DECLARATION

I the undersigned, declare that this research project in its form and content is my original work and that the same has never been presented to any other college, institution or university for academic or other purpose to the best of my knowledge.

Signed............................................ Date........................................

DIANA MWANGO NYARANGI
D61/70802/2008

This project has been presented for examination with my approval as the appointed supervisor

Signed............................................Date 18/11/2011

DR. R. MUSYOKA
Lecturer, Department of Business Administration
University of Nairobi
ACKNOWLEDGEMENTS

The completion of this project has been made possible through contributions of many people. First, I would like to acknowledge my supervisor Dr. R. Musyoka for his tireless effort in guiding me throughout the research.

Also my gratitude goes to the Nation Media Group-Kenya’s management for their help and information obtained.
DEDICATION

This project is dedicated to my husband Andrew, my sister Hildah and son Jabali for their support throughout the period of my study.
LIST OF TABLES

Table 4.1: The number of Internet users, adapted from Communication Commission of Kenya 2011 report
Table 4.2: Subscription rates
LIST OF FIGURES

Figure 1.1: A model of a modern consumer

Figure 2.1: A model of consumer behavior

Figure 4.1: New ways that different sections in NMG are using to reach online consumers
DEFINITION OF TERMS

Analogue TV- involves the broadcasting of encoded analog audio and analog video signals

Blog- a website supposed to be updated with new content from time to time

Digital era- Time of digital revolution

Digital immigrants- Consumers who don’t like or know to use technology

Digital natives- consumers who prefer using Internet

Digital marketing- Selling products on Internet

Digital transmissions- Relaying of messages online

Digital TV- transmission of audio and video by digital signals

Dot-com era- Internet era

Electronic papers- newspapers available on digital formats

Facebook- A social networking site

Facebook updates- Posts on Facebook

Google and Yahoo portals- sites where consumers can access news, videos

Information and communication technologies - the integration of telecommunications which enable users to create, access, store, transmit, and manipulate information.

Interactive television- It is a number of techniques that allow viewers to interact with television content as they view it.

Internet- Interconnected global networks

Media convergence- Merger of radio, TV, newspapers platforms

MSNs- Micrososft portal offering news, sports, games, videos, entertainment

MySpace- A social networking site

Online shopping- Buying goods and services via the Internet

Podcasts- these are digital audio files

Really Simple Syndication (RSS)-Web formats for frequently updated works

SMS alerts- sent to update consumers on events

Social networking sites- It web-based services that allow individuals interact

Technologically-savvy consumers- consumers conversant with technology use

Teletext- Television information retrieval service

Terrestrial fibre optic cable-Used for digital connections to offer faster Internet

Tweets- Posts on Twitter
Twitter- A social networking site where people send up to 140 characters
Videotext- Video information retrieval service
World-wide-web- It is a system of interlinked hypertext documents accessed via the Internet.
YouTube- Site that one can upload videos
ABBREVIATIONS

ICT: Information and communication technologies
NMG: Nation Media Group
MSNs: Microsoft portals
RSS: Really Simple Syndication
TV: Television
ABSTRACT
Over the past few years, technologies have changed the way media houses sell and package their news. The current tsunami of personal choices in communication is slowly forcing mainstream media to adapt to new trends. These media traditionally depended on huge audiences who all live in one region and mostly want the same things (the football scores, the crossword, the television guide.). But that is all available now on the Internet, all around the world, all the time. Television industry is also fast-changing as viewers move to watch news on their computers and iPads. Mainstream broadcasters have had to come to terms with YouTube, video podcasts and other Internet media and launch online programmes for these technologically-savvy consumers. Radio audiences have likewise shifted to online platforms like You Tube. Kenyan media is also facing changes as Internet users grow over the years, pushing media houses like Nation Media Group to respond to their needs with the launch online versions of newspapers, stream TV and radio programmes online to attract and retain the fast growing group of technologically-savvy consumers.

The main objectives for the study were to establish the responses taken by Nation Media Group as consumers adopt online news and look at challenges the company is facing as consumers shift to online news. The research design used was a case study. The method was found suitable because it gives an in-depth account of how Nation Media Group responded as consumers moved to online news. Primary data was collected through face-to-face interview with top managers in different departments interviewed.

The research found that the main response taken by Nation Media Group was the launch of the digital department. The newly created department helped cope with spontaneity of news dissemination where focus shifted to instant relay of news as it broke. Breaking of news is relayed through social networking sites like Facebook, Twitter, Linked In and SMS alerts sent to consumers on subscription as well website alerts. The company is also facing challenges such as competition from other online networks and inadequate staff as online media takes root in Kenya.
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Declaration</td>
<td>ii</td>
</tr>
<tr>
<td>Acknowledgements</td>
<td>iii</td>
</tr>
<tr>
<td>Dedication</td>
<td>iv</td>
</tr>
<tr>
<td>List of tables</td>
<td>v</td>
</tr>
<tr>
<td>List of figures</td>
<td>vi</td>
</tr>
<tr>
<td>Definitions of terms</td>
<td>vii</td>
</tr>
<tr>
<td>Abbreviations</td>
<td>x</td>
</tr>
<tr>
<td>Abstract</td>
<td>xi</td>
</tr>
<tr>
<td>CHAPTER ONE: INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>1.1 Background to the study</td>
<td>1</td>
</tr>
<tr>
<td>1.1.1 Changing consumer buying patterns</td>
<td>2</td>
</tr>
<tr>
<td>1.1.2 Emerging technologies and its effects on news consumption</td>
<td>4</td>
</tr>
<tr>
<td>1.1.3 Kenya’s media industry</td>
<td>6</td>
</tr>
<tr>
<td>1.1.3 Nation Media Group</td>
<td>9</td>
</tr>
<tr>
<td>1.2 Statement of the problem</td>
<td>11</td>
</tr>
<tr>
<td>1.3 Objectives of the study</td>
<td>12</td>
</tr>
<tr>
<td>1.4 Justification of the study</td>
<td>12</td>
</tr>
</tbody>
</table>
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

2.2 Online media consumers

2.3 Journalism in the Internet era

2.3.1 The decline in consumption of traditional media

2.4 Digital marketing empowers consumers

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

3.2 Research design

3.3 Population of the study

3.4 Data collection

3.5 Data analysis

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

4.2 Presentation and discussion of results

4.3 Responses taken by NMG as consumers shift to online media

4.4 Challenges NMG is facing in reaching online consumers
CHAPTER FIVE: SUMMARY, DISCUSSION, CONCLUSIONS, RECOMMENDATIONS..................................................................................................36

5.1 Introduction.......................................................................................................................36

5.2 Summary.........................................................................................................................36

5.3 Discussion and Conclusion............................................................................................38

5.4 Limitations of the study.................................................................................................39

5.4 Recommendations..........................................................................................................39

5.5 Suggestions for further research....................................................................................40

REFERENCES........................................................................................................................41

APPENDICES..........................................................................................................................46
CHAPTER ONE: INTRODUCTION

1.1 Background to the study

Emerging information and communication technologies (ICTs) like the use of Internet, interactive television, teletext, videotext, world-wide-web and social networking sites are fast shaping how companies sell their products and services and convey messages to consumers. In developed countries like United States of America, businesses from airlines to supermarkets are now using social media like Twitter and Facebook to trumpet last-minute discounts and giveaways to reach their consumers who are fast embracing Internet shopping. According to Kotler (2004), the Internet today functions as an information source, an entertainment source, a communication channel, a transaction channel, and even a distribution channel. One can use it as a shopping mall, a television (TV) set, a newspaper, a library or a phone. Kenya has not been left out, as access of Internet to urban and rural population changes consumers’ buying patterns with companies now having to adopt the emerging ICTs to lure the technologically-savvy consumers. Chaffey (2002) notes that businesses have to innovate in the growth of popularity of social networking sites as opportunities for electronic business and electronic commerce are inevitable.

In the past, consumers relied on kiosks for their milk, bread and newspapers among other products, but not any more. Online shopping is fast gaining foothold, with buying on the world-wide-web is now threatening to overtake all these methods (Wright, 2006). With these radical technological shifts and trends, marketers and strategists are faced with the challenge of ensuring increased sales through online mediums with the adoption of high-technology developments to attract and reach the technologically-savvy consumers. Pearce and Robinson (2005), argue that in such a shifting business environment, the only cushion has been and will always be the ability of the firm to synthesize with the environment and as such roll out strategies and responses that can give it the much needed competitive edge. According to Solomon and Bamossy (2010, the basic marketing concept states that firms exist to satisfy needs of consumers. Consumer trends
are fast changing and that managers, marketers and policy makers need to learn about buying behaviors so as to satisfy these customers.

