	()	()	()	()	()
4. Good customer care)	()	()	()	()	()
5. Door-to-door delivery)	()	()	()	()	()
6. Tracking system)	()	()	()	()	()
7. Staff training	()	()	()	()	()
8. Technology advancement)	()	()	()	()	()
9. Product/services development	()	()	()	()	()
10. Innovation)	()	()	()	()	()

10 (a) Are there any other strategies that your company/firm has adopted to cope with the competition other than the ones above?

Yes ()

No ()

(b) If yes in 10 (a) above, what are these strategies.

Other: (please specify)

11 (a) Please indicate how important each of the competitive strategy would be, based on your rating:

Key:

- 1. Very important
- 2. important

- 3. Fairly important
- 4. unimportant
- 5. Totally unimportant
- 6. Irrelevant

	1	2	3	4	5	6
Cost-leadership	()	()	()	()	()	()
Focus strategy	()	()	()	()	()	()
Good customer care	()	()	()	()	()	()
Door-to-door delivery	()	()	()	()	()	()
Tracking system	()	()	()	()	()	()
Staff training	()	()	()	()	()	()
Technology advancement	()	()	()	()	()	()
Product/services development	()	()	()	()	()	()

12 What is your reason for the different rating of the above competitive strategies? Explain.

13 (a) What market share in percentage do you command in the industry?
(Tick where appropriate)

- 10% ()
- 20% ()
- 30% ()
- 40% ()
- 50% ()
- 60% ()
- 70% ()

80% ()

90% ()

100% ()

14 (a) Do you receive any complain from clients?
(Tick where appropriate)

1 Yes ()

2. No ()

14 (b) on average how many customers complain on a day?

1-10 ()

11-20 ()

Above 30 ()

THANK YOU FOR YOUR TIME

Appendix 2 : List of respondents

Courier firms in Kenya

1. Securicor Security Services	28. Netlink Business Services
2. Postal Corporation of Kenya	29. Coach 2000 Liners parcels
3. Roy Parcel Services	30. New Nairobi Naivasha Untied Services
4. TNT Global Express	31. End- To- End Logistic Solution
5. Nation Courier Division	32. Coast Professional Freighters
6. EMS Speed post	33. Comtech Trading & Econ. Cons. Ltd
7. Akamba Public Road Services Ltd	34. Continental Royal Courier Services
8. Data Rush Nairobi	35. Crescent Transportation Company Ltd
9. Sky Net Worldwide Express LTD	36. Cross land services
10. East African Courier Limited (FedEx)	37. Dacma Express services Ltd
11. United Parcels Services (UPS)	38. Davanu Shuttle Express
12. Eldoret Express	39. Dot Parcel Services
13. Mololine Services Limited	40. Eastex Bus Company
14. Pan African Express Transport Limited	41. Eveready Transporters/Amrital /Premchard & Company
15. Nyamira Luxury Express Co. Limited	42 DHL International
16. Kinatwa Sacco Limited	43. Frontier Telecommunications
17. In-Time Courier services Ltd	44. Gakui-Makwa Transport
18. A.O.BAyusuf & Sons Ltd	45. Ganatra parcel services
19. Air Care Chatters & Brokers Ltd	46. Gantaal Bus Company
20. Coast Mail Company	47. Garissa Parcels Services
21. One World Courier Ltd	48. General Cargo Services Ltd
22. Silver Star Parcel Services ltd	49. Gold line Ltd
23. Captain & Captain Courier express	50. Great South Bus Company
24. Chania Shuttle Courier Services	51. Gusii Dulex Parcels
25. Reliance Courier Services	52. Highway Carries
26. Urban Cargo Network Ltd	53. Homefa Enterprises
27. Kukena Sacco ltd	54. Halugho Ltd

SOURCE: COMMUNICATION COMMISSION OF KENYA NOVEMBER 7th 2005 AND 2011.

Appendix: 2 List of respondents

Courier firms in Kenya

55. Inch Cape Shipping Services	82. Luster Villa Ltd
56. Infex Media Communications	83. Muran'ga Shuttle Services Ltd
57. Inter border Express Agency	84. Mackenzie Maritime Shipping Company
58. Intercity Delivery	85. Mahek (k) Ltd
59. Inter freight K Ltd	86. Mail Africa (TNT Skypark)
60. Inter province Express ltd	87. Mail international (strode communication)
61. In-time Courier Ltd	88. Malindi Bus Services
62. Jojomail	89. Malton Bus Company
63. Jihan Freighters	90. Maina international Consolidators
64. Jilvic Parcel Services	91. Mapema services
65. Kamongo Waste paper	92. Master Piece Courier Services
66. Kamwangi Nssan Team	93. Modern Coast Courier Ltd
67. Kampala Coaches Ltd	94. Matsony Enterprise
68. Keepsake Express Ltd	95. Mawingo Bus parcels
69. Ken freight	96. Mawat Nissan Team
70. Kengold Enterprises	97. Mdidzo Commercial College
71. Kensilver Express	98. Mechanized Cargo Systems Ltd
72. Kenya Air Freight Handling Company	99. Meru Express
73. Kenya Bus Services	100. Modern Security Systems.
74. Kerugoya-Nairobi Nissans	101. Mombasa liners Services
75. Kikemu Insurances Brokers	102. Mosal parcel Delivery Services
76. Kings Cargo	103. Motaka Shipping Agent
77. Luxury Shuttle Tours & Travel Ltd	104. Mr. Onyango "Rambo"
78. Lento Agencies	105. Msamaria Bus
79. Liboi Stores Ltd	106. Mark Flash Company Ltd
80. Linear Coach Services	107. Classic Travelers Services
81. Logistic Freight Ltd	

SOURCE: COMMUNICATION COMMISSION OF KENYA NOVEMBER 7th 2005 AND 2011.