

**SOCIAL MEDIA AS A COMPETITIVE STRATEGY IN CUSTOMER CARE BY
MOBILE TELECOMMUNICATION FIRMS IN KENYA**

NJAGI VICTOR GITONGA

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF
THE REQUIREMENTS OF THE AWARD OF MASTER OF BUSINESS
ADMINISTRATION DEGREE, SCHOOL OF BUSINESS, UNIVERSITY
OF NAIROBI**

NOVEMBER 2012

DECLARATION

This management research proposal is my own original work and has not been submitted for a degree in any other university.

Signed: _____ Date: _____

NJAGI VICTOR GITONGA

I20/1536/2009

This research proposal has been submitted for examination with my approval as the candidate's University Supervisor.

Signed: _____ Date: _____

DR. J.M. MUNYOKI

Senior Lecturer,

Department of Business Administration

DEDICATION

This work is dedicated to my son Jayden, my wife Lillian and to my entire extended family. I love you all.

ACKNOWLEDGEMENT

I wish to thank God Almighty for his abundant blessings that he has bestowed upon me and my family.

I also wish to thank my wife for being patient and supportive through my entire schooling period. To my son Jayden, your constant nagging as I wrote my project reminded me just how important it was that I finish it.

To my parents, thank you for your support, and may God Bless you.

Special thanks go to my supervisor Dr. J.M Munyoki whose wise counsel and kindness made the writing this paper to the best standards possible.

Finally I thank my colleagues at work, especially Mary Karimi my supervisor, Fredrik Mbugua, Anthony Ochieng and Francis Ciriba for planning the shifts around my academic calendar.

ABSTRACT

This study sought to examine how the mobile telecommunication firms in Kenya have leveraged on use of social media in customer care as a strategic competitive advantage. Emphasis was put on how social media is being employed in customer care by mobile telecommunication firms in Kenya and how it is changing the face of customer care as we traditionally know it. The study looked at how the traditional structure contact center model is being interrupted by social media software like Facebook, Twitter and Youtube. Whereas it is still too early to measure the impact of social media on the traditional contact center customer care model, this study analyzed the degree to which social media had been adopted in customer care.

A survey was done on three major telecommunication firms in Kenya to analyze how they use social media in customer care. Data collection was done by use of questionnaires and the respondents were selected using probability sampling procedure reducing any bias that might have affected the findings of the study. The study generated both qualitative (open-ended questions) and quantitative data. Quantitative data was coded and analyzed using descriptive statistics. Qualitative data was analyzed based on the content matter of the responses and only the relevant data was presented in prose.

The study found that the cost of running traditional contact center, flexibility of use, need to be where the customers are, leverage on peer to peer communication and access to instant feedback are the main benefits of using social media in customer care as opposed to the traditional contact center model. These benefits are believed to give the mobile telecommunication firms a competitive advantage in customer care since they improve on the traditional contact center model. The research established that social media has been accepted as a formal customer care tool in the mobile telecommunication firms in Kenya with each firm using more than one social media tool .Also, organizations that use social media in customer care seem to have a competitive edge since social media is a two way communication that enables them to disseminate information quickly. It also enables the customers to engage each other on the social media platforms reducing direct contact with the customer care staff which in turn reduces costs since fewer customer care agents are required.

TABLE OF CONTENTS

Declaration	i
Dedication	ii
Acknowledgement	iii
Abstract	iv
List of Tables	vii
CHAPTER ONE	1
INTRODUCTION.....	1
1.1 Background of the Study	1
1.1.1 Concept of Competitive Strategy.....	1
1.1.2 Customer Care	2
1.1.3 Social Media and Business	3
1.1.4 Mobile Telephony in Kenya	3
1.2 Research Problem	5
1.3 Research Objective	6
1.4 Value of The Study	7
CHAPTER TWO	8
LITERATURE REVIEW	8
2.1 Introduction.....	8
2.2 Competitive Strategy	8
2.3 Concept of Social Media.....	8
2.3.1 Social Media as Communication Tool.....	10
2.4 Social Media and Mobile Phones	11
2.5 Social Media and Customer Care	12
2.6 Competitive Advantage in customer care	12
CHAPTER THREE	14
RESEARCH METHODOLOGY	14
3.1 Introduction.....	14

3.2 Research Design.....	14
3.3 Study Population.....	14
3.4 Data collection	14
3.5 Data Analysis	15
CHAPTER FOUR.....	16
FINDINGS AND DISCUSSIONS.....	16
4.1 Introduction.....	16
4.2 Profile of the Respondents	16
4.3 Extent of Adoption of Social Media as a Customer Care Tool	17
4.4 Benefits of Using Social Media in Customer Care.....	21
4.5 Challenges Associated With Traditional Contact Center Model	22
CHAPTER 5	25
SUMMARY, CONCLUSION AND RECOMMENDATIONS	25
5.1 Introduction.....	25
5.2 Summary of the Findings.....	25
5.3 Conclusion	25
5.4.1 Recommendation with policy implication.....	26
5.4.2 Limitations of the Study.....	27
5.5 Recommendations for further study.....	27
REFERENCES	28
APPENDIX A	31
List of Mobile Telecommunication Firms in Kenya.....	31
QUESTIONNAIRE.....	32

List of Tables

Table 4. 1: Number of Employees in the organization 17

Table 4. 2: Level of awareness of social media tools 17

Table 4. 3: Level of usage on specific tools..... 18

Table 4. 4: Extent of social media usage in the organization 19

Table 4. 5: Social Media and Competitive Advantage 20

Table 4. 6: Benefits of Social Media Engagement 21

Table 4. 7: Shortfalls of Traditional Contact Center Model 23

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Social media is a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content (Haenlein, 2010). Simply put, social media is a medium for user generated content where anyone can post a video, sound clip, picture or text message expressing whatever they feel or think and share with their “friends” online. The terms social media and social networking sites are sometimes used interchangeably with the latter being defined as web-based services that allow individuals to: Construct a public or semi-public profile within a bounded system, Articulate a list of other users with whom they share a connection, and View and traverse their list of connections and those made by others within the system (Boyd, 2007).