1.1.1 Changing consumer buying patterns

Consumer buying patterns are fast changing with the advent of Internet as more convenient platforms such as online shopping mediums that ensure customers can purchase a product by a click of a button, at the comfort of their houses and offices takes root in Kenya. The growth in online shopping has seen companies like Nation Media Group come up with new ways to package their products in digital formats and sell them online so as to retain and lure the new technologically-savvy customers. The days when organisations produced a product or service in the hope that it will sell are fast disappearing. It is therefore becoming important for companies to understand the behaviors and wants of consumers.

According to Assael (2004), a consumer is becoming more aware, a self-assured shopper and has many sources of purchases. One reason for this is the greater accessibility to information and shopping options which include online platforms. The greater incidences of home computers, faster and easy access to Internet have expanded the availability of product information in cyberspace. Consumers are becoming constantly dissatisfied and bored with current offerings and so demand evermore value, benefits and innovative products and services (Wright, 2006). In Kenya, the young people between the ages of 18-35 years are now more affluent than ever before, thus using their increased purchasing power to live a more-pleasure seeking life than their preceding generations. They are looking for fast, affordable and effective products and services.
Wright (2006) defines a modern consumer as follows:

Figure 1.1: A model of a modern consumer


The modern consumer has shifted focus from buying traditional media like newspapers to relying on digital papers and mobile phones news alerts. They no longer have to own a radio to listen as many Kenyans are listening to their favorite programmes on their computers wherever they are. The modern consumer also watches news on the mobile
phone or computer and doesn’t have to be near a TV to watch new. O’Leary (2009) argues that modern consumers programme their own print, TV, radio, and download what they want to their personal devices. They are their own editors, their own filmmakers, their own disc jockeys. As more and more websites pop up to sell everything from fridges to cars, companies find themselves asking how this cyber space in the online world will affect how they conduct business (Hogg, 2010). The last 10 years has seen electronic commerce take off globally making the electronic market increasingly important. By 2008, a Swedish 2010 survey showed more than 85 per cent of the world’s online population has used Internet to make a purchase, increasing the market for online shopping in the past two years by 40 per cent. Solomon and Bamossy (2010) argue that for companies, the growth of online commerce is a sword that cuts both ways. On one hand they can reach consumers around the world even if they are physically located a 100 miles from nowhere. On the other hand, their competition now comes not only from the shop across the street, but from thousands of website spanning the globe.

1.1.2 Emerging technologies and its effect on news consumption

The Kenya Information and Communications Act (2008) defines ICTs as any technologies employed in collecting, storing, using or sending out information, including those involving the use of computers as well as any other telecommunication system. These new ICTs have ushered in new ways in which information is packaged and sold. The Kenyan media landscape is no longer what it was in the 1990s; holding a television screen on the palm is now a reality; Internet continuously keeps online readers updated with breaking news, everywhere consumers turn, there is news. The digital era has led to renewed battle for consumers in the media industry, as Kenyans look for comfort and speed. Now many newspapers have online versions, whose readership is growing as technology advances.

The new social media - blogging, Facebook, MySpace, Twitter, and YouTube are the current trends- revolutionising the publishing world, for better and worse (O’Leary, 2011). Consider podcasts-digital audio files delivered to a variety of devices, including handheld music players such as Apple’s popular iPod (Gillmor, 2006). Brown (2010) notes that engaging with social media such as Facebook, You Tube and Twitter is now a
key part of global business communications. Blogs, microblogs, social networking and social new sites have become the new tools of relaying news. Monaghan (2011) indicates that as online news is increasing displacing traditional print and television, especially for younger consumers, and new avenues of news dissemination.

With the laying of the terrestrial fibre optic cable in Kenya, Internet speed has greatly improved, luring many to accessing online newspapers as some can be accessed on websites for free compared to buying hard copies. According to Communication Commission of Kenya (2011) report, the number of Internet users in Kenya has risen to over 10 million in June 2011 from 1.7 million in December, 2007. The increased usage of Internet has pushed media companies to the online media seeking to reach the technological-savvy consumers. According to Synovate (2010), Kenyan Internet users spend approximately 70 minutes online during each visit. This utilisation is comparable to the average amount of time spent on television. The fact that consumers are spending so much time online and that half of the Internet users get online via their mobile phone has led to a whole new chapter in news production in Kenya.

With the success stories of companies capturing market share together with the rapidly increasing adoption of the Internet by consumers, businesses have realized that an organization must have an effective Internet presence to prosper, or possible even survive (Thompson, Strickland and Gamble, 2007). Pickton and Broderick (2001) note that developments in telecommunications, electronics and computing are now ushering in a new era and have opened up new avenues for companies. Porter (1985) explains that the key question is not whether to deploy Internet technology, companies have no choice if they want to stay competitive. The objective of a competitive strategy is to kick off rival companies by doing a better job of satisfying buyers’ needs, (Thompson, Strickland and et.al 2007). Pickton and Broderick (2001) point out that the boundaries of the Internet and world-wide-web are constantly being pushed as companies experience with the new communication and marketing channels. Today, people are no longer surfing the Internet anonymously. Millions of users log on to the Internet each day. Internet is a typhoon force; a 10 times force or is it a bit of wind? Or is it a force that fundamentally alters
business? (Grove, 1998). Opportunities, he says, have to be balanced to have a competitive advantage over other companies.

Many businesses have extended their communication by developing their own websites. Websites are now being used for relaying information, for promotion and sales. Marketers have begun adjusting how and where they spend those constrained marketing dollars, with more going toward more efficient digital media-especially things like online search-and to unmeasured forms of media that are dampening the inflation of historically high-priced traditional media (Swallen, 2007). Most companies are seeking efficiency in delivery of goods and services as they strive to meet consumer needs. Technology over the past decades has provided efficiency (Waveney, 2004). A fundamental shift is taking place online, from information-based web to people-web. According to Porter (1985), competitive strategy is having an edge over rivals in attracting customers and defending against competitive forces. Pearce and Robinson (2005) highlights the ever-changing environment continually provides opportunities and threats to organisations. In order to survive, companies have to understand this new environment and find a way to fit their business models into it. Chaffey (2002) notes that the pace of technological change and availability of new opportunities make electronic business and electronic commerce inevitable, with Kotler (2004), arguing that all companies need to move into e-marketing and e-purchasing. Technological innovation and responsiveness has become almost indispensable ingredient as part of a company’s strategic responses to increasing changes in the external environment (Ansoff and McDonnell, 1990).

1.1.3 Kenya’s Media industry

Kenyan media market is fast changing. Since independence, the industry has faced technological shifts that have pushed the dominant players, Nation Media Group (NMG) and Standard Group, according to Loughran (2010), to change tack to remain relevant and be able to meet consumers’ needs. Apart from State-owned Kenya Broadcasting Corporation, liberalization of the market in the late 1980s paved the way for formation of other companies like Royal Media Services, K24 TV, the People Daily, and about 100 foreign agencies based in Nairobi, which has heightened competition, forcing companies
to come up with new strategies to increase sales. The media industry is mainly subdivided in radio, print, television and online media.

1.1.3.1 Print media
The Kenyan print media sector is dominated by two main players - the Nation Media Group and the Standard Group. The Star and the People Daily are two other newspapers that are competing in the duopolistic market. There have been several media revolutions each accompanied by technological and political change in the print media. For most Kenyan news consumers, newspapers dominated the production and dissemination of what people widely thought of news. Newspapers flourished throughout the 19th century and ultimately served their consumers well. As value addition to readers, the two main newspaper publishers include magazine inserts on weekdays. For example on Tuesday, both have business magazines also known as pullouts and on Saturday's women magazines. Nation Media Group has a business newspaper - Business Daily, that is published five times a week and The East African - a weekly newspaper that focuses on East Africa’s business and political issues. About 10.5 million readers consume the print media, according to a Kenya Audience Research Foundation (2011) national survey. New magazines and newspapers are becoming many as newspaper stands sag under the weight of new titles in Kenya with companies targeting specific audiences. As the population’s access to the Internet increases, the print media is fast changing with consumers turn to for online newspapers.