According to Haenlein (2010), there are six different types of social media: collaborative projects (e.g. Wikipedia), blogs and microblogs (e.g. Twitter), content communities (e.g. YouTube), social networking sites (e.g. Facebook), virtual game worlds (e.g. World of Warcraft), and virtual social worlds (e.g. Second Life). Unlike traditional media like TV, radio, newspaper and magazines where information is single sourced from various sources by an individual and is edited by editorial staff before dissemination, in social media the information is crowd sourced from groups and individuals and is not edited by an editorial staff and people are invited to voice their opinion and contribute to the topics. Strategy on the other hand is about winning (Grant, 1998) and the current stiff competition in the telecommunication sector in Kenya has seen firms adopt various competitive strategies to survive including customer care in social networking sites.

1.1.1 Concept of Competitive Strategy

The term strategy comes from the Greek term “strategia” meaning “generalship” and in the military strategy refers to the deployment of troops into position before the enemy is engaged. Strategy is about winning (Grant, 1998) and the cutthroat competition in the Kenyan

telecommunication market brought about the reduction of interconnectivity fees by CCK has forced the mobile operators to adopt various competitive strategies in a bid to attract and retain customers. A firm is said to have competitive advantage over its rivals if its profits exceed the average for its industry. According to Porter (1986), a competitive advantage exists if a firm is able to deliver the same benefits at a lower cost (Cost advantage) or deliver benefits that exceed those of competitors (Differentiation advantage)

Competitive advantage is sustained if other firms are unable to duplicate the benefits of this strategy (Barney, 2002). In a competitive market environment, customers make choices based on their perception of the value for money which is a combination of price and perceived product or service benefits. On the other hand, social media strategy in an organization defines how the organization uses the social media tools such as Facebook, twitter and YouTube to achieve customer care, brand protection and marketing objective for the organization. A company's competitive strategy reflects the management assumptions of the company's strength and weaknesses internally and to the external environment.

1.1.2 Customer Care

Customer Service according to Turban (2002) is a series of activities designed to enhance the level of customer satisfaction; the feeling that a product or service has met the customer expectation. Customer service involves all the services given to a customer before, during and after the purchase of a good or service. Kotler (1998) defines customer care as a service that one can offer to another which is essentially intangible and does not result in ownership of anything but brings about customer delight and satisfaction. Customer satisfaction in turn brings about customer loyalty and it helps attract and retain customers. Customer service varies from industry to industry and it includes services such as parking space, security, front office services, after sale services, speed in service delivery, honesty and good attitude when handling customers.

In Mobile telecommunication companies, customer care issues are handled by a customer service representative on the phone, email or through at a retail store. Over the years, all the four major mobile phone operators in Kenya have established contact centers where they offer customer service by use of telephone and email. The most popular form of customer care is Interactive

Voice Response (IVR) which is a telephone service where a customer calls and is guided by voice prompts to get assistance on a problem. With the proliferation of internet, the contact center model is slowly shifting towards a more digital approach and with the emergence of Social Media as a cultural phenomenon, it is slowly being adopted fit into the contact center model.

1.1.3 Social Media and Business

Haenlein (2010) defines social media as a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content. Social media can therefore be described as a social communication tool that can present opportunities for businesses to communicate with a wider range of individuals. The emergence of social media has left organizations feeling pressured to find a solution that incorporates communication to the online communities. This is due to the fact that 18% of internet users rely on social networking sites as their main information discovery tools and trust what their online friends say about a particular brand or product (Nielsen, 2009). Since consumers find social media as a credible information source, it makes sense to study how businesses can interact with their customers online to ensure customer satisfaction. This explains why the mobile telecommunication firms in Kenya have opted to offer customer care services through the social media platforms as a strategic move since they need to be where their customers are.

1.1.4 Mobile Telephony in Kenya

Before 1998 telecommunication services in Kenya were provided by a government owned Kenya Posts and Telecommunication Corporation (KPTC) which operated as a monopoly. In 1998 the government through Parliament enacted the Kenya Communications Act (KCA 2008) to regulate the communications sector leading to the split of KPTC into Telkom Kenya and Postal Corporation of Kenya. An independent sector regulator for all communications, Communications Commission of Kenya (CCK) was also created by the Act. The Kenya Communication Act was introduced to liberalize the telecommunication industry in Kenya and this led to the establishment of the first two mobile phone operators in Kenya Safaricom and Kencell respectively.

Safaricom Limited was set up in 1997 and in the year 2000 it became a joint venture between Telekom Kenya and the Vodafone Group with the latter acquiring a 40% stake. In the same year, Kencell bid and won the second mobile operator license and started operations in September. From the onset the two firms have been embroiled in cutthroat competitions that have seen the firms launch value added products to attract and retain customers with the most notable being mobile money. In the initial stages the competition revolved around price wars since the cost of owning and operating a mobile phone was too expensive. Safaricom Limited introduced per second billing and a flexible tariff based billing. Kencell on the other hand focused on superior network quality and creative advertising. Despite having poor network, Safaricom Limited was able to attract and retain customers largely due to its per second billing and flexible tariffs that suite customers according to their needs. Over the years Kencell struggled to find footing in the market and this has seen it change its brand and owners three times from Kencell to Celtel, Zain and now Airtel.

Entry of new players Essar telcom and Telkom Kenya into the market has not changed the status quo and Safaricom Limited continues to dominate the market at 66% with 18 million subscribers (CCK, 2011). Due to the competitive nature of the market, companies have been force to be innovative so as to remain competitive and this has seen the introduction and adoption mobile money transfer services. This service has enabled Safaricom Limited to capitalize on its huge subscriber base and become the market leader in the sector helping the company to further attract and retain customers since mobile money transfer is a closed ecosystem and one cannot seamlessly transfer money across networks.

In 2010, Airtel introduced price cut wars by offering the lowest calling rates in the market which saw other operators follow suit after a reduction of the interconnection fees by CCK. However, reduction in calling rates did not translate into attracting more customers and in the last quarter of July to September 2011/2012 Safaricom Limited recorded 67.7 per cent increase in new subscribers; Airtel Networks Kenya Limited had 15.7 while Essar telecom and Telkom Kenya Limited had 6.2 and 10.4 per cent respectively CCK (2011). With the market approaching maturity, focus is now on customer retention and with the increased mobile penetration, the operators have embraced social media as a customer care tool so as to be where their customers

are. There are 28.8 million mobile subscribers compared to 283,546 fixed line customers. Safaricom Ltd is the largest mobile phone operator in Kenya with 18,687,923 subscribers followed by Airtel with 4,272,964, Telkom Orange with 2,889,910 and Essar Telecom with 2,229,974 subscribers respectively. There are 6.15 million internet users (CCK, 2011).