1.1.3.2 Television viewership
Television viewership in Kenya has shown impressive growth according to Synovate report (2011), where new stations have contributed significantly to the growth of viewership numbers. The growth can also be attributed to a government law passed three years ago that requires broadcasters to air 60 per cent of local programming. This has seen stiff competition in the television industry with broadcasters investing in local programming that segments viewers. Kenya is also preparing to move from analogue to digital broadcasting. This move will see further segmentation of content with broadcaster getting several channels to broadcast their content. Faida Investment Report (2011)
shows that as the 2012 deadline for the shift to the digital platform approaches, television viewership trends will continue changing especially with the growing use of the Internet as a communication platform and users streaming content via mobile phones. Terrestrial television is also increasing in number. Digital transmissions which are currently being introduced are set to increase number of channels (Pickton and Broderick, 2001). The potential for companies with the shift to digital TV is enormous and presents a technological revolution in many subsidiary industries. New technologies like satellites and cable have made it possible for consumers to receive tens of stations. And as cinema audiences increase so do opportunities for marketers to advertise their products and services in movie halls.

1.1.3.3 Radio listenership
Radio listenership trends have changed significantly in the last few years. The average number of radio stations listened to fell from five in the third quarter of 2008 to four in the first quarter of 2011, according to Synovate (2011) research. In the last five years, there has been a proliferation of vernacular stations that broadcast in dialects spoken by people in Kenya. Radio listenership in urban areas shows stiff competition between stations that broadcast in English and Swahili, and those that broadcast in vernacular languages. The technological advancements has seen listeners shift to use of their computers and mobile phones to listen to online FM stations, a move that has made it easier for companies to reach millions of listeners who don’t have to own a radio to listen to aired programmes.

1.1.3.4 New media
As technological advancements such as Internet, smartphones, iPad come into the markets, consumers have become restless, forcing a shift to a new kind of journalism. The Kenya Audience Research Foundation (2011) national survey showed a growing use of Internet and mobile phones. The highest usage of Internet mobile is among the 15-to-17-year-olds which accounts for 86 per cent of users; 18-to-24-year-olds account for 80 per cent. The percentage usage declines with the age of users who access the Internet. The increase in number of Internet usage has seen media companies converge print and
electronic media online by availing what is sold out as hard-copy newspapers, listened to FM stations online and aired on TV on the Internet. This has enabled consumers watch and listens to their favorite programs online. Listeners can stream music online, watch news on YouTube and read newspaper content online. The main stream media is now using social media sites like Facebook and Twitter to reach audiences. Frequency Modulation (FM) radio presenters interact with audiences via Facebook fan pages and television reporters receive feedback on content via Twitter. All these have changed the media consumption trends significantly in Kenya (Synovate report, 2011).

Despite the growth in the industry, media companies are facing challenges ranging from harsh economic realities such as high newsprint prices for making newspapers, a move that has forced them to adopt paperless technological advancements like use on mobile phones feeds, Tweets among others to reach online consumers. The changing buying patterns in the Internet era have seen traditional media owners who are concentrating on hard-copy newspapers, analogue TV to record a fall in sales as consumers opt for online news. The picture for print media is dire (Swallen, 2007). For Monaghan (2011), most media properties, and especially for newspapers, the line between online edition and offline edition are fading. Increasingly, media companies are looking to the online versions of their products as sources for revenue and margin growth as viewership and circulation decline, putting downward pressure on advertising rates. Moreover, online markets are providing traditional media companies with growth opportunities as they continue to leverage their brands and their customer bases into the new medium.

1.1.4 Nation Media Group

Nation Media Group (NMG) was established in 1960 and founded by His Highness The Aga Khan and has grown to the become the biggest media company in Kenya, according to Synovate (2011). It owns the flagship Daily Nation newspaper; The Business Daily, Nation Television (NTV-Kenya), Easy FM (Kenya), The Citizen newspaper (Tanzania) Nation Television (NTV-Uganda), The Monitor (Uganda) and The East African circulated in the three east African countries and is eyeing entry into Rwanda and South Sudan. It has been quoted on the Nairobi Stock Exchange (NSE) since the early 1970s. Nation
Media Group is one of the biggest independent print media players in Kenya and it mainly relies on advertising and circulation revenues. Today, *Daily Nation* its flagship brand is the most influential newspaper in Kenya with a daily circulation of about 205,000 copies, according to Nation Media (2010) annual report.

The fact that it is not a monopoly in the market means sources of revenue as well as its overall profitability is threatened by other factors among these being reduction in viewers, listeners and readers of news as consumers switch to reading newspapers, watching TV online and listening to online FM stations. Competitors are also seeking ways to lure these new online consumers, a move that the company cannot ignore. According to Thuo (2003), competitors are increasing rolling out new products, meaning readers are spoilt for choice. Nation Media Group is fast adapting to new technologies as it seeks to shield its market share in a competitive market. Among the strategic moves that the company is taking is to increase the number of subscribers for the electronic papers including *Daily Nation*, *The East African*, *Business Daily*, where every page of the online newspaper on a customer’s computer looks exactly as it was published in print.
1.2 Statement of the problem

Internet access, faster connectivity and falling prices are set to drive online buying wave in Africa. Companies from fashion to media houses are changing the channels they use to sell their products. Kenya’s media is fast changing with the advent of Internet, mobile phones, mobile software applications and social networking sites. The way in which news is produced, distributed and consumed is changing with the dynamism of technology. These technological advancements have seen consumers listen to radio, watch TV and read newspapers online compared to buying of hard copy newspapers, listening to radio and watching TV at home. They favor use of the world-wide-web to subscribe, pay and read news, a move that has made mainstream media like newspapers and television are face stiff competition as sales drop over the years with online readership and viewership growing. According to Pickton and Broderick (2001), the power of the new media is not only revolutionizing communication, but also influencing consumer behavior. More consumers than ever have access to virtually unlimited information through the use of Internet. The balance of power is bound to shift in these emerging technologies-mediated media environment. In the conventional environment, companies select what, how and when to serve the consumers. In the emerging environment, online media appear to tilt the balance of power firmly in the direction of consumers, giving them a wider choice of sources of information as well as a wider choice of channels through which they can buy products and services.

Previous studies on Nation Media Group include research by Muganda (2007) which looked at the competitive strategies adopted by the company, focusing on Porter’s Generic Strategies. Thuo (2003), looked at the diversification strategy of Nation Media Group and Mwaura (2009) researched on strategies employed by Nation Media Group to the changing factors in the external environment. None of these studies, however, to the knowledge of the researcher, looked at the consequences of online readership of newspapers, listenership of FM stations and viewership of FM stations online on traditional media and how Nation Media Group roped in online media consumers in this dynamic technological world. This study aimed at exploring the responses taken by Nation Media Group as consumers shift to reading and watching news online as well as challenges associated with the same.
1.3 Objectives of the study

The study sought to address the following objectives:

i. To establish the responses taken by Nation Media Group as consumers adopt online news.

ii. To identify the challenges Nation Media Group is facing in consumers’ shift to online news.

1.4 Justification of the study

The main beneficiaries of the study will be the strategists in the media companies. This study was crucial at this time because in the 21st century, the global economy is fast changing as Internet use spreads to the rural areas with online shopping gaining acceptance in developing countries. The findings will enable companies come up with strategies on how to sell online news and meet the needs of technologically-savvy consumers in a fast evolving information technology era. Consumer empowerment on the world-wide-web is also going to change every stage of brand building affecting each of the four Ps of marketing—promotion, place, price and the product itself. Thus the study will be useful to marketers who will be able learn more the new target group of online consumers and come up with measures to reach them through digital marketing.
2.1 Introduction

This chapter reviews relevant literature related to changing news consumption behavior as new information and communication technologies come into the market and online journalism. It starts by looking at consumers’ shift to online media and as opined by various scholars. It then focuses on the media industry, making inferences to past and present with the advent of the Internet.

2.2 Online media consumers

Wright (2006) defines a consumer or a customer or client as the very heart of a company’s business model and is the supreme sovereign. Therefore, he argues, companies have to study and understand consumer behavior so as to know who buys, when they buy, where they buy, why they buy, what they buy and how they buy. He notes that consumers nowadays are more empowered, with the change stemming from the flood of information available, the potential of forming discussions and or buying groups, the ability to rate and issue warnings on the Web about products and services, and the proliferation of mass-customized products and services.

Anderson (2006) notes that the Internet is transforming the world by ushering in an era of infinite choices for the consumer. According to Assael (2004), the Internet has empowered consumers as they now have access to more product information. Consumers can efficiently and easily retrieve information on nearly any product or service via the Internet, thanks to search engines like google.com and portals like yahoo.com. One has many platforms to use to buy products.