1.2 Research Problem

Competitive strategy is about being different and it means deliberately choosing a different set of activities to deliver a unique mix of value (Porter, 1986). However, stiff competition in the mobile telecommunication industry in Kenya has forced the mobile firms to introduce similar alternative products and services leaving little room for product differentiation as a competitive strategy. Instead mobile telecommunication companies rely heavily on reputation and customer satisfaction as a competitive strategy. Reputation is about perception about the products and services by customer and stakeholders and it is maintained by ensuring that the brand continues to live up to the value in which it was created.

With increased mobile telecommunication penetration in Kenya and ready access to social media information services through alternative medium such as mobile phones and tablet computers, customers are increasingly engaging the companies online through the social media. Availability of affordable smart phones that have greater processing power and memory than the computers that were used in the 1990's has given the customers enough processing power on their mobile phones to run several social media applications at the same. This keeps them engaged with each other while on the go in public transport, social places and anywhere where they can carry their mobile phones. This new phenomena has been fueled by the affordable internet costs that were brought about by the landing of the four undersea fiber optic cables that connect Kenya with the rest of the world.

Numerous studies have been done on social media as a marketing tool. Internationally, Wire (2010) found that 18% of social media users look to social media as core information discovery tool because they trust what their friends say and social media provides the perfect platform. Barnes (2008) surveyed individuals comprised mostly of respondents between the ages of 25-55 years and found that 70% reported they engage in this pre-purchase behavior—using social

media to learn about the customer care offered by a company when considering a purchase, 84% reported that they consider the quality of customer care based on social media sites' user opinions at least sometimes during their personal research and investigation when making a purchase decision.

In Kenya, Kimaru (2011), analyzed social media as marketing tool for tourism in Kenya but little has been done on social media as a customer care tool in Kenya. While he focused his study on social media as a marketing tool, he failed to link marketing and market research to customer care and the two are intertwined since customer care is a form of marketing. Customer care is also an excellent market research tool since it presents an organization with a unique opportunity to directly get customer feedback and suggestion on a one on one basis.

Mogoko (2011) studied the adoption of social media marketing among marketing firms in Kenya and Wakabi (2011) analyzed the practicability of social media marketing in small and medium sized enterprises. Both this studies did not analyze the strategic competitive advantage that firms can realize by incorporating social media in their business operations. Internationally, Frost & Sullivan (2011) have written a white paper on social media customer engagement on how contact center organizations can integrate social media in their operations but have not analyzed the strategic competitive advantage in customer care using social media. Rajesh (2009) has also analyzed how social media can be integrated into contact centers but he does not show how social media gives firms strategic advantage.

Despite the many marketing opportunities presented by social media as per the studies mentioned earlier, there still remains a gap in use of social media as a medium for customer care. The purpose of this study was to determine how firms leverage on social media as a customer care tool.

1.3 Research Objective

To determine the extent to which social media is used as a competitive strategy in customer care by mobile telecommunication firms in Kenya.

1.4 Value of The Study

In the world today if people want to find out anything about a company, they will most likely visit the internet and query about the company or organization on a search engine. Any company that cares about its online reputation must develop a social media strategy which involves monitoring online conversations and engaging customers online. The use of social media as part of a strategic customer operations strategy is still emerging, but it presents companies with a unique opportunity to engage their customers online, recruit new ones and build brand awareness in the increasingly competitive landscape. This paper will contribute towards the study.

Social Media emerged as and continues to be a cultural phenomenon. It is also quickly becoming a business phenomenon (Frost & Sullivan, 2011). Current and prospective customers are using Social Media to communicate about the products and services they buy or intend to buy. However the rapid changing ways in social media and its highly amorphous formations makes it difficult to study. With millions of connected devices and different social networking websites, the learning curve for some companies seems to have stalled and social media appears as too complex a mine field to navigate. This paper will contribute towards demystifying social media and show case it as a vehicle to listen to and educate customers, support and market products, gather market intelligence and analyze the competitors.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter discusses previous relevant research into the area of social media. It contains opinions, attributes, research outcomes and conclusions thereon from previous research work done by other people and organizations.

2.2 Competitive Strategy

The concept of competitive strategy reflects the managers' assumptions about the company's strengths and weaknesses as well as the competitive dynamics in the external industry environment. According to Drucker (1994), a firm's strategy is the managers' plan about how to gain and sustain competitive advantage. A strategic competitive plan is, therefore, expressed in a logical coherent framework based on an internal analysis of the company's strength and weaknesses, making up the so-called SWOT Analysis. A firm's strategy details a set of goal-directed actions that managers intend to take to improve or maintain overall firm performance. Simply put, a firm that outperforms its competitors has a strategic competitive advantage. If this firm is able to dominate its competitors for prolonged periods of time, the company is said to have a sustained strategic competitive advantage.

To be able to leverage a strategy into competitive advantage a firm must possess core competencies that allow the managers to manipulate the underlying drives of profitability. Core competencies are built through the complex interplay between resources and capabilities. Resources are assets on which a company can draw when executing strategy. Superior or core competencies allow managers to create higher perceived value and/or achieve a lower cost structure (Prahalad & Hamel, 1990).

2.3 Concept of Social Media

Social media is a concept that has gained popularity with the increase of internet popularity and use. The terms Social Media and Social Networking are used interchangeably and their meaning

can be confusing. According to Cohen (2009), Social Media can be called a strategy and an outlet for broadcasting, while Social Networking is a tool and a utility for connecting with others. Bedell (2010) argues that social media is simply a system, a communication channel; it is not a location that you visit. Social networking is therefore a form of social two-way communication, where conversations are at the core, and through which relationships are developed.

Social media can be classified into six different categories (Haenlein, 2010). They include: (1) Collaborative tools which can take the form of wikis (e.g. Wikipedia) or social bookmarking applications e.g. Del.icio.us, and programming projects e.g. Github. They enable joint and simultaneous creation of content by many users; (2) Blogs which are online journals by individuals, corporate organizations. (3) Content communities which enable users to share media content with each other e.g. YouTube which is a sharing videos, Reddit for news and Flickr for sharing of photos; (4) Social networking sites which are tools and websites that enable users to create their own personal profiles, add friends and colleagues, and then stay in close interaction with each other by sharing information, e.g. Facebook and Twitter; (5) Virtual game e.g. Zynga and (6) Virtual social worlds.

All social networking platforms have similar features in the way they operate. All users are required to register by filling a registration form with details such as date of birth, sex, marital status, email address, telephone number, and physical address. Anyone one can join a social network and registration may be free or a fee may be charged depending on the social network. In some cases, registration is through invitation by an existing user or “friend” but after accepting the invite, the user must fill in the registration form. After joining, the user can befriend other users within the network and start sharing information. This forms dissimilarity between social network and social media where by social media cannot be automated and it takes time before anyone can automate individual conversations unlike social networking which is direct communication between the user and the people that he chooses to connect with (Bedell, 2010). In social networking people can write blogs or discuss anything, however social media does not allow users to manipulate comments, correct errors or other data for personal or business benefit. The social media and social networking websites restrict all information sharing

within the network using an internal messaging interface that allows for various forms of communication e.g. chat, text, email, video and audio communication. Some websites allow for communication across various platforms using external interfaces on computers, cameras and mobile phones.

Public display of the friends, tastes and preferences which forms the social graph is a crucial part of social networking sites since it enables users to traverse the graph by clicking on different friends list (Boyd, 2007). Users may browse through their personal network of linked users, or search for users within their greater social network by any combination of the user-defined demographic and interest criteria (Kiehne, 2004). Several sites facilitate communication using an internal messaging interface. These interfaces allow for anonymous communication within the identity framework of the site, which is important for allowing negotiations between unknown but potential relations.

2.3.1 Social Media as Communication Tool

Boyd (2007) argues that what makes social network sites unique is not that they allow individuals to meet strangers, but rather that they enable users to articulate and make visible their social networks. According to Donath (2004), a user's friend connections speak to their identity—the public display of friend connections constitutes a social milieu that contextualizes one's identity. The act of "friending" others, and choosing the subset of these friends to display on their profile constitute identity performances, because they are willful acts of context creation (Boyd, 2007). Use of Social media has resulted in connection of individuals from different corners of the world that would have otherwise not have met therefore widening a person's social network beyond geographical, cultural and social constraints.

Social media helps conversations to reach a wider audience leveraging the "long tail" concept, (Simeon, 2011) which means conversations that can be conveyed to different forums. There are several communication channels in an organization that include meetings, phone calls, and emails. These communication channels have their own limitations such as forgetting a message, missing to take notes during a meeting, and searching for information in a huge list of emails

which can be challenging. Use of social media web sites has increased the channels of communication and its effectiveness in the organization.

Williams (1975) suggested that new communication technology both reflects and refracts the cultural climate in which it emerges. Marvin (1988) argues that communities use new technologies to attempt to solve old problems. Social media as a communication tool is slowly being accepted in the mainstream media and is replacing the traditional communication tools. This presents companies with an exciting opportunity to engage with their customers within their social networks and establish new form of relationships. Mobile telecommunication companies in Kenya have opted to adopt this new technology so as to be able to address the shortcomings of the current contact center model.

2.4 Social Media and Mobile Phones

Mobile telephony provides an increasingly important communication channel in facilitating social connections. It has enabled users to always stay connected and increase their social circles online. This has been facilitated by the availability of cheap affordable smart phones which come already equipped with free social media applications. Proliferation of mobile phones has seen a shift of internet usage from computers to mobile phones with social media users able to stay connected in public places like Matatus, hotel lobbies, schools and restaurants. Reliance on the internet for all news and information including answers on everything has led to customers finding out information about products and services from the internet instead of relying on companies.

Availability of social media tools on mobile phones has fueled the shift to customer –to – customer communication instead of relying on the companies for all information. With this new empowerment, customers are able to find any information about a product at their fingertips on the go without the need to contact the parent company. This new phenomena presents companies with a unique opportunity to tap into these communications by tracking the interactions. Techniques are already available for mining knowledge from communications (Kaihla, 2004) and all that companies need to do is to apply them in the social network sites.

2.5 Social Media and Customer Care

Traditional customer care centers are highly reactive and time-bound environment where the clock starts ticking when the customer places a call and ends with the call (Rajesh, 2009). The call centers are human capital intensive and therefore require a lot of resources allocated to them in terms of salaries and remuneration for staff. This puts a strain on the mobile phone company resources and thus only a limited number of staff can be employed. A limited number of staff means that only a few people are available to handle all incoming customer calls and many calls are dropped because of high traffic. This leads to frustrated customers who cannot get through the ever busy line for assistance and this makes the contact centers counterproductive since they cannot offer the intended services to customers as desired. It is against this backdrop that mobile telecommunications firms have adopted a social media strategy in an attempt to shift to where their customers are. Organizations need to leverage social channels for the delivery of customer care, and customer care extends beyond the customer service department. Customers are now relying on peer- peer information from the social networks rather than relying directly to information from the contact centers.

2.6 Competitive Advantage in customer care

A competitive advantage is an advantage gained over competitors by offering customers greater value, either through lower prices or by providing additional benefits and service that justify similar, or possibly higher, prices (Ehmke, 2008). Customer service contributes to an organization's competitive position since the customers have choice about the services or products they use and who supplies them. In mobile Telecommunication firms in Kenya, often the features and cost of the service or product are almost identical. In order to attract and retain customers, mobile telecommunication firms have improved the quality of the customer service offered. Customer service has become a potent competitive weapon in every business (Davidow & Uta, 1989). According to Giles, the war of business has shifted onto a new battleground. In the 1960s, marketing was the watchword for achieving competitive advantage. In the 1970s, manufacturing became the hot topic, and in the 1980s, quality. Now competition has arrived at the fourth battlefield – customer service.