The younger generation is seen as the target group that has taken keen interest with online media compared. A big discontinuity or singularity has taken place between the current generation and previous generations as a result of the arrival and rapid dissemination of digital technology in the last decades of the 20th century (Prensky, 2001). He notes that those born and raised in the dot-com era think differently and process information in fundamentally different ways from their predecessors. He posits
the new generation referred to as digital natives use computers, mobile phones and the Internet and are distinguished them from those who were born in previous generation and who are slowly adapting to the new technologies and terms them as digital immigrants. Murdoch (2005) notes that the digital natives are the young people who will never know a world without ubiquitous broadband Internet access. He argues that the next generation of people accessing news and information whether newspapers or any other source, have a different set of expectations about the kind of news they will get. This includes when and how they will get it, where they will get it from, and who they will get it from. From Murdoch’s perspective, the dramatic revolution taking place in the news industry today revolves around the fact that technologically-savvy young people are becoming increasing likely to turn the world-wide-web as their news medium of choice. Drawing from a report by Merrill Brown (2005), Murdoch (2011) explains globally although television news may be the most accessed source of news for consumers between the ages of 18 and 34 years, the study suggests, however Internet portals such as Yahoos, Googles and MSNs’ are fast becoming their favoured destination for news.

Source (2005) looked at age of online consumers and found that while older shoppers search for significantly fewer products than their younger counterparts they actually purchase as much as the younger consumers. Online consumers tend to be younger, more affluent and better educated than the general population (Kotler, 2004). However, as more people find their way onto the Internet, the cyberspace is becoming more mainstream and diverse. Younger users are more likely to use the Internet for entertainment and socializing. According to Kotler (2004), users of 40 years and older are using the Internet for investments and serious matters. The digital natives are seen to think differently from digital immigrants and companies are looking at ways to attract and build the loyalty of these consumers. The modern consumer has shown companies that the youth consume news differently and this shift is triggering adjustments, even revolutions in every part of the world. With millions of Kenyans having access to the Internet, companies have to come up ways to meet the needs of these modern customers who are more knowledgeable and looking for faster ways to buy products or services.
According to Ahlers (2011), the bases of customer switching behavior to online media is the relative price performance of the substitutes. To date, few online news sites charge for access to their online news information. The price disparity between online and offline media is prompting customers to switch. In the case of television, however, the price to the consumer is already zero, since the cost is borne by advertisers. Fuch (2007) argues that the production of knowledge can either be part of an economy that employs knowledge as a commodity for profit or it can be passed on as a gift. He uses the example of open source software to demonstrate a tension between those who wish to act collectively in a shared process of production that is not for profit and those who would profit for knowledge. He further states that the gift economy is also complicated by the illusion of something for nothing. Google makes use of freedom for advancing unfreedom, of free access for achieving profit. The more users freely access Google for searching online information, the higher the moral value of the corporation and the higher the advertisement prices can be raised (Fuch, 2007).

The concept of single media usage is also fading. A more realistic picture of the media environment is one where people consume a varied diet of media. Ahlers (2011) argues there is a lot use of simultaneous use of two media which he refers to “multitasking” and the use of two different media at different times during the day which he refers to as “multichannel”. Studies show more adults spend more time online and use Internet-enabled mobile phones, a move that has made mobile news, Tweets, Facebook updates a strategy that media companies like Nation Media Group use to sell its products and market its products.

Technology has made it possible for companies to target consumers on one-on-one basis, concept referred to as micromarketing (Assael, 2004). The Internet has made it possible to access greater range of information, access broader choices and allowed interactivity with marketers that allows consumers to express individual wants. As a result consumers have become more empowered. Moreover, interactivity of the Internet means that consumers can shape information and products and services to their needs, creating a higher level of involvement in product/service purchase decisions. He notes that the
Web’s primary advantage over the other types of mediums is in transmitting information, whether it is from marketer to consumer, consumer to marketer, or consumer to consumer. Marketers can provide large volumes of information and search engines help consumers find the information they need. They Web can also provide feedback to the marketer by tracking consumers’ preferences and actions.

The enormous advances in information technology are altering the patterns of media consumption (Wright, 2006), adding that there are many different ways that people can obtain information around the world. This has had a great effect on the way that organizations are able to reach and communicate with their consumers. Where there were a few TV channels, there are hundreds now operating on a 24/7 basis. Newspapers and magazines can be produced more quickly allowing new products to have easy access to the market. The role of the Internet is staggering and the part it will play in future is constantly unfolding. Media fragmentation makes it more difficult for marketers to reach mass-market segments through one type of channel and many now have to be strategically considered in any promotional campaign (Wright, 2006). This is due to changes in consumer behavior, forcing marketers to study different demographics, socio-economic status, personalities among other factors of buyers of goods and services.

Ostund (1974) looked at some of the consumer behavior theories, arguing that it is not solely the personality traits that are relevant in understanding attitudes and behaviors of shoppers but also the consumer’s product perception. Consumers who accept to buy every new product that they are not aware of are rare. Consumer character variables which are the perceptions, beliefs and attitudes might influence online behavior and also shape a customer’s intentions to shop via the world-wide-web (Mayer 2006). Innovativeness, skills, experience and emotions are some of the variables companies should study to understand their consumers. If a consumer has negative beliefs about privacy and security of online transactions which are due to lack of computer skills, these beliefs are likely to shape negative attitudes towards Internet buying. Positive experiences in terms of convenience, service delivery, website security all increase consumer satisfaction (Szymanski and Hise, 2000). Consumers actual experiences have an effect on
consumers overall assessment of online shopping process (Doherty and Ellis-Chadwick, 2006).

2.3 Journalism in the Internet era

Journalism in the 21st century will be fundamentally different from the traditional media oligarchy that prevails today. Traditional media houses have lost their monopoly on the news, thanks to the Internet. Now that it's possible to publish in real time to a worldwide audience. Gillmor (2004) notes that tomorrow's news reporting and productions will be more of a conversation, or a seminar. The lines will blur between producers and consumers, changing the role of both in ways were are beginning to grasp now. The communication network itself will be a medium for everyone's voice, not just the few who can afford to buy multimillion-dollar printing presses, launch websites, or win government permission to squat on the public airwaves. Media houses cannot afford more of the same, cannot afford to treat the news solely as a commodity, largely controlled by big institutions (Gillmor, 2004). Media houses can't afford to limit their choices and from journalists to people they cover, to consumers of news, must change their ways and organizations adapt to these ways. Nollinger (1995) recalls that going online in those years was about as far from most folks' idea of a good time as it could possibly get. Modems were exotic, pricey accessories. Even if you had one, there wasn’t a whole lot you could do with it. However, nowadays Allan (2002) notes that while the speed of technological change is a pressing concern, even more worrisome for media houses and they need to make the necessary cultural changes to meet the new demands. In 1990, the World Wide Web became globally available and by the mid 90s, it had become a territory that was being colonized by shops, governments, banks, museums, publishers and other elements of the everyday world. It was a technology that has facilitated the emergence of new social spaces in the form of chat rooms and the precursors of social networking sites (Monaghan, 2011). Since 2000, web development has been characterized by the growth of commercial applications and a boom in social networking, wikis, blogging and peer-sharing sites. Web feeds and Really Simple Syndication (RSS) also came into usage, platforms that enable the content of a website to reach niche audiences. RSS feeds are now offered by most media houses, in this way a
wide range of sources can be monitored for news and breaking stories and also news consumers. Murdoch (2005) notes that nowadays online media is rivaling traditional media such as television, radio and print, as it is the agent of information and entertainment. Scarcely a day goes by without someone claiming that new technologies are fast writing the newprint’s obituary. The peculiar challenge then is for the digital immigrants, many whom are in positions to determine how news is assembled and disseminated, to apply a digital mindset to a set of challenges that we unfortunately have limited to no first-hand experience dealing with. The Internet will overtake the television as the medium of choice soon (Murdoch, 2005).

2.3.1 Decline in consumption of traditional media
Global impact of digital technologies on the key media such as TV and film, video games, music, and printing and publishing have led to reduced earnings and declining readership for conventional media like newspapers especially after the 2009 global economic downturn which forced companies to seek cheaper and faster media as newsprint prices increase rapidly. This has pushed companies like Nation Media Group into remodeling their business strategies to capture the fast-paced developments of digital technologies. Monaghan (2011) notes that as more people turn to the Internet for news, the readership of printed newspapers has fallen rapidly. Globally, newspapers like The Guardian, according to Greenslade (2009) who surveyed British newspaper sales based on the Audit Bureau of Circulation figures and found that the monthly year-on-year drop for European national dailies overall was 4.5 per cent for December 2007 to December 2008. In Kenya, the media industry is poised for a major change in direction away from traditional media and advertising. Kenya’s media being part of the global village is expected to face changes in traditional media’s readership, viewership and listenership. Faida Investment Bank (2010) reports show that the media industry in Kenya is poised for major changes in a direction away from the traditional advertising based models and Nation Media Group is on the forefront of the technological change. It notes that the advertising spending volatility and newspaper readership drop will persist in coming years closely trailing economic trends.
Allen (2005) considers beyond competition from the Internet, decreasing consumer confidence in credibility and accuracy of traditional reporting is also to blame. He argues that over the last decade, there has been a striking gap between what consumers perceives newspapers to be doing and what journalists believe they are doing. One critical impact of this circulation decline in the printed press has been a significant reduction in advertising revenue (Bell, 2008).