Barney (2002) argues that a firm experiences competitive advantages when its actions in an industry or market create economic value and when few competing firms are engaging in similar actions. He ties competitive advantage to performance, arguing that a firm obtains above-normal performance when it generates greater-than-expected value from the resources it employs. In this final case, the owners of resources think they are worth \$10, and the firm creates \$12 in value using them. This positive difference between expected value and actual value is known as an economic profit or an economic rent. According to Besanko, Dranove & Shanley (2000: 389) When a firm earns a higher rate of economic profit than the average rate of economic profit of other firms competing within the same market, the firm has a competitive advantage in that market. They also define economic profit as the difference between the profits obtained by investing resources in a particular activity, and the profits that could have been obtained by investing the same resources in the most lucrative alternative activity.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the research design of the study, target population and sample design, data collection methods, analysis, interpretation and reporting procedures used in the study.

3.2 Research Design

This study involved a descriptive cross sectional survey on three major Mobile telecommunication companies in Kenya with specific emphasis on the extent to which they had adopted use of social media as a customer care tool. According to Jupp (2006), a cross sectional survey is any collection of data from a sample of individuals (or groups) at a particular point in time as a basis for inferring the characteristics of the population from which the sample comes.

A survey design was used to collect and analyze information on the use of social media as a customer care tool.

3.3 Study Population

The study was based on a census on the four major mobile telecommunication firms in Kenya namely; Safaricom LTD, Telcom Orange, and Airtel Kenya LTD.

3.4 Data collection

One senior management employee from each of the three organizations was randomly selected and presented with questionnaires for data collection purposes. The respondents were selected using probability sampling procedure, thereby reducing any bias that might have affected the findings of the study. The questionnaires were emailed or physically handled to the respondents on their workstations on a working day and then collected after work.

Primary data was collected using self-administered structured questionnaires with four main sections A, B, C, and D which enabled the researcher to collect qualitative data in order to gain a better understanding and possibly enable a better and more insightful interpretation of the results

from the study. Section A captured demographic data that assisted in identifying the age and level of education and position of the respondent within the organization. Section B covered the extent to which the organization used social media so as to determine the level of awareness and application of social media within the organization. Section C covered benefits of using social media as opposed to the traditional way of contact center. Section D covered the challenges experienced from using the old contact center model and this assisted in determining if social media offers a better option given the current market trends. For section C and D a likert scale was used for data capture.

3.5 Data Analysis

The study generated both qualitative (open-ended questions) and quantitative data. Quantitative data was coded and analyzed using descriptive statistics. Descriptive statistics involves the use of absolute and relative (percentages) frequencies, measures of central tendency and dispersion (mean and standard deviation respectively). Qualitative data was analyzed based on the content matter of the responses and the responses with common themes or patterns were grouped together into coherent categories. Only the relevant non-redundant content was presented and explanation to the same was presented in prose. The study used inferential statistics to establish the significance of the factors affecting the adoption of social media.

CHAPTER FOUR

FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter will discuss the research findings on the study conducted to investigate the extent of adoption and use of social media as a competitive strategy in customer care by mobile telecommunication firms in Kenya. To achieve this objective, a survey of the four major mobile telecommunication firms in Kenya was conducted. Data collection was done by use of questionnaires and the response rate was 75% with only one of the four intended respondents failing to respond. A response rate of 50% and above is considered adequate for purposes of statistical analysis (Mugenda, 1999).

4.2 Profile of the Respondents

The respondents were asked to indicate their ages and the average age of the respondents was 30 years old. This age group is expected to be up to date with the current social media trends by virtue of having left school recently and working in the dynamic telecommunication industry.

The respondents had also been asked to indicate their academic qualifications and they were all holders of university degrees with one respondent having a master's degree. Although the questionnaire did not cover the courses taken in the university, it is expected that the respondents are familiar with competitive advantage topic.

The respondents had been requested to indicate the positions held within their organizations. All the respondents either hold a managerial or supervisory position within the organization. It is expected that they participate in policy formulation and decision making within their organizations. Two of the respondents work in customer care departments of their organization and it is therefore expected that they have thorough knowledge on customer care operations.

The respondents were asked to indicate the number of employees in their organizations and the results are given on table 4.1.

Table 4. 1: Number of Employees in the organization

Respondent	Number of Employses
Respondent 1	Less than 500
Respondent 2	Between 1000 and 2000
Respondent 3	More than 2000

As shown on Table 4.1, most companies are large enterprises that directly employ more than 500 employees and they are therefore expected to have a bureaucratic red tape and to be inflexible in terms of adapting to changes in the market due to size.

4.3 Extent of Adoption of Social Media as a Customer Care Tool

The respondents had been requested to indicate the social media tools that they use within the organizations and the results are presented on Table 4.2.

Table 4. 2: Level of awareness of social media tools

Tool	% that use	% that don't use
Facebook	100	-
Twitter	100	-
Youtube	100	-
Other tools	33	67

From the analysis on Table 4.2, all the respondents were aware of more than one social media tool with Facebook , Twitter and Youtube having a usage score of 100%. This means that all the companies studied use the three social media tools. Only 33 % use of the studied organization use other social media tools.

This section also analyzed the findings in relation to the main objective of the study which was to determine the extent to which mobile telecommunication firms have adopted use of social media in customer care. The study employed a 5 point likert scale where 1 is mainly used, 2 frequently used, 3 commonly used, 4 rarely used and 5 not used at all or not applicable. For the purpose of the study, during data entry blanks were coded as not applicable. The scale was used to gauge the various social media tools according to their usage in different mobile telecommunication firms.

For the purposes of this study standard deviation was used as a measure of variability recording the extent to which respondents were in agreement in terms of level of adoption of particular social media tool and the corresponding benefits and challenges experienced in the adoption. A variable recording a standard deviation of greater than 1 indicates a high degree of variation which means the respondents differed widely on how they rated a given aspect. A standard deviation score of less than 1 indicates a low variation in responses meaning respondents differed slightly in their ratings.

The respondents had been requested to indicate the extent to which they used each of the social media tool that they employ in their organization and the results are shown on table 4.3.