2.4 Digital marketing empowers consumers

Consumer empowerment on the World-Wide-Web has changed every aspect of brand building, affecting each of the four Ps of marketing-promotion, place, price and product itself. In the past, marketers have controlled advertising and promotions directed to consumers by identifying the target market and developing advertisements to address their needs and selecting the appropriate media to reach their target. The Web has resulted in shift that forced marketers to develop ways to build relationships with their consumers. Assael (2004) argues that for product, the Web has moved marketing of packaged goods from the traditional one-to-many format (i.e., one manufacturer selling to many consumers via television or print media advertisements) to revolutionary one-to-one format. O’Leary (2009) notes that the media that work, whether radio, TV, newspapers, books, blogs, or any other, thrive when there is a true need. Today’s challenge is to persuade the consumer to look at alternatives to their own programming decisions. Consumers nowadays are more empowered, with the change stemming from the flood of information available, the potential of forming discussions and or buying groups, the ability to rate and issue warnings on the Web about products and services, and the proliferation of mass-customised products and services (Wright, 2006). According to Assael (2004), the Internet empowers consumers as they now have access to more product information. Consumers can efficiently and easily retrieve information on nearly any product or service via the Internet, thanks to search engines like google.com and portals like yahoo.com. Consumers also have potential for influencing other consumers. Technology has made it possible for companies to target consumers on one-on-one basis, concept referred to as micromarketing. The Internet has made it possible to access greater range of information, access broader choices and allowed
interactivity with marketers that allows consumers to express individual wants. As a result consumers have become more empowered. Interactivity of the Internet means that consumers can shape information on products and services to their needs, creating a higher level of involvement in product/service purchase decisions, a move that has made companies research more on consumer behaviors and their buying patterns. Figure 2.1 below, a simple model of consumer behavior.

**Figure 2.1: A model of consumer behavior**

Consumer decision making—that is, the process of perceiving and evaluating brand information, considering how brand alternatives meet consumers’ needs and deciding on a brand—is the central component of the model.

Two broad influences determine the consumer’s choice (Assael, 2004). The first is the individual consumer whose needs, of brand characteristics, and attitudes toward alternatives influence brand choice. In addition, the consumers’ demographics, lifestyle and personality characteristics influence brand choice.

The second influence on consumer decision making is the environment. The consumer’s purchasing environment is represented by culture (the norms and values of society), subcultures (a part of society with distinct norms and values in certain respects), and face-to-face groups (family members, and reference groups.) Marketing organizations are also part of the consumer’s environment, because these organizations provide the offerings that can satisfy consumer needs.

Once the consumer has made a decision, post-purchase evaluation, represented as feedback to the individual consumer, takes place. During evaluation, the consumer will learn from the experience and may change his or her pattern of acquiring information, evaluating brands, and selecting a brand. Consumption experience will directly influence whether the consumer will buy the same brand again. A feedback loop also leads back to the environment. Consumers use word of mouth to communicate their purchase and consumption experiences to friends and families.

Figure 2.1 also shows that consumer feedback is the basis for marketing strategies. Marketers seek information from consumers. They track consumer responses in the form of market share and sales data. However, such information neither tells the marketer why the consumer purchased nor provides information on the strengths and weaknesses of the marketer’s brand relative to those of the competition. Marketers also seek information from the environment. They want to determine the nature of word-of-mouth communications regarding their brands. They also want to determine how cultural and social norms might impact the purchases of their products and services (Assael, 2004).
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction
This chapter discusses and determines the research methodology used for the study, describing how the study was carried out. It focuses on methodologies used in gathering information on Nation Media Group to establish the responses the media house has taken as consumers shift to online media.

3.2 Research design
The researcher used a case study. The method was seen to be best-suited as it was be able to give an in-depth insight into the topic and provided the researcher with specific company-related data regarding Nation Media Group’s responses to consumers’ shift to online media. Kothari (1990) defines a case study as a very powerful form of qualitative analysis and involves a careful and complete observation of a social unit. This method delved into issues on a certain unit rather skimming through a wide range of issues and units. It was free from material bias and it enabled the researcher to study extensively a particular unit (Mugenda and Mugenda, 2003).

3.3 Population of the study
The population of the study was senior managers at Nation Media Group-Kenya. The sample that was interviewed included marketing managers for Daily Nation, East African and Business Daily, head of digital division, four managers from the different sections in the editorial department (Daily Nation, The East African, African Review, Business Daily), and head of TV to establish the strategic responses by the main departments in Nation Media Group to changes in news consumption in the digital era. These are managers who are in charge of the functional units of the organization. They are in charge of coming up with strategies and their implementation to ensure company adapts to threats and opportunities such as technological changes.
3.4 Data collection

The researcher relied on primary data collected through the use of personal interviews that was guided by an interview schedule which had a set of questions to be asked. The researcher also used secondary data which included annual reports and other studies on the company.

3.5 Data analysis

The data collected was qualitative in nature and the researcher used content analysis, which according to Kothari (1990) consists of a series of digging into the content of documentary materials both written and spoken to present research findings of the responses Nation Media Group has taken as consumers shift to online media. The information gathered was presented in a narrative report supported by diagrams to give a clear picture of findings.
CHAPTER FOUR
DATA ANALYSIS, RESULTS AND INTERPRETATION

4.1 Introduction
This chapter analyses the results and discusses the research findings. The data from the respondents interviewed in this study was analyzed using content analysis. The respondents were best placed to know the responses Nation Media Group is taking as online media takes root in Kenya. The respondents head the various departments and sections in the Group and are charged with the responsibility of crafting specific departments/sections strategies and ensure the same is executed as the company battles to gain a market of the online readers, listeners and viewers.

4.2 Presentation and discussion of results
The results from the data collected were analyzed and presented in discussions with use of some diagrams.

4.3 Responses taken by NMG as consumers shift to online media
Technological advancements like Internet, smartphones and social working sites and changes in consumer’s news consumption patterns have pushed Nation Media Group to come up with strategies that will enable them lure new online consumers while retaining the existing ones. As millions of Kenya started using the Internet, NMG saw the need to develop a world-wide-web presence. The respondents interviewed noted that the responses taken by NMG as consumers adopt online media include; launch of a digital division that will tap into new opportunities emerging in use of new technologies, convergence of print TV and digital divisions to ensure news relayed on TV is the same on print and online, having online editions of all the publications, seeking ways to link with Facebook and Twitter fans, accommodating consumers in the blogosphere, integrating consumer feedback on websites like feedback mail, add a comment and Really Simple Syndication (RSS) to link consumers to stories from other Nation Media Group’s publications.
4.3.1 Launch of digital division

The newly created department to help cope with spontaneity of news dissemination where focus shifted to instant relay of news as it broke. NMG set up a digital system in which breaking news is relayed through social networking sites like Facebook, Twitter, LinkedIn and SMS alerts sent to consumers on subscription as well website alerts. The respondents noted that the growth of NMG lies in the success of this division to be able to rope in new consumers especially the younger generation of 18 years-35 years old. The division is in charge of responding to the needs of online consumers by creating viewer interactivity among TV viewers, ensure quick dissemination of news and use the Internet to tap into new emerging opportunities. The division has overseen the launch of many online products in different departments in the company electronic papers, convergence of the print media, TV and radio, installation of NTV programmes on YouTube and retraining journalists on online media to ensure they can meet their consumers' needs. In 2008, the Nation Digital Division’s turnover rose by 119 per cent contributing to the Group turnover increase by Sh0.6 billion (seven per cent) to Sh8.3 billion.

Below show the new ways that the specific departments are using to reach online consumers;
Figure 4.1: New ways that different sections in NMG are using to reach online consumers

Source: Study

4.3.2 Electronic papers

The decline on traditional newspapers readership with the advent of the World Wide Web in developed countries has put Nation Media Group on the spot as it seeks to ensure it safeguards its market share and profits in Kenya. The company has digital versions of its publications which are computer-readable replicas of the print version of the newspaper. The online platform requires no software to download, special programmes to install or extra devices to buy. The layout, the advertisements and page numbering are exactly the same. The respondents felt this makes consumers feel like they are reading the same as
the one sold on newsstands and taps into new opportunities of growth in readership as Internet users rise in its key markets like Kenya.

<table>
<thead>
<tr>
<th>Year</th>
<th>Users</th>
<th>Population</th>
<th>%penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>200,000</td>
<td>30,339,770</td>
<td>0.7</td>
</tr>
<tr>
<td>2008</td>
<td>3,000,000</td>
<td>37,953,838</td>
<td>7.9</td>
</tr>
<tr>
<td>2009</td>
<td>3,359,600</td>
<td>39,000,772</td>
<td>8.6</td>
</tr>
<tr>
<td>2011</td>
<td>10,000,000</td>
<td>39,000,772</td>
<td>25.6</td>
</tr>
</tbody>
</table>

Table 4.1: The number of Internet users, adapted from Communication Commission of Kenya 2011 report

NMG offers the Daily Nation, The East African, the Business Daily and Taifa Leo in this digital format. In keeping with its vision, Media of Africa for Africa, NMG set up an online premium content magazine, the Africa Review (http://www.africareview.com). The site has digital news platform and provides insights on African news, social and political trends in the continent. The sites carry breaking news, special reports, in depth country profiles and blogs. The respondents felt this website is the African story told from an African perspective and it will boost NMG’s presence in the region.

The NMG websites have RSS that link consumers to stories from other NMG publications. Through Web 2.0 usage, consumers use news feeds using the Netscape browser. The respondents noted that this enables the content of the website to reach niche consumers. New blog entries, new audio or new postings can be read or linked in the user’s window.

Unlike printed publications, the respondents noted, consumers can quickly search electronic paper publications in a number of ways, by searching the publication one is currently reading or search the all the publications that one has downloaded on a computer, and, finally, with our watch list, search publications as they are downloading, making a consumer access lots of information for free. Respondents felt these online versions have enabled the company reclaim its consumers and attracted new ways of
attracting advertising. Most of its publications use a hybrid subscriber model where they provide most of their content for free, while charging a fee for viewers interested in a limited quantity of premium content. Below shows the rates for different publications with the rates subjected to the prevailing exchange rates at the time of subscription.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily Nation</td>
<td>2.50</td>
<td>8.00</td>
<td>20.00</td>
<td>30.00</td>
<td>50.00</td>
</tr>
<tr>
<td>Business Daily</td>
<td>2.50</td>
<td>10.00</td>
<td>25.00</td>
<td>40.00</td>
<td>60.00</td>
</tr>
<tr>
<td>The East African</td>
<td>N/A</td>
<td>2.00</td>
<td>6.00</td>
<td>12.00</td>
<td>20.00</td>
</tr>
<tr>
<td>Taifa Leo</td>
<td>2.00</td>
<td>6.00</td>
<td>15.00</td>
<td>25.00</td>
<td>40.00</td>
</tr>
</tbody>
</table>

Table 4.2: Subscription rates
Source: Nation Media Group Digital Division 2011 Report

4.3.3 Newspapers on social networking sites

NMG’s publications have Facebook, Linked In and Twitter accounts which respondents noted is aimed at reaching the growing number of social networking sites users. Kenya’s Facebook users are estimated at 1, 242, 400, a group of consumers that the media is aimed to reach.

Most of these sites post upcoming special features like pullouts. For example, the Business Daily posts upcoming pullouts like Top 100 mid-sized companies’ surveys to ensure readers know when it’s coming up. Its fans on Facebook can also write comments, making it easier for the management to know consumers’ needs and complaints. Some journalists in NMG use blogs to expand on and provide background for their print or broadcast stories. Also some use their blogs to engage in news repair in cases where they made mistakes by providing updates and responding to consumers’ complaints. The company also offers news alerts through mobile phones at a fee to alert consumers on what is happening. This medium has seen many subscribers enroll to get the news alerts, earning the company money, the respondents noted.
4.3.4 Television programmes streamed online

The young and ‘restless’ consumers are discovering ways to access news, video or pictures of breaking news, but respondents noted NMG found ways to get out messages using the same technologies that consumers have adopted. NMG has made it possible for consumers to watch news through their mobile phones or computers wherever they are. Consumers do not have to be in front a television to watch news. Videos, pictures are streamed through the Internet with others uploaded on You Tube where a consumer can watch last’s week’s news update if need arises. The respondents felt this has made the company manage to maintain loyal customer base even among those in the diaspora. They also noted that the streaming of live videos and news expands reach to consumers as one does not have to be at one location to watch news as most have mobile phones and can access the online news at whatever time.

4.3.5 TV and social networking sites

NTV, keen to embrace new media, has Facebook page used as a marketing tool to reach and interact with consumers where presenters interact with viewers through the social networks. The respondents felt that once mere viewers of news, Kenyans are now learning how to get better, timelier news. They are also learning how to join in the profession through interactive media by giving their comments. The respondents noted in the end more voices, more opinion, which shapes the media’s house’s agenda.

4.3.6 Online radio

The NMG radio division is playing catch-up with the other divisions as it seeks to lure online listeners. Its Easy FM station can now be listened to online and consumers do not need to own a radio to listen to music. The respondents noted that these has cut the costs for consumers of having to buy a radio and can just use a mobile phone, which many Kenyans have. The respondents felt that the new trends have boosted radio listenership over the years and this expected to grow further. Easy FM is also linked to Facebook where it streams music blogs. The music blogs enables a listener to share any music blog
with friends by typing in their names. Easy FM’s fan page on Facebook, the respondents noted is aimed at interacting with its target audience of the ages of 18-34 years old with 222,520 fans currently. QFM, another radio station in NMG stable can stream on a website called Ustream which also links bloggers and has diaries showing weekly events diaries showing upcoming videos and program. Respondents felt radio will present many opportunities with the growth of online media.

4.3.7 Newspaper convergence with TV and Radio
The company restructured its operations as it seeks efficiency in delivery of news. The respondents noted that in 2009, the company tried a restructuring programme that was to merge operations of Business Daily, NTV and Easy FM, in a move aimed at strengthening its position in business reporting. The reporters were to write stories for the three departments in different formats to suit print, TV and radio. Though the exercise is slowly shaping up, the respondents felt that its success will spread to other departments. The convergence program has seen Business Daily link its website to NTV’s YouTube page, enabling online readers to access the print version of top stories and watch the video as presented during NTV business news. YouTube had 13,587 NTV videos as per October, 2011, with most linked to top stories in Business Daily. The respondents felt through convergence the company will strengthen its business reporting and make it easier to manage the new media without having to spend more on hiring new journalists and training.

4.3.8 Consumer feedback platforms
For NMG, the wooden suggestion box in the corner of most offices and business premises for customers or employees to give their feedback is not a common feature in this digital era. Its websites that host the electronic papers have consumer feedback tags. Africa review website has tags where people from different parts in Africa can participate by posting comments and their images of Africa. Business Daily has ‘add a comment’ on its website where readers can add comments on every story posted online. All publications also have e-mail addresses for feedback, a development the respondents noted that it enhances transparency in reporting and ensures enables the company knows
what the consumers want to read and watch and not what the company wants them to read and watch.

The Facebook like option on the websites like for Business Daily, the respondents noted, makes it easy for the management to know which stories and topics are best liked hence they concentrate on giving consumers what they need. The websites also have re-tweet tags which link a reader to their Twitter page to re-tweet the story, a move respondents said increases readership. NMG has also partnered with Consumer Insight to track its brands online, a move the respondents noted will enable the company know how its products are performing in the market.

4.3.9 Online classified portal

NMG launched a number of websites since 2009 such as N-Soko at http://www.nsoko.com, which respondents noted that enables people to access opportunities in the job market as well as shop efficiently and is set to change the way Kenyans use classified advertising. Currently, the site provides opportunities for properties and car sales, jobs and tender notices. The respondents felt this online classified portal can lower consumers’ costs as they can save on both time and transport costs as well as they benefit from favorable pricing of goods and services. The respondents felt that at a cost of Sh125 per week for any classified advert posted on the Internet portal while a classified advert on print costs about Sh280, is a bargain to many consumers and it will attract many. The flexibility of the online system in terms of making orders faster, the respondents noted, is making payments become easier, a move that will bolster online and revenue growth in 2011.