Table 4. 3: Level of usage on specific tools

Tool	Mean	Standard Deviation
Twitter	1	0.00
Facebook	1	0.00
Youtube	2.67	1.15
Other tools	4	1.73

As indicated on table 4.3, a mean of 1 corresponds to the value 1 on the likert scale. This indicated that the respondents used a particular tool mostly and for this case Twitter and

Facebook were the most used tools. Youtube had a mean of 3 and this indicates that is commonly used while other social media tools have a mean of 4 indicating that they are rarely used. A standard deviation of 0 shows that all the respondents use a particular tool 100%. A standard deviation of more than 1 indicates that the respondents differ on the use of a particular tool. Twitter and Facebook scored a standard deviation of 0 and this shows that they are used by all the organizations while Youtube and other tools had a standard deviation of more than one indicating that they are not used in all the organizations.

The respondents had been requested to indicate the extent of social media use within the organization and the results were presented on table 4.4.

Table 4. 4: Extent of social media usage in the organization

Level of usage	Mean	Standard Deviation
Employee to Employee communication	2.67	2.08
Customer care	1	0
Research and Marketing	1	0
Promotional campaigns and advertising	1	0
Other	4	1.7

As shown on table 4.4, use of social media in customer care, research and marketing and promotional campaigns all have a mean of 1 and from the likert scale, this indicates that social media is mostly used for these activities within the studied organizations. The three levels of usage also have a standard deviation of 0 indicating that all the respondents agree in the use social media in those activities. All the three activities are believed to give the organizations a competitive edge since in the telecommunication sector, technologies are easily adopted and it is

therefore difficult to differentiate products and services. The companies must therefore focus on customer support so as to differentiate themselves, ensure customer loyalty and retention, compete effectively and remain profitable (Rajesh, 2009).

The respondents had been asked what use of social media in customer care entails and whether they thought that it gave their organizations a competitive edge and the results were presented on table 4.5.

Table 4. 5: Social Media and Competitive Advantage

Social media use in customer care	Mean	Standard deviation
Use social media for customer feedback	1	0
Are satisfied with use of social media in customer care	1.33	0.58
Does use of social media in customer care give you competitive edge over your rivals	1	0

Use of social media for collecting and analyzing customer feedback has a mean of 1 and from the likert scale this shows that social media is mostly used for this purpose as shown on table 4.5. Also the standard deviation for use of the same is 0 indicating that all the organizations agree on use for social media for the purpose. The same applies for the satisfaction in use of social media in customer care where the mean is 1 which implies that the respondents are most satisfied and a standard deviation of 0.6 indicates that the respondents only differ slightly. Finally ,all the respondent mostly agree that the use of social media in customer care gives them a competitive

edge over their rival and the agreement is unanimous since the standard deviation on the question is 0.

4.4 Benefits of Using Social Media in Customer Care

This section analyzed the findings in relation to the main objective of the study which was to determine what type of competitive advantage was gained by mobile telecommunication firms following use of social media in customer care. For analysis purposes, a likert scale of 5 was employed where 1 is highly important, 2 is quite important, 3 is important, 4 is not very important and 5 is least important.

The respondents were asked to indicate on a likert scale of 5 how they ranked the benefits derived from use of social media in customer care as opposed to the traditional contact center model and the results were presented on table 4.6.

Table 4. 6: Benefits of Social Media Engagement

Level of importance (high - least)	Mean	Standard deviation
Cost of running vs traditional contact centre model	1	0
Ability to communicate a message once	1.67	0.58
Flexibility of use	1	0
Customer preference	1.67	0.58
Leverage on peer to peer communication	1.33	0.58
To get instant feedback directly from customers	1.33	0.58
User/employee preference	2.33	0.58
Need to be where the customers are	1	0
To control the company image and brand	1.33	0.58
To gauge the success of marketing campaigns	1.67	0.58
To emulate others	4	1

From the analysis on Table 4.6, the respondents rated cost of running traditional contact center, flexibility of use, need to be where the customers are, leverage on peer to peer communication and access to instant feedback as the main benefits of using social media in customer care as opposed to the traditional contact center model. This is evidenced by their mean score of 1 on the likert scale which represents highly important and a standard deviation of between 0 and 0.6 which indicates that there is little or no variation on their responses. The need to be where the customers are, leveraging on peer to peer communication and instant feedback are of particular significance to protecting the brand because they help the firm meet the customers' expectations.

Characteristics such as customer preferences, employee preferences and gauging success of marketing campaigns online were considered to be important but not very important indicating that they are secondary factors in the choice of social media in customer care since competitive advantage in customer care is about exceeding the customer expectations. Using social media because other competitors do it was ranked as not very important by the respondent which indicates that use of social media in customer care is a deliberate strategic move by the mobile phone operators surveyed and is not an afterthought.

4.5 Challenges Associated With Traditional Contact Center Model

This section was used to analyze the challenges associated with the traditional contact center model of customer care which have been solved by employing social media in customer care and the results were presented on table 4.7.

Table 4. 7: Shortfalls of Traditional Contact Center Model

Level of importance (high - least)	Mean	Standard Deviation
Lack of skilled customer care personnel	1.33	0.58
High Cost of running contact centres	2	0
Lack of flexibility in service delivery	1.67	0.58
Inability to respond to similar queries at once	1.33	0.58
Long turnaround times in addressing customer issue	1	0
Inability to tap in customer honest opinion	1	0
Inability to engage customers informally	2	0
Lack of instant customer feedback	1.33	0.58
Red tape in seeking audience with top mangers	1.67	0.58

The respondents ranked lack of skilled personnel, long turnaround times in addressing customer issues, inability to tap into customer honest opinion and inability to get customers honest opinion as the highest ranked shortfalls of the traditional call center model with a score of 1 on the likert scale. All these challenges are easily addressed by social media customer care since it does not require highly skilled personnel, the turnaround for customer care queries is reduced since there is no holding on the phone for an operator to pick the call, similar queries are answered only once, there is reference to previous similar queries and the firms can easily gauge the mood of customers based on their communications with each other. This coupled with the fact that contact center model is highly reactive and time-bound environment as opposed to the social network model which works in a relaxed environment with no real deliverables or accountability suites the customer's lifestyle (Rajesh, 2009), makes online customer care better than the traditional contact center model.

Other factors such as cost, inability to engage customers informally and lack of flexibility were ranked as being important but not very important as to why the respondents resulted in use of social media. This indicates that the focus in on the customer rather than internal factors such as cost.

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings of this research and draws conclusions relevant to this research and puts forward recommendations on the same. The study had one objective: To find out the extent to which social media is used in customer care by mobile telecommunication firms in Kenya.

5.2 Summary of the Findings

Based on the analysis of this study, mobile telecommunication firms in Kenya use social media to offer customer care services to their customers. Use of social media in customer care was widely adopted by all the firms studied with each firm using more than one social media tool. All the respondents indicated that they mostly use Facebook, Twitter and Youtube social media tools in their customer care operations.

Throughout the discussion, it emerged that there are benefits that make social media attractive for customer care as opposed to the traditional contact center model. The benefits were identified as reduced cost of operation, flexibility of use, need to be where the customers are, leverage on peer to peer communication, little need of skilled personnel, short turnaround times in addressing customer issues, ability to get customers honest opinion and access to instant feedback. The results concur with Issa (2011) conclusions that it should be worth a company's efforts to be available for customer service in the social media since the entire concept of social media is convenient, fast and free; three factors instances that should be appealing to both customers and businesses.

5.3 Conclusion

The main goal of this study was to establish the extent to which social media is used in customer care operations by mobile telecommunication firms in Kenya. For the analysis I analyzed three mobile telecommunication firms in Kenya namely Safaricom, Zain and Orange. By analyzing

their social media efforts in customer care and by comparing them, I was able to reveal the similarities in their approaches. The lessons drawn from studying their approaches formed the basis of my conclusion and recommendations.

The research established that social media has been accepted as a formal customer care tool in the mobile telecommunication firms in Kenya. This was despite the fact that all the organizations studied employed more than 500 staff members. Such large organizations were expected to be characterized by inflexibility and a bureaucratic red tape that increases decision making time but the opposite was true. They have quickly adopted and incorporated use of social media in their customer care operations.

From the main findings, it is clear that the organizations that use social media in customer care seem to have a competitive edge since social media is a two way communication that enables them to disseminate information quickly. It also enables the customers to engage each other on the social media platforms reducing direct contact with the customer care staff which in turn reduces costs since fewer customer care agents are required.

5.4.1 Recommendation with policy implication

Adoption of social media within the work environment is still in its infant stage and there are no clear guidelines for proper adoption and use. If properly adopted social networking tools can provide an overall detailed customer knowledge management framework that incorporates their likes, dislikes, opinions, tastes, associations including who their friends and families are. This information can therefore help businesses to intimately understand who their customers are and provide the best customer service that is most acceptable to the customer since they already know the customers temperament. This kind of information cannot be collected from a single source and it would take years to compile but luckily it is all available within the social networking tools. Social networking tools can be harnessed to be critical business tools since according to Thomas (2004) social networking sites are popular because they model behaviors that are well established in real life including business practices.

This study found that the main challenge facing adoption of social networking tools in customer care is fragmentation of dozens of different tools and lack of open standards to maintain all the

data they hold which leads to fragmentation. Firms willing to adopt use of social media must therefore come up with internal policies for social media management and must change their business rules to accommodate social media tools. The policies must address how to aggregate customer queries from different social media tools so as to offer standard quality customer care.

The study also found that there was the challenge of separating relevant data from irrelevant data which may lead to poor quality data being gathered from the social networking tools. To avoid this, it is recommended that firms define what data and information is relevant to their organization and which data is not. They must define what qualifies as a real customer concern and also which issues to respond to. This data must then be aggregated with other such content on other social networking sites, thus increasing the range and depth of available resources (Wellman, 1996, p. 5).

There is also the danger of data authenticity within the social media sites which raises concern of the integrity of the customer queries that may be asked and if there are from genuine customers or not. This is because most users of social media do not use their real names but instead use pseudo names and nicknames. Policies must therefore be put in place that requires the customer to identify themselves by privately sending their mobile number or otherwise.

5.4.2 Limitations of the Study

This study only looked at the social media tools used in customer care and the perceived competitive advantage from the mobile telecommunication firms perspective. Due to time constraints and budgetary allocation the study did not measure the impact of use of social media customer care from the customer's perspective. Data collection also proved to be a challenge and some respondents were unwilling to cooperate due to the non-disclosure clause on their contract with their employers.

5.5 Recommendations for further study

Further study should be conducted on how social media can help companies protect their brands and reputation online and on how companies can use social media for market research and brand awareness and promotional campaigns.

REFERENCES

- Barney, J. B. (2002). *Gaining and Sustaining Competitive Advantage, 2nd ed.* Reading, Mass: Addison-Wesley.
- Bedell. (2010, September 20). *What is the Difference Between Social Media and Social Networking?* Retrieved June 25th, 2011, from <http://jasontbedell.com/what-is-the-difference-between-social-media-and-social-networking>
- Boyd, D. &. (2007). *Social network sites: Definition, history, and scholarship.*
- Cohen. (2009, April 30). *Is There A Difference Between Social Media And Social Networking?* Retrieved from <http://lonscohen.com/blog/2009/04/difference-between-social-media-and-social-networking/>
- Davidow, W. A. (1989). *Total Customer Service: The Ultimate Weapon.* New York: Harper Perennial.
- Ehmke, C. (2008). *Strategies for Competitive Advantage.* WEMC .
- Frost & Sullivan. (2011). *Social Media Customer Engagement.* Sitel.
- Haenlein, A. K. (2010). *Users of the world unite! The challenges and opportunities of Social Media.* Business Horizon , 53(1).
- Issa, M. (2011). *Preserving corporate reputation in the social media era.* Masters thesis, Iowa State University.
- Jupp, V. (2006). *The SAGE Dictionary of Social Research Methods.*
- Kaihla, P. (2004, February 1). The matchmaker in the machine. *Business 2.0* , pp. 52-55.
- Kenya, C. C. (2011). *Quarterly Sector Statistics Report, 1st quarter, July-Sept 2010/2011.*
- Kiehne, T. P. (2004). *Social Networking Systems: History, Critique and Knowledge Management Potentials.*