4.4 Challenges NMG is facing in reaching online consumers

NMG has been operating for over 50 years now since the early 1960s when it launched its first publication. The researcher established that the company has faced a number of challenges as technology advances. The dynamism of technology has piled pressure on the company to fast adapt to these new ICTs to meet consumers’ needs. Among the challenges, the company is facing in the digital era include the following.
4.4.1 New competitors

The liberalization of the media industry has brought in new competitors seeking to grow their profit by creating niche products targeting specifically online consumers. This has led to emergence of many companies launching online platforms, contributing to intense competition for readers, listeners, viewers and advertising revenue. International new sites like Reuters, Bloomberg and other local ones like African Laughter, Standard, The Star are NMG’s main competitors as they also have online platforms where they upload their news as they receive them. Websites like Reuters update their sites per the second with news being feed from different parts of the world, a move that makes it challenging for NMG to match up. Other international channels like CNN also have correspondents in Kenya who in update photos of breaking news as they receive them. The sophisticated nature of technology used by international media and capacity in terms of staff numbers has made NMG lag behind, the respondents noted. The recent launch of a website by African Laughter, where public relations departments of different companies post events and media houses pay a fee to access this site, felt the respondents, makes it hard for NMG to break exclusive news as most alerts will be placed in the website.

4.4.2 Inadequate online staff

NMG lacks adequate staff to source for stories, write them and upload them on the different social mediums. Most of the print and TV journalists double up as online journalists, slowing down the process of news reaching consumers as fast. A journalist has to go to the field, source for the story, write it for a publication like Business Daily, then an online editor picks the story and uploads the news on the websites after the newspaper goes to press at night. In most cases, by the time the content is being uploaded in the evening and the story broke out in the morning, most online readers have already accessed the information from other sources. This is threatening to derail the work of the digital division, the head of digital division noted.
4.4.3 Fast-changing technologies

Technologies are fast changing making it hard for NMG to play catch up. The slow process in procuring new equipment, hiring new staff owing to bureaucracy in the organisations has made the company lose some consumers to other media houses who are fast to adapt to these changes.

All the respondents noted that the growth of smartphones like iPhone are making it possible for consumers to download news, movies, music, podcasts through the Internet and watch and listen on their mobile phones and computers, making programmes purchased at high prices aired on the TV and radio is some cases irrelevant. The TV programming department is struggling to play catch up with airing to consumers latest movies, but in most case most people have already watched these movies on their computers, a move that reduces ratings of that programme making advertisers shy away from advertising during that time when the movie is aired.

The emerging technologies like Twitter, Facebook, My Space has seen NMG expose itself to consumers criticizing its content. The respondents felt that the social media are turning citizens into journalists and has allowed them to instantly update breaking news, diminishing the immediacy of print media. The respondents noted that this has contributed to a drop in readership especially among the younger generation as more rely on collaborative, participatory or democratic journalism.

4.4.3 Free online news at a time when newsprint prices are rising

A few years ago, Nation Media Group used to offer its online newspapers for free where consumers make subscriptions and can receive the whole newspaper in its digital format for free. However, since 2009, the company the respondents felt, the free online content was denying the company circulation revenue. In a market where the newspapers are available free on websites, respondents felt this has led many readers especially Kenyans in the diaspora to shift allegiance to competitors. The company’s main challenge lies in how to maintain customer base and still earn revenue.
4.4.4 Unregulated blogosphere

Journalists are no longer the agenda setters as was years ago. The respondents noted that the younger generation which is technologically-savvy has taken over relaying breaking news through blogs. The respondents noted that the most significant development of user-generated content on the Internet emerges from the socially-networked communities of bloggers that collectively constitute the blogosphere. The bloggers although keeping journalists on their toes to produce quality and ensure traditional media do better journalism, noted the respondents, they are contributing to consumers’ doubt that the company filters information making it non-partisan especially when it comes to politics. The respondents noted that the sheer volume of raw data available in the blogosphere is a major factor in the destabilization of mainstream journalism. The raw data is there for all, which destabilizes the gate-keeping function of NMG and other media houses.

4.4.5 Switch to digital TV

A new era for television is set to begin in 2012 when Kenya switches from analogue TV to digital TV. The respondents felt though this will bring in new opportunities for NMG, it will spur competition for new entrants in entertainment production and cable TV, giving consumers a wide range of products to choose from. This, they noted, is likely to reduces Nation Media Group’s market share in the region as new entrants fight to gain consumers. The company’s broadcasting division currently contributes to about 10 per cent of the overall organisation’s revenue and the respondents noted that although the switch to digital TV will contribute towards a drop in broadcasting costs, stiff competition is likely to push the Group to spend more on content production to win customers.

4.4.6 Slower adoption of online media among older users

The respondents noted that most of the consumers of online media are the younger generation. In business sense, they felt the older generation is the one that will drive the online revenue growth as they make purchases and make buying decisions in households. If Nation Media Group is to go the way of selling content online and the older generation that buy news fails to move with technology the company, the respondents reported is
unlikely to grow online sales. This has also made advertisers reluctant to advertise online as they are unlikely to reach a big market.
CHAPTER FIVE
SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter gives a summary, discussion, conclusion and recommendations with regard to the study’s objectives.

5.2 Summary
The success of an organisation in terms of long-term profitability and survival is determined by how best an organisation meets its consumers’ needs and adapts to technological changes. Ahlers (2011) argues that the key change is that the traditional media professional is no longer a gatekeeper who can systematically admit or deny information. Consumers programme their own print, TV, or radio, and download what they want to their personal devices. They are their own editors, their own filmmakers, their own disc jockeys. Therefore, media houses have no choice but to launch online products, least they have no consumers for outdated products.

5.2.1. Responses by NMG as consumers adopt online media
The first objective of the study was to determine the response taken by NMG to meet the needs of online consumers. The study established that NMG has taken various responses and tailored its products to ensure it ropes in online readers, listeners and viewers such as launch of digital division, a department that helps it cope with spontaneity of news dissemination where focus shifted to instant relay of news as it breaks. Nation Media Group set up a digital system in which breaking news is relayed through social networking sites like Facebook, Twitter, Linked In and SMS alerts sent to consumers on subscription as well website alerts; consumer feedback platforms its websites, convergence of print, TV and radio and presence in social networking sites and blogosphere to reach millions of consumers on Facebook, Twitter and Linked In.
Respondents felt the on launching electronic papers and TV programmes, made consumers feel like they are reading the same as the one sold on newsstands and tapped into new opportunities of growth in readership as Internet users rise in its key markets like Kenya and Uganda.

**5.2.2 Challenges facing NMG as consumers shift to online media**

The second objective was to establish challenges facing NMG as it sought to meet the needs of consumers. The researcher found out that NMG faced challenges such as competition, lack of online staff, free online news at a time when inflation is rising. The researcher revealed that these challenges are held back the online division in meeting the online consumers’ needs. Competition has been brought about by the liberalization of the market and advent of Internet which has paved way for many entrepreneurs to take advantage of launch online products. The world-wide-web has many information and many websites which can offer consumers the same information that media houses like Nation Media Group are offering. Competitors like foreign-based news agencies like Reuters and Bloomberg that upload their news per the second, covering global issues poses a challenge to Nation Media’s digital platform as by the time the message is relayed, most people have read the information online. The social networking sites like Facebook and Twitter have also become the new media outlets as consumers send updates and Tweets on ongoing events, making media houses almost irreverent. The technologically-savvy consumers are fast to Tweet, post on Facebook walls, upload on You Tube videos of ongoing happening, in some cases threatening to render media houses irrelevant as by the time the camera men reach on site, the video or message has already been loaded.

The blogging era is appreciated by many as consumers can air their dissatisfaction of stories and journalists can know what the consumers want. However, it is a challenge because; nowadays journalists are exposed to criticism from bloggers, making many consumers start losing credibility on news disseminated. The free content versus paid online content is a debate that has made headlines in developed countries. For Kenyans, the issue is why they should pay for content that they can access on websites or on Google
and Yahoo portals for free. This remains a challenge for Kenyan media houses on how to grow online sales and consumers at the same time grow circulation revenue.