- Kimaru, C. (2011). *The Role of Social Media as A Marketing Tool For Tourism In Kenya. Case Study: Kenya Safari and Tours*. Helsinki: International Business.
- Kotler, P. (1998). *Management – Analysis, Planning, Implementation and Control, 9th Edition*. Englewood Cliffs: Prentice-Hall.
- Liu, H. (2007). Social network profiles as taste performances. *Journal of Computer-Mediated Communication*, 13(1).
- Livingstone, S. (2008). *Taking Risky Opportunities in Youthful Content Creation: Teenagers*.
- Mark, P. (2011). *On the Horizon*. MCB University Press .
- Marvin, C. (1988). *When Old Technologies Were New: Thinking About Electric Communication in the Late Nineteenth Century*. New York: Oxford University Press.
- Mugenda, O., & A.G.Mugenda. (1999). *Reaserch methods : Quantitative and Qualitative approaches*. Nairobi: Acts press.
- Porter, M. (1986). *Competitive Strategy*. Harvard Business School Press.
- Prensky, M. (2008). *The Role of Technology in teaching and the classroom. Educational Technology* .
- Rajesh, C.(2009). *Social Network in Customer Care Centers*.Infosys.
- Rothaermel, F. T. (2008). *Competitive Advantage in Technology Intense Industries*.
- Rumelt, R. (2011). *Good Strategy, Bad Strategy*. UCLA Anderson School of Management.
- Simeon, S. K. (2011). The History of Social Media and its Impact on Busines. *The Journal of Applied Management and Entrepreneurship*.
- Stevenin, T. J. (1996). *People power: Tapping the spirit of quality performance and*. Chicago, IL: Northfield Publishing.

- Thomas P K (2004) *Social Networking Systems: History, Critique, and Knowledge Management Potentials*. University of Texas at Austin
- Tocquer, G. C. (1998). *Service Asia: How the Tigers can Keep Their Stripes*. New York: Prentice Hall.
- Turban, E. (2002). *Electronic Commerce: A Managerial Perspective*. Prentice Hall.
- Walsh, T. (2002). *The reputation vortex*. Rollinsford, NH: Spiro Press.
- Wellman, Barry (1996). *For a social network analysis of computer networks: A sociological perspective on collaborative work and virtual community*. Denver, CO: ACM Press.
- Williams, R. (1975). *Television: Technology and Cultural Form*. New York: Schocken Books.
- Wire, N. (2010, January). *Facebook Users Average 7 hrs a Month in January as Digital Universe Expands*. Retrieved July 10, 2012, from Nielsen Wire: http://blog.nielsen.com/nielsenwire/online_mobile/facebook-users-average-7-hrs-a-month-in-january-as-digital-universe-expands/

APPENDIX A

List of Mobile Telecommunication Firms in Kenya

1. Orange Kenya
2. Safaricom LTD
3. Yu Mobile
4. Zain Kenya

QUESTIONNAIRE

The following questionnaire is for research purposes only. Please answer the questions below as honestly as possible. Tick where appropriate.

Section A

- i.) Please indicate your age _____
- ii.) Please indicate your education level PHD Masters Degree Diploma
- iii.) Please indicate the duration served in the current organisation
 - Less than a year Between 1 and 3 years
 - Between 3 and 5 years More than 5 years
- iv.) Please indicate your department within the organization
 - Customer care Finance Engineering operations HR Other
 - If other specify
- v.) Position Held in the organization
 - Senior Manager Manager Supervisor Employee
- vi.) Size of organisation in terms of number of employees
 - Less than 500 employees between 500 and 1000 employees
 - Between 1000 and 2000 employees More than 2000 employees

Section B (Extent)

- vii.) Are you aware of any social media tool?
 - Yes no
- viii.) If yes in (viii) above do you use any social media tool in your business organization

Yes No

ix.) If yes in (ix) above, what type of social media tool do you use in your organization?

Facebook Twitter Youtube LinkedIn Other

If other Specify.....

x.) Is the use of social media within the organization accepted and recognized as a formal communication tool by Management?

Yes No

Please rate your answer where 1 is mainly used, 2 frequently used, 3 commonly used, 4 rarely used and 5 not used at all.

Level of usage (most - least)	1	2	3	4	5
a) Twitter					
b) Facebook					
c) Youtube					
d) Other					

xi.) What extent do you use social media within your organization?

Level of usage (most - least)	1	2	3	4	5
a) Employee to Employee Communication					
b) Customer care					
c) Research and Marketing					
d) Promotion campaigns and advertising					
e) Other _____					

xii.) Does your organization use social media as a customer care tool?

- Yes No

xiii.) Which social media tool do you use for customer care in your organization?

Level of usage (most - least)	1	2	3	4	5
a) Twitter					
b) Facebook					
c) Youtube					
d) Other					

xiv.) Does your organization take customer feedback on social media about products and services seriously?

- Strongly agree Agree Disagree Strongly disagree

xv.) Please rate your level of satisfaction with the use of social media as a customer care tool

- Strongly satisfied Satisfied Neither satisfied nor dissatisfied Dissatisfied

- Strongly Dissatisfied

xvi.) Does use of social media as customer care tool give your organization a competitive edge against your rivals?

- Strongly agree Agree Disagree Strongly disagree

xvii.) Is use of social media in customer care considered a critical part of customer care operation?

- Strongly agree Agree Disagree Strongly disagree

xviii.) What areas of improvements would you suggest?

.....

Section C (Benefits)

Please rate your answer where 1 is highly important, 2 quite important, 3 important, 4 not very important and 5 of least importance.

xix.) How would you rate these factors in terms of their importance in making you opt for social media engagement in your organisation?

Level of importance (high - least)	1	2	3	4	5
a) Cost of running vs traditional contact centre					
b) Ability to communicate a message once					
c) Flexibility of use					
d) Customer preference					
e) Leverage on peer to peer communication					
f) To get instant feedback directly from customers					
g) User/employee preference					
h) Need to be where the customers are					
i) To control the company image and brand					
j) To gauge the success of marketing campaigns					
k) To emulate others					

Section D (Challenges)

xx.) How would you rate these challenges associated with the traditional contact centre model in terms of how your business is affected?

Level of importance (high - least)	1	2	3	4	5
a. Lack of skilled customer care personnel					
b. High Cost of running contact centres					
c. Lack of flexibility in service delivery					
d. Inability to respond to similar queries at once					
e. Long turnaround times in addressing customer issue					
f. Inability to tap in customer honest opinion					
g. Inability to engage customers informally					
h. Lack of instant customer feedback					
i. Red tape in seeking audience with top mangers					

xxi.) What are the challenges associated with use of social media in customer care

.....

.....

.....

.....

Thank you