5.3 Discussion and Conclusion

The study revealed several strategies Nation Media Group has taken to reach and lure the technologically savvy consumers. The study revealed that media that work, whether radio, TV, newspapers, books, blogs, or any other, thrive when there is a true need. NMG has stepped up to the challenge to meet online consumer needs. The study found that Nation Media Group’s took various responses to meet the needs of online consumers such as setting up a digital division that will fill in emerging needs as new technologies evolve. And as Murdoch (2005) noted, the peculiar challenge then is for the digital immigrants—many whom are in positions to determine how news is assembled and disseminated— to apply a digital mindset, Nation Media Group’s looked at ways to interact with the digital natives, this being the younger generation by launching online products so as to increased readership in this demographic circle. Nation Media Group’s hoped to grow the online media market share by continuing being the dominant player in the media industry.

British media survey by Bell (2008) noted that London newspapers are struggling as readership and advertising revenue drops. He forecast that as many as five national newspapers could fold in the near future, along with local papers and regional radio networks. Similar sentiments were echoed in the US media and Meyer (2004) summed it up: “journalism is in trouble” (2004, p.1) Although the researcher has no knowledge of a study in Kenya that has shown if newspaper readership is dropping and media houses collapsing due to consumers’ shift to online media, global trends are dictating responses taking by Nation Media Group which is the market leader in Kenya and among the leading media houses in Africa. As Internet usage spreads to villages, so is consumers’ shift to online news. Most consumers in the villages if they have access to newspapers, radio, TV online they are unlikely to buy the hard copies, a move that will in time reduce the circulation revenue but grow online sales if only the subscription rates are consumer-friendly. If not, electronic papers will continue remaining for the rich.
Nation Media Group’s also faced many challenges as consumers adopted online media, and the company through its digital division addressed some of these challenges such as launching consumer feedbacks to ensure they know what their consumers need, reducing the need for Kenyans getting news from bloggers. Monaghan (2011) argues that for British newspapers, they have learnt to integrate citizens into their journalism where they can upload videos at a fee of what is happening where the journalists cannot reach. This has enriched the new reporting processes, making new reach consumers in time. Kenyan media houses, Nation Media Group, being among those expected to set trends such as citizen journalism has not done this because of lack of accessibility of Internet in some areas. The population in Kenya that has access to Internet is not so big making it hard for companies like Nation Media Group to incorporate citizens in journalism. The low literacy levels in Kenya also make it hard for many to write stories at the grassroots as they are happening. The concept of free online content is common in developed countries although debate has been raging on how sustainable it is. In countries like Kenya, where Internet access is still the preserve of the rich, companies like Nation Media Group are targeting the consumers with premium content which is charged so as to increase its online sales and circulation revenue. In developed countries, where each consumer is dropped for a newspapers at the doorstep, the sharing of newspapers is rare, a move that increases circulation revenue of many media houses. In Kenya, where a newspapers is shared by three to four people, media houses like Nation Media Group are looking at ways to maximize on selling to the rich to boost earnings.

5.4 Limitations of the study
The study faced time constraints in collecting data from Nation Media Group’s senior managers through in-depth face to face interviews as this took a lot of time as some of the respondents were busy most times.

5.4 Recommendations
Nation Media Group must look at the rate of growth in the economy to judge the potential for advertising spending to grow. It needs to continue fortifying its strong dominance in the market place and diversification to drive advertising revenue. The
online business model is an opportunity for the company to attract more online advertising spending particularly in areas where the sites offers subscribers premium content like *Business Daily* that published quarterly pullouts like *the Edge, Market Watch* which are not free. While the contribution to online revenue is still minimal, the ability to successfully monetize this service will enable NMG’s revenues to be less sensitive to economic shocks as well as the volatile newsprint costs.

Going forward, investor confidence will be contingent on management reducing impact of newsprint and utility costs on profits margins while finding bold ways to support the emerging digital division. The division should be equipped with latest technologies have adequate staff, fully trained to ensure news reaches the markets as fast as the news breaks. The drive to provide more content online will also require increased investment in human capital to service content provision.

Kenya’s Internet users are growing so is Africa’s. Internet usage in Nation Media Group’s key markets like Uganda and Kenya has recorded excellent growth with Internet penetration. The regional governments have also upgraded their technologies and sought ways to raise computer literacy. This presents an opportunity for Nation media Gropu to penetrate new markets like Rwanda and South Sudan using online platforms. The passing of the Kenya ICT (Media) Bill in 2009 that made provisions for e-commerce, opens an opportunity for NMG' online business to thrive and expand its N-Soko platform that enables people to access opportunities in the job market as well as shop efficiently.

5.5 Suggestions for further research

The researcher felt there was need to probe all media houses in Kenya to find the true representation on the effect of online media on traditional media. Since the study only focused on NMG, it will be worthwhile to look at how the industry is responding to changes in consumers’ news consumption. This would give an industry wide feeling of the responses being adopted and what challenges the different companies are facing in reaching online readers and viewers.


Business Daily, Nation Media Group publication, Nairobi, Kenya

global contestation of media power,” in Couldry, N. and Curran, J.(eds)
Contesting Media Power: Alternative Media in a Networked World, Rowman &
Littlefield Publishers, 39-54


Dickson, Roger, Herbst, Anthony and O’Shaughnessy, John (1986), ‘Marketing concept and
consumer orientation’, European Journal of Marketing, 20 (10), 18

Ellis-Chadwick, F., Chaffey, D. (et al), Internet Marketing, Strategy, Implementation and


Fuch, C. (2007), Internet and Society: Social Theory in the Information Age.
London: Routledge

Gillmor, D. (2004). We the Media, Grassroots Journalism by the People for the People,
O’ Reilly Media, USA

Retrieved from http://technorati.com

Grove, A. (1998), *Only the Paranoid Survive: How to Exploit the Crisis Points That Challenge Every Company*, Crown Publishing Group, USA

Harcup, T. (2009), *Journalism: Principles and Practice, TJ International, Cornwall, Great Britain*


Nation Media Group Annual Reports, Nation Media Group, Nairobi.


APPENDIX I: REQUEST LETTER (MBA Project, 2011)

September, 2011

To Whom it May Concern

RE: Responses taken by NMG-Kenya as consumers shift to online media

My name is Diana Mwango Nyarangi and I am a University of Nairobi student working on my Master of Business Administration (MBA) project. I would like to request to participate in a face-to-face interview to collect data for my research project on the topic above.

The purpose of this study is to explore the responses taken by your organisation as consumers turn to online media. Technology is fast changing and Kenya are turning to electric papers to get their news, websites to listen to radio and watch television. The technologically-savvy consumers are demanding newer products as technology changes.

Your participation will add significant value to this study to see what NMG as a leader is doing to lure this new crop of consumers. Your participation to this study is voluntary. All the information received from you or your company shall be kept confidential. The face-to-face interview will take 20-30 minutes.

I am looking forward to listening to your responses.

Yours sincerely,

Diana Mwango Nyarangi

Project supervisor: Dr Musyoka
APPENDIX II: INTERVIEW GUIDE

INTERVIEW GUIDE –MBA Project (University of Nairobi, 2011)

Questions to Marketing Department Supervisors for Daily Nation, East African, Business Daily

1. Is Nation Media Group adopting any new communication technologies to reach online consumers? If yes, what are the technologies being used?
2. Has the Internet affected the way consumers purchase newspapers and other Nation Media Group products? If yes, how?
3. Have social networking sites like Facebook and Twitter affected the way NMG sells its news?
4. To what extent is the advent of online media in Kenya a threat to NMG’s revenue?

Questions to departmental head -Digital Division

1. What are the emerging information and communication technologies that Nation Media Group is using?
2. How is the Group responding to consumers’ adoption of online media? (Please give details)
3. To what extent has the growth of the Internet in Kenya, presented an opportunity to NMG?
4. How has the entry of social networking sites such as Facebook and Twitter affected the way NMG packages and sells news?
5. How at all is increased use of mobile phones especially smart phones affected NMG?

6. Is NMG facing any challenges concerning the shift by consumers to online media? If yes, what are the challenges?

7. What is NMG doing to retain the restless young online consumers? (Please give details)

Questions to Editorial department managers for Daily Nation, Business Daily, East African, African Review

1. What responses is your department taking to meet the needs on consumers?
2. How has the entry of social networking sites such as Facebook and Twitter affected journalism profession? (Please give details)
3. To what extent is the shift of consumers to online media a threat to traditional media like newspapers?
4. What is the future of online media?
5. What is your department doing to grow its online readers?

Questions to head of TV/radio

1. What are the emerging information and communication technologies that your department is using?

2. How has the entry of social networking sites such as Facebook and Twitter affected the way reporters and news anchors package and read news?

3. To what extent is the use of the Internet in Kenya a challenge in broadcast media?
4. What is your department doing to grow its online viewers?

5. Is your department facing any challenges concerning the shift to online media? If yes, which are the challenges?